

By Peter Crichton

**6<sup>th</sup> October 2017**

**“You Can’t Always Get What You Want” (Rolling Stones)**

Pig prices are unfortunately continuing on their relentless downward track with the SPP losing another 0.6p to stand at 160.44p and weekly contribution prices also drifting back by between 1p-3p/kg.

The German producer pig price continues to fall losing another 3 Euro cents this week, which means it has dropped by 20 Euro Cents over the last 4 weeks which, in our money, is equivalent to a drop of £15 per pig.

With cheaper imports continuing to penetrate the UK market, spot prices have remained under pressure and although regular spot sellers have, in most cases, been able to agree prices in the 150p/kg region, out of the blue one-off loads of spot pigs with no particular home to go to have been hard to place and might, in some cases, be worth no more than 140p/kg.

With the “C” word (Christmas in case you were wondered) on the horizon, wherever possible, producers are advised to send a few extra pigs in the weeks ahead to prevent weights going through the roof and pigs being rolled, which is easier said than done with very little extra space available.

Once shaft of light has been the improvement in the value of the Euro which a week ago traded worth 88.2p and by noon on Friday was worth 89.7p and as a result, although German sow prices are reported to have stood on over the water, the currency change put an extra penny into UK cull sow buyers’ pockets with most quotes now in the 78p – 82p/kg region.

Weaner prices continue to reflect their finished pig counterparts with spot quotes significantly lower than contract but, although the AHDB 30kg ex farm weaner average slipped £1.91/head to £58.31/head, 7kg averages actually improved by £1.26/head to £44.03/head, but this trend is unlikely to continue with most weaner prices based on the SPP, which continues to fall and the spot market is certainly not a place for faint hearted sellers, who are suffering a significant discount when compared with contract prices.

The commodity markets ended another relatively quiet week with little movement in London and Paris based wheat futures and although UK rape seed values dropped during the week, the US soya bean market also eased.

UK LIFFE feed wheat traded little changed at £143.10/t for November with March 2018 at £147.20/t.

UK end of September trades for proteins saw 48% soya meal traded ex Liverpool at £304/t and 34% rape meal ex Kent at £159/t.

And finally, more warnings on the biosecurity front with Swine Fever still a potent killer in parts of Eastern Europe and the NPA has now issued a reminder to pig producers of the dangers of feeding waste food, either deliberately or by accident, to their pigs.

Although there is a temptation for people to feed waste food to pigs, there are huge risks attached and producers should think long and hard before using any non-accredited sources of feed as the last thing we want to see is a return to the dark days of Swine Fever in 2000 followed by FMD in 2001, both of which outbreaks appear to have been linked to waste food or a casually discarded ham sandwich and many in the industry still bear the mental scars of the mass slaughter of livestock which ensued.

**13<sup>th</sup> October 2017**

**“Space Oddity” (David Bowie)**

Although October and November are generally fairly good pig meat selling months at a time when volumes normally pick up, there seem to be more sellers than buyers at present and a significant lack of space with some of the main stream abattoirs.

The situation has not been helped by a mixture of breakdowns (mechanical not mental yet!), the Brechin Abattoir fire in early August and better prolificacy amongst the UK pig herd, have all contrived to put pressure on abattoir slaughtering capacity and space, at a time of year when demand should be improving.

Although the SPP dropped another 1.52p this week to stand at 158.92p, the good news was that after 4 successive weeks of falling prices the influential German pig producer price stood on at 1.50 EUR (1.32p), providing hopes that we might have “hit the bottom” for the time being, although the same cannot be said for the sow market which slipped again today.

Very few reports of UK spot bacon prices were available today, although the indications are that regular spot sellers could expect to receive in the 145p-150p region according to spec, but out of the blue one off loads of spot bacon pigs would find very few takers and if so, bids in the 140p mark might apply subject to space.

Although the Euro traded on Friday midday worth 89.03p up from 88.2p a week earlier, this did nothing to help cull sow values which were back by a fairly savage 5p/kg with most now trading in the 75p-78p range according to spec. and compares with bids of around 100p last May, confirming a fall in cull values of around 25% putting financial pressure on those looking to replace worn out sows with replacement gilts.

Weaner prices have also taken a tumble due to concerns over finished pig values in the months ahead, with the latest AHDB 30kg ex farm weaner average down by £2.38/head to £55.93/head, with their smaller 7kg counterparts also drifting down by 71p to £43.33/head.

However, as with finished pigs, there is a wide price gap between contract and non-contract pigs, with the latter trading at significantly lower levels on the spot market, where buyers have become extremely scarce and cautious especially with a glance at their advent calendar revealing that today's 30kg pig will be ready to sell in early January which is normally a fairly challenging time to be marketing spot bacon pigs.

The cereal market has ended the week on a fairly quiet note with the latest ex farm feed wheat UK price quoted at £135.70/t and feed barley looking better value at £122.20/t.

Futures prices have seen November feed wheat a shade easier on the LIFFE market at £139.50/t for November and March unchanged at £144.90 but most market movements have been currency driven rather than supply and demand related. Protein prices have seen stronger demand partly due to weather related concerns, with 48% Brazilian soya meal ex Liverpool traded at £315/t and 34% rape meal ex Kent, also firm at £161/t.

And finally, more grief on the Brexit front with news of the government's rather limp wretched approach to dealing with lower standard food imports post Brexit, where our exit strategy seems to be more a case of a messy divorce than a managed withdrawal, but after all it is Friday 13<sup>th</sup> today!

## **20<sup>th</sup> October 2017**

### **“Let's Hang On to What We've Got” (Frankie Valli)**

Although the latest SPP dropped another 1.03p this week to stand at 157.89p, German pig producer prices (thankfully) stood on at 1.500 EUR and the Euro has also staged something of a mini rally. As a result, at least European pigmeat values appear to have levelled out rather than continuing their rapid decline.

On this side of the Channel weekly contribution prices are continuing to ease back losing, in the main, by between 1p – 2p/kg, with most at around the 150p/kg mark, which is 20p/kg lower than some of the front runners were offering in June.

Spot bacon prices were generally in the 140p/kg region for one off loads, but regular sellers were in most cases able to sell for 4p – 6p/kg ahead of this, but contract prices still look a much better bet by comparison.

There only 9 clear slaughtering weeks between now and Christmas, so producers should look long and hard at the weights of their pigs in the system and try and keep moving what they can, even if this means taking a lower price.

Cull sow prices actually took a slight upward step, simply because of the value of the currency rather than any changes in values on the other side of the Channel, with UK export abattoirs lifting their bids by around 1p/kg and traded in the 75p – 78p/kg range, which still makes a poor comparison with the value of cull sows earlier in the year.

Weaner prices are still having something of a bumpy ride as far as Red Tractor spot pigs are concerned, although the latest AHDB 30kg ex farm weaner average actually moved up to £58.23/head, but the 7kg average lost ground and now stands at £42.18/head.

In the cereal markets, global wheat futures eased back during the week and closer to home the UK LIFFE Feed wheat futures exchange reported November trading at £139.50/t and July 2018 reflecting a slightly more bullish trend at £150.10/t.

UK protein prices closed at slightly firmer level following international values with 48% soya meal ex Liverpool traded at £319/t and 34% rape meal ex Kent at £162/t.

And finally, although hopefully this will not be the “straw that broke the camel's back”, at a time when producers' margins are coming under pressure it is disappointing to hear that straw prices are soaring, especially in the south west where barley straw now averages £80/t and wheat straw £75/t, due to a combination of wet weather and demand from power plants. For those producing Freedom Food quality pigs where large volumes of straw are required, this is another problem to be faced in the months ahead.

By Peter Crichton

**27<sup>th</sup> October 2017**

### **“Help!” (The Beatles)**

Little good news to report this week and the SPP continues on its downward track dropping another .82p to stand at 157.07p, and the influential German producer price has also fallen another 5 cents to 1.45 EUR equivalent to 128p/kg in our money.

The lethal combination of a reduction in Chinese demand, rising pig numbers across mainland Europe and in the US and generally indifferent demand, have all contrived to push UK pig numbers from famine to feast.

Boneless cuts coming in from Spain and elsewhere are undercutting domestic prices to a significant degree and the Euro is also weakening in value, which rubs salt in the wound.

It would probably be misleading to quote spot prices because very few pigs were traded with most on contract although regular weekly spot sellers could expect to receive prices in the 145p region, but sellers of one off spot loads would be lucky to achieve 140p in places.

Tough times for pig sellers with dead weights continuing to rise and as Christmas looms, several large operators are indicating their average weights are now at the 84kg – 86kg range compared with little more than 80kg this time last year when pigs were being brought forward for Christmas, but with no extra space out there it is very difficult for producers to keep on top of their numbers.

Looking ahead, news that the Brechin abattoir should be up and running in early November, will help to mop up extra pigs from Scotland which up to now have been looking for new homes, and colder weather could also slow down pig growth rates and stimulate human appetites.....we shall see, but currently the whole finished pig sector is very much a buyer's market.

Cull sow prices are also a ready barometer of European wide pig meat values and unfortunately these took another knock, dropping 5p with most culls now trading in the 70p – 73p region compared with 91p a year ago. Those Were The Days My Friend (Mary Hopkin).

The Euro traded on Friday worth 88.65p compared with 89.7p a week ago, also putting pressure on import/export margins.

Weaner prices have unsurprisingly continued to fall, and although most weaners are traded on contract linked to the SPP, this will continue to feed through to the AHDB figures, with the 30kg ex farm average dropping £1.93 to £56.30 and 7kg pigs easing by 35p to £41.80.

Protein prices saw 48% soya traded ex Liverpool at £2/t easier at £317/t but 34% rape meal was a touch further trading up £2 at £164/t. During the week, UK feed wheat futures prices eased slightly, although longer dates gained with November traded at £138/t and March at £143.85, although March 19 was well ahead of these levels at £150.80p. UK spot ex farm feed wheat was traded in the £135.50/t region.

And finally some good news, with reports that antibiotic use for farm animals has fallen to its lowest level in the UK since records began 25 years ago, dropping by 25% over the last 3 years.

All this should help to combat the challenge of antibiotic resistance (AMR) and yet another reason why pig meat consumption should help to underline its role as “healthy eating”.

Drug resistant super bugs remain a global problem but are not just confined to human health issues and in many cases the UK is well ahead of other countries in this field.



