

By Peter Crichton

3rd November 2017

“Yesterday” (The Beatles)

Although all our troubles used to be so far away, currently there are several challenges facing pig producers especially over the Christmas period.

The SPP continues its downward path, losing another 1.05p to stand at 156.03p but fortunately German bacon and cull sow prices have remained at stand on levels rather than dropping again.

The German producer price for a bacon pig of 1.45 EUR works out at a mere 1.29p in our money which is around 25p adrift of the UK price but makes cheap imported cuts and joints look extremely competitive and good value to consumers.

Most weekly contribution prices remain under pressure with prices down by up to 2p, but with virtually all pigs being sold on contract, there was very little evidence of much activity in the spot market where one off loads of spot bacon pigs if space allowed, were worth in the 135p - 140p region.

Despite the recent interest rate rise the £ has remained under a certain amount of pressure and the Euro traded worth 89p on Friday compared with 88.65p a week ago but this slight improvement in the value of the Euro was not enough to stimulate UK cull sow exporters to increase their prices which remain very low in the 70-73p region.

Weaner prices have to some extent defied gravity as far as the AHDB averages are concerned with the 30kg ex farm average up by £2.43 to £58.73/head and the 7kg average piglet price also headed north going up by £1.19 to £42.90/head, but very much of a two tier market has developed with a significant gap between Freedom Foods and Red Tractor.

Grain and protein prices have ended a fairly flat week and little changed, with UK ex farm spot feed wheat trading in the £134/t region and on the futures market UK feed wheat deals were done at £139/t for November and £148.80/t for July next year.

Chicago soya bean futures fell last week due to much needed rains arriving in Brazil and with reports of a few UK farmers experimenting with growing their own crops of soya beans, it will be interesting to see if there is any further growth in this market which will certainly help to reduce “food miles”!

And finally, congratulations to Charlie Allen who was the worthy winner of the 2017 David Black Award earlier this week which was richly deserved by this hard working “simple pig farmer” as he describes himself.

For those looking to gather more gongs and medals, the National Pig Awards bun fight takes place this Monday 6th November at the Lancaster Hotel in London where the good, the bad and the ugly in the industry will be in evidence, but this popular event is certainly a good way to sign off what has so far been an eventful year and good in parts, with possibly some more challenges around the corner too!

By Peter Crichton

10th November 2017

“Just Hold On” (Steve Aoki)

After many weeks of falling prices, signs are starting to emerge of the rate of decline levelling out with a little more interest being shown in finished pigs in the run up to Christmas than had previously been the case.

Although the SPP dropped another 0.87p to stand at 155.16p and weekly contribution prices were down by between 1p – 2p/kg, there was something of a stand on (or possibly hang on) feeling in the air with spot bacon prices holding in the 140p region.

Although German producer prices have remained at stand on levels for the second week running, a reduction in the value of the Euro, which traded on Friday worth 88.29p compared with 88.99p a week ago, was a signal for cull sow buyers to knock a penny off sows which are now worth even less in or around 70p/kg.

Weaner prices are also tending easier with the latest AHDB 30kg ex farm average now quoted at £56.19/head and 7kg weaners have also eased to £42.02/head.

In the commodity markets, global wheat futures have dropped slightly with UK feed wheat for November quoted at £139.55/t, March at £144.20/t and July at £148.45/t.

UK protein prices have eased a shade with 48% Brazilian soya falling from £317/t on the 20th October to £301/t as at the 3rd November.

“Every little helps”, as quoted by a certain supermarket and with pig prices back from their recent peaks, any feed cost savings should help redress the balance slightly.

Any finally, just a reminder that all Red Tractor producers will need to upload their total antibiotic use onto the electronic Medicine Book (eMB) on a quarterly basis, rather like when VAT was first introduced and, although it may seem a chore, once you are up to date it is less of a problem and another good reason for consumers to be persuaded to eat “healthy” UK pigmeat.

By Peter Crichton

17th November 2017

“Carry That Weight” by The Beatles

The SPP continues on its downward track losing another 1.12p to stand at 154.04p and weekly contribution prices have either stood on or eased back a touch and are now in the 145/6p region.

Spot trade is reported to be quiet with prices around 140p but not helped by consumer demand for pig meat which remains selective with loins particularly hard to clear.

With only 5 weeks to go between now and Christmas we need to see an improvement in demand to keep on top of rising live weights and to try and get some space in the system before the seasonal break to avoid too many heavy pigs being stuck in the system.

Fortunately German producer prices have stood on for the third week running at 1.45 EUR which in our money works out at 129.6p but the gap between UK and EU prices still remains too wide and open to cheaper imports undercutting the domestic market.

Fortunately the Euro has gained slightly during the week, trading on Friday worth 89.4p compared with 88.4p seven days earlier.

This was not enough of a variation however to encourage cull sow prices to rise and they still seem to be stuck in a rut at little more than 70p/kg.

The latest AHDB 30kg ex farm weaner average is up by .86p to £57.05 but 7kg piglets have remained virtually unchanged at £41.99/head and until finished pig prices settle down weaner buyers are being cautious and these prices could continue to come under pressure.

Cereal and protein prices ended another quiet week with global wheat markets remaining virtually unchanged but a recent USDA report confirming increases in the Northern Hemisphere grain supplies may help to keep prices at a manageable level as far as pig producers are concerned.

The latest UK feed wheat spot ex farm price average of £135.80/t has remained static and on the futures market UK feed wheat is quoted at £137.25 for this month, and £141.60 for March and £144 for November 2018. UK protein prices have also seen little movement with 48% Brazilian soya trading at £303/t ex Liverpool and 34% rape meal ex Kent at £159/t.

And finally, recent news that not only is the US pig herd continuing to rise but their COP is reported to be in the 85-90p/kg region compared with the UK equivalent of 138p.

Yet another reason for the industry to sing the praises of our high welfare pig production system but if the industry is to be judged on a cost basis alone we will find it very difficult to compete.

By Peter Crichton

24th November 2017

“The Way we Were” by Barbra Streisand

Very much a case of “as you were” as far as pig prices are concerned with the influential German producer price remaining unchanged for a fifth week running, at 1.45 EUR which is equivalent to 129p in real money with the SPP only drifting a smidgeon, losing .35p to stand at 153.66p

Weekly contribution prices have also tended to remain at generally similar levels on the week, although monthly prices are showing an easier tendency.

Spot demand remains generally quiet although there was a little more interest shown earlier in the week with colder weather slowing down growth rates and hopefully stimulating human appetites with “one off” loads of spot pigs generally worth around 140p but regular sellers will be 2-4p ahead of this in many cases.

The sow market also continues to reflect relatively flat demand across Europe with most prices remaining at similar levels meaning that cull sow quotes are still at very low levels in the 70p/kg region.

The value of the Euro has also ended the week almost where it started trading on Friday worth 89.03p compared with 89.4p a week ago but it's a surprise that gloomy growth forecast in the Budget this week did not put more downward pressure on the £.

Weaner values continue to slip with the latest AHDB 30kg ex farm average dropping £1.33/head to £55.72 and 7kg piglets also losing ground, slipping .88p to stand at £41.99.

The gap between spot and contract weaner prices continues to widen and regular sellers were reminded to keep their contracts in a safe place as they could be worth their weight in gold when compared with spot.

Grain prices fell back slightly during the week with demand generally described as “quiet” and UK feed wheat a slow trade during the summer months.

UK grain spot feed wheat prices on an ex farm basis have averaged £135/t this week and futures value also ended a quiet week with January 2018 trading at £140/t, May 2018 was easier at £143/t, November 2018 also showing some weakness at £142.75/t. UK protein prices have also eased a shade with Brazilian 48% soya meal ex Liverpool trading at £290/t.

For the time being at least there are no major shocks in store on the feed cost front. Let's hope that this Christmas turns out to be a time for taking as well as giving.

And finally good news on the Chinese export front as thanks to the efforts of the AHDB and some of the larger processors, the bamboo curtain has opened to the export of trotters which are a delicacy in China and will help to add yet more value to the “5th quarter” sector, which is absolutely vital to maintain carcass balance and values for the pig industry as a whole.

Hopefully this new arrangement will turn out to be sweet and not sour!

