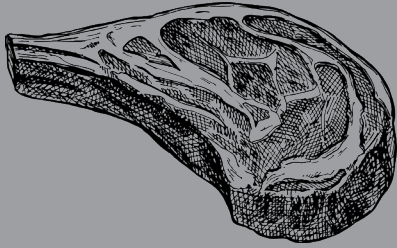


# Campbell

BROTHERS

## BUTCHERS MARKET REPORT Summer 2023



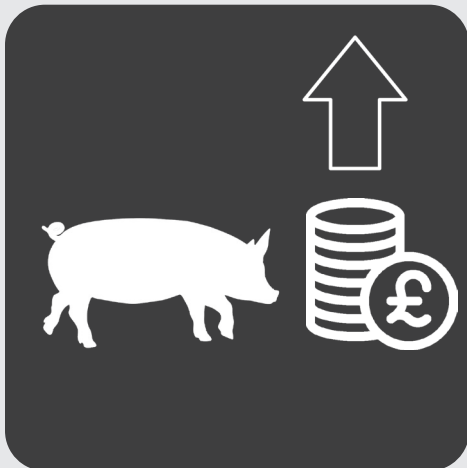
### WELCOME

Combining our internal knowledge along with wider market insight from AHDB, our quarterly market report aims to provide you with information to assist with your menu planning over the coming months.

Where product prices are higher than usual, or demand has caused shortages in supply, our experienced and knowledgeable team are here to support you and guide you with suggestions for alternatives. Please contact your account manager should you require any assistance.

As always, we thank you for your continued support, particularly during these challenging times in the food industry.

*Neil McCole, Business Unit Director – Campbell Brothers*



Take a look at our latest blog featuring industry insights and tips on how to help enhance your menu with locally sourced British meat for your customers.

The benefits of supporting local suppliers and adding British meat to your menus

For chefs and foodservice operators, offering British produce and British menu classics is a tried and trusted to give menus even more appeal to consumers. However, there have been more than a few recent reminders that nothing can be taken for granted in supply chain terms.



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# BEEF

Cattle prices at the end of April 2023 continue to rise and remain at a 5-year high.

Beef deadweight cattle pricing as highlighted in the graph, continue to climb, with no sign of any respite, resulting in significant increases in cuts & trims, VL (visual lean ratio) pricing is being driven by demand from the UK and also exports to Europe, and we are now seeing further increases of up to 10% on mince and burger meat throughout April bring average increases year to date to 30%, a trend which is expected to continue to increase throughout the summer months. Roasting joints continue to carry a premium, with steak cuts also having seen an increase of up to 15% in April. These prices are expected to climb further with the summer barbeque demand set to begin, year to date shows a climb of 25% on steak cuts - fillets, ribs, rumps & sirloins. Ox cheeks and feather blade prices in particular, climbed a further 8% throughout April showing a staggering 25% increase on the previous year, as demand increased and clients look to find value in the forequarter and hindquarter cuts.

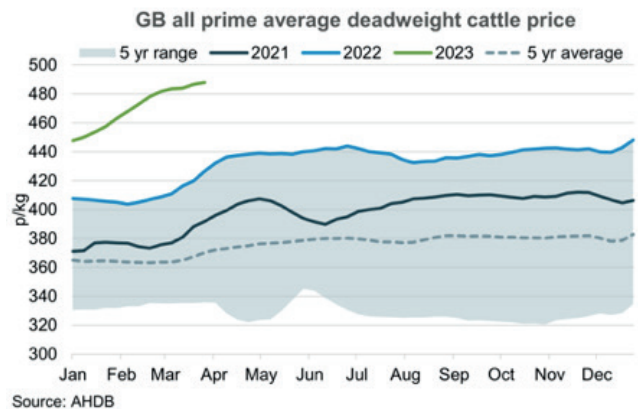
Imported beef has also seen strong increases in pricing. South American primal in particular increased 20% in March & April and are forecast to rise again throughout the summer months. The primary reasoning for this is carcase balance and demand from the Far East.

## AHDB Data

GB prime cattle prices continued to exceed historic levels in March. The all-prime deadweight average measure moved up to an average of 485.5p/kg for the four weeks in March. This was up 16% versus the same period last year. The week ending 1st April saw prices reach an average of 488p, a jump of 4.5p throughout the month. While still on an upward trajectory, the rate of price growth slowed during March, when compared to February's gains.

Steer prices remained elevated at an average of 486.9p/kg for March, with a high of 489.4p/kg in the week ending 1st April. On the month, prices were up 10.5p from February's average. From the same four-week period in 2022, steer prices increased 67.4p.

Heifer prices showed less change in the first two weeks of March but had an uptick in the final two weeks. Prices jumped 3.5p in the third week and ended the month at 487.7p/kg. The average for the month was 485.1p, up 9.8p on February's average. On the year, prices have risen by 66.5p for the same time-period in 2022.



Young bull prices climbed to a high of 472.7p/kg for the final week of March, following some fluctuations in the previous three weeks. Prices rose 7p throughout the month, with an average of 468.6p for four weeks. This is an uptick of 12.8p from February's average, and up 65.7p on March 2022.

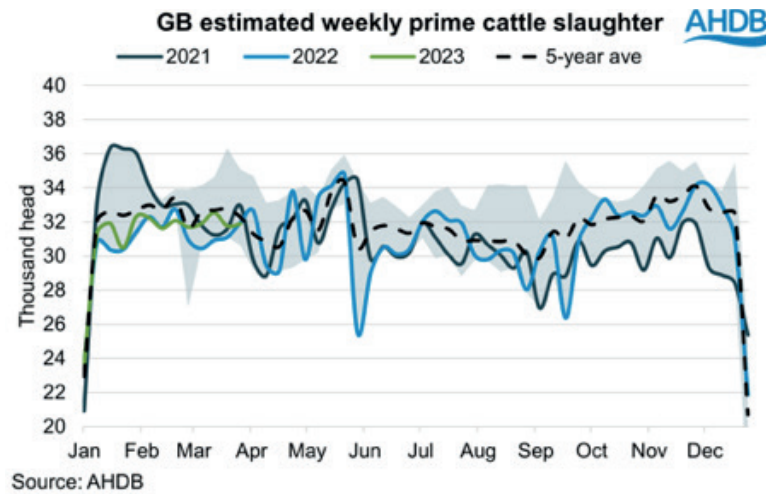
Cow prices plateaued for the first three weeks of March before easing by 0.7p in the final week, bringing the monthly average to 384.1p/kg. Comparing this to February's average, there has however been an increase of 8p. Versus March 2022, cow prices were up 55p.

Prime cattle slaughter remained relatively equal throughout the month, reaching 128,100 head in March. This was up 3,700 head (3%) from the previous year, but down 2,200 head on the five-year average. Weekly slaughter figures averaged 32,000 head during March, being fairly consistent with February's averages.



# BEEF continued

Tighter supplies and strong competition continue to support firm cattle prices. As we move forwards through spring and into summer the weather will be another crucial watchpoint for demand levels and subsequent pricing. We expect data imminently for Easter performance and how the cost of living has impacted beef trade.



## Beef Summary

The price rises continue despite pressures on retail and consumer spending, and are linked to higher cost of living and price inflation. Other factors at play include:

- Tighter supply situation of the UK beef market into 2023 which has kept prices elevated.
- A slight uplift in production, along with fairly stable imports and growth in exports pointed to lower availability of beef.
- All over the world the cattle markets are generally described as “tighter”. More so in the northern hemisphere where prices are being supported. Closer to home, Ireland is expecting lower kills in 2023, particularly in the spring, driven by declines in breeding herds. Insight from Bord Bia suggests slaughter numbers are starting to go short versus a year ago, with processors competing for cattle.

- Prices of cattle continue to rally as we head into summer, with live sales also seeing record returns. Reports of beef stocks in store running tight supports a momentum in this trend. How consumers have responded to the current economic challenges throughout the spring is the next piece of the puzzle.



# LAMB

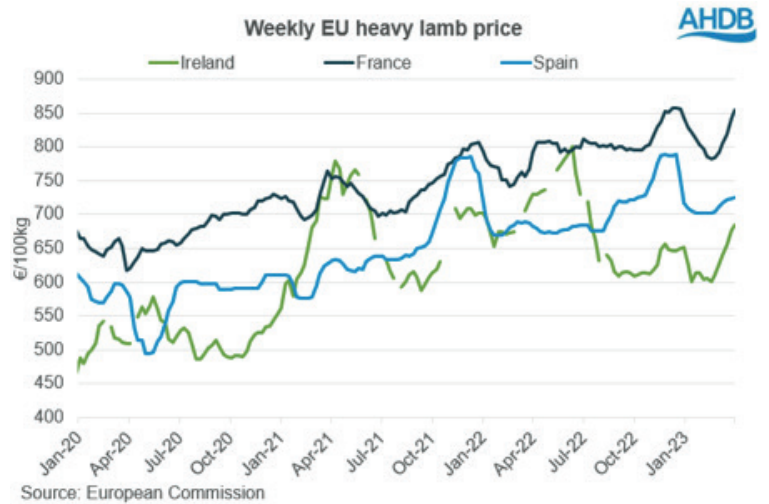
We have seen a slight easing on lamb price throughout March & April, however prices remain around 15% higher than the 5 year average and are now again beginning to climb. Demand from Europe continues to be strong and reflective in pricing as producers are exporting whole cuts and, in turn, saving on production costs. Trim, and in particular lamb shanks have risen by 20% throughout January to April, with shanks becoming harder to source. Please consider this whilst planning your menu cycles as they will likely be scarce for some months and what is available will be at an inflated price.

## AHDB Data

With key lamb producing regions seeing flock declines, EU production is forecast to decline by 1.2% year-on-year (YOY) in 2023, potentially supporting prices on the continent. Yet Irish lamb prices have bucked the trend, being pressured YOY much like domestic GB prices. Linked to this, UK lamb supplies are set to improve this year, but how will high EU prices contribute to our domestic price matrix?

Lamb prices for key producers France and Spain remain supported with prices at €855.00/100kg (+7.8% YOY) and €724.70/100kg (+6.0% YOY) respectively (w/e 09 April). The EU sheep population declined by 1.8% in 2022, driven by declines to the Spanish and French flocks which accounted for 57.3% and 36.2% of the total EU decline respectively. This led to a decrease in EU slaughtering's which has continued into 2023 for key producers such as France.

Alongside this, global exports from the EU in January increased by 11.8% YOY, driven by greater volumes going to Israel and Switzerland despite an 8.4% decrease in exports to the UK, as pressures on demand remain.



However, Irish lamb prices sat at €684.70/100kg in the w/e 02 April, 6.1% lower YOY, continuing the trend of lower prices seen since the start of October 2022. This trend opposes the overall EU sentiment as Irish production has increased recently, with year-to-date (YTD) throughputs currently 4.0% higher YOY (w/e 08 April). Coupled with reduced demand, this is weighing on prices. With greater supplies and Irish lamb prices more competitive, exports to the EU were 5.7% higher YOY in January and grew over 20% YOY in the two months prior.

With YTD throughputs up on the year so far but Irish forecasts predicting production declines in 2023, could we see this slaughter rate slow and supplies tighten in comparison to the second half of 2022?

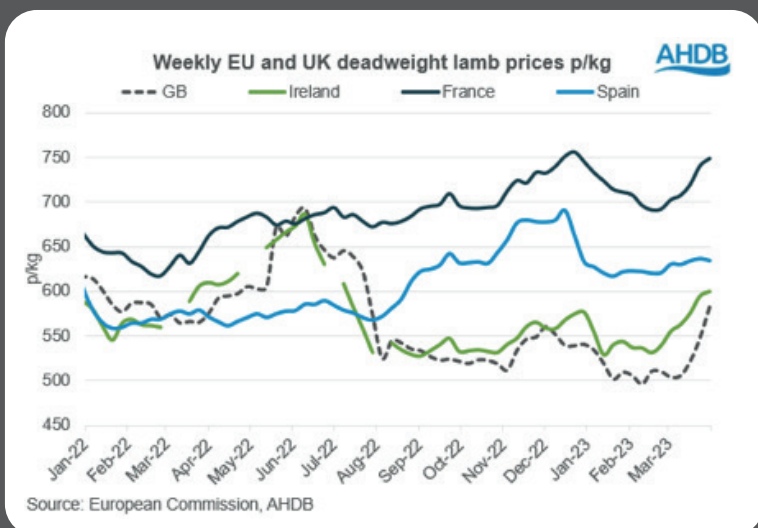
This pressure on UK lamb prices has increased the price competitiveness when compared to mainland EU. We have seen increased demand from the EU with YTD (Feb) exports to the continent increasing by 18% compared to the 5-year average. This was driven predominantly by YTD exports to France increasing by c.600t (+c.27%) compared to the 5-year average. With the UK's lower price point, this has enabled product to become increasingly favourable in destination markets.

The price relationship between GB and EU prices remains essential, while the EU market balance will be key to watch in terms of our export competitiveness as we move through the year and into a net exporter position for sheep meat. The European Commission is forecasting greater imports to the bloc this year to mitigate high domestic prices. This could lessen any seasonal pressure on GB prices as supplies increase.

# LAMB continued

## Lamb Summary

Careful consideration is advised when planning menu cycles specifically for the hospitality sector who require large volumes. Availability will remain tight throughout the summer with imports likely to continue to be in short supply. Prices as noted above may be expected to rise again, however it is difficult to gauge at this point by how much and how soon given all the contributing factors.

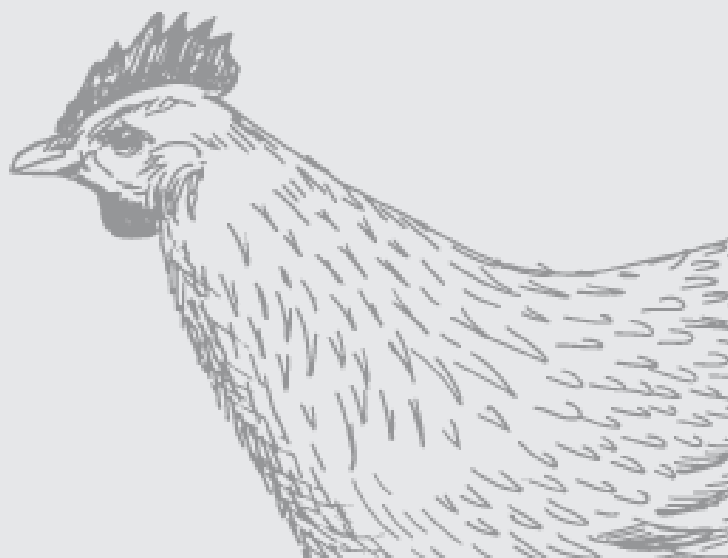


- Duck remains very limited currently with few options available and has been decimated with the Avian Bird flu.
- Producers are desperately trying to replenish stock birds for killing in the coming months however, returning to normal numbers may take months and prices are expected to continue to climb.
- Red Tractor turkey remains in very short supply due to the supermarkets having boxed off what little is available, and this is likely to be the case for the rest of 2023, our advice is to plan early for the Christmas period and agree volumes and pricing just as soon as possible for UK and EU birds for your menus.

## POULTRY

Poultry continues to be a challenge with UK & EU suppliers struggling to meet demand, and prices moving almost weekly.

- Operational costs continue to drive prices, with higher distribution and feed costs along with labour and energy being the key drivers.
- Avian Bird flu continues to wreak havoc in the marketplace with further cases now being identified throughout Poland, Germany and Holland reducing the number of food production kills significantly.
- The demand is currently far outweighing the supply, and in turn is pushing pricing up once again on poultry both from the UK and the EU.



# PORK

## Pork pricing continues to climb.

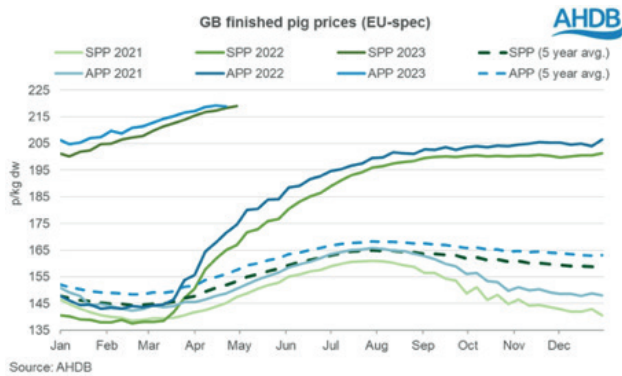
Pork prices, as highlighted in the chart, continue to rise, although increases have slowed a little into April. The driving factors being the number of heads going to slaughter, with the UK forecasting to be around 1 million heads down on the 2022 kills and the EU producers following a similar trend, rising costs of feeding and farming, the Far East demand, and African swine flu. The likelihood is that we shall see further increases into the summer months on pork and cured pork products.

## AHDB Data

GB deadweight pig prices continued to ascend through April (w/e 08 Apr – 29 Apr). The EU spec SPP saw historic highs, as prices ended the month (29 Apr) at 219.07p/kg. This brought the monthly average to 217.8p/kg, with an average increase of 0.9p per week. The weekly increases seen throughout April were slightly subdued compared to previous months. The EU spec SPP showed gains of just under 3p over the four weeks of April, and gained nearly 19p over the 17 weeks since the start of the year (w/e 07 Jan).

The EU spec APP saw similar gains, reaching a peak of 219.34p/kg in the week ending 15th April. The week ending 22nd April saw a fall of -0.48p, down to 218.86p, the first fall recorded since the middle of February. This brought the average price for April to just under 219p/kg, with the gap between SPP and APP narrowing further. The week ending 22nd April saw near parity between the two price series, a gap of just 0.64p.

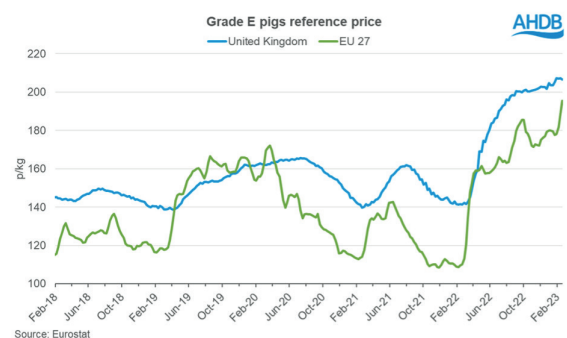
GB estimated slaughterings sat at just under 634,000 head for the month of April, (w/e 08 Apr – 29 Apr), 93,100 head down from last April. Average weekly throughputs sat at 158,500 head, down 23,300 head compared to the same weeks last year.



In Europe, prices continue to rise in much the same pattern as the UK, with the difference between the UK and EU reference price sitting at 4p/kg. The EU average reached an all-time high of 211.7p/kg for the week ending 23rd April, averaging 209p/kg for the four weeks w/e 02 April – 23 April, with a leap of nearly 4p during this time.

In the 17 weeks since the beginning of the year, the EU average has gained nearly 32p/kg, with key producing countries such as Spain seeing price increases of over 43p, and France with growth of

nearly 47p during this time frame. Similarly, strong growth of between 30 – 33p has been recorded in Belgium, Germany, and the Netherlands. Meanwhile Denmark has seen increases of only 13p/kg following a period of falling prices in January.



## Pork Summary

We forecast that the pork market may stabilise into the autumn and winter months however a reduction in pricing is unlikely given all the driving factors noted above.

Thank you to AHDB for their valuable insights data.

