

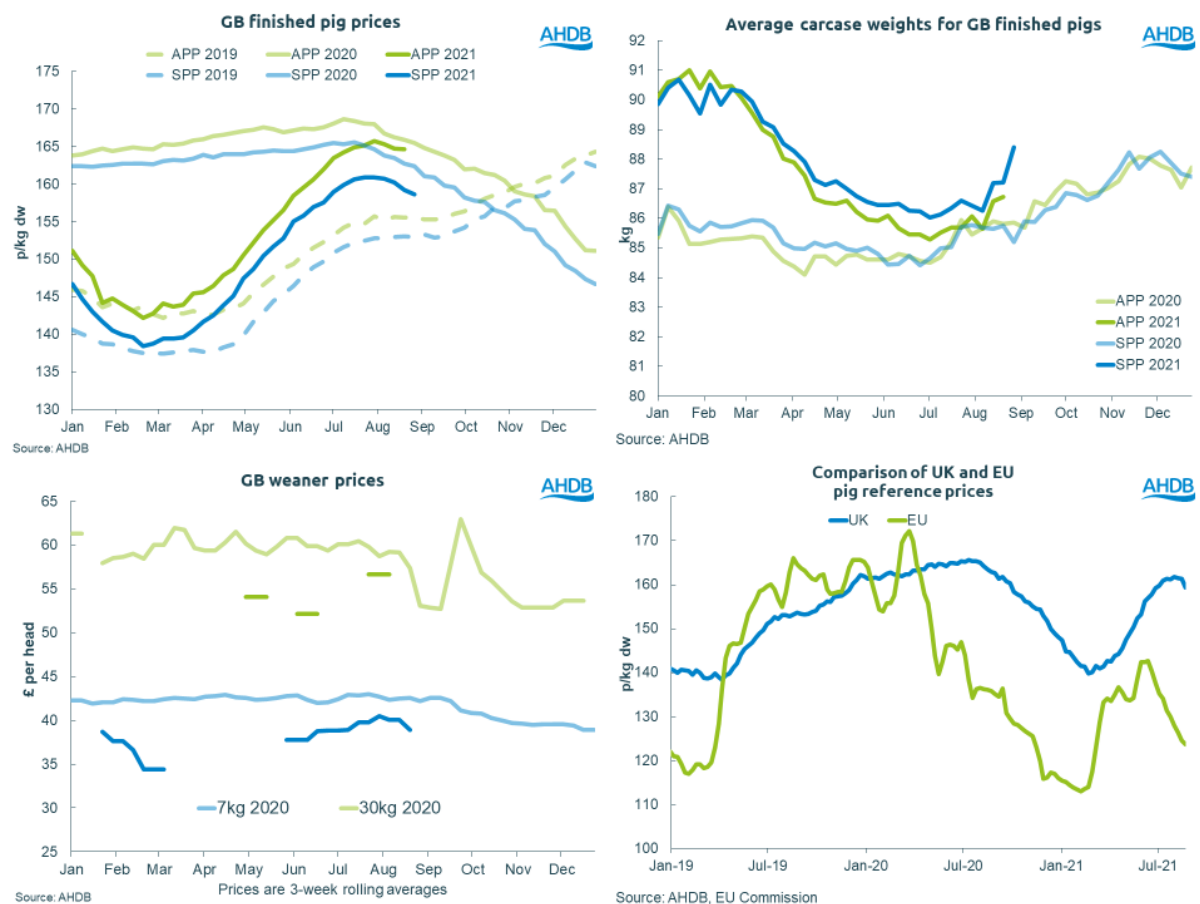
## United Kingdom Pig Meat Market Update

September 2021

### GB PRICES

The finished pig market started to turn during July and early August, which was not surprising given low EU prices, a reopening foodservice market, and reports of an increasingly difficult export market. The monthly-average EU-spec APP for July was still over 4p higher than June, at 164.70p/kg, and the APP was also similar to this level in mid-August due to a couple of weeks where prices fell. The average price in July was about 4p lower than in July 2020 but this gap had narrowed to about a penny by mid-August. Aside from difficulties on the pig meat market, slaughter levels have also been challenged recently by labour availability in the supply chain. Anecdotal reports indicate a growing backlog of pigs waiting on farms, with rising carcasse weights supporting this. An excess of live pig supply relative to capacity within the supply chain is also expected to weigh on prices.

Similarly, the EU-spec SPP averaged 160.25p/kg in July, nearly 4p higher than the month before. However, for August the average had declined by about 0.5p to stand at 159.76p/kg.



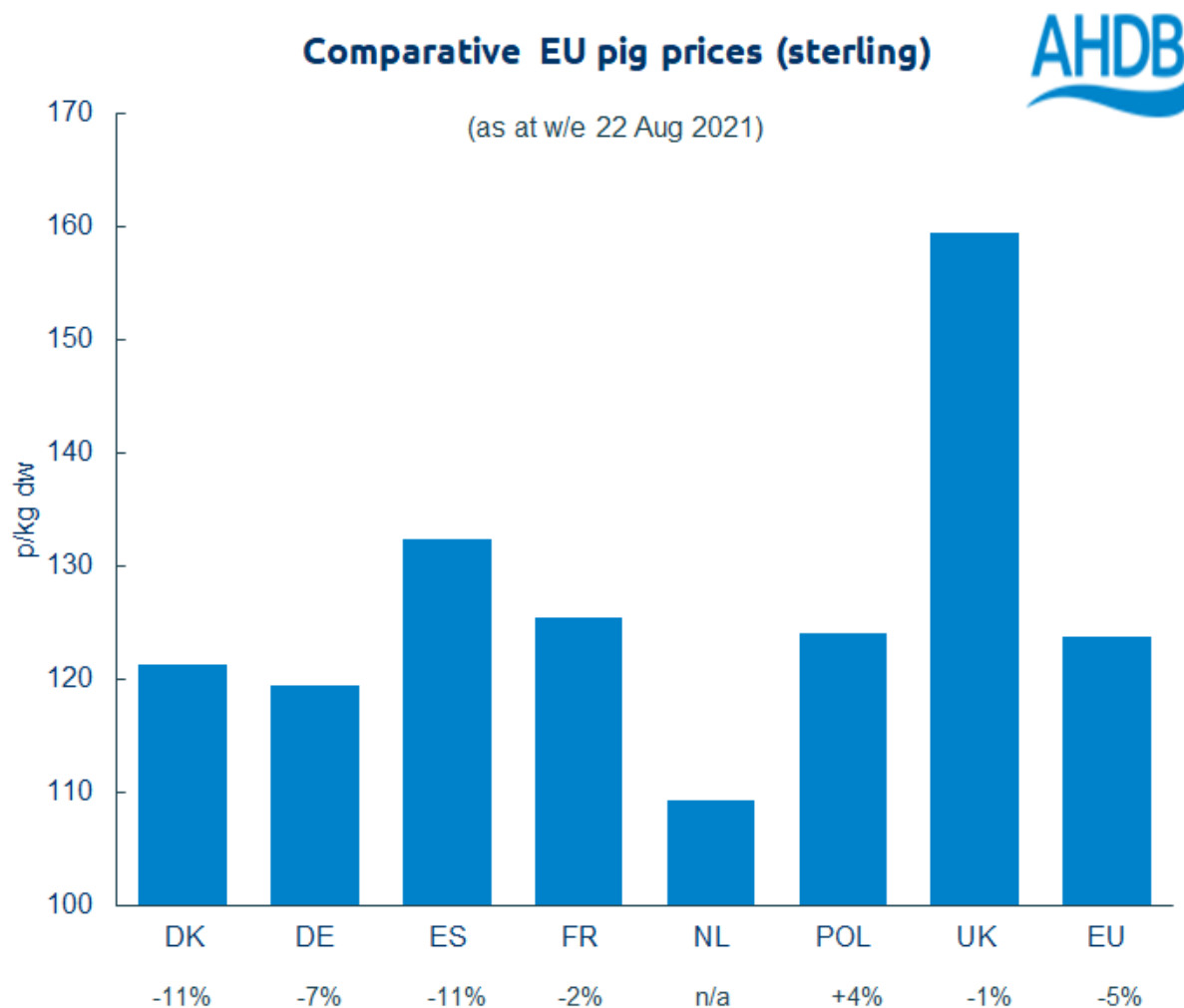
Carcasse weights, while largely stable during July, have risen sharply during August. While seasonally, weights often rise at this time of year, the recent sharp increase has been attributed to marketing delays caused by labour shortages. The average weight for the APP sample in July was 85.65kg, about the same as in June and half a kilo heavier than in July 2020. By mid-August, weights had increased by over a kilo and were also nearly 1kg above a year earlier. For the SPP sample, there was a particularly sharp jump in the week ended 28 August, with weights escalating to over 3kg above 2020.

Weaner prices have held reasonably steady throughout July and August, though may now experience some downward pressure from high feed prices and the weakening finished pig market. The average 7kg price for July was £39.36/head, just over £1 higher than the previous month. Since then the price seems to have dropped a little, averaging £38.93/head in the week ended 14 August. This is similar to prices recorded at the start of July.

## EU PRICES

Over the past month, pig prices have continued to fall across most of the EU. This reflects insufficient demand, both on domestic and export markets, in the face of higher pig meat production so far this year.

Over the four weeks ending 22 August, the EU average reference price decreased by over €6 to just under €145/100kg. This is the lowest level recorded since March. EU pig prices are typically quite stable over the summer months and so the recent falls mean the latest average is now 11% lower than the 5-year average for the time of year.



Figures show % changes in 4 weeks to 22 August 2021

Source: EU Commission

Prices have fallen in most key producers (except in Poland), but the biggest falls have been in Germany and Spain. The average price in both these nations has dropped by over 10% over the past 4 weeks. Spain is particularly affected by any weakening in export demand to China, while Germany continues to struggle with limited third country export opportunities due to ongoing African Swine Fever outbreaks within its borders.

[The latest EU pig prices can be found here.](#)

The continuing fall in EU pig prices has meant the discount relative to UK prices has widened further. Over the past 3 weeks the UK reference price has hovered about 36p/kg above the EU average. This is a large difference, with the average over the past 5 years only around 13p/kg. We would expect this to exert downward pressure on the UK price.

## **UK SLAUGHTERINGS AND PIG MEAT SUPPLIES**

UK clean pig slaughter in July was broadly steady on June's level, at 940,000 head, following a downward revision to June's figure, according to Defra data. Average carcase weights were 86.7kg, only 200g heavier than in June. This, combined with a small drop in sow slaughter, meant UK production overall was also similar to June at 84,600 tonnes. July's production figure was, however, 2% lower than during the same month last year.

Nonetheless, there have recently been increasing reports that slaughtering British pigs has become challenging. Covid related staff absences appear to have given way to underlying issues with staff availability. Abattoir staff that had been prevented by travel restrictions from visiting family in the EU are now taking the opportunity to do so. In some cases, they are taking extended leaves of absence. There appears to be a shortage of both slaughter and boning hall staff across the sector, as plants struggle to source replacements.

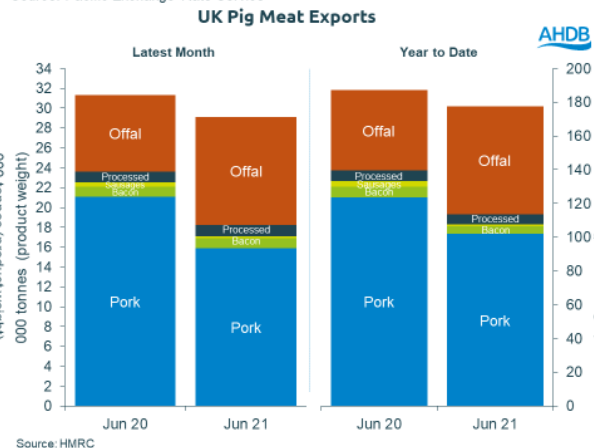
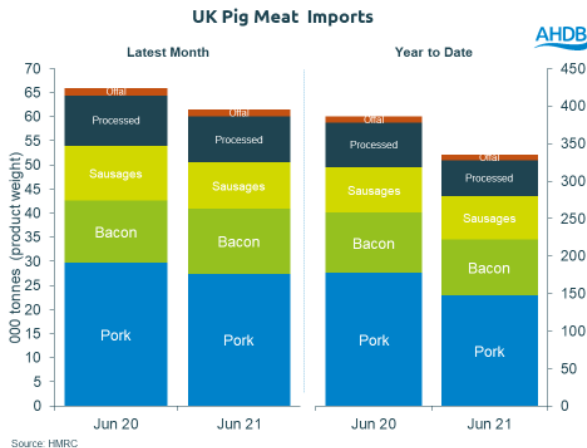
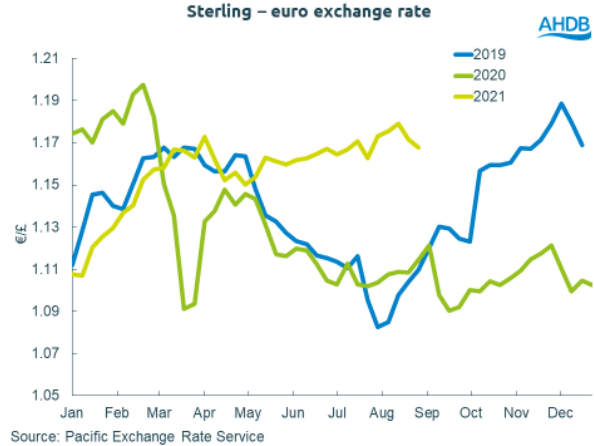
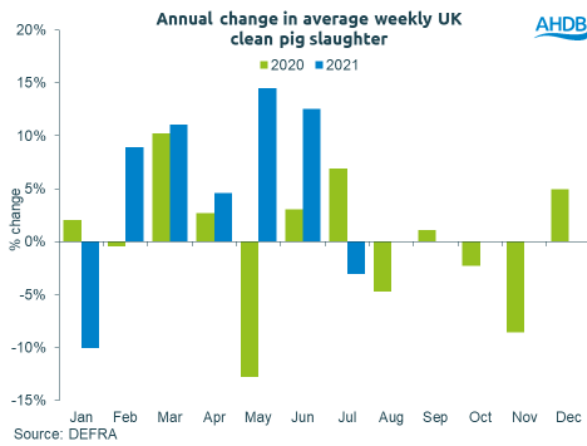
Our SPP sample had recorded an 8% decline in GB clean pig numbers during July, compared to last year. So, we were perhaps expecting a larger year-on-year decline in slaughter numbers to be reported. However, it may be that within-company traded pigs, which are not included in the SPP, have been less affected by any slaughter delays. There are certainly reports of producers rolling pigs again as they did at the beginning of the year. How the situation develops in the coming weeks will be critical.

In the year to date, 600,000 tonnes of pig meat have been produced, a year on year increase of 7%.

## **TRADE**

UK exports of fresh/frozen pork fell in June, compared with volumes in both May, and June a year ago. This is despite UK production having been higher, and could reflect a combination of factors. An oversupplied EU market, continued logistical difficulties in the supply chain, and [challenges further afield](#) will all have played a role. The UK exported 15,900 tonnes of fresh/frozen pork in June, 24% less than a year ago, and 11% less than in May.

In the year to date, the UK has exported 102,000 tonnes, 18% less than a year ago. However, due to an 11% rise in the average price, the value of these exports has only fallen by 8% year on year to £189m.



Offal exports on the other hand, which are so important for the sector, increased year on year in June by 41%, to nearly 11,000 tonnes. Volumes to China alone increased by a third to 5,700 tonnes. The value of offal exports in the year to date has increased by a half, to £81m.

Imports of fresh/frozen pork were also lower year on year, by nearly 8% at 27,400 tonnes in June. While Germany maintained its traded volumes, other important suppliers, Denmark, Spain, and Ireland all reduced exports to the UK. Imports of most pig meat products were behind 2020 levels in June, the exception being bacon, which recorded an annual growth of 4% to total 13,500 tonnes.

Looking at all pig meat products, in the year to date, the UK has imported 335,300 tonnes, 13% less than at the same time a year ago.

It wasn't really until the end of June when [EU pig prices started to fall quickly](#). In the latest week, ending 8 August, the EU average price was 126.5p/kg, 35p lower than its equivalent in the UK. These lower prices, combined with the continued gradual reopening of the foodservice market here, suggest increases in future imported volumes could be on the cards. This increase in trade could show in July and August trade data, so look out for further trade updates.

## FEED MARKET

### Grains

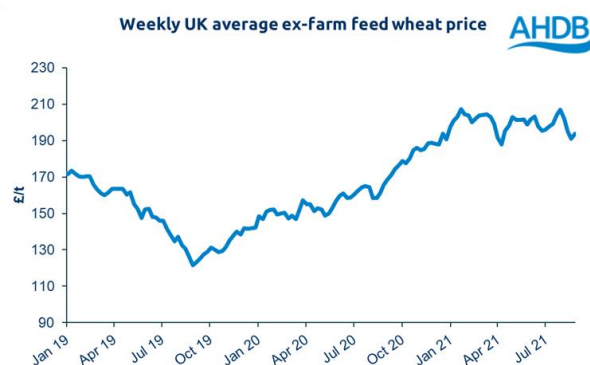
Within the last month a lot has changed for grains. A bullish sentiment in the global market has led to higher domestic prices.

At the end of July, the main driver for the market was global weather. Notably dryness in the Northern US plains and Canadian Prairies causing issues for developing wheat crops. Closer to home, on-going wet weather in Europe slowed harvest and caused quality concerns.

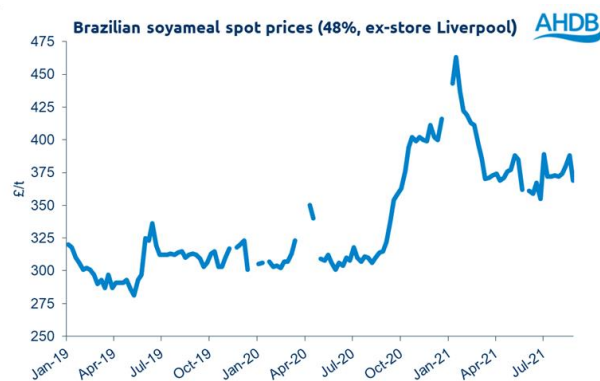
Alongside weather news, forecasters began revising production figures down for key regions.

This came into fruition in the August USDA World Agricultural Supply & Demand Estimate report. This cut 2021/22 global wheat production by 15.5Mt, with notable reductions in Canada and Russia.

This tighter supply picture has supported wheat markets across the month. Barley will likely remain supported by wheat. However, the discount has widened to remain competitive into feed markets.



Source: AHDB Corn Returns



Source: AHDB

## Proteins

Canadian dryness has also been a key driver in rapeseed. August saw the first insight into the damage of this crop with the USDA report. Said report cut 4.2Mt from its estimate of the Canadian rapeseed crop to 16.0Mt, 21% smaller than last month.

European rapeseed imports for 2021/22, have been cut as high prices contribute to demand destruction. As a result, imports from Canada and Australia are expected to reduce.

For soyabean markets, a key price driver, particularly in the last week, was US crop development. As US soyabeans entered the pod filling stage, weather has been a key watch point.

Despite prolonged dryness across the US, recent rains have tempered the market for soyabeans. This is favourable for soyabean crop development, thus providing a bearish sentiment.

Further to that, a reduced demand for oilseeds is contributing to a bearish market sentiment. This comes as Chinese demand is reportedly slower year-on-year. Then came news that the US Environmental Protection Agency were expected to recommend reducing the 2021 biofuel blending mandates to below 2020 levels. This also pressured the market.

## CONSUMPTION

In the 12 weeks ending 8 August 2021, compared to last year, GB retail spend on pig meat decreased by 6% and volume declined by nearly 7%, according to Kantar data. The decline in volume comes as sales are compared back to the start of the pandemic. Compared to 2 years ago, total pork volumes are still up by 5%.

Processed pig meat volumes declined by nearly 9%. Both bacon and sausage volumes have declined compared to 2020 but volumes remain up by 7% and 6% respectively compared to the same period in 2019. Primary pork volumes declined by 12% in volume with most of the year-on-year decline coming from pork roasting joints. Added value remains an area of growth for pork with ready-to-cook products outweighing declines in marinades and sous vide.

**Pork retail summary**

12 w/e 08 August 2021

| Cut                 | Spend     | Spend year-on-year | Volume (kg) | Volume year-on-year | Average price (£/kg) | Average price year-on-year |
|---------------------|-----------|--------------------|-------------|---------------------|----------------------|----------------------------|
| Total pork          | £1,330.0M | -6.4%              | 224.4M      | -6.5%               | £5.93                | 0.2%                       |
| Primary pork        | £152.3M   | -14.1%             | 32.1M       | -11.7%              | £4.75                | -2.9%                      |
| Total steaks        | £44.3M    | -14.7%             | 8.6M        | -12.0%              | £5.13                | -3.0%                      |
| Total roasting      | £46.2M    | -15.9%             | 10.7M       | -13.2%              | £4.30                | -3.2%                      |
| Chops               | £17.1M    | -20.8%             | 3.9M        | -16.3%              | £4.36                | -5.2%                      |
| Mince               | £11.6M    | -16.0%             | 2.6M        | -9.7%               | £4.53                | -6.8%                      |
| Belly               | £16.8M    | -12.9%             | 3.0M        | -10.8%              | £5.59                | -2.3%                      |
| Pork ribs           | £6.8M     | 6.8%               | 1.0M        | 0.6%                | £6.60                | 6.1%                       |
| Processed pork      | £823.6M   | -7.7%              | 125.5M      | -8.5%               | £6.56                | 0.9%                       |
| Sausages            | £175.6M   | -11.0%             | 39.3M       | -12.2%              | £4.47                | 1.4%                       |
| Bacon               | £200.0M   | -14.7%             | 34.3M       | -10.1%              | £5.83                | -5.0%                      |
| Gammon              | £55.8M    | -15.8%             | 10.4M       | -15.7%              | £5.37                | 0.0%                       |
| Sliced cooked meats | £385.5M   | -0.7%              | 40.6M       | -1.0%               | £9.50                | 0.3%                       |
| Marinades           | £25.4M    | -5.1%              | 3.9M        | -1.7%               | £6.58                | -3.5%                      |
| Ready to cook       | £14.8M    | 15.9%              | 2.0M        | 19.0%               | £7.55                | -2.6%                      |
| Sous vide           | £26.8M    | -5.3%              | 3.7M        | -4.9%               | £7.20                | -0.4%                      |

Source: Kantar

This pig meat sector UK market update was prepared by:  
Bethan Wilkins and Duncan Wyatt, AHDB Market Intelligence

Phone: +44 (0)24 7647 8757/8856

e-mail: [Bethan.Wilkins@ahdb.org.uk](mailto:Bethan.Wilkins@ahdb.org.uk), [Duncan.Wyatt@ahdb.org.uk](mailto:Duncan.Wyatt@ahdb.org.uk)

Twitter: @AHDB\_Pork #PorkMarketNews

While AHDB seeks to ensure that the information contained on this webpage is accurate at the time of publication, no warranty is given in respect of the information and data provided. You are responsible for how you use the information. To the maximum extent permitted by law, AHDB accepts no liability for loss, damage or injury howsoever caused or suffered (including that caused by negligence) directly or indirectly in relation to the information or data provided in this publication.

All intellectual property rights in the information and data in this report belong to or are licensed by AHDB. You are authorised to use such information for your internal business purposes only and you must not provide this information to any other third parties, including further publication of the information, or for commercial gain in any way whatsoever without the prior written permission of AHDB for each third party disclosure, publication or commercial arrangement. For more information, please see our Terms of Use and Privacy Notice or contact the Director of Corporate Affairs at [info@ahdb.org.uk](mailto:info@ahdb.org.uk) © Agriculture and Horticulture Development Board. All rights reserved.