



UK Market Report

December 2016





Christmas Dinner

The **turkey** market has been much more stable in the run up to Christmas this year than in 2015 when summer heat and bird flu impacted availability. Prices of boneless turkey breast are down from December last year on both imported and UK origin, as good availability has seen producers competing for sales. Fresh UK whole bone in turkeys and crowns have seen some small increases.

Sausage and streaky bacon are both popular Christmas lines so pricing always firms for December. While EU sourced back bacon has eased into December, streaky has seen price increases. Overall pricing is similar to 2015 after decreases seen earlier this year have been negated. Please see comments later in this report for overall state of the pork market.

Parsnips - UK, main season quality is very good and there are no availability issues expected. Prices are also slightly down YoY.

Carrots - UK main season. Recent good weather has meant that the quality and availability are both very good and prices are slightly down YoY.

Sprouts have been affected by the same diamond-back moth infestation that has impacted other brassica's and cabbage crops this year with some farmers seeing around 20-30% of their harvest impacted. So far prices are slightly up YoY but the hope is that overall this will not significantly affect availability.

Potatoes - The UK market has estimated there will be approximately half a million tonne shortage going into 2017. The Euro market is also considerably down on last year, which will mean everyone will be competing for the best quality product and prices will rise as a result. This, coupled with Brexit, has meant the Euro market has begun purchasing the majority of UK product as UK producers can earn more due to exchange rates. The forecast going into 2017 is that potato availability will be the lowest for years, pushing prices up significantly.





Meat & Poultry

Beef

- UK beef slaughter numbers in late November and early December have been stable with processors killing all the animals they are sent, but kill numbers will decline into December as many cutting plants across Europe slow down and then close over Christmas. The vast majority of beef to be consumed over the Christmas period has already been killed.
- UK beef continues to surge in demand internationally, with exchange rates continuing to ensure that exporters receive higher prices than they have previously seen. Some cuts (such as cheeks and silversides) are literally doubling in price overnight for UK butchers to buy, as they are made to match export prices or risk not securing supply.
- Steak cuts from prime beef remain under pressure as processors continue to realise export returns and fillets in particular are fetching significant prices. Any fillets being offered that appear to be great value are likely to be from dairy beef.

Lamb

- Lamb overall is steady in price MoM from November, but is still tracking at higher levels than 2015.
- Demand for many lamb cuts eases over December as meat purchases move towards beef and turkey, but lamb legs and best ends remain in high demand.



Pork

- The pork market has been under constant price pressure since the summer and previous reductions seen earlier in the year have been negated due to a combination of demand outstripping supply and currency exchange movements following the Brexit vote.
- The EU pig price is easing back after a period of increases and this is also flowing through to some processed cuts with back bacon easing slightly in price into December.
- As with other UK produce, demand is surging internationally and the wholesale price of UK pork is surging with it. Streaky bacon pricing is also increasing into December due to the demand for pigs in blankets and also for barding roasting birds.

Poultry

- Other than turkey, poultry prices are starting to see some upwards movement, driven by currency. This is impacting UK produced birds, as imported feed prices rise in addition to the effect of imported poultry traded in the Euro. There are no other market forces causing impacts of note.



Seafood

As we approach the end of 2016, we still face uncertain times ahead in 2017. The seafood industry has suffered a terrible year with losses of stock that has hit many species including salmon, prawns and tuna across the globe. The end user has seen constant price increases throughout the year, with salmon seeing the greatest impact. Seasonal market forces will now add to this as demand increases into the Christmas party period. Christmas shutdowns of fishing boats, farms and transport industry will also mean likely shortages in the first few weeks of 2017; while inclement weather can also impact late December/early January.

Farmed

Salmon - The market price of salmon continues to reach record highs and demand massively outstrips supply. The supply chain in Scotland is at a critical point, with the four major companies all being tied into retail supply contracts for Christmas, that is seeing little or no salmon being available for the open market. Forecasts for 2017 are that there will be little improvement expected until at least late summer. The major national suppliers would have normally already secured contracts for 2017, but with so much uncertainty surrounding the future, contracts are not being offered by producers.

Seabass & Bream - Good supply and stable pricing should continue into December and January for most sizes. Only the largest Sea Bass may see drop in availability, as demand will increase in the run up to Christmas.

Now in Season:

Mussels, Oysters,
Mackerel, Plaice
and Turbot



Premium

Halibut, Brill, Turbot & Dory - Demand for these high end species will peak as we head into the frantic Christmas and New Year period. Many fishing boats finish before Christmas and don't return until the new year; while inclement weather can shorten the number of fishing days in the meantime. Speak to suppliers now if you will be needing these species over the Christmas/New Year period.

Cod & Haddock - We should see good volumes of both species in December, with the weather being the only challenge to availability. Haddock prices will spike as always due to seasonal demand. The recent threatened strike of Norwegian fisherman was called off at the last minute when a deal on pay and conditions was agreed at the 11th hour.

Shellfish

Lobster - Native Lobsters are few and far between, with any product fetching great premiums. Canadian product is still very expensive due to strength of the dollar. Availability can also tighten into January due to Chinese New Year, as lobster is a menu staple for their celebrations.





Fruit & Veg

Vegetables

- Cauliflower** - UK/EU – Recent rain in the east of the country has meant that growing conditions are improving and availability is slowly recovering, however the earlier damage sustained by crops from Diamond-back moths are still having an adverse effect on growing crops. Although, in general, quality is good, cauliflower may have fewer outer leaves where damaged leaves have been removed.
- Broccoli** - UK/EU – Although considerably fewer, there are still some Diamond Back Moth caterpillars around which are proving difficult to control close to the point of harvest. In general quality is ok but size of heads may be smaller than usual.

Fruits

- Strawberries** are typically via Ethiopia but overall in very short supply due to the Dutch season finishing early and new season product not being available. Overall there is very short supply; those Strawberries that are available are tasteless and very expensive. Avoid wherever possible.
- Italian blood oranges** are due to start mid December. The red colour is a result of anthocyanin which develops when these citrus fruits ripen during warm days tempered with cooler nights.

Now in Season:

White Cabbage, Brussel Sprouts, Celeriac, Clementines, Pomegranates, Cranberries, Bramley Apples



Out Of Season:

Swiss Chard, Runner Beans



Salad

- Cucumber** - Supply would normally be Dutch for this time of year, but quality is mixed. Suppliers are currently having to source more expensive Spanish to maintain good supply.
- Iceberg** - Currently UK and overall quality is good, but supply has started to tighten up due to overall weather growing conditions, this is fairly normal for this time of year so we are not expecting any significant impacts as a result.





Dairy

The dairy market is still suffering from a perfect storm of challenges that continue to impact pricing through the second half of 2016. A weak spring flush, coupled with EU farmers reducing production, has seen the flow of milk into the market come down by 8% YoY in the second half of 2016. Farmers are now starting to see better returns for milk production with the an increase in farm gate price of 5.2% MoM. Feed prices have increased 17% YoY along with fuel costs (+31%), so farmers are still close to break even only.

Milk

UK dairy wholesale prices continued to climb during November and have now been on an upward trend for the last six months. Short supplies following the slowdown in milk production helped to push prices up again this month, particularly for the fat markets. Sterling also weakened further against the euro, making UK product more competitive in Europe and providing an extra boost to UK prices. 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.

Cream

Cream spot market prices started the month around £1,900/tonne and will steadily increase, with weakening sterling helping to move UK product into Europe. By the end of the month, pricing could approach the £2,000/tonne.

Butter

Butter continues to be very difficult to source in quantity. There are many stories of orders being short-delivered, as some agents look to secure a better rate in international markets due to the currency exchange situation. MoM spot market butter is up 5.6% and YoY it has jumped by 77.4%.

Cheese

Mild cheddar prices also felt the impact of currency exchange. This, combined with the limited volume of cheddar available for spot trade, makes for an uncertain marketplace as we move into 2017.

