

Pig Market Trends

August 2013, Issue 99

Key messages

Producer prices

DAPP and weaner prices level off in July and August after strong growth during the spring.

GB cull sow prices increasing rapidly and at 16 month high, as the EU export market strengthens.

EU pig prices continue to strengthen through July and August, despite the holiday season.

Slaughtering and production

UK clean pig slaughtering again slightly up in July and carcase weights remain heavier than last year.

EU pig supplies starting to tighten, with slaughtering down two per cent year on year in May.

Trade

Strong UK pork and offal exports continue on the back of demand from China/Hong Kong.

UK pork imports slightly up in June but cured and processed shipments still subdued.

Retail sales and prices

Better weather and positive economic news combining to boost UK consumer confidence.

Consumers more concerned about product quality as confidence returns but foodservice visits down as money is still tight.

Costs of production

Pig production costs ease further as feed prices fall but producers still losing money on pigs sold in month.

Cereals prices falling but with less UK wheat and more barley available, price gap may mean more barley in rations.

Global Harvest 2013

New crop cereals prices falling steadily as harvest approaches but soyabean prices firmer on dry US weather.

Larger crops forecast for 2013/14 across major crop-growing regions of the Northern Hemisphere.

Export competition set to be greater this year, with Black Sea region back in the market, keeping prices low.

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Key data

	Jul-13	Change since Jun-13	Change since Jul-12
GB DAPP (euro-spec) – p/kg dw	168.55	+1.76	+18.10
Average GB carcase weight – kg	78.84	+0.02	+1.02
30kg weaner price – £/head	53.55	+1.79	+12.62
GB cull sow price – p/kg dw	112.29	+9.67	+3.46
EU Reference price – €/100kg dw	181.03	+8.95	+12.11
UK Reference price – €/100kg dw	191.14	+0.56	+5.10
UK weekly clean pig kill – 000 head	192.9	+6.8	+1.3
UK weekly pig meat production – 000 tonnes	15.8	+0.5	+0.3
UK pork imports – 000 tonnes*	30.6	+0.4	+1.2
UK bacon imports – 000 tonnes*	18.7	-0.2	-1.8
UK pork exports – 000 tonnes*	13.1	-0.5	+2.5
Retail pig meat sales – 000 tonnes†	53.5	-1.0	-2.5
LIFFE feed wheat futures – £/tonne	163.91	-3.16	-27.08
CBOT Soyameal futures – \$/tonne	479.30	+22.47	-21.95

* Figures relate to June 2013

† Figures include household purchases of pork, bacon, sausages and ham and relate to 4 weeks to 7 July 2013

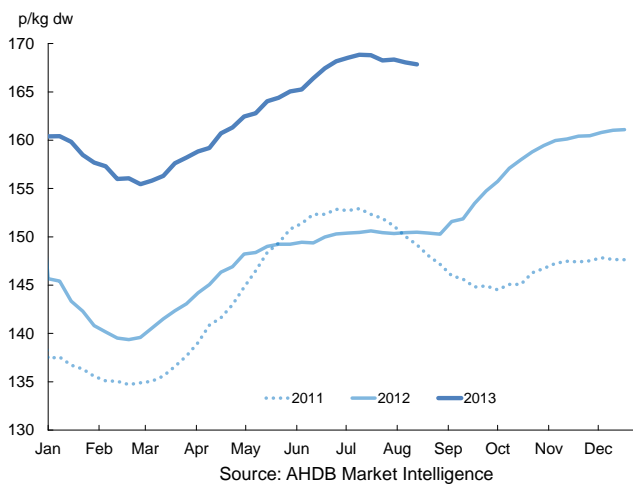
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Producer prices

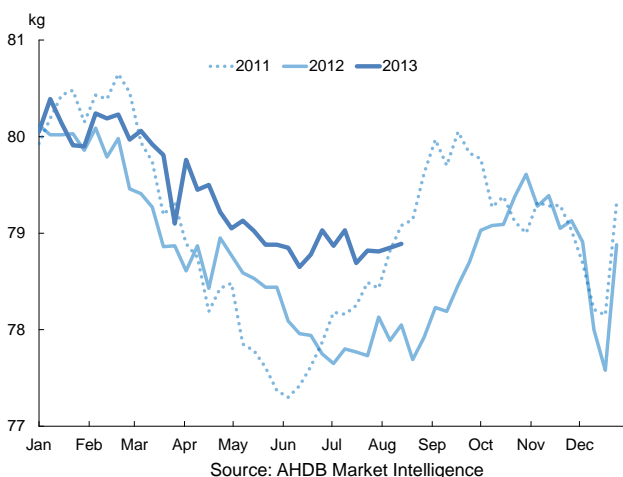
The average finished pig price for July was a record high for the third consecutive month, with the EU-spec DAPP at 168.55p per kg, just under two pence higher than in June. Having increased steadily since March, finished pig prices stabilised in July, easing back slightly from mid-month. The hot weather during the month meant that demand for some cuts, notably backs, was reportedly subdued, although products suitable for barbecuing were popular. Nevertheless, with growth rates slowed by the heat, pig supplies remained relatively tight preventing prices falling any further. Strong EU prices also contributed to keeping prices firm; the July average DAPP was over 18 pence higher than in July 2012. With the holiday season limiting demand, as is usual at this time of year, prices eased further in August, falling to 167.86p per kg in week ended 17 August.

GB finished pig prices (DAPP)



With pig numbers limited, carcase weights have remained well above last year's levels, mitigating the shortage to some extent. The average weight of pigs in the DAPP sample during July was 78.84kg, just over a kilo higher than a year earlier, although weights were suppressed last year due to high feed prices.

Average carcase weights for GB finished pigs

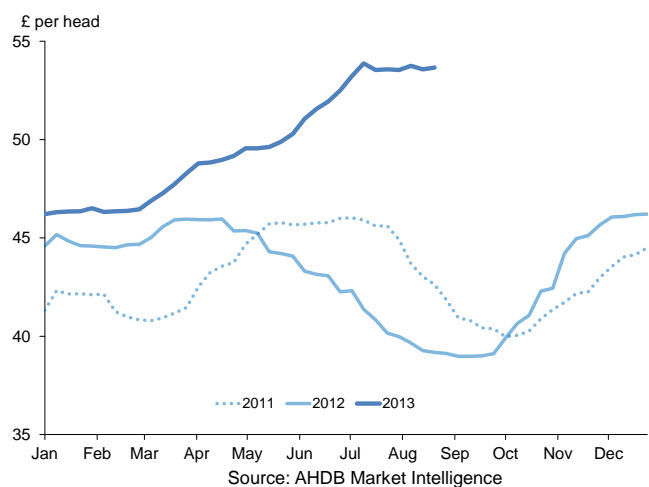


The hot weather in July slowed growth rates and, as a result, the seasonal increase in carcase weights was not

apparent by mid-August. Weights were still averaging below 79kg, ahead of last year but lower than the equivalent period in 2011.

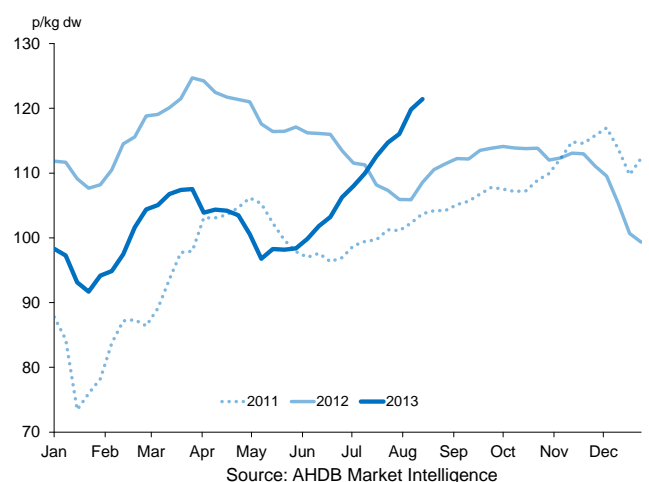
The easing of the pig price meant that the weaner market was well balanced during July, despite further falls in feed prices. The average price of a 30kg weaner was £53.55 per head, a little under two pounds up on the previous month and almost £13 more than in July 2012. The hot weather may also have impacted on the price with the number of available finishing places reduced as pigs took longer to reach slaughter weight. The stable market continued into August, with prices hovering between £53 and £54 per head since mid-July.

GB 30kg weaner prices



The bright spot for producers during July was the cull sow market, with prices rising rapidly through the month, in contrast to the finished pig and weaner markets. The average price for the month was almost 10p higher than in June at 121.29p per kg, its highest level since November. The increase was driven by the strong EU pig market, which had a knock-on effect on sow prices both on the continent and on the domestic market. Prices continued to appreciate during August and by week ended 17 August, the average had reached 121.44p per kg, its highest level in well over a year.

GB cull sow prices



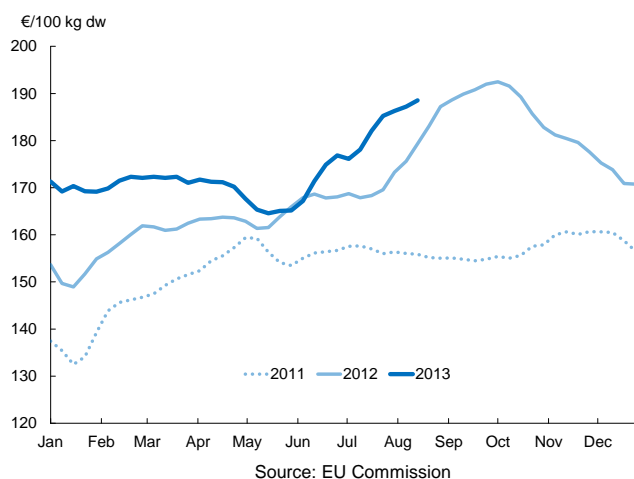
Producer prices

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 (£/head)	Cull Sow Price (p/kg)
May-13	164.06	161.11	78.98	10.8	49.84	97.91
Jun-13	166.79	163.79	78.82	11.0	51.77	102.62
Jul-13	168.55	165.52	78.84	11.0	53.55	112.29
03-Aug	168.34	165.32	78.81	11.0	53.54	116.04
10-Aug	168.05	165.03	78.85	11.0	53.75	119.81
17-Aug	167.86	164.84	78.89	10.9	53.58	121.44

With good weather boosting demand across Europe and export markets performing better than earlier in the year, EU pig prices have risen steadily since early June. The monthly average price for July was €181.03 per 100kg, nine euros up on the previous month and the highest figure since October. As well as the demand factors, tightening supplies also contributed to the increase, particularly in more recent weeks. Pig numbers were reportedly lower, partly the result of the impact of the new welfare regulations which came into force at the start of the year. In addition, the hot weather meant that pigs were slower coming to market and that weights were lower, exacerbating the shortage of supplies. Despite some easing of demand during the holiday period, prices continued to rise in August, albeit at a slower rate, reaching €188.56 per 100kg by week ended 17 August. This was less than four euros below last autumn's peak.

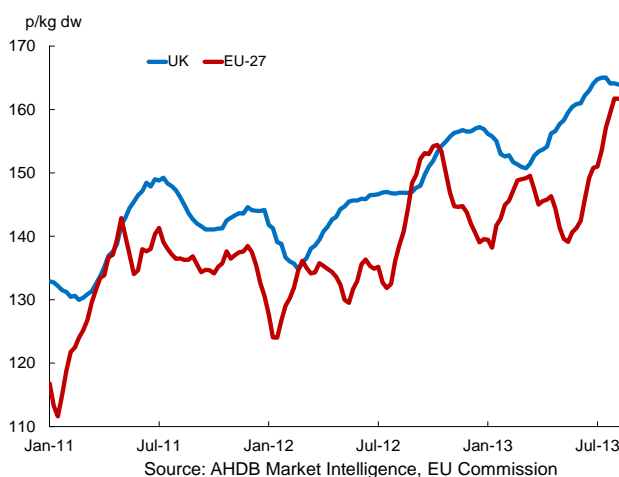
EU Average Pig Reference Price



Prices in July were higher than in June across virtually all Member States. The sharpest increase was in Italy, where the average rose by more than 20 euros, while Spain also recorded a double digit increase; its price topped €200 for the first time since 2001. Prices in most other major producers rose by between five and ten euros month on month. Although growth slowed in August, prices remained higher than a year earlier in most Member States, although Danish prices were at a similar level to last year.

With the UK reference price increasing only marginally in euro terms between June and July, the premium over EU prices narrowed from over €18 per 100kg in June to €10 in July. By mid-August the gap had closed further, to around €3, although some strengthening of the pound prevented the gap closing completely.

Comparison of UK and EU pig reference price



Despite lower feed prices and the strengthening finished pig market, EU weaner prices have remained little changed since mid-May. However, with prices typically falling throughout this time of year, the modest increases seen this year mean the market has been firmer than normal. The monthly average price in July was €46.01 per head, around fifty cents higher than the previous month but lower than earlier in the year. Lack of finishing space may be a factor, given that slower growth rates have delayed the marketing of pigs for slaughter in some parts of Europe. Prices have remained fairly flat into August, with the price edging up to €46.64 per head by week ended 18 August.

In contrast to weaners, EU cull sow prices have followed the trend in the finished market. For example, the German M1 sow price averaged €1.38 per kg in July, seven cents more than June and above its level a year earlier for the first time in 2013. By week ended 18 August, the price had risen to €1.50. Prices also increased elsewhere, with the Dutch price up by six cents between June and July and the Danish price by 11 cents.

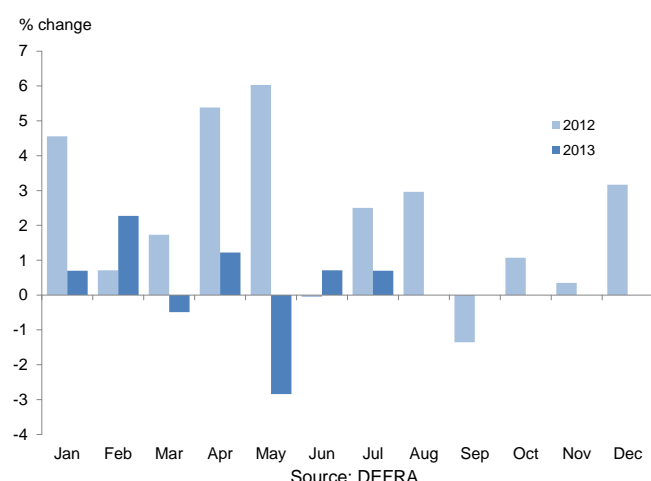
Pig Reference Prices in selected EU Member States (€ per 100kg)

	May-13	June-13	Jul-13	03-Aug	10-Aug	17-Aug
Denmark	150.93	154.16	159.75	164.05	164.02	163.98
France	153.77	163.63	172.58	178.00	179.00	178.00
Germany	163.53	170.82	177.84	183.60	184.62	188.70
Italy	163.73	173.82	195.59	206.48	206.60	206.34
Netherlands	148.41	155.02	160.59	168.12	168.34	171.13
Poland	164.74	172.89	179.81	185.42	185.73	186.54
Spain	185.58	191.54	203.76	210.20	211.00	211.00
UK	187.94	190.58	191.14	189.04	189.81	191.32
EU average	165.45	172.08	181.03	186.72	187.24	188.56

Slaughterings and production

Latest figures published by DEFRA indicate that UK pig supplies in July were only marginally higher compared with the same month in 2012. Slaughterings in July totalled 964,500 head which meant that the year-to-date total was almost at the same level as the first seven months in 2012. The number of pigs slaughtered in England and Wales continued to rise, while Scottish throughputs were considerably lower. In the same month, slaughterings in Northern Ireland came down by two per cent on the year.

Annual change in UK clean pig slaughterings



Adult sow and boar slaughterings in July totalled 23,300 head, down 11 per cent (or 2,900 head) compared with the same month last year. Throughputs were inflated last year, as high feed prices led to increased culling. Higher prices will have encouraged replacement, however, and throughputs were well above the level recorded in July 2011. Supplies in the first seven months of the year totalled 153,500 head, marginally down compared with 2012.

	Clean pig slaughter (000 head)	Pig meat production (000 tonnes)
May 13	733.0	60.2
Jun 13	744.3	61.1
Jul 13	964.5	79.1
% change Jan 13/ Jan 12	+0.7%	+1.7%
Jan/ Jul 13 *	5886.8	487.1
% change 2013/2012	+0.4%	+1.0%

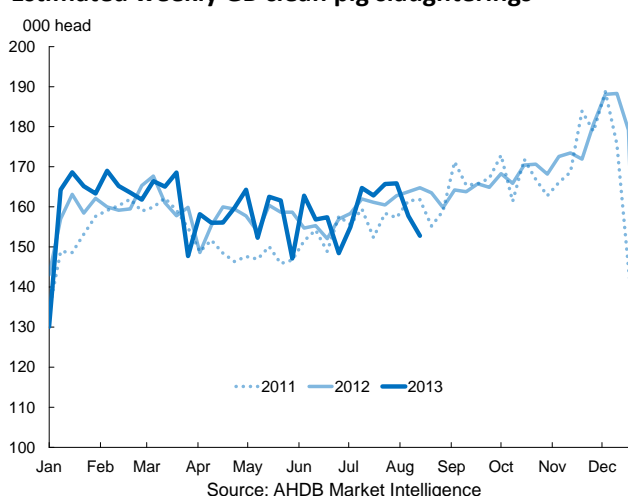
* 5-week month

At 78.29kg, the average carcase weight in July was over a kilo heavier than 2012 levels and the highest July figure on record. Last year, higher feed prices meant that producers marketed pigs slightly earlier, reducing weights. However, the situation is somewhat different this year and producers were able to finish pigs to a

normal weight and even add a little extra. As a result, pig meat production for the month totalled 79,000 tonnes. This was nearly two per cent above the level a year earlier. The cumulative total for the first seven months of 2013 reached 487,000 tonnes, up one per cent on the year.

Based on the DAPP sample, estimated GB clean pig slaughterings in the first three weeks of August were three per cent down on the year. However, the shortfall was mainly a result to fewer working days due to disruptions at one plant and numbers may recover later in the month. The year-to-date total was only marginally above 2012 levels and supplies remain tight, given the fall in the breeding herd last year.

Estimated weekly GB clean pig slaughterings



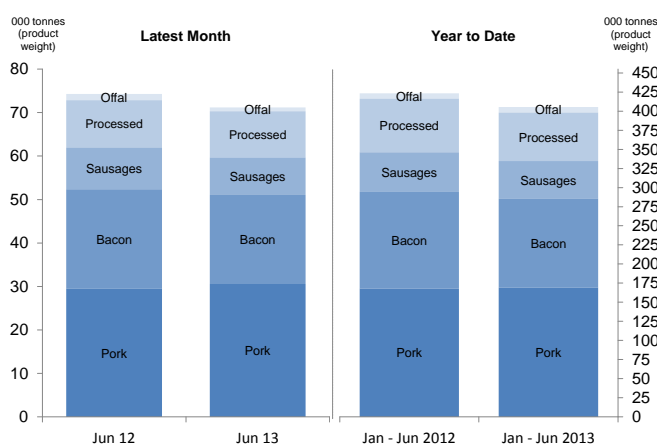
According to latest figures from Eurostat, EU pig slaughterings in May were over two per cent down on the same month last year. Throughputs totalled 20.4 million head, nearly half a million fewer than a year earlier. This meant that the number of pigs killed across the EU in the first five months of the year was down by one per cent at 102.9 million head. With carcase weights slightly higher, pig meat production across the year to date was only marginally down on a year earlier at 9.28 million tonnes. However, production in May was nearly two per cent lower year on year.

Despite the overall downward movement in May, there were contrasting trends in different Member States. Polish throughputs were 14 per cent lower than last May. Elsewhere, large falls were recorded in Spain and the Netherlands (both down eight per cent). For the latter, this might be partly due to increased exports of live pigs, leaving fewer for slaughter domestically. In contrast, throughputs were somewhat higher on the year in Germany, Belgium and Italy, among others. However, the sharpest rise was in Denmark, where the May kill was up 11 per cent. Even this was not enough to fully offset falls earlier in the year, so slaughterings for the year to date were still down three per cent.

Trade

Latest figures published by HMRC show that UK pork imports totalled 30,600 tonnes in June. This was up four per cent compared with the same month last year, suggesting a slight recovery in the demand for EU pork, which fell after the horsemeat scandal earlier this year. However, imports remained below historic levels. There were increases from across the continent, including the two leading suppliers, Denmark and Germany, which supplied two and 12 per cent more respectively. The Netherlands and Belgium were among the other countries that raised their exports to the UK. However, the increases were somewhat offset by large declines in imports from Ireland and France. Pork imports in the first half of the year showed a marginal increase compared with last year, at 168,900 tonnes.

UK Pig Meat Imports



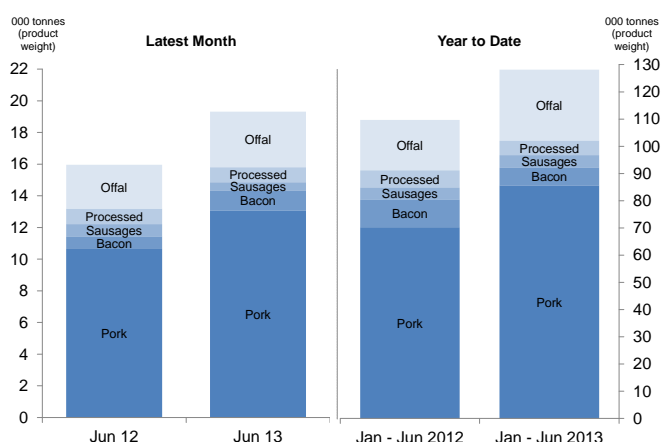
Source: Her Majesty's Revenue & Customs

In contrast, cured shipments came down nine per cent during the month, mainly due to lower supplies from the Dutch and the Danes. However, imports from Germany in June were little changed compared with a year earlier. This continues the trend of the first half of the year, with volumes down by eight per cent at 116,600 tonnes. Likewise, supplies of processed products were also down, by two per cent in June and nine per cent in the first half, mainly due to lower availability from Ireland. In addition, sausage imports fell by 11 per cent in the month mainly on the back of lower Dutch supplies. This was a slightly faster decline than the five per cent for the year to date.

The export market, on the other hand, again performed strongly; pork shipments were up by 23 per cent (or 2,400 tonnes) in June. While shipments to the EU increased during the month, growth was again mainly driven by significant volumes sent to China. Supplies to Denmark and the Netherlands were also up on the year, likely for re-export. Germany was the only key market that reduced its purchases, which are primarily made up of sow carcasses. Fresh/chilled pork shipments were down seven per cent, mainly due to the fall in German purchases, but frozen volumes were more than double their level in June 2012. At, 85,600 tonnes, pork exports

showed a similar growth rate across the first six months of 2013.

UK Pig Meat Exports



Source: Her Majesty's Revenue & Customs

There was also strong demand for pig offal, up by a quarter compared with June 2012. Again, growth was mainly driven by higher demand from China/Hong Kong, which accounted for 45 per cent of UK offal exports in the month. Shipments to the rest of the EU were down, in contrast to earlier months of 2013. This meant growth in June was lower than for the year to date, when exports were up over 40 per cent. Cured meat, including bacon, recorded an uplift in June, while processed supplies were balanced and fewer sausages were exported.

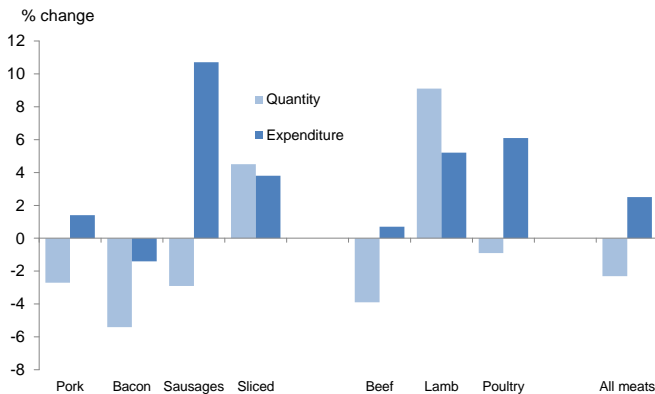
Another strong performance in June meant that EU pork exports in the second quarter of 2013 were six per cent higher than a year earlier. This marks a considerable turn around compared with the first quarter, when shipments were down nine per cent year on year. The main driver of the recovery was Russia, the EU's leading market, which took a quarter more EU pork in the second quarter (and 18 per cent less in the first quarter). This was largely due to Russian restrictions on imports of pork from the US, Canada and Brazil, which created opportunities for EU exporters. The growth of exports to China also continued, with volumes again up by nearly half. Hong Kong also took substantially more EU pork, although this was in comparison with a particularly low level of exports in June 2012. However, these increases were partly offset by lower shipments to other key markets in Asia and the Former Soviet Union.

June was also a good month for EU offal exports, driven by the leading markets of China and Hong Kong. This meant that overall exports were up by more than a quarter, despite lower demand from Russia, the other major market. June's strong performance meant that offal exports for the first half of the year were slightly higher than a year earlier.

Retail sales and prices

Due to a change in the publication schedule, Kantar Worldpanel data on retail pig meat sales and prices have not been updated since the last edition of Pig Market Trends.

Annual percentage change in retail meat purchases (12 weeks to 7 July 2013)



Source: Kantar Worldpanel

Over the last few weeks, consumer confidence in the UK has risen sharply. July's exceptionally warm weather has no doubt been a contributor to the more positive outlook, helping boost confidence and giving the nation a feel good factor. This has been reflected in strong retail figures, with total sales up three per cent supported by food purchases, which have shown the largest growth since April 2011. The combination of these two factors could suggest that things are starting to look up.

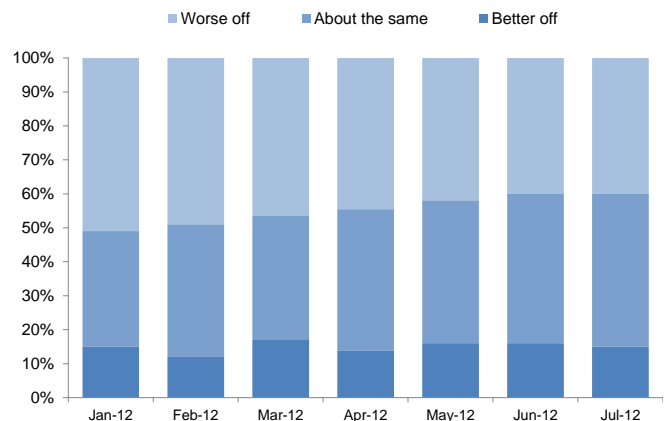
Consumer confidence indicators measure how positive people are feeling about their personal finances and the national economic situation. Over the past few years, consumer confidence has been depressed, with many feeling very negative about the future of both their own and the UK's economic prospects. Consumer confidence is often linked to consumer spending and, as the recession peaked in 2008, both confidence and spending were at an all-time low.

However, in July there has been a notable improvement, with UK consumer confidence reaching the highest levels seen since 2010, according to the European Commission. This was driven by a big increase in confidence about the UK economy generally and about household finances and employment prospects. There appears to be a general feeling that the worst is over, no doubt encouraged by the recent media coverage of revised UK growth forecasts. The key question is how long this improvement can be sustained; consumer confidence, despite the rise, remains significantly below pre-recession levels.

In July, IGD reported that 60 per cent of shoppers expected their personal financial situation to improve or stay the same. This was up from January, when fewer

than half thought this. Over the last six months, consumers have become gradually more positive, with fewer shoppers now thinking that they will actually be worse off. There has also some easing of pessimism around price rises. In January, over a quarter of shoppers expected food to become much more expensive. This has now dropped to 17 per cent, with the majority believing food will only get a little more expensive in coming months.

Shoppers view of how well off they will be in the next 12 months



Source: IGD Shopper Vista

IGD has also noted some slight behavioural changes, which may indicate that the improved optimism is having an effect. Eight in ten shoppers are now saying that product quality is very important when they're choosing between stores, a slight uplift since January. More are saying that quality is the most important aspect of their grocery shopping. More shoppers also said that they purchased premium private labels this month than last.

The rise in confidence was expected to provide a welcome boost to the UK foodservice market. However, the latest figures from NPD Crest are disappointing. In the second quarter of 2013, the number of visits to out-of-home food outlets declined one per cent compared with last year. Less promotional activity meant that average spend increased, resulting in total out-of-home expenditure remaining flat.

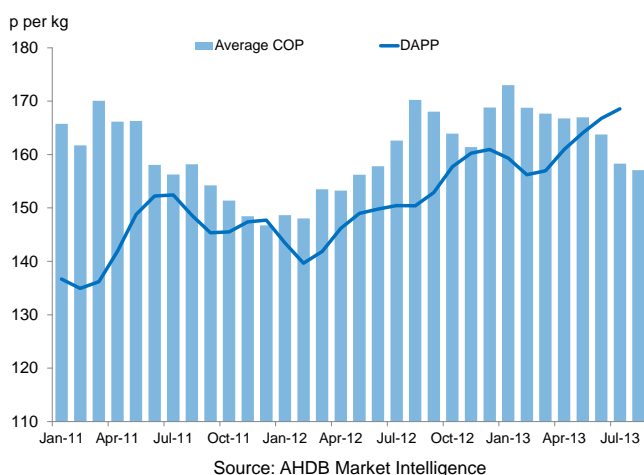
Meanwhile, according to Kantar Worldpanel, in the 12 weeks to 7 July, food inflation remained at just under four per cent. This is ahead of wage growth, meaning spending power is continuing to decline in real terms. This is likely to have contributed to some of the out-of-home decline, with consumers eating out less, particularly mid-week.

Combined with other positive economic indicators, strong confidence and retail figures point to a growing sense of optimism. However, this does not herald a recovery in itself. Consumers are still worse off compared to the start of the economic crisis, and confidence remains well below pre-recession levels.

Costs of production

Latest AHDB/BPEX provisional estimates indicate that the cost of pig production was a little lower in August at 157.1p per kg. This was around a penny lower than the estimate for July and was mainly attributed to further easing of spot feed prices during the month. According to the latest estimate, the cost of production was almost 13p per kg lower compared with the same month last year.

Total cost of pig production compared with the DAPP



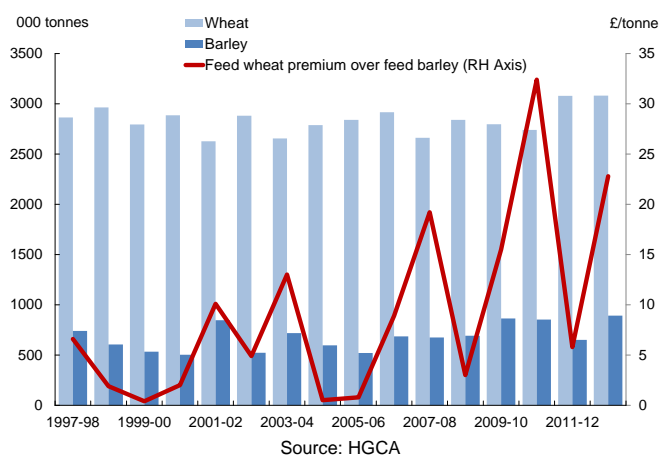
With pig prices currently around 168p per kg, this means that producers will have positive margins again this month, with a cash profit of over £8 per pig during the month. However, while the latest cost of production estimate reflects current feed prices, pigs entering the supply chain now were fed on the expensive feed bought by the producers when prices were higher. As a result, the likelihood is that most farmers are not yet breaking even on the pigs which they are selling this month.

The UK feed wheat November 2013 futures price settled at £155.45 per tonne on Wednesday 21 August, down £10.40 on a month earlier. As usual, UK prices generally followed global markets but there has also been an impact from UK wheat consumers importing more than they used in the 2012/13 season (July-June). What is left over will be carried into the 2013/14 season, thus adding to total availability, which will be needed given the lower crop expected in 2013. The realisation that the imported stocks will be a buffer for the 2013/14 UK crop has led to UK feed wheat prices reverting to their normal discount to Paris milling wheat, a reverse of the situation earlier in the year.

Full season 2012/13 usage data show a year-on-year growth in grains used for both human and industrial consumption and animal feed. Animal feed production increased across all species, taking compound production in 2012/13 to the highest level in 20 years. This was mainly due to the poor weather conditions, which resulted in low grazing and forage availability. Pig feed production increased by eight per cent to 1.7Mt.

Wheat usage in feed rations remained virtually static between 2011/12 and 2012/13, at 3.08Mt. In contrast, demand for barley, oats and maize showed a healthy increase, with gains of 37, 32 and 124 per cent respectively. For grains, wheat and barley are the main competitors into rations. When the UK feed wheat premium over feed barley is higher, less wheat is used and more barley. However, in a year like 2012/13 when overall production increases, wheat use can be static or increase, irrespective of the price spread. With barley supplies expected to be plentiful and wheat short in 2013/14, wheat prices are likely to be at a large premium over barley.

Use of barley and wheat in animal feed



UK wheat imports remained high in the last quarter of the season, bringing the total to a 35-year high of 2.96Mt. Barley imports steadied in June, which resulted in total imports of 236Kt, up by more than half on 2011/12 and a 20 year high. Maize imports also reached the highest level since 1992 at 1.69Mt.

The latest ADAS harvest report (22 August) stated that the GB wheat harvest was 15 per cent complete with yields currently close to average. The winter barley harvest was drawing to a close with 90 per cent of the GB area complete. Yields are above the five-year average and quality is also reported to be good. Spring barley harvest has started in Scotland, as well as progress being made in southern England, with 20 per cent of GB area harvested to date.

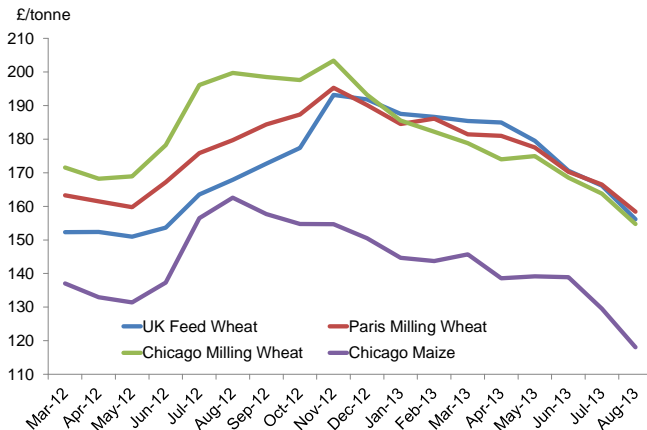
The Hi-pro any origin soyameal (ex-store East coast) price as at Friday 16 August was £408 per tonne for August delivery, up £4 on the week but £19 down on a month earlier. However, the soyameal price for early September delivery was £392 per tonne, down £16 from August, implying that the lower price expectation for the 2013/14 season remains. Further into September, the delivered price is also lower at £389.

The use of oilseed rape and cake meal in animal feed rations increased by 10 per cent to 0.77Mt in 2012/13, while soya cake and meal declined slightly to 1.13Mt. This trend could be as a result of the earlier tight supplies of soyameal into the UK.

FOCUS ON: Global Harvest 2013

The Chicago maize December 2013 futures price settled at \$182.87 per tonne on Thursday 22 August, a monthly decline of \$13.19. This is a continuation of the downward trend seen since last summer. In the last month, prices have mainly been driven by weather in the US which has reportedly seen dryness in some parts, recently.

New crop global grain futures prices (Nov/Dec 2013)



Source: AHDB/HGCA

The Chicago soyabean November 2013 price closed at \$472.75 per tonne on 22 August, a very slight decline on a month ago. The average closing price over the month was \$452.29 per tonne, which shows that prices were lower during the month but have increased recently on the news of dry weather and lower pod counts.

With larger crops forecast globally for the 2013/14 season, it is necessary to keep abreast of the weather, harvest progress and crop conditions, as these partly determine the extent to which these larger crops will be realised. The latest situation in the major crop-growing regions of the Northern Hemisphere is detailed below.

Maize

US - As at week ending 18 August, the maize crop was reported by the USDA to have progressed developmentally over the previous week but was still behind the same time last year and the five year average. Dry weather in some parts of the country meant that the proportion of the crop in good/excellent condition declined to 61 per cent. However, this is still well ahead of the 23 per cent at the same time last year. There are still concerns that the dry weather could impact yields due to the later plantings and development. However, Pro Farmer in their Midwest crop tour projected the average maize yield higher in Iowa (top producing maize region) at 10.8 tonnes per hectare, up on last year's drought reduced 8.6 tonnes.

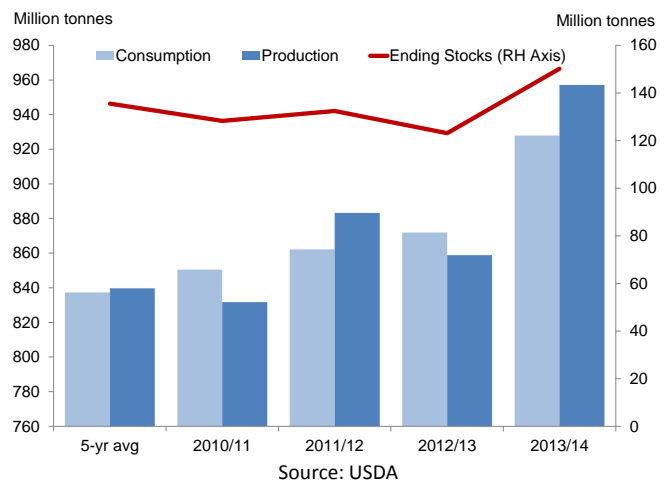
EU - There have been mixed reports for the maize crop across the region. In July, temperatures were higher than the seasonal average with less rain than usual in west and central Europe. In France, the top EU maize

producer, the hot weather affected yields in some vital part of the country. In view of this, analysts Strategie Grains revised their 2013/14 French maize estimate lower but, at 15.96Mt, it is still higher than the previous season's crop of 15.61Mt. Warm and dry weather could still impact maize yields, so the weather over the coming weeks will be vital.

The German maize crop was also impacted by the delayed spring and July's dry and hot weather. Germany's Farm Cooperatives Association forecasts the 2013 maize crop down 18 per cent from 2012. Spain, on the other hand, has been reported to have a good maize crop this year with the harvest likely to start in about two to three weeks. The region experienced favourable rains which led to ample soil moisture, thus, there are no major concerns despite the recent hot weather. Strategie Grains increased the Spanish maize crop estimate to 4.18Mt (3.82Mt in 2012/13).

Black Sea - Black Sea countries are building up to become aggressive exporters for the 2013/14 season. High pre-planting prices and favourable weather are resulting in considerable regional surpluses. Major producing countries (including Kazakhstan) are forecast to increase the production of most crops in 2013/14, compared to a season ago. In 2012/13, the region was not highly active in the export market due to the drought so there was limited competition for other suppliers. However, a return to the market this season considerably increases competition for other origins. The maize harvest has started in some parts of Russia; as at 15 August, 105 hectares of the maize area had been harvested with an average yield of 7.02 tonnes per hectare.

Global maize supply and demand



Source: USDA

Wheat

EU - Conditions remained generally favourable for the wheat crop across most of the EU. Initially, there were concerns that the hot weather might result in grain scald but this became less of an issue as farmers were able to carry out harvest quickly with minimal grain

FOCUS ON: Global Harvest 2013

damage. The hot weather has allowed the wheat harvest to progress well and it is now complete in south east Europe. The harvest is in full swing in central Europe with yields reported to be good. More than half of the wheat crops in Germany and France have also been harvested. In the UK, the latest ADAS report (22 August) showed that the wheat harvest was 15 per cent complete with yields currently close to average.

US – The wheat harvest is well advanced, with winter wheat completed and 42 per cent of spring wheat harvested by 25 August, although this is behind the 87 per cent last year. USDA considered 67 per cent of crops to be in good/excellent condition at the same date. Yields are seen to be similar to last year but with a lower harvested area, production is forecast to be 57.5Mt, seven per cent lower than 2012's bumper crop but still six per cent up on 2011.

Black Sea - Harvested wheat quality has been reported to be reasonable in Russia and Ukraine. Spring crops are also in good condition across Kazakhstan and Russia. As at 19 August, 48 per cent of the Russian wheat crop had been harvested from intended areas, with an average yield of 2.9 tonnes per hectare (2.1 in 2012). Recent rains have been reported to slow the harvest progress in Russia but the crop is still estimated higher by IKAR at 52Mt. As at 15 August, the winter wheat harvest was nearly complete in Ukraine with 22.7Mt of wheat harvested with an average yield of 3.5t/ha tonnes per hectare.

Barley

EU - Most of the winter barley harvest is now complete across the region. In the UK, the winter barley harvest is drawing to a close with 90 per cent of the GB area complete as at 22 August. Yields are above the five-year average at 6.5-6.8 tonnes per hectare with quality reported to be good. Spring barley harvest has also started in Scotland, as well as progress being made in southern England; 20 per cent of GB area has been harvested to date.

Black Sea – The winter barley harvest is complete in Ukraine with a 2.9Mt crop harvested at an average yield of 2.8 tonnes per hectare. The spring barley harvest was also nearly complete and a 4.8Mt crop was produced at an average yield of 2.25 tonnes per hectare. Just under half of the barley crop was harvested in Russia as at 19 August, with an average yield of 2.16 tonnes per hectare (1.86 in 2012).

Soyabeans

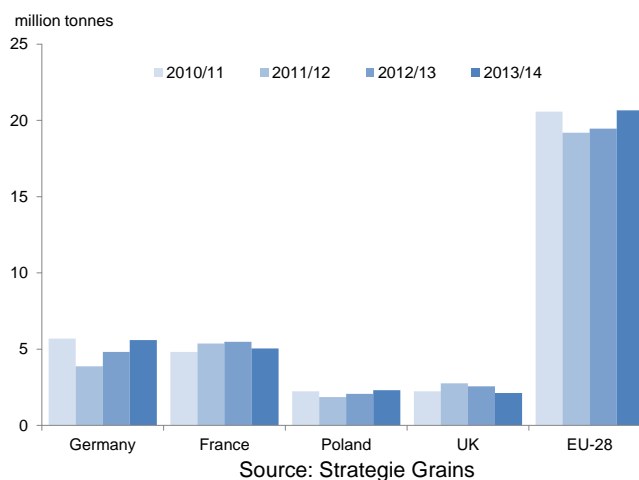
US - The soyabean crop has been affected by the dry weather in parts of the country. The proportion of the crop reported to be in good/ excellent condition as at 18 August was 62 per cent. Furthermore, the Pro Farmer crop tour pegged the average number of soyabean pods per 3 foot by 3 foot plot in the main

producing state (Iowa) at 927 pods, down from 1,000 pods last year and the three year average of 1,190 pods.

Rapeseed

EU - The rapeseed harvest is largely complete in most of the EU, with Oil World estimating the EU-28 crop at 20.5Mt, an increase of 1.1Mt on the 2012/13 season. In France, the 2013/14 crop is seen at a seven year low of 4.65Mt, with an average yield of 3.14 tonnes per hectare (3.41 in 2012). Yields have been reported to be satisfactory in Germany with the crop seen at 5.6Mt, up from 4.82Mt last year. Poland also harvested a very good crop of 2.5Mt, up 0.6Mt on last year.

EU-28 Rapeseed Production



Black Sea - Record plantings and improved weather conditions have resulted in sharp increases in the production of the main oilseeds. As at 19 August, 21 per cent of the rapeseed area was harvested in Russia, which produced a 474Kt crop with an average yield of 1.6 tonnes per hectare (1.5 in 2012).

Canada - A record 14.7 Mt of rapeseed is forecast for 2013/14 according to the latest data from Statistics Canada. Higher yields (1.88 tonnes per hectare, up almost 22 per cent from last year) are expected to compensate for a reduction in harvested area. According to Agriculture and Agri-food Canada, warm and wet weather across the Prairies in the second half of June and early July increased yield prospects.

Summary

Crops are generally in good/satisfactory condition across the Northern Hemisphere, which indicates that the forecasts of larger crops will be realised. With the Black Sea region returning to the export market after experiencing a drought impacted season last year, competition is higher amongst major exporting countries. Thus, prices have generally been lower. However, prices are still generally driven by the US weather, in particular, with soyabean prices most vulnerable.

Other industry news

Stable Danish pig herd

Latest figures published by Statistics Denmark show that pig numbers in July 2013 totalled 12.3 million head, down one per cent on the year. Overall breeding pig numbers were unchanged from a year earlier at 1.24 million head. Despite the stable breeding herd, the number of piglets born was up one per cent, which indicated a small increase in productivity. However, continuation of weaner exports meant that the number of finishing pigs declined by four per cent on the year. Given the modest increase in maiden gilts and the new EU welfare regulations, the stability is likely to continue in the immediate future.

Three more countries comply with EU sow stall ban

Latest information from the EU Commission indicates that three more Member States have now complied with the partial ban on sow stalls, which came into force at the start of this year. They include Spain, which has the EU's largest breeding herd, as well as the Czech Republic and Malta. This brings the total number of compliant countries to 13. Of the remainder, infringement procedures, begun in February, continue against nine member states, including major producers Denmark, France, Germany and Poland. Commission investigations continue into the situation in the remaining six countries, including the Netherlands, Italy and the EU's newest member, Croatia.

US exports affected by lower demand from Asian markets

Pork exports from the US between January and June were down by 13 per cent on a year earlier, with a total of 728,600 tonnes. Shipments were affected by restrictions imposed by a number of countries over the use of the feed additive Ractopamine. Over half of exports were destined for Asian markets, but lower shipments left a significant impact on the overall export trade position. On the other hand, US pork imports increased by 7%. As the dominant supplier, Canada was the main contributor to the uplift, while Danish shipments were down by just over a fifth.

Most pig farms taking action to prevent disease

New figures from Defra show that 90 per cent of farms with pigs are undertaking at least one practice to prevent animal disease. The most common of these, employed by 80 per cent of farms, were measures to prevent disease being brought onto farm by visitors.

This was particularly common in the main pig producing regions of Yorkshire and East Anglia. However, only just over half of pig farms had implemented a farm health plan in consultation with their vet, a lower proportion than for dairy or poultry farms. Similarly, at 40 per cent, fewer pig farms had provided training in disease management than in the dairy or poultry meat sectors.

Positive prospects for global pork market

In its latest quarterly report on the global pork market, Rabobank predicts a positive landscape for the pork industry in the remainder of this year and into next. Supply growth is set to be limited and demand in China will increase in the run up to the festival season. High beef and poultry prices will also be supportive. However, with stock levels relatively high following a disappointing first half of the year and demand in the developed world still subdued by the weak economy, price increases may be limited.

EU takes higher share of Chinese pork market

Chinese pork imports remained stable in the first half of 2013, with a total of 272,300 tonnes. However, the US, which supplied almost half of all pork imports last year, lost its position as the primary supplier to Germany. The drop in US supplies was a result of Chinese requirements that its pork must be Ractopamine free. This created an opportunity for EU exporters and Germany, Denmark, Poland, France and the UK were among the beneficiaries. The UK's market share was four per cent, with shipments totalling nearly 10,000 tonnes. Chinese offal imports were down four per cent and, by country of origin, the trends were similar to those for pork.

EU gains importance in the Russian market

Russian pork imports fell by 17 per cent in the first half of 2013, with a total of 266,900 tonnes. This was partly due to higher domestic production, which led to lower pig prices and reduced demand for imported pork. Brazil regained its position as the leading supplier but is yet to catch up to the volumes of 2011, partly because it was affected by restrictions resulting from Russian concerns about Ractopamine. This had an even greater effect on shipments from Canada, which halved during the six months, and the US, which dropped by 84 per cent. The EU benefited from the restrictions, particularly in the second quarter, when Russia purchased a third more pork from the EU.

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