



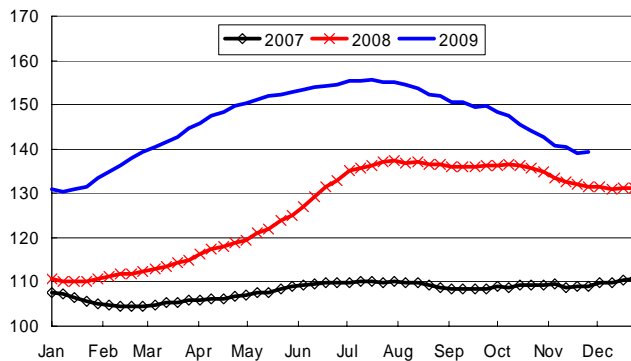
United Kingdom Pig Meat Market Update

December 2009

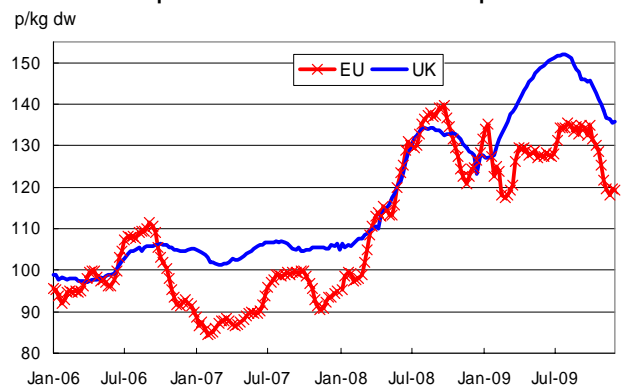
UK PRICES

- The DAPP continued to reduce during November, although a quarter pence increase was quoted in the week ended 28 November to stand at 139.41p/kg. However, over the four week period the DAPP reduced by two per cent, reducing the year-on-year improvement to only six per cent. Despite this decline in the second half of the year, the DAPP remains historically high and more than six per cent higher than at the start of January in the face of a declining European market and higher throughputs in the domestic processing sector.
- Carcase weights have remained over 80 kg, offsetting some of the price reduction although not sufficiently enough to compensate for the persistent drop in price. Indeed, higher carcase weights will suffer from increased penalties from missing target specification.

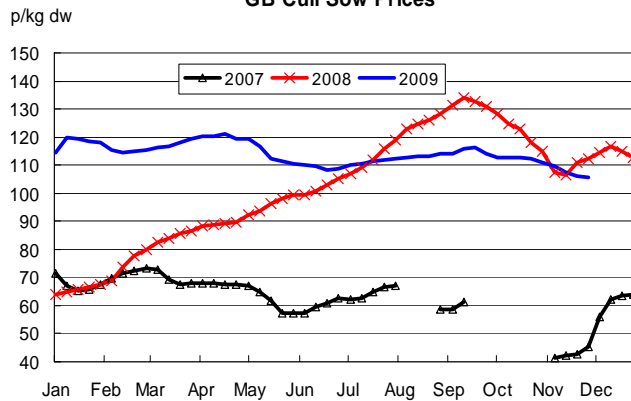
GB Finished Pig Prices



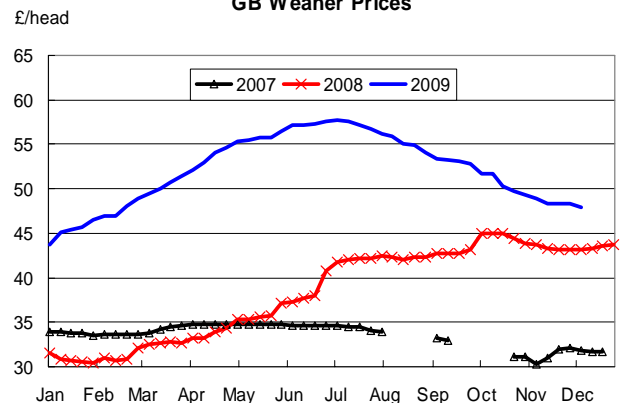
Comparison of UK and EU reference prices



GB Cull Sow Prices



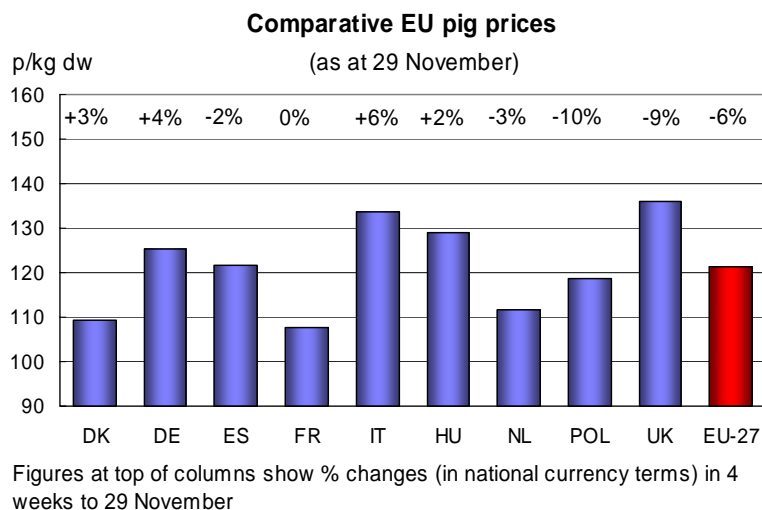
GB Weaner Prices



- Weaner prices have continued to decline and, with the exception of one week, this has been the case for the last 22 weeks. In the week ended 5 December the average price for a 30kg weaner was marginally below £48, £1 per head less than four weeks earlier and £10 per head lower than in July. Despite this, the weaner price remains nearly £5 per head higher than at this time last year.
- The GB export sow price has reduced markedly over the last four weeks to below 106p per kg, a reduction of five per cent for the period. Despite this reduction, export sow prices briefly exceeded year earlier quotations but the gap widened to almost 7p/kg in week ended 28 November.

EXCHANGE RATES AND EU PRICES

- Sterling marginally depreciated against the Euro during November despite some fluctuation over the four-week period. As a result the Euro was worth 91 pence at the beginning of December, seven per cent more valuable than a year ago.
- The Euro continues to appreciate against \$US and at the beginning of December was valued at more than \$US1.50.
- Pig prices across Europe dropped during November. The EU average carcass price reduced by two per cent throughout November to average 133p/kg dwt, ten per cent lower than November last year. All major producers across Europe have experienced similar trends on a monthly and annual basis following reduced exports from the EU during 2009 resulting in a greater supply within Member States.

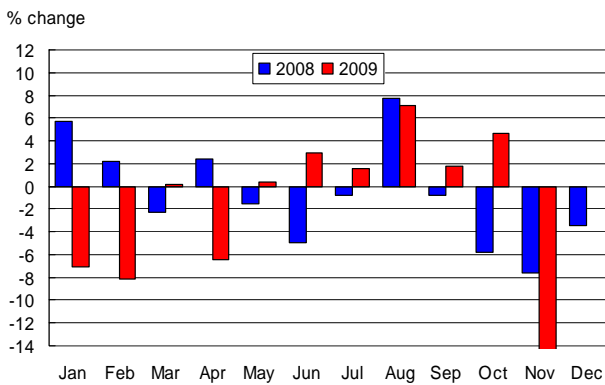


- Despite a marginal increase in UK pig prices at the end of November, the overall downward trend during the month, coupled with the marginal exchange rate movement, has resulted in the UK pig price, in Euro terms, reducing 1 per cent to €150 per 100 kg dwt during the four week period.

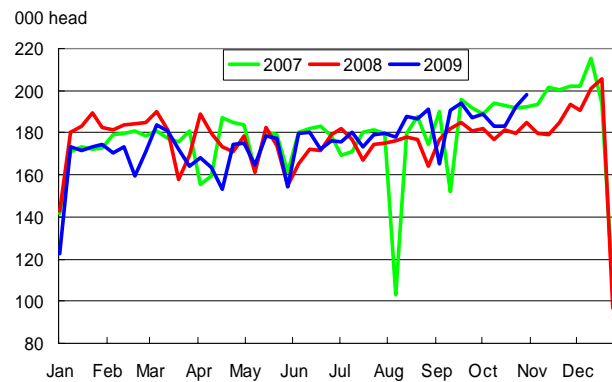
UK SLAUGHTERINGS AND PRODUCTION

- Clean pig slaughterings in the UK during October (a five week statistical month) totaled 955,000, six per cent higher than year earlier volumes. For the first ten months of the year throughput is marginally lower with 7.73 million clean pigs slaughtered compared with 7.76 million during the same period last year. However, for the four months since June throughputs have been four per cent higher than the same period last year.
- Carcase weights remained above 80kg throughout November, 2.1 per cent heavier than November last year. However, there were signs at the end of the month that the average carcase weight had peaked as at week ended 28 November the average carcase weighed 79.75kg, the first time in two months where the average was below 80kg. Carcase weights have remained above year earlier weights since the start of April and, despite a recent reduction, are still some 1.5kg heavier per carcase heavier than year earlier values.
- Average probe measurements increased in correlation with the heavier carcasses and appear to have peaked at 11.5mm. Following recent reductions in carcase weights the average probe has also reduced marginally.

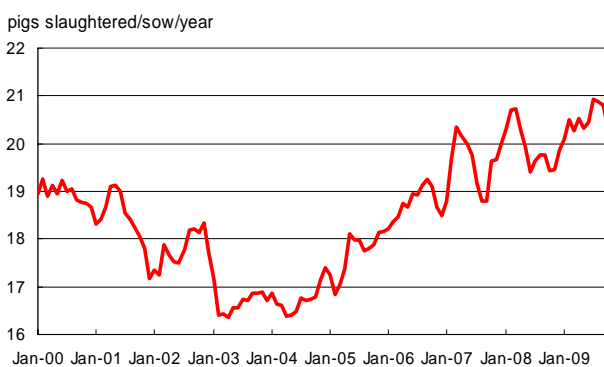
UK clean pig slaughterings



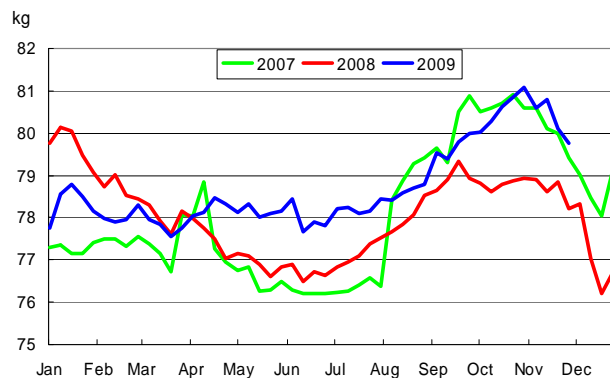
Weekly throughputs



Est sow productivity trends

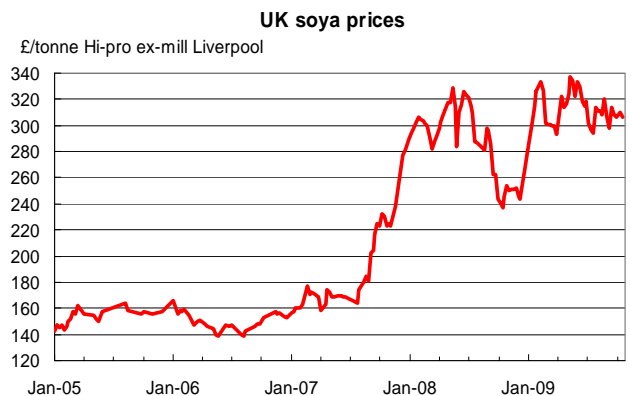
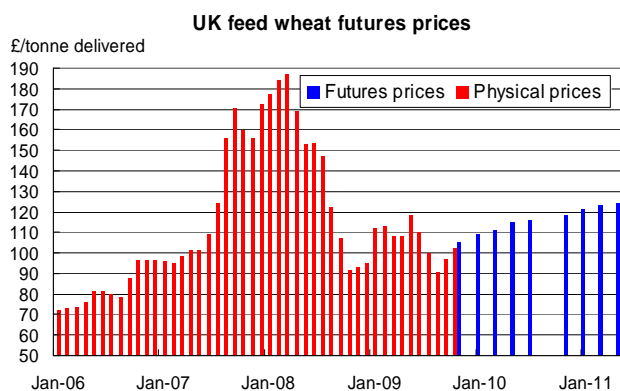


Average carcase weights



FEED PRICES

- World commodity prices have been resistant to the current situation in Dubai, which is having a greater impact on the equity markets. At the start of December, the UK LIFFE feed wheat futures price increased £0.5 per tonne to £107.25 per tonne.
- The market for delivered wheat prices for Eastern England continued to increase following the re-bounce experienced in September to £102 per tonne in early October. On LIFFE UK wheat futures, feed wheat prices are around £109 per tonne for January 2010 and £121 per tonne for January 2011.
- The International Grains Council (IGC) estimates that global wheat production for 2009/10 to be 668 million tonnes, 3 per cent lower than 2008/09 production. Despite this, ending stocks are predicted to be 191million tonnes, the highest since 2002.
- Forecast plantings for the 2010 harvest, as estimated by the IGC, are expected to be 222 million ha, 1.5 million ha lower than the 2009 planted harvest.
- For soyameal markets, harvesting is near completion in the US and the soyabean crop is reported to have a higher protein content than the poor content experienced in 2008. The results of the 2009 crop are however, very close to the long-term averages of 35 per cent protein and 19 per cent oil.



CONSUMPTION

- In the 12 week period to 1 November 2009, retail purchases of fresh and frozen pork were three per cent higher compared with purchases in the same period in 2008 at 39,000 tonnes. The frequency of pork purchases and the volume purchased on each shopping trip increased compared with a year earlier, as did the proportion of households buying pork. Purchases of pork chops and pork belly increased by 10 and four per cent respectively. Spending on pork was up two per cent in the 12-week period at £189 million.
- In the latest four weeks households purchased seven per cent more pork than a year ago. As a result of strong promotional activity, in the 4-week period purchases of shoulder roasting joints more than doubled year on year. Expenditure increased five per cent to £66 million. Totalled

- Consumer purchases of bacon also increased in the 4-week period ended 1 November, resulting in a two per cent growth in purchases. Sausages also showed growth of two per cent.

Trends in retail meat purchases (period ended 1 November 2009)

	4 weeks 2009/08			12 weeks 2009/08			52 weeks 2009/08		
	Q	E	P	Q	E	P	Q	E	P
% change compared with a year earlier									
Fresh and frozen meat	+3	+3	+0	+1	+1	+0	-0	+6	+6
Pork	+7	+5	-3	+3	+2	-2	+0	+6	+6
<i>Belly</i>	+11	+10	-1	+4	+5	+1	-5	+7	+13
<i>Chops</i>	<i>N/C</i>	-1	-1	+10	+7	-3	-2	+7	+9
<i>Steak</i>	-17	-5	+15	-12	-5	+8	+1	+6	+5
<i>Roasting joints</i>	+34	+13	-15	+15	+2	-11	+1	+3	+2
Bacon	+2	+1	-1	+4	+2	-3	+3	+7	+4
Beef	+2	+2	-1	-2	-2	+1	-3	+5	+9
Lamb	-2	+1	+3	-8	-3	+5	-9	-1	+8
Poultry	+4	+5	+2	+3	+6	+2	+2	+8	+6
Processed products									
Pork Sausages	+2	+4	+2	+1	+4	+3	+2	+10	+7
Fresh Pre-packed Pork Pies	-3	-2	+1	+3	+4	+1	+3	+5	+3
Fresh Pre-packed Sausage Rolls	+6	+2	-4	+3	-0	-3	+0	+1	+1
Pork Chilled Ready Meals	+29	+15	-11	+36	+21	-11	+2	+1	-1
Pork Sliced Cooked Meats	-4	-0	+4	-2	-1	+1	-2	+3	+5

Q = quantity purchased, E = expenditure, P = price
Source: Taylor Nelson Sofres

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The United Kingdom pig meat situation and outlook is analysed in more detail in "Pig Market Trends", published monthly. For further information contact:
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