United Kingdom Pig Meat Market Update

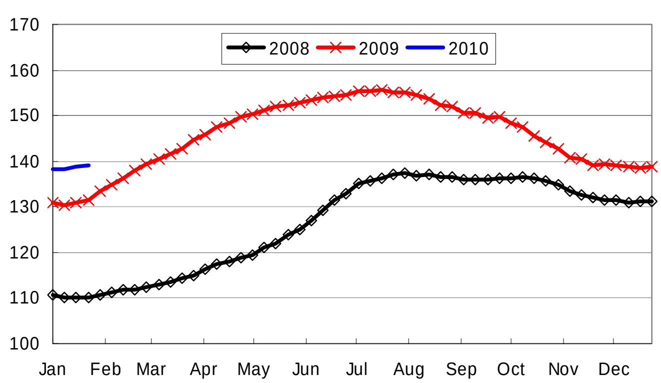
February 2010

UK PRICES

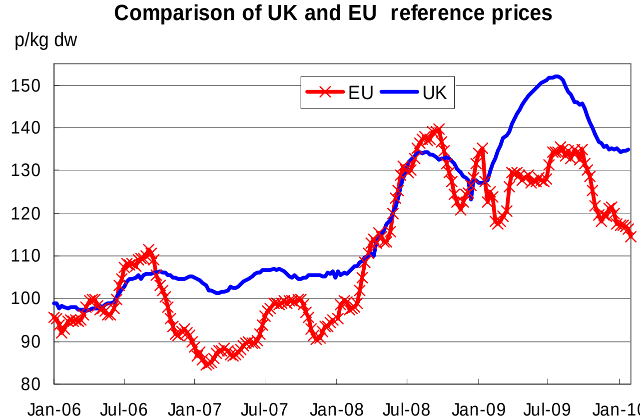
- The DAPP increased to 140p/kg to week ended 26 January, six per cent higher than at the same time last year. Since the start of the year the DAPP has increased by two pence, a 1.5 per cent increase over the four week period.

- Despite challenging weather during January the supply of pigs to processors remained firm as producers and processors worked together in order to maintain an efficient supply chain. The cold weather, however, may have knock-on effects later in the year due to the likelihood of adverse effects on productivity and mortality due to the low temperatures.

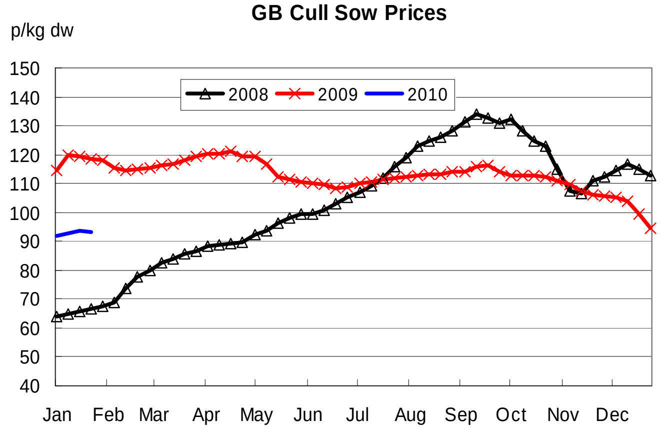
GB Finished Pig Prices



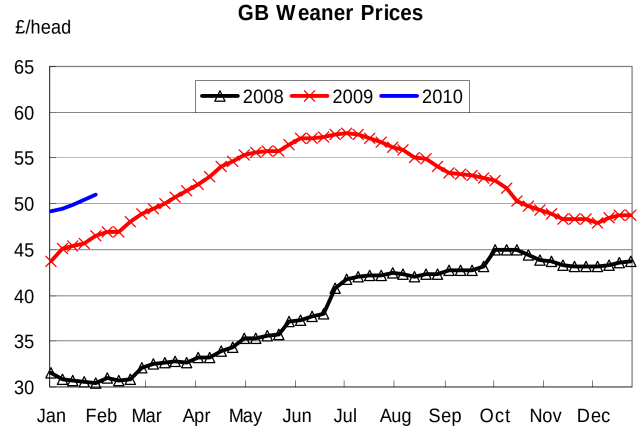
Comparison of UK and EU reference prices



GB Cull Sow Prices



GB Weaner Prices

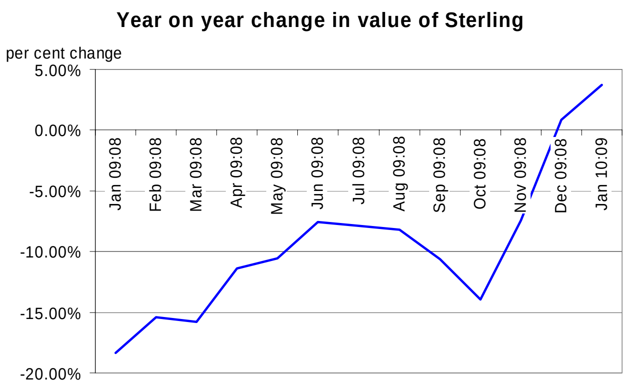


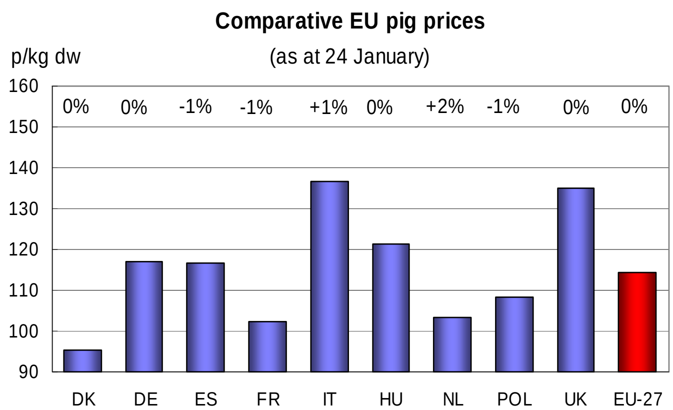
- The average carcase weight in the DAPP sample remained at 79kg during January, one kg higher than a year earlier and equal to the average weight sampled in 2008. The average probe remained just above 11mm during the first four weeks of 2010, similar to year earlier values, with no significant deviation quoted following the adverse weather conditions.

- The 30kg GB weaner price increased by £2 per head to £51 during the first weeks of January as buyers reported a shortage of availability as the main reason for offering higher prices. In comparison to year earlier quotations, weaner prices were some 10 per cent higher at the end of January.

- Following a relatively steep decline in cull sow prices during December, prices increased marginally to 93p/kg in week ended 24 January, 22 per cent lower than a year ago.

EXCHANGE RATES AND EU PRICES





Figures at top of columns show % changes (in national currency terms) in 4 weeks to 20 December

- Sterling appreciated during January so that £1=€1.13, resulting in one euro costing 88 pence. As well as appreciating over recent weeks, sterling is valued almost five per cent more than in January 2009, where one euro cost almost 92 pence.

- The average European pig reference price declined by almost one per cent to average €132 per 100kg dw in December. The price decline continued during January although the rate of decline slowed to stand just below €131 per 100kg dw. Due to the recent appreciation of the pound, in sterling terms the EU average price fell by almost £1 per 100kg dw during January.

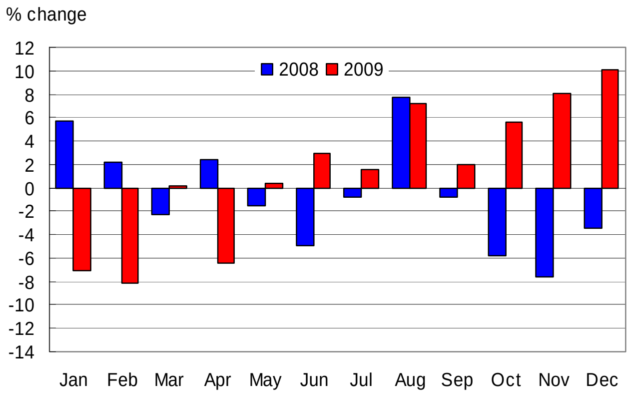
- The Dutch reference price increased to just under €119 per 100kg in January after falling to €115 earlier in the month to partially offset reductions which occurred before the end of the year. Producer prices in Denmark reduced by €5 per 10kg dw, or four per cent, to €109 in January. With the exception of the Netherlands and Denmark producer prices amongst the main producing countries were broadly unchanged during January in euro terms.

- Due to the increase in domestic producer prices, coupled with the appreciation of the exchange rate, the British market, in terms of prices, has effectively improved significantly compared with the rest of the Member States within Europe.

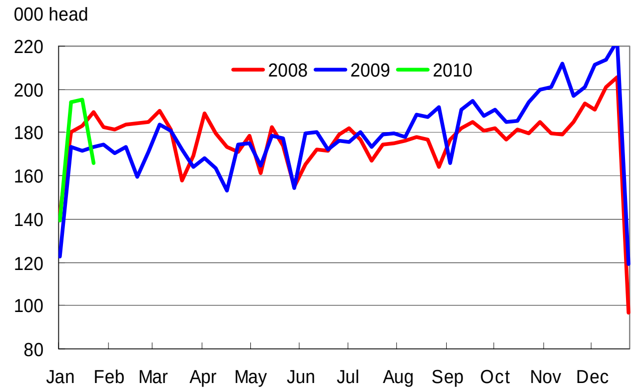
UK SLAUGHTERINGS AND PRODUCTION

- Clean pig slaughterings in the UK totalled 9.30 million in 2009, an increase of one per cent on a year earlier. This increase in slaughtering, combined with an increase in carcase weights, contributed to a year-on-year increase in production of two per cent. Some 10 per cent fewer sows were culled last year.

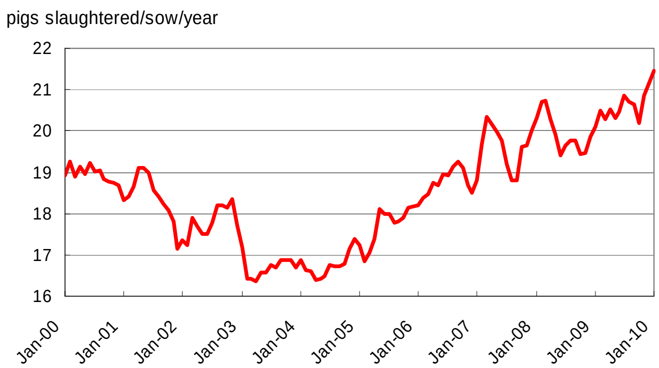
UK clean pig slaughterings



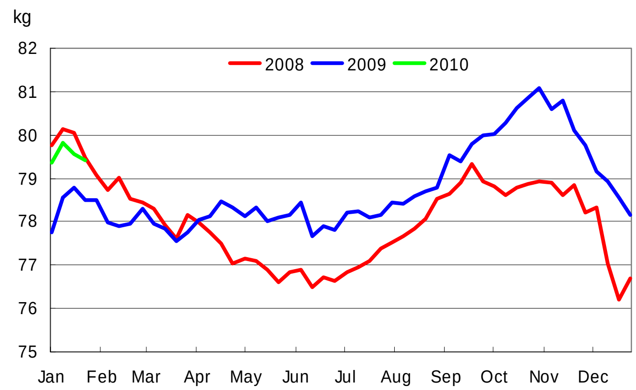
Weekly throughputs



Est sow productivity trends



Average carcase weights



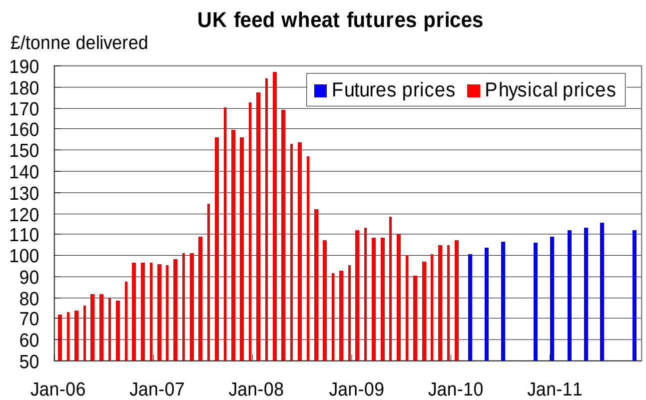
- During December slaughterings totalled 763,000, 10 per cent more than in the corresponding month a year earlier. Throughputs at abattoirs in England and Wales were nine per cent higher and accounted for almost 80 per cent of total UK December throughputs. Slaughterings in Northern Ireland reached 106,000 head in December, 22 per cent higher than a year earlier although slaughterings of clean pigs in Scotland fell by three per cent in December.

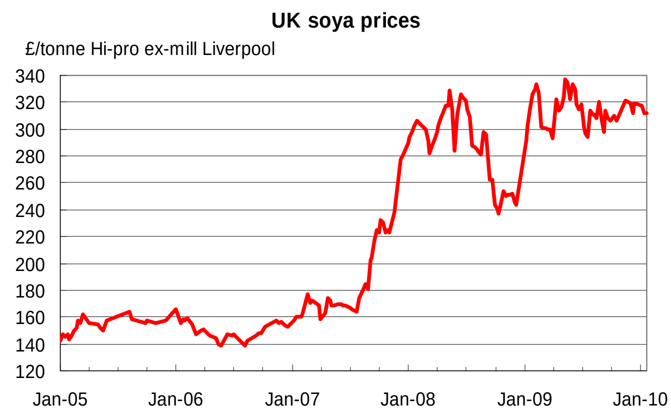
FEED PRICES

- Grain markets fell towards the end of January, according to the HGCA market report, with a strengthening $US, bearish fundamental market conditions and a lower crude oil price being stated as reasons for decline.

- Nearby LIFFE wheat quotations were down £3.80 to £98 per tonne in the final week of January with November 2010 contracts being revised downwards, quoted just below £104 per tonne. At the end of January 2009, wheat prices were £110 per tonne, 12 per cent higher than what they are currently.

- The 2010 harvest of winter grains could be under pressure if ice, which is covering 540,000 Ha of winter grains in the Ukraine, does not thaw by the end of February. In addition, the maize crop in Argentina is expected to exceed 18 million tonnes due to plentiful rains benefiting the crop this year as opposed to the drought which was experienced last harvest.





CONSUMPTION

- Data from Kantar Worldpanel (formerly TNS) indicates that fresh and frozen pork accounted for 12 per cent of all fresh and frozen meat, poultry and bacon purchases during the four week period to 27 December 2009, an increase from 10 per cent during the same period in 2008.

- During the four weeks ending 27 December 2009 the volume of pork purchases from retailers in GB increased by 14 per cent to 14,500 tonnes compared with the same period a year earlier. Purchases of all pork roasting joints increased on average by 25 per cent to 8,500 tonnes. Roasting joints accounted for 58 per cent of all fresh and frozen pork sales during the period, an increase from 54 per cent during the same four week period in 2008.

- In the 52 weeks ended 27 December 2009 pork purchases were up three per cent year on year and expenditure increased by nearly six per cent to £843 million. Average pork prices rose by almost three per cent during the period.

- In contrast, purchases of fresh and frozen beef and lamb in the 52 weeks ending 27 December declined by three and nine per cent respectively. Due to increases in retail prices overall expenditure for beef increased by three per cent whilst lamb expenditure decreased by only three per cent during the same period.

Trends in retail meat purchases (period ended 27 December 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	**+2**	**+3**	**+1**	**+2**	**+2**	**+0**	**+1**	**+4**	**+4**
Pork	+13	+7	-6	+10	+4	-5	+3	+6	+2
Belly	*+7*	*+13*	*+5*	*+20*	*+21*	*+1*	*+0*	*+10*	*+10*
Chops	*-2*	*-5*	*-3*	*-2*	*-4*	*-2*	*-1*	*+5*	*+6*
Steak	*+6*	*+5*	*-1*	*-12*	*-4*	*+9*	*+1*	*+6*	*+5*
Roasting joints	*+24*	*+13*	*-10*	*+29*	*+11*	*-14*	*+9*	*+4*	*-4*
Bacon	+2	+3	+1	+1	+2	+0	+3	+5	+2
Beef	+1	+0	-1	N/C	-0	-0	-3	+3	+6
Lamb	+1	+2	+1	-4	-1	+3	-9	-2	+7
Poultry	-0	+3	+3	+2	+4	+2	+2	+6	+4
Processed products									
Pork Sausages	+8	+9	+2	+4	+7	+3	+3	+9	+6
Fresh Pre-packed Pork Pies	-4	-1	+4	-4	-1	+3	+2	+5	+3
Fresh Pre-packed Sausage Rolls	-0	-3	-2	-1	-4	-3	-1	-1	-0
Pork Chilled Ready Meals	+57	+27	-19	+40	+15	-18	+9	+4	-4
Pork Sliced Cooked Meats	+2	+3	+2	-2	+2	+3	-2	+2	+4

Q = quantity purchased, E = expenditure, P = price
Source: Kantar Worldpanel

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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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