

By Peter Crichton

1st September 2017

“FINGS AIN’T WHAT THEY USED TO BE”

Although the SPP only fell by 0.49p to 164.17p, spot sellers found they were in a distinctly colder climate with most buyers already “full” with pigs from regulars and, as a result, one off loads of spot pigs proved much harder to sell than they were a few weeks ago.

On a more positive note, however, German producer prices have remained at similar levels, but imports are still posing a significant threat to the domestic market.

Weekly announced contribution prices have eased to the tune of a copper or three, with most between 156p and 163p/kg.

Where there was any room for spot bacon, prices tended to be in the 160p/kg region for “regulars”, but one off spot loads were several pence below this.

Unfortunately the fallout from the recent fire at Brechin Abattoir is still putting more pigs south of the border and not helping as far as the “north / south” divide is concerned.

Cull sow prices are continuing to benefit from a relatively strong Euro, which traded on Friday slightly easier worth 91.6p, but cull sow quotes have also remained at “stand on” levels mainly within the 96p – 98p/kg range, according to load size.

Although the latest AHDB weaner averages have improved on the week, with ex farm 30kg weaners up by £2.11/head to £60.70/head and 7kg weaners up by £0.65/head to £44.90/head, space for spot weaners has proved to be scarce with the result that prices in this sector have eased significantly.

Grain prices ended a relatively quiet week with ex farm spot wheat quoted at £131/t and UK feed wheat futures traded at slightly higher levels, despite falls in the international grain futures markets due to the weakening value of Sterling against the Euro and the US Dollar.

November feed wheat traded on the LIFFE market a shade firmer at £141.25/t and May 2018 is also up a touch at £147.25/t.

UK protein prices have remained at generally similar levels with late August 48% soyameal traded at £295/t and 34% rape meal at £64/t.

And finally, African Swine Fever (ASF) continues to move in a westerly direction with further discoveries in the Czech Republic, where more than 100 cases have been reported, and in Romania.

For those of you who can remember their geography lessons, Germany borders the Czech Republic and could be the next country in the firing line.

For all these reasons, the UK needs to keep a very firm grip on the trade in live pig imports as well as pigmeat products, as the last thing that our industry can afford is another battle with ASF or FMD, especially at a time when it looks as though compensation payments may be cut significantly and clean up costs could end up in the farmer’s lap.

8th September 2017

The Long and Winding Road (The Beatles)

The SPP continues to drift downwards albeit at a fairly slow rate dropping by .49p this week to 164.17p.

As reported recently spot prices are continuing to lag behind contract and with more pigs about demand described by one wholesaler as “fickle” (or I think that’s what he said!.) Regular spot sellers were able to achieve prices in the 156p to 160p range but one off loads were harder to clear with bids in the 150p region in some cases.

Weekly contribution prices are also following the downward track of the SPP losing between 1-2p and most are now within the 155p-161p range.

The Euro has also been drifting in value slightly, trading on Friday worth 91.34p compared with 92.06p a week ago but fortunately cull sow quotes have remained at similar levels with most buyers bidding in the 96p-98p range according to load size but fortunately German pig prices have also remained at similar levels with the latest producer price quoted at 1.70EU for the 9th week running.

Weaner prices are also tending to reflect slightly tighter margins for finished pig production with the latest AHDB 30kg ex farm average easing to £60.31 and the 7kg price also down a touch to £44.42 and it is probably fair to say that most spot trades have been at less money than contract which has not been the case for several months.

Cereal prices to some extent hardened in places with smaller stocks of wheat and barley on UK farms at the end of June with wheat down by 48% and barley was 33% lower.

Feed prices on the LIFFE market have ended the week little changed with November traded at £140.50/t, March at £145.30/t and July at £149.15/t.

UK protein prices have remained at generally similar levels with 48% soyameal trading ex Liverpool at 296/t and 34% rapemeal trading ex Kent at £164/t.

It remains to be seen however, what effect the recent apocalyptic weather conditions in parts of the US will have upon the feedstock market but it looks as though coconut crops will be hit harder than cereals.

And finally, something of a storm warning from the AHDB concerning rising supplies and the prospect of prices coming under pressure in the next few months although the weak pound is continuing to support the UK pig meat price.

According to AHDB Pork estimated UK slaughterings are up by 7% and EU reference prices have also started to fall but the position is certainly a lot better than it was than this time 2 years ago, when the SPP stood at 131.45 and the sow price was 59p.

Hopefully we are still in a glass half full rather than a nearly half empty situation.....we shall see.

15th September 2017

Glass Half Empty

All the signs were there earlier in the week that prices would be facing something of a correction today, and they did.

The SPP has dropped by .82p and now stands at 162.92, worse than that the influential German bacon pig producer price shed 8 Euro cents falling from 1.70 Eur to 1.62 Eur.

Spot base quotes have also eased significantly and although regular spot sellers were able to trade in the 1.55p region one off loads of surplus bacon pigs were trading in and around the 150p mark.

Weekly contribution prices have also continued to ease a touch, losing a copper or two and the signs are that we could see more of the same next week.

Why? A lethal combination of sharply falling German prices, the Euro being worth 3.7% less than it was a week ago and demand remaining under pressure at a time when a few more pigs are coming forward, have all contrived to push prices in the wrong direction, but looking on the bright side, this time last year the SPP was trading at 138.24p, sows were worth 89p/kg and feed wheat could be purchased for a mere £113/t change.

Cull sow prices took a heavy knock, losing between 7-8p/kg in value and, as a result, most culls were traded in or around 88-91p/kg with warnings of more of price falls next week.....we shall see.

Although weaner prices have lost their sparkle, buyers were still out looking, but the latest AHDB 30kg ex farm average has eased by almost £1 per head to £59.34/head, with 7kg averaging £43.83/head.

As the SPP continues to decline, this will have the effect of winding back contract weaner prices to some extent.

Cereal prices saw UK feed wheat futures rise marginally on the week with November feed wheat traded on the LIFFE market at £139.50/t and March at £144.45/t. The Chicago and Paris cereal markets also showed a slight decline, although trade across the board was generally described as "quiet".

UK protein prices have stayed at generally similar levels with 48% Brazilian soya meal ex Liverpool traded at £297/t and 34% rape meal ex Kent at £160.62/t.

Finally it is good to see that AHDB are running two separate initiatives to promote British farming with the launch of Red Tractor Pork Day and Back British Farming Day.

This should help to put British pig meat in the spotlight at a time when increasing competition will be faced from abroad especially if prices continue on the downward path, but we will need to "back British farming" when we say farewell to the EU as a trading partner in our brave new post Brexit world.

22nd September 2017

There may be troubles ahead.....

With the SPP still on the drift losing another .59p this week to 162.33p and German prices falling by a further 4 cents, it will come as no surprise to report that pig values remain on a downward track.

A mixed week as far as sellers are concerned, with more pigs about and although demand is reasonably firm, it's been difficult to find homes for many extra pigs and where there was space, spot prices in the 150p region were indicated.

Weekly contribution prices are also under pressure and although some stood on, a penny or two came off in places.

On the currency front, the Euro traded on Friday worth 88.4p which is marginally dearer than its value a week earlier, but despite this cull sow prices remain in decline and were back by a further 4p reflecting lower EU pig meat values across the board with most now trading in the 84p-87p range compared with almost 100p at the end of August.

Unfortunately the gap in value between imported and home produced pig meat is continuing to widen putting our market under further pressure in the run up to Christmas.

Weaner values continue to reflect the falling SPP with the 30kg AHDB average down by .85p to £58.49 although 7kg values were a little firmer on the week averaging £44.32/head.

With better weaner availability there may be some buying opportunities out there but finishers should keep a wary eye on the calendar with Christmas no more than 12 weeks away.

Grain prices have ended a relatively quiet trading week although the oilseed market was a little more volatile with soya and rape futures prices falling, following an increase in predicted US soya bean yields. UK feed wheat traded on the LIFFE market at £140.80 for November and £145.05 for March. UK protein prices reflected easing values in the US with 48% soya meal ex Liverpool traded at £249/t in mid-September and 34% rape meal ex Kent at £159/t.

And finally, more paperwork appears to be on the horizon as far as IPPC permits are concerned, with the news that the Environment Agency are planning to review all existing environmental permits over the next 4 years including the implementation of Best Available Technique Associated Emission Levels, and will be sending questionnaires to farms with permits to determine whether these units will comply with the new standards to be introduced, and what improvements may be required to meet these new levels.

29th September 2017

Reasons to be cheerful..... (Ian Dury & The Blockheads)

Although pig prices are continuing to head south and the SPP lost 1.29p this week and now stands at 161.04, this still compares favourably with 141.03 a year ago.

Weekly contribution prices have generally eased by between 2-3p, but the influential German producer pig price continues to tumble losing another 5 Euro cents this week meaning that over the past 3 weeks their prices have dropped by a total of 17 cents which is equivalent to 15p/kg, ie a valuation reduction of around £13 per pig.

With more than enough pigs to go round there was very little activity in the spot market but where space was available sellers of one off loads of surplus pigs were unlikely to be bid much more than 150p though regular sellers were ahead of this.

The sow market has also suffered from the crash in German prices which has become something of a "Katastrophe" losing another 6 pence today with most trading at or below 80p compared with 100p not many months ago.

Thankfully the Euro has maintained recent values trading at 88.2p at noon on Friday.

Weaner prices will also come under pressure especially as the majority are tied into the SPP with sharp falls forecast as far as spot weaners are concerned although the latest AHDB averages are still painting a relatively rosy picture with 30kg weaners averaging £60.22/head and 7kg £42.77.

However, spot 7kg weaners are reported to be trading in the £35 /head region and 30kg £50/head but some significant variations will still apply according to load size and quality.

On the grain markets, European and Russian wheat prices have increased slightly and Chicago wheat futures are also a shade dearer and the UK wheat market was slightly firmer with November feed wheat futures traded on the LIFFE market at £141.75/t with May next year at £147.75/t.

September ex farm feed wheat prices were recorded at around £132/t mark. UK protein prices have also moved in sympathy with global trends, with 48% soya meal ex Liverpool traded at £300/t and 35% rape meal ex Erith at £162/t.

As previously advised, time spent in the office studying grain prices is seldom wasted and if pig prices are going to continue to head south now might be the time to take some feed positions to try and limit future losses.

And finally good news that a new pork advertising campaign to try and stimulate consumer demand came on our TV screens this week and is part of a 3 year plan by the AHDB to stimulate the image of pork as a meal solution for “busy” families.

Although TV advertising is notoriously expensive, it is one of the most effective forms of communication with potential customers and as they say “you’ve got to give if you want to gather”.

