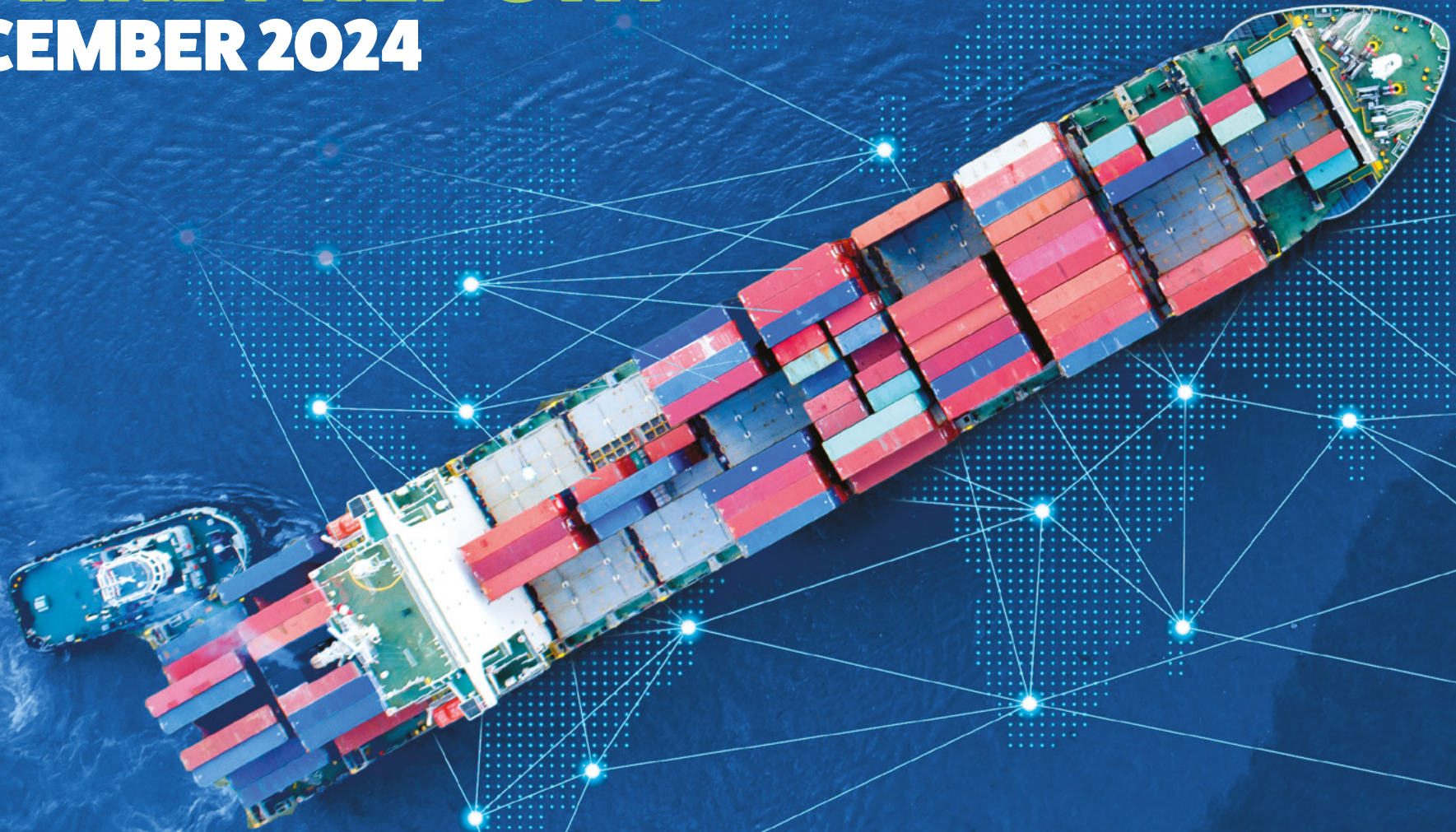


LOOKING FORWARD TO 2025

MARKET REPORT

DECEMBER 2024



LOOKING FORWARD TO 2025

As 2024 comes to a close, it's time to look ahead to 2025.

Forecasting forward is always difficult, but one thing appears clear, 2025 is likely to be a time of change with many hurdles to overcome. From political upheaval, trade tariffs, economic policies and conflict, volatility is here to stay.

Global Supply Chains remain challenging with increased shipping times and blank sailings. Tariffs, conflicts, port congestion will all have implications on the overall cost and flow of goods globally.

Closer to home, cost inflation is forecast as businesses are unable to absorb the recent budget impacts on Employer National Insurance and the National Minimum Wage.

However, despite the challenges, there are opportunities for growth in food service, for operators able to meet the needs of the increasingly exacting consumer looking for good quality Eat In and Dine Out options, whilst streamlining back of house.

As always, the Meadow Vale Foods Team is here to support you.



Nigel O'Donnell
Nigel O'Donnell
Managing Director

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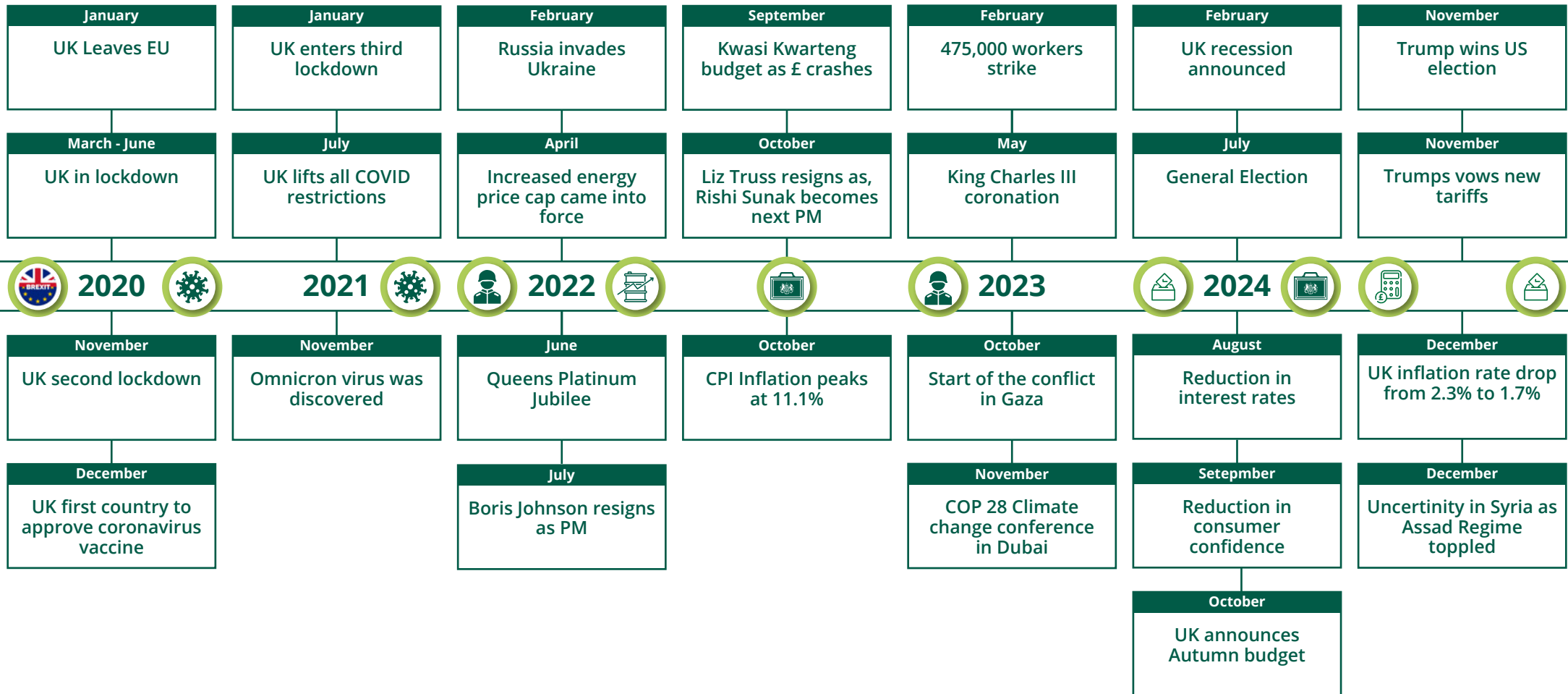
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THE 2020'S - A SNAPSHOT

FROM GLOBAL PANDEMIC AND CONFLICT TO ECONOMIC AND POLITICAL UPHEAVAL

The 2020's has been a tough decade and looks set to continue to challenge us



GLOBAL SHIPPING DISRUPTION TO CONTINUE

FREIGHT RATES SIGNIFICANTLY HIGHER YEAR ON YEAR

Container Rates
255%
Higher
YOY

New Challenges For 2025

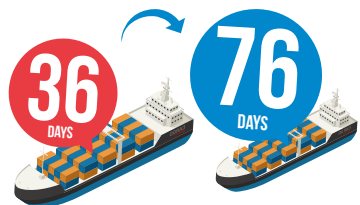
New challenges will further complicate the global shipping landscape.

- **Risk of Labour Disputes** across US East & Gulf coasts if no new agreement reached by January 15th, 2025
- **Tariff Uncertainties** post US election
- **Transition to New Alliances** causing disruption
- **Red Sea** diversions lasting longer than expected

Extended Lead Times Continue

- Vessel bunching increasing strain on port infrastructure especially in Asia/Europe
- Longer journey times, vessels are serving a number of EU and UK ports
- Clearing taking longer
- Longer and less reliable shipping times
- We have experienced anything from 36 to 76 days this year

Shipping Time Variance 2024



THE LOADSTAR
MAKING SENSE OF THE SUPPLY CHAIN

“Asia-Europe, many shippers reluctant to sign anything before Chinese New Year. One forwarder told The Loadstar”

“Negotiations have started in many cases, ... the early ones that have been closed, we definitely see that rates are up.”

- **Nov 24**

“Spot rates into both North Europe and Mediterranean ports seeing double-digit increases. (Ranging from 19 – 22% week on week)”

- **Dec 2024**

Blank Sailings to Sustain Rates

- 10% of vessels from Asia expected to miss planned departures
- 70 cancelled sailings in 5 week period from October 2024 and expected to continue

Red Sea remains chokepoint

- Higher fuel consumption and costs
- Higher operational costs

Port Congestion

- Caused by Typhoon Trami in VN, PH, CN and Southeast Asia
- European ports (UK, DE) and Mediterranean hubs (Algeciras, Tangier, Valencia, Piraeus) sporadic delays
- Vessel bunching

Carrier Alliance Reshuffling Will Cause Further Disruption



Source: DHL Global Shipping November 24, The Loadstar December 24, Drewry's World Container Index (WCI)

COMMODITY INFLATION

IMPACTING INGREDIENTS & FINISHED GOODS PRICING



Global Harvests

Harvests impacted by wetter conditions in 2024, resulting in strained supply of many ingredients including wheat, corn, sugar, gums, herbs and spices

This shortfall is forecast to continue through 2025 as demand exceeds supply

Kerry: Forecast Commodity Movement

Commodity	% movement
Wheat	0% to 3%
Corn	3% to 5%
Pepper	80% to 90%
Garlic	5%-10%
Onion	15%-20%



Wheat

- Overall global wheat production is projected down by 1.4 MMT to 796.88 MMT
- 24/25 expected to be another deficit season

Partly due to poor planting season in US, EU and Black Sea



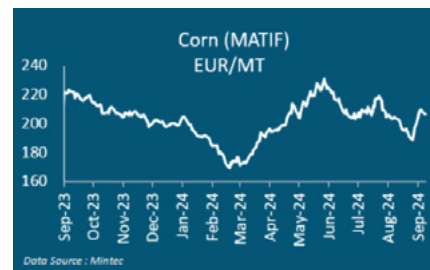
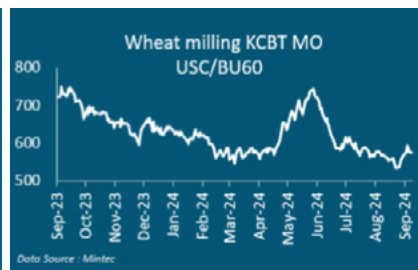
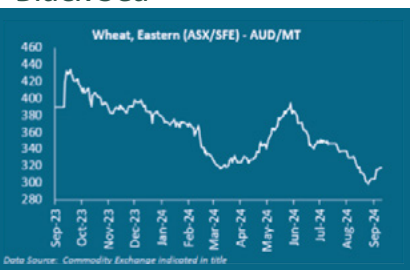
Corn

- Increased demand and price inflation as China returns to the global market
- Global corn production down Year on Year
- Ongoing dry weather in Brazil delaying soybean planting and winter corn production



Other

Demand outstripping supply across many ingredients, forcing cost price inflation including **Pepper, Dried Onion** and **Garlic**



POULTRY PRODUCTION AND EXPORTS

CONSUMER DEMAND DRIVING RECORD FORECAST FOR 2025

Record
Production
104.9
Million Tonnes

Global Production

- Consumer demand for poultry driving production increase
- Largest increases expected for China, the United States, Turkey, EU, Brazil and Mexico
- China forecast to return to largest global producer
- Brazil's record high forecast is supported by strong foreign demand

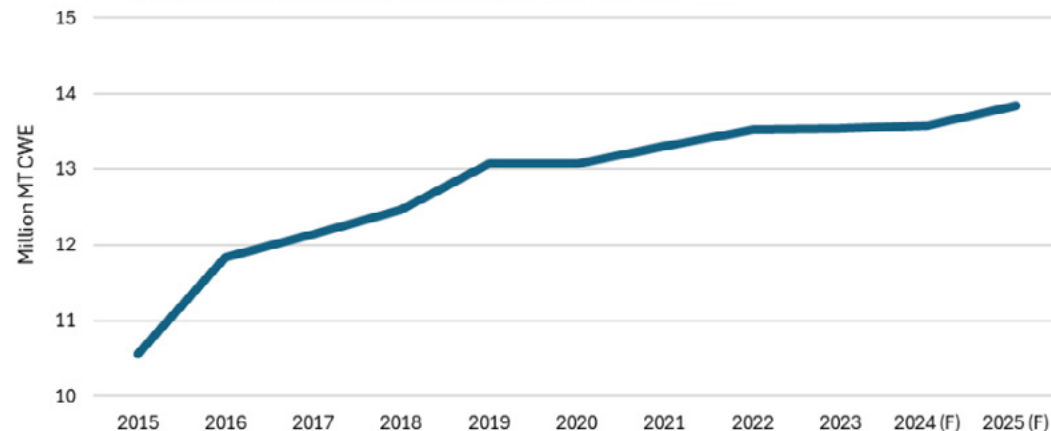
Record
Exports
13.8
Million Tonnes

Global Export Growth

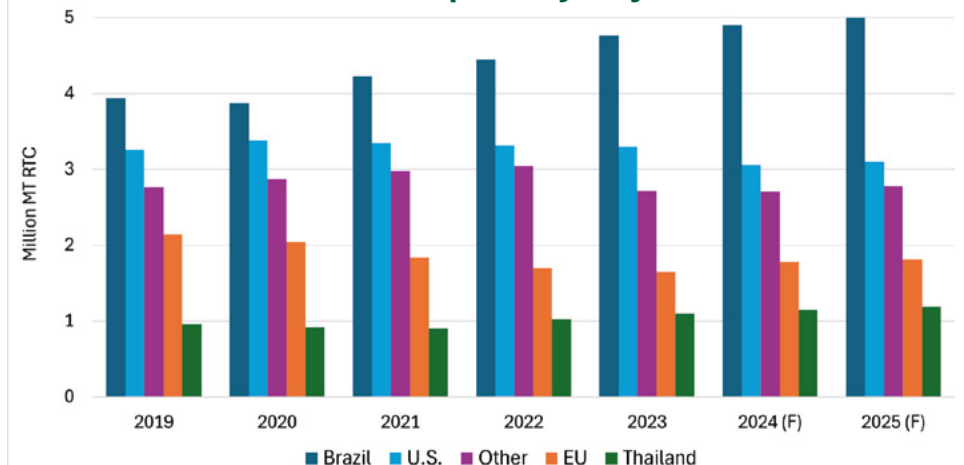
Export First Focus For Success

- Brazil and Thailand produce primarily for export
- Focusing on products demanded by foreign markets as consumer demand for poultry continues to out perform other proteins
- Thai exports expected to reach record levels as demand for premium quality product and innovation increases

World Chicken Meat Exports to Expand in 2025



Chicken Meat Exports by Major Traders



GLOBAL POULTRY SUMMARY

POULTRY TO REMAIN THE WINNING PROTEIN IN A CHALLENGING BUSINESS ENVIRONMENT

UNITED STATES: STRONG DEMAND

- Productivity recovers slightly as producers adjust weights to boost production.
- Chicken meat inventories are low at -10% YOY.
- Exports slow as a strong dollar and value-seeking domestic consumer limits sales.

EUROPE: BULLISH MARKET CONDITIONS

- Market conditions remain strong, with peaking breast meat prices and lower feed costs.
- The main wild card will be supply growth discipline, avian flu developments and EUDR implementation.

CHINA: OVER SUPPLY

- Prices remain weak due to stagnant demand.
- Local production increased significantly in H1 2024 but may slow down in H2.
- Imports dropped significantly in the first seven months of the year but should rebound slowly in H2.

BRAZIL: VOLATILE

- Even with partial suspension, exports in July 2024 set a record for the month at 453,000 MT.
- The harvest of the second corn crop devalued feed prices in July 2024 after two months of increases.

THAILAND: HIGHER PRICES

- Domestic market strength and higher chicken prices result from peaking tourism and a recovery of spending power.
- Processed meat exports are peaking, while raw chicken exports are relatively soft.

JAPAN: OVERSUPPLY CONCERNS

- Fast growing production has increased inventories despite rising consumption.
- Imports are expected to be steady, but rising prices in chicken-exporting countries are a source of unease.

SPOTLIGHT: EUROPEAN POULTRY MARKET

INFLATIONARY PRESSURE FROM BROILER, BREAST MEAT & LABOUR COSTS

Overall Broiler and Chicken Breast fillet prices are increasing (Raw Salted at a high of USD 2400/T vs USD 2000/T), together with the increasing labour cost to produce.

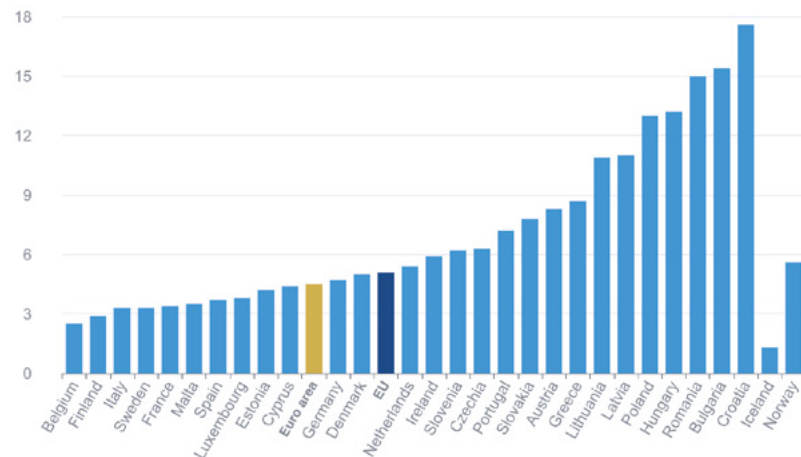
Export and Domestic Demand Increasing

Despite cost increases, both European domestic poultry meat consumption and export demand are growing.

Per capita poultry consumption is expected to reach 25.2 kgs in 2025 with Broiler meat demand approaching that of pork.

Norminal hourly wage costs Chicken

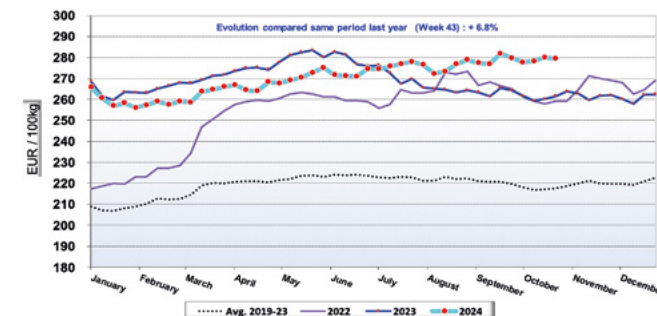
% change compared with the same quarter of the previous year, calendar adjusted - Q2 2024



Source: Eurostat

Broiler Price Increases

+8.7% increase since February 2024 vs Week 43



Source: MS notifications (Commission Implementing Regulation (EU) 2017/1385)

Chicken Breast Fillet Prices

Market price of chicken breast fillet reached a recorded levels in 2024



Source: Polish Ministry of Agriculture, Polish suppliers and producers

CURRENCY FORECASTS

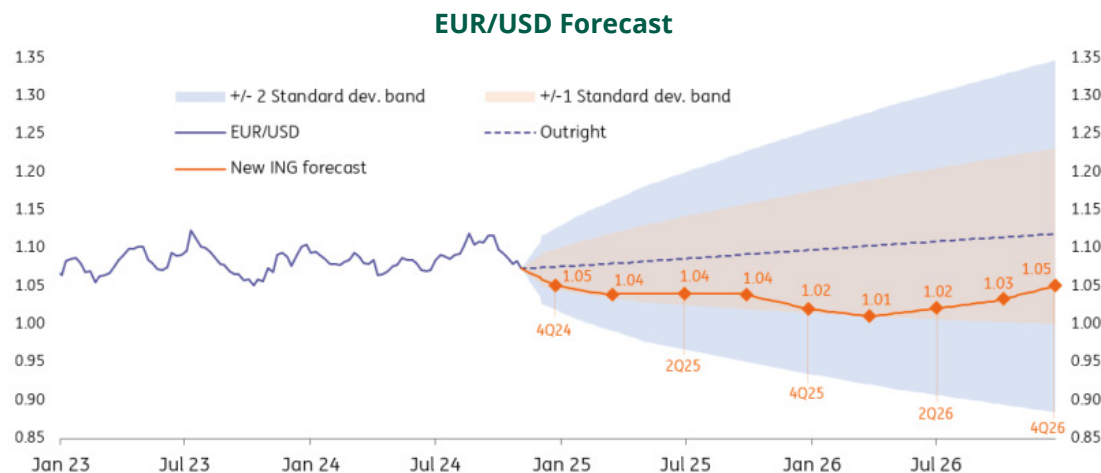
AS A NET POULTRY IMPORTER, CURRENCY FLUCTUATIONS SIGNIFICANTLY IMPACT UK MARKET PRICING

The inevitable fiscal, political and economic policy changes following recent elections make currency forecasts even more challenging

The overarching message from commentators suggests a strong US Dollar, and weakening European currencies

€\$ EUR/USD Forecast

- USD forecasts predict continued strengthening of the Dollar
- Some commentators predicting Sterling may weaken less than other European Currencies
- European currencies expected to underperform



"We are living in a Dollar World and 2025 will be about ongoing Greenback strength."

- Goldman Sachs (NYSE:GS)



"In our opinion, the case for USD strength through 2025 is robust. It is based on expectations of fiscal stimulus and heightened import tariffs"

The Impact On Poultry Supply and Pricing

With the USD central to Global Supply Chains, the relative weakness of Sterling and other European currencies will impact pricing

Increased Demand in Europe

- New demand streams from larger QSR chains setting up European operations
- Continued move from raw to added value poultry

Record Thai Exports, much of which is carried out in USD

- Demand for high quality, added value poultry products continues to rise, resulting in record levels of Thai exports to the UK and Europe

UK BUDGET IMPACT

A TOTAL CHANGE IN FISCAL POLICY

Office for
Budget
Responsibility

'This Budget delivers one of the largest increases in spending, tax, and borrowing of any single fiscal event in history.'

In the 14 years since the OBR was established, it was only George Osborne's first Budget after the 2010 General Election and Rishi Sunak's mid-pandemic economic update in July 2020 that rival this Budget in terms of the overall change in the stance of fiscal policy. - Richard Hudges

As widely reported the UK October 24 Budget is likely to go down as one of the largest single fiscal events since the OBR was established.

The budget delivered a total change in fiscal policy, with a plan for large sustained increases in spending, taxation and borrowing.

Spending And Taxation



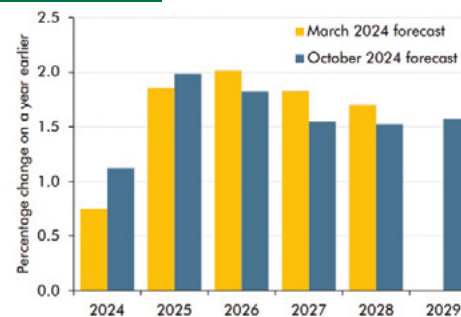
Annual increase in spending to 2029



Most of the tax increase comes from Employer National Insurance contributions, raising about £800 a year per employee and £24 billion a year in total

Real GDP Growth

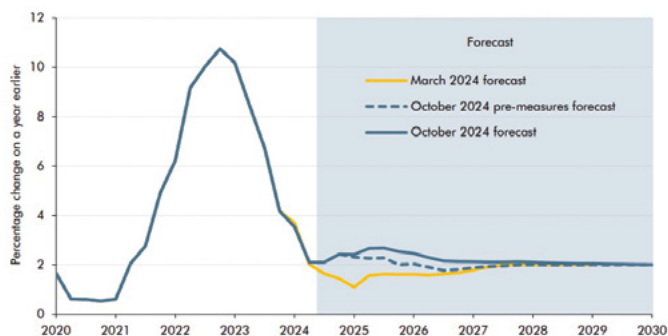
Real GDP growth is forecast to pick up from close to zero last year, to 1.1% this year, 2% in 2025, and 1.8% in 2026, before falling back to around 1.5% thereafter.



Source: ONS, OBR

Inflation

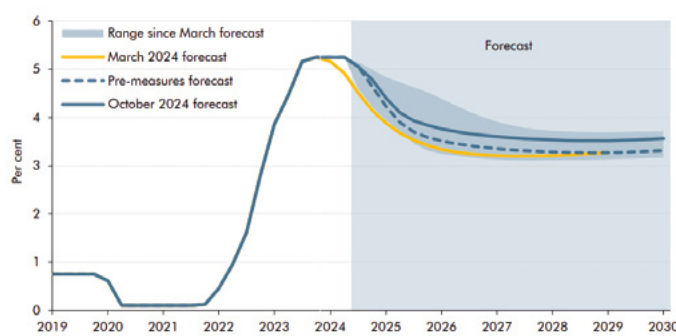
Budget policies push up CPI inflation by around 0.5% at their peak, projected to rise to 2.6% in 2025, and then gradually fall back to target



Source: OBR

Bank Rate

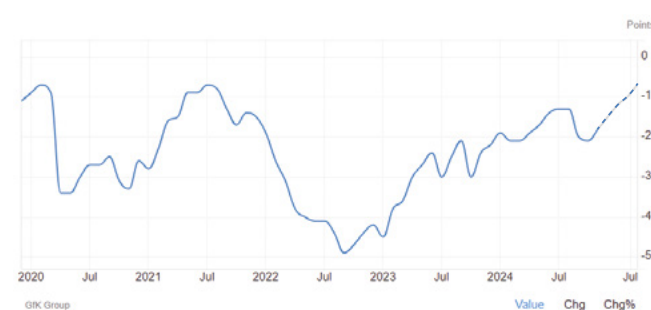
Amidst a general reduction in rates, the budget has had an impact vs OBR March forecast of 0.5% higher in the near term and 0.25% higher in the medium term



Source: Bank of England, OBR

Consumer Confidence

Consumer confidence recovering following Pre-Budget slump forecast to improve to pre-pandemic levels by end 2025



Source: Office of Budget Responsibility

UK BUDGET IMPACT ON LABOUR COSTS

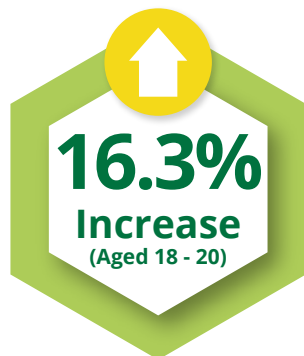
INFLATIONARY PRESSURE IS LIKELY AS BUSINESSES ACROSS ALL SECTORS STRUGGLE TO ABSORB THE ADDITIONAL COSTS

Employers National Insurance Contribution



Subject to
'Secondary Threshold'
drop

National Minimum / Living Wage



"UK Hospitality says members would have to hike prices 8% to cover the extra cost of hiring staff under new employer NIC rates"
The Guardian



"There are reasons for longer-term positivity. I am pleased that the Chancellor is implementing UKHospitality's recommendation for a permanently lower level of business rates for hospitality."
Kate Nicholls, UKHospitality



Sky News reported that dozens of bosses from pub, restaurant and hotel operators have agreed to sign a letter to the chancellor calling her inaugural fiscal statement "regressive in [its] impact on lower earners."

Warning that steep increases in employers' national insurance bills, coupled with the hike in the national living wage, will cost the hospitality industry close to £3.5bn annually.
Mark Kleinman, City editor, Sky News



"Cost inflation, which had jumped to elevated levels in 2022, slowly abated in the following two years but has now jumped substantially again following the budget," Wetherspoon's, Tim Martin said.

"All hospitality businesses, we believe, plan to increase prices, as a result.forecasting is more difficult given the extent of the increased costs."

ON THE DEMAND SIDE

IT'S ALL GO IN FOOD SERVICE

While consumer purse strings are still tight, operators must demonstrate great value and quality to attract spend and maintain a viable margin through operational efficiency



The UK remains an attractive market for new entrants.

The fast-food scene has been changing over the last few months, with US favourites like Wendy's, Popeyes, Chick-fil-A and Wingstop expanding in the UK



It will take imagination and flair to attract consumers and encourage spend

Our recent **food service 2025** report is packed with the latest flavour trends and menu ideas. To see the full report click below



ON THE DEMAND SIDE

OPERATORS MUST BALANCE BACK OF HOUSE EFFICIENCY WHILST DELIVERING STAND OUT FOOD AND SERVICE

With increased Employer NIC effective April 2025, operational efficiency becomes even more important

Take a look at the tips suggested in our **"Food Service Trends 2025"** report



Top Tips



Save energy and time in the kitchen

- Introduce smart cooking practices e.g. batch cooking
- Take advantage of quality pre-cooked and frozen ingredients



Reduce waste

- Effective inventory management and portion control
- Manage shelf life, use frozen



Simple ingredient swaps that drive cost savings

- Careful ingredient substitutions can help reduce expenses and improve consistency
- Embrace frozen and added value products to:
 - Improve consistency
 - Save time and energy
 - Streamline kitchen operations
 - Replacing raw saves time and labour
 - Reduce costs and spoilage



Training And Communication

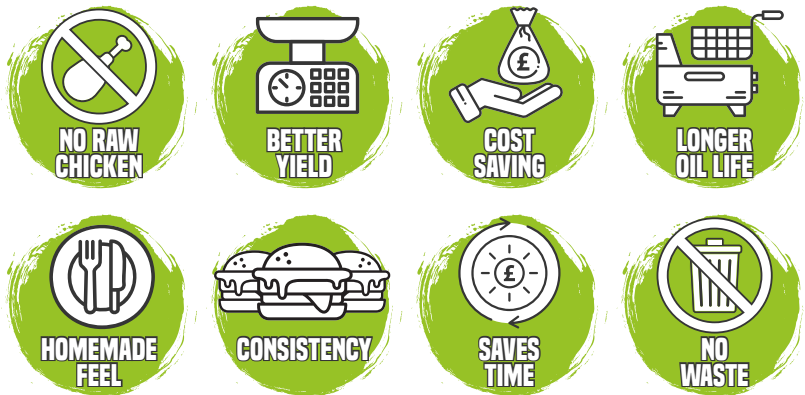
- Skilled labour shortage
- Focus staff on excellent presentation of great tasting food and service

RAW VS FROZEN

SPOTLIGHT: THE CASE FOR ADDED VALUE FROZEN POULTRY

Switching from Raw to Added Value Frozen products can be a difficult decision for some, but should be considered and we can help

The Benefits of Switching



Watch Our Raw VS Frozen Video!



Review The Options

As with any ingredient swap, it's important to ensure you choose a quality product

It doesn't have to be all or nothing, many customers try a selection off the menu first to see how it works

Our Development Chefs Are Here To Help

Our team of Development Chefs are here to help. They can talk you through our range of over 70 Added Value Frozen Poultry products, advise on menu options and arrange samples for you to try



Contact Us

Tel: 01978 666 100

Email: chef@meadowvalefoods.co.uk

www.meadowvalefoods.co.uk

SUMMARY

It's clear the 2020's have provided more than their fair share of disruption and change and look set to continue to challenge us.

With new political leaders across many of the leading global economies, more elections to come and no imminent end in sight to tensions in the Middle East or the war in Ukraine, 2025 will be another challenging year.

For those able to adapt, there are clear opportunities for growth and our focus remains on supporting customers make the most of them, as we focus on delivering the highest quality products and services, investing in stock and launching award winning innovation.

I hope the information provided in this report has been useful and look forward to a time when these reports predict a more stable landscape.

For more specific information, please contact myself, your account manager or our customer service team.



Nigel O'Donnell
Nigel O'Donnell
Managing Director

