

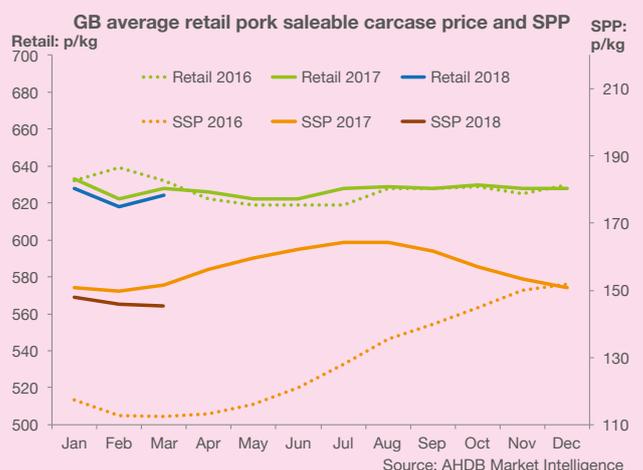
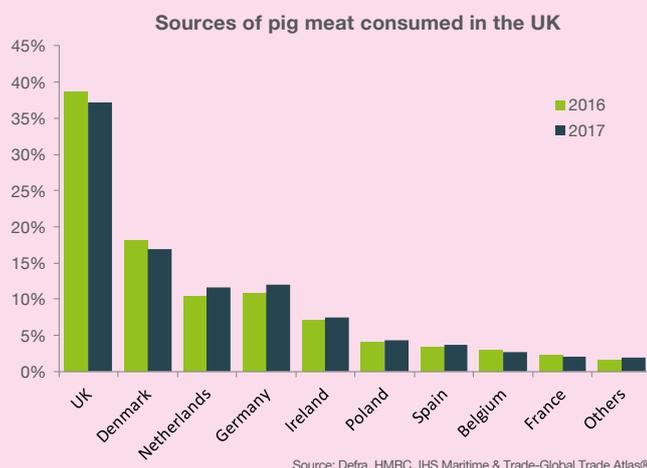
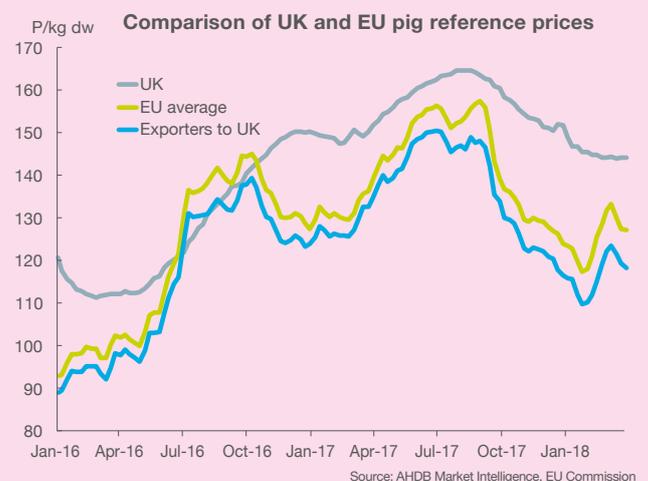
Producer margins shrinking – but still in the black in Q4

Falling finished pig prices, coupled with some increase in production costs, meant producer margins were squeezed in the final quarter of 2017. Provisional AHDB estimates suggest producer net margins fell to 13p/kg (£11/head) during the quarter. This was 14p/kg (£11/head) less than in the previous quarter and the lowest level in over a year.

AHDB estimates the average GB cost of pig production stood at over 143p/kg (£120/head) in the final quarter of 2017. This was almost 4p higher than in Q3, and 9p above year-earlier levels, largely reflecting an increasing amount spent on feed. Feed costs were higher due to a combination of poorer feed conversion ratios (FCRs), meaning more feed was fed to pigs per kilogram of weight gain, and

rising feed prices. As such, feed costs reached 61 per cent of total production costs during the quarter, the highest percentage since the end of 2013.

Some modest increases in other variable costs were also recorded, compared with both the previous quarter and year-earlier levels. This was due to an increase in breeding costs as the value of cull sows declined.



Opportunities to meet David Goodier

Producers have two opportunities coming up to chat to David Goodier about what he's tried out on his 230-sow indoor unit and the improvements he's made while taking part in AHDB's Strategic Farm programme. He'll be at the Pig and Poultry Fair on the AHDB stand on 15 and 16 May and his last open meeting with fellow producers is on 11 June in Wetherby.

Physical performance improvements are converting to cost savings on the Lancashire farm. The number of pigs weaned per sow per year has gone up from 24.29 to 26.79. The fall in cost of production in the breeding herd has been calculated at more than 3p per deadweight kilo, based on 2015 costs.

Reducing pre-weaning mortality, changing service routine and adjusting sow diets are among the actions taken.

Pigs are also being individually tagged and weighed at birth, weaning and slaughter to monitor performance and reduce variation in the finishing herd.

For more information, go to: pork.ahdb.org.uk/pig-production/strategic-farms/david-goodier



Understanding International Consumers

The latest AHDB Horizon report looks at how consumer views and attitudes can differ widely between countries. The report talks about the need for the food-producing industry to understand and be able to adapt to the perceptions and needs of international customers to ensure success in these new markets when we become more reliant on them after Brexit.

The report also looks at 'Brand Britain' and explores how simply being British is not enough to guarantee our products success in export markets.

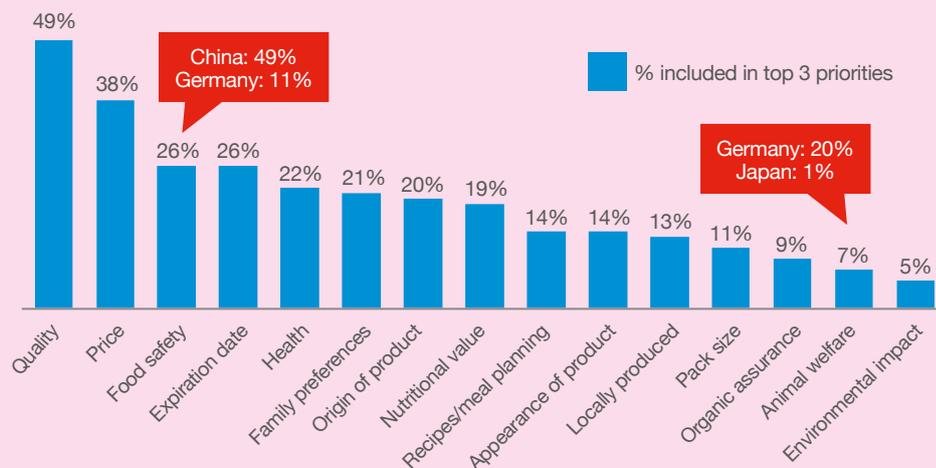
It's agreed that a one-size-fits-all approach to expanding exports should be avoided, so the report goes on to explore the important areas where consumer demands differ across the world, including:

- The top purchasing decision drivers
- How consumers judge quality
- How consumers judge if a product is healthy
- How important is food safety
- Their views on availability of British products in their own marketplaces

The report concludes with Phil Hadley, AHDB International Market Development Director, setting out five guidelines for exporters:

- **Know your market** by learning about consumer demands and how your product may be used
- **Research** the competition and how your product will fit the market
- **Don't assume** that international consumers will be as familiar with a product as the domestic market may be
- **Adapt product messaging** to highlight how your product is meeting consumer demands
- **Be focused in your export strategy** by knowing where you are looking to operate, and growth potential

To read the full report, and other Horizon reports in the series, go to ahdb.org.uk/brexit



Purchase drivers – Meat

Source: AHDB/ICM – International Consumer Perceptions Research November 2017

Q3 – Thinking specifically about meat, what are your priorities when choosing the products that you buy?
 Base: All whose households eat meat at least occasionally (USA 490, Canada 490, Germany 487, France 499, Japan 489, UAE 487, Saudi Arabia 494, China 499, India 396)

Diary Dates

1 May – Stockman Plus Scheme (Lincs.): Finisher Management

1 May – Exeter Pig Club

8 May – Overview of Canadian pig industry (webinar)

8 May – Stockman Development Scheme (Yorkshire): Finisher Management

9 May – ILM Leadership and Team Skills Award (Suffolk)

10 May – Stockman Plus Scheme (Exeter): Finisher Management

15-16 May – British Pig & Poultry Fair

16 May – Stockman Development Scheme (Suffolk): Safe use of Vet Med

23 May – Stockman Development Scheme (Newbury): Weaner Management

23 May – Stockman Plus Scheme (Suffolk): Welfare and Euthanasia

5 June – Stockman Plus Scheme (Lincs.): Welfare and Euthanasia

7 June – Stockman Plus Scheme (Exeter): Welfare and Euthanasia

11 June – Strategic Farm Open Meeting

More information available at: pork.ahdb.org.uk/events

Excellent press and publicity promoting the health credentials of pork medallions

Over a couple of weeks, a publicity story was seeded about how pigs have got leaner over the past few decades. Fronted by passionate pig farmer Fergus Howie and supported by celebrity chef Sophie Wright, the story became a popular talking point and was picked up by media across the UK.

It challenged old-fashioned views that pork is fatty by illustrating how pigs have become 44 per cent leaner than 40 years ago, and that cuts like pork loin and fillet medallions are actually low in fat¹.

A request by Fergus to the Oxford English Dictionary to remove terms such as 'pig-out', 'porky' and 'fat as a pig' due to them being derogatory and not a fair representation of the modern day pig, achieved a huge amount of national and regional coverage. With TV slots on Good

Morning Britain and BBC Breakfast, press features in The Times, The Daily Mail and The Sun, radio, and shared across online channels and social media, the stories have successfully raised the profile of pork.

Alongside this were social media influencer activities with engaging videos featuring quick pork medallion recipes shared to over half a million YouTube viewers. Working with popular health and fitness duo the Lean Machines and mummy vlogger Emily Norris, we reached young and health-conscious audiences with relevant messages about pork medallions, which has helped our aim to rejuvenate the image of pork.

¹This relates to pork loin medallions and fillet medallions trimmed of visible fat. Advice provided by AHDB in association with Trading Standards.



Mission Mexico

Defra and SAGARPA (the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food, Mexico) are currently in talks regarding the opening of the Mexican market to British pig meat and, as you would expect, AHDB is busy providing support and information to help make this happen.

AHDB's Susana Morris recently visited Mexico to meet with members of the Department for International Trade (DIT) teams from Mexico City, Guadalajara and Monterrey. Mexico imports around 45 per cent of its food products, mainly from the US and Canada and, thanks to its relationships with the North American Free Trade Agreement (NAFTA), 1.3 million tonnes of pig meat was imported in 2016.

Meats, in general, are a very important part of the Mexican diet, but it only produces around 65 per cent of its total consumption and is becoming less self-sufficient every year.

Mexico is a huge and highly populated country, with a population of around 130 million people. Its capital, Mexico City alone has a 25 million inhabitants of this generally pork-loving population.

Mexicans have some wonderful recipes featuring pork and every part of the pig is used. The heads are used to make 'pozole' stew and the tails are used for roasting. The famous 'Chicharrón' (fried pig skin) is prepared every day, and they also enjoy 'Tacos al Pastor', served in the street market, 'Pork Tinga' made of ground pork and 'Carnitas' are a kind of delicious taco dish.

Mexico certainly has the potential to become an important market for British pig meat. We produce a great product that the Mexican people are sure to fall in love with. If you'd like to learn more about our export work, visit pork.ahdb.org.uk/exports

Overview of Canadian Pig Industry

On Tuesday 8 May we'll be running an evening webinar providing an overview of the Canadian pig industry. This follows a recent fact-finding trip by two of our Knowledge Exchange managers, who met with a number of researchers and experts across the pond, as well as attending the renowned London Swine Conference.

During the webinar, we'll be focusing on some key learnings regarding moving and handling groups of pigs as well as what we can learn from the way Canadian pig farmers are managing similar issues to those that we are facing.

Register at <https://register.gotowebinar.com/register/3035336379004213249>

