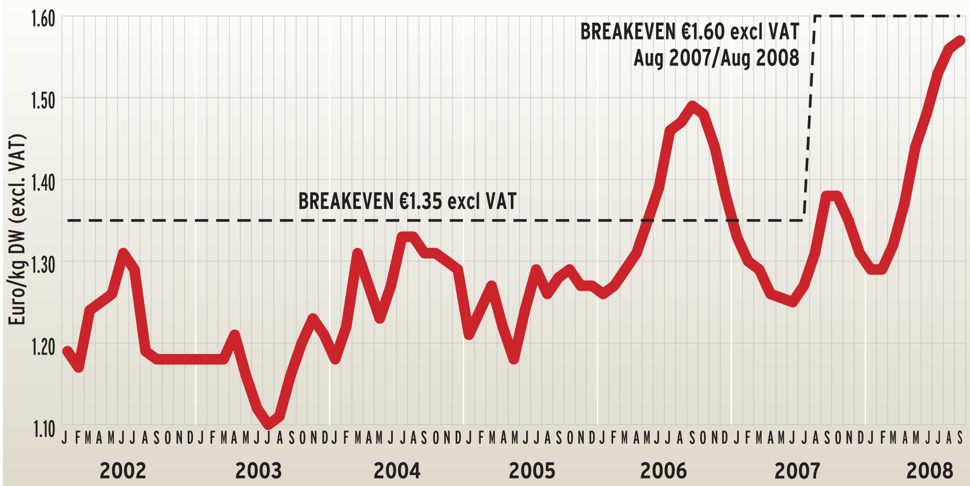
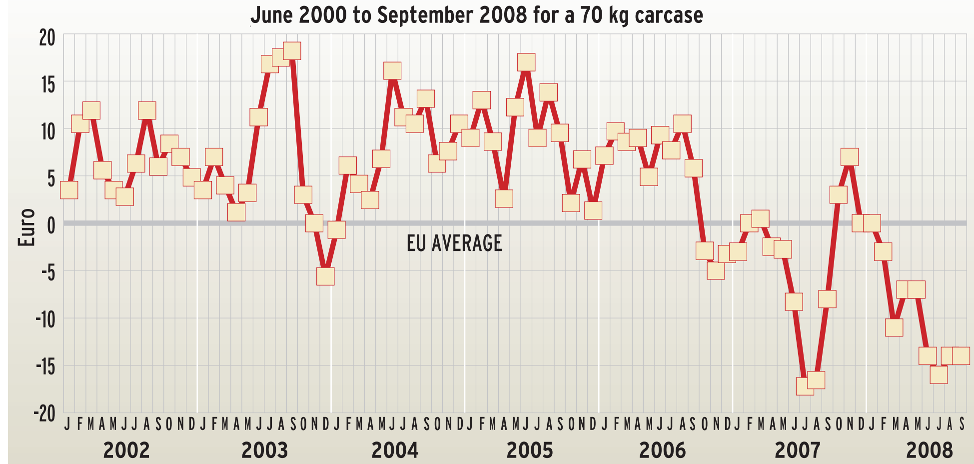
Average weighted Pig League price, January 2002 to September 2008



Irish pig price gap compared to EU average

June 2000 to September 2008 for a 70 kg carcase



Based on data from Bord Bia Monitor for September 2008

Pig producers' margins tighten further

AMII CAHILL
IFA

Due to the fact that pig prices were rising in August and started falling again in September, there was very little change (+1c/kg to €1.57 per Kg) in the weighted average for September compared to the previous month.

The EU average price continued to climb until the second week in September whereas Ireland suffered a cut as early as the first week of the month.

Further cuts have seen prices return to almost break even and it is vital that processors are active in maintaining a viable income for producers.

FEED PRICES

Falling raw material prices have not yet been accurately reflected in the cost of compound feeds.

Mills used high protein prices as reasoning to keep compound feed prices at higher levels when cereal prices were falling earlier this year. The price of soya has dropped back €25 per tonne over the last three weeks or approximately €100 per tonne from its highest point. Cereal prices are also back with wheat and barley freely available at €1.65 and €1.60 respectively.

On the strength of these figures, a minimum price drop in compound feed prices of at least €20 per tonne is warranted across all diets.

According to the most recent EU data, it appears that almost all other EU countries have seen a greater drop in feed prices than in Ireland especially Denmark and Germany (*source: Interpig*).

Feed prices had dropped between €10 and €25 per tonne on the continent between May and August whereas the same-recorded data for Ireland in the same period shows little or no decrease.

This competitive disadvantage is worsened further by the fact that Ireland was also the most expensive country in Europe for feed in the same period. Ireland was the only country to see the weighted average feed price surpass €300 per tonne.

RATIONALISATION

The mooted closure of Stevenson's pig slaughtering plant in Cullybacky, Co. Antrim would limit pig producer opportunities to find a competitive market for their product.

This is added to this summer's closure of the Garbally Meats slaughter facility in Galway. Garbally Meats however continues to buy pigs and slaughter them through Rosderra to supply markets.

This further reduces the number of active primary processors on the island.

SEPTEMBER 2008 PIGMEAT PRICE LEAGUE TABLE

Factory	Sept 08 per kg DW	Sept 07 per kg DW	August 2008	Sept 08 price as % of Sept 07	Est. share of national kill in each factory %
All prices quoted excl. VAT refund					
Division No. 1 €1.58 and over					
Dawn	1.59	1.39	1.58	114%	19%
Staunton	1.58	1.39	1.58	114%	9%
McCarren	1.58	1.39	1.57	114%	10%
Division No. 2 under €1.56					
Edenderry	1.56		1.55		16%
Roscrea	1.56	1.37	1.56	114%	36%
Weighted Average	1.57	1.38	1.56	114%	
Green Pastures	1.58	1.38	1.57	114%	5%
Ballon	1.60	1.40	1.61	114%	2%
Garbally	1.59	1.37	1.62	116%	0%
Northern Prices					
Cookstown	1.58	1.39	1.62	114%	
Grants	1.59	1.37	1.63	118%	
Cullybackey	1.57	1.40	1.61	111%	

> The mooted closure of Stevenson's pig slaughtering plant in Cullybacky, Co. Antrim added to this summer's closure of the Garbally Meats slaughter facility in Galway will further reduce the number of active primary processors on the island.

QA AUDIT

Bord Bia have published their most recent audit which ascertains the uptake of the Quality Assurance logo in the retail trade.

Branded products: the level of branded bacon products carrying the logo showed a further deterioration with only 13% of products carrying the logo. However the number of products surveyed is low (n=124) in this category as most bacon is sold under own brand.

In the last audit pork products had dipped but have recovered strongly in this audit (54%). There has been a drop in the number of branded rashers carrying the logo falling from 70% at the start of the year to 62%.

Consumers should take note while shopping to see if their favourite brands that were previously supporting the logo have recently stopped using it.

Own label products: As stated above, the number of surveyed branded bacon products was low. This is due to the fact that the vast percentage of bacon sold in retail is sold under own brand labels. Previously own label bacon products have been relatively strong supporters of the logo and in this latest survey (n=976), 73% of bacon products were carrying the logo, which is an increase of 16%.

This increase may have been aided by the fact that currently almost all of Tesco's own brand bacon (and pork) is carrying the logo.

This change occurred when Tesco moved all their meat packaging to Hilton Foods. This is a very welcome development. However, it is vital that Tesco continue to support the pig industry even if European pigmeat processors have the opportunity to undercut Quality Assured Irish product in the future.

Marketing cull sows

MICHAEL A MARTIN
SPECIALIST PIG DEVELOPMENT OFFICER, TEAGASC

A not insignificant source of income for pig producers is the sale of cull sows. Maximising returns from these sales increases profitability.

SOW DISPOSALS

Based on the information we have from the PigSys recording system about 49% of sows on Irish pig units are replaced annually. This is broken down into about 5.8% that die during the course of the year and 43.1% are sold for slaughter.

On a national sow herd of about 145,000 sows, this culling rate amounts to 62,500 sows per year. With most, if not all, the cull sows from Northern Ireland also slaughtered in the Republic, total sow slaughterings would be expected to amount to just under 80,000 or 1,530 per week.

In the first nine months of 2008 sow slaughterings averaged 1,493 down from 1812 in the corresponding nine months of 2007.

A typical 500-sow unit will sell 216 cull sows per year. This is just 2% of total pig sales on a herd-producing 22 pigs per sow per year.

This is not an insignificant number of pigs and the value of cull sows is not an insignificant component of the value of pig sales.

The value of cull sows is determined by the price received per kg weight and by the dressing of kill out percentage.

PRICE PER KG

Too few units monitor cull sow price in relation to finisher pig price. Very often the quoted price is in € per cwt (50kg presumably) and usually live weight.

Realistically, cull sow prices should be quoted in cent per kg dead weight leading to greater transparency.

In Denmark at the end of October 2008, the price per kg dead weight for cull sows was 88.5% of the price of slaughter pigs sold within the optimum weight range. The proximity of Denmark to the German sow meat market is a considerable advantage.

Cull sow prices were dramatically higher in key EU countries compared with the same week (Week 39) in 2007. The decline in sow numbers in EU provides the explanation.

Table 1: Cull sow prices in selected EU countries in Week 39 2007 and 2008.

Country	2007	2008	Increase %
Netherlands	68	124	82
Germany	84	141	68
France	85	130	53
Denmark	71	127	79

Source: Marche du Porc Breton

DRESSING PERCENTAGE

A typical cull sow slaughtered at 215kg live would have a carcaseweight of 150kg based on a 70% kill out. Sow kill-outs are very variable due to factors that include dressing specification, stage of reproductive cycle, and feeding levels pre-slaughter.

Each one-percentage point change in kill-out amounts to about 2kg in carcaseweight and has a corresponding influence on the price received.