



# Producers exposed to bad debts

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January brought no relief to Irish pig producers. Costs remained prohibitively high and two falls in the pig price were recorded across the country.

On a weighted average basis, this brought the pig price to €1.28 (VAT exclusive) with Rosderra's larger than normal proportion of the kill affecting the average. Pig

farmers, however, are not suffering just by being in a loss-making situation, as extended credit terms have not yet improved.

### FINANCIAL AID

Many producers spent the January exposed to bad debts on up to three weeks of pigs. This delay is being attributed to the fact that the primary processing sector has not received any further payments from the financial aid package put in place by the Gov-

### JANUARY 2009 PIGMEAT PRICE LEAGUE TABLE

Factory	Jan 09 per kg DW	Jan 08 per kg DW	Dec 2008	Jan 09 price as % of Jan 08	Est. share of national kill in each factory %
<b>All prices quoted excl. VAT refund</b>					
<b>Division No. 1 €1.28 and over</b>					
Dawn	1.29	1.34	1.37	97%	16%
Stauntons	1.29	1.29	1.37	100%	10%
McCarren	1.29	1.28	1.37	101%	9%
<b>Division No. 2 under €1.28</b>					
Edenderry	1.28	1.27	1.34	100%	25%
Roscrea	1.28	1.27	1.34	100%	29%
<b>Weighted average</b>					
	<b>1.28</b>	<b>1.29</b>	<b>1.34</b>		
<b>Northern prices</b>					
Cookstown	1.26	1.19	1.34	106%	
Grants	1.28	1.18	1.32	109%	
Cullybackey	1.27	1.18	1.35	108%	

ernment before Christmas. This situation is causing severe cashflow difficulties for processors which, in turn, is impinging on farmer's livelihoods.

On a more positive note, what has been expected for quite some time now appears to be occurring. There is a considerable shortage of weaners appearing in the British

market. A price of Stg£52 to Stg£63 for 32kg weaners has been available over the past number of weeks.

Shortages in Ireland are also becoming a reality with

factories now competing carefully to pick up supplies.

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## Who will save OUR bacon?

A BRITISH television programme recently highlighted that consumers are overlooking certain cuts of the pig and missing out on the value they offer.

These cuts, according to processors, have no market in Ireland and must be exported. This includes collar bacon, shoulders and belly meat. CSO data shows that collar bacon averaged in price at less than €6/kg over the course of 2008. No other cut of meat can compete with this product in terms of value for money.

Until international markets recover, these cuts are being stored at a high cost to the processor and, ultimately, the farmer.

Based on CSO and Bord Bia data, a calculation of the farmers' share of the consumer price on average over 2008 for pork and bacon was

Table 1: Farmers' share of consumer price

Food Product	What the consumer pays*	Equivalent price to farmer	Farmer's share %
Whole Milk 1 litre	€1.13	€0.36	32%
Pork/ Bacon 1 kg	€8.08	€2.09	26%
Beef 1 kg	€8.97	€4.81	54%
Lamb 1 kg	€10.55	€5.27	50%
Eggs doz. Medium	€3.24	€1.05	32%

\*CSO and Bord Bia data



The differential in price paid between the retailer and the farmer for the same product is startling.

only 26%. This is the lowest share achieved for the commodities listed below.

The feed cost per kilogramme of pigmeat produced fell to its lowest level in December 2008 (97c/kg). How-

ever — even at this level, the lowest in 2008 — the pig producer cannot break even. Every increase in feed cost brings producers further away from a break-even position.

## Feed price comparison

OVER the course of 2008, feed prices increased up until the end of July (high of 116c/kg). It has been speculated that an increase in the amount of compound feed purchased in the third quarter of 2008, compared with the same period in 2007 (+5.4%), was due to the fact that it was cheaper to purchase compounded feed than home mill.

A direct comparison of compound feed versus home milled feeds is very difficult due to a producer's indi-

vidual circumstances, systems and transport distance from ports/mills. However, Table 2 gives an indication of where producer prices differ between compounded and home milled feed ingredients as of January 2009. All diets home milled (without milling costs) were more expensive than compound feed diets. The most dramatic differences were seen between the dry sow diets (+€52).

There are substantial differences in the cost of ingre-

dients reported (Table 3) between different farmers. As these figures relate to the cost of diets based on the cost of feed ingredients delivered to the unit, these differences may be explained mainly by forward purchasing of cereals last autumn. There are also significant differences in the cost of soya and soya oil.

Producers, whether they are home milling or purchasing compound feed should keep abreast of prices available in the other system.

Table 2: Cost of home milling versus compound feed January 2009

	Home milled	Compound	Difference
Diets			
Weaner	243	294	51
Finisher	204	236	32
Dry sow	178	230	52
Lactating	215	252	37
Feed cost per kg C	84	97	13

Source: Teagasc

### NOTES (home milled diets):

- The cost of diets is based on the cost of feed ingredients delivered to the unit.
- The diet formulations used are those being fed in Moorepark Pig Production Unit.
- The cost of mineral/vitamin supplements, including amino acids, are current prices from Moorepark (diet specs available from Teagasc).
- The milled weaner is a meal diet while the compound diet is a pelleted diet.

Table 3: Ingredient price analysis

	Range	Lowest	Highest
Barley	60	130	190
Wheat	69	130	199
Soya Hi Pro	89	228	317
Soya Oil	385	600	985

Source: Teagasc