

greetwell
PURCHASING SOLUTIONS

Market Review

Winter 2020

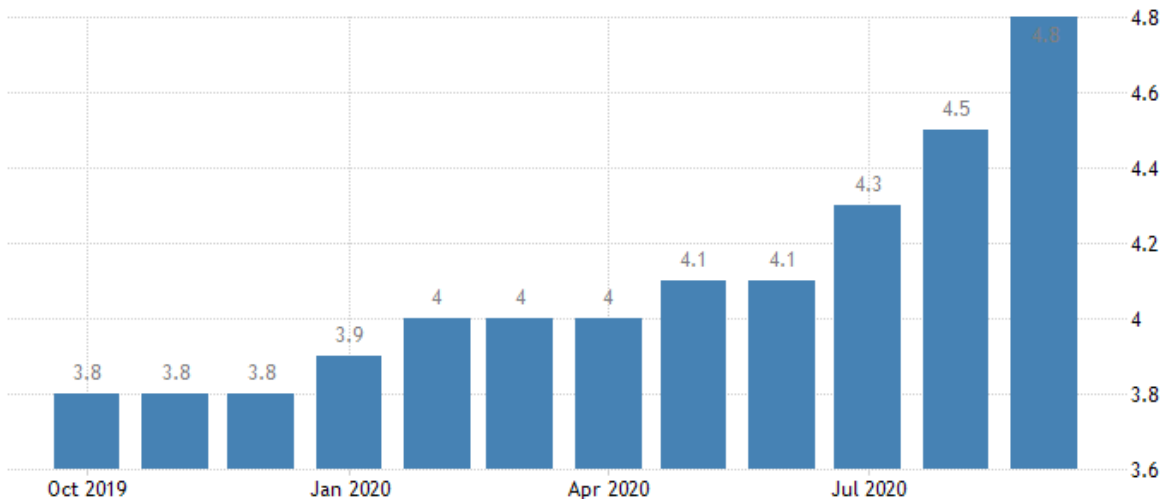
Market Overview

We are now fast approaching the end of probably one of the most unique and troubling years for the foodservice industry. The sector has had to adapt rapidly to on-going and ever-changing circumstances. With the current COVID-19 Pandemic and uncertainty of customer and consumer spending combined with the looming date of Brexit all have had a factor on the stability of the sector.

This document will give you a brief outline on the current climate on both products ranging from Fresh and Frozen meats to Butter, rice, and pasta. There will also be a brief outline of the overall economic climate.

Global economies as a collective have faced an extremely troubling year with the Coronavirus pandemic impacting every aspect of a Modern life and business. Employment levels continue to be in crisis with Social Distancing and lockdown measures effecting almost all work forces. Nationally the UK is suggested to finish the year with an 11% economic decline compared to the start of the year; with the economy continuing to shrink in the final Quarter of 2020.

United Kingdom Unemployment Rate



SOURCE: TRADINGECONOMICS.COM | OFFICE FOR NATIONAL STATISTICS

Annual Movers and Product History



FRESH MEAT PRODUCTS

Chicken Commodity prices for Fresh Chicken are down, these are linked to avian flu outbreaks in several European countries such as Hungary and Poland. Excess supply in the EU market and the trade disruption of the Pandemic ensured that this price remained low.

Beef has had the complete opposite journey to Chicken. Prices have increased steadily throughout the year with the UK Lockdown. This combined with a decline in production but a rise in demand the price began to inflate and increase beyond 15%



FRESH MILK

Butter prices for both the UK and EU had significant reductions during the spring. The combined impact of low demand and a peak in production factored into the decrease. However, there was a huge surge in demand for export of butter in the first six months of the year, alongside this we expect to see the usual winter increase on Butter and **Milk** as production slows.

Eggs have seen a sharp increase across the year with a 20% increase on medium/large Irish eggs. The Q1 price of an egg was at its highest in the last four years. This was mainly due to a fall in production and outbreaks of avian influenza across Northern Ireland and the surge in demand due to the Pandemic.



AMBIENT, FROZEN &
CHILLED FOOD

Chips have had a rather unique impact due to popularity and demand during the pandemic. With the first full lockdown demand was low and there was a surplus of stock. This has continued throughout the year with numerous lockdowns and continued high stock levels due to good yield from potato harvests.

Rice & Pasta alongside other dried goods were the focus of stockpiling at the start of the year due to the pandemic. Due to this demand was high and supply was lacking. This alongside a reduction in yield of almost 20% meant that the price for dried goods soared.

EU Exit & Self Sufficiency

Fresh Meat

With the exit deadline looming once again there is a particular focus on the self-sufficiency of the UK. The Agricultural and Horticultural Development Board have published analysis on several Fresh Meat and Dairy products. These help to give an indication of what areas the UK will mostly be impacted.

We must ask the question as to why self-sufficiency important in a post Brexit climate. Firstly, under a no deal (which is looking likely) what impact could import tariffs have on both trade and domestic pricing. Secondly could it impact the industry's capability of feeding the nation by producing the products that we eat. Both answers to these questions are at best hypothetical as we will not fully understand how the UK will be able to cope *until* it eventually happens. One thing to note is that it is not easy to replace a well-known imported product to a home-grown alternative of the same standard, quality, and level of production.

Let us focus on some products in which the UK are renowned. For Lamb we have a steady production and a reduction in domestic consumption. Due to this in 2019 we were 100% self sufficient on Lamb; this would suggest that the UK would be capable of satisfying itself. However, there are several underlying factors:

Carcase Balance – with leg of lamb being a nation favourite, the UK do not have enough production to satisfy and currently import leg and export whole or half carcasses.

Seasonality – With lamb having a focus on the end of year and hitting an annual peak in October demand usually simmers throughout the year with spikes around Easter and Christmas.

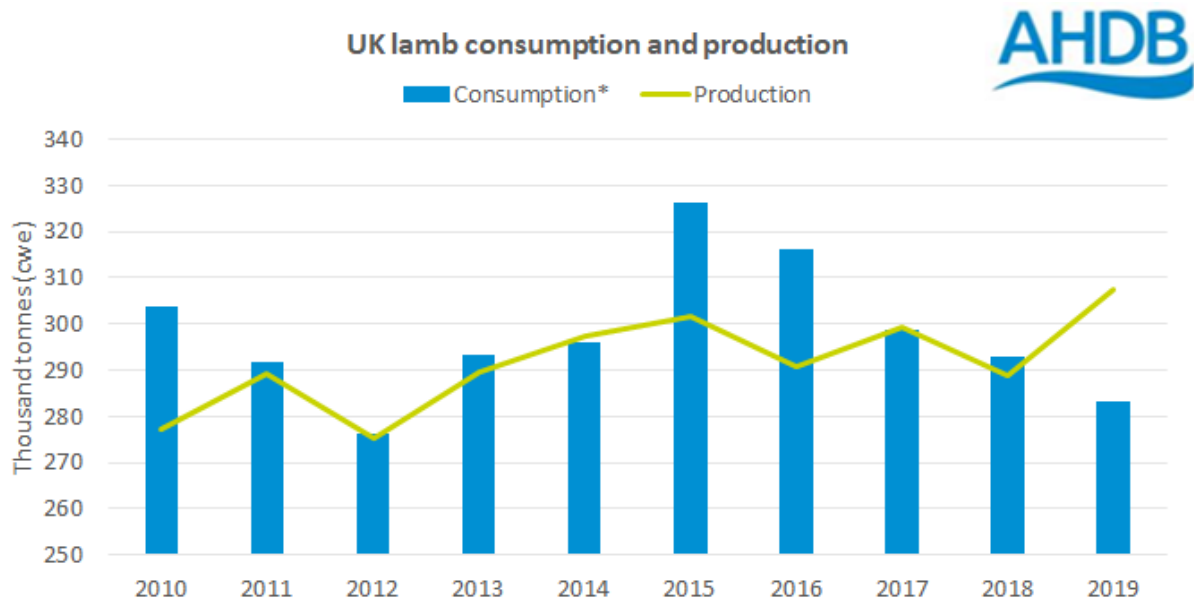
EU Trade – Over 90% of exports are to EU countries but only around 25% of imports are from the EU. Meaning that a no-deal Brexit would make a risk to the UK exports more so than its import on goods.

EU Exit & Self Sufficiency

Fresh Meat

These *three* distinctions above can be made to all fresh meat products in a post-Brexit UK. With each product having their own answer for each. That is why it is so important for us to be ready for anything when we finally leave the EU and be best prepared for all possibilities.

As aforementioned the only way the UK will fully understand the limits and capabilities of it's self-sufficiency is when we have left the EU and become independent. When the time comes a focus will be put on production of 'home-grown' products to ensure that the people of the UK remain satisfied.



Source: AHDB, Defra

*Supplies available for consumption

All facts and figures taken from Brakes' Market Review & the AHDB.org website.