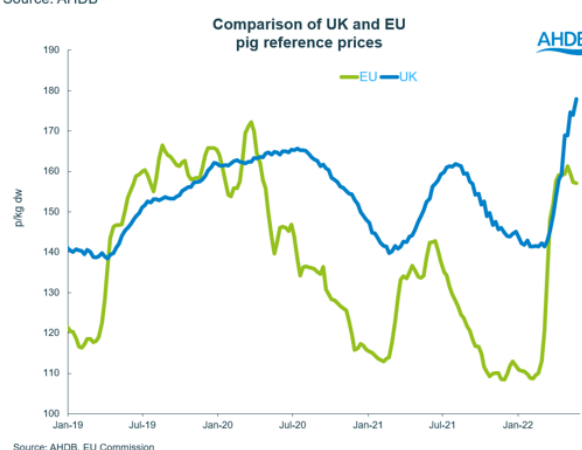
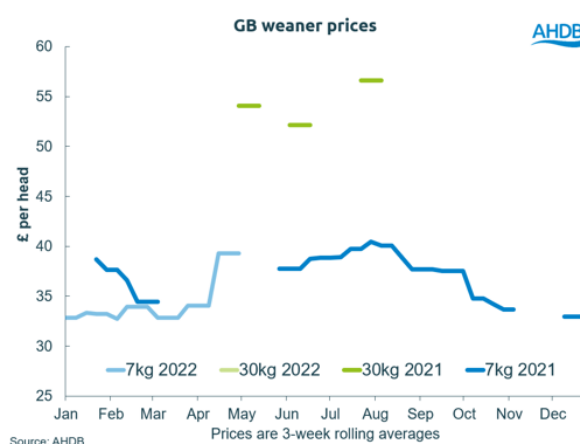
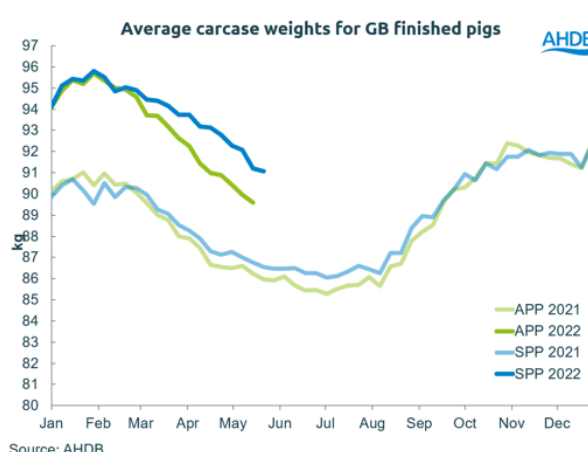
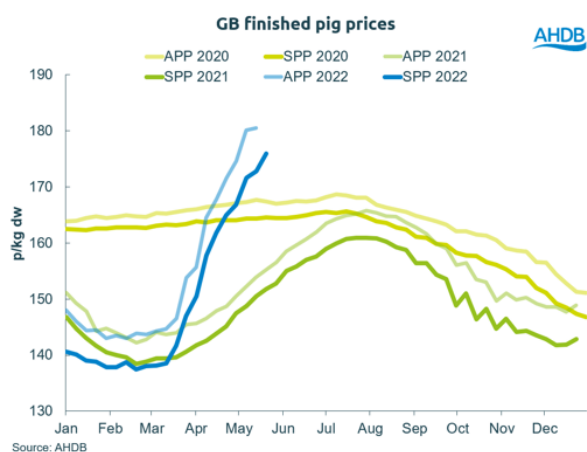


June 2022

GB PRICES

Pig prices pushed up again in March, bringing small relief to the production sector; the increases fall way behind rises in the estimated cost of production. The backlog of pigs on farm, although likely to be in decline at a national level, still appears to persist in many local pockets. At least three of the country's larger processors still report some backlogs in both their own pigs and those of their independent suppliers.

The EU-spec APP gained further ground in April, up 21p on March levels to average 171.75p/kg in the month. Prices have increased more since then to 180.43p/kg in the week ending 14 May. Retailers have been actively putting money into the price. The EU-spec SPP averaged 164.51p/kg in April, 20.11p higher than the month before.

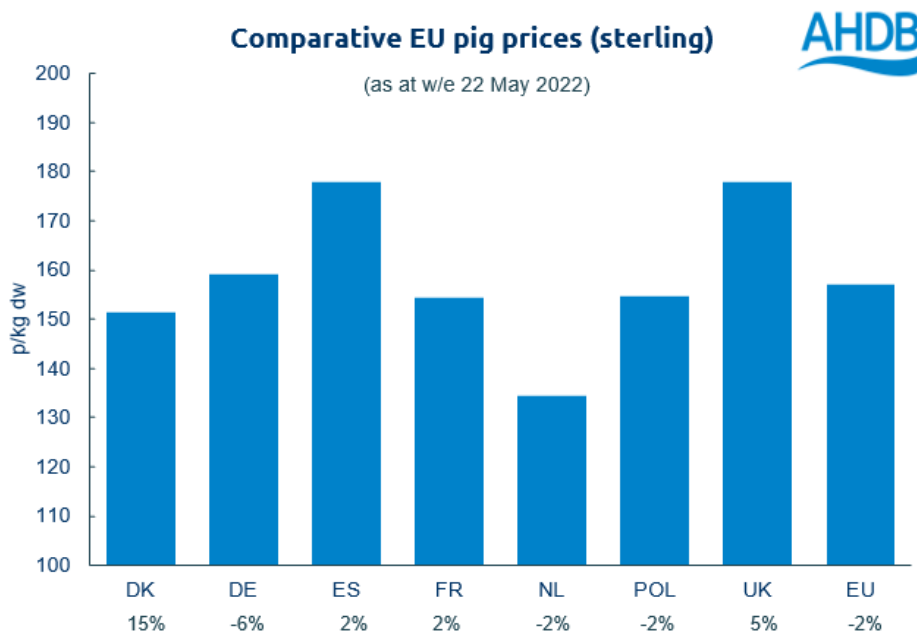


Carcass weights remain heavier than year earlier levels, although they have been edging down. The average APP carcass weight was 90.74kg in April, nearly 4kg heavier than a year ago. The SPP average weight was 92.69kg, over 5kg heavier than the same month in 2021. In the week ending 21 April, the average weight in the SPP sample was 91.06kg.

EU PRICES

The EU reference price averaged €191.39/100kg in the week ended 24 April, but since then has fallen to €185.17/100kg (week ending 22 May). Price developments have been mixed across the bloc, with relative strength in Spain, but other major markets seeing significant downturns.

Prices in Spain reached €209.68/100kg in the week ending 22 May, roughly on a par with the price four weeks earlier. In Germany however, prices averaged €187.81/100kg (week ending 22 May), down from over €202/100kg four weeks earlier. The supply and demand for pigs had been reported to be far more balanced in April than in February and March, with wholesalers looking to a turn up in demand that is hoped for with warmer weather. More recently reports indicate that the number of finished pigs, and indeed the appetite for finishers to buy animals to fatten, has diminished.



Figures show % changes in 4 weeks to 22 May 2022

Source: EU Commission

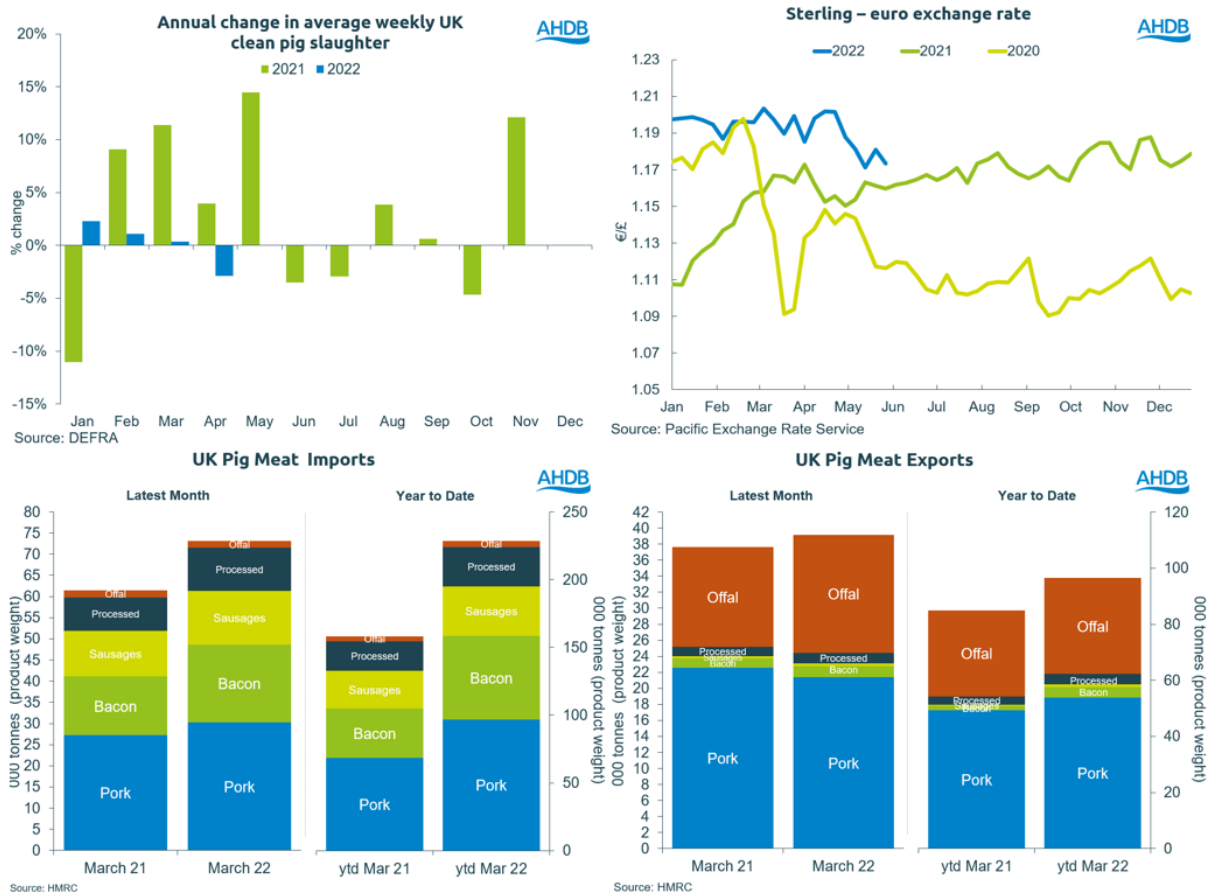
UK SLAUGHTERINGS AND PIG MEAT SUPPLIES

In April, 922,000 clean pigs were slaughtered in the UK according to [the latest Defra data](#). This is 27,000 head (3%) fewer than a year ago. This brings the number of clean pigs slaughtered in the UK so far in 2022 to 3.8 million, steady on year earlier levels.

As has been the case all year, carcase weights remain elevated due to the persistent backlog of pigs on farms. Average clean carcase weights were recorded as 90.9kg in April, down from 92.4kg in March, but still a substantial 3.5kg heavier than a year ago.

Both the rate of slaughter, and the fact that weights are falling, indicate that progress is being made on [the backlog](#) at a national level. However, it appears patchy, as there is plenty of anecdotal evidence

that some farms still have high numbers overdue for movement. Input costs have continued to rise sharply, and [negative margins have only worsened](#). Heavy pigs make the situation worse for those that have lots of them.



Together, lower slaughter and heavier weights mean pig meat production was 87,000 tonnes in April. This is 1.4% more than last April, and brings production in the first four months of 2022 to 363,500 tonnes, 5% more than during the same period a year ago.

TRADE

UK exports of pig meat (excluding offal) totalled 24,400 tonnes in March 2022, up 23% from February but down 3% on the same time last year. This brings the Q1 2022 total volume to 62,300 tonnes, 15% higher than Q1 2021 due to exports being much lower than usual in January and February 2021 as a result of the UK's exit from the EU.

The main driver for the year-on-year drop in exports in March is the reduction of Chinese imports. In March 2022, the UK exported 46% (5,300 tonnes) less pig meat to China than in 2021. China has been rebuilding its own pig herd following the ASF outbreak, reducing its need for imported product, however the “zero Covid” policy is also affecting demand and impacting on the ability to fulfil shipments due to enforced lockdowns.

Offal exports totalled 14,700 tonnes in March, an increase of 32% on February and up 19% on March 2021. This makes the 2022 Q1 total volume of exported offal to 34,200 tonnes, up 11% on Q1 2021.

UK imports of pig meat (excluding offal) totalled 71,500 tonnes in March 2022, down only 200 tonnes from February, up 20% from the same time last year. This takes the total imports in Q1 to 224,000 tonnes, in line with the pre-pandemic and pre-Brexit levels of 2019. Although import volumes are similar, the makeup of products has changed. Prior to the covid-19 pandemic and Brexit, bone-in products were imported in larger volumes than boneless, in 2021 and 2022 this has switched. With limited butchery capacity in present in the UK it would appear that we are making use of butchery abroad to produce the cuts in demand.

FEED MARKET

Grains

The dials in this report reflect the analyst's view of the possible direction in markets. The two-week (solid line) and six-month (dashed line) outlooks are based on the best available information at the time of writing. Please note, these views do not constitute trading advice and direction of markets may change due to new information since the time of writing.

Global wheat prices softened over the course of last week. Optimism over talks with Russia to open "grain corridors" drove much of this movement. The Chicago wheat (Dec-22) contract fell \$2.12/t Fri-Fri, closing at \$431.14/t. Paris wheat (Dec-22) followed the same trend, down €6.25/t over the same period, closing Friday at €407.75/t. However, both contracts bounced back on Friday, reversing some of the week's losses. US markets were consolidating some of their positions ahead of today's Memorial Day public holiday in the US, and further bullish news was added following the latest French wheat condition scores.

Data from FranceAgriMer on Friday showed a deterioration of the French wheat crop for the third successive week. Spring's dry conditions, coupled with the recent hot weather, has resulted in 69% of the crop being rated good to excellent, down from 73% the week before. Last year at this point, 80% of the wheat crop was rated good to excellent.

The Ukrainian Agricultural Ministry reported on Friday that spring sowing was almost complete, but with the area 22% down on the year earlier. Official data showed growers had drilled 189Kha of spring wheat, 928Kha of spring barley and 4.4Mha of maize. The ministry stated earlier in the season that planned spring cropping area was 14.2Mha this year, down from 16.9Mha in 2021.

Concerns in the US remain over the planting of the last 5-10% of the maize crop. The weather forecast for these regions is not currently favourable, and there are fears that the crop won't be planted until June, if at all. If realised, this could have a significant impact on US maize supply.

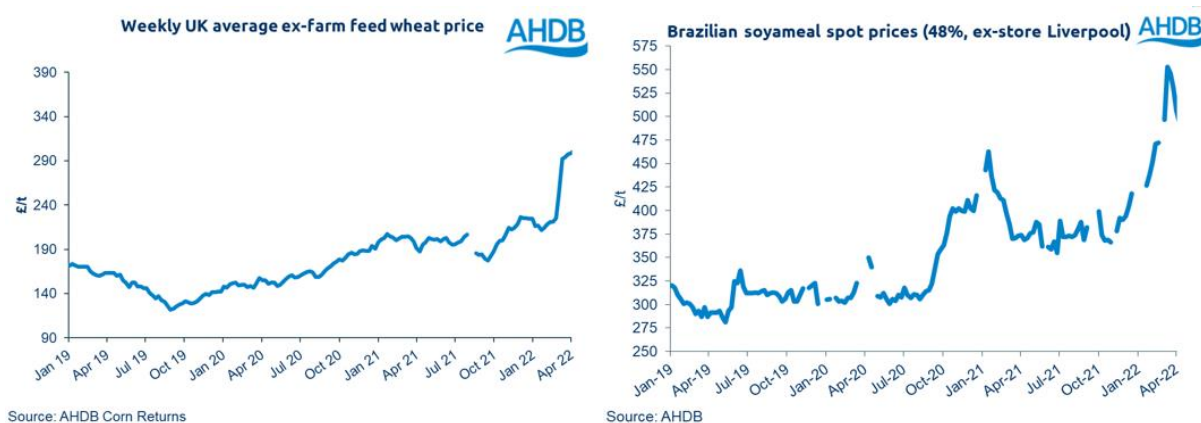
UK focus

Nearby UK feed wheat futures (Jul-22) closed Friday at £314.75/t, a drop of £19.95/t on the previous week. The new crop contract (Nov-22) was down £6.75/t over the same period, closing at £324.25/t on Friday. Both contracts followed global grain prices down, on the news that a deal could be struck with Russia to allow grain exports out of Ukraine.

UK delivered prices followed suit. Feed wheat into East Anglia (Nov-22 delivery) fell £9.50/t last week (Thurs-Thurs) to £321.50/t. Bread wheat prices into the North West, for November delivery were pegged at £389.00/t, with no weekly comparison available.

Last week's latest UK [supply and demand estimates](#) pointed to closing wheat stocks revised upwards, following stronger import pace, coupled with relatively stable demand and exports. However, carry out stocks for barley are set to be the lowest level for nearly a decade, with tight domestic availability, combined with stronger domestic consumption and exports factoring. Read the full release [here](#).

The latest [AHDB crop condition report](#), released on Friday, showed promising yield prospects for winter crops, following welcome rains in May. Spring cropping prospects remain weather dependant, although May rains have facilitated nitrogen uptake. The full report can be read [here](#).



Proteins

Support was felt across the week for Chicago soyabean futures (Nov-22), the contract closing at \$567.27/t. This was a gain of 1.5% across the week, closing at a contract high on Thursday (26 May).

The main supporting factor this week are the forecast rains in the U.S, which are expected to pose delays on the tail end of U.S. soyabean plantings. Rains are forecast over the next 7 days over much of the U.S. Midwest and Northern Plains.

Malaysian palm oil futures (Aug-22) posed a weekly gain of near 4%. Although exports of Indonesian palm oil have been allowed to resume, there is a clause that domestic obligation has to be fulfilled. The sales volumes will be based on refining capacity and local demand (Refinitiv).

Russia will not be removing its ban on exports of sunflower seeds at the end of August (Interfax). The ban was supposed start on April 1 and expire on August 31. However, there are plans to raise sunflower oil export quota by 400Kt up until 31 August (Refinitiv).

However, the latest Stratégie Grains oilseeds report has raised its monthly forecast for this year's EU sunflower seed harvest to 10.9Mt, up from 10.7Mt reported in the previous month. An increase in production is a reflection of the increase in area, which is up 8.9% year-on-year.

Rapeseed focus

Paris rapeseed futures (Nov-22) closed at €821.50/t on Friday, up €0.50/t from the week before. Delivered rapeseed into Erith (Hvst-22) was quoted at £707.50/t on Friday, up £6.00/t across the week. Although continental prices remain relatively unchanged, domestic prices gained slightly more across

the week. Currency changes drove much of this, as sterling weakened against the Euro (-0.4%) across the week, to close Friday at £1 = €1.1768.

Results of the latest AHDB crop condition report show that 70% of winter oilseed rape is rated good to excellent, a slight decrease from the 71% estimated in April. The report cited that while cleavers, thistles and wild oats are present in the crop, the thick crop canopy is providing effective competition. The full report can be read [here](#).

CONSUMPTION

Key headlines for the 12 weeks ending 17 April 2022:

- Spend on pig meat declined by 7.3% and volumes also decreased by 10.3% year-on-year. This decline in volume comes as sales are compared back to a period last year with more restrictions.
- Processed pig meat volumes declined by 10.6% with bacon and sausages declining significantly compared to 2021. Both cuts saw a drop in shopper numbers but a decline in frequency of purchase was the biggest driver of decline.
- Primary pork volumes declined by 16.1%. While roasting joints had the largest fall in volumes, but loin roasting joints remain in growth. Most of the decline for primary pork is through a loss of shoppers, with younger families seeing the largest declines.
- From a 52 week ending level, pork is the only red meat to remain at the same levels compared to the same period in 2019.
- See it visualised on our [pork retail dashboard](#).

Pork retail summary

12 w/e 17 April 2022

Cut	Spend	Spend year-on-year	Volume (kg)	Volume year-on-year	Average price (£/kg)	Average price year-on-year
Total pork	£1,299.5M	-7.3%	217.0M	-10.3%	£5.99	3.5%
Primary pork	£174.7M	-12.4%	35.6M	-16.1%	£4.91	4.2%
Total steaks	£53.5M	-11.5%	9.9M	-15.1%	£5.41	4.4%
Total roasting	£55.5M	-18.1%	12.4M	-22.6%	£4.47	5.7%
Chops	£17.0M	-22.0%	3.9M	-17.7%	£4.40	-5.2%
Mince	£14.4M	-6.7%	3.1M	-7.4%	£4.61	0.9%
Belly	£19.0M	5.8%	3.2M	-2.9%	£6.00	8.9%
Pork ribs	£6.3M	-4.7%	1.0M	-7.1%	£6.34	2.6%
Processed pork	£806.4M	-8.2%	122.5M	-10.6%	£6.58	2.7%
Sausages	£169.0M	-8.4%	37.9M	-9.9%	£4.46	1.6%
Bacon	£206.6M	-13.4%	35.5M	-12.9%	£5.82	-0.7%
Gammon	£58.0M	-16.3%	10.7M	-18.7%	£5.42	2.8%
Sliced cooked meats	£366.3M	-3.2%	37.5M	-6.2%	£9.77	3.2%
Marinades	£11.8M	-16.9%	1.7M	-17.7%	£6.87	0.9%
Ready to cook	£15.7M	-14.4%	1.9M	-24.1%	£8.05	12.7%
Sous vide	£27.4M	-15.0%	3.6M	-20.3%	£7.56	6.6%

Source: Kantar

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