

Record margins in Q3

The latest AHDB estimates suggest producer net margins reached 27p/kg in Q3 2017, the highest since records began in 2009.

The average cost of production between July and September was estimated at 140p/kg, around 1p less than in Q2. This followed from a slight decline in feed costs, with other input costs remaining broadly the same. With production costs only declining modestly, it was rising pig prices that elevated producer margins.

The EU-spec APP averaged 167p/kg during the quarter, the highest since the series began in 2014. Rising pig prices mean that producers have now been profitable for 15 consecutive months.

However, pig prices have fallen in recent weeks, and cereal markets have been stable, so producer margins are now likely to tighten. The APP during Q4 averaged around 10p less than in the previous quarter at 157p/kg. The first quarter is, traditionally, a more difficult period for pig

prices. However, over the past five years, estimated producer net margins have averaged only 1p/kg. As such, in a long-term context, margins are still likely to be more reasonable in the short term, even if pig prices continue a steady decline. This highlights the need for producers to assess the profitability of their enterprises on a multi-year basis.

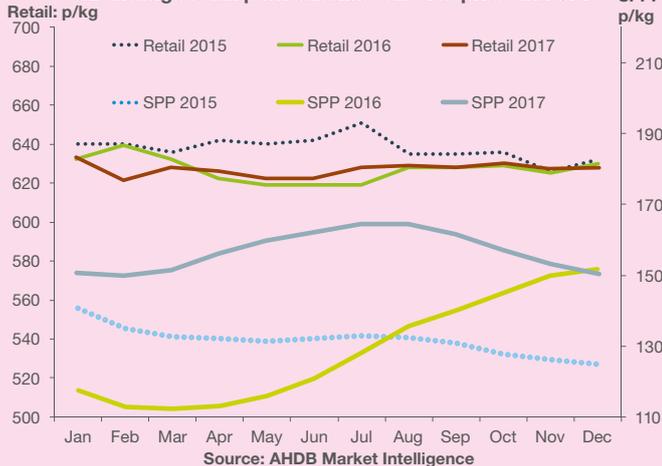
Sources of pig meat consumed in the UK



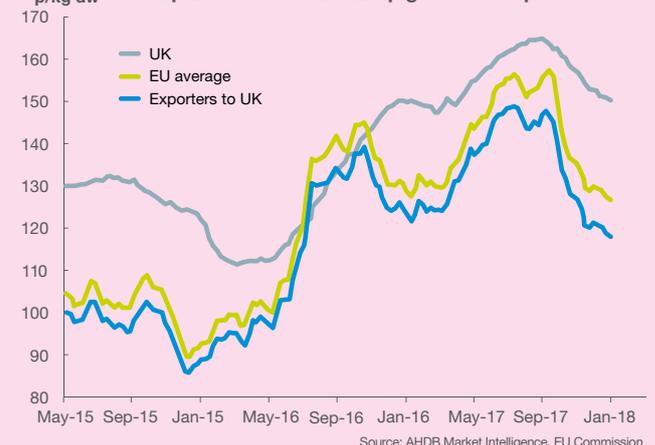
UK weekly clean pig slaughterings



GB average retail pork saleable carcass price and SPP



Comparison of UK and EU pig reference prices



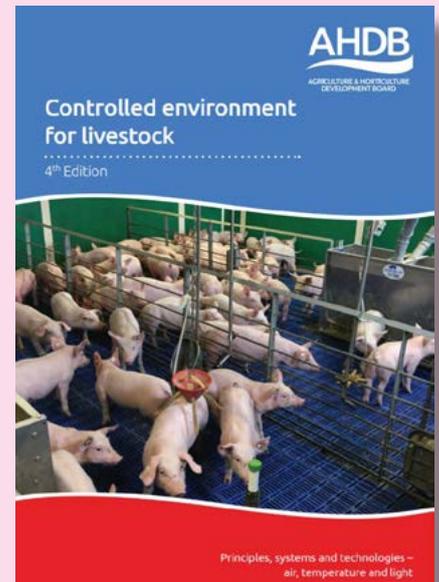
Controlled Environment for Livestock

A much-valued handbook – **Controlled Environment for Livestock** – has been updated by AHDB to include new and emerging technologies which have been developed since the publication was first produced some 50 years ago. The handbook addresses some of the fundamental principles involved in controlled environments for pigs, poultry and cattle.

Many of the current intensive livestock production systems require the provision of a controlled environment for housed stock. In commercial agriculture, pigs and poultry are the animals most often associated with controlled environment; however, there are other animals that can also thrive in controlled conditions at some time during their lives.

Most farmers would think of little more than temperature and humidity as comprising the 'environment' for the animal. But, in fact, it goes much further than that. Environment embraces other factors like airspeed, air quality, light level and colour, and surrounding surface materials. Well-designed systems will maximise outputs through higher growth and reduced mortality; minimise inputs, mostly feed and energy, and also improve the health and welfare of the stock.

The handbook can be found online and hard copies can be obtained by emailing comms@ahdb.org.uk



Small-scale producer pig clubs

Calling all small-scale pig producers. Three meetings, aimed specifically at you, will be taking place later this month. They are free of charge and will be held in Newbury (21 Feb), Exeter (22 Feb) and Sussex (27 Feb). AHDB's Nicky Gumery will be giving an introduction to the eAML2 team and providing a quick look at the electronic medicines book (eMB) and the Disease Charter, with plenty of opportunity for Q&A. There will also be updates from the British Pig Association (BPA). Book your place today by contacting Naiya.Khatri@ahdb.org.uk or visit: <http://pork.ahdb.org.uk/events/> for details.

Gilt watch

There was a great response to the Gilt Watch initiative, with 34 applications to take part from independent producers. It's exciting to see the motivation in the industry to work with AHDB to retain more young sows in the herd and help improve performance.

The project will monitor and work with around 25,000 gilts, with progress and results being shared across the industry. Find out more at: pork.ahdb.org.uk/pig-production/gilt-watch/

Become a Strategic Farm Host

AHDB Pork is looking for four producers to be new Strategic Farm hosts, in an exciting development for 2018. They will be working with other producers, allied industry and AHDB to find new, practical ideas to improve their unit's performance.

This builds on the success of the pilot initiative at producer David Goodier's, adding more pig farmers to AHDB's Farm Excellence network of more than 40 host farms across the farming sectors.

David said: "I've benefited from the pooling of ideas from other producers and industry advisors, with plenty of practical

suggestions on what I could change to help improve pig performance."

AHDB Strategic Farms use farmer-to-farmer learning to accelerate the uptake of knowledge and provide a platform for farmers to explore the potential for best practice to have an impact on their business.

For more information and an application form, producers can visit pork.ahdb.org.uk/pig-production/strategic-farms/ or contact their knowledge exchange manager for a chat. The deadline for applications is Wednesday 14 February 2018.



David Goodier, Strategic Farm host

UK Pork showing off

The export team from AHDB has 2018 all mapped out. The calendar is filling with shows across the globe. China for three shows, France, Singapore, United States, Japan, Hong Kong and important meetings to be held in Mexico, too.

Although HMRC hasn't yet published full 2017 data, early indications show UK exports look good, with the value of pork shipments increasing by 18 per cent on the year by the end of October and offal exports up 26 per cent.

The forecast uplift in domestic production in 2018 boosts prospects to build on the UK's successes in a number of international markets. However, conditions may be more challenging as production in some

competing countries is also predicted to rise. The AHDB export team will be supporting UK pork exporters to develop existing markets and expand the number of markets to which we have access.

China remains a key market for pork. Although business was challenging in 2017, shipments were maintained at 2016 record levels. AHDB will host a number of exporters in Shanghai at SIAL, the leading trade fair for the Chinese meat sector. UK pork will also be showcased at two smaller shows, CIMIE in Beijing, which is a specialist show focused solely on the Chinese meat trade and the final show of the year, FHC, to impress the important foodservice sector.

The foodservice sector will continue to play a key role for exporters of high-quality pork and processed pork, so AHDB will be joined by a number of UK exporters at FHA in Singapore. The show draws influencers from right across South East Asia so provides a unique opportunity to showcase widely the great products we have to offer.

The United States has shown increasing interest in UK pork. Our deserved reputation for high-welfare production systems is helping to drive demand for high-quality pork products. Once again, demand from foodservice is key, so this year AHDB will be increasing the stand size at the National Restaurant Association show in Chicago to boost the UK's presence.

Not forgetting the European market, the most important food show of the year, SIAL Paris, will be held in the autumn and our largest stand of the year will see the pork export team join forces with our beef and lamb colleagues in the impressive meat hall.

Exploring new markets is high on AHDB's agenda and a key area of work for the broader export team. Mexico has become one of the largest global importers of pig meat, so the team will be meeting some key players in the supply chain to assess opportunities for the UK. We will keep you posted on our progress.



AHDB Pork supports LIPs In 2018



AHDB Pork is pleased to announce its ongoing sponsorship of Ladies in Pigs (LIPs). This sponsorship will see the two organisations continue to work together to promote British pork throughout 2018.

The sponsorship will be to the value of £100k and will be used by LIPs where they feel they can best make a difference to encourage the promotion, sales and consumption of British pork throughout the year.

We're looking forward to working together to champion the industry, change consumer perceptions, and, ultimately, promote pork. Here's to 2018!