



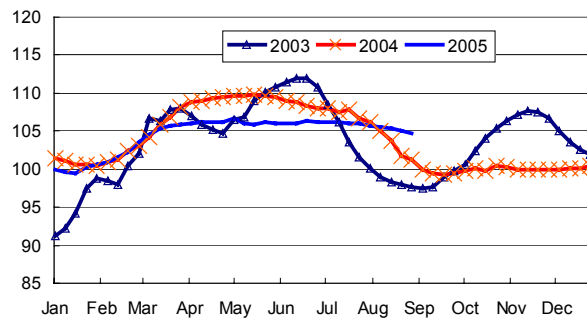
## United Kingdom Pig Meat Market Update

September 2005

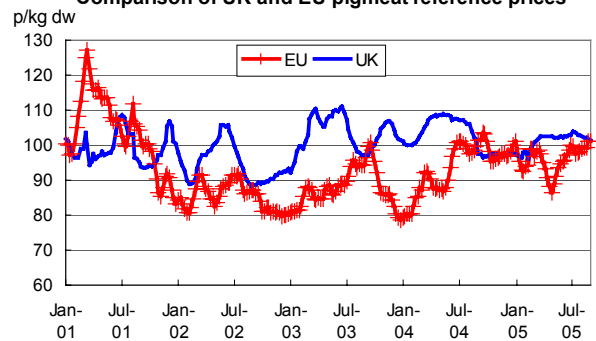
### UK PRODUCER PRICES

- ❑ Finished pig prices continued largely unchanged throughout August, contrary to the normal seasonal decline in prices. The flat profile in prices this year means that prices are currently similar to 2004, having been lower than last year for several months.
- ❑ The two main factors contributed to the stable market over the summer/early autumn have been relatively tight UK supplies and higher prices in other EU countries. But another, longer-term, factor has been the continued move towards price-stabilising contracts.

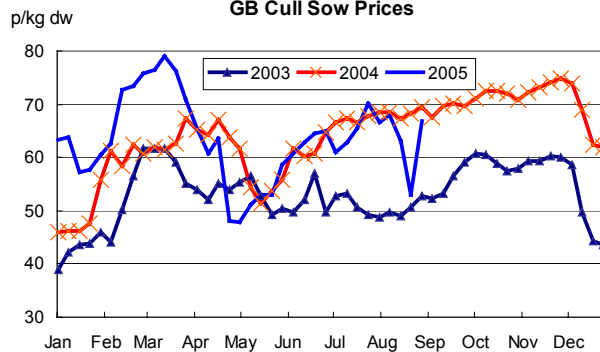
GB Finished Pig Prices



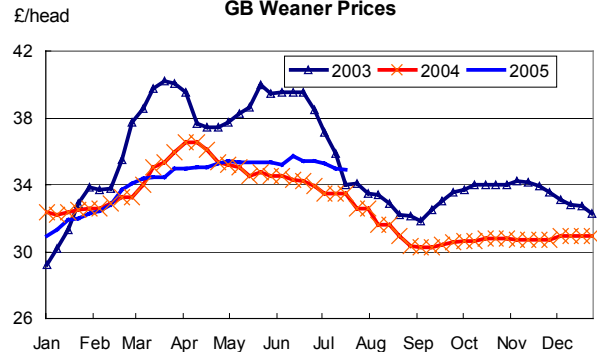
Comparison of UK and EU pigmeat reference prices



GB Cull Sow Prices

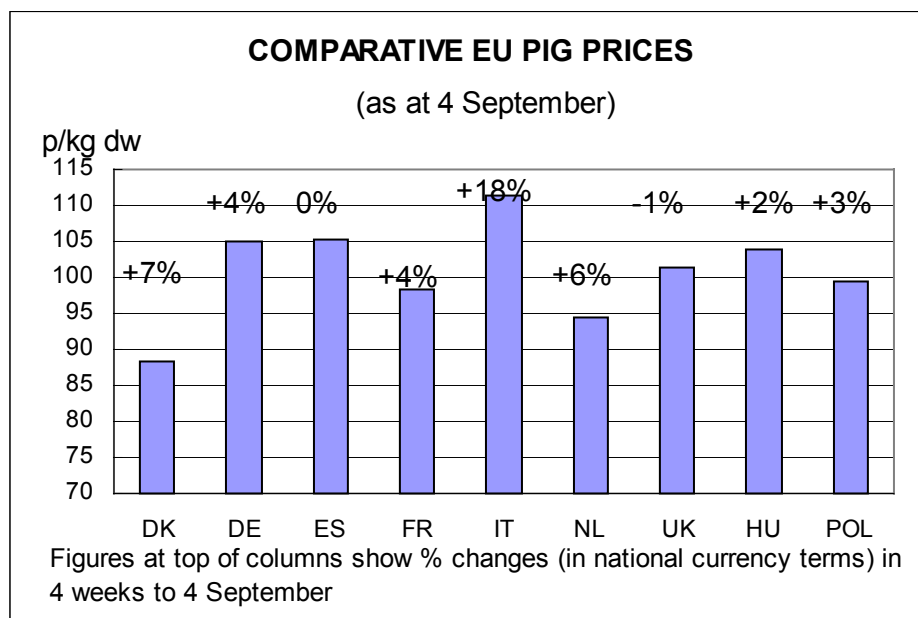


GB Weaner Prices



## EU PRODUCER PRICES

- In recent months, Continental EU market prices have been much more volatile than in the UK. Prices, which had weakened slightly in July, strengthened during the course of August.. The average EU reference price in the week ended 28 August was four per cent higher than a year earlier. Prices were largely unchanged in Spain and France but increased in most other member states. German prices increased by five per cent, with supply shortages driving up prices, and there was a particularly sharp increase of 17 per cent in Italian prices.
- Steady UK prices combined with increasing prices in other countries resulted in the UK price premium over average EU prices disappearing in August. At the end of the month the UK price was virtually the same as the EU price; this compares with a UK premium of 4p in late July. The premium over Danish prices was 15p in the week ended 28 August (19p in late July) while the premium over Dutch prices fell to 8p (12p).

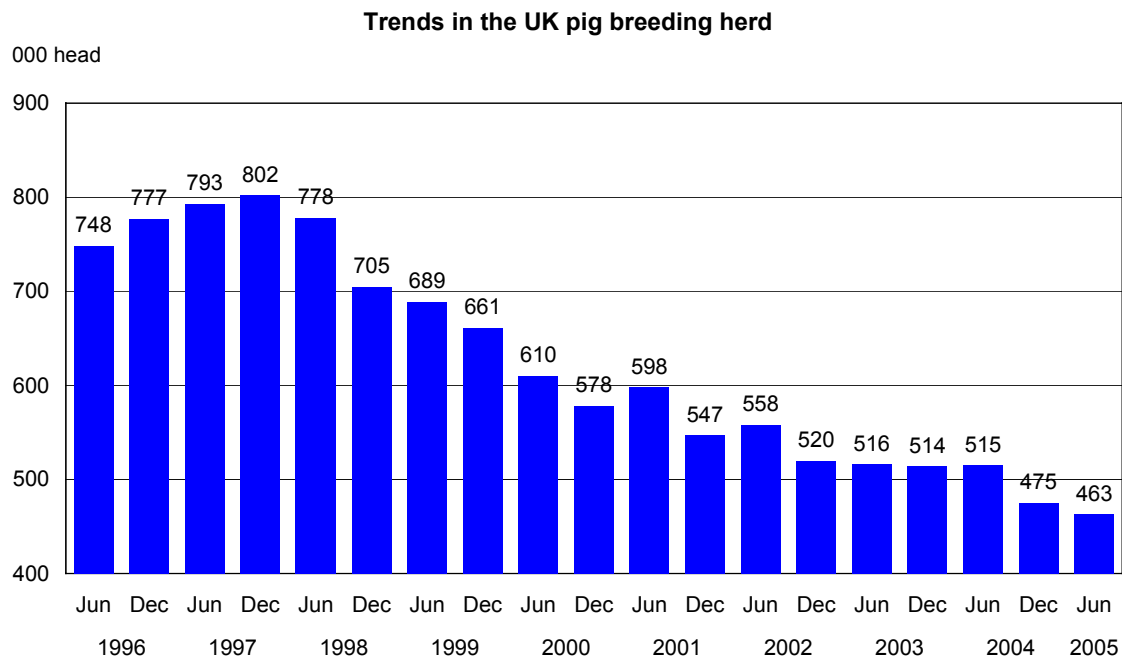


## JUNE 2005 PIG CENSUS RESULTS

- The recently published UK pig census results for June 2005 indicate a further contraction in the breeding herd. UK sow numbers totalled 463,000 head, down three per cent compared with December 2004 but 10 per cent lower than in the previous June.
- It had been thought that the December results, which indicated a sharp downturn in the second half of 2004 after 18 months of relative stability, had under-estimated the

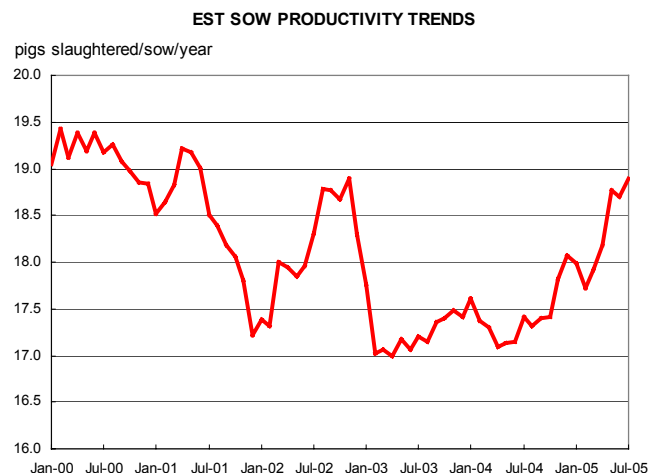
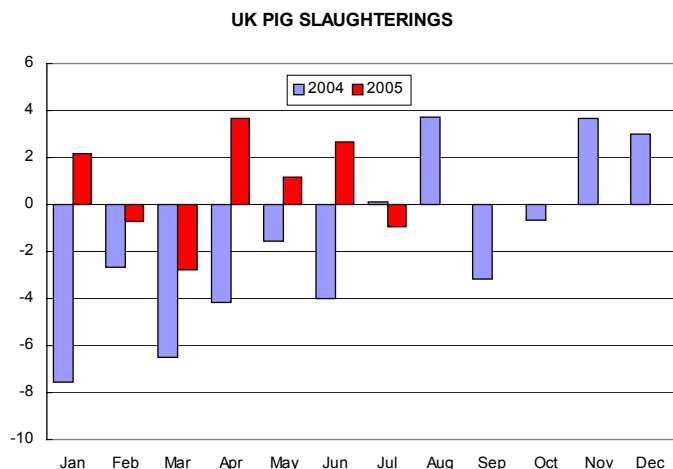
size of the national breeding herd. However the new figures suggest that the December results were broadly accurate.

- The increase in sow productivity, which has been apparent this year, has been reflected in an increase in the number of rearing/finishing pigs on farms relative to breeding pigs. The number of rearing/finishing pigs in June was actually one per cent higher than in December 2004.



## SLAUGHTERINGS

- Investment in improving pig health and productivity is starting to deliver benefits. Sow productivity has been increasing since the spring of 2004 due to a combination of reduction in the incidence of PMWS and an improved age profile in the national breeding herd.
- However, the decline in the UK breeding herd is continuing to have a negative



impact on throughputs at abattoirs. Slaughterings in July declined by one per cent compared with last year. Throughputs were particularly low in the second week of July, with some disruption to finishing caused by the very hot weather.

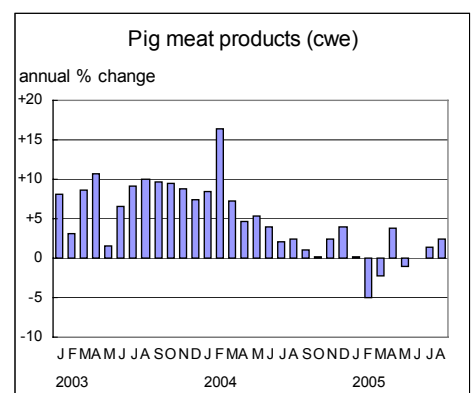
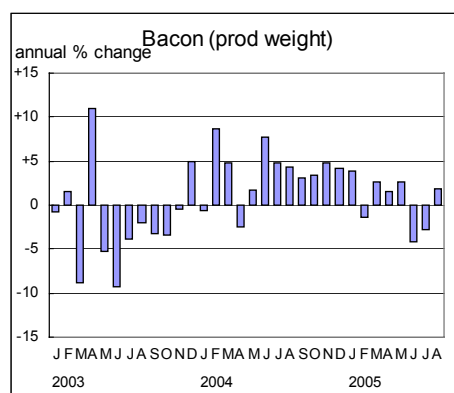
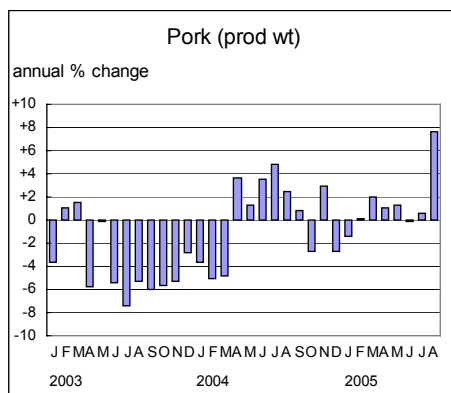
- Preliminary figures for August indicate that supplies remained tight, with an estimated four per cent decline in slaughterings. This has been a major factor in the relative stability of prices over the summer/early autumn.

## UK TRADE

- In January-June 2004, the UK imported five per cent more fresh and frozen pork than in the first half of 2004. Most of the increase was in imports from Denmark. In June alone 16,000 tonnes of pork was imported from Denmark, the largest monthly volume in the last three years. An increasing proportion of pork is being imported for subsequent curing into bacon.
- Exports of pork from the UK have also increased, rising by a quarter in the first half of 2005. Although shipments to the main market of Germany were down 10 per cent, there was major growth in shipments to Ireland, the Netherlands and Italy. Hungary has become a new market for UK pork, mostly in the form of chilled fore-ends.
- Although more pork is being imported for subsequent curing in the UK, the actual volume of bacon imports has fallen this year. In January-June, import volumes declined by seven per cent, mainly due to fewer imports from the Netherlands.

## CONSUMPTION

- Retail pork sales this year have in general been slightly higher than in 2004. Although purchase volumes declined in the 4-weeks ended 17 July, partly due to periods of hot weather, they recovered in the following period. Purchases in the 4 weeks ended 14 August (normally the seasonal low point in demand) were very strong, increasing by eight per cent compared with 2004. They were also at their highest for this time of year since 2001.



- ❑ Bacon purchases also picked up in the 4-weeks ended 14 August, and totalled two per cent higher than last year. Slightly higher average retail prices meant that the value of expenditure was up four per cent.
- ❑ Total purchases of processed pig meat products (in product weight terms) were three per cent higher in the period ended 14 August than a year earlier. Demand for ham and pork pies remained buoyant, with increases of six per cent and 12 per cent respectively, but sausage purchases remained lower than last year – recording a decline of three per cent.

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Further detailed information on pig supplies, production, prices and forecasts can be found at <http://www.mlceconomics.org.uk/home/index.php>

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