

MAY 2017 PIG COMMENTARY

5th May 2017

Another positive day for pig sellers with the SPP up by .37p to 156.53p and spot bacon also tending firmer with prices around 164p mark, and more in places, although German prices have hit something of a plateau and stood on this week.

Weekly contribution prices were generally up by 1p, within the 157p – 161p range and once again, UK pig numbers remain tight at a time when more of the major retailers are looking for additional supplies of Freedom Food pigs in particular to back up their 'Buy British' pledge, thanks to all the hard promotional work and input from the AHDB and NPA over the years.

The currency markets ended a relatively quiet week, with the Euro traded on Friday worth 84.78p compared with 84.47p 7 days ago, and as a result, cull sow prices remained at stand on levels with export sows trading in the 104p – 107p range according to load size.

Weaner prices continued to improve, although the AHDB have been unable to publish a 30kg average this week due to an 'inadequate sample', i.e. not enough numbers to calculate an average price, further underlining just how scarce weaner numbers have become.

The latest 7kg weaner average has also continued to break new ground to average £41.01 / head, but in some cases, Freedom Food 7kg lots are being traded £2 - £4 ahead of this, with still plenty of empty spaces in the finishing system and pens to be filled.

Feed prices ended the week on a slightly firmer note, with May feed wheat quoted on the LIFFE market at £149.25/t and July at similar money, but November easier at £140/t, although UK spot wheat quotes have remained at similar levels, averaging £143.40/t.

UK protein prices remained at similar levels, with 48% soya meal ex Liverpool traded at £298/t and 34% rapemeal easier ex Kent at £173/t.

And finally, the AHDB are warning of potential post-Brexit problems as far as exports to China are concerned, because the day we leave the EU, what is known as the Great Repeal Bill will be triggered and export health certificates to China will have to comply with all the regulations which are currently embodied in EU law.

Apparently, it took Mick Sloyan of AHDB seven years to get port exports into China and was what he described as a 'tortuous process', so now is the time to start conversations on how links with China can be maintained post-Brexit, so unless we get all our paperwork in order well in advance, it could be a case of 'sweet and sour pork'.

12th May 2017

Although GB pig prices are continuing to move ahead, with the latest SPP rising by 1.29p to 157.82p, German producer prices have stood on and sow prices have slipped.

With the barbecue season almost upon us, hopefully, demand will continue to improve and although the general public are hoping for some 'nice' weather, farmers are praying for rain at a time when crops are really beginning to struggle and it looks as though straw is going to be at a premium this year, as well as reduced cereal crop yields, all of which will have an impact on producers' bottom lines.

Most weekly announced contract bacon prices moved ahead by between 1p – 2p within the 158p – 163p range and spot bacon pigs remain scarce, but where there was any trade, this was in the 164p – 166p region.

However, cull sow prices took a bit of a hit, dropping by around 5p/kg deadweight due to price resistance in Germany where one processor was heard to say (not in English) 'Can't buy 'em, can't sell 'em'.

German sow prices are something of a barometer for pig values across much of mainland Europe and it may be that these will take a bit of a dip next week, but hopefully a pause for breath rather than the start of a significant decline... We shall see.

As a result, UK cull sow quotes this week were around the £1/kg mark, but even at this level, a cull sow will buy 75% of a gilt and now is the time for producers to look at re-stocking ageing herds.

On the currency front, the Euro traded on Friday worth 84.7p, which is almost exactly its value 7 days earlier, but an improvement on its midweek position which saw the Euro trading at around 84p, and for those of you who still struggle to get your heads around the effect currency fluctuation have on the pigmeat market, the stronger the Euro and the weaker the pound, the better.

The weaner market remains more bullish than Donald Trump, with the latest AHDB 7kg average quoted at £41.22 and now they have found their abacus, the missing AHDB 30kg weaner price from last week has risen to £58.83 / head. In all cases, spot trades are at significantly higher levels in what has universally become a seller's market and what a contrast this makes with the situation 15 months ago, but follows the pig industry's track record of either feast or famine.

On the cereal markets, UK spot feed wheat is currently trading on an ex-farm basis averaging £143/t and futures prices have closed slightly firmer, with May 2017 £149.90/t, July at £149.65/t and next May at £148/t.

UK protein prices have remained at generally similar levels with 48% soyameal traded ex-Liverpool at £300/t and 34% rapemeal ex-Kent at £170/t.

On a global basis, grain markets have had a generally bullish week following concerns over the quality and quantity of next season's worldwide wheat crop and oilseeds have also gained, partly due to weather concerns, so now might be the time for farmers to spend a little bit of time taking some forward positions in case the market moves against them.

And finally, looking ahead to the post-Brexit situation, concerns are growing over the prospect of a 'cheap food agenda' which does not meet current standards (including welfare) and now is the time for the UK pig industry to further underline its quality assurance and welfare credibility at a time when cheap imports could be a major threat to our industry.

And finally, finally...

Question: What do you get when you play tug of war with a pig?

Answer: Pulled pork of course!

19th May 2017

Higher and Higher (Jackie Wilson)

Prices are continuing on their upward track with no red ink in sight, although we have yet to scale the dizzy heights reached in November 2013 when the DAPP (now the SPP) hit 172.03p; cull sows were worth 110p/kg; 7kg weaners were traded at £42.60/head; the Euro was worth 83.6p, but a tonne of wheat cost £156/t ex farm.

And now fast forward to the present day with the SPP still on the rise putting on 0.63p to stand at 158.45p; most weekly contribution prices up by 1p within the 159p – 164p range in the main; and spot pigs remaining as rare as rocking horse deposits with quotes around the 170p/kg mark, but spare pigs remain extremely scarce, hence the current high prices in what continues to be very much a sellers' market.

The pig price outlook across much of Europe remains relatively bullish with the latest influential German producer price rising by 4 Euro Cents to 1.80 EUR, although sow values are reported to have dropped back slightly, but with the Pound continuing to weaken a strong Euro, which traded on Friday afternoon worth 85.94p, helped to re-dress the balance with the result that cull sow prices mainly stood on at around the 100p/kg in the main.

Weaner prices continue to defy gravity with the latest AHDB 7kg average up by £1.10/head or to £42.32/head and 30kg weaners averaging £59.36/head but, in both cases, spot trades have been anywhere between £2 - £5/head higher than this and many finishers are still short of numbers to push through their units and are prepared to pay premium prices rather than leave finishing pens empty.

Providing current finished pig values are maintained stores and weaners should still show a modest profit, but the crunch may come if we see a price drop early next year, but currently it still a case of "so far so good".

Grain futures prices ended the week little changed with UK feed wheat traded on the LIFFE market for May delivery at £148.70/t, November at £140.50/t and March next year at £143.25/t.

UK spot feed wheat prices traded at slightly easier levels with ex farm wheat quoted at £142.90/t.

Commodity traders have seen oilseed markets suffer due to a drop in the value of the Brazilian Real with significant falls recorded of up to 7% and as a result Chicago soya bean futures also eased by \$8.45/t and global markets also remain greatly affected by currency movements and every time Mr Chump goes off on a Twitter rant, international stock markets and currency values go into roller-coaster mode.

And finally, closer to home, UK farmers are rejoicing at the recent rain which will work wonders for crop growth rates and may also help to prevent straw becoming more expensive than ever, bearing in mind that this golden commodity is also in much demand from energy plants and not just humble livestock farmers.

p.s. My wife also twitters a lot if I come home late from the pub.....

26th May 2017

What Short Week?

Pig prices are continuing on their upward track, with the SPP putting on a further .76p to stand at 159.21p and spot buyers were as keen as ever for a dwindling supply of spare pigs in the system.

The recent spell of hot weather is also hitting growth rates and there are several cases where finished pig numbers are dwindling due to insufficient weight in the system.

Most weekly announced prices have remained at similar levels within the 159p-164p range and a trickle rather than a flood of spot bacon pigs have generally traded between 167p and 172p.

Despite Monday being a Bank Holiday, a number of abattoirs are operating as normal, with every pig wanted.

Signs are emerging from the EU mainland that pig prices may have hit something of a plateau and the influential German Producer Price stood on for the second week running at 1.80 EUR.

German cull sow prices have also remained at similar levels, although the cull market on this side of the Channel has improved due to a firmer Euro which traded on Friday afternoon worth 87.22p compared with 85.94p a week ago, which helped cull sow prices to rise by a copper or two, with very few prices of below 100p reported and sellers of large loads who were prepared to haggle were able to benefit from the lack of numbers currently available, and an increase of 1p/kg is worth £1.50 per sow.

Weaner prices continue their ascent, with the latest AHDB 30kg ex farm average at £59.78, up by 42p on the week, and the 7kg average also continues to improve, standing at £42.78 (+ 46p) but as with finished pigs, spot prices are well ahead of contract while numbers remain tight and finishers are looking to fill empty pens.

The feed market ended another quiet week with UK feed wheat prices remaining at similar levels, averaging £142.90 ex farm, but EU commission crop reports have cut their yield forecast for major crops by 2-3% on last month, which could encourage the bulls to return to this market if dry weather conditions across Europe prevail.

Futures prices ended the week slightly easier, with July feed wheat quoted at £143.50 on the LIFFE market and November at £141.50.

UK soya values have also eased, with 48% soyameal ex Liverpool quoted at mid-May at £292/t compared with £311/t a month earlier.

And finally, Cranswick continues to go from strength to strength as revenue for the year ended March 31st 2017 grew by 22% to £1.245 billion and profits before tax were also up by 17.2% to £75.5 million. We need a strong abattoir sector and Cranswick's recent acquisition of Dunbia, Ballymena also added to their pork processing capacity, but we also need to have a strong meat processing industry because, 'if you ain't got buyers, you ain't got sellers'.

