

Campbell
BROTHERS

Delivering Quality,
Transparency & Consistency



BUTCHERS MARKET REPORT

Summer 2022

WELCOME

Firstly, as always, please let me thank all our clients for your continued support throughout the winter months and through the first few months of 2022. Your support and understanding really is invaluable to us in these trying times for our proud industry.

At the time of writing, we are pleased to report that along with a little sunshine, Valentine's day, Mother's day and Easter we are starting to see recovery in the restaurant sectors throughout the UK, with trading now back to around 85% of pre-COVID numbers.

Our hospitality clients are also picking up with the sector sitting at 70% of pre-COVID, as arenas welcome back the public and events like the Cheltenham festival selling out and the 6 nations also seeing large crowds attending throughout the hosting UK venues.

Public sector trading remains flat as many offices remain closed or offer hybrid working, so people are continuing to work from home, reflecting in trading numbers still around 20% of pre-COVID turnover.

Hotels are starting to pick up somewhat dependant on location and client type, there are positive spring & summer bookings throughout Scotland, Wales & England to report and we look forward to supplying our clients in the coming months.

It is truly heart-warming to see all our valued customers' old and new working in partnership with the Campbell Brothers team, as we are all on the same road to recovery.

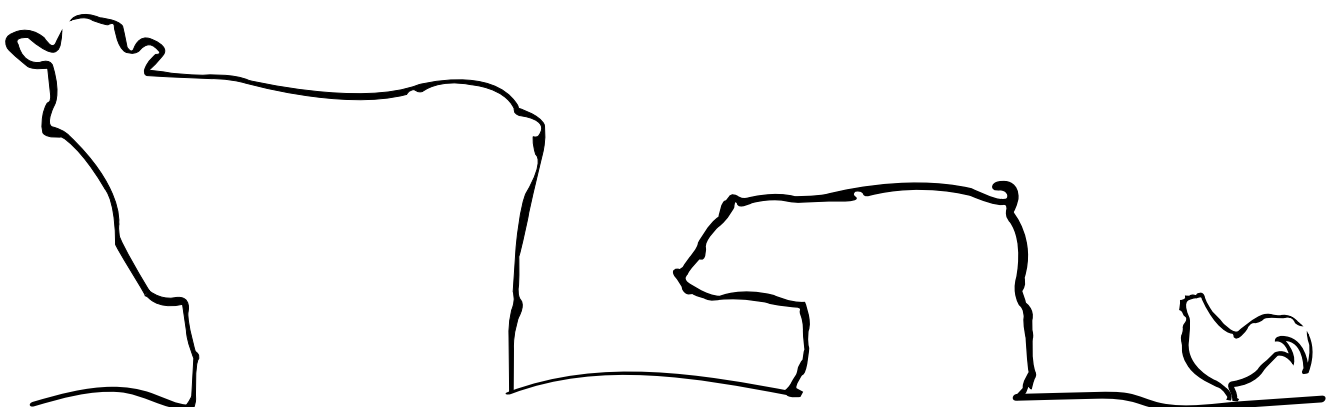
CHALLENGES

Over the last few months Campbell Brothers have continued our best efforts to recover from the impact of COVID, whilst negotiating our way through the challenging market place we still find ourselves in. Throughout lockdowns we kept our dry aged beef stock to minimum due to lack of demand but over the last few months, as the hospitality industry has begun to find its feet again, we are very proud to say our Himalayan Salt Dry Aged Chamber is once again well stock with the best quality Scotch Beef available.

As widely document across the industry, one of the main challenges we currently face, and expect to continue to face over the coming months, is the shortage and therefore increasing price of poultry. The outbreak of Avian Bird Flu in Europe has resulted in stocks of duck being cut to just 25% of normal volumes and thousands of chickens being culled in The Netherlands leading to shortages across the market. If you are going to require large volumes of chicken please try your best to plan ahead and get your orders in as early as possible to avoid disappointment.

Staffing remains a challenge for Campbell Brothers as we try to increase our head count back to where it was pre-COVID. We have been recruiting for a number of positions across our business including; butchers, fish mongers, drivers and general operatives. We are looking forward to bringing many skilled and talented staff into our Campbell Brothers family and working together to offer the best quality products and service possible to our valued customers.

Once again we would like to thank all our customers who have worked with us during this challenging time and understanding that we must react to market changes. Please always remember, despite rising costs, there is usually always an alternative, whether that be on origin or specification change, our experienced team are always here to help.



BEEF

UK/IRL BEEF

UK deadweight cattle prices continue to rise and stand 33p above the price recorded in the same week in May last year and 80p up on the 5 year average. Cattle prices are also continuing to rise across the world, which is supporting the rising UK prices. Increased energy and labour costs this year as well as the conflict between Russia & Ukraine have put even more pressure on beef cattle prices.

- Burgers & mince – Pricing remains high in an unstable market which has been impacted by shorter working weeks recently due to Easter and May bank holidays. The price for trim to make burgers and mince remains very high and is expected to continue to rise, 95vl trim in particular is experiencing huge price inflation. The beef trim market is a cause for concern right now, as supply is barely managing to keep up demand even during what is classed as an averagely active trading period. As we enter into the busy summer BBQ season, we expect the high costs and supply struggles to continue and potentially get worse until at least September.
- Roasting cuts – Pricing for roasting cuts like topside, silverside and brisket have remained stable with no signs of coming back recently, but we do expect as we move further into the spring and summer seasons this pressure will ease due to reduced demand.
- Steaks – Over the last month we have seen premium steaks continue to rise with beef fillets suffering the most, reaching an all-time high market price. Ribeyes are also expected to remain firm with a lot of UK producers still preferring to export their products.

IMPORTED BEEF

Over the last decade most major exporting countries have remained fairly stable with the exception of Brazil. However as supply has continued to remain the same, demand from an expanding world population and a growing Asian market has seen things becoming increasingly challenging. Brazilian beef has been hit particularly hard in recent months with shipping delays and shortages pushing up the already high price. EU beef has also struggled recently due to the impact of refugees from the Russian/Ukrainian conflict, with many UK orders cancelled to keep stock within their own countries.

LAMB

UK/EU/GLOBAL LAMB

The challenging lamb market is expected to continue with further pressure being added by the USA. The United States and Ireland have struck a deal to allow the export of Irish lamb and sheep into the US market, which will in turn put strain on an already tight UK market place.

PORK

UK PORK

Rising energy and fuel prices, along with rising feed costs are creating a very difficult situation for pig producers across the country. As prices of energy and feed have continued to rise the price of the pigs have not, resulting in a loss making situation for producers. The low prices producers can fetch for the stock is now resulting in backlogs on the farm and some ultimately having to reduce their stock or stop production all together, as it is costing them too much money. The reduction in stock across the UK could potentially lead to short or long term supply issues across the UK pork market.

POULTRY

EU POULTRY

The Avian Flu outbreak in France has been well publicised over the last month with the biggest issue being the supply of duck legs & breast and also the impact on corn fed chickens and supremes. We are currently only receiving 25% of our normal expected stock on these products from France, which is creating shortages across the market. We expect the limited number of birds available to continue even once restrictions are lifted, due to the knock on effect of having very little birds and the time it will take for the birds to repopulate. We are currently advising our customers to seek menu alternatives to duck and corn fed chicken.

GLOBAL CHICKEN

The impact of the conflict between Russia and Ukraine is also having a huge impact on chicken. As Ukraine and Russia produce a third of the world's grain, the conflict has seen feed prices rising by over 50%. Farmers have had no choice but to pass on the rising cost to their customers or they would simply not be able to sustain their business. The conflict is also resulting in less chicken entering the EU market as large suppliers such as Poland are choosing to keep their stock to feed the rising number of refugees rather than exporting. Avian Bird Flu is also leading to further market shortages, with The Netherlands opting to cull large numbers of birds to stop the spread of the virus.



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SUMMARY

We appreciate that like our winter market report, the above makes for difficult reading. Unfortunately the world and the market place we are currently living in has continued to face unprecedented challenges. It seems unlikely that the market will ease in the foreseeable future. However, we remain positive and grateful that the majority of our customers have been understanding, accepting and worked with us in partnership to help with increasing prices where required. Campbell Brothers are committed to continue to do our utmost to work with our customers to help with development and alternatives to help your margins.

Our business has continued to evolve over the last few months as we rebuild back to where we were pre-COVID and we are proud of our team and all the hard work they have done to get our business back to where it needs to be. We would once again like to thank our valued customers for your continued support and patience. Campbell Brothers have exciting things planned over the summer months and look forward to what the future has to offer.

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