

Pig Market Trends

March 2013, Issue 94

Producer prices

Seasonal decline in GB finished pig prices continued in February but prices turning up in March

GB cull sow prices strengthening on better export prices and favourable exchange rate

Gap between UK and EU pig prices narrowing rapidly, partly due to the weaker pound

Slaughterings and production

UK clean pig slaughterings up two per cent in February and sow throughputs also up

Average UK clean pig carcase weight in February highest on record for second straight month

EU production down two per cent in 2012 and further declines expected, particularly in second half of 2013

Trade

UK pork exports up again in December but more than offset by sharp decline for cured pig meat

Strong growth of processed imports stalled in January, bacon imports also down but pork up slightly

Retail sales and prices

Heavy promotion of lamb legs leads consumers to switch to them from other meats, including pork

Higher prices meaning retail purchases of pork, bacon and sausage all down on year earlier

Costs of production

Cost of pig production down slightly in March but estimated losses still around £5 per pig

Global wheat and soya prices lower as weather favourable in North and South America, despite lower UK plantings

UK and EU pig numbers

UK pig herd smallest in 60 years and female breeding herd down but more gilts suggests optimism returning

Decline of EU pig herd continues in second half of 2012, confirming tight supply situation for 2013

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Key data

	Feb-13	Change since Jan-13	Change since Feb-12
GB DAPP (euro-spec) – p/kg dw	156.21	-3.11	+16.55
Average GB carcase weight – kg	80.16	+0.08	+0.33
30kg weaner price – £/head	46.38	+0.03	+1.78
GB cull sow price – p/kg dw	99.72	+4.83	-15.40
EU Reference price – €/100kg dw	171.13	+1.20	+13.14
UK Reference price – €/100kg dw	176.90	-9.32	+14.56
UK weekly clean pig kill – 000 head	195.8	+6.5	+3.6
UK weekly pig meat production – 000 tonnes	16.4	+0.5	+0.4
UK pork imports – 000 tonnes*	28.2	+0.3	+0.5
UK bacon imports – 000 tonnes*	18.6	-2.7	-1.4
UK pork exports – 000 tonnes*	12.2	-0.7	+1.1
Retail pig meat sales – 000 tonnes†	56.9	+5.0	-2.8
LIFFE feed wheat futures – £/tonne	205.54	-5.11	+39.83
CBOT Soyameal futures – \$/tonne	425.61	+11.20	+94.95

* Figures relate to December 2012

† Figures include household purchases of pork, bacon, sausages and ham and relate to 4 weeks to 20 January 2013

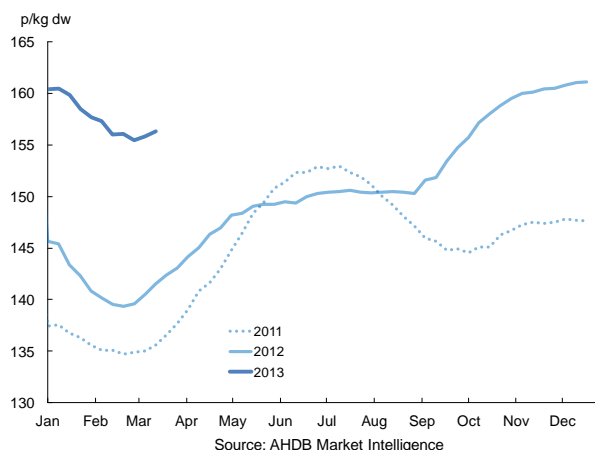
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Producer prices

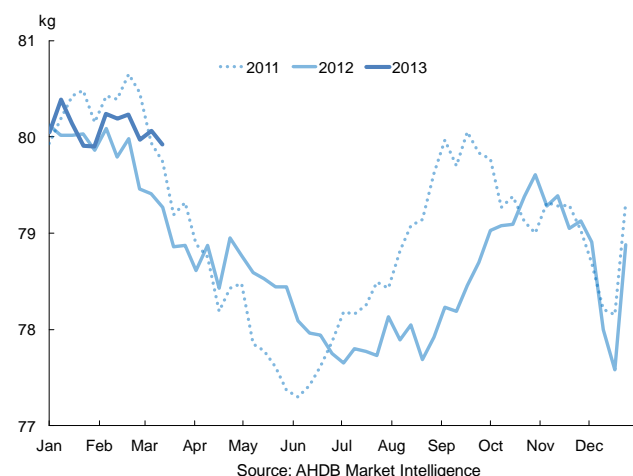
GB finished pig prices continued their seasonal decline into February. The average EU-spec DAPP for the month was 156.21p per kg; this was a three pence decline month on month. Typically demand during this time of the year is subdued after the peak at the Christmas period which is the main factor dragging pig prices down. Nonetheless, producers received nearly 17p per kg more for their pigs in February compared with the corresponding month in 2012. Supplies were plentiful during the month, slightly above last year's level, and while demand remains sluggish, the relatively high EU prices, helped by the weaker pound, continued to influence our prices. The DAPP picked up slightly during the first half of March, reaching 156.31p per kg for the week ended 16 March.

GB finished pig prices (DAPP)



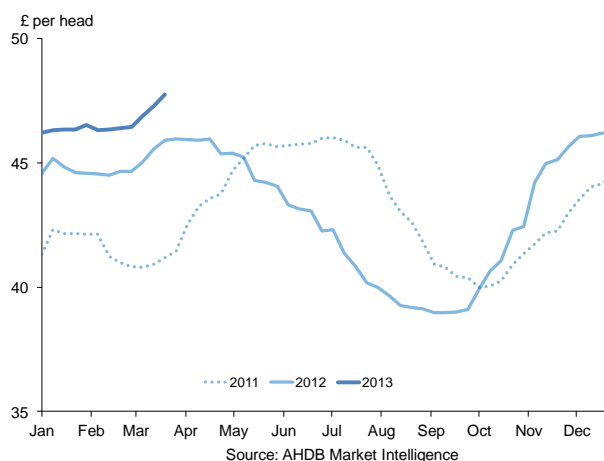
Average clean pig carcase weights have moved very little since the start of the year and the average for February stood at 80.16kg. This was almost in line with the month before and an annual comparison also showed only a small rise. However, it was the highest monthly average recorded for two years and reflects the relatively good growing conditions during the autumn and early winter. Carcase weights have remained close to 80kg into mid-March with no sign of the normal seasonal decline which typically begins during the month.

Average carcase weights for GB finished pigs



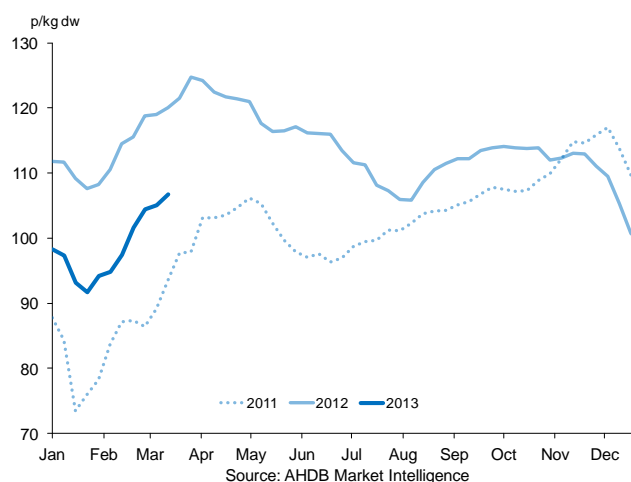
The price of an average 30kg weaner edged up by a small amount in February, at £46.38 per head. Weaner price growth is likely to have been constrained by the relatively weaker DAPP since the start of the year but some decline in the feed wheat and soya prices in recent weeks has helped ensure prices didn't decline. At the February average, the weaner price was £2 above last year's level. The weaner market began to show signs of life during March, as the finished pig price showed signs of starting to turn, increasing to £47.74 per weaner for the week ended 23 March.

GB 30kg weaner prices



After the 10p drop in the January sow price, the February average reached 99.72p per kg. This was nearly five pence higher compared with the month earlier. The majority of this rise came from strengthening EU sow prices but further weakening of the pound against the euro also helped to support firmer prices. Despite the increase, the latest monthly sow price was nearly 15p lower compared with February 2012. The rise in the cull sow prices continued in the first three weeks of March but at a slower pace, with the average reaching 106.76p per kg by week ended 16 March, the highest level since early December. However, this was still 13p down on a year earlier.

GB cull sow prices

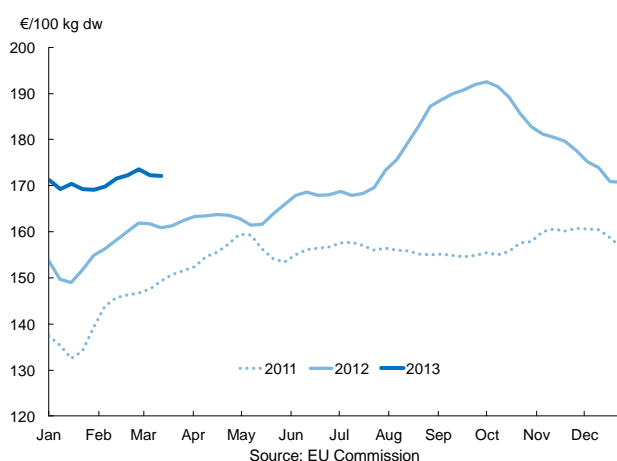


Great Britain pig prices

	DAPP Euro-spec (p/kg)	DAPP UK-spec (p/kg)	Ave. Car-case Weight (kg)	Ave. P2 Probe (mm)	30kg Weaner Price (£/)	Cull Sow Price (p/kg)
Dec-12	160.95	158.07	78.28	10.9	46.14	105.08
Jan-13	159.32	156.45	80.08	10.9	46.34	94.90
Feb-13	156.21	153.39	80.16	10.8	46.38	99.72
02-Mar	155.46	152.66	79.97	10.8	46.45	104.40
09-Mar	155.81	153.00	80.06	10.8	46.89	105.04
16-Mar	156.31	153.49	79.92	10.8	47.28	106.76

The average EU pig price for February was almost in line with the month earlier at €171.13 per 100kg, an increase of less than one per cent. There was slow growth in the EU pig prices during February, with only a small €3 rise during the month at a time of year when prices are normally rising more rapidly. Nevertheless, the monthly average was over €13 higher than in February 2012. While the price was above €173 in the first week of March, this was followed by a small decline in the following two weeks. For the week ended 17 March, EU pig prices fell marginally to €172.11 per 100 kg. At the latest average, the price in the EU was just over €11 above the same week last year.

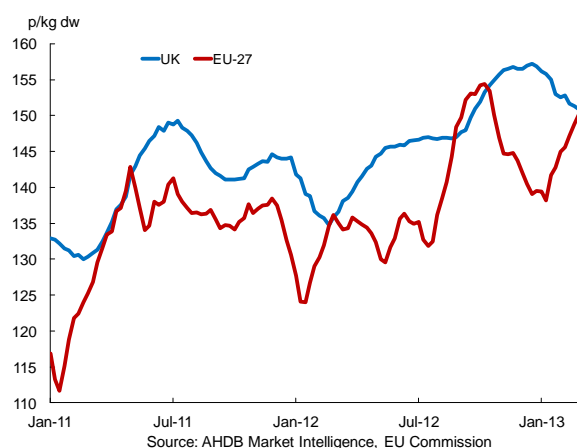
EU Average Pig Reference Price



Although the average price across Europe remained relatively stable, reportedly partly due to subdued demand both in the EU and in export markets, some Member States recorded increases. Over the four weeks of February, prices rose by over €8 in Spain and €6 in France and Poland, although in the two latter countries falling prices during January meant that the monthly average was little changed. In contrast, Danish prices were flat during the month (and lower than the January average) while Italy joined the UK in recording falling prices. German prices followed a similar trend to the EU average, with February's average one per cent higher than the previous month.

In euro terms, the fall in the UK reference price was exacerbated by the weakening pound. The difference between the two prices was €6 per 100kg in February, significantly lower than the previous month. Prices in March have so far recorded further convergence with the gap closing to just under €2 per 100kg.

Comparison of UK and EU pig reference price



The EU weaner price in February averaged €50.28 per head, a three per cent increase on the month. At this price, the producers received just over one Euro more than the corresponding month in 2012. So far this year, prices have followed the normal seasonal trend, increasing in anticipation of rising finished pig prices during the spring and summer. While prices remained firm since the start of the year, during mid-March average EU weaner prices began to stabilise, as is typical at this time of year.

Having fallen during January, sow prices in the key EU Member States increased rapidly during February as consumer demand returned. As a result, average prices in February were a few cents higher than the previous month. The German M1 sows averaged at €1.31 per kg, up three cents on the month, and had reached €1.35 per kg by the end of the month. Sow prices in Denmark and the Netherlands increased by a similar amount. However, across all three of these markets, prices were lower than in February 2012, perhaps partly due to higher sow slaughterings during the month.

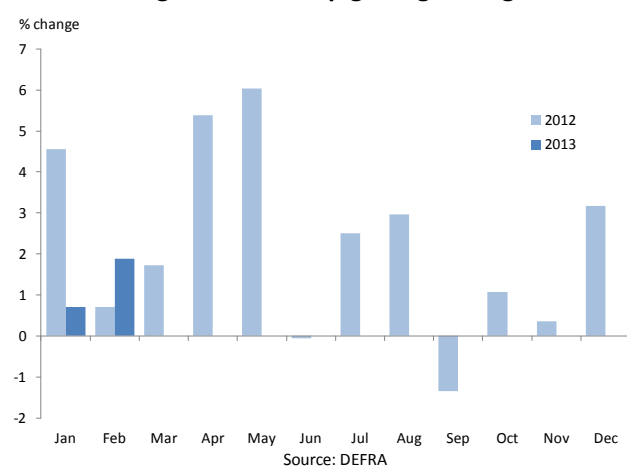
Pig Reference Prices in selected EU Member States (€ per 100kg)

	Dec-12	Jan-13	Feb-13	02-Mar	09-Mar	16-Mar
Denmark	167.27	159.84	156.69	156.71	156.80	154.34
France	157.94	155.16	155.36	159.00	160.00	161.00
Germany	173.89	169.35	171.03	171.36	171.36	171.36
Italy	188.57	190.50	194.41	190.66	186.86	186.68
Netherlands	157.49	151.90	152.58	154.11	154.25	154.31
Poland	173.95	165.81	166.30	168.47	169.85	170.59
Spain	174.27	178.50	187.13	191.06	192.79	192.61
UK	193.07	186.22	176.90	174.31	174.10	174.30
EU average	172.95	169.93	171.13	173.50	172.28	172.11

Slaughterings and production

UK clean pig slaughterings in February 2013 totalled 783,000 head. This was nearly two per cent higher than in the same month last year, a bigger uplift than that recorded in January. This figure suggests there have been further improvements in sow productivity, particularly given the decline in the breeding herd recorded in the December census. Good growing conditions during the autumn and early winter were probably also a factor. Scottish throughputs were again less than half their level in February 2012, with most of these pigs transferring south of the border; slaughterings in England and Wales were seven per cent higher year on year. Throughputs in Northern Ireland were two per cent higher than last February.

Annual change in UK clean pig slaughterings



Adult pig slaughterings increased somewhat in February to 20,200 head. This was around six per cent higher than in February 2012, meaning the total for the first two months of the year was up two per cent. The improvement in cull sow prices during February will have contributed to some increase in herd replacement, especially given the high number of maiden gilts recorded in the December census. However, with producers still losing money, some may still be reducing their herd size.

	Clean pig slaughter (000 head)	Pig meat production (000 tonnes)
Dec 12	766.3	62.2
Jan 13 *	946.4	79.2
Feb 13	783.1	65.5
% change Feb 13/Feb 12	1.9%	2.7%
Jan - Feb 13 *	1729.6	824.6
% change 2013/2012	1.2%	1.9%

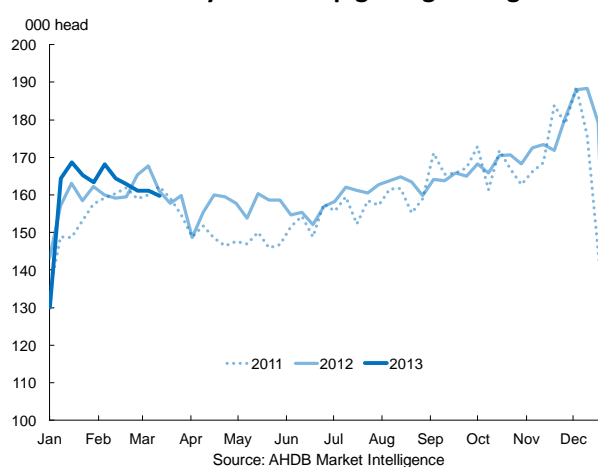
* 5-week month

For the second consecutive month, UK clean pig carcass weights were at record levels, given near record weights recorded in both England and Northern Ireland.

The UK average for the month was 79.83kg, marginally higher than in January and over half a kilo up on a year earlier. This is likely due to the good growing conditions in the autumn and early winter. As a result, UK pig meat production was up three per cent on February 2012 at 65,500 tonnes.

Based on the DAPP sample, clean pig slaughterings began to tighten during the first half of March, with estimated throughputs falling below year earlier levels for the first time since the New Year. This may be the first signs of the expected reduction in pig numbers due to the contraction in the breeding herd since last summer.

Estimated weekly GB clean pig slaughterings



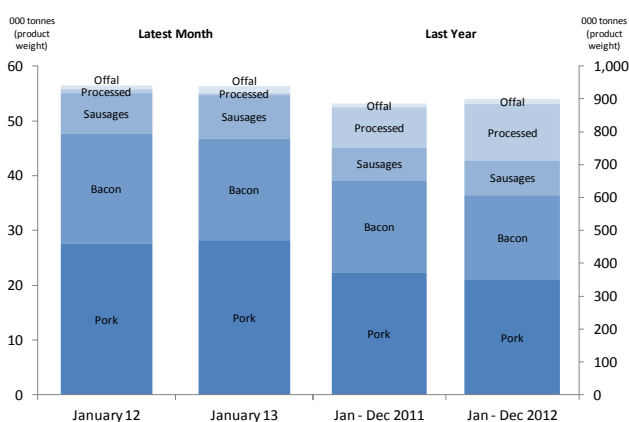
Latest figures confirm that EU pig meat production in 2012 was down two per cent compared with the year before. The drop in production was more evident in the second half of the year (down four per cent) than the first half (down less than one per cent). The trend continued in December, with production down eight per cent year on year across the EU. Forecasts for this year, recently released by Eurostat, suggest a further three per cent decline in pig meat production, with particularly notable drops in the second half of the year.

For 2012 as a whole, there were some significant reductions from the major producing member states. Danish output was down by seven per cent as the Danes exported more weaners in 2012 which reduced the numbers available for slaughter. The fall in German and French production was less, at two per cent, but as the largest EU producer, even a small reduction in Germany will leave a notable impact on the overall output. However, the contraction in pig meat production was mitigated by increases from Spain, Italy and the UK among others.

Trade

During January, UK pork imports were up two per cent year on year, a similar position to most recent months. The increase was mainly due to higher German shipments, which were up by a quarter. Shipments from most other major suppliers were similar to or slightly higher than last year. However, imports from France were more than a third lower than last January. Although only accounting for about a fifth of shipments, frozen imports were up by a quarter, with most of the increase drawn from the Netherlands. This helped to limit the rise in unit prices to four per cent, with the average price 199p per kg, the lowest level since August. As a result, the value of imports in January was up six per cent year on year at £56.2 million.

UK Pig Meat Imports

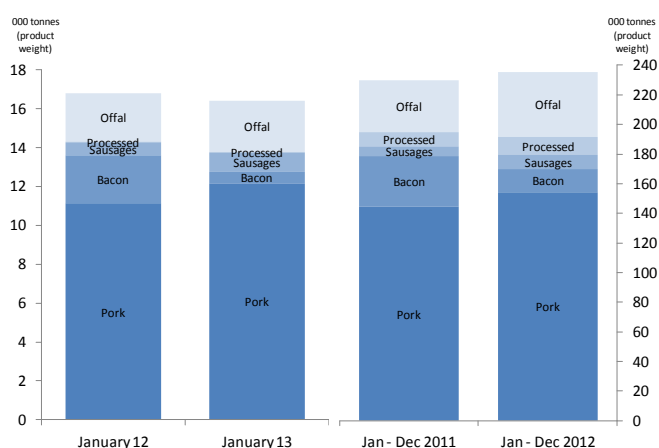


Source: Her Majesty's Revenue & Customs

Cured pig meat imports were seven per cent lower than in January 2012, mainly because of a 19 per cent fall in Danish supplies. The fall was partly due to higher unit prices, which were up 10 per cent at 257p per kg, meaning the value of cured imports was up three per cent at £47.7 million. The upward trend in processed pig meat imports appears to have stalled. Despite an increase in sausage shipments, overall processed volumes were unchanged from last January, in contrast to the strong growth throughout 2012. Again, price was a factor with the average unit price of processed pig meat (excluding sausages) up 19 per cent year on year.

UK pork exports increased on the year in January, the sixth consecutive month of growth, with shipments up by nine per cent to 12,200 tonnes. Frozen shipments rose by a third but fresh volumes fell five per cent. This reflects the ongoing shift towards non-EU markets, led by China, which accounted for almost a third of shipments. However, as well as the 1,700 tonnes sent to China, volumes destined for the Netherlands almost doubled, while the German market remained the largest with an eight per cent increase in shipments. The increased trade with non-EU markets, which generally involved lower-priced cuts, meant that unit values were down two per cent at 117p per kg so the value of exports was only seven per cent higher at £14.2 million.

UK Pig Meat Exports



Source: Her Majesty's Revenue & Customs

As has been the case in recent months, the increase in pork exports was more than offset by a sharp fall in exports of cured pig meat, which were only a quarter of their level in January 2012. Both the main markets, Ireland and the Netherlands, which between them account for three-quarters of exports, recorded similar falls. Increased exports of sausages and offal helped ensure that overall pig meat exports were only slightly lower than a year earlier. Offal exports were up six per cent year on year at 2,600 tonnes but, in contrast to some recent months, shipments to the rest of the EU were down 30 per cent.

In January, EU pork exports mirrored the trend of the second half of 2012 and were down 10 per cent on a year earlier at 120,000 tonnes. A fall of a quarter in shipments to Russia was a major factor, as was a sharp fall in volumes sent to South Korea. This was partly offset by strong performance in China, with shipments almost double those of a year earlier as the EU took advantage of lower US supplies, partly due to the strength of the dollar. This also allowed the EU to increase shipments to Japan by four per cent.

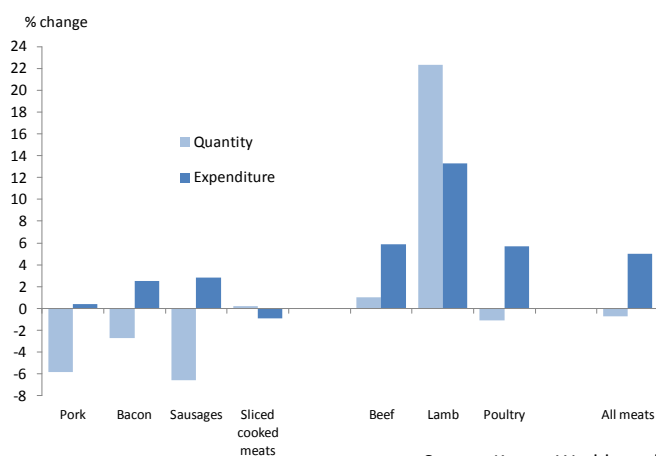
The strength of the Chinese market helped the EU to increase offal exports by four per cent to 88,000 tonnes. Shipments to China were up by nearly two-thirds and this was only partly offset by a fall of a quarter in volumes sent to Hong Kong. As with pork, exports to Russia were down, in this case by around 20 per cent. For live pigs, the fall in shipments to Russia was even sharper, with numbers less than five per cent of those in January 2012. This contributed to a 40 per cent fall in live exports from the EU.

Retail sales and prices

Recessionary and cultural changes have impacted the way consumers shop for proteins over the last few years. Consumers are ever more conscious of price and are on the lookout for products that offer the best value, even though these may not necessarily be the lowest priced. Within red meats, there has been a long term trend for cuts that are more versatile and convenient, such as mince, to out-perform the more traditional stewing and frying/grilling cuts, as shoppers are increasingly pressed on both budget and time.

Lamb legs have recently been heavily promoted across a number of retailers meaning that they are at a very attractive price point for consumers. As a result consumers are switching into lamb legs from other red meat. Household penetration for lamb in the 12 weeks ending 17 February reached 38 per cent, which is the highest point seen since June 2011. Lamb purchases were higher than at any point during 2012, including popular occasions such as Easter. This strong performance over the last few months has had a knock-on effect to all other proteins. Volumes have been lost from pork leg/shoulder joints and some beef joints over the year. There has also been switching away from other cuts, such as pork chops/steaks and even mince beef as consumers make the most of the promotions.

Annual percentage change in retail meat purchases (12 weeks to 17 February 2013)



As well as consumers switching from pork into lamb, it has also lost out to fresh beef and poultry. As a result, in the latest 12 week period, quantities purchased were six per cent lower than a year earlier. Expenditure increased, however, due to average price rises. Purchases of pork chops/steaks were down 11 per cent, while pork shoulder and leg roasting joints also continued to record declines compared with last year. For shoulder joints this decline was driven by consumers buying smaller packs, while fewer households were purchasing leg joints.

Sales of pork loin joints continued to perform very strongly, but this has come partly at the expense of other pork cuts. More households were buying loins as

consumers switched from other pork joints and it continues to be popular with two person households. As a result, in the last 12 weeks, loin joint purchases increased by a third, driving expenditure growth of 53 per cent. Pork loin is one of the few joints to not be losing out to lamb leg joints.

Average GB retail prices for selected meat products (p per Kg)

	4 wk to 23/12/12	4 wk to 20/01/13	4 wk to 17/02/13	Change Y-o-Y
Fresh/frozen pork	550.3	552.6	527.6	+3.6%
Bacon	641.1	627.5	634.2	+7.8%
Pork sausages	420.1	412.4	395.8	+9.8%
Pork sliced cooked meats	905.0	902.3	895.6	+0.1%
Fresh/frozen lamb	807.0	833.2	768.5	-15.8%
Fresh/frozen beef	725.1	717.8	712.4	+3.0%
Fresh/frozen poultry	497.1	494.0	465.8	+8.7%
All fresh/frozen meats	589.4	589.2	570.1	+5.4%

Even processed products have lost out to fresh lamb in the latest 12 weeks. Bacon and sausage consumers switched to lamb and poultry and amounts purchased declined as a result. Again, price rises for both products boosted expenditure overall. Bacon rashers and bacon joints both saw volumes down year on year but purchases of bacon steaks increased, resulting in expenditure growth of six per cent. Low fat sausages, although a small share of the market, saw volume purchases up 11 per cent, as household penetration increased.

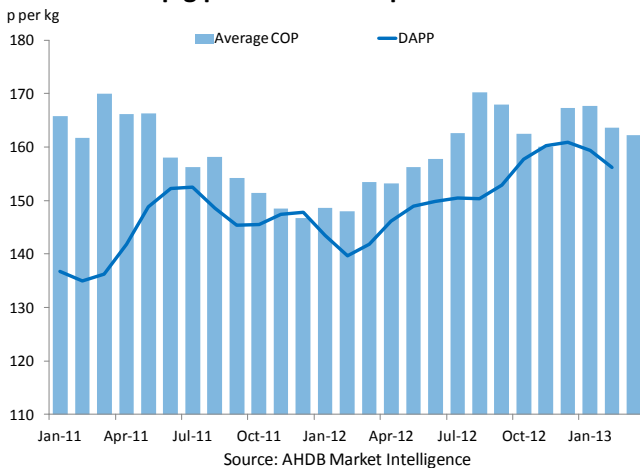
Volume purchases of ham increased one per cent in the latest 12-week period, although a reduction in the average price resulted in a one per cent decline in expenditure.

The horse meat investigation may begin to alter purchase habits for processed meat products and in the latest 12 weeks, sales of chilled and frozen ready meals were down year on year, although beef mince volumes remained static. However, at this stage it is hard to evaluate how much of the change can be attributed to concerns around the horse meat investigations, and how much was due to the removal of products from shelves by some retailers. This will be monitored upon release of the retail results over the next few months.

Costs of production

Latest AHDB/BPEX provisional estimates for the average cost of pig production in March show they were over a penny lower than in March at just over 162p per kg. This is largely the result of a further easing of feed prices, with both wheat and soya prices lower. Despite these falls, feed continues to make up 65% of the overall cost of production and is the main reason why it remains high; at their current level, costs are around 9p per kg higher than in March 2012. Nevertheless, they are around 5p lower than three months earlier.

Total cost of pig production compared with the DAPP



Despite their position having improved somewhat in recent months, producers are still making significant losses. Based on the current level of the DAPP, producers will lose around 6p per kg during March, equivalent to around £5 per head. Forward feed quotes suggest that the cost of production will remain high until after this year's harvest so pig prices will need to increase before producers return to profitability. The situation may ease following the harvest, although this will depend on global weather conditions and the level of pig prices as the year progresses.

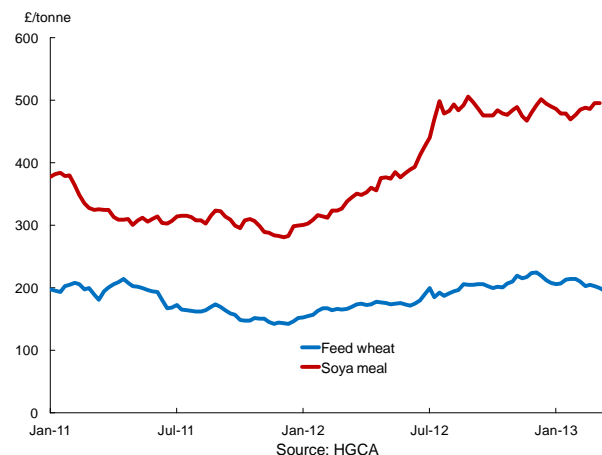
Both LIFFE and CBOT wheat futures contracts (May delivery) declined in price over the month ending 19 March. CBOT prices are down three per cent while LIFFE wheat prices decreased by five per cent to £197.75 per tonne. This was largely a result of an easing in the US drought with blizzards seen earlier in the month over the US plains. More rain is forecast and the situation continues to improve, with the condition of the wheat crop reported to be looking better. Specific to the UK, the price decline has been accelerated by some strengthening of the pound, following the falls earlier in the year.

March's USDA supply and demand estimates helped to ease wheat prices, as US and world wheat stocks were both increased slightly. However, in the latest week, CBOT prices recovered slightly due to better than expected US wheat sales, which fuelled speculation that the recent price decrease has stimulated additional demand. For the UK, combined survey data from AHDB/HGCA, Scottish Government and DARD shows that by 1

December 2012 less than 1.5 million hectares of wheat had been planted, down 25 per cent on the same point in 2011. The crops are generally seen to be in poor condition following on-going wet weather.

In contrast, CBOT maize prices increased by five per cent over the month. This reflects the tight stocks seen for the grain; US end-stocks are forecast at the lowest level for 17 years, representing only a three week supply. The latest USDA report kept US ending stocks unchanged contrary to analyst expectations as demand from the ethanol and animal feed sectors is seen to be increasing.

Prices for feed wheat and soya meal



Global soyabean prices have drifted lower this month; the May CBOT contract was down five per cent at \$516.84 per tonne. At the forefront of investor minds is the upcoming record harvest from South America, where Brazil is expected to exceed US exports for the first time. This, combined with a general reduction in demand in anticipation of the cheaper South American crop, has meant that the price of soyabeans has been on a downward trend.

The Brazilian harvest is currently underway, with just over half the forecasted crop harvested so far. Logistical problems are slowing down the delivery of soyabeans to the export market and as a result the downward swing in prices is being limited. Argentina, the third largest producer of soyabeans, has also begun harvesting. Recent rains have helped replenish soil moisture levels although low temperatures now pose a risk for late-planted soyabean yields. The latest USDA report left US supply and demand estimates unchanged, despite increasing export sales recently. The Brazilian production figure was also kept at 83.5Mt but Argentina's production was decreased by 1.5Mt due to unfavourable weather conditions.

Domestically, UK oilseed rape plantings for 2013, as at 1 December, are estimated to be down one per cent but were still historically high. However, a decline in harvested area is likely due to abandonment of areas where crops have established poorly.

FOCUS ON: UK and EU Pig Numbers

According to Defra, UK pig numbers on the 1 December totalled 4.2 million head. This was just over two per cent lower compared with the same period last year and represents the smallest pig herd since the early 1950s, when the herd was still recovering following the Second World War. The latest numbers reflect the impact of higher feed costs since last summer which have hit the profitability of pig producers and led some to leave the industry or reduce the size of their herds. The majority of the decline was a result of a three per cent reduction in the number of fattening pigs, which fell to 3.7 million head in the latest survey.

There was also a two per cent contraction in the female pig breeding herd, although this is in comparison with a figure for December 2011 which was lower than expected. The latest figure represents a fall of 25,000 head, or six per cent, compared with the number for June 2012, mainly due to a sharp fall in lactating/dry sows. In contrast, numbers of in-pig sows and gilts were both higher. This may suggest that producer optimism is returning, reinforced by the number of maiden gilts increasing by almost a quarter.

As might be expected, with England representing around 80 per cent of the UK herd, the trends here were similar although a little more positive than for the UK as a whole. This is largely because the figures from Scotland paint a more pessimistic picture. Both the overall and breeding herds north of the border were down substantially and even maiden gilt numbers were down by four per cent.

Total pig numbers in Northern Ireland in December 2012 were up three per cent on a year earlier. This was due to increased numbers of piglets and finishers which were both up six per cent year on year. In contrast, there was a two per cent reduction in the breeding herd mainly due to a four per cent decline for sows in pig. This suggests some productivity gains as the smaller breeding herd delivered more piglets.

The Welsh pig herd is the smallest of the four UK regions and numbers in December were up two per cent on a year earlier and totalled 26,200 head. The majority of this increase resulted from a notable rise of 13 per cent in the breeding herd to 3,600 but maiden gilt numbers declined by 13 per cent which may put a cap on future growth.

The Census results support the conclusion that UK pig supplies will be tighter during 2013 than in 2012. The smaller number of fattening pigs suggests that supplies will be lower in the coming weeks. The decline in the active breeding herd is likely to lead to lower supplies later in the year, even if the upward trend in sow productivity continues. However, the increase in maiden gilts suggests that supplies may begin to recover towards the end of the year, although this will depend on whether these animals do eventually end up in the breeding herd.

As well as the UK, all of the other EU Member States carry out a pig census at the end of the year. Results have now been published by Eurostat for 25 of the 27 Member States; the two exceptions, Greece and Cyprus, both have only small pig herds. They show that the decline recorded in the UK is replicated across the rest of the EU. Overall, the EU pig breeding herd was down by four per cent, while the total number of pigs was down nearly two per cent. The fall in the overall pig herd would have been even larger but for changes in the methodology of the German census. This led to a significant increase in the number of pigs recorded when the true position was one of stability.

Pigs on UK agricultural holdings – December

000 head	England			Scotland			Northern Ireland		
	2011	2012	% change	2011	2012	% change	2011	2012	% change
Total pigs	3,489	3,417	-2	368	321	-13	437	448	+3
Breeding pigs	415	429	+3	39	34	-11	42	41	-2
Sows	281	275	-2	28	23	-16	32	31	-3
In-pig gilts	56	57	+3	5	5	+9	6	6	-
Maiden gilts	65	84	+29	5	5	-4	4	4	+1
Boars for service	13	13	+3	1	1	-13	1	1	-2
Fattening Pigs	3,074	2,988	-3	329	286	-13	395	407	+3

Source: Defra, DARD, Scottish Executive

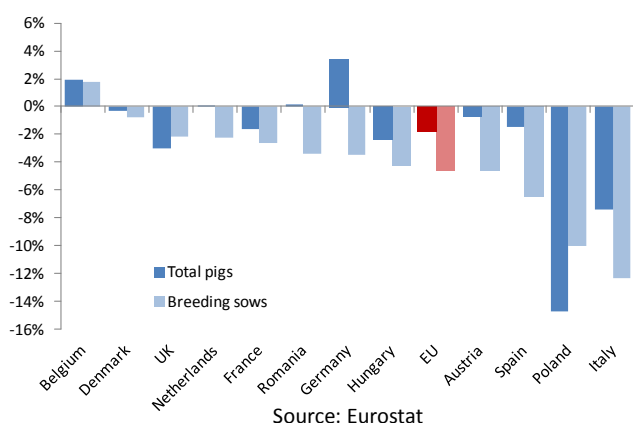
Looking at the figures in more detail provides fewer signs of optimism among EU producers than their UK equivalents. The fall in the number of in-pig sows and, particularly, gilts was slightly smaller than the overall decline in the breeding herd but was still substantial. Even if productivity gains continue in line with recent trends, this would suggest a smaller pig crop in the coming months. Furthermore, with many producers adjusting to group housing for their pregnant sows and gilts, productivity may suffer to some extent, further reducing the pig crop.

Unlike in the UK, the number of maiden gilts is also down significantly on a year earlier, suggesting that there will be no major expansion of the herd in the near future.

Excluding Germany from the figures, the overall decline in the EU pig herd was nearly three per cent. Given the change in German methodology, this is probably a more accurate reflection of the true position across the EU. This means that the tightening of pig supplies this year can be expected to begin from the start of the year, although the shortfall may accelerate as the year progresses.

Production forecasts for this year have recently been released by Eurostat based on the new census results. These suggest a further three per cent decline in pig meat production, with particularly notable drops of around five per cent in the second half of the year.

Annual change in Pig and Sow numbers in selected EU Member States, December 2011 -2012



Only four Member States recorded an increase in their active female breeding herd in the year to December 2012, with Belgium the only major producer to do so. At the other end of the scale, four Member States, including Italy, recorded double digit percentage falls. The sharp fall in the Polish herd also continued, with a nine per cent drop meaning sow numbers fell below 1 million head for the first time since the country's accession to the EU in 2004.

Some of the countries which bucked the trend of decreasing pig meat production in 2012 are unlikely to

repeat that performance in 2013. For example, Spain increased its production by one per cent last year but with pig numbers down and the breeding herd six per cent smaller, its production is forecast to be down four per cent in 2013.

Denmark is one of the few major producers forecasting a rise in production in 2013. Its results show a broadly stable pig herd, with only a marginal fall in the size of the breeding herd. This should ensure a small increase in the pig crop and efforts to limit weaner exports could mean more pigs being finished in the country. The Netherlands also recorded a broadly stable picture and is forecasting only a small production decline.

EU pig census results*, December

	2011	2012	% change
000 head			
Total pigs	146,997	144,445	-1.7
Breeding pigs	13,111	12,553	-4.3
In-pig sows	7,294	6,995	-4.1
In-pig gilts	1,559	1,557	-0.2
Other sows	2,533	2,352	-7.1
Maiden gilts	1,508	1,439	-4.6
Boars for service	219	211	-3.7
Piglets	40,497	39,947	-1.4
Young pigs (<50kg)	33,813	32,964	-2.5
Fattening pigs (>50kg)	59,574	58,975	-1.0
50-80kg	27,621	27,459	-0.6
80-110kg	23,986	23,627	-1.5
Over 110kg	7,965	7,886	-1.0

Source: Eurostat

* Excluding Greece and Cyprus

The figures above cover the existing EU Member States. Eurostat have also published data on the pig herd in Croatia, which will accede to the EU on 1 July. These show that, in common with several neighbouring countries, the Croatian pig herd has been declining rapidly. In the year to December, its breeding herd declined by 15 per cent to 85,000 head. However, maiden gilt numbers were up by a third and in-pig gilts also increased, suggesting some recovery may be possible. The total number of pigs in Croatia was down seven per cent at 1.1 million head. Last year, the country imported over half a million weaners from the EU, mostly from the Netherlands and Germany. This made it the largest third country destination for EU weaner exports, although the trade has declined slightly in recent years.

Other industry news

Small fall in German pork trade

With production down in 2012, in both Germany and the EU as a whole, supplies available to be traded were tighter. This led to small falls in both German imports and exports of pork. In contrast, exports to non-EU markets increased, despite shipments to Russia falling by nearly a quarter. The growth was driven by China but Ukraine and Belarus were also significant. Trade in cured and processed pig meat was similarly subdued. Germany is also a major importer and exporter of live pigs. Imports were little changed, with shipments of both weaners and slaughter pigs stable. Live exports were higher, mainly due to more slaughter pigs being shipped to Poland.

Firm Irish exports in 2012

In 2012, Ireland exported five per cent more pork than the year before. This came on the back of some rise in domestic pig meat production. The small lift is largely a function of good trade during the first three quarters of 2012. However, between October and December, exports were lower than the corresponding period in 2011. Exports of processed products, most of which were destined for the UK, were also higher than the year before.

GB physical performance improves again in 2012

Latest physical performance data shows that the productivity of the GB herd continues to improve. Over the past year, the number of pigs weaned increased by 0.28 to 22.86 pigs per sow per year. The improvement was mainly due to an increase in the number of pigs per litter. The farrowing rate also increased as did the number of litters per sow. However, these improvements were partly offset by a small increase in pre-weaning mortality. Performance also improved in the feeding herd, with most of the gains in the finishing herd; rearing herd performance was similar to 2011. The overall FCR from weaning to slaughter fell from 2.46 to 2.32. Mortality also fell slightly but there was little change in DLG because the amount of feed consumed each day was lower.

US pig outlook suggests ongoing firm prices

February's USDA Agricultural Outlook Forum pointed to pork production being at a record level in 2013 in spite of ongoing high feed costs. Both the total pig herd and the breeding herd on 1 December were virtually unchanged from a year earlier but the number of pigs

weaned per litter is expected to increase further. Exports are also set to increase in spite of the anticipated rise in pig prices for 2013. In 2012, the pig price averaged \$60.88 per cwt and was lower than in 2011 but is expected to recover to between \$61 and \$65 in 2013.

Less Spanish pork to France

Latest figures from Spain show that volumes of pork exported in 2012 increased by five per cent. The growth reflects developments in the first half of the year; trade was somewhat dampened between July and December. Shipments to their neighbour and largest market, France, were two per cent down on the year. In contrast, most of the other key markets recorded growth, including non-EU markets such as Russia and China.

EU short-term outlook for agricultural markets

The EU Commission has recently published its latest short-term outlook for agricultural markets. It confirms that pig meat production is expected to decline in 2013 but a slight recovery is expected in 2014. This is based on an expectation of lower feed costs and productivity gains in the sow herd. With lower supplies available, both EU consumption and exports of pig meat are expected to fall in 2013. The decline in pig meat production will contribute to a fall in overall EU meat production this year. However, prospects are somewhat brighter for the cereals and oilseeds sector, with increased sowings (outside the UK) and an anticipated return to normal yields. A copy of the short-term outlook report can be downloaded by [clicking here](#).

Growth in UK per capita pig meat consumption

Based on the balance of production, imports and exports, per capita pig meat consumption in the UK in 2012 was up two per cent, or 0.5 kg, in comparison with 2011 and averaged 25.4kg. It was the only red meat to show growth in 2012 and followed a similar increase in 2011. In 2012 overall per capita meat consumption was up 0.2kg at 79.2kg. Poultry meat consumption was marginally higher but both beef/veal and lamb fell. The changes largely reflected the differing availability of British product with both pig meat and poultry meat production up on 2011, while beef and sheep meat production was lower.

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