

By Peter Crichton

5th January 2018

“Happy Birthday” - Stevie Wonder

A distinct chill in the air as far as pig prices are concerned with the SPP easing back another .62p to stand at 149.78p which is the first time it has dropped below 150p since March last year.

Although German producer prices thankfully stood on at 1.37 EUR (equivalent to 1.22p in Sterling terms) spot buyers were cold with reports of pigs in the 136p region where space was available, and some at less than this.

As a result, weekly contribution prices have also taken another downward step losing in the main between 2-3p which represents a fall of approximately 30p since July 2017, i.e. £24 per pig!

January is always a notoriously tricky month, and reports of significant numbers of pigs being “rolled” may point to a challenging few weeks ahead until demand has improved and the queue of pigs in the system has disappeared.

At least cull sow prices have stood on rather than following the downward track of finished pig prices with most culls trading in a dismal 64-67p range also underlining the weakness of pig meat prices in much of Europe and their ability to send cheap carcasses and cuts in this direction to undercut the UK market.

Weaner prices have followed something of a rollercoaster route with the latest AHDB 30kg price improving in value to £54.96 and the 7kg average remaining almost static at £40.17 but very few homes are available for non-contract spot Red Tractor 7kg and 30kg weaners, except at a significant discount.

Global grain markets ended the year on a generally quiet note with January UK feed wheat futures traded at £137.10/t, May a shade firmer at £141.75/t and November £143/t.

US oilseed markets saw soya beans make modest gains but reports of warmer weather in the Ukraine and melting snow has added to the prospect of waterlogging which could adversely affect yields but there are forecasts of future cold snaps ahead.

And finally “Happy Birthday Sweet 16” the TL spot price service which was set up by producers as an information line commencing in 2002, celebrates its 16th birthday this week and continues to provide guidance on spot bacon prices every Thursday night.

The first ever TL price was just 100p/kg in January 2002, its highest price was 178p in November 2013 and lowest was a miserable 83p in August 2002.

Since 2002 over 800 TL weekly prices have been supplied to producers and hopefully will continue long into the future. Price details appear on the traffic lights (independent British Pig Industry website) on a regular basis, www.tlspot.co.uk

For those of you who like looking at figures relating to pig prices or smiling young ladies, the traffic light website is not to be missed.

12th January 2018

“Down Down” - Status Quo

Another difficult day for sellers with very little to smile about including the miserable January weather and although the SPP only slipped by .13 this week to stand at 149.65, higher slaughter weights are flagging up the number of pigs currently being “rolled”.

Unfortunately a pig can put on a kg a day so rolling pigs for a week can add a lot of weight at a time when farmers are trying to make some space throughout the system.

Weekly contribution prices eased back by a copper in places, taking their cue from the German producer price which dropped 3 Euro cents and now stands at 1.34 EUR equivalent to 119.26p in our currency.

Very few takers of spot bacon pigs and where there were, prices were reported to be in the 134-136p range although regular spot sellers should have been able to agree prices closer to 140p.

On the currency markets, the Euro ended the week at much the same level as at the start, trading on Friday worth 88.99p.

Unfortunately however, even a relatively firm Euro did little to stimulate cull sow prices which slipped another 2p and are now trading in the 62-65p range according to load size, compared with 92p this time a year ago (Those Were The Days – Mary Hopkin).

Although the AHDB did not publish a 30kg weaner price this week, the 7kg average of £38.13 was down just over £2/head on the previous week, and if they had managed to find a calculator to work out the 30kg average, this would also have been on a downward slope.

The gulf between contract and spot weaner prices continues to widen with very few takers for Red Tractor 7kg pigs other than on contract.

The first week of the year saw global grain prices described as “flat” with very little movement, although Chicago wheat futures are at a four week high, but at relatively modest levels, and oilseeds also saw some improvements on the week.

Spot UK ex farm feed wheat prices averaged £136.20/t with March UK LIFFE wheat futures slightly firmer at £141/t and November £143.10/t.

And finally some good news which was that, based on the results on the latest AHDB Porkwatch, reporting that the ten top supermarkets have increased the volume of British pig meat in most sectors with 2% more pork, 3% more ham, and sausage turnover up 4%, but unfortunately bacon was down by 2% of the total throughput, with retailers stocking much more imported bacon towards the end of the year.

This is hardly surprising bearing in mind the wide gap between UK and EU pig meat prices which are now around 30p adrift, so in school report terms “could do better”.

19th January 2018

“Paint it Black” (Rolling Stones)

Another difficult day for sellers and although UK pig prices are well ahead of equivalent European mainland values, the gap between the two gets wider to the ultimate detriment of domestic pig prices.

The latest SPP dropped by a fairly significant 1.43p and now stands at 148.22p, but the influential German producer price announced yesterday was back another 4 Cents and now stands at 1.30 EUR.

This translates around 115p/kg and allows importers to offer good quality carcasses ex head and feet in the 130p/kg region, which is well below the UK value on this side of the Channel.

For comparison purposes, the European producer price this time last year stood at around 127p/kg.

As expected, weekly contribution prices have continued to head south in the 138p/kg region losing a penny or so in most cases and the spot market is not for the fainthearted with one off loads of pigs worth around 130p/kg region, although regular spot sellers were able to negotiate prices 4p – 6p/kg ahead of this.

Cull sow prices also reflected the dismal level to which European pigmeat values have fallen with UK export abattoirs dropping their bid price by around 3p/kg, meaning that most culls were traded in the 60p/kg area compared with 94p/kg a year ago.

The Euro did us no favours with the Pound strengthening marginally and trading at noon on Friday worth 88.4p compared with 88.99p a week earlier.

Weaner prices also continue to head south and although contract sellers are still receiving a fairly useful return, much of which is often pegged to the value of the SPP, the spot market tended to be a much colder environment.

The latest AHDB 30kg ex farm weaner average is £51.81/head and the 7kg average £37.72/head, but one off loads of Red Tractor spot weaners remain at a significant discount and may be worth a punt if finished pig prices stabilise in the months ahead.

Grain markets ended another relatively quiet week with the latest UK feed wheat spot average little changed at £135.8/t and futures drifting sideways with March traded on the LIFFE exchange at £140/t, July at £142.25/t and more distant months such as March 2019 at £145.60/t.

UK soya values have slipped a shade with 48% Brazilian crop trading at £304/t and rape meal holding at £166/t.

And finally, it is good to see that the AHDB are concentrating on further pork promotion, which comes at a time when the industry is sorely in need of a boost as far as consumers are concerned, with the latest campaign delivering a message broadcasting the health and benefits of pork as a “healthy option” which is naturally rich in protein and also has the benefit of being of produced to high welfare standards.

Congratulations to Rebecca MacBain who is the winner of the NPA’s slogan competition with “**British Pork – The Real Deal for a Tasty Meal**”.

26th January 2018

“Nothing Has Changed” (David Bowie)

Very little variation in pig prices with hopes that we may be “bumping along the bottom” with the German producer price holding firm and the SPP also at similar levels currently quoted at 148.25p.

Unfortunately some, but not all, weekly contribution abattoir prices slipped by 1p with others standing on but the end of January is normally a particularly difficult time for pig meat sales and hopes remain that we might see some improvement as spring approaches.

The spot bacon market remains subdued and there are reports of some contract pigs being rolled but all in all a difficult rather than disastrous day, with spot bacon from regular sellers in or around the 136-140p mark with one off loads of spot bacon pigs closer to 130p.

Cull sow prices seem to have paused for breath in connection with their recent slide with prices generally at stand on levels despite a stronger pound which saw the Euro dip in value on Friday trading at 87.32p compared with 88.39p a week earlier, with the result that most culls were traded in or around 60p/kg which is still a miserable price, but continues to underline the weakness of the European wide pig meat market where the average producer pig price works out in the region of 112p/kg which is a huge discount when compared with comparable GB values and one of the reasons why much cheaper imports have continued to penetrate the domestic market.

Weaner prices have however continued to stage a modest rally with the latest AHDB 30kg average up by £1.28/head to £53.09 and the 7kg average also up by .16p/head to £37.88.

Perhaps these are signs of a little more optimism amongst weaner buyers together with hopes that finished pig values will recover to some extent in the spring and may help to explain why this market is a shade firmer, but there is still a wide difference between contract and spot values, with the latter looking to be at bargain basement figures in some cases.

Grain prices have remained at generally similar levels with UK spot ex farm feed wheat hardly changed and quoted at an average of £135.50/t and feed barley trading at a £10/t discount.

Futures markets saw some forward positions ease a shade with March feed wheat quoted on the LIFFE market at £135.40/t and November also a touch easier at £140/t. The current strength of the Euro has been putting further downward pressure on European commodity markets affecting their competitive value on a global basis and as previously, currency changes will continue to rule the roost as far as commodity prices are concerned.

UK soya prices have however risen to a mid-January value of £312/t for 48% Brazilian soya meal and 34% rape meal is also firmer by £5/t and now stands at £171/t.

And finally, no surprise to hear that NPA Chairman Richard Lister feels that much of the pig industry has been “let down” by what is known as the Public Procurement Regulation (PPR) with Government departments buying on a least cost basis. Catering procurement also reflects benefits to UK agriculture as a whole not to mention the higher welfare standards which often apply.

There is a saying that sometimes “the cheapest are the dearest and the dearest are the cheapest”.

