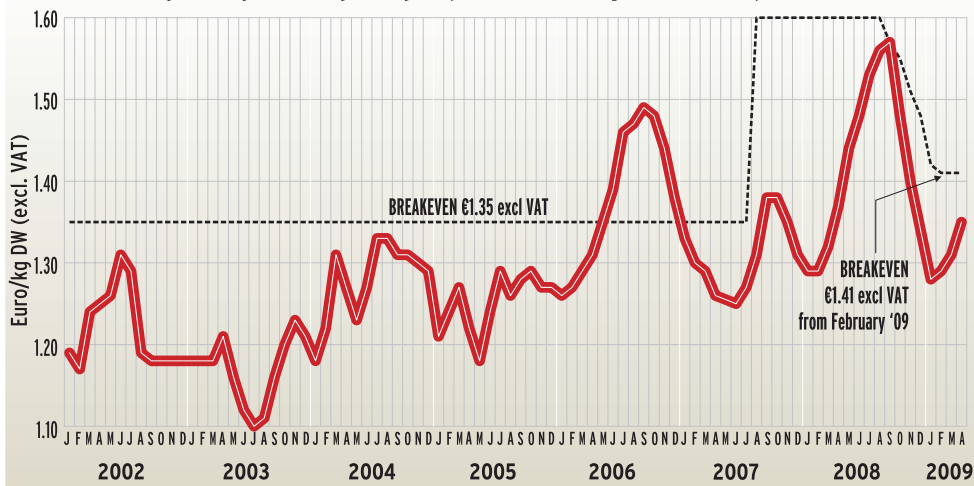
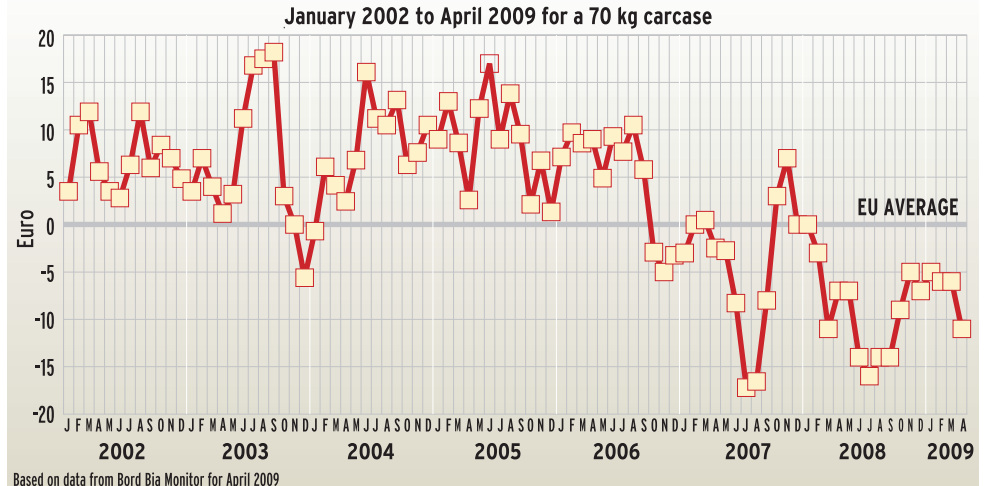


Average weighted Pig League price, January 2002 to April 2009



Irish pig price gap compared to EU average



EU prices stall on the back of H1N1

AMII CAHILL*

The pig league weighted average for April 2009 was €1.35/kg, a minor increase from the previous month's prices but still behind the quoted price from the same month in 2008.

A similar situation is being reported all over Europe. Despite the fact that German and Spanish pigmeat prices in April were above the EU average (Irish prices lagged behind by almost 13c/kg at the end of the month), they were still behind prices paid in April 2008, by 1.8% and 2.8% respectively.

Swine flu has put pressure on continental pig prices this month.

Several countries, including China and Russia, have reacted more severely and have banning meat from the USA and Mexico. Some commentators will say that this is irrational, while others will

say that these countries are well known as the usual suspects for issuing bans.

This could, of course, be a benefit to EU exporters finding it difficult to compete with the USA. Under normal trading conditions, this may even have created access opportunities for Irish meat. The aftermath of our own crisis continues to cause problems however, with Ireland still locked out of these two important markets.

On top of this, the extended credit from factories has not been fully rectified yet. Factories are still owed money from the rescue package, as are the affected farmers, and miller credit is a major issue now on Irish farms.

Rising pig prices will need to continue for some time to get producers out from under the cloud of debt that has been created over the last two years.

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Table 1: April 2009 pigmeat price league table

Factory	Apr 09 per kg DW	Apr 08 per kg DW	Mar 2009	Apr 09 price as % of Apr 08	Est. share of national kill in each factory %
All prices quoted excl. VAT refund					
Division No. 1 €1.35 and over					
Dawn	1.35	1.39	1.33	97%	16%
Edenderry	1.35	1.35	1.31	100%	28%
Roscrea	1.35	1.35	1.31	100%	26%
Division No. 2 under €1.34					
McCarren	1.34	1.36	1.32	99%	9%
Stauntons	1.34	1.37	1.31	98%	11%
Weighted Average	1.35	1.37	1.31		
Green Pastures	1.35	1.38	1.32	98%	7%
Ballon	1.36	1.39	1.32	98%	2%
Garbally	1.34	1.37	1.32	98%	-
Northern Prices					
Cookstown	1.39	1.41	1.35	98%	
Grants	1.38	1.39	1.36	100%	
Cullybackey	1.37	1.40	1.35	98%	

Table 2: Pigmeat price forecast for 2009 (€/kg)

	Denmark	Germany	Spain	France	Holland	UK
Quarter 2	1.24	1.48	1.52	1.42	1.34	1.67
Quarter 3	1.34	1.55	1.68	1.56	1.43	1.65
Quarter 4	1.34	1.45	1.4	1.46	1.33	1.65
Average 09	1.27	1.47	1.49	1.43	1.34	1.61

Note: Prices quoted by experts do not included bonuses or deductions

Table 3: Production forecast for 2009 – GIP% (change from same Q in 2008)

	Denmark	Germany	Spain	France	Holland	UK
Quarter 2	-1.1	-0.2	0.6	-1.7	0.1	6.1
Quarter 3	0.0	-0.6	-3.8	-1.9	0.0	4.0
Quarter 4	-2.9	-1.8	-1.9	-1.9	-0.6	3.3
Total 09	-1.9	-1.0	-2.6	-1.6	0.5	4.3

EU forecast committee meet

REPRESENTATIVES from all over Europe gathered last week in Brussels for a forecast working group to discuss prices and production for the EU 27 in 2009.

According to the figures (Tables 2 and 3), EU pig slaughtering for the first quarter of 2009 showed an 8% reduction.

Although some countries expressed concerns about prices, significant increases in piglet prices have been observed across the EU as sow numbers have reduced and the availability of pigs has started to fall.

Germany commented that, based on census figures, sow numbers have fallen by 5%, although indigenous slaughtering has only fallen by 1.5% to date.

Germany is now slaughtering almost 10 million more pigs than they produce each

year and this is expected to be the continuing trend.

For 2009, expected GIP is about 45 million pigs, but including the imports, Germany will slaughter over 55 million.

German exports to the EU and third countries are slightly higher than the previous year. However, due to devaluation in exchange rates in Eastern European countries and third countries, Germany's export revenues are likely to be reduced.

In the short term, consumer demand has dropped slightly due to flu concerns. Pork is cheaper than it was, but increased value for the consumer should see consumption recovering.

The total Danish pig herd has decreased by 2%, but throughput in Danish factories reduced by 12% as

increased numbers of animals are being exported live for slaughter in other countries.

However, Denmark has seen an increase in the number of in-pig sows (2%), which should see an increase in pig numbers.

The expert indicated that Danish exports out of the EU are currently under pressure; one example being the Russian market which is weaker than it was last year. There has been an increase in US pigmeat to Asia as a result of being locked out of the Russian market recently due to the H1N1 flu outbreak.

Concern was expressed that the Danes cannot compete with US pigmeat destined for Asia as US pork is subsidised by government aid. Denmark will continue to increase the number of piglets produced, as they are

extremely price competitive in this area.

Numbers of slaughter pigs produced will decline as they export more pigs live. The expectation is to export eight million live pigs to Germany alone this year. The Danish expert said that Denmark would be a nursery ground for other EU countries as for economic and environmental reasons, finishing pigs in Denmark is unfeasible.

Spain has suffered a larger drop in pigmeat consumption than others due to H1N1, owing to their close links with Latin America and Mexico. The expert stressed that many producers have gone out of pigs, while others are very heavily financed and in a precarious position.

Last year, Spain exported 466,000 tonnes of pork under export refunds, which did provide some vital assis-

tance. Despite this, Spain has seen a 2.5% fall in pigmeat production in 2008 and a further 2.6% fall is expected in 2009.

Similarly, France has seen a continued decrease in the size of the national herd, with a resulting decrease in annual pigmeat production. The current credit crisis is being blamed for reduced consumer demand for pork. Although pigmeat production figures so far have not seen significant reductions (-0.3% for 2008), they are expecting to see falls in sow numbers and, therefore, production in the future.

They admitted that their projection for 2009 of a 1.6% fall in pigmeat production was optimistic and it was likely to be higher.

A 7% fall in slaughtering was recorded in the first quarter of 2009 in the Nether-

lands, but this relates to net slaughtering.

Similar to Denmark, large numbers of live pigs are being exported for slaughter in Germany. Total production for 2008 actually increased by 2.5%, and is expected to be static this year. The UK recorded a fall in sow numbers in 2008 and slaughtering will continue to fall in the first half of 2009. However, it was stated that the herd has now stabilised and increases in sow productivity should ensure higher slaughtering in the second half of 2009 and 2010.

Considering the lower British and EU production, combined with the impact of the relatively weak pound, the continuation of relatively firm pigmeat prices until at least the middle of 2009 is expected by our closest neighbour.