

Parklands Vet Conference 2011

Feed and Pig Markets
Where Next?

Effect of Feed Prices on Costs

1. Where are we?

- Average Pig
 - 105 kgs liveweight,
 - 76% Kill Out
 - 79.8 kgs dead
 - Uses about 295 kgs of feed to take to market
 - Herd FCE (dead) of 3.68

Effect of Feed Prices on Costs

- 295 kgs total feed
 - Of which about 205 kgs is cereal,
 - 55 kgs is hi pro soya

- About 90% of typical diet is cereals and soya
- 80% of diet cost is cereal/soya

Effect of Feed Prices on Costs

- June 2010
- Wheat £124
- Barley £106
- Soya £261

- Feed cost per kg (typical pig) £0.70

Effect of Feed Prices on Costs

- February 2011
- (height of market to date)
- Wheat £215
- Barley £194
- Soya £302
- Feed cost per kg (typical pig) £1.02

Effect of Feed prices on Costs

- June 2010 to February 2011
- RISE IN PRODUCTION COST OF £0.32/KG
OR
£25 + PER PIG SOLD

Pig Prices

- June 2010, ca £1.35
- March 2011, £1.26
- Feed at £1.02, NFNF at £0.35, Finance at £0.12
- Losses per pig of £16 - £20
- Industry losses of £1.5 million/week (island)

Feed – Where Next

May 2011 Wheat

- **May Wheat Contracts**

Month	LIFFE (£/ton)	CBOT (\$/bl)
MAY WHEAT 2011 CONTRACTS		
June 2010	£115	\$5.40
August 2010	£160	\$7.10
October 2010	£160	\$7.25
December 2010	£172	\$7.80
February 2011	£210	\$8.60
March 22 nd 2011	£192	\$7.05
April 5 th 2011	£205.5	\$7.93 (£180)

Feed – Where Next?

December 2011 Wheat

- December Wheat Contracts

Month	LIFFE (£/ton)	CBOT (\$/bl)
DECEMBER WHEAT 2011 CONTRACTS		
June 2010	£115	\$5.90
October 2010	£130	\$7.60
January 2011	£170	\$9.00
March 22 nd 2011	£154	\$8.10
April 5 th 2011	£173	\$8.96 (€203)

Feed – Where Next?

HiPro Soya Futures

	May 2011	Dec 2011
June 2010	\$265	\$278
October 2010	\$340	\$302
January 2011	\$385	\$346
March 22 nd 2011	\$362	\$355
April 5th	\$355	\$361

Feed – Where Next

- Wheat

– 2008/09	684 million tonne	
– 2009/10	682 million tonne	
– 2010/11	647.5 million tonne	
– 2011/12	CURRENT PROJECTION	673

Feed – Where Next

- All cereals

	supply	use
– 2006/07	1588	1628
– 2007/08	1698	1685
– 2008/09	1802	1727
– 2009/10	1792	1760
– 2010/11	1726	1788 (estimated)
– 2011/12	1805	1808 (projected)

(International Grains Council, March 24th)

Feed – Where Next

- Global Cereal Production

US	370
EU 27	300
China	300
ex USSR	200

65% of production in these 4 blocks.

Feed – Where Next

- Soyabeans

	supply	end stock	China Imports
-03/07 (avg)	215	50.0	
-2008/09	212	42.6	41.1
-2009/10	260	59.0	50.3
-2010/11	258	58.3	57.8
-2011/12	- 1 million acres US		

Sth America, strong 2011.

Feed – Where Next?

- **Influences on Market**

- US corn stocks, 2010 – 2011 year end

- US corn & soya planting 2011

- South America soya harvest 2011

- Crop conditions and development

- Global Weather Events – Impacts on Yields/Planting

- Stock market strength

- Speculator Activity

- Currency Exchange Rates

- Geopolitical Events

Feed – Where Next

- December 2011
- Based on April 5th Futures Markets
- **Projected Feed Cost of £0.90**

2. Pig Prices

- Declined from June 2010 to Spring 2011
- Currently recovering, but below June 2010.

Pig Prices

Future Prices - CBOT

	May 2011	Dec 2011
June 2010	\$76.25	\$66.00
October 2010	\$82.00	\$70.00
January 2011	\$91.00	\$80.75
March 22 nd 2011	\$99.975	\$86.325
April 1 st , 2011	\$103.00	\$89.00

Pig prices Future Markets

- June vs Current Prices
- + 21% on US markets (as per April 1st)
(From Jan 1, \$0.71 to June futures \$1.04/lb)
- No European markets to guide

Pig prices

- January to March

USA	+ 20%
Canada	+ 16%
Denmark	+ 11%
Germany	+ 11%
Spain	+ 23%
NI	+ 0%
Ireland	+ 6%
GB (spot)	+ 8.4%

Global Pig Prices

.....prices in US\$ per lb/live

week ending 7.3.11

5.4.11

• US	61.5	68.5
• Canada	54.8	
• Brazil	59.8	
• Russia	113.0	
• China	101.0	
• Spain	79.7	
• ROI	68.5	72.2
• NI	69.0	70.5

Pig Prices

- Demand
- Supply

Pig Prices

- Demand Boosts

South Korean cull (FMD, up to 1/3 of herd)

China – food scares, inflation (+ 15%)

Japan – tragedy ?

Poor international price of EU product

Competing meats

Pig Prices

- Demand Concerns
- Slow Domestic Recovery
- Macro Inflationary Pressures

Pig Prices

- Supply
- EU 27

Feed cost pressures

- Nth America

Canada stable

US looking like marginally down for rest of year.

Summary

- Break even, June 2011 ?
- Profits, late 3rd Quarter as feed reduces ? and with a higher pig price.
- Care required on feed booking – volatility
- US model ?