**United Kingdom Pig Meat Market Update**

**April 2019**

**UK PRICES**

GB finished pig prices continued to come under pressure in February, despite some uplift across the continent. However, prices typically decline during the first couple of months of the year, as consumer demand is more subdued. The EU-spec APP averaged 142.99p/kg, down 4% on the month last year. While prices are keeping below 2018 levels, the annual difference has narrowed a little in recent weeks. In March, the APP generally continued to fall, reaching 142.77p/kg for the week ended 16 March, still down 5.5p (4%) on last year.

The EU-spec SPP averaged 137.54p/kg in February, nearly 6% lower than year earlier levels. However again, the annual discount has been narrowing. In March, there has been some uplift in the SPP, reaching 137.96p/kg in week ended 23 March, 7p (5%) below year earlier levels.

GB estimated clean pig slaughter is now falling behind year-earlier levels. Supplies are also starting to decline seasonally, a trend that normally continues until the late spring. The hot weather last summer may mean the decline is particularly marked this year. However, high carcase weights partly offset the tightening supply situation. Average weights have been around 85kg so far this year, though there has been some typical seasonal decline from mid-March.

The price of a 30kg weaner was unavailable for much of February, due to insufficient sample size. Meanwhile, 7kg weaner prices were broadly stable, averaging £35.98/head. This was around 90p
lower compared with the month in 2018. Prices have fallen a little in more recent weeks, but remain similar to levels earlier in the year; for the week ended 23 March, the average was £35.45/head.

**EU PRICES**

The EU pig price increased steadily during February, with the average for the month reaching €135.91/100kg. This was around €1.60 higher than the January average. Prices across the continent typically strengthen from February onwards, with improvements in demand and some tightening of supply. There have been further improvements recently, with the price reaching €143.15/100kg in the latest week ended 24 March, nearly €7 higher than four weeks previously.

The UK market has not shown the same upward momentum, though a strengthening pound has pushed prices up in euro terms. Nonetheless, the gap compared to the EU average fell to €19.50 in the latest week, the narrowest since last September.

**Comparative EU pig prices (sterling)**

![Graph showing EU pig prices](image)

*Source: EU Commission*

Pig prices in Spain, in particular, soared by €11 in the latest four-week period, because of increasing slaughter capacity in the country. There have been increases in most of the other major producing member states, albeit at a lower rate. Reports indicate demand for pork exports to China is now developing rapidly, and this may provide further support to the EU market over the coming weeks.
UK SLAUGHTERINGS AND PIG MEAT SUPPLIES

UK clean pig slaughter in February was 834,200 head, 4% lower than the same month in 2018. A 6% drop in slaughter in England (and Wales) drove this, as throughput in Scotland and Northern Ireland actually increased by 4% and 7% respectively.

The decline probably reflects poorer herd performance last year. Disease challenges and hot summer weather from around May reduced sow fertility rates.

Adult pig slaughter totalled 19,000 head, 12% (4,000 head) lower than last year. This follows a particularly high slaughter rate in January, and across the two months throughput was still 1% higher. Nonetheless, there is now less evidence of producers reducing herd size due to poor profitability. The December census results equally suggest the breeding herd is stable. Some uplift in maiden gilt numbers could also compensate for the slight increase in sow slaughter this year. However, as always, view census results with caution.

A 1% increase in clean pig carcase weights meant that altogether UK pig meat production was 73,700 tonnes in the month, down 3% compared to February last year.

UK pork trade in 2019 got off to a flying start, with both exports and imports increasing year on year. All categories of pig meat recorded increases in export trade, while fresh/frozen pork and bacon drive the increase in imports.

Total pig meat exports (excl. offal) in January were up 8.5% compared to a year earlier to total 21,500 tonnes. Fresh/frozen pork recorded the largest increase in volume terms, up 1,200 tonnes to total 18,200 tonnes. Exports to China have recorded significant increases, up 72% to total 4,500 tonnes and this was the second largest market in volume terms. Shipments to the UK’s largest pig meat market,
Ireland, were up 8% to total 5,300 tonnes. There have been notable declines in shipments to Denmark, down 59% to total 1,000 tonnes.

Offal exports in January were also up, by 18% to over 7,000 tonnes. China is the largest market for UK offal exports, and deliveries were up by 38% to total 3,300 tonnes. Exports to China have likely been picking up as African Swine Fever continues to prove problematic for the country.

Total pig meat imports were also up in both value and volume. Imports for January totalled 76,500 tonnes (+5%) with a value of £187.2 million (+3%). Fresh/frozen pork and bacon categories have driven the increase, up 16% and 8% respectively. Meanwhile, processed hams & shoulders were down 17% (-2,200 tonnes). Shipments from Denmark and Germany increased compared to a year earlier while deliveries from the Netherlands fell slightly (300 tonnes).

FEED MARKET

UK feed grain prices fell again over the reference period. Sterling continued to strengthen over the month, with grain prices falling to stay competitive with EU markets. Relatively slow global exports have led to a build-up in grain supplies, acting as a ceiling for prices. UK barley prices continued to fall amidst increased maize usage, up 134% on the year for January. Barley usage in January was at its lowest levels since 2012/13. The feed barley discount continues to grow, now £24.80 compared to feed wheat.

Towards late February, there was news of the Ensus plant restarting its bioethanol production three months early. Despite initial positivity, the plant looks set to focus on maize as its primary feedstock. As such, wheat markets felt little positive impact.

New-crop wheat futures (Nov-19) began to fall over February, narrowing the spread to old-crop (May-19). Expectations of a larger new-crop harvest have pressured futures markets. Weather remains the key driver for crop forecasts, with warmer conditions in February contributing to good crop establishment.

Over the month, UK delivered rapeseed prices fell in line with declines observed on the continent. Reduced demand from the biofuel sector has led to an increase in stocks. In addition, increased pressure from vegetable oil markets have also affected prices. Furthermore, a strengthened sterling meant domestic rapeseed prices fell to remain competitive.

Progression in US-China trade talks was positive for soyabean markets over the last month. A Chinese commitment to purchase 10Mt of US soyabean initially raised prices. However, US soyabean markets then fell back over the month, as the Brazilian harvest got underway at a pace well above the five-year average, increasing global supply.
Looking forward, the forecasted tightness in new rapeseed crop supply could support prices. Poor establishment conditions on the continent, and extensive Cabbage Stem Flea Beetle damage reported in the domestic crop has impacting crop area.

**CONSUMPTION**

In the 12 weeks to 24 February 2019, GB pig meat* retail sales were down only slightly compared to the same period last year (-0.8%), according to Kantar Worldpanel. The value of these sales fell by 3%, reflecting lower shelf prices.

The quantity of fresh and frozen pork sold over the period actually rose by 1%, although the sales value fell by the same amount. Within this category, the volume of shoulder roasting joints sold improved the most on the year (+38%), while leg roasting joints suffered the largest drop (-15%). Quantities of chops and steaks sold remained stable on the year, however a drop in average shelf price meant the overall spend on these cuts fell by 4%.

Bacon purchases fell by 5% in quantity, despite average shelf prices falling slightly. Kantar reports 3.7 million fewer shopping trips included bacon compared to the same period last year. The overall bacon spend fell by 6% as a result. Sausage and sliced sales remained virtually stable on the year (+0.7% and -0.8% respectively), but lower shelf prices meant the total spend suffered. Meanwhile, the number of pork pies and sausage rolls sold rose by 5% and 9%, respectively.

*encompasses primary, bacon, sausages, sliced cooked meats, chilli main meal accompaniments, ready to cook, pulled pork, pork ribs and burgers and grills.