

Declines in EU's breeding and finishing pig herds

Both the EU pig breeding herd and the total pig herd declined in the year to June 2016, according to provisional figures from Eurostat. Declines of 2% were recorded in the total pig herd and 4% in the breeding herd. The weak pig market in 2015 looks to have taken its toll on European pig numbers, with producers rationalising their herds because of poor profitability during 2015 and into early 2016. Only some countries carry out surveys at this time of year, but they include all the major producers and account for almost 90% of the total EU pig herd, allowing a representative result for the whole of the EU.

The decline in the breeding herd was driven by the majority of Member States posting reductions in this metric. Most notably was Poland, whose breeding herd was back 16%. Polish sow numbers have been in decline since 2010. This has been compounded by declining prices over the past two years, although they have been increasing since the spring, and continued outbreaks of ASF. There have been reports that a cull of 600,000 pigs maybe in the pipeline to try to combat ASF, but these remain to be substantiated.

EU pig census results*, May/June

	2015	2016	% change
000 head			
Total pigs	129,411	127,091	-2
Female breeding herd	10,748	10,321	-4
In-pig sows	7,467	7,125	-5
In-pig gilts	1,320	1,285	-3
Other sows	3,281	3,197	-3
Maiden gilts	1,224	1,194	-2
Boars for service	161	161	-0
Other pigs	118,663	116,770	-2
Under 20kg	39,336	39,119	-1
20-50kg	29,172	28,259	-3
50-80kg	23,933	23,314	-3
80-110kg	20,207	19,756	-2
110kg or over	5,854	6,162	+5

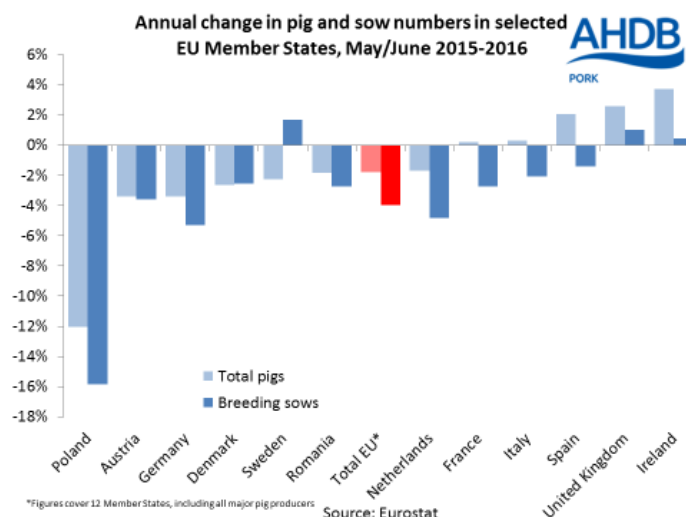
* Figures cover 12 Member States, including all major pig producers
Source: Eurostat

Germany, the Netherlands and Spain also posted declines in their breeding herds, of 5%, 3% and 1% respectively. This is significant as between them they account for over half of the total EU breeding herd. However, Spain still maintained its position as the largest breeding herd in Europe.

Only a couple of Member States posted increases in their breeding herd, including Sweden and Ireland. However, these are smaller producing states, so would have a limited impact on total EU numbers.

The decline in the breeding herd suggests that slaughterings should slow in the second half of the year and into next, and a tightening of supplies may be expected. There has also been a decline in the number of in-pig sows and in-pig gilts.

This would further support the forecast of fewer supplies available for consumption going in to next year.



The decline in the overall pig herd backs up this assumption, with the total EU pig herd back 2% in June on the year earlier. Coupled with this, piglet numbers were back 1%, and there was a decline in most other categories of weaners and finishers, of between 2-3%. Indeed, it was only fattening pigs of over 110kg that recorded an increase on the year earlier, although they only make up around 5% of the rearing and finishing herd. This contraction of the finishing herd will result in fewer pigs coming forward in the short and medium term.

The decline in the total pig herd was predominantly driven by falls in the German and Danish herds, of 3% each. The Polish herd posted the largest decline, of 12%. This may be exacerbated in forthcoming censuses if the aforementioned cull occurs. Only a handful of Member States recorded rises in their total pig herds, most notably Spain at 2%. This movement firmly secures Spain's place as the largest pig herd in Europe, with 400,000 more pigs than Germany. However, this is the slowest growth that has been recorded in the Spanish pig herd since 2012.

The decrease in the total herd should continue to support prices going forwards. While domestic demand remains subdued, as does intra-EU trade, exports to third countries, particularly China, remain strong. When this is coupled with a further tightening of supplies, it may be expected to see the EU pig price continue to increase, following the strong surge since May of this year. It currently stands above 2014 levels, and reports of increasing prices in Germany, a main driver of the EU pig price, should further push this forward.

This should come as welcome news to UK producers, as a strong European price will provide further support to the domestic price. Combined with this, if the value of sterling remains weak against the euro as Brexit negotiations play out, this will further support the competitiveness of UK pork in the export arena, while increasing the price of EU imports to the UK. This would increase the attractiveness of UK pork on the domestic market.