

By Peter Crichton

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“There Are Bad Times Just Around The Corner?” – Noel Coward

A combination of indifferent demand, rising feed prices and increasing global pig meat supplies has cast something of a cloud over the pig meat horizon for the future of the year.

Although the latest SPP rose marginally by .16p to 150.47p and the influential German producer price stood on at 1.44 EUR, which is equivalent to around 126p in our money, demand for fresh and processed pig meat remains under pressure with sausages selling reasonably well but with larger joints slow to move during the hot weather.

Spot bacon buyers reported another quiet week with deals done at around the 148p mark and weekly contribution prices are also tending to ease back, dropping by a copper or two in places.

For comparison purposes, this time a year ago the SPP stood at 162.43p and spot bacon trades were in the 170p region.

Cull sow prices remain stuck in a rut with most bids at similar levels in the 63-66p range compared with 100p this time a year ago, although the Euro ended the week almost exactly where it started, worth 88.35p on Friday at noon and this further underlines the fragility of the European market which is reported to be suffering from extra supplies and reducing demand.

A widening gulf remains between contract and spot weaner prices with the latest AHDB 30kg ex farm average quoted at £54.14/head and 7kg average was also firmer at £39.54/head, but in both cases the majority of these prices relate to contract rather than spot deals where a much different climate exists, with spot Red Tractor 7kg and 30kg pigs still looking for homes at discounted prices, and at the same time finishers are no doubt worrying about the price of food and straw in the months ahead.

As far as food costs are concerned, UK soya moved up a touch with early July deals for 48% soya meal ex Liverpool at £339/t and 34% rape meal ex Erith at £211/t.

Spot UK ex farm feed wheat was reported to be trading above £160/t compared with £145/t a year ago, with London wheat futures trading at £167.55/t for November.

Reports from UK harvest fields are indicating that although some crops have stood up to the dry weather reasonably well there are those where yields have been hard hit, especially as far as spring barley crops are concerned, and once the wheat harvest is in full swing, further evidence will be seen in some regions of poor bushel weights and the unfortunate price consequences this may have for the domestic pig industry in the months ahead.

