

MARCH 2017 PIG COMMENTARY

3rd March 2017

With pig supplies still on the tight side and despite the SPP easing marginally in value by 0.22p to 149.59p, demand remains firm across the board and it was refreshing to see a modest rise in the German producer price as well as a significant 1.9% improvement in the value of the Euro, which traded on Friday worth 86.11p compared with 84.5p a week earlier.

Weekly contribution prices have generally held at similar levels within the 145p – 151p/kg range.

With virtually all pigs going on contract, there were very few spot bacon pigs available and where there were, prices tended to be in the 150p/kg + region.

Cull sow prices have also moved ahead assisted by the 1.9% increase in the value of the Euro as well as a marginal increase in the German pig price, with the result that cull sow bids moved ahead by around 3p/kg and were traded in the 93p – 96p/kg range in the main.

For comparison purposes, this time last year cull sows were worth just 55p/kg, but a return to more realistic values should allow producers enough wonga to cull out unproductive sows to improve the output and efficiency of their herds.

Weaner values continue to improve with more buyers than sellers and the latest AHDB 30kg ex farm average has now risen to £56.24/head compared with 7kg's at £38.13/head, but in all cases significant premiums are available on the spot market from buyers who have empty finishing spaces to fill.

Finished pig values and feed costs will both continue to have a major influence on weaner values and the latest reports are indicating that UK old crop futures are now trading at a premium of almost £17/t over nearby Chicago wheat futures and March UK wheat futures are now trading at around £146/t with July at £149/t, but November looks better value at £138.50/t. Spot UK wheat is trading at around £142/t.

UK protein prices have, however, eased as far as soya is concerned, with Brazilian 48% soya trading at the end of February worth £329/t compared with £346/t in mid-February.

34% rape meal has, however, hardened and was quoted at the end of last month at around £195/t.

And finally, with Brexit looming in a couple of years pig producers need to be aware of a whole host of challenges facing them including the prospect of import barriers, the lack of single market access, compensation for exotic disease outbreaks, a possible outflow of migrant labour on which many producers and abattoirs rely, not to mention the need to find new markets if it is no longer possible for the 74% of UK pork currently exported to the EU to continue to go in that direction.

More questions than answers at the stage, but it could still be a case of short gain and long term gain.

10th March 2017

Up Up and Away

The SPP has put on 0.35p to stand at 149.94p, German producer prices have risen 3 Euro Cents, the Euro is up by 1.7% to trade on Friday worth 87.41p, cull sows are +3p/kg and spot prices are also up by 2p – 4p/kg with most in the 152p – 155p range.

According to meat trade sources, the ongoing rise in pig prices is due more to a lack of supply than better demand, which can be a worry if the gap between UK and EU mainland pig prices gets any wider.

Cull sow prices received the double boost of better German pigmeat values as well as a stronger Euro with the result that UK cull sows are now worth in the 96p – 99p/kg range with the odd large loads hitting the £1/kg barrier for the first for several years.

The weaner market continues its recent bearish trends and although the latest AHDB 30kg ex farm average of £55.26/head was slightly lower than last week's quotation, this is seen as more of a quirk than a trend. At the same time 7kg values continue to move ahead with the latest AHDB average quoted at £38.50/head.

Once again significant premiums were available for producers with loads of spot weaners to sell, but almost all are now being traded on contract which, on a 52 week basis, is probably a better arrangement than to face the "hot and cold" challenges of marketing non-contract weaners.

The only “up” that is not operating in producers’ favour is in the cereal markets where ex farm UK spot feed wheat is now trading at around £144.50/t and futures have held at recent firm levels with May feed wheat on the LIFFE market trading at £148.25/t and July just touching £150/t.

Values on longer months have also improved with November at £141/t and, for those likely to live that long, May next year is quoted at £145.95/t.

UK protein values are also continuing to nudge ahead with 48% soya ex Liverpool quoted in early March at £334/t and 34% rape meal quoted ex Kent at £196/t, so producers remain well advised to keep a wary eye on the feed markets before they treat their wife to a new hat!

And finally, good news on the health front that the use of antibiotics is falling more quickly in agriculture than in human medicine according to Junior Health Minister, Nicola Blackwood, with sales of antibiotics for food producing animals down by 10% compared with human use, which only fell by 4.3%.

