

## **By Peter Crichton**

**7<sup>th</sup> June 2019**

### **“ Unfairground” – Paco Pil**

Pig pricing has turned into something of a fairground ride with “swings and roundabouts” being the main features and although the SPP managed to put on 1.13p to stand at 146.47p, this is still way out of step with recent movement in EU mainland prices which included the influential German producer price adding another 5 cents to stand at 1.85 EUR, which is equivalent to 164p in our money.

There was also something of a lack of conformity as far as “weakly” contribution prices were concerned, with increases of anywhere between 1-3p and the majority were quoted in a wide 140p-148p range.

Spot bacon supplies have remained limited with virtually everything going on contract, but where there were any deals done these were generally in the 150p + region.

Cull sow quotes have nudged higher, up by around 1p, with a fairly wide spread between offers for large and small lots of 98p and 103p/kg and in most cases it has paid producers to haggle with numbers slightly on the tight side, although the Euro traded today worth 88.56p which is almost exactly the same as its value a week ago.

Weaner prices are continuing to improve but not at a particularly great rate, with the latest AHDB 30kg average quoted at £50.16 and 7kg piglets at £36.25.

However, as reports continue to emerge of further reductions in the availability of pig meat in the Far East this should filter through to the weaner market in the months ahead and will certainly provide finishers with a better potential return, assuming that feed prices remain in check.

Cereal values remain at manageable levels as far as pig producers are concerned with London feed wheat quoted for July at £160/t and September at £153/t.

Barley still enjoys a significant discount with futures deals for July at £138/t and September at £140/t.

Spot sales of UK feed wheat on an ex farm basis have been in the £150 region and 2019 cereal harvest prospects in the UK are looking reasonably favourable in terms of yields.

Protein prices have however remained at generally firm levels, with Hipro soya for July-October traded at £316/t and for November-April 20 at £321/t.

And finally, although the global pig market continues to be dominated by the ASF situation in China and neighbouring countries, much closer to home comes the alarming news of a Polish farm with more than 8,000 pigs going down with ASF. Even more worrying is that this particular outbreak is linked to domestic pigs rather than in wild boar populations.

This however, underlines the need for UK producers to continue to step up biosecurity controls on their units and to treat this as a priority, rather than the last thing on their bucket list.

The three main rules for profitable pig production remain “Health, Health and Health”.

**14<sup>th</sup> June 2019**

### **“Blood in the Water” – Trampled by Turtles**

The yawning gap remains between EU mainland and UK prices, and although the SPP went up by 1.38p and now stands at 147.85p, fortunately the German producer price closed a tad easier dropping by 2 Euro cents but this is seen more as a supply correction rather than a longer term downward trend and even allowing for this slight reduction, the German price is still higher than us at 1.83 EUR, which is equivalent to 163p/kg in real money.

Weekly contribution prices have stood on in some cases and others have gone up by a modest penny or two, with most now between 142p-148p but still well below where they should be and producers are continuing to question the methodology behind these prices which do not fully reflect UK pig meat values and are putting the brakes on the SPP which should be moving ahead at a much faster rate than it is.

Spot bacon was generally in very short supply and bids were anywhere between 148p-155p according to spec.

Cull sow prices have in the main stood on despite the Euro improving in value, trading at 89.08p today, up from 88.56p a week ago.

Sow buyers are however still looking for culls and sellers who are prepared to haggle were in some cases able to squeeze slight increases, with most cull sows now worth between 98p and 103p in the main.

Weaner prices continue to move ahead, with the latest AHDB 7kg average up by almost £1 to £37.24 but with no quotation for 30kg weaners due to lack of numbers, these remain at the previous weeks price of £50.16/head.

Although the outlook for pig prices is reasonably optimistic, with fewer weaner buyers now operating in the market and others now running B&B arrangements there is very little free space for any spare weaners which is also putting something of a glass ceiling into the equation with fattening space becoming scarce, indicating that there may be more pigs in the system than originally forecast.

In the feed markets, cereal prices have remained at generally similar levels, with London feed wheat quoted for July at £158/t and £151/t for September. Barley looks better value at £135/t for July and £137/t for September.

Protein values have rallied to some extent, with July-October Hipro soya traded at £316/t. Spot sales of feed wheat on an ex farm basis saw values ease by £4-£6/t, with an overall UK average of £146.90/t looking fairly attractive for pig producers.

Chicago wheat futures have closed firmer and the same applies to soya and maize due to drought conditions in parts of Russia.

And finally, although China and the Far East have major problems to face from the ongoing swine fever epidemic, producers in the UK could also be faced with a dual challenge on the disease front following reports of UK exporters looking to buy live weaners to send to Europe as their prices are much higher than ours, with reports of 30kg weaners being worth up to £70 each in some cases.

However, movements of pigs and livestock vehicles in any direction to and from Europe presents a whole host of disease hazards, especially as far as pig and livestock truck movements are concerned travelling through areas such as Belgium where swine fever outbreaks have occurred and may still do in the future and the same applies to parts of Eastern Europe.

Added to this are reports of further dysentery outbreaks in the UK with a large Midlands pig rearing unit going down with the disease but, to the fury of some producers in the area, this was not disclosed until several weeks after the outbreak was first identified presenting further challenges and the risk of cross infection from livestock and feed lorries.

Swine dysentery can be best described as a “bloody disaster”.

## **21<sup>st</sup> June 2019**

### **“ The Long and Winding Road” – The Beatles**

The SPP continues its upward track albeit at walking speed than running, putting on 1.11p this week to stand at 148.95p which is its highest point since September last year.

Still a long way to go however before UK prices can match those in mainland Europe where the latest German producer price stood on at 1.83 EUR (163.5p in our money).

Weekly contribution prices still have some more catching up to do with a wide range between the goodies and the baddies on this front with most quoted up by around 1p between 142p and 149p.

Slightly more demand for spot bacon in the 152p-155p region, but complaints from some processors that the slow recovery of the SPP is not just down to them because their retail customers are also playing hard ball on prices despite rising global pig meat values due to the ongoing ASF epidemic in many of the oriental countries in the Far East.

Cull sow prices have also improved by around 1p with most now quoted between 100p and 106p with medium weight culls generally averaging in the £150 region compared with £85 at the start of the year so in “Hughie Green” speak its almost a case of Double your Money. A further improvement in the value of the Euro has also helped to nudge the value of cull sows in the northerly direction with the Euro trading today worth 89.40p compared with 89.26p a week ago.

Weaner prices have remained relatively static with reports of a shortage of finishing space filtering through despite a more promising outlook for finished pig prices due to the ongoing ASF situation continuing to knock holes into the whole global pig meat supply chain.

Mixed messages from the cereal and protein markets where forward prices for UK wheat have been around £155/t for July compared with £151/t for September and barley at a significant discount trading for July at £135/t and £137/t for September.

Soya prices have eased a shade but are still much higher than their position two months ago with Hipro soya meal traded for the July-October period at £311/t and for November-April 2020 at £316/t.

UK spot ex farm feed wheat prices have hardened slightly averaging £147.50/t but barley prices weakening to average £123.20/t.

With reports of good European harvest prospects following the recent "soft refreshing rain" this could help to put some downward pressure on cereal prices if these better yields come up to expectations when the combines start rolling in earnest.

Last week's timely warning about the spread of dysentery in the UK may have come too late for some with news of a further outbreak in Notts following soon after the detection of dysentery on a Leicestershire grower unit.

Although the consequences of dysentery are not quite as serious as swine fever, it can still make a massive hole in producers' budgets and in some cases drive them out of business.

And finally finally, there are calls from the AHDB for outdoor pig breeders, who now produce around 50% of all pigs in the UK, to work more closely with arable landlords and make pigs a useful part of the crop rotation putting goodness back in the soil rather than taking it out and also delivering a handsome rent in excess of £300/ acre plus BPS payments to the lucky landlord!

However, despite the better financial returns which outdoor pigs can produce for landlords well ahead of overall crop margins, it is still difficult to find suitable light land sites in pig free areas which is why this latest campaign by the AHDB is to be encouraged.

**28th June 2019**

### **" Fings Ain't WhatThey Used To Be" - Max Bygraves**

The June/July period used to be one of the best months for pig meat prices but this no longer applies with reports of selective demand and although shoulders are selling reasonably well, legs, bellies and loins have been proving slightly more fickle (or the word that sounds like that).

Beef and lamb prices are also under a certain amount of pressure and we need to see more promotion of all red meats to try and recover the bigger share of the consumer market and tempt future generations away from "non-meat" meals.

The SPP continues its steady upward track rising by another .81p and now stands at 149.76p and hopefully by this time next week we will have reached the 150p barrier.

Weekly contribution prices are still lagging well behind the real world with quotes up by around 1p between stand on or up in places and between around 141p-150p. It has been suggested by some producers that we need to find another name for pig reference prices and suggestions received have included the CONtribution Price or the Dick Turpin price!

European pig meat prices have stayed firm with the German producer price quoted at 1.83 EUR which is equivalent to 164p and still well ahead of equivalent UK price levels.

Despite a further fall in the value of the £ against the Euro which traded on Friday worth 89.73p, this was not enough to nudge cull sow export prices up much with most remaining at stand on levels between 103p-106p although those sellers with large loads or good negotiating skills were in some cases able to extract an extra copper or two.

Weaner prices continue to maintain their recent values although the latest AHDB 7kg average is quoted at £36.48 demand for Freedom Food RSPCA assured weaners is generally ahead of this to the tune of £2 or so. Although there is little doubt that global pig prices will continue to rise due to the ASF epidemic in much of the Far East, weaner prices can at best be described as selective mainly due to an ongoing lack of pig rearing and finishing space which is becoming harder and harder to find and the same applies to individual farmers many of whom are now part of bed and breakfast pig rearing schemes rather than buying weaners on their own behalf.

Grain markets have ended a fairly uneventful week with feed wheat traded on the futures market at £153/t for September and barley looking more competitive at £138/t for the same month.

The latest UK average ex-farm spot wheat price averaged £147.10/t. Although western Europe is enjoying the current heatwave, this is not a repeat of the long hot drought which hit crop yields so hard in the EU a year ago.

Hipro soya prices have to the relief of producers, eased back a touch and the latest quotes for August-October have slipped to £305/t and for November to April marginally firmer at £308/t.

And finally, as far the health (or otherwise) of our national herds are concerned, DEFRA are launching a new poster campaign at airports and train stations and other points of entry to warn incoming passengers (and people smugglers) about the risks of African Swine Fever being unintentionally let into the UK via pork products purchased in affected countries.

Producers however need to be on their toes at all times to prevent any visitors entering their units including unwashed animal rights protesters!

