

This months' market bulletin will look at UK consumption trends for fresh beef, lamb and pork for the 12 week period up to the 1st January 2017.

For the 12 weeks running up to 1st January 2017 Kantar Worldpanel data shows that the volume of beef sold at GB retailers experienced an increase of 6.6% (to stand at 71,141 tonnes) when compared to the same period a year earlier. The increase in volume was driven by a rise in the frequency shoppers bought beef during the period. The volume per shopping trip however continued to decline, following the trend over the past years, meaning that shoppers are purchasing smaller amounts but more frequently. This supports other evidence that shows that consumers are looking for quicker meal solutions. The average price per kg throughout the period declined to an average of £7.71/kg (3.1% or 25p lower than the same period a year earlier). This decline may have helped drive the increase in volume sales as consumers were able to maintain volume purchases while spending less.

Beef

The greatest growth in volume sales for fresh beef products was experienced by frying and grilling beef which saw a 12.4% increase; mince and stewing beef also saw growth by 10.1% and 9.8% respectively. Beef

mince continued to dominate the category with regards share of the market for the 12 week period, with over 45% of the beef bought being minced. Roasting joints experienced decline driven by fewer purchasers and a fall in the volume bought per shopping trip despite a significant decline in the average price per kg. From comparing the different beef product categories it is clear that there is a high drive from consumers to purchase convenient and versatile beef products, moving away from traditional roasting joints to stewing and minced beef. This shift demonstrates the demand for convenience within the UK consumer market.

The total spend for fresh beef over the 12 week period reached £548.6 million, an increase of £17.6 million (3.3%).

Lamb

Over the period fresh lamb experienced a decline in volume sales by 7.9% (to 16,251 tonnes) when compared to the same period a year earlier. This decline has been strongly driven by the lower number of households which have bought lamb within the period coupled with a fall in the volume purchased per trip which stood at 0.8kg. The average price for lamb throughout the period increased on the year by 2.2% (or 19p/kg) to £8.64/kg as retailers reduced the number of promotions

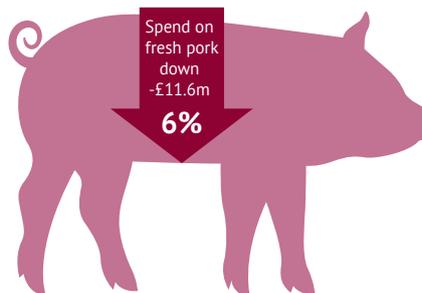
within the category. The frequency of purchases increased by 1.5% to 2.5 trips however this was not enough to offset the decline in volume purchased per trip and total shoppers as there was an overall fall in the total spend for fresh lamb.

Throughout the period lamb mince was the only product to experience positive change on the year with an increase in the number and frequency of households purchasing the product together with a slight increase in the price. However lamb mince only has a low proportion of the overall lamb sales (less than 10%). Similarly to beef products lamb roasting joints experienced the largest decline in volume sales with households purchasing less within the period. Again this highlights the shift in consumers buying fewer traditional large roasting joints and switching to more versatile products.

The total spend for fresh lamb over the 12 week period reached £140.4 million, a decline of £8.7 million (5.8%).

Pork

Over the period fresh pork experienced a decline in volume sales by 4.1% (to 35,582 tonnes). This decline was driven by a decline in the number of households that have purchased fresh pork within the period. The average price for fresh pork declined by 2.6% to £4.56/kg. Throughout the period pork leg roasting joints were the only fresh pork product to experience a positive change on the year with an increase in the average price and number of households purchasing the product. The largest fall on the year was experienced with pork chops and steaks with a decline in the volume of sales. It is interesting that fresh pork experienced a different shift in consumers when



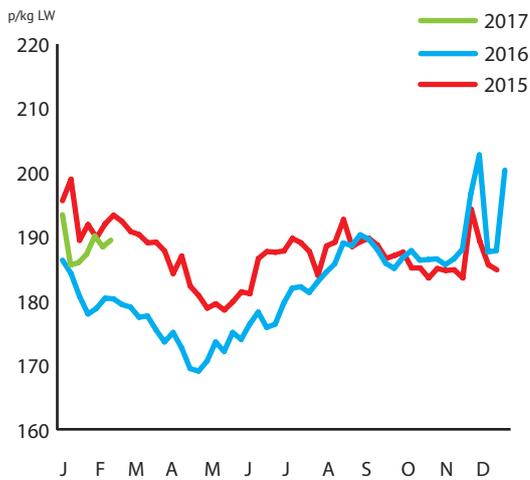
compared to beef and lamb, with consumers buying less chops and steaks to purchasing larger roasting joints. This would have been influenced by an increase of promotion of pork joints within retailers over the period.

The total spend for fresh pork over the 12 week period reached £162.4 million, a decline of £11.6 million (6.6%).

MARKET PRICES

CATTLE

Prime cattle prices at auction markets in England and Wales



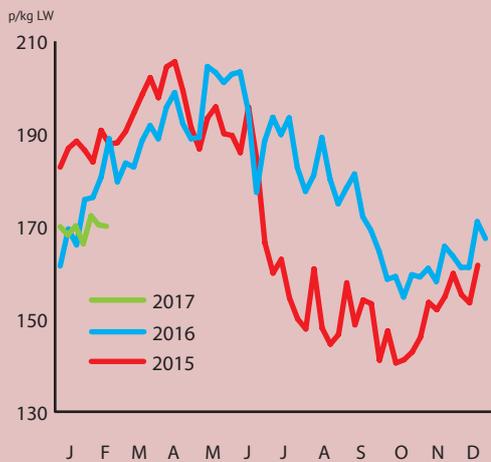
Prime cattle prices at auction markets in England and Wales have experienced a slight decline since the beginning of January, but have rebounded of late. This follows the usual seasonal trends as the market responds to the disruptions in supply that can happen due to the festive period. The all prime average for week ending 18 February stood at 189.5p/kg. This is an increase of 1.1p on the previous week and over 9p above the 2016 price for the same week. Within the average the steer, heifer and young bull price was 186.3p, 199.7p and 177.1p respectively. An increase in market price for both steers and heifers.

The deadweight prime cattle trade has remained relatively static since the start of the year. For the week ending 18 February the steer average price in England and Wales was 346.0p/kg, some 0.8p below the previous week's price. The number of steers brought forward was nearly 8% higher than the previous week. At this level prices are nearly 20p above the same period in 2016, the first time prices have been less than 20p more than last year since the beginning of the year. Deadweight prices in England and Wales for heifers decreased by 1p on the week to 349.5p/kg. Young bull prices for the w/e 18 February was 314.7p/kg, a 1p decrease.

Cull cow prices at England and Wales auction markets stood at 108.8p/kg for the week ending 18 February; at this level prices are 14p above prices experienced for the same week a year ago. The deadweight England and Wales cull cow price for the same week was 218.2p/kg, a 1p uplift. The numbers going through abattoirs was 11.0% down on the previous week.

SHEEP

Prime lamb (SQQ) prices at auction markets in Wales



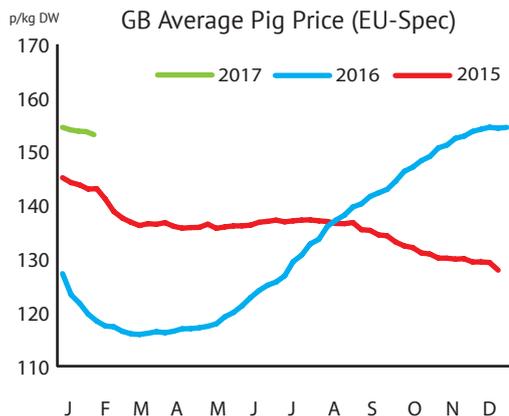
Lamb liveweight prices at auction markets in Wales have remained stable since the beginning of the year, which suggests that the supply/demand dynamic has been finely balanced. The SQQ price for old season lambs at auction markets in Wales for the week ending 18 February stood at 170.2p/kg, 0.3p less than the previous week and only slightly above the price experienced in the first week of the year (170.1p/kg). At this current price, the trade is nearly 20p down on the same period in 2016. In a usual trading year prices at market would steadily increase as supply tightens, whether this pattern occurs this year remains to be seen as there are some contradictory anecdotal reports regarding the number of lambs yet to be marketed.

For the week ending 18 February the GB deadweight lamb price stood at 382.3p/kg, an increase of 0.4p on the previous week. At the current level prices are 43p below the deadweight price seen during the same week in 2016. The current market situation again reflects the industry reports which suggest that supply is currently meeting demand.

Cull ewe prices have decreased through February remaining below the price experienced for the same period in both 2016 and 2015. For the week ending 18 February the price has fallen to £45.70/head, £2.40 below the previous week. At this level prices are nearly £11.70 lower than the same week in 2016.

PIGS

GB Average Pig Price (EU-Spec)



The EU-spec SPP increased slightly during the last week halting a run of successive weekly declines. For w/e 18 February the average stood at 149.8p/kg, an uplift of 0.2p on the previous week's price. Throughout January the SPP price had been steadily declining, however the latest price is still 37p above prices for the same period last year.

For the week ending 11 February the GB EU-spec APP stood at 152.9p/kg a slight increase on the week, however at this level prices are over 37p above prices for the same week in 2016. This meant the gap between the APP and the SPP grew by over 0.3p, to 3.2p/kg.

With little movement being seen in the deadweight price the weaner trade has been relatively static for the last month. For the w/e 18 February the 30kg weaner average price stood at £55.10 an increase of £19.65 on the year, for the same week the 7kg weaner average price stood at £38.23, £9.18 higher than the same week a year earlier.