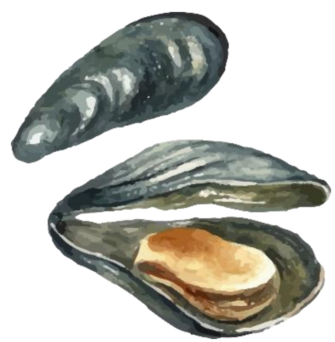
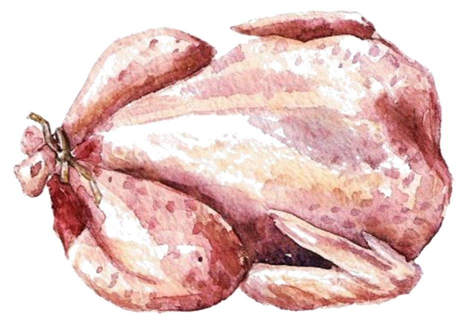
your food solutions partner

UK Market Report

February 2017





www.yourpsl.com

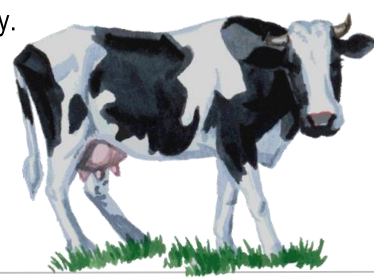
Meat & Poultry

Beef

The UK wholesale carcass market is steady as of the end of January 2017 with different carcass specifications only moving +/- 2-3 pence per kg week on week. The all prime average price, however, is sitting 6% above January 2016 levels.

UK and Ireland saw increased calf registrations in 2015 and these cattle will be coming into the kill cycle through 2017 with Irish kill numbers expected to be circa 100,000 heads above 2016 levels. This is expected to boost slightly the availability of UK and Irish beef, but overall worldwide demand for beef continues to grow and foreign exchange rates will also continue to impact on where UK and Irish beef ends up.

Wholesale pricing on steak cuts typically eases after Christmas into the New Year. 2017 however has not seen this occur as supply has remained closely positioned against demand. Fillets are still in strong demand and butchers are having to pay inflated pricing in order to secure supply.

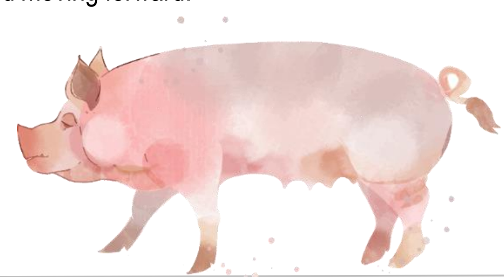


Pork

Chinese imports of pork reached 1.6 million tonnes in 2016, more than double 2015 levels. The EU was the largest exporter of pork to China with over two thirds of this volume and British exports to China rose 31% year on year to 42,000 tonnes. Chinese domestic pork production is expected to grow again during 2017, reducing reliance on imports. Aligned to a growth in US production, this decline in Chinese demand should see a reduction in both EU and UK pork pricing as we move through the year.

The UK pork price dipped in January, the first time since this time last year. However this is a seasonal trend and pricing remains up year on year, with international demand remaining high at this time.

International demand for pork bellies is seeing pricing on streaky bacon continue to increase, but availability of loins is improving so a small dip in back bacon pricing is to be expected moving forward.



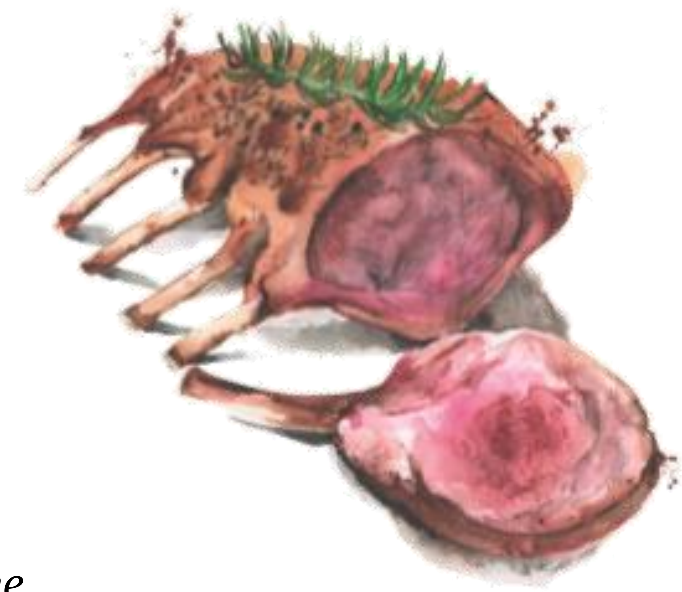
Meat & Poultry

Lamb

As UK lamb enters the New Year, supply has tightened with fewer animals available compared to this time last year. Overall, pricing remains up on 2016 as we move towards the end of availability on old season lamb.

While the winter has been relatively benign so far, a cold snap and heavy snow could still play havoc with the lambing season and progress of young lambs towards slaughter age. Indications and talk around the marketplace are of higher new season lamb pricing than seen in 2016.

Supplies of imported lamb coming into the UK continue to track below 2016 levels. With New Zealand and Australian flock numbers remaining low due to drought issues; this situation will not reverse in the short term.



Poultry

Turkey pricing has eased following annual post Christmas trends, as demand falls away dramatically.

Other poultry production remains steady but the majority of poultry consumed in the UK is either imported or fed on imported grains, so pricing continues to move slowly upwards as producers and importers look to stop margins eroding.

Game

The game bird seasons have now all closed with the exception of pigeon which will continue through February and possibly into March. Hare will continue until end of February and fallow deer until end of March. Pheasant eggs will also be available from mid-February.

Seafood

Now In Season:

Mackerel,
Mussels,
Oysters,
Queen Scallops &
Turbot

Farmed

Salmon - The fall in demand following the Xmas period has not seen prices ease, many suppliers expected pricing to stabilise however the wholesale market continues to rise. The movement is not of the extremes witnessed during early-mid 2016 but there is still an upwards turn in pricing. Many of the major producers and wholesalers are not expecting any download movement until mid to late summer where worldwide stocks will start to reach levels to meet demand.

Seabass - Fishing for Wild Bass is now banned in the UK and Northern France, in a drive to replenish dangerously low stocks in our shared waters. The ban will last until early spring so removing from your menu must be considered to help protect this very volatile species. There is excellent farmed product from both Greece and Turkey with 2-3kg fish available that can be used as excellent alternative to Wild Bass.

Wild

Cod - Fresh cod pricing and availability is causing concern at the moment. An Icelandic fishermen's strike went ahead in January despite a deal around pay and work conditions being agreed in early December. Larger cod is bringing a premium at auction with suppliers happy to secure product at any cost. Skrei Cod season is now gathering pace with pricing set to ease as we move into February and March, this is the best cod you can buy and caught off the Norwegian coast for only a few months a year.

Monkfish - Excellent Monkfish landings off the Scottish coast are being reported as good sized fish with excellent yields are landed. This once overlooked species is looking good for the next few months and should be considered for your spring menus.

Shellfish

Native Shellfish - Cockles, Clams, Mussels & Oysters are at their very best at the moment. Any of these species could feature on your seasonal menus to showcase the very best of native British shellfish.

Global Shellfish - USA Scallops and Canadian Lobster are still feeling the effect of poor weather conditions in the northern Atlantic. Lobster availability will improve following an annual spike in demand for Chinese New Year and as the weather calms in fishing areas.

The seafood outlook for the first few months of 2017 is still very uncertain as salmon continues to dominate the headlines for all the wrong reasons. Currency exchange is still applying pressure to many imported species. It is not all bad news though, as excellent native shellfish is at its very best in the early months of the year.

Fruit & Vegetables

The current 2016/17 winter fruit, vegetable and salad growing season is proving to be one of the worst on record with severe shortages being seen on a wide range of products. A combination of flooding, cold weather and poor light levels in southern Europe has led to a "perfect storm" of poor growing conditions. During the winter months, Spain's south-eastern Murcia region supplies 80% of Europe's fresh produce. But, after suffering its heaviest rainfall in 30 years, only 30% of Murcia's growing fields are useable.
This has coincided with a cold snap in Italy and Morocco, which normally exports vegetables at this time of year, but is now having to import them.
The effects of shortages are particularly pronounced in Britain, which imports an estimated 50% of its vegetables and 90% of its fruit at this time of year. Prices are up considerably as suppliers face tough decisions over whether they are willing to pay the prices required to secure supply and with shortages expected to last until April there is no immediate relief in sight.

Vegetables

Baby Spinach - Crops have been decimated in both Spain and Italy due to adverse weather conditions. Suppliers are struggling to secure basic levels of produce and the supplies that they can get are at unprecedented price levels.

Courgettes/Aubergines - Crops have been severely impacted by the weather, with limited stock being auctioned at record prices when it does arrive at markets. Prices have hit as high as £28 per box but have fallen back slightly in the past week. Prices are expected to remain high for the next couple of months and should be avoided wherever possible.

Products still in good supply ✓
Watercress, lambs lettuce, pea shoots, cabbage (all varieties), Kale (all varieties), carrots, parsnips, turnips, swede, celeriac, butternut squash, sweet potato, broad beans, tender stem broccoli and peas. Also all chefs should be asking themselves in these current conditions "could we potentially use frozen?"

Products to be avoided at the moment where possible ✗
Baby Spinach, all lettuce, peppers, cucumbers, tomatoes, courgettes, aubergine, broccoli.

Fruit

Citrus - lemons and clementines - Both Lemon and Clementine fields are flooded after recent rains in Spain. This is affecting both the quality and the volume of good fruit as pickers cannot access the trees to harvest.

Salads

Salad Items (Iceberg/Baby Gem/Cos/Frisee/Lollo/Oakleaf/Red Peppers/MM & MMM Tomatoes) - Weather has severely affected all salad lines supplied from Spain at this time of year with continued shortages predicted until the end of the season. Currently producers are flying in produce from the US at record prices (Cos was quoted at £50 for a box of 12!). The hope is that some Spanish supply will become available within the next 6 weeks which should help ease prices slightly but availability will remain tight until April/May.

Dairy

Milk

Milk and milk-based products are taking an upward turn as the farm gate price continues to rise. The money that dairy farmers are now receiving increased by 25% in the final quarter. The price being paid per litre on average in December was 26.67p, an increase of 43% since January 2016. This, in turn, has encouraged farmers to stop reducing herd numbers which hopefully will produce a positive spring milk flush once the cattle are returned to grass.

Butter

The butter market is now becoming more stable. Pricing in late 2016 was up 85% YOY as prices soared due to very poor availability and many UK producers also preferred to look towards export markets and favourable foreign exchange rates. Availability has improved as demand has decreased, pricing should ease in the coming months.