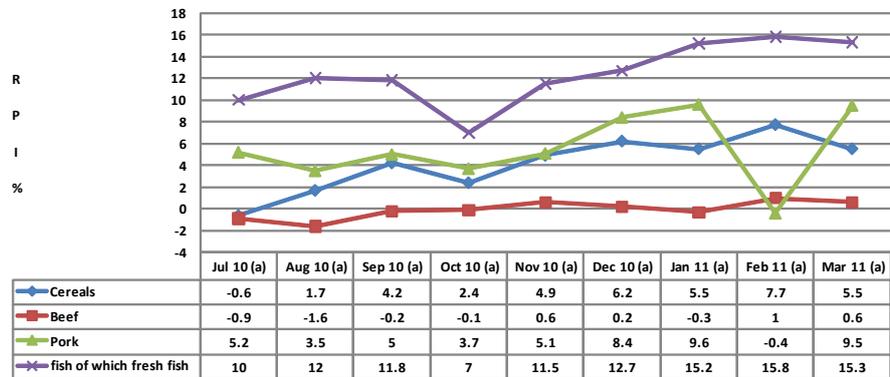


# MARKET REPORT for July 2011

## RPI - 12 Monthly % Movements in Beef, Cereals, Fish and

12 Monthly % RPI Movements



## Grain Prices Retreat from Highs

- ◆ Global grain markets have retreated this month from the previous highs witnessed in June. This has largely been due to improving weather conditions that have eased concerns and caused British wheat to fall to its lowest level for six months. The upcoming grain harvest will be vital in establishing a trend for agri-food markets for the remainder of the year and well into 2012. This, still, exists as the greatest threat to forecasting at this time as a sharp decline in harvest prospects would once again cause global food prices to climb.

## EU fishing policy reform to save depleted stocks

BBC - 13th July 2011

- ◆ The alleged plundering of mackerel stocks around Iceland and the Faroe Islands from an influx of large and powerful vessels from the Far East, has sparked the European Commission to unveil major plans to reform the EU's fishing industry. The EU proposal, due to take effect from 2013, would give fleets quota shares guaranteed for at least 15 years and aims to; ensure catches are within levels that can "produce the maximum sustainable yields" by 2015, implement an "ecosystem-based approach" to limit the impact of fishing, reduce fleet overcapacity through market measures rather than subsidies, promote the development of "aquaculture activities" to ensure food security and job opportunities and develop alternative types of fish management techniques.

## British has lowest milk price in Europe

Farmer's Weekly - 12th July 2011

- ◆ Peter Kendall, NFU president, has described Britain's position at the foot of the European Union's milk price league table as "disgraceful". British dairy farmers are currently paid the lowest prices of any country in the EU, receiving around 4p/litre less than the EU average. Figures from the recent EU Commission's Directorate-General for Agriculture and Rural Development figures illustrated that in April of this year the average UK farm-gate price stood at €28.89/100kg (26.26p/litre). Thus, equating to 12.5% less than the weighted average for the EU-27 and equivalent to 3.76p/litre less. Though the UK price was a 10% improvement on the same prices 2 years ago it is still way below the 37.68p/litre that Greek producers receive, an aperture that the NFU say there is no excuse for.

## Sainsbury's to pay more for British pork

- ◆ Sainsbury's has announced increased prices to its pig farmers, who produce 12,000 pigs each week for the company, will continue until the end of August at 3p extra per kilo. The chain had originally said that when the DAPP (Deadweight Average Pig Price) reached £1.50 per kilo bosses would review it. However, prices reached the £1.50 mark earlier this month and the conclusion was to continue its support. A spokesman said: "On July 6 the DAPP reached £1.50 per kilo, but we have decided to continue to pay a discretionary premium of 3p per kilo until the original deadline of August 1 to ensure that our Pork Development Group farmers are supported while costs are high."

## E-Coli in the EU - Update

- ◆ The E-Coli outbreak in late May caused the death of 48 people in Germany and illness of around 4000 people across the EU. The crisis had originally blamed fresh vegetables as the source of the disease, subsequently causing billions of Euros in damage to farmers as consumers rejected their produce. The European Commission has launched a multimedia campaign as part of its €210m compensation package to support beleaguered European fruit and vegetables growers, processors and retailers still suffering from the 'E-Coli Crisis'. Conversely, data on 5<sup>th</sup> July showed a significant slowdown in price growth, largely on the back of double digit falls in the cost of vegetables. Czech consumer prices fell 0.2 percent on the month in June whilst Hungarian inflation slowed to 3.5 percent, its lowest since April 2009. In Romania an 11 % drop in vegetable prices pushed inflation well below expectations to 7.9 percent in June, from 8.4 percent in May.

## Beef Prices

HCCMPW - July 2011

- ◆ During May the average deadweight price for prime cattle, at 299p/kg, was 6% higher than during January. Over the same period retail prices for beef have risen by less than 1% to average 577p/kg. As a result, the gap between what is paid to the producer and what is paid by the consumer has narrowed in 2011. During May the actual price spread was at its narrowest so far this year at 48%, meaning that the producer received 52% of the final retail price during May. In comparison during May 2010 producers were only receiving 47% of the final retail price. Similarly retail prices recorded during May 2011 were generally up year on year; the exceptions were the prices for both premium and standard mince were down by just over 1%.

## Is it a bird? Is it a plane?

The Independent – 11th July  
2011

- ◆ An international consortium of research organisations has sequenced the 840 million DNA "base pairs" that make up the 12 chromosomes of the potato genome. The break through should lead to the identification of important genes that confer resistance to potato diseases such as late blight, effectively paving the way for a new 'super-spud'. So, presumably these new super-potatoes will be able to fry themselves, lift heavy equipment and not try and produce children when you forget to put them back in the cupboard...

## Viva La Revolucion!

Partners In Purchasing

- ◆ The social media revolution has gripped the world in recent years and not one to miss out on all the fun, at Partners In Purchasing, we've picked up the mantle and marched boldly into the unknown. In the past month our uprising has led to the set up and establishment of company accounts on Facebook, Twitter and LinkedIn and armed with an arsenal of desktop and mobile applications we are ready to carve our path in this brave new world. Follow us! *If you wish to keep up to date with our thoughts follow us on Twitter @PIPLtd*

## PIP Conclusion

Diana Spellman - PIP MD

- ◆ Potential scarcity, local crises & inflation are raising our expectations of the value of food. Increasingly its value has become a status of enjoyment, philanthropy and profit. Government agencies and politicians continue to ameliorate the mechanisms of market forces which create imbalance. However growth unleashed in Asia, is creating new demand for food products.

PIP is active and committed in our attempts to introduce better practice whether by establishing sustainability standards: BS8901 and adoption of MSC (Marine Stewardship Council) and MCS procurement guidelines. In itself, this is no match against world forces, only our attitudes, and adoption of new behaviours may influence opinion in the long term. We hope you have enjoyed our guest editor this quarter: El Soldado of social media, Tristan Minall.

*Whilst every reasonable effort has been made to ensure the accuracy at the date of publication, this document is intended for general information only and does not constitute legal or professional advice.*

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