

By Peter Crichton

2nd November 2018

“You’ve Got Your Troubles” – The Fortunes

A bit of a “glass half empty” day with very little in the way of positive news to report although we should be thankful for small mercies, as European values have generally stayed at similar levels for the third week running.

The latest SPP has slipped by .20p to 146.17p which is its lowest value since April 7th, but hopefully its rate of descent is levelling out and the influential German producer price has remained at 1.36 EUR which translates to 119.5p in our money but is certainly far too low when compared with domestic prices making imports a very competitive alternative to the consumer.

Weekly contribution prices have generally slipped by around 1p with most in the 131-137p range and significantly lower than comparable SPP values (tut tut).

The spot bacon market remains very quiet with little demand for any extra pigs and reports of one off loads of spot bacon trading in and around 138-140p which is well below their current COP.

Despite German pig prices standing on, UK cull sow values have eased by around 1p due to a weaker Euro which traded today worth 87.92p compared with 88.69p a week ago and most bids from cull sow exporters have been in the 60-64p range compared with German cull sow quotes of 83p at equivalent sterling values.

Weaner markets continue to reflect the uncertainty of finished pig prices in the weeks ahead, with the latest AHDB 7kg average remaining unchanged at £36.92/head, but no quotation is available for 30kg weaners which the previous week traded at an average of £47.54/head.

Still very little space in the system and as a result, one off Red Tractor spot weaners have been at a significant discount and proving very hard to shift, except at rock bottom prices.

However, one slightly more positive sign has been the continuing modest reduction in cereal prices with London feed wheat traded on the futures market at £171/t for November a shade easier with May quoted at £174.50/t and November 2019 looking better value at £156/t.

On a global basis, some falls in Chicago wheat futures have impacted on the UK feed wheat market along with upward revisions of global wheat production figures this week as well as competitive Black Sea wheat and an improvement in the value of the US dollar.

Soya bean prices have also continued to ease for currency reasons and a slightly more bearish outlook in the US.

And finally, the NPA are urging producers to prepare for the possibility of African Swine Fever hitting the UK pig herd with news that the spread of ASF across China has been detected in many parts of the country and there have been more than 100 cases in wild boar tested in Belgium.

Although some countries have banned Belgian pork exports, global pig prices have generally dropped with additional supplies of Belgian pork undercutting UK pig meat values.

9th November 2018

“I Would Rather be a Hammer Than a Nail” (Paul Simon)

Unfortunately UK pigmeat values are continuing to be hammered by low global prices and indifferent demand with the SPP also continuing on its downward path, losing another 0.84p this week to stand at 144.33p.

Although European pigmeat prices are just about holding on at last week’s low levels, changes in currency rates have meant that the value of our pigmeat imports has gone down and the same applies to exports.

Weekly contribution prices have in most cases held at similar levels, but are still far too low when compared with the SPP, with most in the 131-136p/kg range.

Spot bacon demand remains fickle and with ample pigs about, not to mention several major abattoir breakdowns this week, there was no need for buyers to put more money on the table to fill orders.

Although very few pigs are traded on a spot basis, those that were have generally been in the 136p – 140p/kg region, although regular sellers were 4p – 6p/kg ahead of this in some cases.

With the Euro trading on Friday worth 87p compared with 87.92p a week earlier, it was inevitable that sow prices were lower to allow for the weaker Euro with UK export abattoir bid prices generally in the 60p – 63p/kg range according to load size, compared with over 70p/kg a year ago.

With replacement maiden gilts still costing in the £180/head region, it can be a case of selling two sows to buy one gilt, i.e. sell two to get none free.

The weaner market remains under significant pressure although the AHDB have not published a 30kg price, but if they had it would almost certainly have been less than two weeks ago following the trend set by 7kg piglets which have fallen to £35.68/head; a relatively low return at a time when feed costs remain high. It is worth bearing in mind that an estimated 80% of the 7kg sample come from outdoor Freedom Food herds, which should be worth a premium over Red Tractor.

There has been no improvement in demand for either 7kg or 30kg Red Tractor weaners and in the light of falling finished pigs returns and the challenges posed by selling finished pigs in the January / February period, it is hardly surprising that there are very few takers for Red Tractor spot weaners in what has become a buyers' market.

On the feed price front, UK protein values have remained at generally similar levels with 48% soya meal ex Liverpool trading at £319/t and 34% rape meal ex Kent at £205/t.

Cereal prices are showing a slightly easier trend, much to the relief of hard pressed pig producers, with November London feed wheat quoted at £167/t, March 2019 at £170.85/t and November 2019 at £155/t.

Improvements in the value of Sterling due to Brexit hopes have taken the Pound to its highest point since April this year and has led to some grain price falls on the Continent as a stronger Pound increases the competitive edge of imports, taking some of the pressure off the cost of compound feed ingredients.

And finally, reports that the US pork industry is looking to participate in future UK/US trade deals may put the domestic market under yet more pressure as the US have a much lower COP than in the UK, with calls from the National Pork Producers Council that all USDA approved pork and pork products must be eligible for export to the UK without additional regulatory requirements.

Although it remains to be seen if the UK Government compromise our higher production standards, unfortunately in Global trading situations the price often speaks louder than anything else and it would be a black day for the industry if Animal Welfare Standards were watered down in pursuit of trade deals.

16th November 2018

“No Exit?” - Blondie

Although the Brexit shambles continues to “hog” the headlines, pig trading carried on as usual on what turned out to be a relatively quiet day with the SPP dropping another .41p to stand at 143.2p which is its lowest level since October 2016.

German pig prices have however stood on for the 5th week running which is some comfort during these testing times and remain at 1.36 EUR equivalent to 120p/kg in our money.

Most weekly contribution prices have stayed at similar levels within the 131-136p/kg range but are still around 10p/kg adrift of the SPP.

Spot bacon demand remains quiet with reports of non-farm assured pigs changing hands in the 132-135p region and one off spot loads of Red Tractor baconers worth in 138-140p range.

One of the few benefits of the current Brexit situation is that the value of the Euro has risen against a falling pound and traded on Friday at noon worth 88.4p compared to 87.29p 7 days earlier.

As a result, although German cull sow prices have remained at generally similar levels, UK cull sow exporters put an extra penny into their price reflecting the currency change and most bids were in the 60p-64p/kg range according to spec.

Weaner prices remain under pressure although the latest AHDB 7kg average has risen by £1.38 to £32.06, 30kg weaner values remain in the doldrums and are quoted at an average of £49.23 but these include a mixture of Red Tractor and Freedom Foods with the market for Red Tractor weaners under increasing pressure with very few takers and prices reported to be as low as £35 in some cases which is less than the value of a 7kg piglet!

However, until a clear pattern emerges concerning finished pig values early next year, buyers are remaining extremely cautious despite some relatively modest falls in the cost of feed ingredients.

UK spot wheat prices have continued to reflect easier trends trading at or around £160/t ex farm and London futures feed wheat prices were a shade firmer on Friday morning with January 2019 quoted at £170.90/t and May 2019 at £174.50/t.

However, UK cereal markets remain volatile due to the Brexit situation and uncertainty and a fall in the value of the pound can trigger upward movements in domestic prices but if the pound rises against the Euro domestic feed commodities may well face downward pressure to the relief of hard pressed pig producers.

UK protein prices have also reflected slightly easier trends with 48% soya falling from £319 to £311/t and 34% rape seed a shade easier and down from £206/t to £205/t.

And finally, the lack of any recent news in connection with ASF does not mean this risk has gone away. It was good to hear that the Chief Veterinary Officer is contacting hauliers warning them of the risks of bringing ASF into the UK and the need to step up biosecurity measures including washing and disinfecting vehicles to prevent the spread of this killer disease especially at a time when there is the distraction of Brexit to deal with. Recent reports from China have indicated that the ASF virus has now been detected in pig feed leading to further fears about its potential spread across the country where more than 50% of the world's pigs are raised.

23rd November 2018

“Thank You Very Much” – The Scaffold

Unfortunately pig prices are in many cases continuing their downward track with the latest SPP losing a further .36p to stand at 143.57p although German prices have actually stood on for six weeks running at 1.36 EUR but this is only equivalent to a miserly 120p/kg in our money.

Very few extra pigs seem to be wanted and contract spaces remain tight and although most of the larger abattoirs held their contribution prices at similar levels, these were in most cases well below COP figures.

Although now is the time for buyers to start putting forward extra numbers to cover the Christmas/New Year shut down, there seems to be very little appetite for extra pigs at present which could lead to a significant backlog building up over the festive period and beyond.

With a relatively small number of spot pigs, traded prices tended to be in the 134-138p range although regular sellers have been able to negotiate premiums over and above this level.

Renewed hopes that Brexit arrangements might be back on track saw the pound rally over the last few days but the value of the Euro at noon on Friday of 88.45p was much the same as it was 7 days earlier.

European cull sow values have remained generally unchanged with the result that UK export sow buyers were bidding in the 60-64p range compared with 72p/kg a year ago but according to EU mainland pig meat trading reports, volumes are still high and demand remains under pressure.

The UK weaner market is not for the faint hearted with the latest AHDB 7kg ex farm weaner average continuing to drift and now stands at £35.31 compared with £42.02 a year ago.

Unfortunately, there was no AHDB 30kg average quoted again this week but Red Tractor spot 30kg pigs are reported to be trading at a significant discount in some cases worth little more than their 7kg counterparts.

UK protein prices have also unfortunately hardened over the past week with 48% soya traded ex Liverpool at £320/t and 34% rape meal ex Kent at £214/t. Cereal prices on the London futures exchange have however, shown little variation over the week with February feed wheat quoted at £169.50/t and May at £173.25/t.

Uncertainty over Brexit continues to dominate domestic cereal markets although by the end of the week positions were little changed.

And finally, despite all the worries facing the industry, thank you very much to all the organisers and sponsors of the National Pig Awards which took place at the Lancaster Hotel in London on Monday evening, where over 400 of the good, the bad and the ugly were able to let their hair down (assuming they had some) and forget all the worries and cares of pig production until Tuesday morning.

A big thank you however to all the organisers for putting together a glittering event, only next year perhaps pork should be the main course rather than duck?

30th November 2018

“Do They Know It’s Christmas?” – Band Aid

Thoughts of a certain Mr Scrooge often come to mind over the Christmas period and he certainly seems to be very much in evidence as far as the UK pig industry is currently concerned.

Although the latest SPP hardly moved and only fell by a gnat’s whisker of 0.05p to 143.52p and German mainland producer prices also held at similar levels around 1.36 EUR (the equivalent of around 120p/kg in our money) demand for UK pigs continues to come under downward pressure.

Weekly contribution prices are still heading south with falls of between 1p – 2p/kg and as a result most contribution prices are now in the 129.5p – 134p/kg bracket, which is about as much use as a one legged footballer as far as producers’ margins are concerned.

The spot market remains extremely quiet with little extra demand over and above contract numbers with the leg trade reported to be weak and as a result sellers of one off loads of spot bacon pigs could be looking at prices in the 135p/kg region where there is space.

The cull sow market has remained at similar levels despite the Euro trading at 89.16p compared with 88.45p a week ago and UK export abattoir prices have tended to remain within the 60p – 64p/kg range.

Although the latest AHDB 7kg weaner average has moved up £2.85 per head to £38.16/head, once again no weekly average price has been published for 30kg weaners, but these are reported to be under pressure especially as far Red Tractor pigs are concerned with, in some cases, Red Tractor 30kg weaners being worth less than RSPCA Assured 7kg piglets!

As far as feed costs are concerned, the futures markets are showing prices at similar levels on the week with January 2019 London feed wheat quoted at £168.75/t, March at £171.10/t and November at more attractive £157.55/t.

UK protein prices have remained at stand on levels with 48% soya meal ex Liverpool traded at £320/t and 34% rape meal ex Kent at £213/t.

Looking further afield with the southern hemisphere wheat harvest underway, reports are indicating wheat production yields generally ahead of last year and bumper maize crops have also helped to put something of a lid on prices, although Brexit will continue to hog the headlines and possibly hold the answer to domestic and European cereal prices and if the war of words between Russia and the Ukraine continues this could put upward pressure on prices.

And finally, news that the AHDB have mounted new pork campaigns to stimulate demand for promoted cuts where sales have increased by 16.5% will come as music to the ears of hard pressed producers at a time when global pigmeat prices are falling and hopefully this promotion will continue with more UK pork marketing sorely needed to stimulate demand.

