European pig prices on upward trend

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Finally, there is some good news for pig producers. After months of pig prices showing no sign of reflecting increasing feed costs, European pig prices are on an upward trend, exports are positive, and the APS is taking care of the surplus.

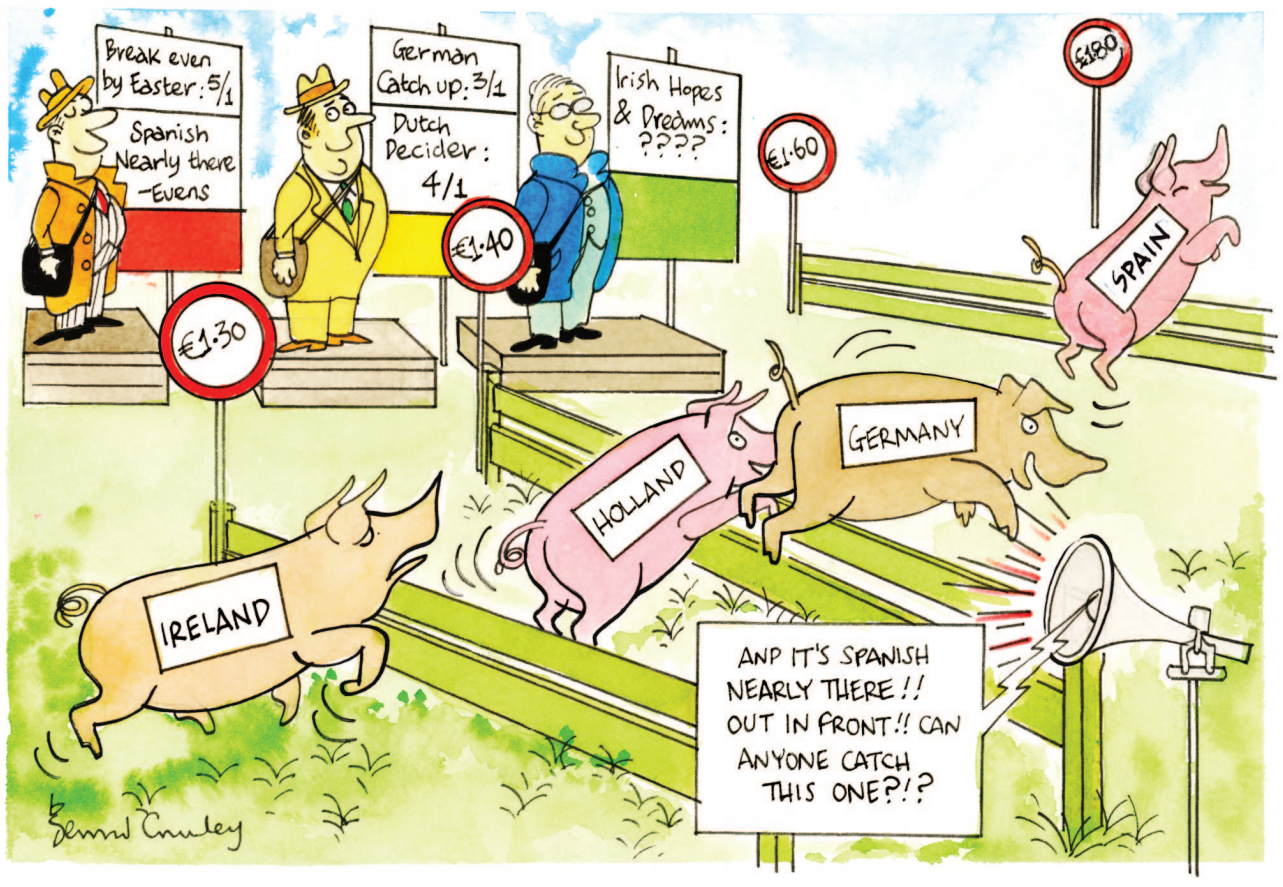
Last week, the EU also agreed to suspend import tariffs on soft wheat and feed barley until the end of June and it is hoped that this will reduce tensions on the European cereals market.

The previous week, Ireland didn't abstain from voting for a change and the EU approved a number of novel feed ingredients. Positive, yes, but the impact of all introductions and supports so far is negligible in terms of helping the plight of Irish pig producers.

Price increases in the EU see most countries in the bracket of €1.34/kg to €1.45/kg. The Spanish price, however, has forged ahead and topped €1.60/kg. Producers in Spain have seen over 20c/kg added to their price since the start of the year. The EU average price last month was almost 4% ahead of January 2010. However, as feed prices are so much higher this year and showing signs of pushing on further, the differential between now and then needs to be much greater.

The German market has recovered somewhat from the turmoil of January, with three successive weeks of price increases putting the German producer back on steadier ground.

By contrast, Irish farmers have received just one increase of 4c/kg. This was welcome but completely insufficient. All users of pig meat need to prepare themselves for tightening supplies as the effect of the losses begins to filter through the chain.



CAMPAIGN

Bord Bia last week launched a major promotion on pigmeat with broadcaster Hector Ó hEochagáin as frontman. This campaign is using more direct messages than the semi-state body would generally be associated with; asking Irish people to buy Quality Assured meat to support farmers continue in production.

In advance of this promotion, Bord Bia carried out an audit of retailers to ascertain their usage of QA meat (January 2011).

The majority of results were positive or at least moving in a positive direction.

Aldi showed a drop in support for QA bacon and ham but their percentage is still above that of some of their competitors, while both Aldi and Lidl were at 100% QA pork. Support in retail for QA bacon was positive in Tesco, Lidl, Superquinn and Dunnes, while the volume of rashers in retailers carrying the QA logo was positive across the board.

A similar exercise carried out in Britain, 'Porkwatch', showed a dwindling support for Red Tractor towards the end of last year.

British farmers have been running a campaign similar to Irish farmers by seeking support from retailers for their product. The bottom line is that retailers will have to return a more viable price for the product that they are purchasing. The next audit results, both in Ireland and our nearest neighbour, will be carried out in the middle of the current promotions. They will show what effect it is having on retail support and farmers' incomes.

*Amii Cahill is executive secretary of the IFA national pigs and pigmeat committee.

BORD BIA AUDIT

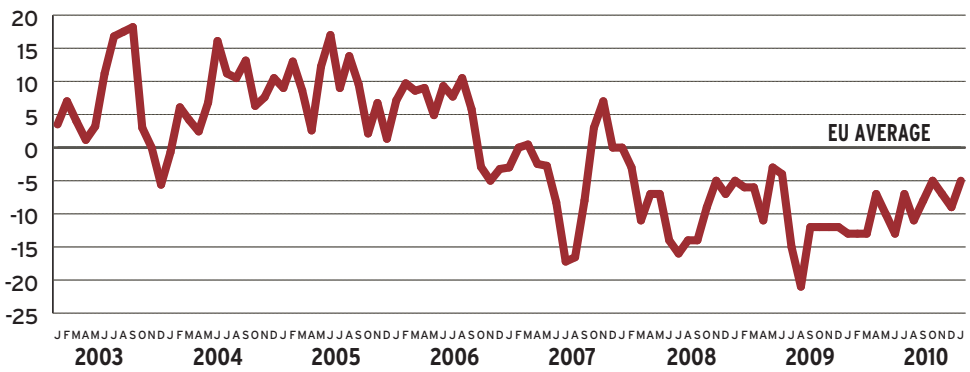
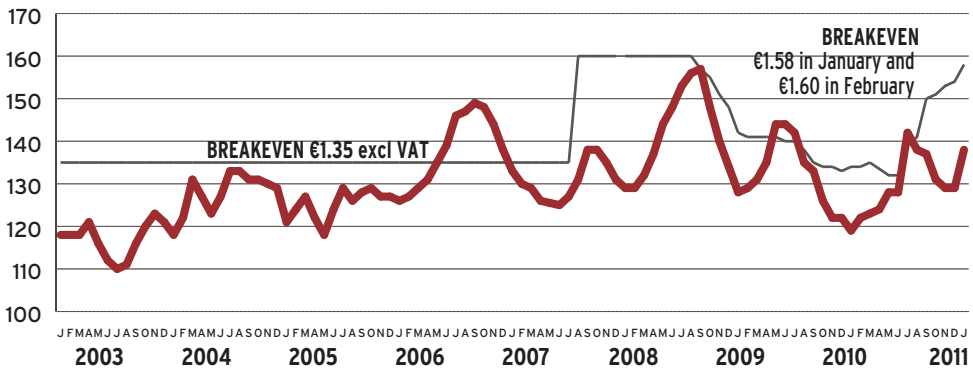
% QAS from retail audits			
SuperValu	**Dec 2010**	**Jan 2011**	**% points diff.**
Bacon	76	75	-1
Rashers	77	90	+13
Pork	63	73	+10
Cooked ham	40	49	+9
Tesco	**Dec 2010**	**Jan 2011**	**% points diff.**
Bacon	40	45	+5
Rashers	60	60	n/c
Pork	90	95	+5
Cooked ham	6	12	+6
Aldi	**Dec 2010**	**Jan 2011**	**% points diff.**
Bacon	74	62	-12
Rashers	47	51	+4
Pork	100	100	n/c
Cooked ham	62	37	-25
Lidl	**Dec 2010**	**Jan 2011**	**% points diff.**
Bacon	22	29	+7
Rashers	56	66	+10
Pork	88	100	+12
Cooked ham	7	20	+13
Superquinn	**Dec 2010**	**Jan 2011**	**% difference**
Bacon	67	70	+3
Rashers	70	83	+13
Pork	100	97	-3
Cooked ham	29	28	-1
Dunnes Stores	**Dec 2010**	**Jan 2011**	**% difference**
Bacon	67	70	+3
Rashers	70	83	+13
Pork	100	97	-3
Cooked ham	29	28	-1

Source Bord Bia

JANUARY 2011 PIGMEAT PRICE LEAGUE TABLE

Factory	Jan 2011 per kg DW	Dec 2010 per kg DW	January 2010	Jan 11 price as % of Jan 10	Est. share of national kill in each factory %
All prices quoted excl. VAT refund					
Division No. 1 €1.32 and over					
McCarren	1.32	1.31	1.21	109%	8%
Stauntons	1.32	1.31	1.21	109%	10%
Division No. 2 €1.30 and under					
Edenderry	1.30	1.29	1.19	109%	26%
Roscrea	1.30	1.29	1.19	109%	27%
Dawn	1.30	1.29	1.20	108%	18%
Weighted average	1.30	1.29	1.19	109%	
Green Pastures	1.32	1.32	1.22	108%	8%
Ballon	1.37	1.37	1.25	110%	1%
Northern Prices					
Cookstown	1.33	1.33	1.23	108%	
Grants	1.33	1.33	1.24	107%	
Cullybackey	1.35	1.37	1.20	113%	

Irish pig price gap compared to EU average (c/kg)
January 2003 to January 2011 with a 70kg carcase



Average weighted pig league price (c/kg)
January 2003 to January 2011