

By Peter Crichton

7th September 2018

“ No Particular Place to Go”– Chuck Berry

A rather underwhelming day for sellers with the SPP continuing its downward drift and dropping by .43p to 148.28 but this was far less severe than the German price which dropped a significant 7 euro cents yesterday from 1.55 EUR to 1.48 EUR which works out at 133.2p in our money.

Spot bacon buyers were generally quiet today with one off loads traded in or around 145p/kg although regular sellers were able to achieve prices closer to 150p in most cases.

Weekly contribution prices are also heading into negative territory with a penny or so being clipped off some prices and reports of significant volumes of imported pig meat undercutting the UK market.

As a result cull sow quotes were also trimmed back by around 4p/kg, into the 73-76p territory, but hopefully the European price drop is more of a correction than a trend as producers need every penny they can get in these challenging times for the industry.

Weaner values have remained at generally similar levels with the AHDB 30kg reference price quoted at £54.92/head and the 7kg average is now £37.49/head.

Finishing space is still on the short side and the spot weaner sector remains very much a buyers' market and would benefit from a little more confidence in finished pig prices in the months ahead leading up to Christmas (that word already!) to re-stimulate UK demand from finishers.

UK grain futures prices are at generally similar levels than a week ago with November feed wheat quoted at £176.25/t and March 2019 at £179.85.

The ex-farm UK spot feed wheat average is quoted at £173.6/t compared with £169.7 a week ago.

UK protein prices have however tended to ease with 48% soya traded at the end of August at £315/t and 34% rape meal at around the £225/t mark.

And finally, following on from reports of the sixth case of ASF in China, although it is refreshing to note that the UK government has raised the risk of ASF entering the UK to “medium” but China lies on the other side of the world. However, this is not the case with Romania and Poland where there have also been recent ASF outbreaks and in total 744 confirmed cases have been identified in 9 European countries during July and August so perhaps the risk rating to the UK should be raised a bit more?

14th September 2018

“It Ain't Easy” – Long John Baldry

Another tough trading week ahead with the SPP continuing on its downward track losing .23p to stand at 148.05 and a further reduction in 4 euro cents in the influential German producer price following on from last week's 7 cent slump, will keep UK pig meat prices “under pressure” (David Bowie).

Very few spot transactions are taking place with most pigs being sold on contract but where there were any deals one off loads of spot pigs were unlikely to be worth more than between 142-144p in the main.

Further reports however of sharp reductions in fertility levels especially with outdoor herds during the heatwave last summer are flagging up an “ongoing black hole” in pig numbers in the months ahead which may help to prop up prices. Just a pity that UK producers cannot benefit from good values and numbers to match!

Following on from the German price fall cull sow bids eased to the tune of 4p/kg and it is a pity that the early September cull values of close to 80p/kg have soon evaporated.

A rise in the value of the pound has also done us no favours on the pig meat import/export trading front where a week ago the Euro was worth 90p compared with 89.16p today.

30kg weaner averages are also drifting south with the latest AHDB 30kg average losing £1.80 in value to £53.74 although the 7kg average was marginally firmer at £37.24.

However, the gap between Red Tractor and Freedom Food weaners gets ever wider with very few takers for Red Tractor weaners either in the 7kg or 30kg category and it is difficult to know where homes will be found for some of the latter on the spot market for those producers unlucky enough not to have a contract locked away in a safe place.

Grain futures prices are a shade easier over the past week with November feed wheat trading in London at £173.10/t, March 2019 at £178.05/t and July 2019 at £178.70/t. Spot ex farm UK feed wheat values have remained at similar levels to average £170/t and although some shrewd producers made a number of forward feed buying decisions several months ago, some of these will be running out towards the end of the year, adding significantly to COP levels.

UK protein prices have however staged something of a recovery with 48% Brazilian soya meal rising from £315/t to £329/t although 34% rape meal has remained at similar levels around £230/t mark.

And finally, Stop Press. Shortly after this commentary was prepared, the threat of African swine fever has moved much closer to these shores with the shattering news that ASF has leapt into Western Europe with reports of an outbreak in Belgium. Reports are indicating that this was identified in two wild boars rather than on commercial pig farms and measures are already in place to prevent the possible spread of the disease in non-wild boar which could then be transmitted to pig farms.

It is hoped that these latest outbreaks will not jeopardise the ability of the EU to continue to export pig meat to China. Readers of this commentary are reminded to look at the warnings sounded on this front just a week ago and now must be the time for the risk level to be assessed as “high” rather than “medium” in terms of biosecurity and prevention levels.

21st September 2018

“Falling Down” – Duran Duran

Prices have continued to drift lower with the SPP dropping by a further .28p to 147.77p and the influential German producer price continues to head south losing another 4 cents today to stand at 1.400 EUR compared with 1.55 EUR four weeks ago which in sterling terms represents a reduction of 13p/kg dead weight.

Weekly contribution prices are also tending to ease with most now in the 133-140p bracket and the spot market remains very quiet with bids to match in the 140p region for one off loads, although regular sellers have generally been able to achieve 4-6p above this.

On the currency front, at least the euro has managed to hold at generally similar values worth 89.3p but despite this cull sow quotes have dropped another 3p following on from falling pig meat prices in mainland Europe. Cull sow quotes have tended to be in the 66-68p range which still provides a very low return for producers looking to re-stock or clear out their herds.

Weaner prices are reflecting falling finished pigs returns and high feed costs with the latest AHDB 30kg price taking quite a knock dropping by £2.78 to £50.98 and 7kg prices following a similar pattern, down by £2.73 to £35.01.

A shortage of space especially for Red Tractor weaners is continuing to unsettle the market and coupled with the high price of straw it is hard to find homes for Red Tractor weaners although a reported “hole” in pigs weaned during the heatwave last summer could help to put some sort of bottom in the market.....we shall see but at the moment the trough seems to have a hole in it!

There are some signs of hope that recent cereal price rises might be levelling out or even easing back with the latest UK spot feed wheat ex farm quote £3/t easier and averaging £167.80/t with London feed wheat futures prices also a shade easier with November quoted at £175.80/t and March next year at £179.65/t.

UK protein prices have also remained at generally similar levels with 48% soya quoted at £329/t and 34% rape seed at £220/t.

Recent reports are however indicating that there is a greater than 65% chance of a weak El Nino weather event indicating this winter which could put yields under pressure and another problem for us to worry about!

And finally the effects of the recent Belgian ASF outbreak are beginning to hit home with reports of 10 confirmed cases in Belgium but all from the same small region. As a result, 13 countries are banning pork exports from Belgium including South Korea and China who are major players in the pig meat market.

Some UK producers are also questioning why the UK is not banning Belgian pork and a close eye will have to be kept on any wild boar shooting parties from Belgium visiting this country.

28th September 2018

“ The Final Countdown” - Europe

Prices seem to be holding at recent levels although a lift in demand would work wonders. The latest SPP has virtually stood on only losing .09p to stand at 147.68p but weekly contribution prices appear to be under pressure with falls of up to 2p/kg and most in the 132-138p range.

Spot bacon buyers remain quiet and although there are reports of one off loads of bacon pigs changing hands at around 140p volumes are low with most pigs being sold under contract.

Cull sow prices have for once held at similar levels after several weeks of falling values with export prices quoted in the 66-68p range although the falling value of the Euro has done us no favours trading today worth 88.79p compared with 89.3p a week ago.

Weaner prices continue on their roller coaster ride with the latest AHDB 30kg ex farm average up by £4.18 to £55.16 but the 7kg average has travelled in the opposite direction losing .51p and is now quoted at £34.50.

As previously the gap between Red Tractor and Freedom Foods weaners continues to widen and spot pigs in all weight ranges are in something of a buyers' market.

Feed prices have remained at generally similar levels with London feed wheat quoted at £176.45/t for November, rising to £181.50 for next March.

Spot UK feed wheat prices have improved marginally up to £170.50/t but soya has eased by £10/t over the past two weeks with 48% soya meal ex Liverpool quoted at £318/t and 34% rape meal ex Kent also displaying slightly easier trends at £217/t.

On the brighter side however straw prices are reported to have eased significantly with deals now being done in the £70/t region compared with £85 plus earlier on.

And finally, a Brexit “no deal” could have serious financial consequences as far as the UK pig industry is concerned if exports to the EU are barred but imports continue to flow in this direction.

There are a whole host of bureaucratic hurdles to be jumped before the effect of Brexit (or not) can be fully analysed but the NPA are displaying great concern over the effect that Brexit will have on our export trade with more than 110,000 tonnes of pig meat being exported to the EU from the UK in the past 7 months which works out at around 60% of all UK pig meat exports.

