Irish Beef & Livestock Market Update

Joe Burke

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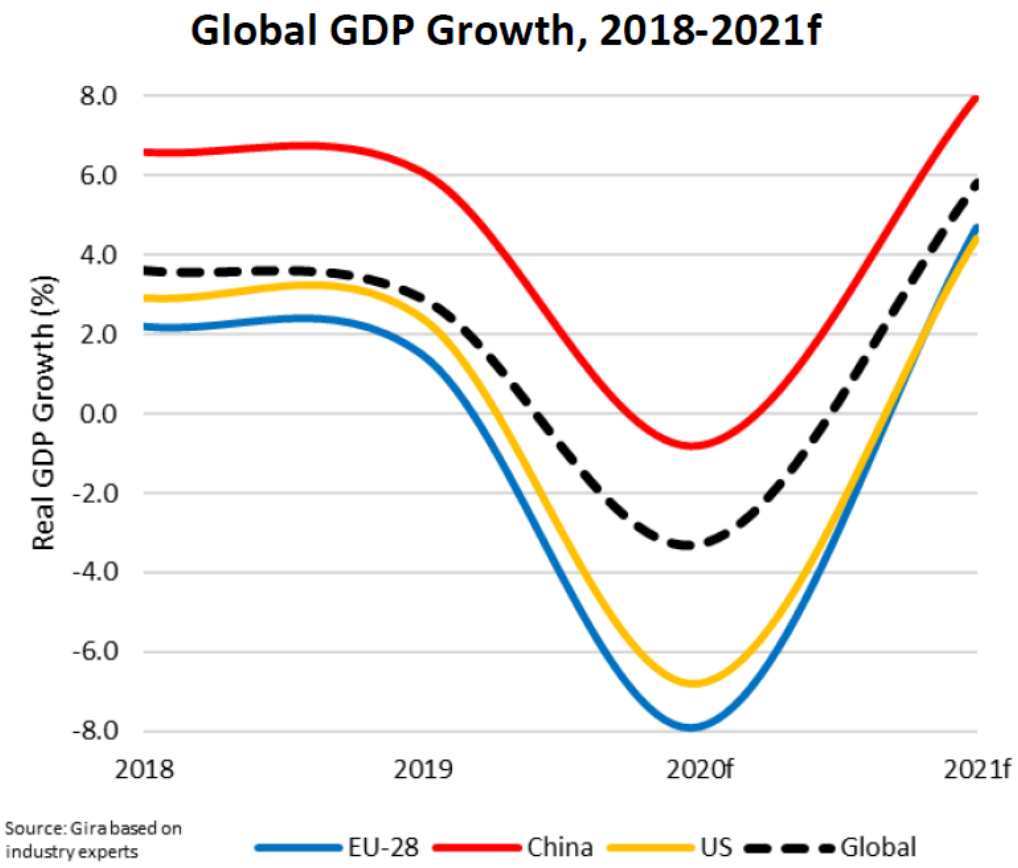
25th June 2020

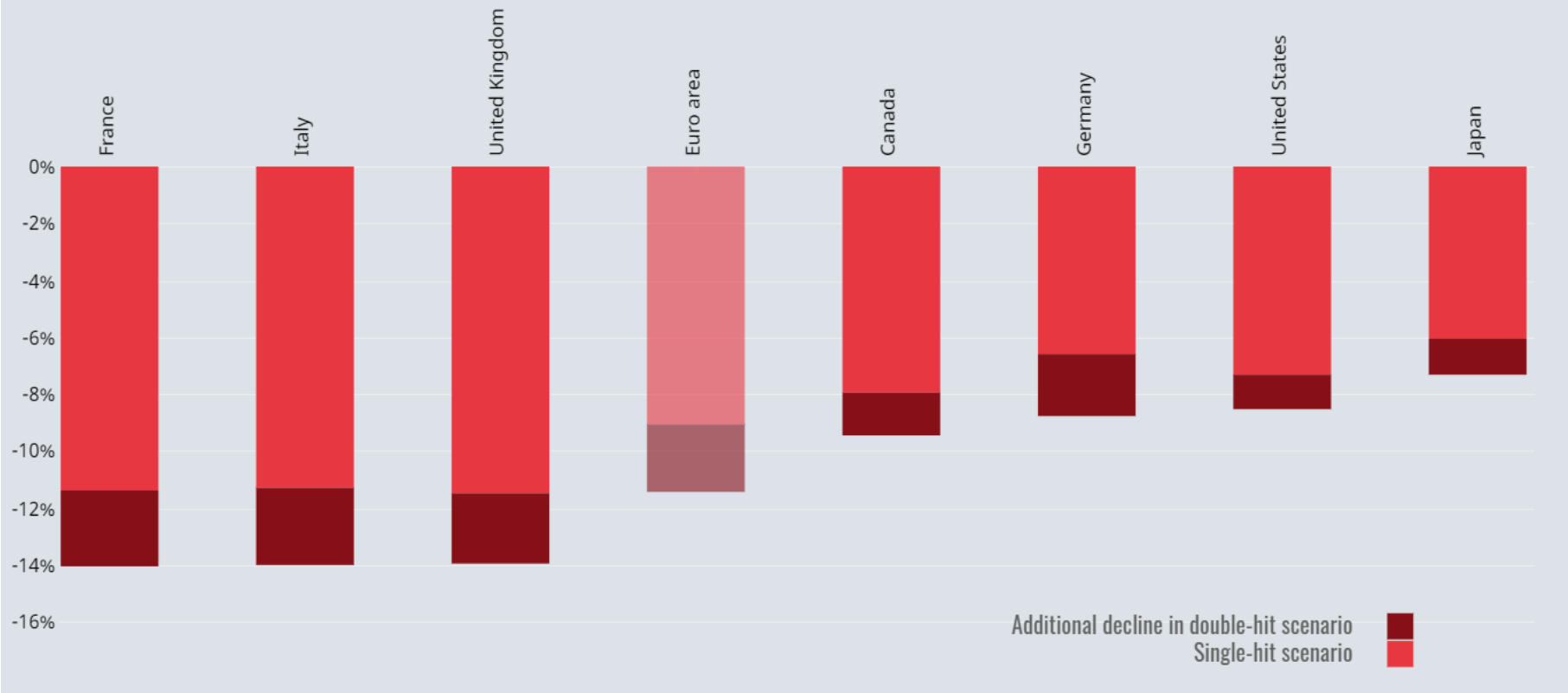
BORD BIA
IRISH FOOD BOARD



Much more negative economic outlook:

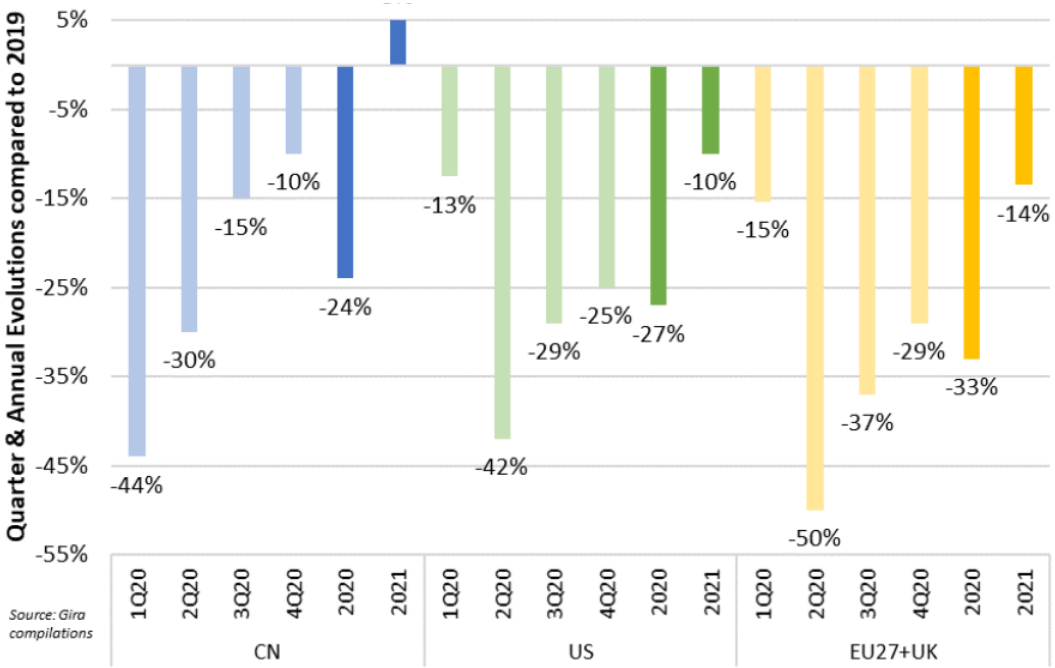
- Q2 of 2020: Major contraction in GDP across most markets
- Covid-19 simultaneously impacting all areas of the economy
- China beginning to recover already

2020 Projected Change in GDP among G7 countries (OECD)



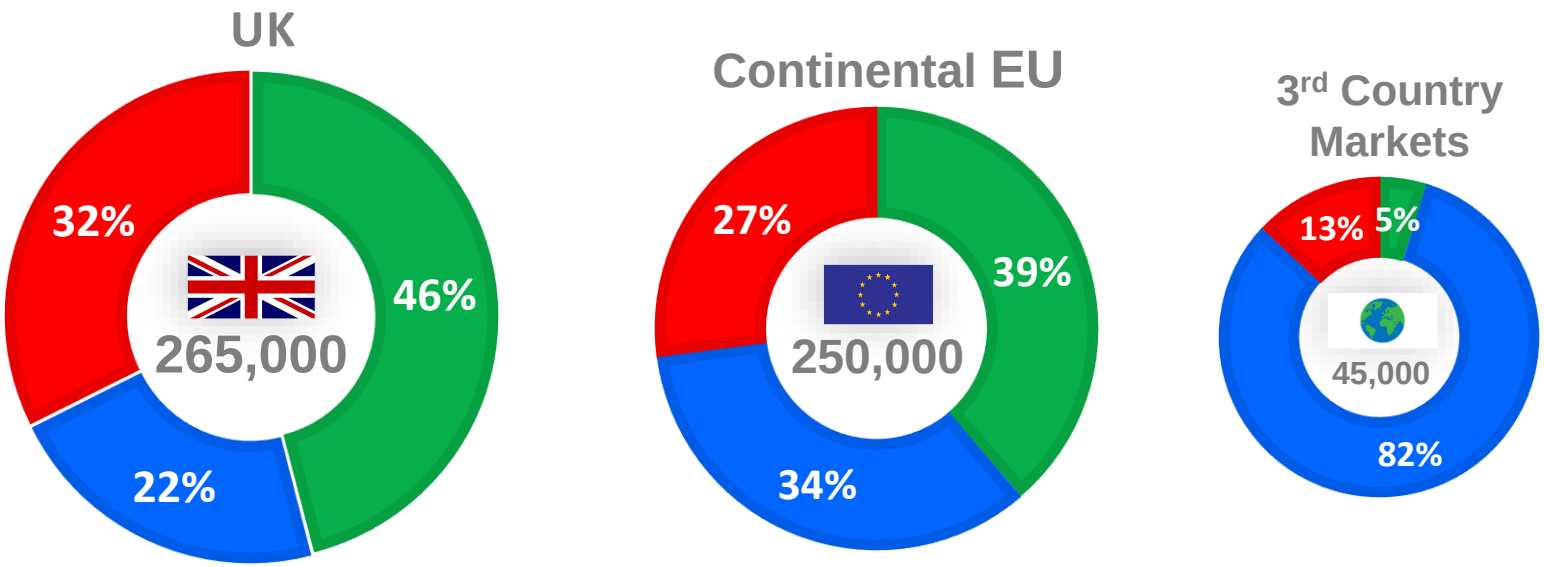
Significant impact on sales to Foodservice channel

Change in Total Foodservice Sales, 2020 & 2021 vs. 2019 (China, USA, EU27 + UK)



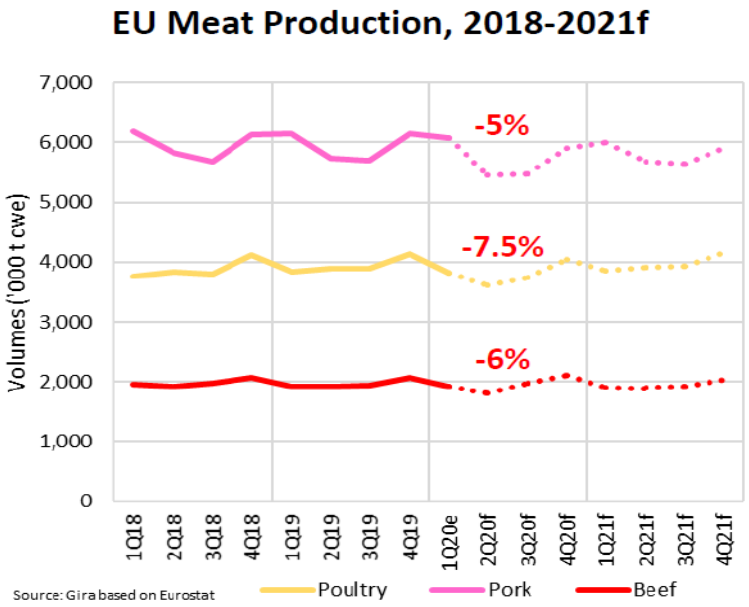
- EU-28: Foodservice Sales -33% in 2020
- Foodservice particularly important for steak cuts: **accounts for 70% of steak sales: EU Commission*
- EU market slow to recover

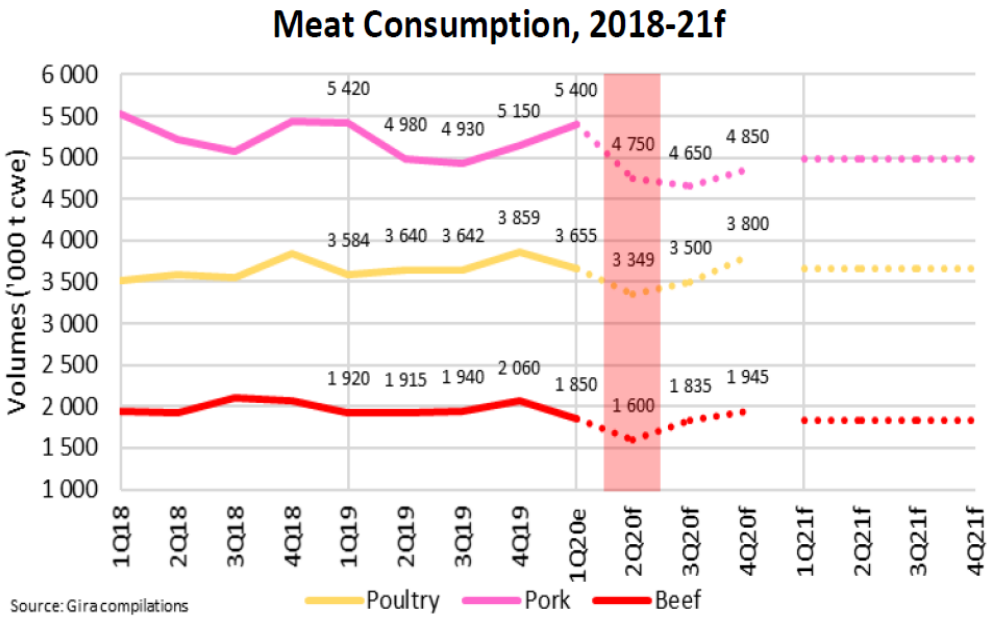
Channel Distribution of Irish Beef Exports, 2019 (e)



	Retail	Wholesale/ Foodservice	Manufacturing
Overall:	40%	31%	29%

EU Supply/Demand Developments





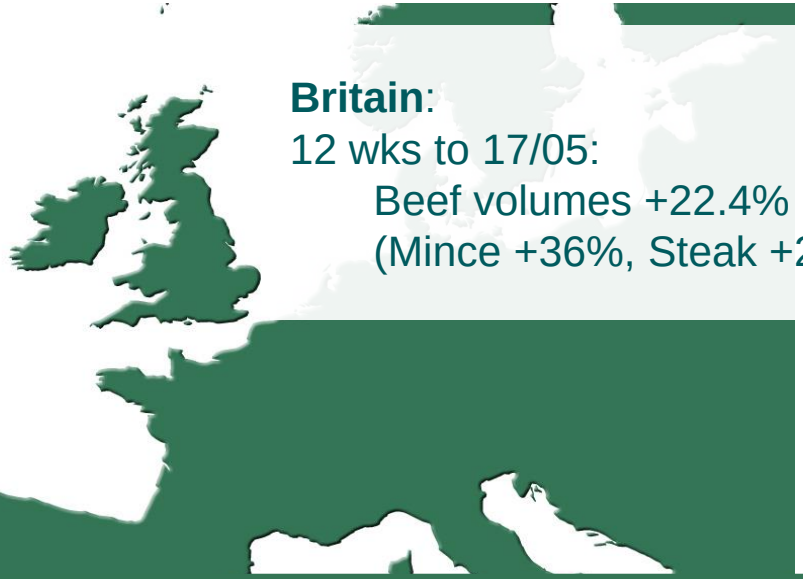
2nd Quarter supply tightening helping to offset some of the demand drop

Strong recovery in disposals expected as 2nd half progresses

Retail Meat Sales trends

Ireland:
4 wks to 17/05: Overall meat +19.6%
Beef volumes +14.9%
(Mince +26.7%, Steak +12.5%)

12 wks to 17/05: Overall meat +20.6%
Beef volumes +17.5%
(Mince +31.4%, Steak +12.8%)



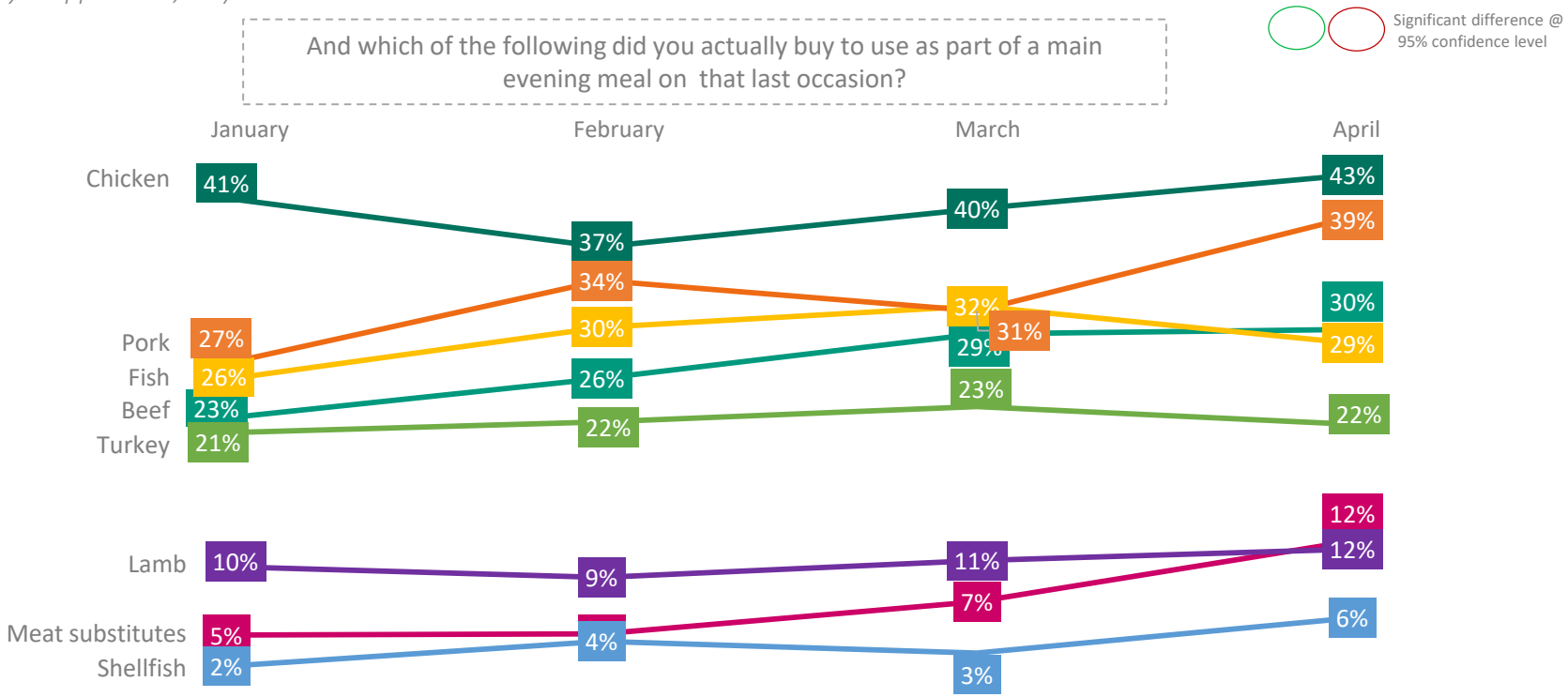
Britain:
12 wks to 17/05:
Beef volumes +22.4%
(Mince +36%, Steak +24%)

Positive uplift in retail volumes & reopening of QSR restaurants.

Carcase balance remains a concern

Proteins Purchased on the Last Occasion for a Main Evening Meal x Month

(Base: All grocery shoppers n=1,500)



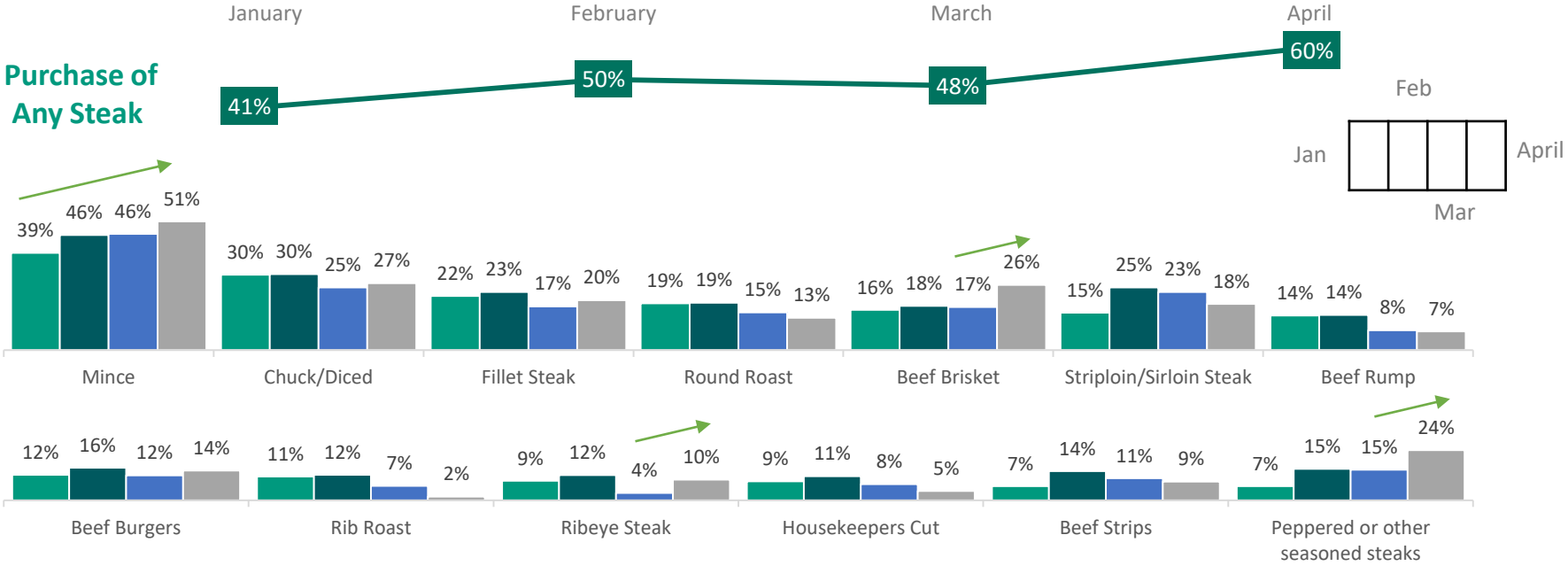
BORD BIA Thinking House

There has been a steady increase in the purchase incidence of Beef in the German market since the start of 2020, peaking in April. Pork has also recorded an increase over this time period.

Types of Beef Purchased on the Last Occasion for a Main Evening Meal x Month

(Base: All grocery shoppers who purchased beef on the last occasion n=405)

Which of the following specific types of beef, if any, did you actually purchase on the last occasion you were in store purchasing food for evening meals?

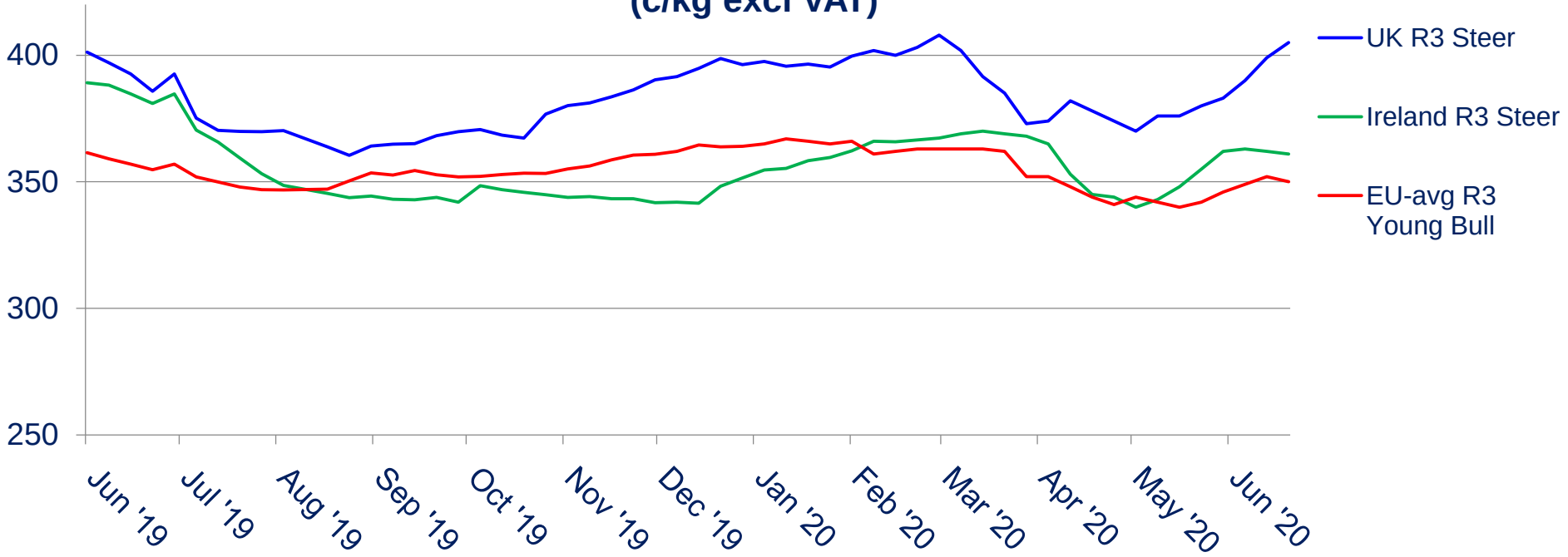


BORD BIA Thinking House

At an overall level there has been an increase in the purchase incidence of steak across 2020, with peppered/seasoned steaks driving this growth. After a drop in March, there was a positive increase in the proportion of ribeye steak purchased.

Producer Prices: Ireland vs. UK & EU-average

(c/kg excl VAT)

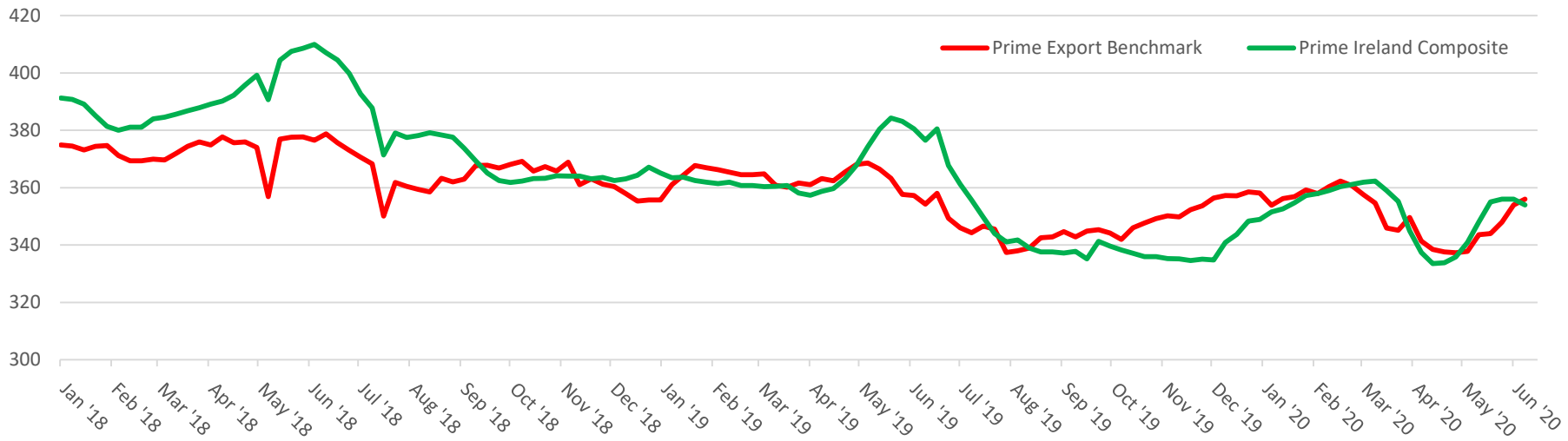


Latest prices: Ireland €3.61/kg vs. UK €4.05 vs. EU avg. €3.50/kg

Year to-date: Ireland €3.59/kg vs. UK €3.90 vs. EU avg. €3.54/kg

Cattle Price Developments

Prime Irish Composite vs Prime Export Benchmark



Country	Current Week	Same Week Last Year	% Change Previous Week	% Change Previous Year	Average Same Period Last Year	Average to Date Current Year	% Change Average to Date from Last Year
Prime Irish Composite	€ 3.54	€ 3.77	▼ -0.3%	▼ -5.9%	€ 3.66	€ 3.52	▼ -4.0%
Prime Export Benchmark	€ 3.56	€ 3.54	▲ 0.5%	▲ 0.5%	€ 3.63	€ 3.51	▼ -3.4%

US By-Product Market Indicator (€/kg Carcase Weight)

In relation to the offal and hide coming from an animal, these by-products contribute to the overall value returned from the market, and therefore they influence the demand for finished cattle by beef processors.

While there are no published prices for Irish or EU hides or offal products, there are regular reports available from the USDA. Because these are globally traded commodities, the US data provides a reasonable reflection of market trends. (EU returns tend to be somewhat lower, on account of market access and the EU ban on meat & bone meal and blood meal in animal feed.)

By-products may be broadly classed into three categories: Hide, Red Offals (tongue, liver, tail etc) and White Offals (tripes, fats etc.) The following table and graph summarises the latest market trends in the hide and offal markets, on a € per kg of Carcase Weight basis, as reported by USDA.

By-Product Values for Current Date and Same Period Last Year (€/kg of Carcase Weight)

Week Ending	Saturday, 15 June 2019	Saturday, 13 June 2020
Hide	€0.07	€0.05
White Offals	€0.10	€0.07
Red Offals	€0.09	€0.09
Overall	€0.26	€0.21

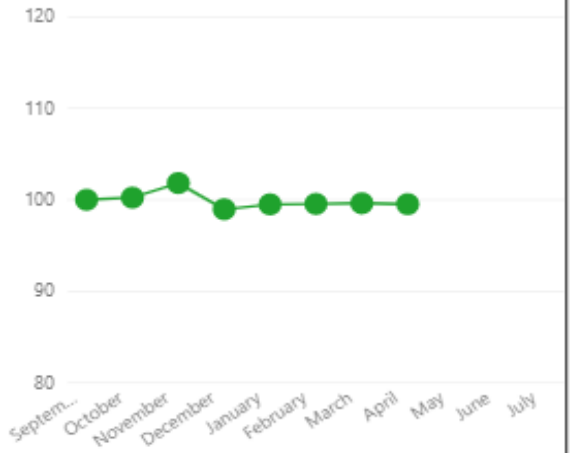
Wholesale & Retail Beef Price Indices

The Beef Market Price Index is intended to provide insight into the price performance of prime beef in key markets over time, at the level of the retail or wholesale customer. The index acts as a monthly indicator of market conditions for Irish beef, relative to the situation prevailing during the initial base period of this study, which was September 2019.

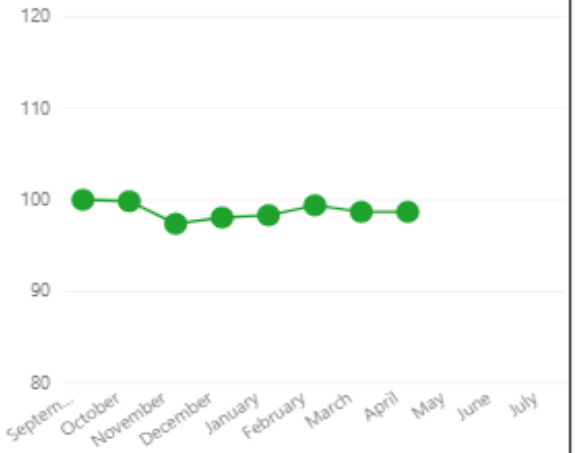
Each month, Bord Bia monitors specific retail and wholesale prices across seven principal markets (Ireland, the UK, France, Italy, the Netherlands, Germany and Sweden) which collectively accounted for approximately 90 percent of Irish beef sales in 2019. Within each market, prices are recorded for steak, round and forequarter beef cuts.

Market prices are weighted according to their relative importance, and collated into a Retail Sub-Index and a Wholesale Sub-Index, whose values are aggregated to form an Overall Beef Market Index. The base-line value of the indices is set at 100, according to their respective values during the initial base period (September 2019).

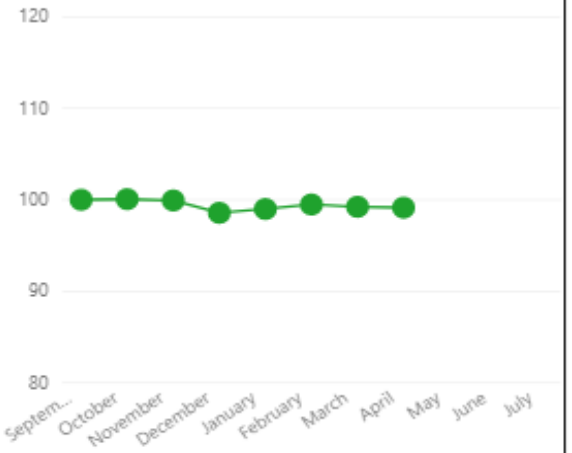
Retail Market Sub Index (September 2019 = 100 points)



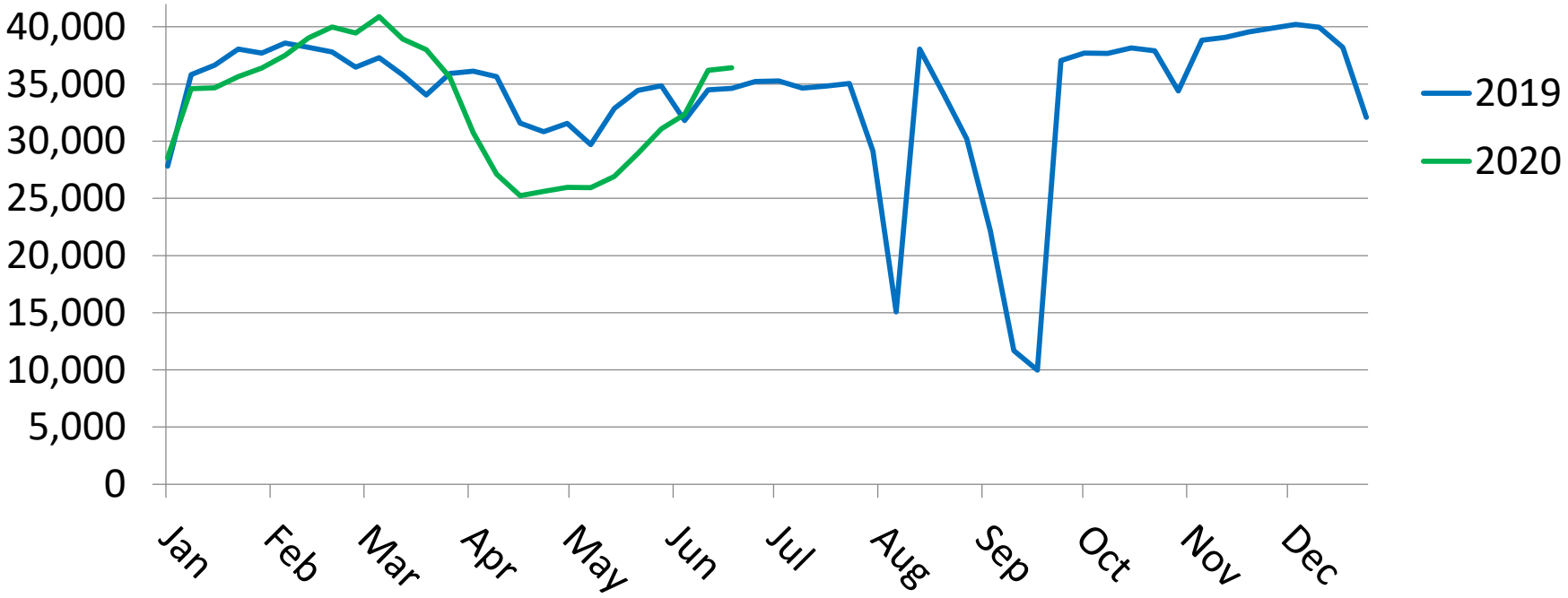
Wholesale Market Sub Index (September 2019 = 100 points)



Overall Beef Market Index (September 2019 = 100 points)



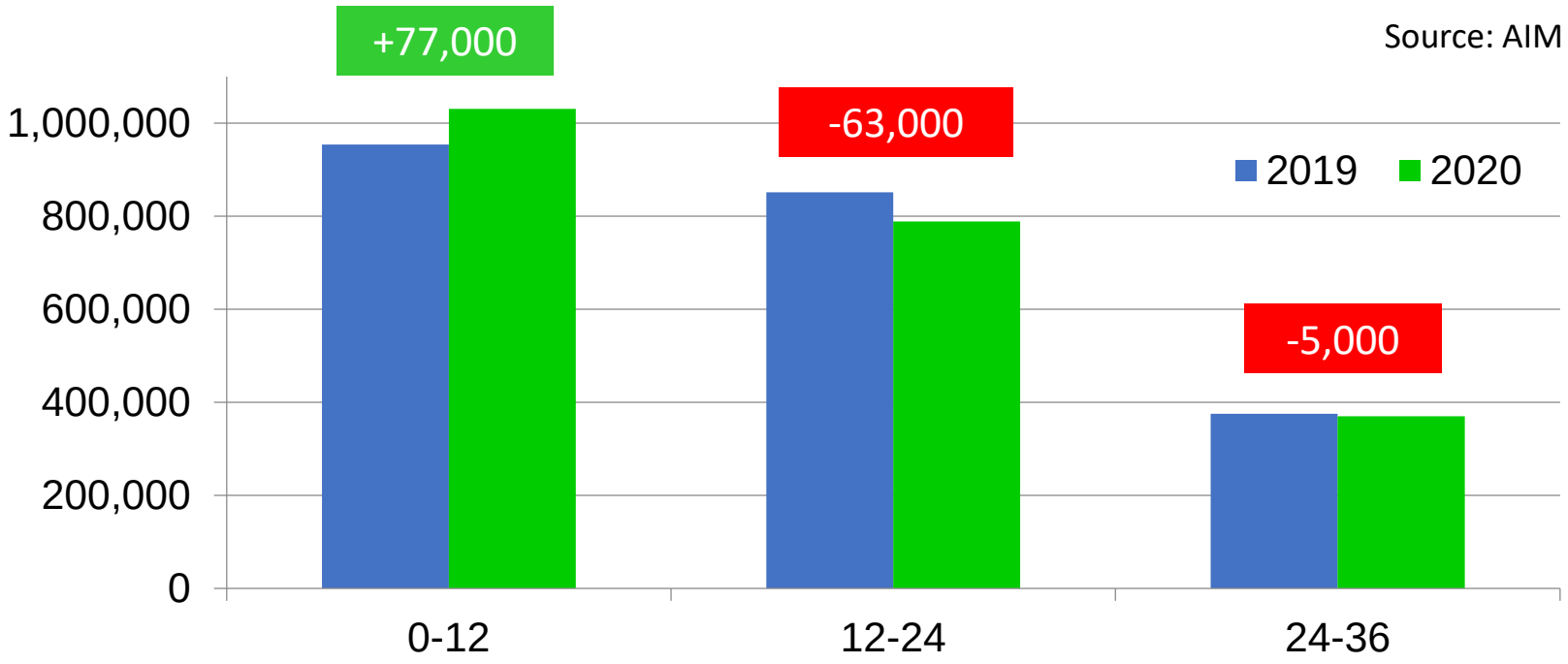
Irish Weekly Cattle Throughput



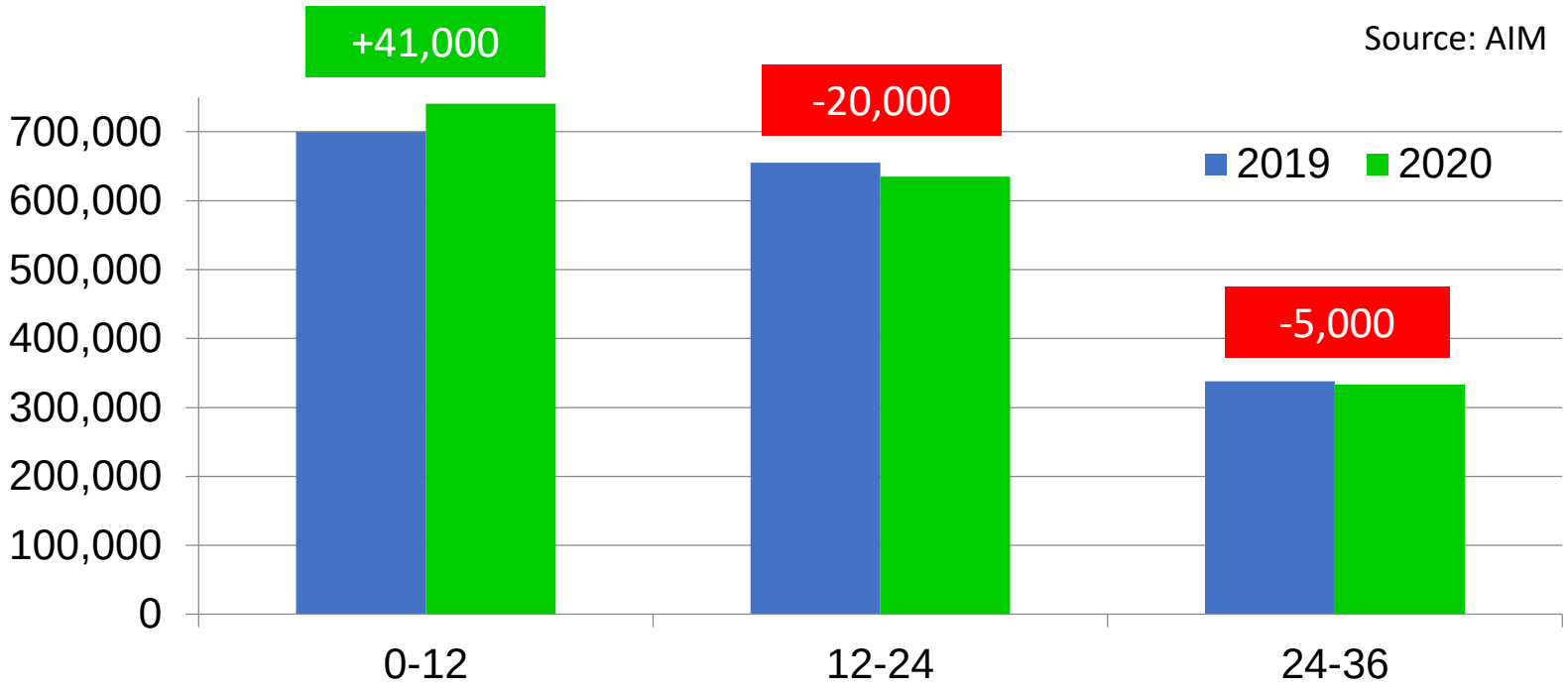
Overall cattle supplies for the year to-date down by 37,000 / -4.2%

For the past 12 weeks, throughput averaged 29,400 hd (-3,800/wk on ‘19)

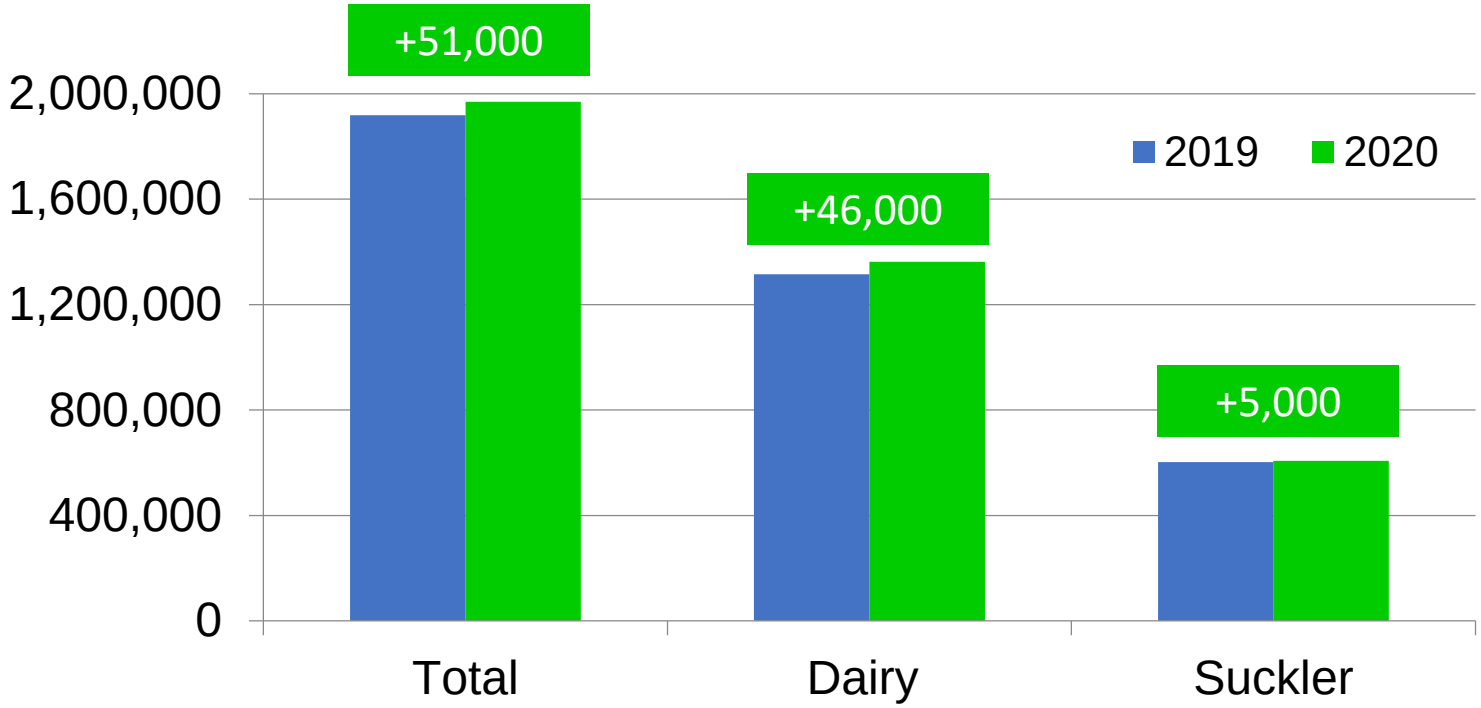
Male Cattle Numbers by Age Category on 1st of May



Female Beef Cattle No.s by Age Category on 1st of May



Calf Registrations Update



Live Cattle Exports 2020

Distribution of Live Exports from Ireland to w/e. 13th June.

(head)	2019	2020	% change
Total	**220,257**	**169,087**	**-23%**
NI	16,432	22,753	**+38%**
GB	2,652	2,645	**N/C.**
Italy	22,087	15,083	**-31%**
Spain	69,959	56,080	**-20%**
Netherlands	82,960	48,539	**-41%**
Belgium	2,925	4,071	**+39%**
Other EU	15,395	8,094	**-47%**
Libya	4,211	7,636	**+81%**
Other int. mkt.s	3,636	4,186	**+15%**

*For the year to-date, calf exports have fallen by -30% / -53,500 head

Bord Bia Beef Activities - Priority Markets

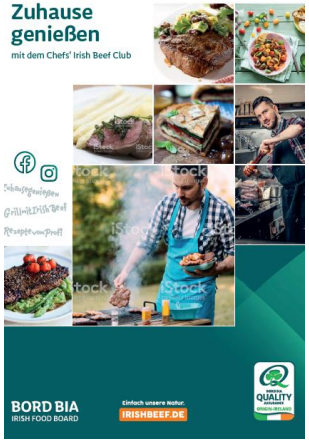
Changed Approach

More Online Activity

Different Channels - Butcher

Virtual Meat Academy

Utilising network of Chefs



Influencer campaigns

Customer Specific

Targeted promotions

Germany

Netherlands

Italy

Sweden

Belgium

Spain

Switzerland

Promoting Irish Steak

Motivate shoppers to choose Irish Steak instead of Steak from other countries by showing them that …
Irish Steak is Naturally Tasty

Working with Suppliers

Targeted at key customers

Irish Steak.
Every bite at its natural best.

Irish Steak.
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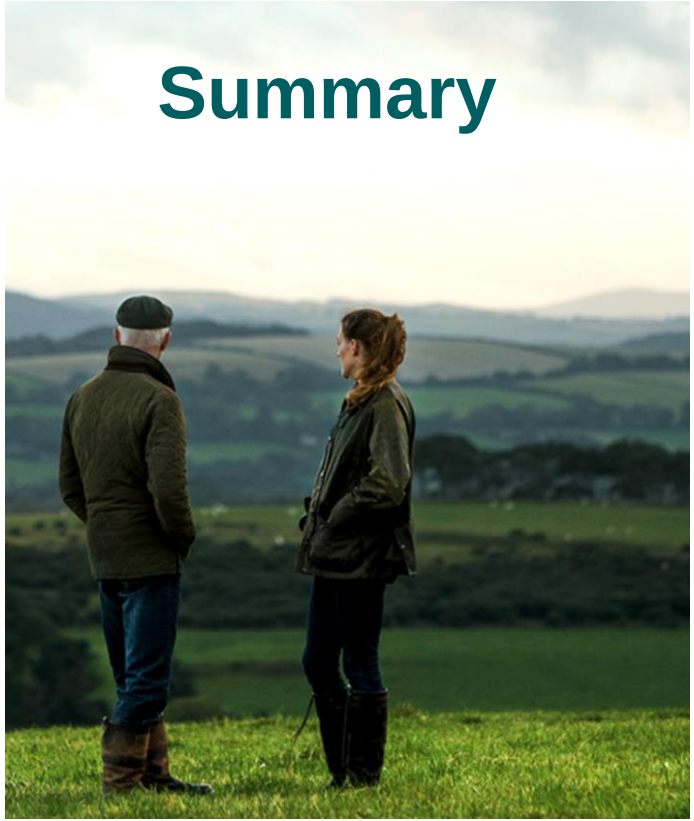
Every bite at its natural best.

Irish Steak.
Irish Steak.

Irish Market - Steak TV Ad: April 4th – 25th

Supported by Influencers/Online/Social media

Summary



- Adverse economic outlook
- Slow foodservice recovery
- Strong retail performance
- Cattle prices below 2019 levels
- Fewer calf exports, higher births
- Promotional plan to support sales

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