

By Peter Crichton

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“Flowers in the Rain” (The Move)

Better news on the pig price front from Germany where their influential producer price was up by 8 Euro cents to 1.49 EUR and this price rise was also reflected in much better cull sow values.

However, the SPP continues its downward trend and dropped below 150p for the first time since the middle of June and is now quoted at 149.81p.

Weekly contribution prices have in the main stayed at generally similar levels in the 135-143p range with reports that the pig meat market still remains on the quiet side and the Bank Holiday “short week” at the end of August might also prove to be something of a challenge.

Spot bacon demand continues to be selective with one off loads of spot bacon pigs worth in or around 140p but regular sellers were generally able to receive prices in the 145-150p region according to spec.

Most of the excitement in the market today came in the cull sows sector where prices went up by a significant 6-7p with the result that most culls are now trading in the 70p/kg region but still have a fair bit of catching up to do to match German sow producer prices which are quoted at 81.93p/kg.

The cull sector has also benefited from the continuing improvement in the value of the Euro which traded today worth 89.76p compared with 89.03p a week ago.

The weaner market continues to be highly selective and although Freedom Food 7kg and 30kg pigs are relatively easy to move the Red Tractor sector still remains a dangerous place for sellers.

The latest AHDB 30kg ex farm weaner average is quoted at £36.07 and the 7kg price at £39.39p.

However, buyers are still exercising extreme caution following the explosion in straw prices and soaring feed costs and the spot weaner market remains extremely short of buyers with some weaner contracts also under re-negotiation.

With harvest virtually over in the UK, the recent rain will have had little or no benefit as far as cereal yields are concerned with UK spot feed wheat traded at £184.30/t compared with £133.60/t this time last year.

With feed forming 60% of the cost of rearing a pig, any movements in feed prices can have a serious effect on margins and another reason for producers to keep a close eye on cereal futures and to take cover where they can.

Looking ahead, on the futures markets, London wheat is quoted at £194.65 for November, £199.75 for next March and £200.20 for May and it looks as though producers' margins are going to be under significant pressure unless the pig price follows suit.

UK protein prices are also relatively dear with 48% soya meal traded ex Liverpool at £344/t and 34% rape meal ex Kent at £225/t.

If the combination of rising feed prices and increasing cull values continues, this may tempt some producers to head for the exit door before Brexit comes to us!

And finally the recent rains and drops in temperature levels has come as a huge relief to most of the farming community and with over 40% of our breeding herd now outdoors, this sector remains extremely vulnerable to the climate.

The recent heatwave and drought conditions have hit fertility levels and mortality particularly hard and have also had an adverse effect upon grain yields but we all have to hope that the long hot summer will not be followed by a bleak wet winter!

