

Pig Market Trends

May 2013, Issue 96

Key messages

Producer prices

GB finished pig prices rising steadily in April and May and reaching new record levels from late April.

Cull sow prices falling as export prices follow the downward trend in the EU pig market.

EU pig prices stable until late April but then easing and by mid-May little higher than year earlier.

Slaughterings and production

Slight increase in UK slaughterings and carcase weights in April, meaning higher pig meat production.

EU production remains close to last year's level with no real supply tightening apparent yet.

Trade

Strong UK pig meat exports continue in March, with pork volumes nearly 30 per cent up on the year.

All categories of pig meat imports down on last year in March, particularly affecting Danish supplies.

Retail sales and prices

Consumer spending on pig meat increasing and purchases recovering after slow start to year.

Bacon benefitting from increase in cooked breakfasts both in and out of the home.

Costs of production

Cost of production stable in recent months and higher pig prices mean producers close to break even.

USDA forecast record global maize, wheat and soyabean crops for 2013/14 but still highly weather dependent.

Pig herd productivity

Average number of pigs slaughtered per sow rose by 0.6 in 2012 and higher still in 2013 quarter one.

Increase in productivity largely due to more pigs born per litter, 0.8 more than eight years ago.

Efficiency of finishing also better in 2012, with improved feed conversion and daily weight gain.

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Key data

	Apr-13	Change since Mar-13	Change since Apr-12
GB DAPP (euro-spec) – p/kg dw	160.94	+3.98	+14.77
Average GB carcase weight – kg	79.30	-0.44	+0.58
30kg weaner price – £/head	49.06	+1.51	+3.36
GB cull sow price – p/kg dw	103.25	-3.43	-18.79
EU Reference price – €/100kg dw	170.86	-1.09	+7.37
UK Reference price – €/100kg dw	182.43	+5.74	+9.86
UK weekly clean pig kill – 000 head	189.2	-2.7	+2.4
UK weekly pig meat production – 000 tonnes	15.6	-0.3	+0.4
UK pork imports – 000 tonnes*	27.5	+3.0	-2.0
UK bacon imports – 000 tonnes*	21.0	+1.0	-4.0
UK pork exports – 000 tonnes*	15.5	+1.3	+3.5
Retail pig meat sales – 000 tonnes†	57.0	+1.2	-0.8
LIFFE feed wheat futures – £/tonne	196.50	-1.58	+21.49
CBOT Soyameal futures – \$/tonne	404.93	-19.59	+5.21

* Figures relate to March 2013

† Figures include household purchases of pork, bacon, sausages and ham and relate to 4 weeks to 14 April 2013

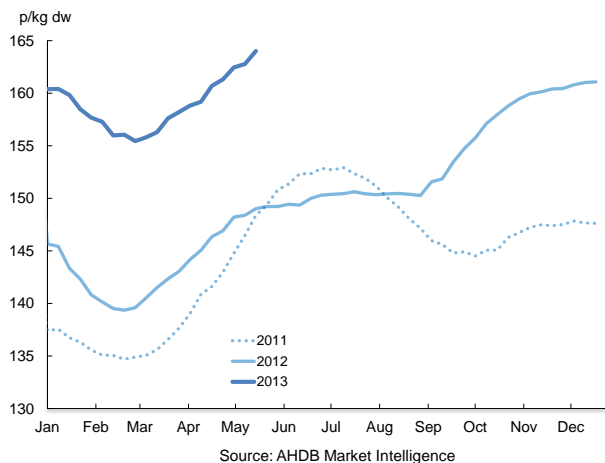
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Producer prices

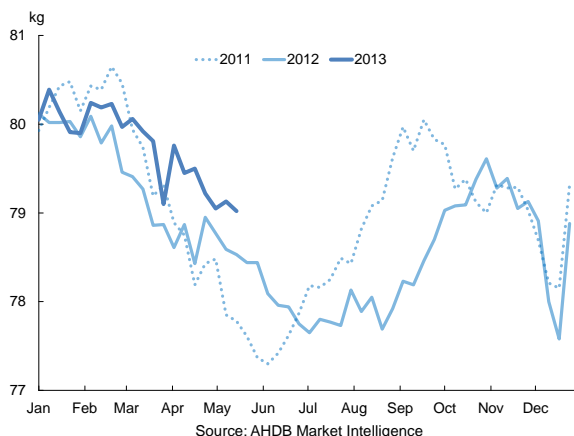
GB finished pig prices increased steadily during April and the monthly average price of 160.94p per kg was only fractionally lower than the all-time high recorded in December 2012. It was around 4p higher than the March average and nearly 15p up on April 2012. Increasing prices are normal at this time of year, typically driven by tightening supplies and higher EU prices. However, this year, supplies have remained relatively plentiful and EU prices have been subdued. Therefore, the increase appears to be down to an increased retailer preference for assured British pork, in the wake of the horse meat issues earlier in the year. In late April, the DAPP passed the record level recorded in the week before Christmas 2012 and has continued to rise since then, reaching 164.03p per kg in week ended 18 May.

GB finished pig prices (DAPP)



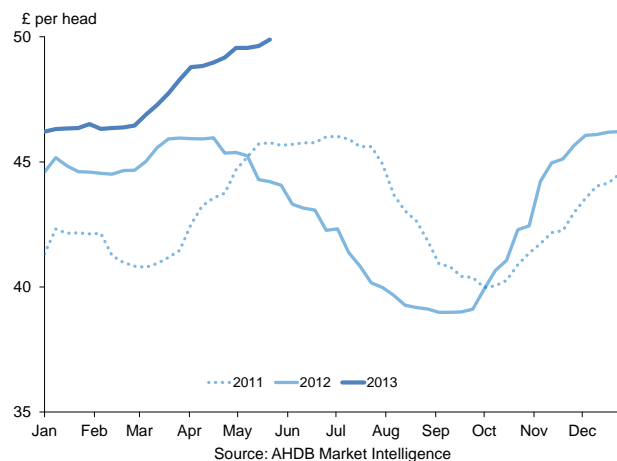
So far this year, carcase weights of pigs in the DAPP sample have remained above seasonal norms. The weekly average has remained above 79kg throughout and the monthly average for April was 79.30kg, up over half a kilo on a year earlier. The seasonal fall in weights has been less marked this year, despite the cold weather, suggesting that processors are starting to look for slightly heavier pigs to offset expected tighter supplies as the year progresses. Weights have remained well above year earlier levels into May.

Average carcase weights for GB finished pigs



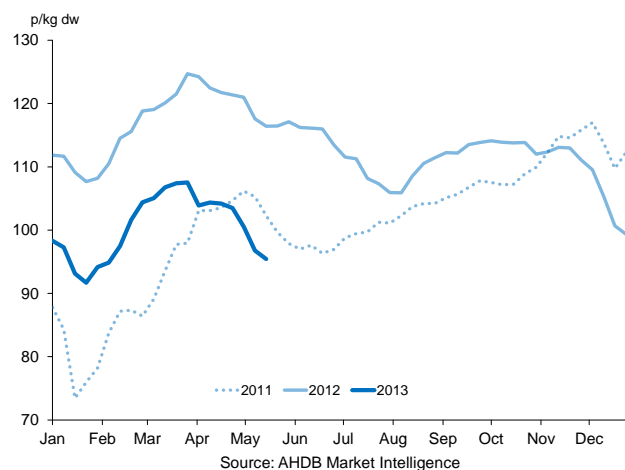
Weaner prices edged upwards during April and May, creeping towards the £50 per head mark which was last exceeded in August 2010. The monthly average price of £49.06 during April was the highest in nearly three years, up by around £1.50 on March and over £3 on April 2012. Rising finished pig prices helped to support the market, with somewhat lower feed prices also helping to provide confidence to finishers. Further modest rises during May took the weekly average to £49.89 for week ending 25 May.

GB 30kg weaner prices



In contrast to the weaner and finished pig markets, the GB cull sow price fell back during April and early May. The monthly average of 103.25p per kg was over 3p lower than in March and nearly 20p down on a year earlier. With exchange rates relatively stable during the month, the price movements are due to the weakness of the EU market. With subdued clean pig prices and reportedly plentiful supplies of sows across Europe and in Germany in particular, sow quotes have been under pressure. This has had a knock-on effect on the GB price, which has remained below its German equivalent since last summer. The falling trend accelerated into May, with the price for week ended 18 May as low as 95.45p per kg.

GB cull sow prices

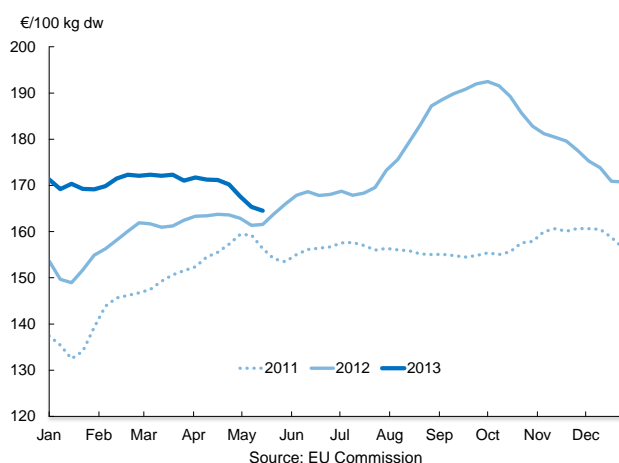


Great Britain pig prices

	DAPP Euro- spec (p/kg)	DAPP UK-spec (p/kg)	Ave. Carcase Weight (kg)	Ave. P2 Probe (mm)	30kg Weaner Price (£/)	Cull Sow Price (p/kg)
Feb-13	156.21	153.39	80.16	10.8	46.38	99.72
Mar-13	156.96	154.13	79.74	10.7	47.55	106.68
Apr-13	160.94	158.04	79.30	10.7	49.06	103.25
04-May	162.46	159.54	79.05	10.6	49.56	100.56
11-May	162.79	159.86	79.13	10.8	49.56	96.77
18-May	164.03	161.08	79.02	10.7	49.63	95.45

Having been broadly stable through most of the first four months of the year, the EU pig reference price began to ease back towards the end of April. As a result, the monthly average was just under a euro lower than in March at €170.86 per 100kg. Nevertheless, this was still more than seven euros higher than in April 2012, although this gap was much narrower than it was earlier in the year. The subdued market was partly attributed to lacklustre demand on the EU market as the economy remains fragile. However, several export markets have also been challenging, particularly Russia, where increased production has limited demand for imported pork. Price falls continued into May, with the average for week ended 18 May reaching €164.52 per 100kg, less than three euros up on a year earlier and the lowest level since early June.

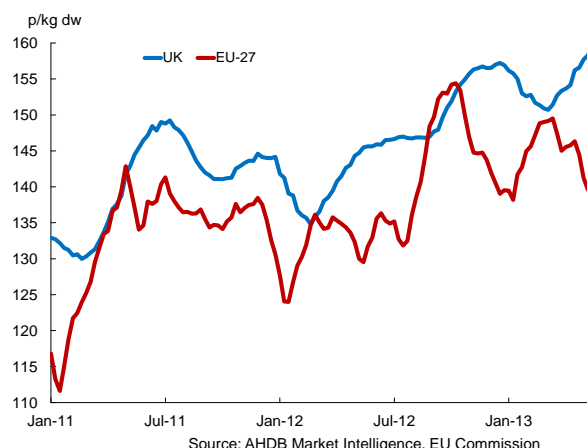
EU Average pig reference price



Prices in most major producing Member States followed a broadly similar trend to the EU average. Prices in France and Spain began easing a little before those further North, although Spanish prices remained among the highest in the EU. The sharp fall in Italian prices recorded since mid-February ended in mid-April, with prices stabilising at just under €164 per 100kg, over 30 euros down on two months earlier. The key German price was stable through most of April but then fell by ten euros in three weeks in late April and early May.

With UK prices rising and EU ones falling, the gap between the UK and EU reference prices increased from under €10 per 100kg at the start of April to over €20 in mid-May. The gap in the latest week was the biggest since January 2011. The UK price is now the highest among significant pig producing Member States.

Comparison of UK and EU pig reference price



The average EU weaner price in April was little changed from the previous month at €51.44 per head. This was very similar to the price for the same month last year. In recent years, prices have typically peaked in March or April and this year was no exception, with the high point reached in late March. Since then prices have fallen, gradually at first but more sharply since late April as finished pig prices began to ease. As a result, the price dropped to €46.75 per head for week ended 19 May, around two euros below its level a year earlier.

Sow prices in major EU Member States followed a similar trend to finished pig prices; stable prices from February until mid-April were followed by a significant fall in the weeks that followed. The key German M1 sow price fell from €1.35 to €1.28 per kg for week ended 19 May. This was 14 cents lower than a year earlier. Prices in other major producing Member States, including Denmark, the Netherlands and France followed similar trends, albeit at lower levels.

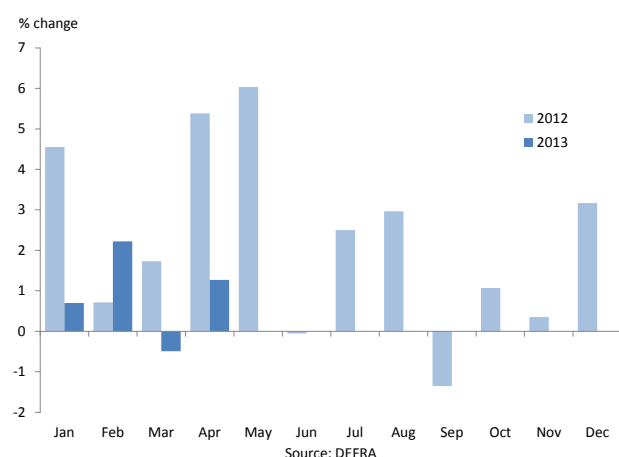
Pig reference prices in selected EU Member States (€ per 100kg)

	Feb-13	Mar-13	Apr-13	04-May	11-May	18-May
Denmark	156.70	155.16	154.39	154.39	150.26	150.27
France	155.36	162.16	159.30	153.00	153.00	154.00
Germany	171.03	171.36	171.43	165.24	163.20	163.20
Italy	194.41	183.04	166.43	163.84	163.84	163.75
Netherlands	152.58	154.36	156.01	151.67	147.75	147.73
Poland	166.30	170.04	171.89	167.75	164.99	163.06
Spain	187.13	192.27	192.65	189.77	186.64	182.86
UK	176.53	176.69	182.43	186.95	187.48	188.69
EU average	171.12	171.95	170.86	167.62	165.35	164.52

Slaughterings and production

UK clean pig slaughtering in April 2013 totalled 945,800 head. This was around 12,000 more compared with the same month in 2012. This increment was partly because Easter fell further into April last year, leading to two short weeks in the month compared with one this year. England and Wales throughputs increased by six per cent to 764,600 head, whereas Scottish throughputs continued to ease; they were down on the year by almost a half again this month. Slaughterings in Northern Ireland were down by a smaller one per cent over the year.

Annual change in UK clean pig slaughterings



The total number of sows and boars culled during April amounted to 24,700 head. This was just over one per cent higher than the previous year. Adult pig throughputs so far this year have been slightly higher than last year. This is likely to reflect increasing producer intentions for a younger, more productive herd. This was also reflected in the number of maiden gilts recorded in the December census, which showed a large increase.

	Clean pig slaughter (000 head)	Pig meat production (000 tonnes)
Feb 13	786.2	65.7
Mar 13	767.2	63.7
Jan 13 *	945.8	78.2
% change Apr 13/ Apr 12	+1.3%	+2.5%
Jan-Apr 2013	3445.7	286.8
% change 2013/2012	+0.9%	+1.6%

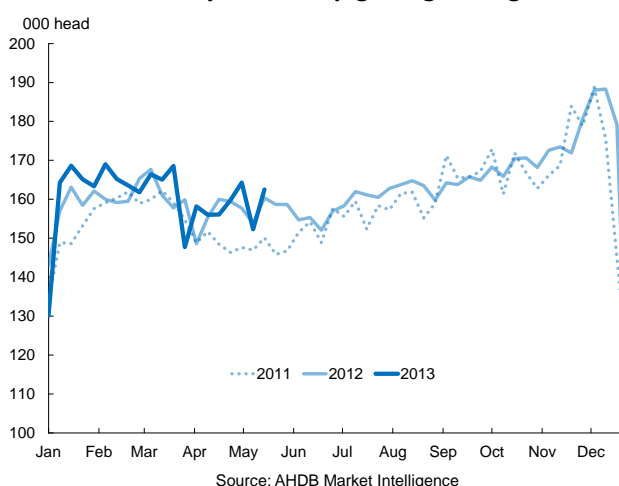
* 5-week month

The average carcase weight in April was marginally down from the previous month at 79.0kg but the seasonal decline in weights has been less pronounced this year. At this weight, pigs were over a kilo heavier compared with the corresponding month in 2012 and it represents the heaviest average on record for April. The gradual increase in weight partially reflects changing

processor requirements, to compensate for the lower pig numbers that are expected during the year. The rise in the average carcase weight was also similar in Northern Ireland but Scottish pigs weighed marginally less than a year earlier. Due to higher UK slaughterings and carcase weight, pig meat production of 78,200 tonnes in April, was just over two per cent higher than a year earlier.

Based on the DAPP sample, estimated GB clean pig slaughterings in the first two weeks of May remained close to year earlier levels. Supplies have tightened somewhat since earlier in the year but this is the normal seasonal trend. So far, there is little sign of the lower pig numbers expected due to the lower breeding herd recorded in the December census.

Estimated weekly GB clean pig slaughterings



February slaughtering figures for most EU Member States are now available from Eurostat. They show a three per cent fall in throughputs compared with February 2012. However, with one working day fewer this year, this probably actually equates to a modest increase in pig supplies. This confirms that there is little sign of the expected tightening of supplies in the early months of this year, with throughputs in the first two months little changed from last year. This has constrained EU pig prices, which have not shown the normal seasonal rise this spring.

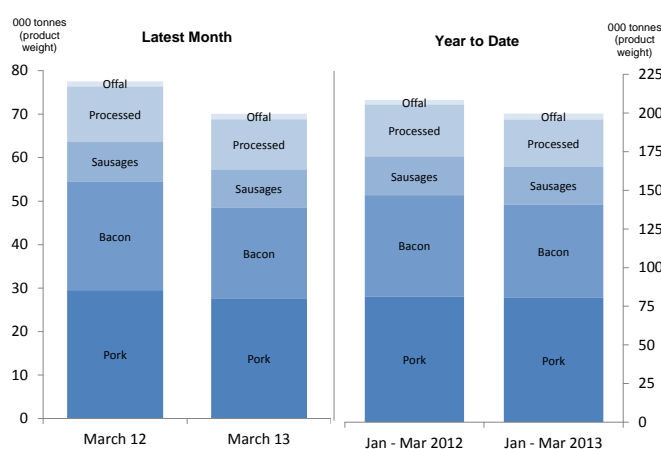
The overall stability in EU slaughterings so far this year hides some variation between Member States. For example, throughputs in Germany were up by four per cent on a year earlier, while France, Denmark and the Netherlands were among countries killing lower numbers. In the first two months of the year, carcase weights have generally been heavier than last year, so pig meat production was up by one per cent.

Provisional figures for more recent months suggest that similar trends have continued, with higher slaughterings in some Member States offsetting lower ones elsewhere. The overall position probably remains one of broadly stable production relative to a year earlier.

Trade

UK pork imports continued to decline, with the total in March seven per cent lower compared with the same month in 2012. Germany, the Netherlands and Belgium shipped one, nine and 22 per cent more on the year respectively. However, these increases failed to mitigate the impact of a drop of nearly a quarter from the primary supplier, Denmark; Irish and French imports were also lower than last March. Tight supplies were a factor but subdued demand, partly due to increased retailer preference for UK-sourced pork, coupled with six per cent higher average prices also held the market back. As a result, the value of pork imports was only marginally down at £56.2 million.

UK pig meat imports



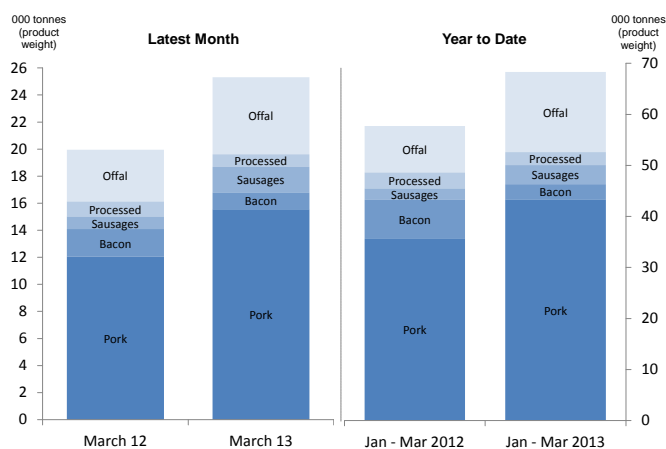
Source: Her Majesty's Revenue & Customs

Cured meat imports, including bacon and uncooked ham, were down 16 per cent year on year in March. The total for the month reached 21,000 tonnes. A large decline, of nearly 40 per cent, in Danish supplies was again the main factor that affected trade. While Irish exports were significantly up on the month, the small share in the market, three per cent, meant that the impact on total bacon supplies was minimal. Processed products, including sausages, were also shipped in lower quantities; shipments from Ireland and the Netherlands were particularly affected, perhaps reflecting their involvement in the horse meat revelations earlier in the year. March's trend is reflected in the cumulative figures for the first quarter of 2013, with pork imports down by one per cent, cured by eight per cent and processed pig meat by nine per cent.

On the contrary, UK exports were generally stronger in March, as the amount of pork shipped rose by more than a quarter on the year. This meant the total in March amounted to 15,500 tonnes. Shipments to the main market, Germany, were down five per cent but exports to many other EU Member States increased; notably, shipments to Ireland and Denmark were up by 10 and 90 per cent. In addition, the 2,200 tonnes sent to China pushed the total up, although demand from Hong Kong came down by almost a fifth. In the first three months of the year, both the quantity and value

of UK pork exports rose by 22% and amounted to 43,000 tonnes and £53.5 million respectively.

UK pig meat exports



Source: Her Majesty's Revenue & Customs

While cured exports in March recorded a 40 per cent annual decline, this was smaller than in most recent months. Sausage shipments more than doubled but other processed exports were down. However cured and processed meat account for a small share of total exports. Offal exports are more important and growth in this category continued again in March as total shipments were up by almost a half. Growth was driven by higher shipments to other EU Member States, including Germany and Belgium.

EU pork exports contracted again in March, when shipments to non-EU markets amounted to 127,900 tonnes. China and Japan were the main growth markets, taking 48 and 18 per cent more European product respectively. However, the contraction was partly due to eight per cent lower shipments to Russia, along with reductions to other countries in the Former Soviet Union. Despite Russian restrictions on pork from several countries in North and South America, imports from the EU were lower as increased domestic production reduced demand. Exports to other Asian countries including Hong Kong and South Korea, were also lower. Figures for the year to date show similar trends, with 36,700 tonnes less pork shipped compared with the first quarter in 2012.

Pig offal exports in March also continued to decline as 17 per cent less was supplied to non-EU countries than in March 2012. While the volume shipped to China remained almost unchanged, its market share increase from a third to 40 per cent. Hong Kong and Russia, on the other hand, imported 41 and 32 per cent less pig offal from the EU respectively. However, there were some positive developments in smaller markets, including the Philippines and Thailand. The first quarter figure showed a smaller fall for pig offal exports as seven per cent less was traded compared with the same period in 2012.

Retail sales and prices

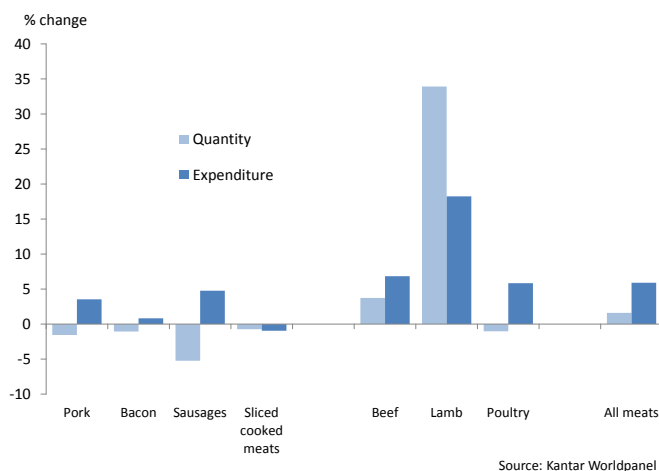
In the 12 weeks to 14 April, consumer spending on pork increased four per cent on a year earlier, according to figures from Kantar Worldpanel. Over the same period, the amount of pork purchased declined two per cent as higher prices continued to lead consumers to switch to fresh lamb, which has been heavily promoted. Pork loin joints continue to perform strongly, with sales up 40 per cent, supported by an ongoing increase in household penetration. Most other cuts suffered volume and value declines.

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

	4 wk to 17/2/13	4 wk to 17/3/13	4 wk to 14/4/13	Change Y-o-Y
Fresh/frozen pork	527.6	541.9	534.3	+3.0%
Bacon	634.2	627.5	615.9	-1.3%
Pork sausages	395.8	405.7	398.3	+10.7%
Pork sliced cooked meats	895.6	887.9	894.5	-0.5%
Fresh/frozen lamb	768.5	793.6	700.9	-11.1%
Fresh/frozen beef	712.4	711.8	700.9	+1.2%
Fresh/frozen poultry	463.0	462.2	466.9	+6.5%
All fresh/frozen meats	568.7	569.7	566.6	+2.6%

Bacon and sausages followed a similar pattern as expenditure increased but amounts purchased dipped. Sales of bacon rashers and steaks, however, were up on the year. An 11 per cent price rise meant that sausage purchases declined six per cent year on year, with fewer people buying them and buying smaller amounts. Sliced cooked ham purchases remained similar to last year but a small decrease in average price resulted in expenditure being one per cent lower than a year earlier.

Average percentage change in retail meat purchases (12 weeks to 14 April 2013)



In the latest four weeks, the picture for pork looked more positive, with purchases up one per cent year on year and spending up four per cent. Contributing to volume growth were loin and leg joints and marinades. Spending on bacon was fairly flat but total purchases recorded a slight uplift due to strong performance from steaks and rashers. Meanwhile, sausage sales continued to decline but spending increased, driven by price inflation. Sliced cooked ham purchases declined three per cent over the period, while the expenditure decline accelerated to five per cent.

At the start of the recession, there was large growth in breakfast consumption in the home, as consumers tried to save money. This has now plateaued, with in-home breakfast occasions similar to last year. The recession has also affected breakfast choice – more consumers are choosing their breakfast because it's 'filling', in order to avoid spending money before lunch time.

Cooked breakfasts have also increased over the last year, with total consumption up four per cent. Bacon, which is present at nearly two-thirds of cooked breakfasts, has benefited from this trend. Over the last three years, it has seen steady increases in consumption. Figures for 2012 were up two per cent compared with the previous year, with both bacon sandwiches and rashers making gains at this mealtime. Growth has come entirely from weekends, which account for more than two thirds of bacon breakfasts.

Sausages, eaten at just under a quarter of cooked breakfasts, have not seen the same growth. Consumption in 2012 was similar to a year earlier. Again, weekends have shown good uplifts, but declines seen during the week have counteracted this.

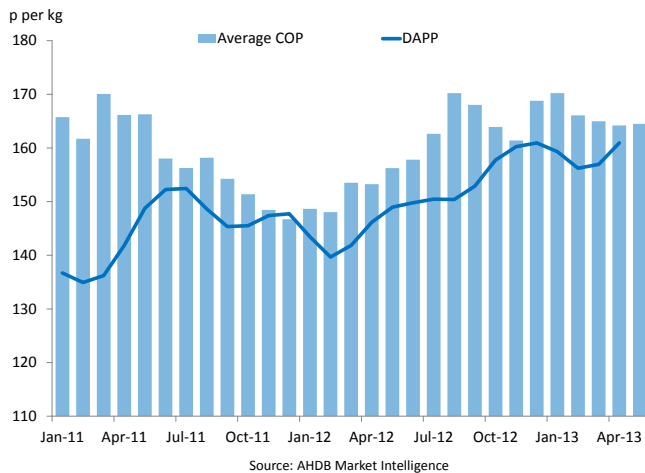
Out of home breakfasts have also seen a recent increase, with a seven per cent rise, despite a relatively sluggish foodservice market overall. The growth at this occasion has been apparent across most types of outlet. The most popular out-of-home breakfasts are cooked breakfasts, hot rolls/sandwiches and pastries, meaning that both bacon and sausages have performed well. Bacon was up 12 per cent on the year, while sausages were up seven per cent. Sausage sandwiches, however, were down on the year.

There is a growing trend for consumers to eat at work or school, so there has been a trend for convenient, easy-to-eat format products being developed for this occasion. A third of consumers eat breakfast 'on the go', so products that can benefit from this have an opportunity. Consumers who do purchase their breakfast out of the home choose their venue based on its location, with low price and fast service also being key factors in outlet choice.

Costs of production

Latest AHDB provisional estimates of the cost of pig production in May show that costs were little changed from the revised estimate for the previous month at just over 164p per kg. The estimates put costs somewhat lower than the recent peaks but they are still very high by historic standards. Compared with May 2012, costs are over 8p per kg higher, despite improvements in herd productivity which have mitigated the rise.

Total cost of pig production compared with the DAPP



With the recent rises in pig prices, these estimates suggest that producers are approaching the point when they will break even or even re-enter the black. However, with losses over the last two years approaching £100 million, margins will need to improve further and be sustained for the finances of the industry to recover. With some easing of feed costs in recent weeks and prospects for the forthcoming harvest still looking positive, production costs are projected to be lower during the remainder of the year. However, there is still considerable uncertainty in these figures, given the vulnerability of feed prices to weather conditions.

The LIFFE wheat new crop futures price (November 2013) closed at £178.15 per tonne on Wednesday 22 May, recovering slightly from the close two days earlier of £176, the lowest closing price since October 2012. The latest price represents a monthly decline of £6.35 per tonne and prices ranged between £176 and £184.95 during the month. The Chicago new crop maize price was little changed on a month earlier, although it had varied somewhat during the month.

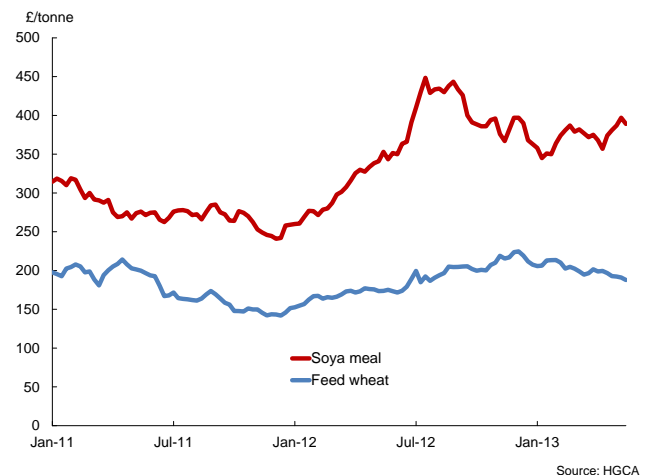
On 10 May the United States Department of Agriculture (USDA) released its initial assessment of global supply and demand for the 2013/14 season. These forecasts provide a benchmark for the season ahead but should be treated with caution as performance is heavily dependent on weather conditions, particularly as some crops are yet to be planted. Global maize production in 2013/14 was forecast at a record 966Mt but is dependent on a record US crop, as well as historically sizeable crops in South America. South American production remains highly speculative at this stage, as planting will not begin until late in 2013.

Record wheat production of 710Mt is also forecast as a rebound in production in the Former Soviet Union and EU should more than offset a decline in the US.

News of better US weather has recently pressured prices due to improved planting progress but rain has now returned to the US which could slow planting of the remaining area. However, prices recovered on news of increased demand from China and from US ethanol producers.

Defra revised its UK cereals supply and demand estimates for 2012/13 (Jul-Jun) on 23 May. Wheat imports are forecast at 2.54Mt; this is in excess of anticipated usage of imported grain and hence imported wheat is seen to make up a higher proportion of total end-season stocks, which are seen at 1.94Mt, up 29 per cent on 2011/12. Grain consumption in animal feed is forecast significantly higher as the wet summer and autumn and delayed spring have stimulated feed demand. Imported maize usage is forecast to increase by more than a third year-on-year due to competitive prices.

Prices for feed wheat and soya meal



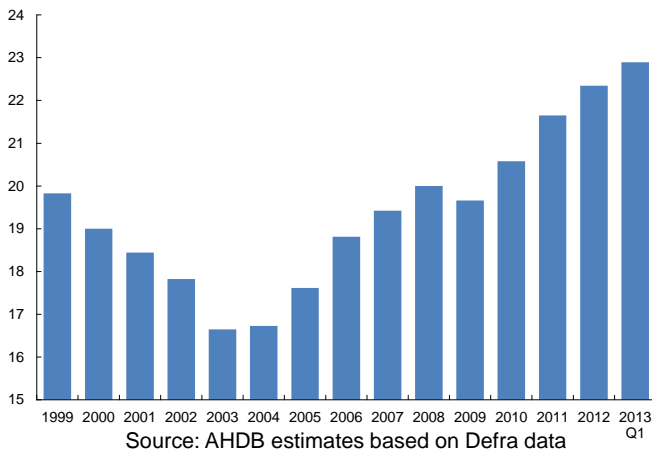
In its global supply and demand report, USDA projected global soyabean production for the 2013/14 season at a record 285.5Mt, up 16.4Mt on the previous season. Nevertheless, the Chicago soyameal futures price (July 2013) closed on 22 May at \$485.70 per tonne, up by \$46.90 on a month earlier. In the UK, the Hi-pro soyameal (ex-store East coast) price as at Friday 17 May also increased by £15 per tonne compared to a month before.

Soyameal prices have followed the soyabean market which is still tight in the short-term on diminishing old-crop stocks and continued strong demand. With the report of Argentine farmers' reluctance to sell their soyabean crop, because of an unfavourable exchange rate plus port workers going on strike, Brazil remains the dominant source of soyabeans into the international market. Therefore, there is little to no competition for Brazil, given that the US is pretty much out of the market for now. The US old crop export commitments are now at 100 per cent of the USDA's May 2012/13 US export estimate.

FOCUS ON: Pig herd productivity

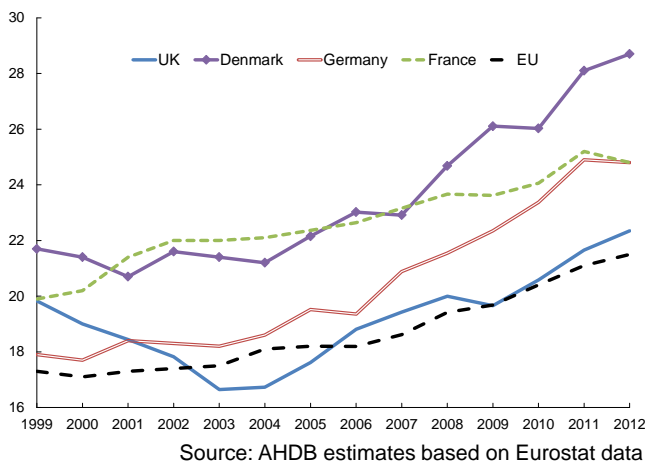
Last year, UK clean pig slaughterings passed 10 million head for the first time in a decade. This came despite a breeding herd which has been broadly stable over recent years, indicating a steady improvement in herd productivity. The number of pigs slaughtered per sow during the year averaged 22.3. This represents an increase of 0.6 pigs per sow since 2011 and nearly three extra pigs since 2009. In the first quarter of 2013, the annualised average increased still further to 22.9 pigs slaughtered per sow.

Pigs slaughtered per sow per year in the UK



An alternative measure of overall herd productivity is pig meat production per sow per year. This is the basis of the BPEX Two Tonne Sow campaign, which aims to increase this indicator to two tonnes. In 2012, pig meat production per sow per year was just over 1.75 tonnes, up from 1.69 tonnes in 2011. In the first quarter of 2013, the figure was above 1.8 tonnes per sow.

Pigs slaughtered per sow per year in selected EU Member States

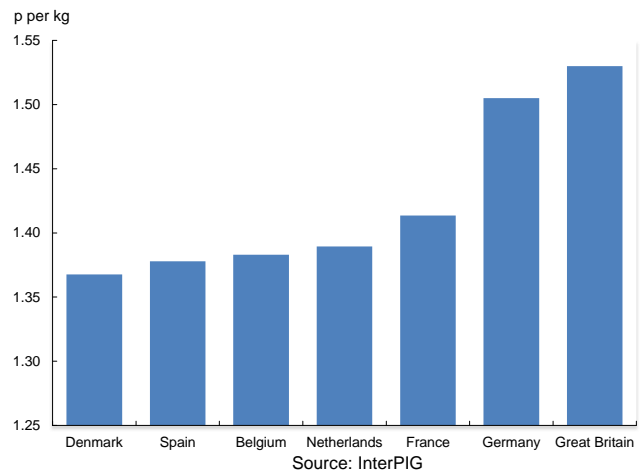


Despite the steady improvement in productivity, the UK herd is still behind many of its key EU competitors, although it is slightly above the EU average. In the late 1990s, UK productivity was more competitive but it dropped following the introduction of group housing, with disease issues also contributing. Since then, productivity gains in the UK have been matched

elsewhere, meaning the UK has failed to close the gap. At the extreme, Danish sows produce an average of six more pigs per year than UK sows.

The higher productivity in other EU Member States is a key reason why their production costs are generally lower. In 2011, the latest year for which comparative figures are available, the average cost of production in GB was 153p per kg. Across the major EU producers, the average was 148p per kg while in several, including Denmark, the Netherlands and Spain it was below 140p.

Average cost of pig production in selected EU Member States, 2011

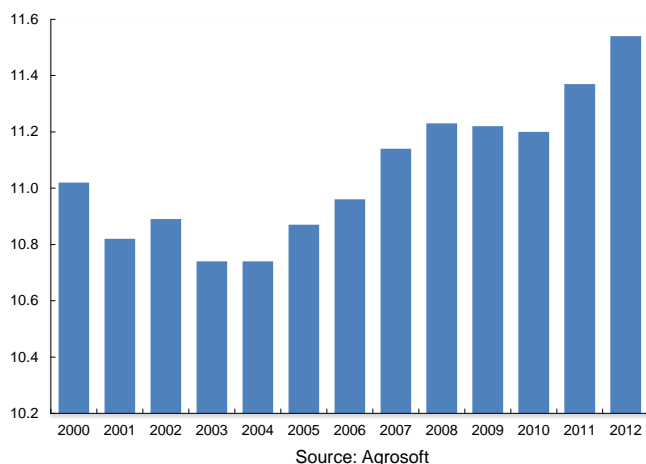


Although the measure described above gives a useful indication of the overall trend, it does not tell us what is driving the improvement. BPEX has access to a wide range of physical performance indicators measuring actual performance on farm. This data is provided by Agrosoft Ltd, a leading supplier of software to the industry.

Perhaps the key measure for breeders is the number of pigs weaned per sow per year. This measure forms the basis of BPEX's [Breed +3 initiative](#), which aims to help each herd to wean an extra three pigs per sow per year. In 2012, the average number of pigs weaned increased by 0.39 to 22.86 pigs per sow per year.

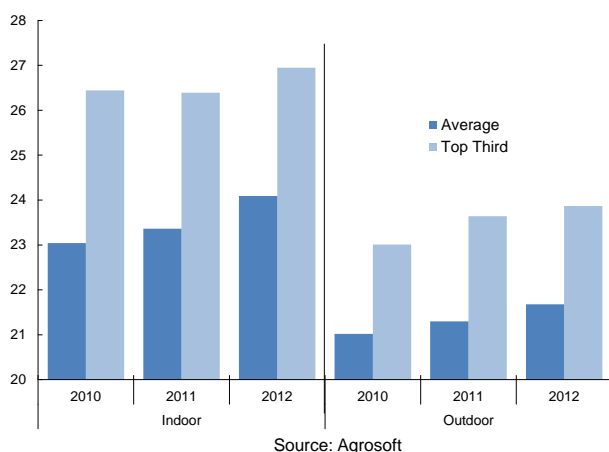
The three main factors influencing this headline indicator are the number of pigs born alive per litter, the number of litters per sow and pre-weaning mortality. In 2012, the number of piglets born alive per litter averaged 11.54, an increase of 0.17 on the previous year and 0.8 up on the recent low point in 2004. The number of piglets born alive per litter was significantly higher for indoor herds (12.1) than outdoor herds (11.0), although this difference may be somewhat overstated given the greater difficulty monitoring farrowing in outdoor herds. In 2012, the top third of producers were able to achieve an average of 12.41 piglets per litter while the best tenth reached 12.96.

Pigs born alive per litter in Great Britain



The number of litters per sow per year improved marginally to 2.26 but the pre-weaning mortality rate was slightly higher than in 2011 at 12.7 per cent. Mortality rates have changed little over the last few years, partly because of the greater difficulty in managing increasing numbers of larger litters. Mortality is somewhat higher in outdoor herds, contributing to more than two fewer pigs being weaned per outdoor sow per year than from indoor sows. Nevertheless, the top third of outdoor breeders are achieving similar performance to the average of indoor breeders.

Pigs weaned per sow per year in Great Britain

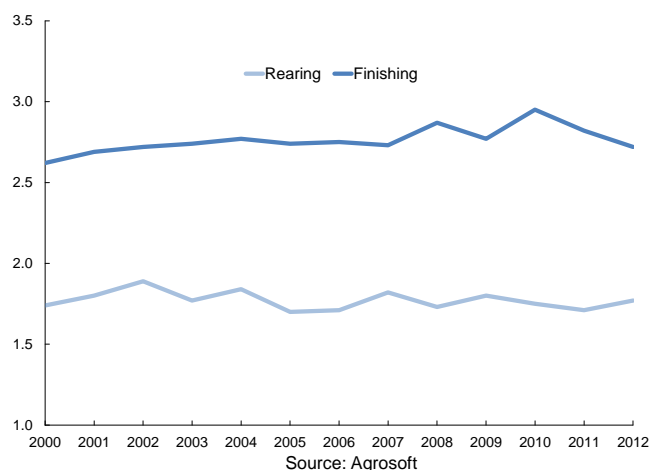


Improvements in breeding productivity partly reflect higher rates of sow replacement, leading to a younger herd. Key indicators such as the farrowing rate and number of pigs born alive per litter peak around the third parity and fall away fairly rapidly after the sixth parity. Gilts and sows of parity five or lower made up 87 per cent of the breeding herd in 2012, compared with 84 per cent in 2008.

The two main indicators of efficiency in the rearing and finishing herds are feed conversion ratio (FCR) and daily liveweight gain (DLG). FCR measures the number of kilogrammes of feed required for a pig to put on a kilogramme of weight. A lower FCR indicates more efficient conversion of feed into body weight.

Pigs tend to convert feed more efficiently at younger ages so the FCR for the rearing herd (weaners) is lower, averaging 1.77, than for the finishing herd, where it averages 2.72. These figures have changed relatively little over time, although trends are difficult to interpret given changes in weaning weights, age at transfer to finishing and weight at slaughter, all of which impact on FCR. Rearing FCR actually increased slightly in 2012 but finishing FCR dropped sharply for the second consecutive year and is now at its lowest level since 2002, when slaughter weights were significantly lower.

FCR trends in the GB rearing and finishing herds



DLG is also an important indicator of efficiency in the rearing and finishing herds, since it determines how quickly pigs make it to slaughter. In 2012, average DLG in the rearing herd was 489g, unchanged from last year. In the finishing herd pigs gained an average of 822g per day, the highest on record and 38g higher than in 2011. DLG has increased over time, particularly for finishers, although figures have fluctuated somewhat, partly due to weather conditions affecting growth rates. A decade ago the DLG for finishers was 635g, which meant pigs were being fed for nearly a month longer despite being finished at lighter weights.

Post-weaning mortality rates are relatively low and have been stable or falling slightly in recent years. Overall mortality was around five per cent, split fairly evenly between weaners and finishers. This was less than half the level ten years ago.

More detail on the performance measures summarised above can be found in the new BPEX Yearbook, which will be published shortly.

Other industry news

Modest growth in global production in 2013

According to latest forecasts from USDA, global pig meat production is expected to grow during 2013 but at a slower rate than in 2012. As usual, China is a key driver of the overall trend, given that it accounts for nearly half of the global total. Most other major producing countries are also expecting small increases in production. Bigger rises are expected in Russia and South Korea. Other than the EU, Canada is the only other major producer where production is forecast to decline. The full USDA report can be downloaded by [clicking here](#).

Croatia to join EU in July

Croatia is set to become the 28th Member State of the EU on 1 July and, with its accession, the population of the EU will increase by around 4.4 million. Croatia has a modest pig sector and will account for less than one per cent of total EU-28 pig meat production. On 1 December 2012, its pig herd stood at 1.2 million head, four per cent lower than the year before. Pig meat production totalled 85,600 tonnes in 2012, although about 30 per cent of pigs are slaughtered on privately owned farms and so are not included in the official statistics. Demand for pig meat in Croatia is strong and in 2012 it imported 46,600 tonnes of pork, up 12 per cent from the previous year. In addition, the live trade is also somewhat active, with almost 558,000 pigs imported in 2012, down nine per cent on the year.

Falling pork imports in Asian markets

In the early months of 2013, pork imports have been lower across a range of Asian markets. Last month we reported a 10 per cent year-on-year fall in Chinese imports in the first quarter of 2013. In the same period, shipments to South Korea were down 30 per cent year on year, as the country's pig herd has now recovered from the Foot & Mouth Disease outbreak two years ago. Pork imports to Hong Kong were also lower, down nearly a quarter on the same period last year. Latest figures for Japanese imports also show a decline, down by nine per cent, with a total of 179,600 tonnes, with the weak yen playing a part.

Russian imports affected by trade restrictions

Russia imported 10 per cent less pork than the first quarter in 2012. Last year, a ban on pork imports from three Brazilian states was still largely in force and Brazil

lost its place as the leading supplier of imported pork to Russia. This year, it resumed that position, with shipments more than double last year's level. Among smaller suppliers, Chile also doubled its shipments as did several EU providers. This year, trade restrictions have affected imports from the US, Canada, Ukraine and, to a lesser extent, Germany, all of which were substantially lower than 2012. The US imports were down by more than a half due to Russian concerns about Ractopamine. Imports from the EU were down 20 per cent overall.

Pig feed production up, sow feed down

Latest figures from Defra show the largest monthly animal feed production figure on record back to July 1992. Production of compound pig feed in the first quarter of 2013 was four per cent up on the same period last year. However, production of breeding pig feed was four per cent lower than a year earlier. In contrast, finisher feed production was up eight per cent, while grower feed increased by two per cent. Overall animal feed production was 10 per cent higher on the year.

Contrasting trends in US and Canadian exports

The declining trend of US exports from the previous quarter continued, as it shipped 19 per cent (82,000 tonnes) less pork between January and March. This was largely a result of lower shipments to Japan and Mexico. Meanwhile, the US was hit by Ractopamine-related restrictions imposed by China and Russia. In contrast, Canadian exports edged up four per cent on the year to 222,000 tonnes. The majority of the increment stemmed from higher trade with China while exports to the US also increased by four per cent.

Growth in Freedom Food pork

McDonald's has become the first restaurant chain in the UK to commit to sourcing all its pork from farms approved under the RSPCA's Freedom Food scheme. According to the animal welfare organisation, the amount of pork carrying the logo has risen by 200 per cent since 2009, with 420 different Freedom Food labelled pork products available in UK supermarkets. The increase in demand has been met with a surge in the number of pigs reared under the scheme, with growth of almost 50 per cent over the last three years; in 2011, it covered 2.7 million pigs.

Read more about these and other stories in Pig Market Weekly. To view past editions or to subscribe, [click here](#).