

EU analysts predict static prices

But Irish prices continue to tumble

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EU pig producers have taken hit after hit in the last number of weeks, with an average 12c/kg decrease recorded since the start of September, despite dramatic feed price rises.

Teagasc recorded the pig composite feed price per kilo dead at 101c/kg for October. This figure put pig producers on current prices in a significant loss-making situation.

The most recent Forecast Working Group on Pigmear discussed the contributions of 16 member states on the outlook for the industry.

Experts from each country expressed concern about EU pigmeat profitability due to rising feed prices.

An increase in pig slaughtering of 1% is predicted compared with last year. This is taking place predominantly in the second half of the year.

An increase in gross indigenous production (GIP) is also forecast for the first half of 2011.

Commission representatives said the increase this year has been well absorbed by the export market, particularly fresh and frozen exports to Russia.

The EU is also beginning to export more high value cuts to markets such as China. The weak euro, while stimulating production, also helped the EU to compete effectively against major international exporters.

Changes to the euro value, continued access to market and growing indigenous production in importing countries were raised as concerns for the future of EU exports.

Eastern European countries indicated that massive consolidation had occurred in their pig sectors since entering the EU, which has caused a drop in pig numbers and an increase in prices. However, the Polish herd is now recovering and the others expect recovery in time.

• **Denmark:** The Danish analyst stated that the Danish

industry will see increased GIP next year similar to 2010, with their latest internal survey showing an increase in sow numbers. Danish prices have been better in 2009/10 due to the increased volume of exports. In terms of prices for the first half of 2011, the Danes expect no real change in prices year on year, but this is dependent on export performance in the first half of the year. The second half of 2011 will be dependent on any recovery in the American herd.

A similar comment was made by Germany and the Netherlands, indicating that exports between the three countries, particularly weaners, would continue to increase.

• **Germany:** The German analyst indicated that the picture was relatively stable with the number of holdings decreasing and average herd size increasing (about 100 sows). Competition between factories is very active. Tonnies now control more than 20% of the market, Vion 10% and D&S Fleisch, which has been taken over by Danish Crown, 3.3%. The quantity of pork consumed by private households has decreased while consumer prices have increased. In relation to producer prices, they are generally lower this year, but the expectation is that, as the winter progresses, producer prices will be higher than in 2009. The expectation for 2011 is a small increase in slaughtering (1.7%) and live imports (1.6%), with a fall in

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SEPTEMBER 2010 PIGMEAT PRICE LEAGUE TABLE

Factory	Sept 10 per kg DW	Aug 10 per kg DW	Sep 10 price as % of Aug 10	Est. share of national kill in each factory %
All prices quoted excl. VAT refund				
DIVISION NO. 1 €1.38 AND OVER				
Stauntons	1.38	1.40	99%	11%
DIVISION NO. 2 €1.37 AND UNDER				
McCarren	1.36	1.38	99%	8%
Edenderry	1.37	1.38	99%	25%
Roscrea	1.37	1.38	99%	28%
Dawn	1.36	1.38	99%	17%
WEIGHTED AVERAGE				
	1.37	1.38	99%	
Green Pastures	1.39	1.42	98%	8%
Ballon	1.44	1.46	99%	2%
Garbally	1.39	1.40	99%	-
NORTHERN PRICES				
Cookstown	1.37	1.42	96%	
Grants	1.38	1.42	97%	
Cullybackey	1.43	1.45	99%	

Table 1: gross indigenous production (GIP) in 1,000 heads

	Total 09	Total 10	% change 2009/10	2011 Q1	2011 Q2
DK	27,603	28,187	102%	7,200	6,850
DE	45,127	46,301	103%	11,525	11,574
IE	2,800	3,069	110%	760	750
ES	39,544	39,557	100%	10,213	9,481
FR	25,695	25,244	98%	6,324	6,086
IT	12,955	12,929	100%	3,376	3,025
NL	23,583	24,195	103%	6,200	5,900
PL	19,440	19,750	102%	5,150	5,090
Britain	8,541	8,732	102%	2,367	2,325
Total EU	230,940	232,909	101%	58,564	56,486

Irish 10% increase related to the feed contamination depopulations in 2008/2009

live exports (1%). Meat production is estimated to increase by 1.6% and pigmeat exports are also expected to increase by 6.1%. Consumption is also forecast to be down by 0.4%.

• **France:** The French analyst expressed severe reservations about the industry, stating that prices are too low. This year has seen the number of producers drop. Despite the difficulties, this fall in producers has more or less been compensated by the increase in pig numbers. However, production is expected to drop each quarter into 2011. The French expert complained bitterly about competition from other EU countries, particularly Germany. Prices will be similar overall this year to 2009 and Q1 2011 will be closer

to the Q1 price in 2009.

• **Netherlands:** The April census shows a small decrease in pig numbers and a large decrease in sow numbers (5%). Production is so far unaffected as slaughtering has increased and weights were up, so production volume will also be up this year. The growth in piglet exports continues, with a recovery seen in exports to Spain. The majority is going to Germany. Consumption is positive (+2%), to the detriment of poultry, which has seen consumption drop by 2%.

• **Spain:** Producers are very concerned about the price of grain from June to October and the drop in prices. Prices increased by 22% from June to October and the overall price in 2010 will be similar to 2009, followed by increases in the

Table 2: reference price (euro/100 kg)

	Ave 2009	Ave 2010	% change 2009/10	2011 Q1	2011 Q2
DK	123.0	128.5	104%	120	132
DE	146.0	141.5	97%	135	146
IE	131.8	132.8	101%	135.0	142.0
ES	145.5	145.9	100%	144.5	156.2
FR	131.0	129.7	99%	124.2	132.8
IT	152.6	153.8	101%	151.5	142.9
NL	130.5	128.0	98%	125.0	135.0
PL	143.9	132.9	92%	127.2	129.7
Britain	159.6	161.5	101%	159.0	159.0

Irish price excluding VAT

first two quarters of 2011. The Spanish delegate stated that the situation is worse than 2007/08 due to the lack of available credit.

• **Britain:** Production in 2010 has fallen slightly but the Scottish herd has expanded at the same time. The British farmer is expecting a significant increase in production due to improved productivity more so than farm expansion. The expert said that although feed has increased, the domestic price may have levelled with the retail trade, picking up as the weather cools. The expert said that farmers in Britain are querying why feed prices are so high when the harvest has been good.

In their concluding remarks, the Commission stated that if the forecasts are

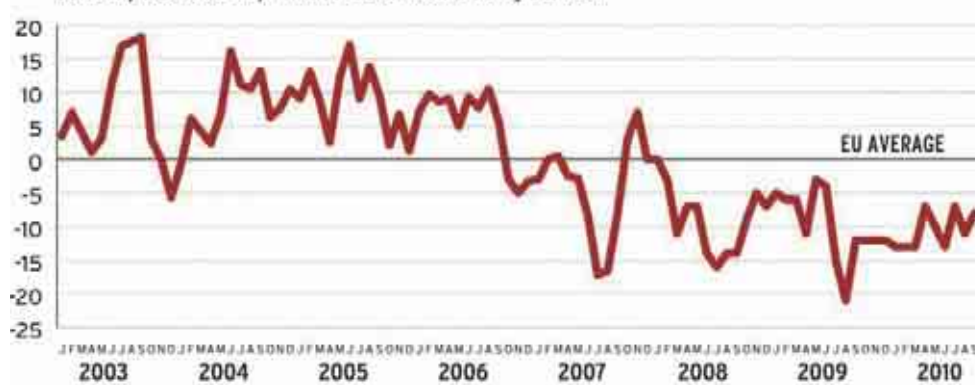
correct, EU end-of-year prices will not drop as much as last year. Farmers called on the EU Commission to protect the industry by putting the necessary steps in place, such as export refunds and the immediate release of Intervention cereal stocks.

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Danish Crown

Danish Crown has taken a large stake in the German pig market by announcing this month the purchase of a German factory. Danish Crown has indicated that this will be used to kill German pigs but they may take some Danish.

Irish pig price gap compared with EU average (c/kg)
January 2003 to September 2010 with a 70kg carcass



Average weighted pig league price (c/kg)
January 2003 to September 2010

