

By Peter Crichton

6th December 2019

“Don’t Leave Me This Way” – Jimmy Somerville

The SPP has moved up by a significant .93p and now stands at 159.54p, so it looks as though next week the 160p barrier should be broken.

However, weekly contribution prices however are still diluting the contract values of finishers and although this week, weekly prices rose by anywhere between 1p and 3p and are now within a general 155-163p range, the average increase in weekly prices is still lagging behind the SPP.

Although the spot market has remained fairly quiet, any abattoir short of pigs would probably need to be paying over 165p to wean these away from contract outlets.

Unfortunately a significant rise in the value of the pound has hit the Euro which traded on Friday worth 84.5p, compared with 85.39p a week earlier and although the German pig price went up by 30 cents to 2.030 EUR, this has only triggered a modest rise of 1p for UK cull sows where most are now trading between 120p and 123p, but this still paints a much happier picture when compared with 60p in January and culls are worth over double what they were at the start of the year.

Weaner prices are remaining firm partly due to increases in the SPP, although the latest AHDB 7kg average has slipped by £1.17 to stand at £40.89/ head. No average price has been issued by AHDB for 30kg weaners, but reports are indicating that these are trading in and around £53-£56/head, with RSPCA assured pigs continuing to earn a premium.

Feed prices are remaining reasonably stable, with UK feed wheat traded on the futures market at £150/t for January and £158/t for September.

Feed barley futures values have seen January traded at £131/t and September at £141/t.

Protein prices are continuing to ease, with Hipro soya slipping to £287/t for January-April and £286/t for May-October.

As always, these markets remain very susceptible to alterations in currency values and climatic events, none of which producers have any control over.

And finally, a fascinating 7 days lie ahead with the upcoming General Election and if this leads to the UK leaving the EU, producers will be watching the situation like hawks to see what negative fallout there may be as far as the pig industry is concerned.

For the time being this will be a case of “watch this space”, but it looks as though there is still much to be negotiated as far as the withdrawal period is concerned and it is far less simple than Barking Boris has suggested.

13th December 2019

“The Final Countdown” – Europe

Some of the steam seems to have come out of prices now that the Christmas holiday is approaching, although the SPP rose by 1.03p to stand at 160.67p.

European prices appear to have paused for breath, which they are fully entitled to do as since the start of the year the average European reference price has risen from 116p to 164p whereas its UK counterpart, the SPP has only put on a modest 20p since the start of the year when it was worth 140p.

Weekly contribution prices have largely stayed at similar levels with most between 155p and 163p/kg, although one processor went up by a copper, compared with the influential German producer price which remains at 2.03 EUR, equivalent to 169.5p/kg in real money.

Spot buyers have been more active in the market with the result that most spot trades have tended to be within the 163p – 166p/kg range, despite the run up to Christmas and a few more pigs coming forward.

Fresh meat wholesalers are reporting that domestic demand still remains selective, but it is the export trade to China which has put a rocket under the pig market.

Reports are emerging however that if Donald Trump and the Chinese Government agree terms, large volumes of tariff free pig meat from the US could head to the Far East, which could significantly undercut export deals with the EU and other producer countries.

Cull sow prices have taken a bit of a knock dropping by 3p/kg, mainly due to the fall in the value of the Euro with UK cull sow export prices generally between 117p and 120p/kg, not helped by a number of large German pig meat processing factories closing down or reducing volumes before Christmas.

Weaner prices continue to stage a modest recovery rising by 0.71p and the latest 7kg AHDB average stands at £40.60/head with premiums available for RSPCA assured pigs and 30kg weaners generally trading between £55 and £58/head.

In the commodity markets the value of cereals is drifting with January 2020 feed wheat quotes at £149/t and September at £156/t. UK spot feed wheat is trading at £137.60/t ex farm.

Barley is still at a discount with January 2020 deals done at £130/t and September values around £136/t.

Proteins have also eased to some extent due to a stronger Pound with January – April 2020 Hi Pro soya traded at £290/t and the same price applying for the May – October period.

However, the recent long periods of very wet weather will have an impact on harvest 2020 with large areas of land in the UK still too wet to drill and straw looking as though it could be worth as much as it was three years ago.

And finally, although we can now “do” Brexit according to barking Boris and leave the EU at the end of January, there is a whole heap of work to be done during the transition period which could last until the end of 2020 before the pig industry really knows whether it is going uphill, sideways or backwards.

Although the Chinese market remains a very valuable factor in the whole pig meat supply chain, UK Government officials need to pay closer attention to taking all possible steps to avoid ASF heading this way, especially at a time when red meat consumption is tending to fall and it would be hard to find alternative markets if the bamboo curtain was to close.

Perhaps by the end of the transition period we will find out whether this is the beginning of the end or the end of the beginning.

20th December 2019

It Might as Well Rain Until September – “Carole King”

With many of the larger abattoirs in the UK and beyond “done and dusted” as far as Christmas and New Year stocks are concerned, a quiet trading day as anticipated, with the SPP up 1.15p to 161.84p, which is 21p higher than its value at the start of the year.

However, the influential German producer price took a sharp downward step slipping by a significant 8 Cents to 1.950 EUR which is equivalent to 167p/kg in our money, and it was very much a case of “no room at the inn” but it will be interesting to see how prices react after Christmas, with pig pundits suggesting that there is room for improvement and prices should continue to recover after the holiday period.

Weekly contribution prices are expected to stand on in the main which comes as no surprise, with most between 155-163p.

Spot demand remains at similar levels on the week in and around 163-165p but fresh meat demand still remains selective and it would be reassuring to see better domestic sales rather than having to rely on the Chinese African Swine Fever epidemic to encourage a further recovery in pig prices at a time of year which in the past, has often been a very difficult trading period but with few signs of pigs being rolled let’s hope it stays that way.

As expected, UK cull sow values have slipped in line with European trends, with prices for next week back by around 4p/kg and most culls traded in the 112-116p range, although the value of the Euro has recovered to some extent now that the Brexit euphoria is starting to wear off and the implications of all the work that has to be done during the 12 month transition period is starting to be appreciated with a weaker pound lifting the Euro to 85.6p at mid-day on Friday, compared with 83.5p the previous week.

Weaner prices are continuing to reflect improvements in the SPP, with the latest AHDB 7kg average quoted at £41.80/head and 30kg weaners are reported to be trading at around £15 per head above this level and although weaner prices in parts of Europe are reportedly at record levels, the last thing our industry needs is for live exports of weaners going to Europe, bearing in mind the huge risks that could be posed by livestock trucks returning or passing through AFS regions in Europe on their way back to the UK.

Feed wheat prices are starting to creep ahead with January '20 futures quoted at £153/t and September '20 at £161/t.

Barley continues to trade at around £22/t below wheat, with January '20 deals being done at £131/t and September '20 at £137/t. Soya prices have also nudged ahead with Hipro soya meal for the January-April period at £297/t and for May-October at £293/t.

With the ongoing wet weather in many parts of the UK and Northern Europe, now would be a good time for farmers or pig producers to keep their eye on cereal values. Not only could there be more expensive pig feed to contend with but straw may also become scarce if these weather trends continue, although that will hardly worry most of our (former) EU partners, most of whom think straw is something to make sun hats out of rather than give it to pigs.

And finally, next week's commentary will include a brief look back and look ahead at the industry. No doubt it will be dominated by the ongoing ASF situation in China and 20 other neighbouring countries with producers needing to be aware of the ability of the Chinese to rebuild their pig herds and build new units, but there is still a long way to go to achieve this.

Now is the time for UK producers who have any spare funds to look at upgrading and improving productivity levels, rather than waiting for us to be on the receiving end price falls which may be in the pipeline over the next few years on the basis of, in the pig industry, what normally goes up often comes down.

27th December 2019

Back to The Future – “Robert Zemeckis”

A relatively quiet end to a fairly turbulent year with most index prices showing little variation with their pre-Christmas values.

Although the SPP put on a useful 1.15p last week to stand at its highest level of the year at 161.84p, fortunately the influential German producer price which had dropped 8 cents in the week before Christmas has remained at similar levels, worth 1.95 EUR, which works out at 166p in our money.

Most weekly contribution prices have stayed at last week's level with a range of values between 155p-163p.

UK bacon pigs have traded at similar levels on the week with retail sales still described as patchy with headline prices propped up by the ongoing export trade with China and the Far East due to Classical swine fever.

As a result, spot bacon quotes were generally in the 162-165p range with no real appetite for extra numbers and plenty of alternative forms of sustenance such as mince pies, Christmas pudding and turkey remnants still filling a hole.

Cull sow prices have followed the stand on trend of the European pig market as a whole with UK cull sow export buyers generally holding their prices between 112-118p according to load size, but hopefully prices will improve once the New Year holiday is over and normal service is resumed.

The value of the Euro showed very little change with its latest quotation of 85.27p compared with 85.6p a week earlier and any further weakening in the value of the pound would be welcomed as far as pig meat imports and exports are concerned.

Weaner prices remain firm although finishing space is still at a premium with the latest AHDB 7kg average ex-farm value up by 20p to £41.80/head but there is still insufficient data for a AHDB 30kg average to be quoted, although reports have been received that these are in most cases changing hands (or trotters) at around the £55-£58 mark.

Feed values are continuing their stealthy rise with UK feed wheat futures prices of £154/t for January and £162/t for September and feed barley between £131-£137 for similar dates. Ex-farm UK feed wheat spot prices are averaging in the £142/t region

Protein values also hardened a touch with Jan-April '20 Hipro soya meal worth £297/t and May-October '20 £294/t.

And finally, as the year draws to a close this might be a good idea to review what has happened in the past 12 months and hope this might provide some clues for the future.

January 2019

SPP	140.6p
European Av Pig Price	116p
AHDB 30kg weaner	£44.40p
AHDB 7kg weaner	£35.62
Cull sow values	58p
UK feed wheat spot value	£170.50/t
Euro	90p

December 2019

SPP	161.82p
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European Av Pig Price	161.45p
AHDB 30kg weaner	£56.50 (*estimated)
AHDB 7kg weaner	£41.80
Cull sow values	£110p
UK feed wheat spot value	£142.00/t
Euro	85.6p

Some of the biggest fluctuations relate to sow value prices and the European pig price and a rally in the value of the British pound at the end of the year following the Brexit shenanigans, which may not yet be over.

The main talking point remains the dramatic spread of African Swine Fever which was first diagnosed in China in August 2018 and has since spread through over 20 neighbouring countries throughout much of the Far East and more uncomfortably, has also been diagnosed in wild boar in Belgium with other ASF outbreaks in former Eastern European regions.

ASF testing and bio-security vigilance on an international basis remains at varying levels, with Australia taking the whole situation very seriously despite all the other challenges they have to meet in terms of global warming and forest fires.

As far as the UK is concerned, it is imperative that bio-security levels for imported meat and any farm livestock heading this way are strengthened.

Closer to home, this epidemic comes at a time when domestic red meat sales are continuing to perform badly and this is yet another reason why our pig meat export trade remains vital for the health and survival of the pig industry.

And finally, finally, a glance at the calendar tells us that although 2019 was the Chinese Year of the Pig, 2020 is the Year of the Rat, which is a warning in itself!

'HAPPY NEW YEAR!'

