



## **Carneco Foods Division**

### **Quarterly Price Trends Report**

**HUAN YING**

**KUNG HEI FAT CHOI**

#### **PRICE TRENDS AND OBSERVATIONS FOR THE 3RD QUARTER 2010**

##### **GENERAL**

Producer prices will remain problematical in 2010 due to the sterling/euro volatility and to the severity of the recession which is being experienced in the U.K as well as in the Euro regions. This will affect demand and the ability to plan forward by producers, creating severe supply gaps. The lack of credit insurance cover is also playing havoc with companies customer base, and we cannot see how this position will improve with the banks still very shy in supporting customer working capital requirements. The depressed Euro is a new problem which we will all have to contend with !

##### **IWP B/L Pork Collars – standard weights**

The pig prices seem to be climbing relentlessly and this will eventually have the affect of raising prices on the collar. Although the euro is now weak, we must consider the shortage of pigs generally and the potential demand from Germany and other countries for this product for their barbeque season fast approaching. This time last year we were anticipating prices reaching £2.60 p kg and we believe the same level will be reached within a short period of time. Although some weakness may be experienced in the earlier months, we feel buying on any dips may be advantageous.

We therefore feel building stocks at around today's prices will be advantageous

##### **Meaty belly ribs x 10 kg**

Demand from South Africa and the Asian block on ribs have helped to maintain and indeed improve prices. However, the current strength in the sterling rate against the euro could see rib prices float under current levels.

However leading brands with good meat cover will, we believe, maintain their values and possibly move on as the BBQ season gets underway.

##### **Standard Belly Ribs x 10 kg**

The same position applies on standard belly ribs as on Meaty ribs. Prices have remained very high in contrast with this time last year.

There exists a shortage of this product due to heavy demand from outside of Europe due to the world cup. We therefore see prices firm for the foreseeable future

##### **CHILLED BEEF**

Prices over the last few months have proved to be very volatile with prices up one minute and down the other

The sterling equation is making a difference of some 5% which is a considerable price advantage providing the euro price keeps stable

Beef prices are historically low at present so it would not surprise us to see a shift upwards on prices as the months progress

##### **PAD Frozen Topsides/Rump Tails/Flank Steaks Vac Pack**

These are items that could be worth while holding should one view the market to increase in price.

##### **Chips – Chilled**

Although demand and supply are stable, there is pressure building from the producers on costs. However, the potato stocks are reasonably healthy and prices should remain stable for the foreseeable future unless sterling nose dives against the Euro !

## **Chicken Breasts Brazilian Dry**

This product is always sold in dollars and as the dollar has appreciated against sterling by some margin there must be considerable pressure building to raise prices sooner than later. Demand is stable at present levels but there is pressure from the supply side as production costs are increasing

For any quotations and up to date news please ring Ray 01702 471777 Mobile: 07796177701 or email ray@carneco.co.uk

## **THE COMMON LAW OF BUSINESS**

*It is unwise to pay too much  
But it is worse to pay too little  
When you pay too much  
You lose a little money that is all  
When you pay too little  
You sometimes lose everything  
Because the thing you bought was incapable of  
Doing the thing it was bought to do*

*Balance prohibits paying a little and getting a lot  
It cannot be done  
If you deal with the lowest bidder  
It is well to add something for the risk you run  
And if you do that  
You will have enough to pay for something better*

*Mr Rudkin 1839*

**Ray Thornton**  
**Managing Director**  
**Carneco Foods Limited.**