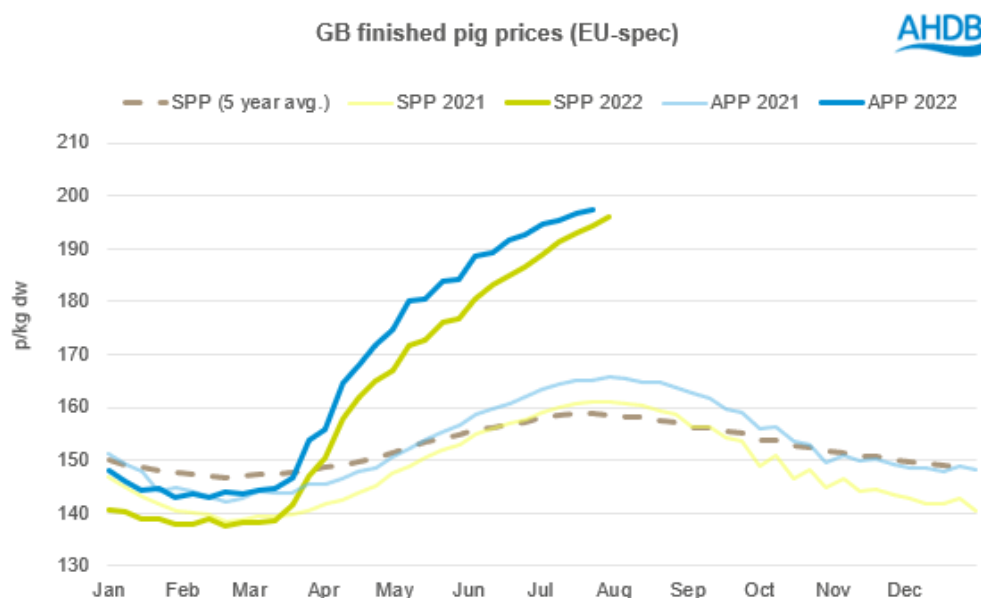


United Kingdom Pig Meat Market Update - August 2022

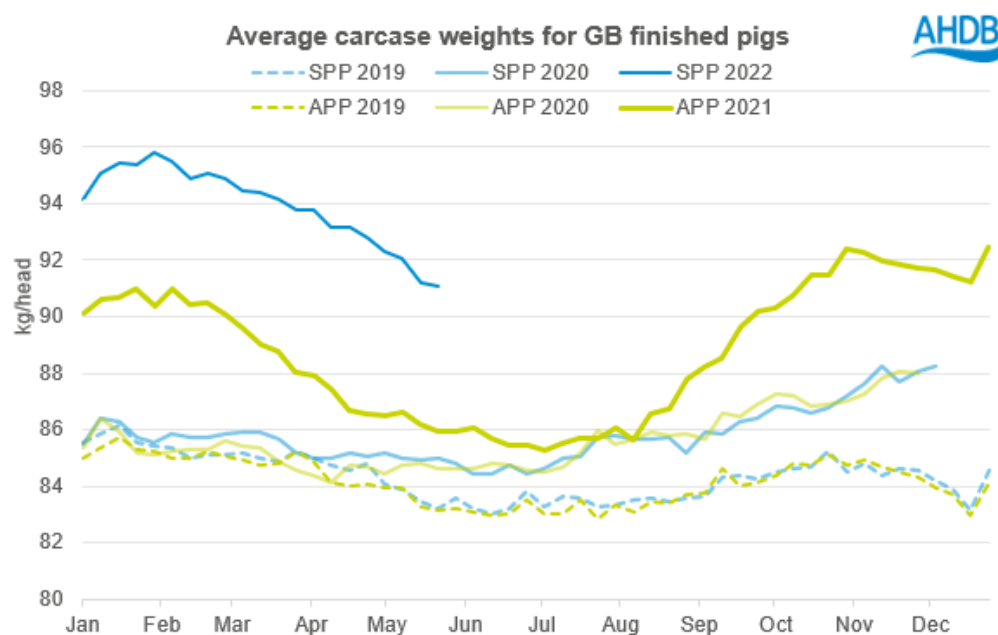
GB PRICES

Pig prices have continued upwards in July, with [the EU-Spec SPP](#) averaging 193.59p/kg, nearly 9p higher than the average for June. The EU-Spec APP averaged 191.33p/kg in June, moving up to 197.43p/kg for the week ending 23 July. These prices, although higher, are still likely to fall short of production costs for many producers. [The estimated cost of production](#) in July was 231p/kg, marginally lower than the June estimate due to a slight easing in the cost of feed.



Source: AHDB

In the week ending 30 July, carcass weights averaged 87.69kg, a marginal increase of 150g on the previous week, which may indicate that weights are now starting to steady. Average weights in the SPP sample were 87.90kg in July, almost 2kg lighter than June and 1.5kg heavier than the same period last year.



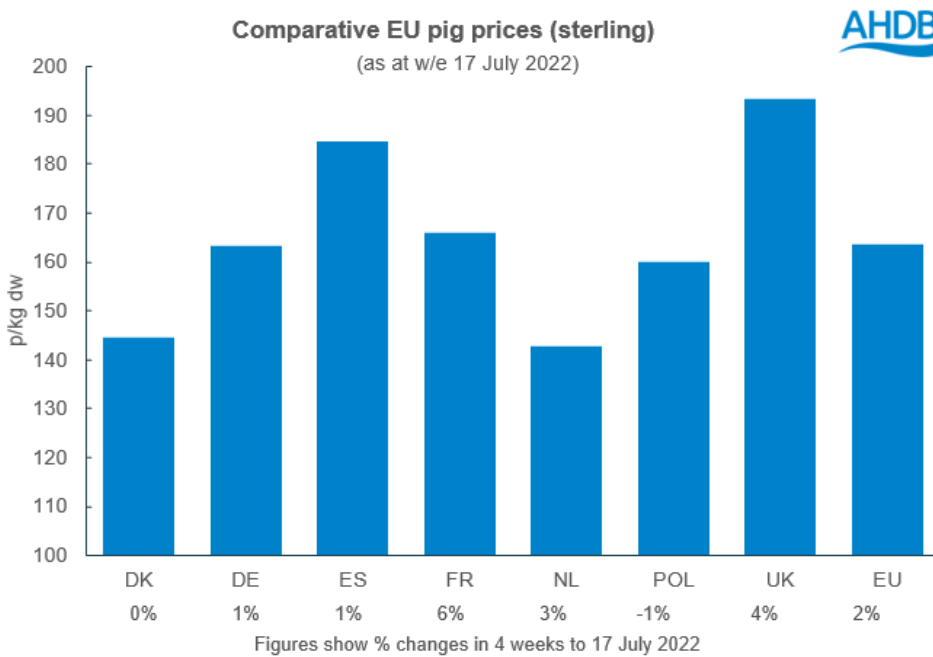
Source: AHDB

EU PRICES

[EU deadweight pig prices](#) have, overall, seen further upward moves. While weaker demand has been reported for the period, this appears to be balanced against reduced throughput in slaughterhouses. Both Spain and the UK continued to record strong price increases over the past four weeks.

In the week ending 17 July, the pig price in Spain reached €217.95/100kg, a rise of nearly €5.70 (2.7%) compared to four weeks before. This is equivalent to 184.59p/kg at current exchange rates, and 8.27p below the UK reference price of 192.86p/kg.

Prices in Germany moved up to €192.83/100kg in the week ending 17 July, after recording prices above €193 in the previous two weeks. Finished pig prices in Denmark firmed steadily over the past four weeks, reaching €170.52/100kg. The EU average reference price has risen to €193.11/100kg, up €5.74 (equivalent to 163.56p/kg).



Source: EU Commission

UK SLAUGHTER AND PIG MEAT SUPPLIES

UK pig meat production reached 86,600 tonnes in June, a similar level to May production. According to the [latest Defra figures](#), this is 13,900 tonnes (19%) higher than June last year.

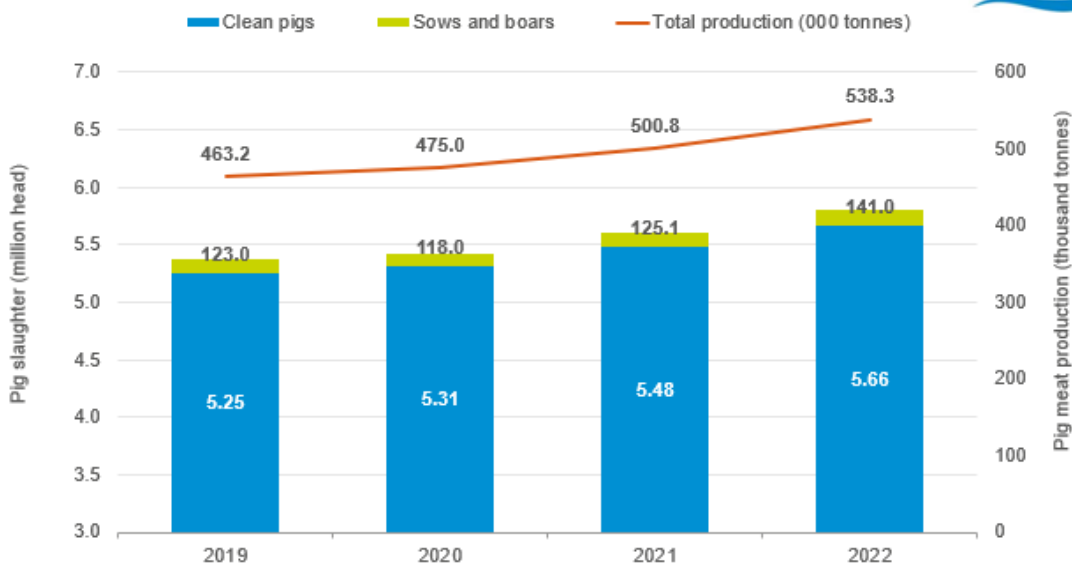
The number of clean pigs slaughtered was also up at 941,200 head (+17% year on year), driving the increase in pig meat production. This compares to a slaughter of 952,600 clean pigs last month. In June 2021, slaughter figures of clean pigs are reported by Defra as 804,600.

While the June slaughter numbers appear large when compared to previous year figures, they are similar to numbers slaughtered in recent months. As such, it is difficult to determine at this point if the Defra numbers are on the high side, or it is simply a matter of comparing to a period when throughput was low.

Carcase weights continued to drop in June, however the rate of decline slowed compared to recent months. The average weight of clean pig carcasses in June was 88.7kg, 0.4kg less than in May, but still 3% (2.5kg) heavier than a year ago.

Total production for the first six months of the year (Jan-Jun) is 538,300 tonnes, a 7% increase compared with last year at this point. The clean pig kill is 5.66 million head, up 3% year-on-year. Although there has been a small increase in slaughter numbers, heavier carcass weights are the main reason for the increase in production.

Pig meat production, YTD Jan-June



Source: Defra
Clean pigs labelled in million head, sows and boars in thousand head

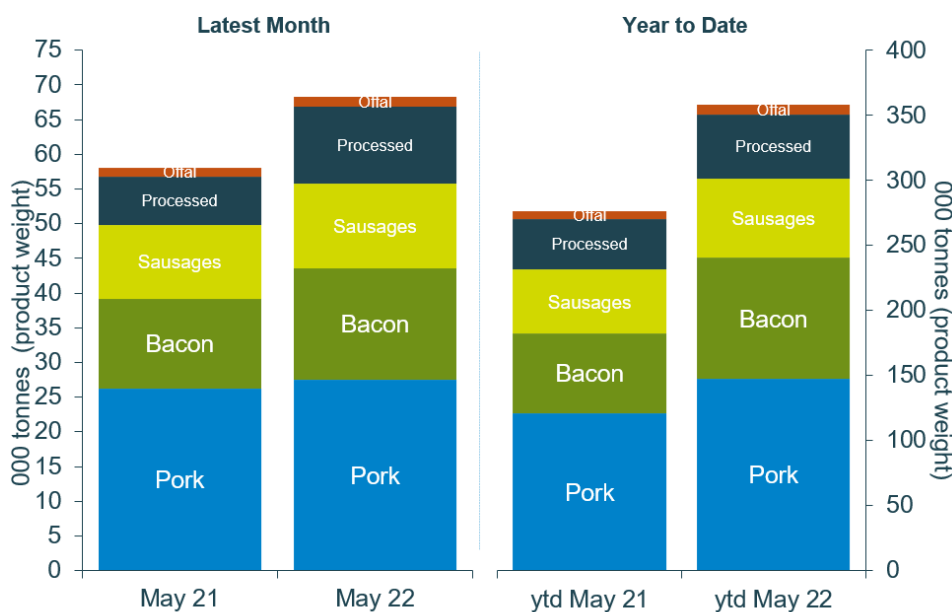
TRADE

[Imports of pig meat](#) (excluding offal) into the UK ticked up in May from the previous month, according to data from HMRC. At 66,800 tonnes, volumes were up 10% (6,000 tonnes) from April, and up 18% from May 2021.

Year-on-year, volumes grew mainly from the Netherlands, Spain, France and Ireland. This more than outweighed continued lower shipments from Denmark.

Import prices to the UK generally strengthened again during the month, although not at the rate seen during March-April. The average price of fresh and frozen pork imports stood at £2.32/kg in May, up from £2.26/kg the month before.

UK Pig Meat Imports



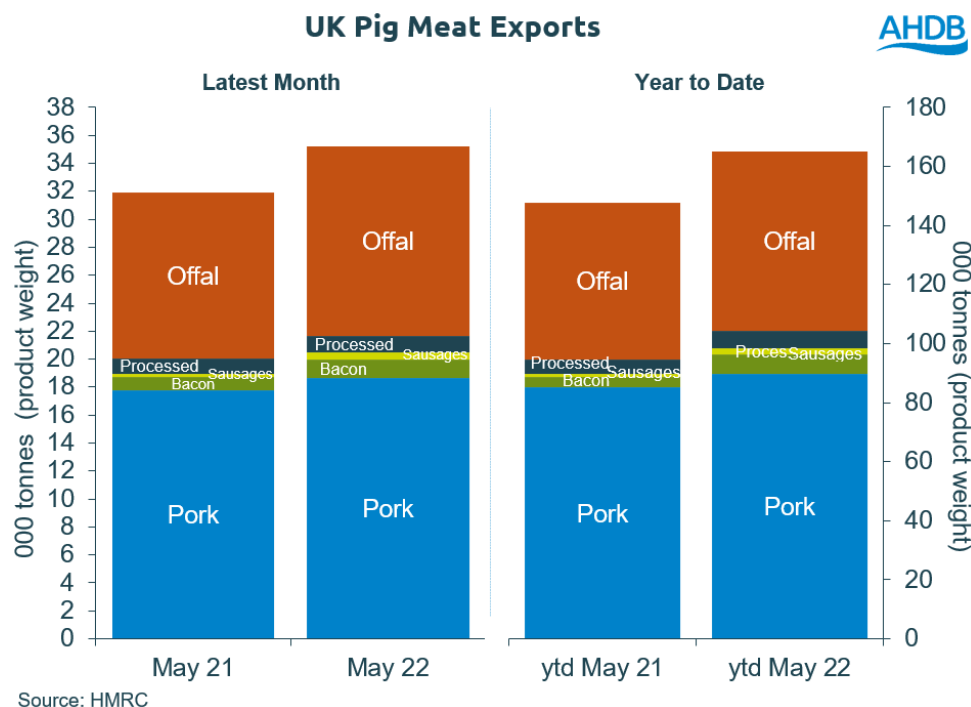
Source: HMRC

[UK pig meat exports](#) also increased during May, to 21,700 tonnes, up 14% from April and up 8% from volumes shipped during May 2021.

Shipments to the EU increased by 2,500 tonnes year-on-year to 11,000 tonnes, which more than offset continued declines in shipments bound for China. Despite increasing by 2,000 tonnes between April and May 2022, Chinese

volumes in May were still 18% (1,300 tonnes) lower year-on-year at 6,000 tonnes. Shipments to the rest of the world grew 9% to 4,700 tonnes.

Exports of offal, so important to the value of the sector as a whole, grew by 14% in May year-on-year to 13,600 tonnes. Shipments grew particularly to the Netherlands, Philippines and Dominican Republic, offsetting lower volumes to China (-500 tonnes) and Hong Kong (-360 tonnes).



FEED MARKET REPORT – 08 August 2022

Grains

Global grain futures felt some pressure mid last week, with news on global recession playing into market movements, and Ukrainian exports leaving ports. Though prices remain relatively supported as the market still assesses the size of harvest 22 grain crops.

Ukrainian grain exports continue. Today, two additional ships carrying maize and soybeans departed from Ukraine. This brings a total of 10 ships leaving Ukrainian ports since the first ship departed last week. Of the seven ships carrying maize, this brings the total exported to around 243Kt this month (Refinitiv, Turkey’s Defence Ministry). Other ships carried soybeans, sunflower oil and sunflower meal.

Hot and dry weather continues to provide underlying price support for global grain markets. Though US weather looks more favourable for maize development over the next few weeks, with some rain due.

France is set for a fourth heatwave, due this week. Drought conditions has led to water restrictions (including hosepipe and irrigation bans) across almost every part of France (Refinitiv). The maize harvest for this year is set to be 18.5% less than harvest 21, according to the French Farm Ministry. This is down to both reduced area, and reduced yield prospects.

In Russia, the pace of harvest has been slower than the Russian Agriculture Ministry expected due to an array of factors such as: a cold spring causing a late start, lack of some foreign agricultural equipment, and some rain. The Ministry said that if harvest does not reach 130Mt target, they may revise down the 50Mt export forecast for 2022/23 (according to Refinitiv).

The next USDA World Agricultural Supply and Demand Estimates (WASDE) are due on Friday (12 August). Key watchpoints will be US maize crop size, as well as Ukrainian and Russian grains production.

UK focus

UK feed wheat futures (Nov-22) closed at £267.00/t on Friday, down £3.05/t from the previous Friday. The May-23 contract was down £2.05/t at £272.75/t Friday-Friday. Whilst the Nov-23 contract closed at £241.70/t, down £3.05/t over the same period. The departure of Ukrainian grain shipments through the Black Sea has been the key driver of these small downward movements.

Domestic feed wheat delivered prices into East Anglia were quoted on Thursday at £261.00/t (for Sept delivery), down £4.00/t on the previous Thursday. For November delivery to same location, feed wheat was quoted at £263.00/t, down £6.00/t on the week.

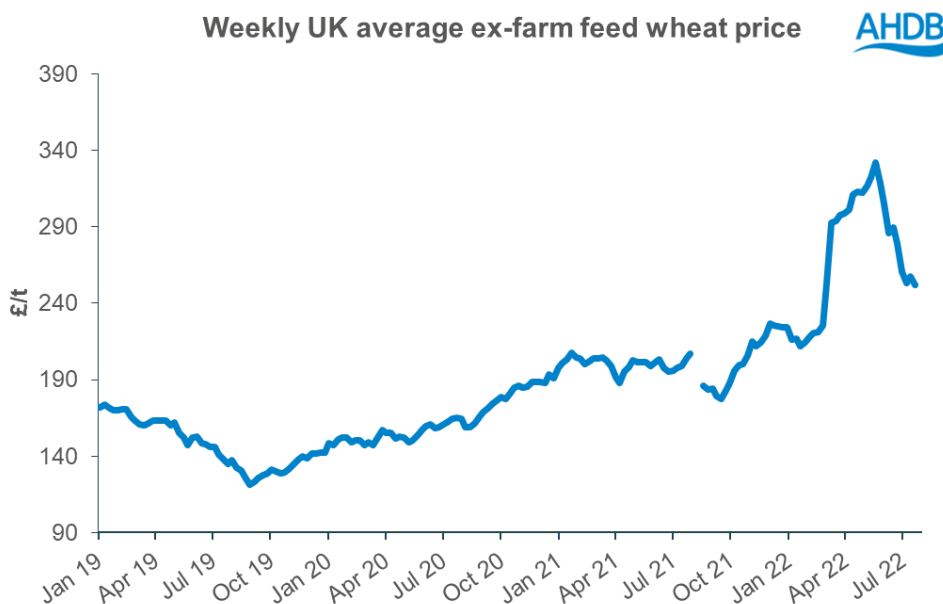
Delivered bread wheat prices into the Northwest was quoted at £325.00/t on Thursday (harvest delivery). Bread wheat delivered into Northamptonshire (September delivery) was quoted at £306.50/t, down £4.00/t week on week.

On Friday, [the latest harvest report](#) was released. In data up to 02 August, 99% of winter barley has now been harvested. Winter wheat harvest is estimated at 30% completion and is accelerating.

[Full season GB animal feed production for 2021/22](#) was at the lowest level since 2016/17, totalling 13,991Kt. A fall in poultry and ruminant feed demand outweighed an increase in pig feed demand.

[UK human and industrial 2021/22 full season](#) usage is also available. Total wheat milled saw a rise of 5.5% from 2020/21. Oats milled saw a 5.3% decline from the previous year. Whereas, for brewers, maltsters and distillers, barley (+9.3%) and wheat (+22.8%) usage were both up on the year.

The Bank of England increased the base interest rate by 0.5 percentage points (the 6th consecutive rise) to 1.75%. as inflation is expected to hit 13% in October. Globally there are recessional fears that could potentially impact the global demand for cereals and oilseeds.



Source: AHDB

Proteins

A week of pressure for the oilseed complex, as Chicago soyabean futures (Nov-22) ended down 4.1% across the week (Friday to Friday).

Driving this was the scattered rains that arrived across much of the US Midwest over the past week. This dampened concerns over US soyabeans as they enter the critical stage of pod filling. Rains are expected to continue over the coming week. There are no major cause for concerns with heat stress, but potentially in parts of western US Mid-West remain watchpoints as warmer than average temperatures are forecast in the coming week.

Energy was another driver pressuring the market last week. Brent crude oil (nearby) fell 13.7% across the week, closing at \$94.92/barrel on Friday. On Thursday the price closed at \$94.12/barrel, the lowest close since the war began between Russia and Ukraine in February 2022.

Limiting weekly losses for Chicago soyabean last week, were two 132Kt US soyabean sales (2022/23 marketing year) purchased by China and unknown destinations.

Despite this purchase, general administrations custom data showed that China's soyabean imports fell 9.1% in July 22 from a year earlier. Poor crush margins combined with weaker consumption has seen China's appetite for soyabeans reducing. This is a key watch point, as China's consumption (and imports) of soyabeans is expected to increase for the 2022/23 marketing year.

Malaysian palm oil futures (Oct-22) were down 9.6% across the week. A recent poll from Refinitiv cited that Malaysian inventories were likely to rise (+8.3%) from last month to be the highest in 8 months at 1.79Mt, based on median estimates. This, combined with higher output from Indonesia, pressured palm oil which [reduced the floor of the vegetable oil market](#).

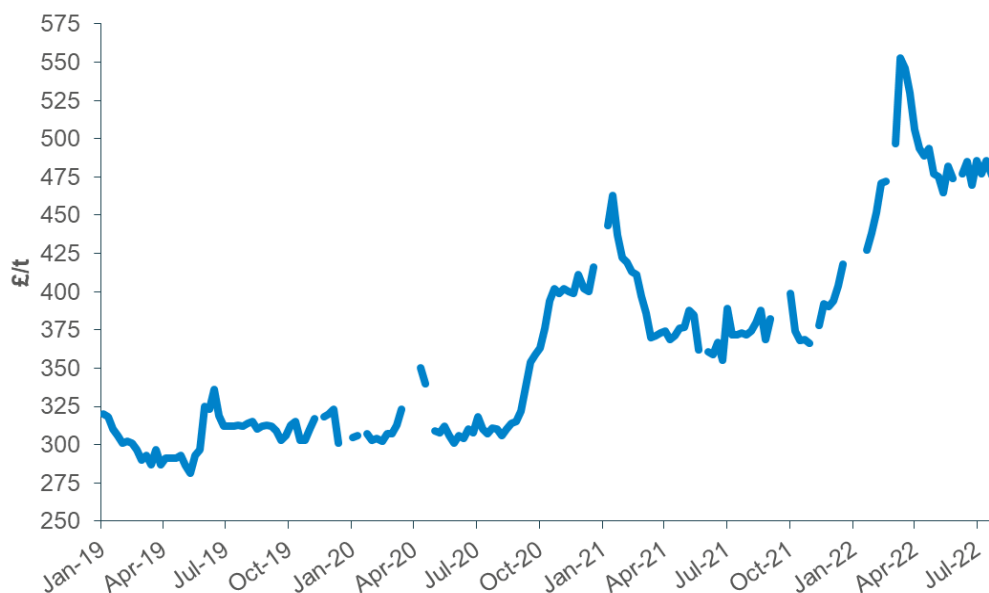
Rapeseed focus

Driving rapeseed prices last week was a drop in brent crude oil (nearby) and fair weather for US soyabeans, as mentioned above.

On Friday, Paris rapeseed futures (Nov-22) closed at €653.25/t, down €36.50/t on the week. Domestically, rapeseed delivered into Erith was quoted on Friday at £537.50/t, with no comparison on the week. The Ukraine rapeseed harvest forecast, and yield estimate, remains unchanged from last month. Harvest is forecasted at 3.14Mt according to UkrAgroConsult.

[Our domestic GB winter oilseed rape harvest is 84% complete](#), in data up to 02 August. Many areas have reached completion, though Scotland and Northeast have areas to finish.

Brazilian soyameal spot prices (48%, ex-store Liverpool)



Source: AHDB

CONSUMPTION

Key headlines for the 12 weeks ending 10 July 2022:

The latest figures from [Kantar show take-home grocery sales](#) were up 0.1% in the 12 weeks up to 10 July, this is the first growth seen since April 2021. However grocery price inflation now stands at 9.9% meaning that people will be feeling the pinch during our first restriction-free summer since 2019.

- Retail spend on pig meat has remained the same year-on-year, while volumes fell by 6.4%. Prices paid rose by 6.8% on average across all pork cuts and products as inflation causes price rises. This decline in volume comes as sales are compared back to a period last year with more restrictions.
- Processed pig meat volumes declined by 6.4%. All processed products were in decline, however bacon was the main contributor, as shoppers bought into the category less often.
- Primary pork volumes declined by 5.4%. There were significant losses for leg and shoulder roasting joints. Total steaks have experienced a slight volume growth in this data period and volume gains for mince accelerated as more shoppers bought this product, most likely driven by a significant increase in promotional activity. Steaks have seen the biggest value growth of £4.3million year on year.
- 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.

Pork retail summary

12 w/e 10 July 2022

Cut	Spend	Spend year-on-year	Volume (kg)	Volume year-on-year	Average price (£/kg)	Average price year-on-year
Total pork	£1,355.3M	-0.0%	215.2M	-6.4%	£6.30	6.8%
Primary pork	£161.4M	0.1%	32.1M	-5.4%	£5.03	5.9%
Total steaks	£52.2M	9.1%	9.3M	1.5%	£5.59	7.5%
Total roasting	£44.7M	-12.3%	10.1M	-14.6%	£4.41	2.8%
Chops	£15.8M	-14.0%	3.6M	-13.1%	£4.34	-1.1%
Mince	£13.6M	14.5%	3.0M	13.5%	£4.55	0.9%
Belly	£19.0M	12.7%	2.9M	-4.0%	£6.47	17.4%
Pork ribs	£7.5M	-5.0%	1.1M	-5.7%	£6.79	0.7%
Processed pork	£831.9M	-1.0%	120.4M	-6.4%	£6.91	5.8%
Sausages	£180.0M	0.6%	38.3M	-5.2%	£4.70	6.1%
Bacon	£196.2M	-5.8%	32.4M	-8.5%	£6.06	3.1%
Gammon	£53.4M	-10.2%	9.7M	-11.7%	£5.49	1.7%
Sliced cooked meats	£394.6M	1.9%	39.0M	-4.8%	£10.12	7.1%
Marinades	£25.7M	-0.8%	3.4M	-12.2%	£7.48	13.2%
Ready to cook	£13.9M	-14.5%	1.7M	-23.9%	£8.38	12.3%
Sous vide	£26.5M	-6.8%	3.3M	-17.1%	£8.01	12.3%

Source: Kantar

This pig meat sector UK market update was prepared by:
 Freya Shuttleworth AHDB Market Intelligence

e-mail: freya.shuttleworth@ahdb.org.uk

Twitter: @AHDB_Pork #PorkMarketNews

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