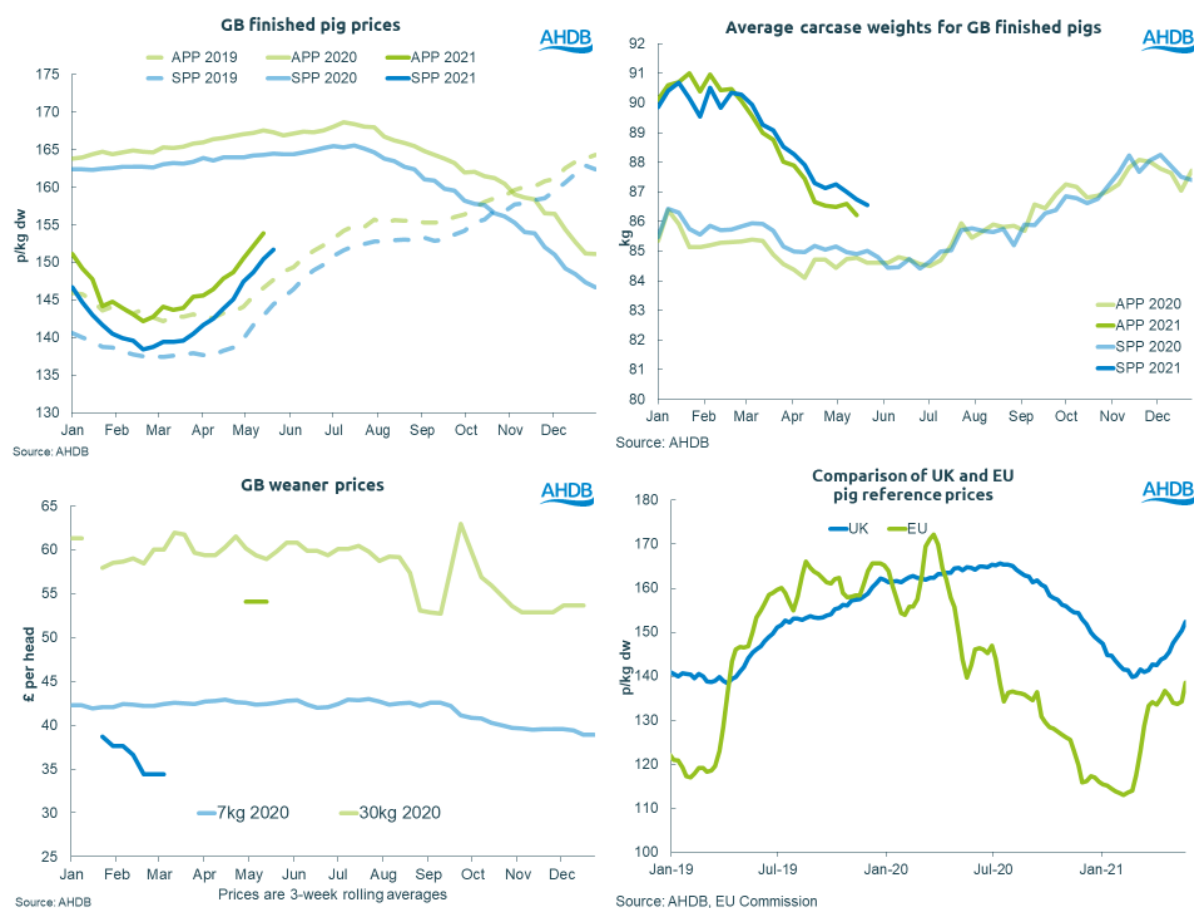


June 2021

GB PRICES

Deadweight pig prices continued on an upward trend during April and May. The rate of increase has been larger than the seasonal average over the past five years. Consumer demand for British meat remains good and currently pork is particularly competitive relative to beef and lamb at farmgate level. During April, the EU-spec APP averaged 147.82p/kg, about 3.5p higher than the March average but still nearly 19p below the average for April 2020. The price continued to rise during May, with the EU-spec APP reaching 153.89p/kg in the week ended 15 May.

The EU-spec SPP has behaved similarly, averaging 144.09p/kg in April, over 4p higher than in March, and reaching 151.74p/kg in the week ended 22 May.



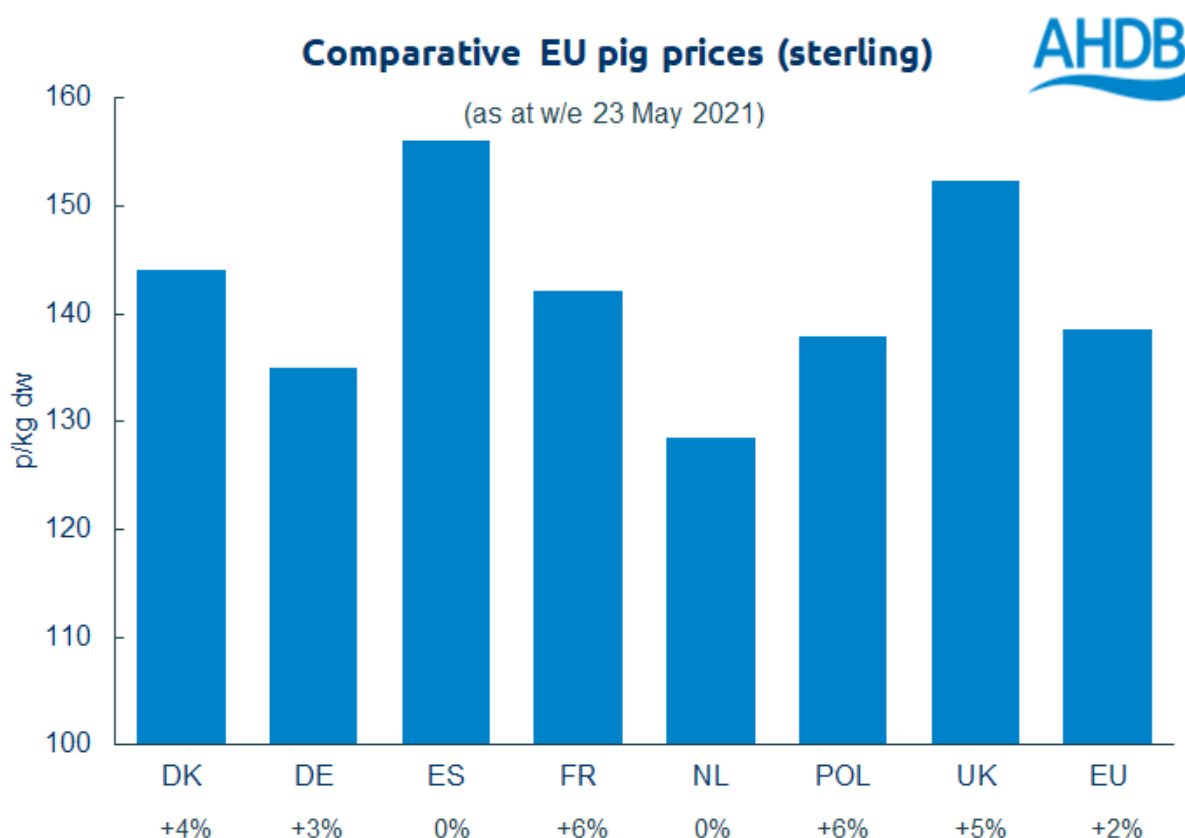
The decline in carcass weights in both the SPP and APP samples continued during April, with neither the Easter nor May Day Bank Holidays causing difficulties with numbers waiting on farm. Carcass weights remain well above year earlier levels though, with producers now more comfortable taking pigs to heavier weights where contract specifications allow. At 87.01kg, the April average for the APP sample was 1.8kg below the March figure but 2.5kg higher than in April 2020. The average probe measurement also fell to 11.3mm.

EU PRICES

Pig prices in the EU have picked up again the past couple of weeks. The latest average pig price, for the week ending 23 May, was €160.85/100kg. This was the highest level recorded since June last year.

The reopening of some foodservice elements has supported the price buoyancy as has demand from China. Live pig supplies are also reported to be limited in some member states, particularly Germany. More recently, there is some optimism for further demand growth within the EU as the better weather increases sales of grilling cuts.

[All major producing member states](#) have recorded positive price movements, though the degree of increase varies. The French price rose by €11/100kg in the 4 weeks to 23 May, while the Dutch price increased by just under €1/100kg in the same period.



Figures show % changes in 4 weeks to 23 May 2021

Source: EU Commission

In sterling terms, the EU pig price has also risen over recent weeks, and now stands at 138.49p/kg for week ending 23 May. This level was last recorded in July last year. While both the EU and UK prices have improved over the past month overall, the UK price has done so at a greater rate. This has resulted in the UK price premium rising from 10p to 14p over the past four weeks, which is a fairly typical price differential. It will be interesting to see how EU prices develop in the coming weeks. If UK prices continue to rise ahead of their EU counterparts, this might start to support demand for imported pork, which is expected anyway with the further reopening of the eating-out sector. Ultimately, this might limit price growth on the UK market.

UK SLAUGHTERINGS AND PIG MEAT SUPPLIES

Defra have revised downwards the published pig slaughter statistics for April.

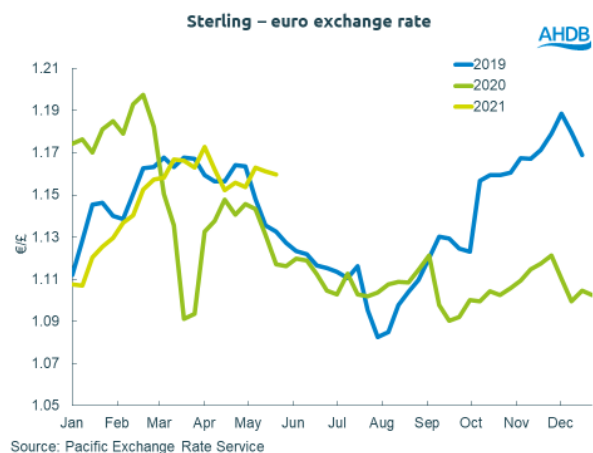
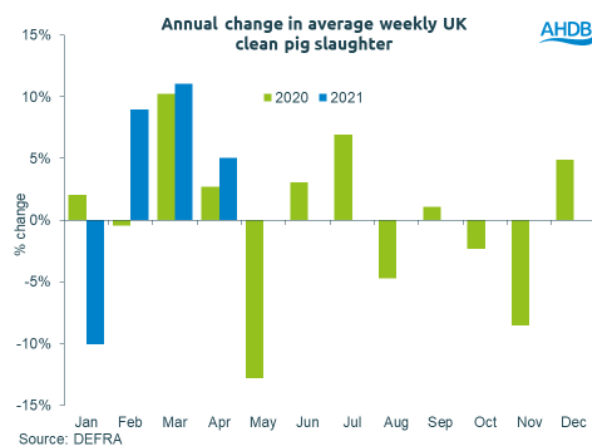
At 959,000 head, UK clean pig slaughter in April was still well above the level in April last year, but the annual increase is now 5%, compared to the 12% previously published. This level of increase is more in line with our expectations and the AHDB GB weekly slaughter estimates published during that month.

The recorded increase is similar to that seen in the previous two months. It is encouraging that pig prices continued to firm during the month.

Adding to supply levels, carcase weights for clean pigs remained well above last year's level. The average weight during April was 87.9kg, 600g lighter than in March but 1.8kg heavier than in April 2020.

There has been a significant downward revision in sow slaughter compared to the original statistics release. The latest figure for the month is 19,900 head, 11% lower than the year before. Originally, a figure of 28,100 head, 25% more than last year, had been reported. The decline in the latest figures is in contrast to the previous couple of months, when culling had been elevated, likely influenced by previous logistical challenges exporting carcasses to Europe. The recent lower figure for April suggests it is less likely breeding herd contraction is underway, even though profitability is currently poor.

The latest figures all combine to now give a 7% rise in pig meat production compared to April 2020, totalling 87,200 tonnes during the month.



TRADE

Unfortunately, UK trade data is currently unavailable. Please bear with us while we endeavour to fix the issue, and we apologise for any inconvenience caused.

If you have any urgent enquiries, please contact martin.doherty@ahdb.org.uk or ross.harrison-keefe@ahdb.org.uk

FEED MARKET

Grains

Throughout the month of May, domestic prices were very reactive to global affairs, with weather being the main driver of global markets.

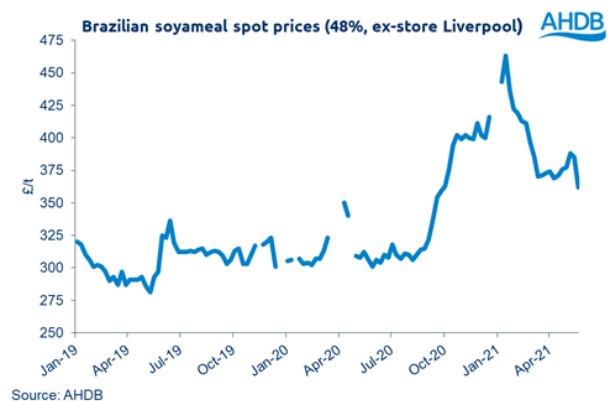
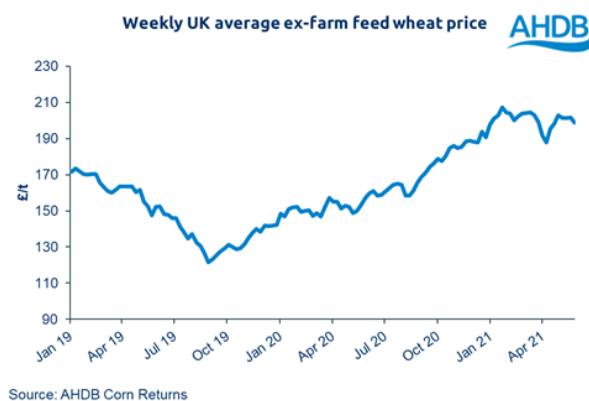
At the start of May, price support was off the back of cold and dry weather in both the US and EU, [which had potentially downwards implications for US spring planting progression and EU winter cereal forecast yields.](#)

EU wheat production for next season has since been revised down by the EU commission. As a result, ending stocks for the 2021/22 season have been lowered.

Another key supporting factor for the market throughout May has been Brazilian dryness. Planting of the Brazilian Safrinha crop was delayed this season, and now following the winter la Niña, [conditions have remained dry.](#)

[Rains eventually arrived in the US and the EU after a cold and dry April.](#) Much needed rains arrived in Northern US states and parts of the Canadian prairies this month, reducing soil moisture deficits. Further to that, the rains throughout the UK in May have had a positive impact on our domestic crop outlook for many.

The [release of the latest USDA world supply and demand estimates provided insight in the next marketing year for global grains.](#) The global stocks-to-use (excluding China) for wheat and maize is only expected to partially recover, from 30.3% in 2020/21 to 31.4% in 2021/22. However, between now and then there are a lot of factors that could change these initial estimates.



Proteins

As we draw towards the end of this marketing year, the supply of rapeseed is getting increasingly tighter. Last Friday's delivered prices were offering £511.50/t (Erith, June delivery).

Throughout May, delivered rapeseed prices have been reaching record levels. The previous record high new crop (Erith, November delivery) price was reached in June 2011, at £432.50/t.

On Friday 07 May, we recorded Erith (Nov-21) at £477.00/t, surpassing the 2011 November high by £44.50/t.

Prices have dropped since; however, the balance of supply and demand is expected to again be tight in 2021/22.

Latest reports show that the [Canadian canola area isn't going to be as high as anticipated, according to the Statistics Canada estimated area of principle field crops](#). Further to that, until recently the Canadian prairies lack soil moistures. However, rains arriving in the third week in May helped alleviate some concerns, to help with initial development of crops.

This season delivered rapeseed prices have seen substantial support from rising vegetable oil values and high soyabean prices.

[The May USDA supply and demand report gave us an insight into the 2021/22 marketing year](#). Global oilseed supplies (stocks and production) for 2021/22 are projected to increase 3% from 2020/21. Inflated prices throughout 2020/21 have incentivised the expansion of the oilseed area.

The US is estimated to produce a soyabean crop of 119.9Mt, the largest since 2018/19. Despite this large crop, its stocks are expected to only marginally increase to 3.8Mt, up from 3.3Mt in 2020/21. Persistent Chinese demand for large quantities have impacted stock volumes.

For rapeseed, global production is forecast to increase by 1.8Mt, to 73.2Mt. A large driver of this is the increased Canadian area (mentioned above).

Global ending stocks are forecast at 5.5Mt, down from 5.8Mt in 2020/21. There is also a tightening global stock-to-use ratio from 7.9% to an estimated 7.5% in 2021/22.

CONSUMPTION

In the 12 weeks to 18 April 2021, retail spend on pig meat increased by 3% year-on-year according to the latest Kantar data. Meanwhile, volumes grew by 4%. While the 12-week figures remain positive, growth has slowed as sales start to compare back to the start of the coronavirus pandemic in 2020.

Processed pig meat volumes grew by 1%. While bacon remains in growth, sausage volumes have slowed against the peak in sales in spring 2020. Sausage volumes remain 12% up on 2019. Primary pork volumes rose by nearly 11%. Roasting joints made the greatest contribution to growth. Chops saw a small decline but are up on the levels seen in 2019. All added value products were in growth, with a combined volume increase of 12%.

Trends in retail meat purchases (period ended 18 April 2021)

	4 weeks 2021/2020			12 weeks 2021/2020			52 weeks 2021/2020		
	Q	E	P	Q	E	P	Q	E	P
% change compared with a year earlier									
Total Pig Meat*	+4	+3	-1	+4	+3	-0	+9	+13	+3
Fresh & Frozen Primary Pork	+4	-2	-6	+10	+8	-2	+13	+18	+4
<i>Belly</i>	-20	-18	+3	-4	-2	+1	+16	+26	+8
<i>Chops</i>	-16	-18	-2	-10	-9	+1	+1	+3	+2
<i>Steaks</i>	-2	-4	-3	+10	+10	-0	+11	+18	+6
<i>Shoulder Roasting Joint</i>	+16	+2	-12	+16	+9	-6	+16	+13	-2
<i>Leg Roasting</i>	+43	+30	-8	+40	+36	-3	+18	+25	+6
<i>Loin Roasting</i>	+18	+9	-8	+11	+10	-0	+28	+29	+1
<i>Mince</i>	+2	-7	-9	+15	+11	-4	+14	+18	+3
<i>Pork Ribs</i>	+2	+0	-2	+7	+8	+1	+12	+19	+7
Processed pig meat products	-1	-2	-0	+1	+1	-0	+10	+13	+3
<i>Bacon</i>	-2	-10	-8	+2	-4	-6	+12	+13	+1
<i>Gammon</i>	+11	+11	+0	+4	+4	-1	+12	+19	+6
<i>Pork Sausages</i>	-11	-12	-1	-5	-5	+0	+10	+15	+4
<i>Pork Sliced Cooked Meats</i>	+8	+8	+0	+5	+7	+1	+7	+12	+4
Added Value	+38	+39	+0	+12	+16	+4	+1	+10	+9
Other	+15	+17	+2	+5	+6	+1	+5	+9	+3
Total Lamb*	+24	+24	+0	+14	+18	+4	+12	+18	+5
Total Beef*	-4	-0	+4	-5	+0	+5	+7	+12	+4
Total Chicken*	+1	+5	+4	+1	+3	+2	+7	+7	+0

Q = quantity purchased, E = expenditure, P = price

Source: Kantar

*encompasses primary, bacon, sausages, sliced cooked meats, chilled main meal accompaniments, ready to cook, ready meals and burgers and grills.

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