

By Peter Crichton

6th April 2018

“ Fool on the Hill” – Paul McCartney

Something of a curate's egg (good in parts) trade today with a little more interest in finished pigs, although sows are still sadly, remaining at very low stand on levels and weaner space remains under pressure.

The latest SPP moved up by .48p and now stands at 145.85p and weekly contribution prices are anywhere between stand on and + 2p in places.

Spot buyers are showing a little more interest in pigs with bids in the 142p region and the promise of some spring weather around the corner may help to lift barbecue demand and the fresh meat trade in the weeks ahead.

The influential German producer price also remained at stand on levels for the fourth week running and remains at 1.45 EUR which is equivalent to 126.64p in our money.

Unfortunately a slightly weaker Euro which traded on Friday worth 87.34p as against 87.73p the previous week, did nothing to encourage sow buyers to put more money on the table with quotes in the 68p-70p range compared with 100p a year ago which still makes replacing sows with gilts an expensive exercise.

Something of a two-tier trade is continuing to develop in the weaner market with the latest AHDB 7kg average quoted at £38.02 but no quote was available for 30kg weaners this week.

However, following on from the awful winter which hit outdoor producers particularly hard, followed up by the “Beast from the East”, weaner availability is expected to tighten up in the weeks ahead which could lift prices especially in the Freedom Food sector where demand is reported to be keener than Red Tractor.

Grain markets have ended another fairly uneventful week and the latest UK spot ex farm wheat price remains almost unchanged at £144.30/t.

On the futures market London wheat traded firm at £144.70 for May and £145.95 for November, but US soya bean futures prices have plummeted due to the Chinese tariff threat following Donald Trump's latest antics.

It will be interesting to see what effect the Trump tariffs have on pig meat prices as far as trade between the US and China is concerned and this could turn out to be a case of global musical chairs with the plus side being that China may be looking for tariff free pig meat from other sources, but at the same time the US product could be searching for new homes at bargain basement prices.....we shall see!

13th April 2018

“On the Road Again” (Canned Heat)

Although prices may be on something of an upward curve, the SPP took a mysterious downward step losing .97p to stand at 144.88p due apparently to one of the larger processors dropping their contribution price while most of the other players went up or stood on!

The influential German producer price has held on for the 5th week running and remains at 1.45 EUR and UK bacon buyers were fortunately showing a little more interest in pigs than they were a week ago with prices now around 140p for one off loads, but most pigs were readily absorbed by contract buyers.

Weekly contribution prices generously remained in stand on mode in the 136p – 144p range but we are hopefully somewhere at or close to the bottom of the current seasonal trough, with signs emerging of some of the major abattoirs looking for more pigs in the weeks and months ahead.

Unfortunately a significant improvement in the value of the £ did nothing to help UK pig meat import and export values with the result that despite the German price remaining at stand on levels, cull sow quotes fell by around a penny and mainly traded between 67p and 70p with the Euro worth 86.73p on Friday compared with 87.34p a week earlier.

The gap between Red Tractor and Freedom Food weaners continues to widen and although there was no AHDB 30kg average available, the last time it was quoted two weeks ago they were worth £50.01/head. 7kg weaners slipped in value by £1.04/head more due to the lack of physical space rather than the major concerns about finish pig prices in the weeks and months ahead.

Cereal prices are continuing to improve albeit at a very slow rate, with ex farm UK spot feed wheat quoted at £146/t and on the futures market, London feed wheat was traded at £146.65 for May and £147.80 for July. The recent announcement of the re-opening of the UK's largest bioethanol plant in Yorkshire after a 4 month shutdown may also tighten up the market, as this user alone accounts for 1.1 Mt annual demand.

Although reports of record Brazilian soya bean crops might put some downward pressure on the prices, this does not go far enough to offset production cuts in Argentina.

And finally, DEFRA is reported to be looking at further tightening up of animal transport rules including a potential live export ban, although this may have little effect on the pig industry but consumers need reminding that our welfare of animals in transit standards are amongst the highest in the world and more bureaucracy can often make journeys slower and more frequent, which does nothing to improve the welfare of pigs which we all care about as well as having some of the best trained and skilled livestock truck drivers in the universe.

20th April 2018

“The Sun Has Got His Hat On – (Bonzo Dog Doo Dah Band)

Now “The Beast from the East” has left our shores to be replaced by the sun, alfresco eating should mean that barbecues will be fired up soon and the UK pig industry should start to make some positive progress after a long and hard winter.

However, mixed messages are still being received from Europe, where the influential German pig producer price actually fell by 3 Euro cents to 1.420 EUR which works out at 124p in our money and is still much lower than UK pig meat values.

The SPP on the other hand put on .28p and now stands at 145.16p and weekly contribution prices stayed at similar levels with most now in the 140p-144p range.

Spot buyers however commented on relatively quiet demand and a slightly difficult trade although as we move towards May, there are signs of a shortage of pigs in the system and better prices might follow.....we shall see.

In the meantime let the sun keep shining which normally works wonders for the pig trade following the invention of the fridge and barbecues.

Cull sow prices have unfortunately followed the downward track of the German pig quote with UK export abattoirs bids cut back by around 2p/kg which means that most culls were traded in the 65p-68p range compared with 87p/kg in Germany but it is difficult to get much more than this which is a worry especially bearing in mind that culls were worth 105p this time a year ago despite a firmer Euro which traded today worth 87.55p compared with 86.73p 7 days ago.

Weaner prices continue to reflect the lack of finishing space and with much higher straw costs, some finisher buyers have also remained very cautious on the buying front with the latest AHDB 30kg ex farm average quoted at £51.83/head and the 7kg average at £37.19/head, but the normal gap of around £15 between 7kg and 30kg weaners has been maintained.

Grain prices keep creeping upwards with the latest UK spot feed wheat average price now quoted at £147.50/t compared with £136.40/t at the start of the year. UK protein prices also continue to nudge ahead with 48% soya meal ex Liverpool traded at £362/t as against £304/t in January.

Dry weather conditions in Argentina have led to a considerable drop in the country's soya bean production this year and on the futures market, UK feed wheat was traded at £147.55/t for July and May 2019 is looking firmer at £152.20/t

The decision by the Vivergo bioethanol plant to re-open will also help to keep UK wheat supplies and demand tight and with straw costs going through the roof, now might be the time for shrewd pig producers to make some more forward buying decisions.

And finally on the Brexit front, according to the NPA there may be many sleepless nights ahead as farmers will need to absorb a whole series of health, welfare, environmental rules, inspections and CAP payment policy to try and work out whether this will be a case of win, lose or draw as far as the UK pig industry is concerned.

As the song title goes “There **May** Be Troubles Ahead”.

27th April 2018

“Ain't No Sunshine” – Bill Withers

Something of a “glass half empty” day as far as pig trading is concerned. Although the latest SPP is marginally firmer moving up by .11p to 145.27p, European mainland pig meat prices still have a lot of catching up to do.

The influential German producer price stood on at 1.42 EUR. This only translates to 124p in our money.

A slightly more complex picture is painted by the fall in EU wide pig prices over the past 12 months where the average mainland producer price has fallen from 143p/kg to a mere 119p which is a fall in value terms of almost £20 per pig.

Weekly contribution prices have remained at generally similar levels, with one contract-buyer adding 1p mainly but most within the 142p-144p range according to spec.

There was a little more demand for spot bacon in places with a few abattoirs looking for extra numbers, as well as reports that one of the major contract abattoirs also needed more pigs than were available, but this has yet to be translated into any significant improvement on the price front with spot bacon generally in the 142p-145p range but regular sellers could look to achieve premiums of 2p-4p above this.

On the currency front, despite the Euro gaining in value and trading on Friday worth 87.73p compared with 87.55p a week earlier, this did nothing to help cull sow values which actually slipped by a further 1p/kg in most cases, meaning that cull sows were traded within the 64p-67p range according to load size and spec.

Reports of EU cold stores filling up with manufacturing grade pig meat make slightly uneasy reading, especially bearing in mind that there are three "short holiday" weeks in Germany on the horizon.

Weaner prices saw the latest AHDB 7kg average slip by .21p to £36.98/head. Unfortunately no quote was available for 30kg due to insufficient price availability, but 30kg contract sales of Red Tractor pigs have tended to be in the £46-£50/head range, with Freedom Foods worth another £2-£4 more than this.

Spot loads of 7kg and 30kg Red Tractor weaners are still proving hard to clear mainly due to buyers' concerns over higher feed prices, dearer straw and no clear message being received that there are likely to be significant improvements in finished pig values, despite the shortage of numbers in the system following climate related problems during the winter.

Feed prices have remained relatively firm, with 48% Brazilian soya meal ex Liverpool traded at £361/t and 34% rape meal ex Kent at £222/t.

UK ex farm feed wheat spot values are holding firm at £147.50/t although forward prices are looking comparatively good value for buyers when compared with spot, and London wheat was traded at £144.65 for July and £147.40 for November.

The global grain supply and demand situation remains mixed following reports of poor weather in South America where demand has overtaken supply for the first time since 2012/13. However, at the same time global grain stocks are predicted to finish the year at their third highest level on record underlining the previous four years of surplus supplies.

Oil prices are however rising, and this often provides a link to the direction cereal markets are likely to take so those UK producers who have decided to take a little more cover on a forward basis for their future feed needs may be on the right track.

And finally, underlining the fact that markets do not flourish during periods of uncertainty, these latest global reports are indicating that due to disease risk, trade disputes, feed availability and the Brexit situation this may distort markets and add downward pressure following the China/US trade dispute, although there could be some benefits to southern hemisphere pig production countries.

The other big concern are the threats posed by African swine fever which continues to spread in Europe and will be an absolute killer in every sense of the word if it somehow managed to penetrate Western Europe and even worse, the UK.

