

A close-up photograph of a pig's face, showing its eyes, ears, and snout. The pig is light pink with some darker patches. The background is a blurred blue. A semi-transparent white box is overlaid on the pig's face, containing the title and author's name.

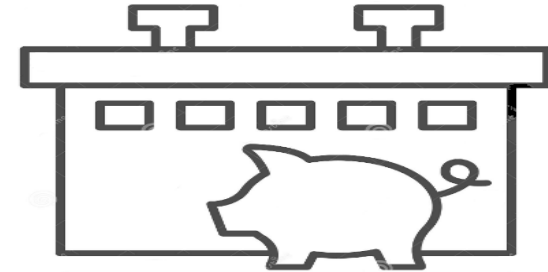
Pig Sector Outlook

Michael McKeon

Irish Pig Sector Statistics



Irish Pig Sector Statistics



Per Sow Unit = €3.5m



45%



25%



Irish Pig Sector Statistics

Total Active 'Herds'

1641

Commercial Herds

320

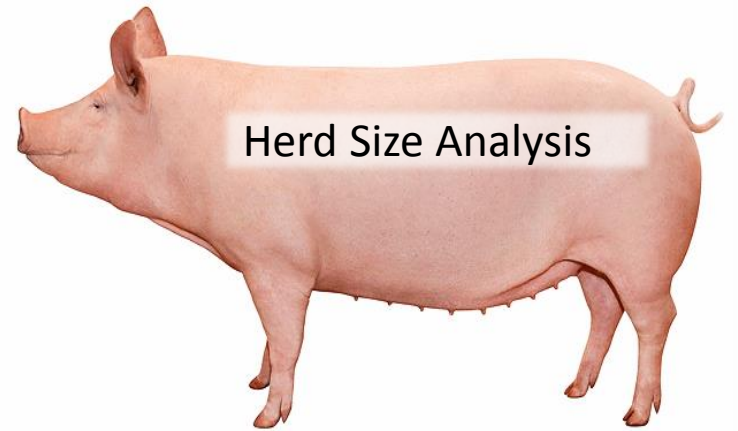
Integrated Herds

265

Finisher Herds

55

Ave Size = 574 sows



Irish Pig Sector Statistics



Total Employment 8,000

On-Farm
Employment

1,200

Associated Industries

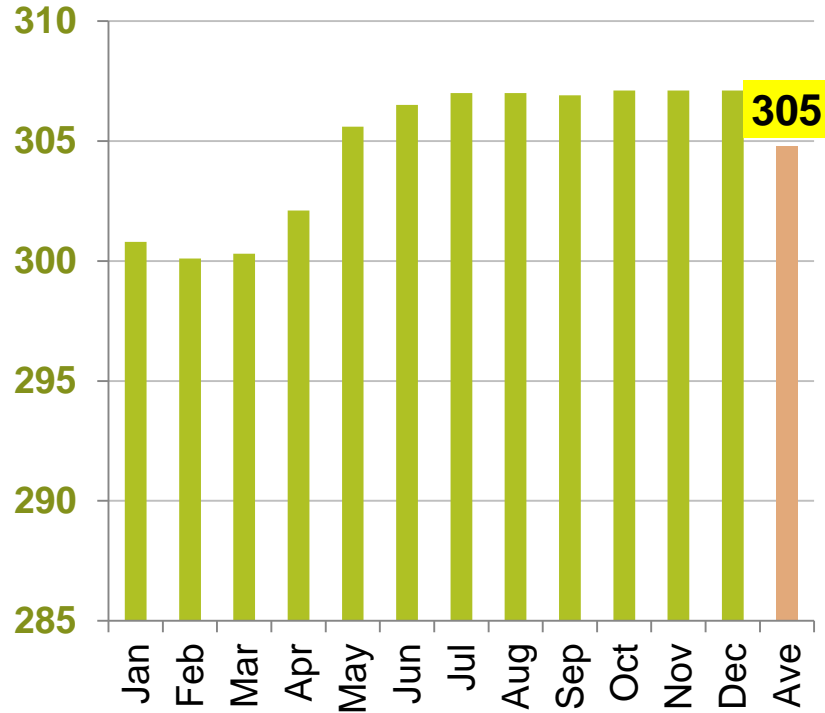
6,800

Pig Sector Review

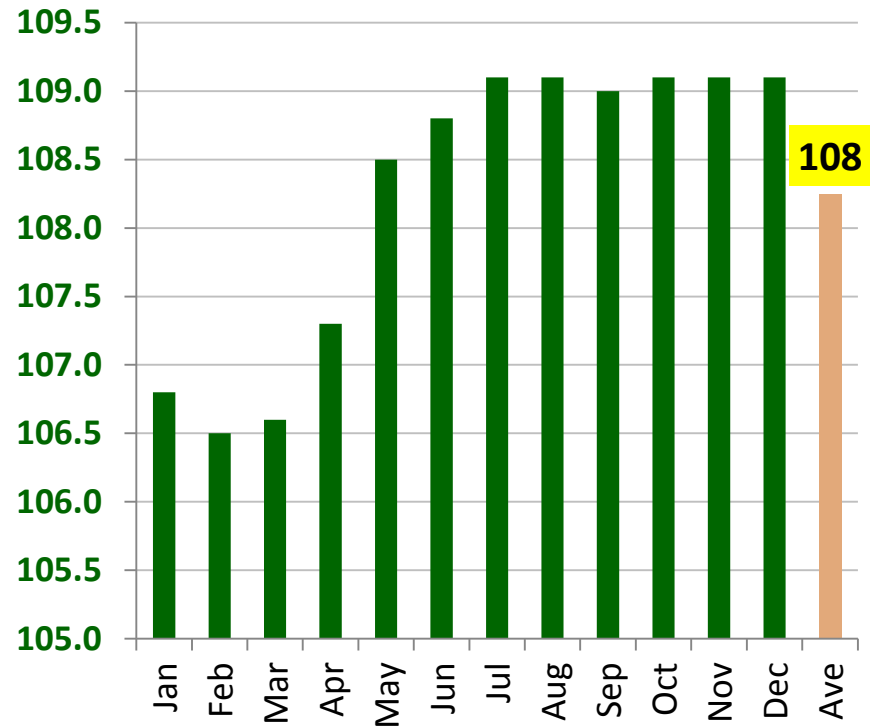


Feed Price 2020

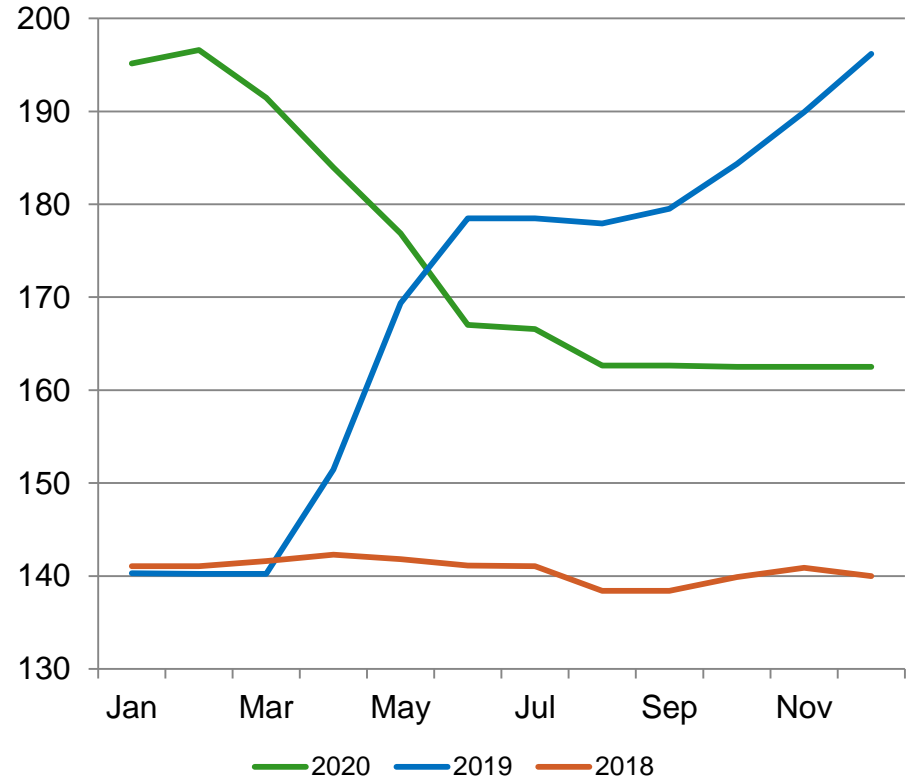
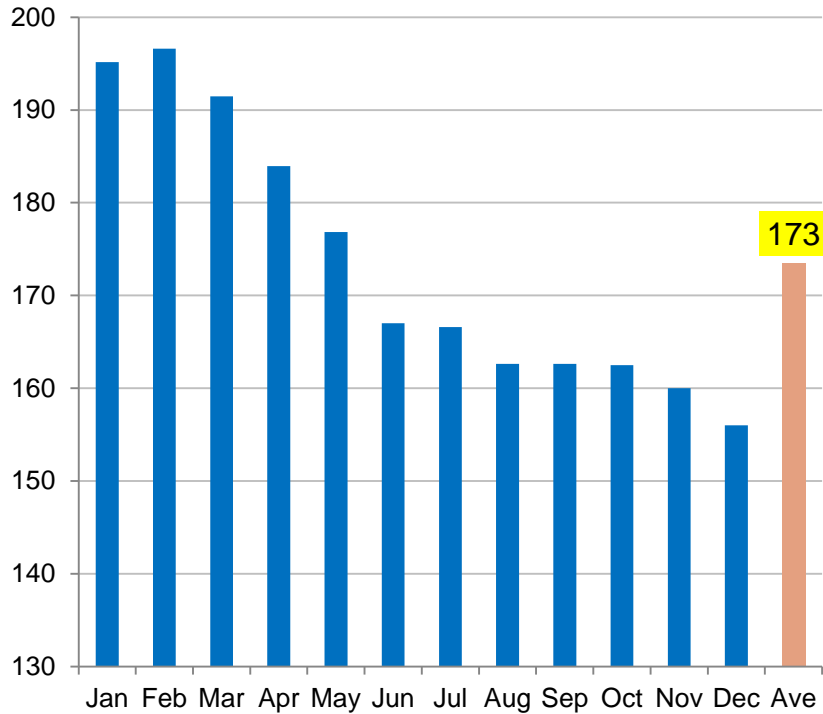
Composite Cost/ Tonne (Compound)



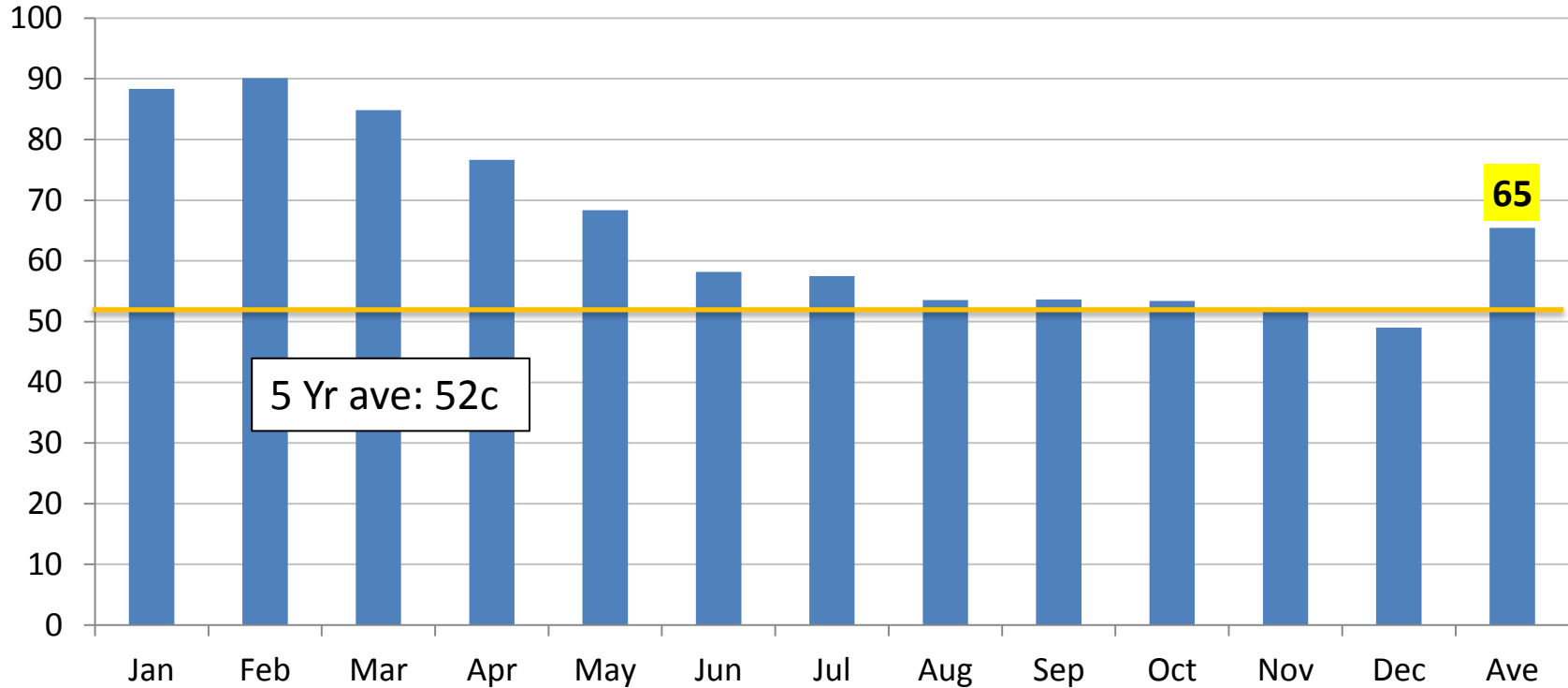
Feed Cost c / kg dwt.



Pig Price 2020 (c/kg dwt)



Margin-Over-Feed 2020 (c/kg dwt)



2020 – Profitability (EBITA)

PER KG



PER PIG



PER FARM[^]



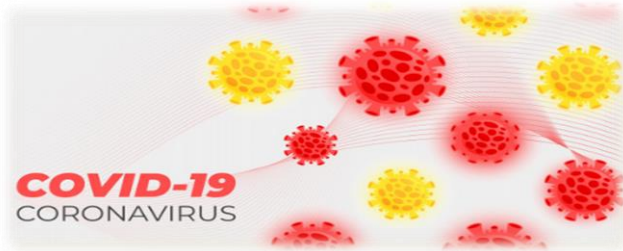
[^] 574 sows * 27 pigs

Pig Sector Forecast



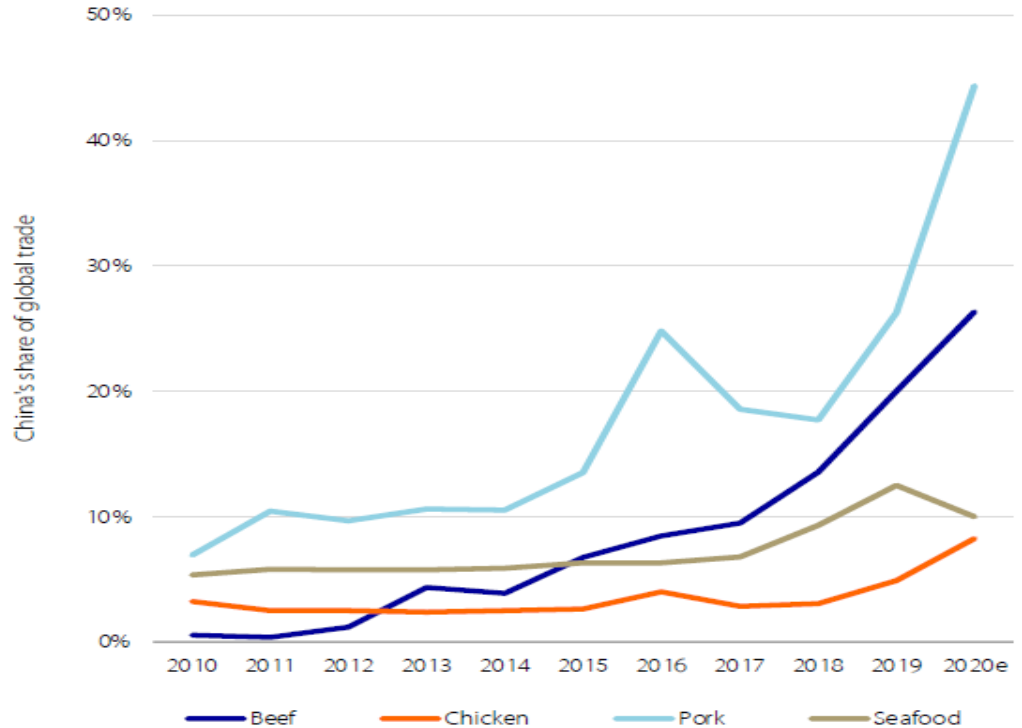
Pig Price Outlook

Outlook based on these four factors:



Pig Price Outlook

Chinese Imports as a % of Global Trade

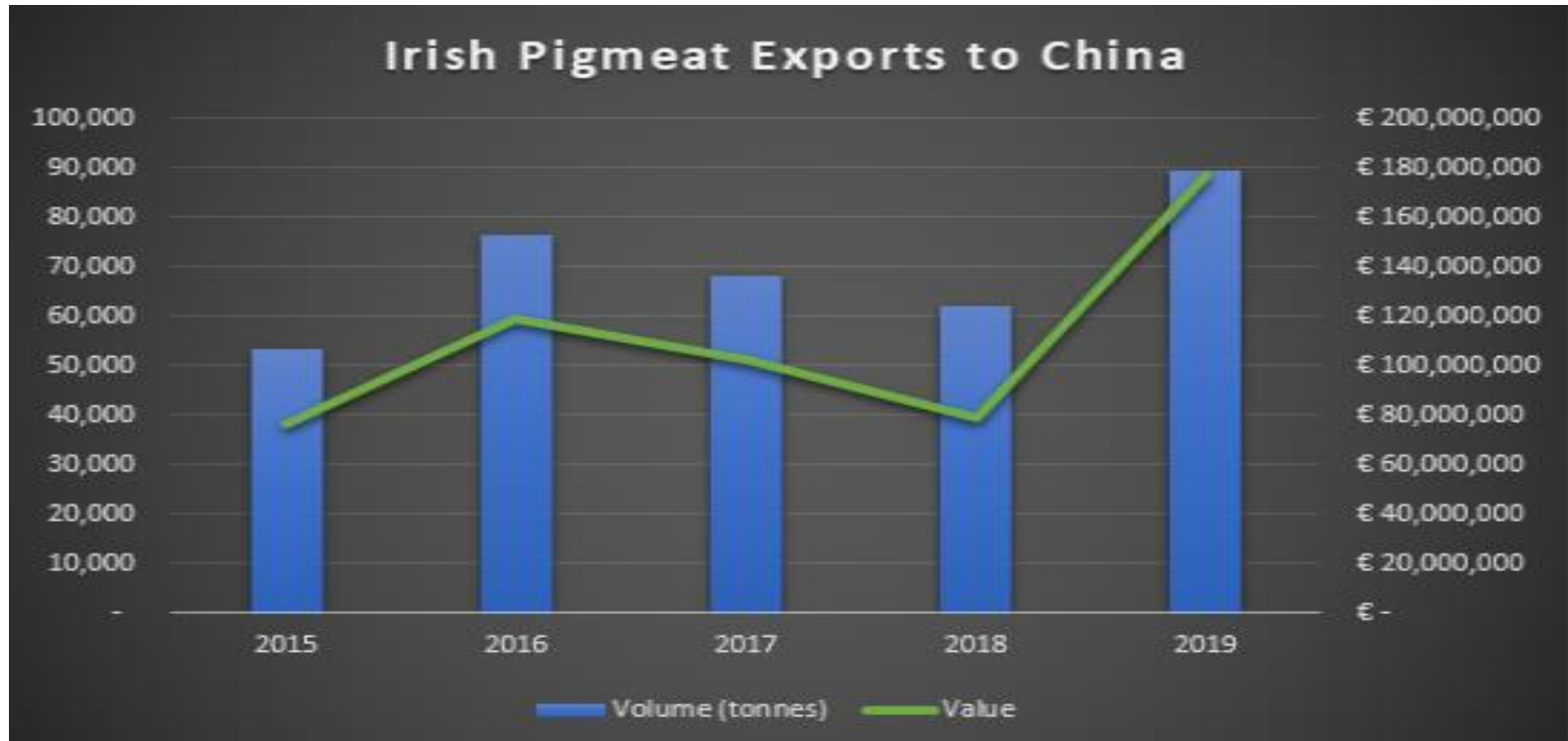


Pig Price Outlook



- Largest sow herd in the world. Approx. 19 million sows culled in 2018 from ASF.
 - = combined US + EU+ Canadian herd
- Recovering due to massive government support. €26bn invested in 2 years
- Will be end of 2021 before approaching pre-2018 levels (80-85%)
- However market price will cool during 2021 due to herd increase & aggressive US competition. EU pigmeat exports -10%

Irish Pig Sector Statistics



Bord Bia 2020

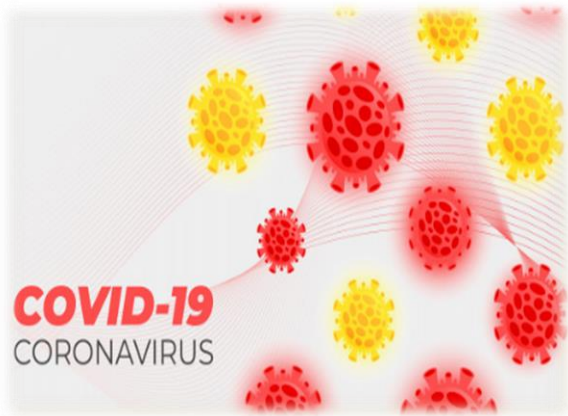
Pig Price Outlook

African Swine Fever
Wild Boar



- Initially spread in Eastern Europe by wild boars
- Two German regions infected by wild boar infections (185 boar cases)
- Germany currently excluded from Chinese market. Important as:
 - They are 2nd biggest EU producer
 - China's 3rd largest source of pigmeat
- German pigmeat must be sold within the EU market e.g. Italian ham market & UK

Pig Price Outlook



- Caused severe logistical problems:
 - Transmission within slaughter plants
 - Shipment issues – reefers
 - Loss of Chinese export license
- Slaughtering disruptions:
 - Germany backlog of 700,000 pigs
 - Denmark backlog of 120,000 pigs
- Essential priority workers?
 - UK won't close plants
 - Priority for vaccines?

Pig Price Outlook

Brexit



- UK important for Irish pigmeat:
 - Destination for 45% of exports
 - Worth €500m / Year
 - 12% of ROI pigs slaughtered in N. Ire

However

- UK only 40-45% self sufficient :
 - Will UK set tariffs at 0% in crash-out ?
 - ROI & N.IRE strong trade links

Pig Feed Outlook

Soyabean



Wheat/Barley



Maize



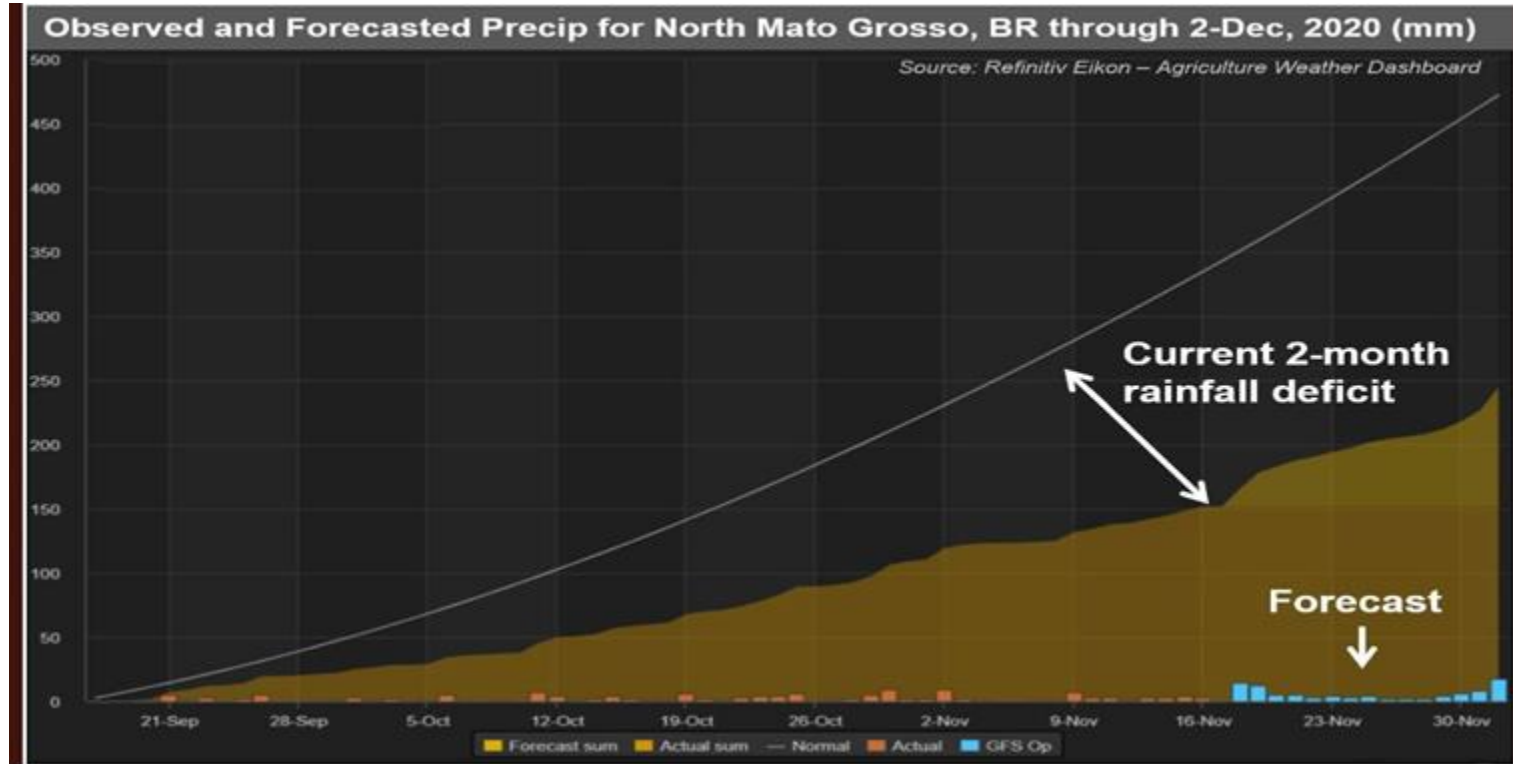
Pig Feed Outlook

Soyabean



- Poor US harvest will decrease closing stock so in 2021 reduced buffer zone.
- Record Brazilian crop expected (133 MT) – looks optimistic with late planting & poor planting conditions, cant see it happening
- US-Chinese trade war
 - China was increasing S.A. imports
 - Will new US administration do trade deal?
- Recent moderate price increase likely to be sustained (€420) however many Irish producers are fortunately locked-in till end of 2021 (Jul 2020: Jan-Dec 21 at €327)

Pig Feed Outlook



Pig Feed Outlook

Wheat/Barley



- Poor ground conditions in autumn 2019 were realised in harvest esp. for wheat in UK & France.
- 2020 poor Irish yield & harvesting conditions
- Current high prices (Wheat €225, Barley €205) likely to be sustained until mid-2021. Risk of wheat supply getting tighter in spring depending on ruminant feed trade
- Early crop conditions across EU looking much better for autumn 2021. Australian output 29MT (+14MT)
- Harvest 2021 prices lower: 5-10%

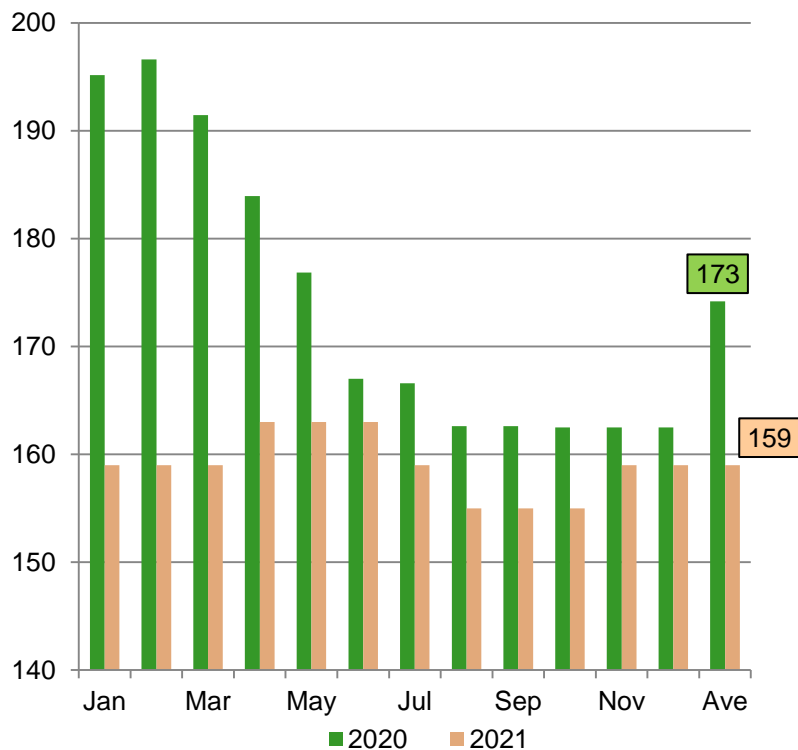
Pig Feed Outlook

Maize

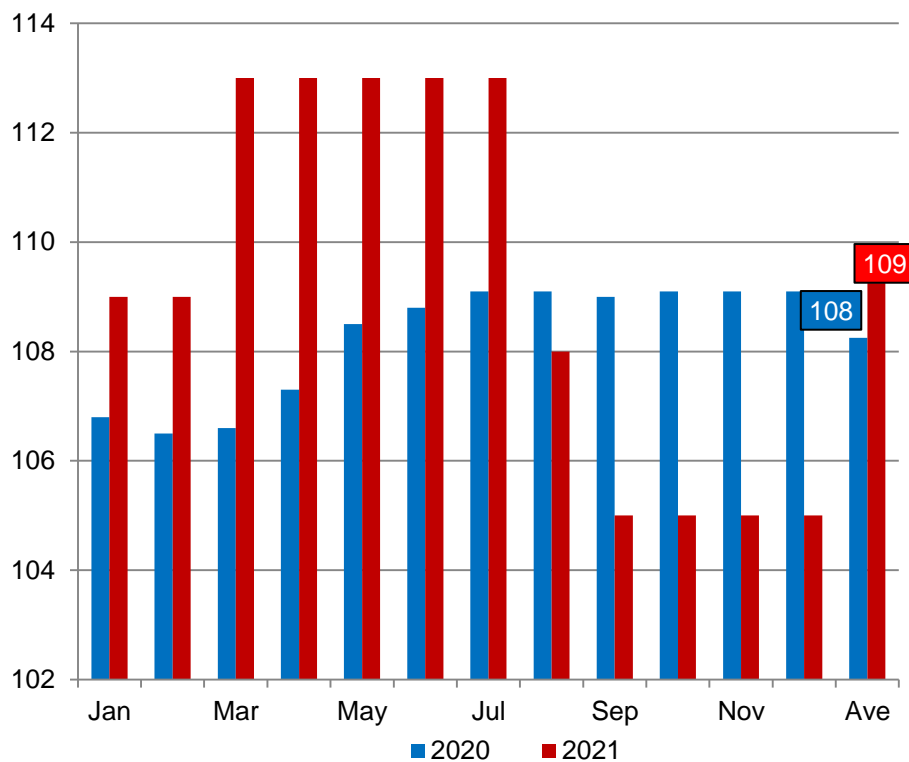


- U.S. 2020 harvest down by 20 Mt (YOY)
- Late SA soya planting will affect subsequent maize planting
- Chinese used large volume of stock in spring during lockdown. Resulted in lower closing stocks and requires higher imports in coming months + pig herd is increasing
- Global Stock:Use ratio expected to decrease to 24% - still relatively comfortable but lowest since crash of 2013. Current price ~ €215
- Low wheat & maize production in same year is unfortunate

Forecast: Pig 2021 (c/kg)



Feed 2021 (c/kg)



Thank you for your attention!

