

FEBRUARY 2017 PIG COMMENTARY

3rd February 2017

Another relatively quiet day on the pig trading front with prices generally continuing at similar levels, although some spot quotes were back a penny or two in places due to reports of indifferent fresh meat demand but, hopefully, once the green shoots of spring start appearing we will see something of an upturn?

The SPP has remained almost static at 150.56p, but unfortunately German producer prices dropped by 5 Euro Cents to 152 EUR, which converts to 131p in our money.

Most weekly contribution prices have remained at stand on levels and spot bacon was traded within a fairly wide 144p – 148p/kg range in the main.

Despite a firmer Euro, which traded on Friday at 86.19p, up 1% over the previous 7 days, cull sow quotes slipped back 2p/kg due to reports of indifferent demand throughout much of northern Europe.

As a result most cull sow quotes were in the 90p – 93p/kg range according to load size and availability.

Weaner prices have remained bullish and although the latest AHDB 30kg ex farm weaner average dropped by £1/head to £54.85/head, 7kg weaners continue to improve in value averaging £39.28/head, but this is almost entirely due to a shortage of weaners rather than over confidence in finished pig prices in the months ahead.

Cereal values have remained at generally similar levels on the week with UK ex farm feed wheat quoted on a spot basis at around £142/t and LIFFE futures prices of £148.30/t for March, £150.05/t for July but falling to £136.50/t in November.

Perhaps Donald Trump may even have done pig producers a favour due to global concerns over his new trade policies and the size of US stockpiles of maize, soya beans and wheat.

Markets dislike uncertainty, especially surrounding US trade policies at a time when Brazil and Argentina could undercut US export prices.

UK protein prices are also showing easier trends with 48% soya meal ex Liverpool dropping from £354/t to £343/t at the end of January.

And finally, time to stop and reflect on the life of a remarkable man with the sad news of the death of Malcolm Easey on the 29th January 2017, following a brief illness bravely borne.

Malcolm will be known to many as the founder of M J & J A Easey, Easey Pigs Limited and Easey Herds Limited, who operate their large scale pig breeding and finishing business across many parts of the country. Malcolm was one of the pioneers of contract pig rearing arrangements which are now a regular feature throughout much of the industry.

The family are grateful for the large number of letters and messages of condolence they have received, which have been a great comfort during this difficult time.

Malcolm will be remembered for his shrewd business brain and as far as the existing pig operation is concerned, this will continue to flourish in the capable hands of Jon and Chris Easey and their team, which is what Malcolm would have wanted and it is a very much a case of “business as usual”.

10th February 2017

Although the SPP has dropped back a shade and now stands at 149.96p, supply and demand seem to be more or less in balance and prices today were of a “positive stand on” nature rather than a positive pee off!

Weekly announced prices have all remained at last week’s levels generally within the 145p – 150p/kg range and spot quotes have also held firm with possibly the odd copper available in places.

Although the spot market only represents a very small proportion of slaughter pig numbers, rather like the auction markets in the “good old days”, they still provide a ready barometer of which way prices are heading.

Although the Euro eased a touch in value trading on Friday worth 85.25p, compared with 86.19p this time last week, cull sow prices have held at similar levels with the odd hint of possibly an extra penny or so available for sellers with large loads.

As a result, most cull sow bids were in the 90p – 93p/kg range from the two main buyers.

Weaner prices have continued to maintain recent trends with the latest AHDB 30kg ex farm average quoted at £54.98/head, but the 7kg figure has eased from £39.28/head to £38.22/head, although this sector still remains very much a sellers' market.

Despite record global grain stock levels, cereal prices continue to defy gravity and have remained at remarkably firm levels considering the volumes which are available with UK spot wheat trading on an ex farm basis at £142/t and LIFFE futures prices £6 - £7/t ahead of this, with March 2017 quoted at £147.40/t, July at £149.70/t, but November values easier at £138/t.

Some good news as far as bacon sales are concerned, with the AHDB reporting a 6% year on year increase in volumes for the final 12 weeks of 2016 with over 40,000 tonnes of bacon purchased by GB retailers, but it seems that the whole supply chain is being led by the value of the bacon pig rather than the lighter fresh meat pork end of the market where volumes are still reported to be quiet and showing no real growth.

And finally, as the date for our "Brexit Exit" approaches and assuming we leave the EU on the 1st April (April Fool's Day) 2019, which will be approximately 2 years after the anticipated triggering of Article 50, this will leave us around 780 days until we find we are looking through the other end of the telescope as far as Europe is concerned.

In the meantime it will be interesting to see how the Euro performs; as this will have a huge influence on the value of all pigmeat and other imports and exports.

Any recovery during the pre-exit period in the value of the GBP would be bad news for the pig industry as far as pig prices are concerned and we will have to keep our fingers crossed that the GBP remains weaker than it was prior to the 23rd June 2016, or we could see imports undercutting our market at a time when the whole UK pig supply chain needs all the help it can get.

17th February 2017

Supply and demand are (almost) marching in step, which is better than the usual "feast or famine" situation we often see in the pig industry but, if anything, forward numbers appear to be on the tight side and if this coincides with a seasonal early spring improvement in demand, we could have a competitive few months ahead of us.

Although the SPP eased for the fifth week in succession, it has only dropped by an overall total of 1.58 when compared with its mid January peak and still stands at a very respectable 149.66p.

Weekly contribution prices have in the main stood on within a range of 145p to 150p/kg plus various bonus payments and although spot demand was reported to be quiet very few pigs were heading in that direction, with most sold on contract and to some extent the value of spot pigs will depend upon who makes the first phone call.....buyer or seller? Spot bacon values were generally in the 147p – 152p/kg range according to spec.

Cull sow values have also held at similar levels reflecting a relatively static Euro, which traded on Friday worth 85.78p, which is a gnat's crotchet higher than its value last week of 85.25p.

As a result, cull sow quotes have remained within a fairly narrow 91p – 94p/kg band with the two major export buyers active in the market.

For those of you with memories longer than a goldfish, this time last year cull sows were worth 56p/kg; the SPP stood at 112.89p; spot pigs were, in some cases, trading at less than 100p/kg; and the whole trade was reflecting something of an Armageddon situation with some producers saying, "I'm a getting out of here!"

Weaner prices are continuing to improve reflecting further shortages in the supply chain as well as a significant amount of spare finishing space, with the latest AHDB 30kg ex farm average price up by £1.62/head to £56.60/head and 7kg piglets also rose by £0.81/head to stand at £39.63/head.

But, once again, spot weaners remain in extremely short supply with a significant premium above most contract related prices, which is exactly the reverse of the situation this time a year ago when spot weaner prices fell like a stone and contracts were worth their weight in gold.....what a difference a year makes.

With global crop stocks still at extremely high levels, cereal markets saw little change during the week with ex farm UK feed wheat quoted at £141.80/t and futures prices saw March – 2017 traded at £146.55/t and July at £149.80/t.

UK protein prices have improved a shade with 48% Brazilian soya meal quoted ex Liverpool at £342/t.

Although pig prices are relatively buoyant and likely to remain so for the first half of 2017, according to the latest AHDB Pork Outlook Report production might recover in the latter part of the year and the biggest challenge in the market may come from China where, despite strong domestic demand (around 60% of all the meat being consumed there comes from our friend the pig), increased production in Russia, Brazil, the US and Canada could put downward pressure on the global market later this year.

24th February 2017

Producers are walking with a slight “spring” in their step with the SPP up a shade to 149.81p and further signs of a shortage of UK pigs in the system, despite the Euro dropping from 85.78p a week ago and worth 84.55p today, however German producer prices stood on at 1.52 EUR for the third week running.

Although spot demand is reported to be quiet with most pigs taking the contract route where there was any trade spot bacon bids were in or around the 150p/kg mark with more available in places.

Weekly contribution prices also firmed by a penny in some cases providing further evidence of firm demand for bacon, although some of the fresh meat wholesalers are still commenting on lower volumes, but perhaps with spring around the corner demand might improve in this sector soon?

Cull sow prices have generally eased by around 1p/kg due to the lower value of the Euro, but is hoped that European demand can be maintained or better still improve in the run up to the Easter period when prices normally rise.

Although the latest AHDB weaner prices have eased, this is seen as more of a statistical quirk than a trend with the latest 30kg ex farm average at £55.12/head and 7kg ex farm average at £38.23/head, but spot weaners prices continue to march well ahead of this level, especially for big numbers.

UK protein prices have improved marginally with Brazilian 48% soya meal traded ex Liverpool at £346/t, up by £4/t on the week.

World wheat markets, however, look to be well supplied for the fifth year in succession and preliminary global forecasts for harvest this year are not far off the record highs seen in 2016 with heavy stocks in the system, but currency fluctuations can have more effect on prices than the weather, so producers are advised to keep a close eye on this sector too.

Grain futures markets ended another fairly quiet week with LIFFE wheat quoted at £143.90/t for March, £148/t for July, but November is painting a slightly easier picture at £136.75/t.

Further signs of consolidation within the breeding pig sector have emerged with the recent announcement that PIC have agreed the purchase of the intellectual property and genetic rights of Dublin based Hermitage in a deal that will see the two companies work in a strategic partnership covering genetics in several markets.

And finally, Malcolm Easey had a wonderful send off at his funeral last Saturday and close to 800 family, friends and neighbours came together to celebrate the life and mourn the passing of a remarkable man.

Unfortunately, yet another funeral is on the horizon following the death of Ronnie Hume at 80 years old. Ronnie was widely known and respected by the livestock community throughout East Anglia with his fleet of fourteen F W Hume & Son livestock lorries resplendent in their brown and gold lettered livery and the funeral takes place at St Mary's Church, Brome (IP23 8AH) on Friday 3rd March at 11.30am followed by refreshments at the Brome Grange Hotel (IP23 8AP) and the chance to reflect on his long and busy life.

