



# *UK Market Report*

*November 2016*





## Meat & Poultry

---

Whilst there are some supply and demand fluctuations at work within the meat market currently, the major factor impacting meat prices is currency exchange. The majority of imported meat is traded in either Euro or US Dollar and the GBP has dropped against both of these currencies. This is making imports more expensive to buy in GBP and is also making British meat a more attractive option to world markets. With UK producers now being able to realise a higher GBP value for exports, they are demanding domestic markets pay the same prices just to secure supply.

### Beef

As supplies of UK prime beef have tightened, dairy beef has helped boost availability. Now that the dairy market has rebounded out of a period of depressed prices, it is very likely that the number of dairy cattle being sent to slaughter will reduce over coming months.

The relatively warm start to Autumn has kept eating habits towards grill cuts and demand for burgers and steaks has remained high. There has also been a shortage of prime beef in these cuts, particularly ribeye, with many butchers struggling to find acceptable product.

Now that colder weather has arrived, the seasonal demand for round cuts is kicking in, with associated increases in price for topsides, chuck, shin, brisket and silverside.

### Pork

Over recent months, China has been a big purchaser in international pork markets as their domestic production fell. There is talk around the EU market, however, that China has been working to build production back up again and that those herds are nearing slaughter age; so there is hope that demand for EU & UK pork may start to ease again early 2017.

Bacon has seen price increases of 10% YoY. Streaky bacon is still increasing as it is a popular Christmas line and used to make Pigs in Blankets. Back bacon however is starting to show signs of having peaked, with some suppliers beginning to see price reductions coming from producers. It is hoped that this will continue to show moving into December.





## *Meat & Poultry*

---

### *Poultry*

Turkey always increases in price for Christmas at this time of year and 2016 is no exception. Availability at time of writing is good and there are no reasons expected for this to change. The turkey market was in upheaval in November 2015 with reported shortages in availability which pushed prices upwards so, whilst we have seen prices edge upwards from October, prices are down on 2015 by circa -4% for UK and -7% for imported, depending upon spec.

An increase in the UK minimum wage has impacted the UK poultry industry, where many employees are minimum wage earners. While some of this impact has been absorbed by producers, there has also been some carry over into selling prices.

### *Lamb*

While the live price of UK lamb is seeing a seasonal decrease, volumes of exports are increasing which has shortened availability on the domestic front. This is forcing UK markets to match the prices offered by international markets.





## Seafood

The perfect storm of global economics and availability challenges continue to dominate the world fishing headlines. A dropping GBP is driving increases on imported product from both Europe and America. Salmon pricing is heading towards an all time high and as we look towards December, availability may become a challenge. If you have capacity it may be advisable to secure product now and freeze. Poor prawn harvests in Asia are now applying pressure on Black Tiger stocks and suppliers are again looking for suitable alternatives which, in turn, are applying pressure to the Vannamee prawn stocks.

### Premium

**Native Flat White Fish** - There are reports of excellent landings of Brill, Plaice, John Dory and Halibut off our southern shores. These are excellent seasonal species and offer good alternatives to farmed products which are seeing consistent price increases.

**Cod & Haddock** - Cod is currently much better value than haddock. The normal seasonal availability of haddock coming in from Norway is very low which, in turn, is applying pressure to Scottish stocks. Frozen cod is looking a very good option, as boats are fishing cod quotas that are frozen at sea.

### Farmed

**Salmon** - is now becoming a luxury product as pricing soars past Cod and Haddock for the first time since the 1980s. Large whole fish are now fetching more than double market prices seen in 2015, as suppliers look to secure product for December. We suggest purchasing now and freeze if possible. The major salmon farming companies are now also exporting more than ever to America as they are securing a better rate due to the weakness of the GBP against the USD.

**Sea Bass & Bream** - Availability is good on both Bass and Bream but the weakness of the GBP against the Euro is affecting costs with spot market pricing moving daily.

**Smoked Salmon** - As the rise in raw material continues to soar, the impact on smoked salmon producers is now being increasingly seen with major smokehouse's passing on increases to all customers after initially trying to hold back price increases. Seven & Wye have in recent months increased prices to distributors by 40%. Please start to consider other smoked seafood as alternatives.





## Seafood

---

### Shellfish

As the water turns colder, our native shellfish such as crab, clams, oysters and mussels are at their very best and value is also excellent. However, there are reports of European buyers looking to take advantage of the weak GBP by buying British rather than securing local supply.

### Exotic

**Tuna** - A recent EU directive has seen the sale of defrosted tuna made illegal in Europe. This is due to issues with the additives that help it maintain its colour such as fermented vegetable extract. I would recommend removing from menus for the foreseeable future until further updates are available.

### Frozen Seafood

Squid has suffered an imbalance of demand over supply all year due to harvesting challenges and increasing global consumption. Tiger Prawn harvests are also not meeting global demand which will cause a very sharp spike in pricing in the near future.





## Fruit & Veg

### Vegetables

- **Celeriac & Mixed Squash** - Pricing remains steady and excellent quality - fantastic value products and great for Sunday Lunch!
- **Potatoes** - There is a significant shortage of potatoes this year due to the very wet weather we had at the beginning of 2016 and a reduction in the number of farmers prepared to grow the crop. Planting was very late, so we have had to rely on stored potatoes at the beginning of the year. This then left very limited stored stock towards the end of the season, resulting in the need to switch to new season potatoes several months ahead of normal consumption patterns. There is a lot of uncertainty about the quality and yield of this year's crop because harvesting of main crop has not started due to late planting.

### Fruits

- **Limes** - These have increased in price and will continue to do so over the next 6-8 weeks. Mexico has limited volume as they are/have been being exporting to the USA. This is reducing the volume being exported into Europe which is forcing pricing upwards.
- **Clementines** are at their best from November through to February, the smallest and sweetest variety of tangerine is sweet and tangy, containing no seeds. The fact they're a winter staple is undisputed - on seasonal tables they spruce up many dishes and can be used within a perfect light dessert. Choose fruits that feel heavy for their size, have firm skins and are bright and fragrant.

#### Now in Season:

Pears, Bramley  
Apple, Quince,  
Swede,  
Artichokes and  
Salsify



#### Out Of Season:

UK Strawberries,  
Asparagus,  
Romanesco,  
Heirloom tomatoes



### Salad

- **Avocado's** - Global demand is up 30% year-on-year, with local, UK demand also seeing significant demand increase of 35%. This has been driven by its recent increase in popularity and its 'super fruit' status as a healthy ingredient. Other factors increasing demand are the growing popularity for Mexican cuisine as well as the trend to juice everything green. This year China has, for the first time, done a deal with Chile to purchase 10,000 tons of Avocados; stock that would have been destined for the EU in normal years.
- **Herbs** - Supply issues are expected to continue across all herbs. This is due to the early finish of the UK season, hot weather in Spain and 50% crop loss in Columbia. Crop grown in Israel does not commence until late November.





## *Dairy*

---

### *Dairy*

UK dairy prices continue to increase throughout October, maintaining their upward movement for the last six months. Overall supply is still very low following the decrease in milk output and this is the primary driver behind the recent increases, particularly on butter. The £ also weakened further against the €, making UK product more competitive in Europe; meaning the demand for UK milk is high, further increasing the price for UK consumers. However, processors had relatively little spare product to sell on the spot market this month, making it difficult to take full advantage of rising prices.

### *Cheese*

Mild cheddar prices are being heavily affected by the weak £ as European buyers look to purchase cheaper UK product rather than expensive domestic cheeses. This, combined with the limited volume of cheddar available at the moment, has continued to push prices up. The full impact of these increases is not yet being seen in mature cheddar prices due to the delay between production and sale, but we are expecting to see mature prices start to increase in line with mild towards the end of November.

### *Cream*

Due to overall availability, cream market prices started the month around £1,900/tonne and steadily increased; with the weak £ UK cream is now more popular in Europe which is further driving pricing up for UK customers.

### *Butter*

Rising cream prices also helped push up butter prices throughout October. Any suppliers not contracted are having to pay very high prices at the moment, as there is so little excess butter available outside of those suppliers who have contracted their volume.

### *Milk*

Total milk production is currently 5.9% down YoY which is driving the recent increases in butter, cream and cheese.

