

# The feed cost challenge

## Pig producers are facing a serious pig price/feed cost squeeze

**MICHAEL A MARTIN  
TEAGASC ATHENRY**

BETWEEN June 2006 and June 2007 the average cost of compound feed fed on Irish pig units increased by €25 from €213 to €238 per tonne. This has resulted in an increase in the feed cost per kg Carcase of seven cent from 84 to 91c.

The advent of significantly higher feed ingredient prices, has resulted in an escalation in feed prices and the prospects are for these prices to remain high.

In contrast, finisher pig prices have fallen from a peak of 156c per kg dead weight in October 2006 to 136 c in June 2007.

This decline will seriously reduce the capability of the sector to cope with the increase in feed prices.

### PIG FEED PRICES

Pig feed prices in Ireland are high by European standards. The preliminary prices reported for 2006 in nine of the countries participating in the InterPIG cost of production comparison underline this.

Compared to eight other countries participating in InterPIG pig feed prices are significantly higher in Ireland.

The difference in finisher feed is €27 per tonne. In most other countries pigs are

transferred on to finisher feed at lower weights than in Ireland (35.5kg) and pigs are sold at heavier weights. Finisher feed represents a larger proportion of total feed used in these countries.

With lower weaner transfer weights in continental countries, weaner feed represents a smaller proportion of total feed used. Nevertheless it is very significantly cheaper (€49 per tonne) than the composite price of creep, link and weaner diets used on Irish units

The smallest difference is in sow feed. Sow diets in Ireland are still €23 per tonne dearer than the average of the other eight countries.

### FEED COST

The differences in feed prices can be translated into cost of production per kg dead weight by applying European prices to Irish levels of technical efficiency (Table 2)

Compared to pig producers in other countries, producers in Ireland are operating at a feed cost disadvantage of about 11c per kg deadweight. The challenge for the industry is to narrow that gap. Not all of the responsibility lies with the feed sector, as producers themselves need to re-examine how they can reduce feed costs while at least maintaining efficiency on their units.

### JUNE 2007 PIGMEAT PRICE LEAGUE TABLE

Factory	July 07 per kg DW	June 07 per kg DW	July 06	July 07 price as % of July 06	Est. share of national kill in each factory %
<b>Division No. 1 €1.29 and over</b>					
Mc Carron	1.29	1.30	1.43	90%	10%
Stauntons	1.29	1.29			8%
<b>Division No. 2 - under €1.29</b>					
Dawn	1.27	1.27	1.43	89%	20%
Roscrea	1.27	1.30	1.46	87%	30%
Edenderry	1.27	1.30	1.46	87%	18%
Weighted Average	1.27	1.29			
Green Pastures	1.29	1.29			
Ballon	1.31	1.31			
Garbally	1.29	1.29			
<b>Northern Prices</b>					
Cookstown	1.3	1.30	1.45	90%	
Grants	1.29	1.29			
Stevensons	1.33	1.33			

### PIG LEAGUE

THE weighted average for the July league is €1.27, the average price has been taken down by 2c/kg due to price decreases from Glanbia, McCarrons and Green Pastures Meats. However, producers to the same factories have recovered some of this cut again towards the end of the month.

The Irish Pig price is averaging €1.31/kg for 2007 year to date, which means that on average over the course of the year Ireland is now just below the EU average on 99%. As the Irish price was over the EU average between October 2006 and March 2007, it has taken an increase in EU prices and a decrease in Irish

prices to lose this position. Ireland at the end of July was lagging behind the EU on 88% of the EU-27 average.

EU pigmeat price forecasters were incorrect in June in their predictions as you can see from the graph below; the forecasted prices have already been surpassed and are still rising.

A more positive trend for pigmeat prices is now expected and with increased demand the producers of Germany, the Netherlands, Belgium and Austria have reported price increases of between 5 and 8c/kg since the beginning of June, bringing the EU average up almost 13c/kg to €146/100kg.



## Joe Rea - an appreciation

THE Pig Industry in Ireland will miss Joe Rea, especially the pig producers. Since January 1999, nearly nine years ago, Joe has given a very independent voice to the pigs sector with the Pig League.

Joe always said 'facts are stubborn'. He had always tremendous loyalty and with his fighting spirit, he showed unstinting support for fair play and a fair price for pig producers and farmers in general.

We will miss his great wit and good humour as a person

and in his writings and cartoons. The first issue of the Pig league in January 1999 showed a variation in Irish factory prices of Ir£5.60 (€7.11) per pig and his work over the last nine years has

improved that situation. Joe covered a multitude of topics in the pig sector while supporting innovation and excellence. He often complemented pig producers for their ability to survive and prosper in the

real world without any subsidies.

Ar dheis Dé go raibh a anam and condolences to Margaret, Michael, Martin and Trina.

IFA Pigs and Pigmeat committee

**Table 1: Pig feed prices in various EU countries**

Country Feed	€ per tonne		
	Sow	Weaner	Finisher
EU-9 Average	173	269	165
Ireland	193	312	189
EU-8 Average	170	263	162
Austria	200	275	166
Belgium	183	294	179
Denmark	164	237	161
France	168	251	154
Germany	167	254	149
Netherlands	176	269	165
United Kingdom	150	282	176
Sweden	155	242	150

**Table 2 Feed cost per kg dead weight at Irish and average European feed prices 2006**

Feed	Kg per Pig	Feed Price per tonne €	Feed Cost per pig €
Irish	Average EU-8	Irish	Average EU-8
Sow	55	193	10.62
Rearer	50	312	15.60
Finisher	166	189	31.37
Total	271	-	57.59
Average Dead Weight kg	-	-	74
Feed Cost per kg Dead Weight c	-	-	77.8

**Average weighted Pig League price, January 1999 to July 2007**

