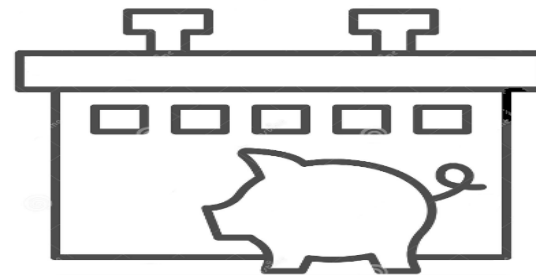


A close-up photograph of a pig's face, showing its eyes, ears, and snout. The pig is light pink with fine hairs. The background is a blurred blue. A semi-transparent white box is overlaid on the center of the image, containing the title and author's name.

# **Pig Sector Review & Outlook**

**Michael McKeon**

# Irish Pig Sector Statistics



Per Sow Unit = €3.5m



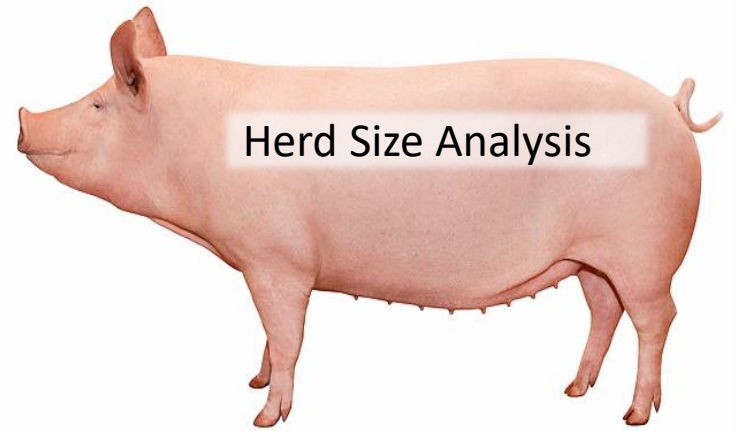
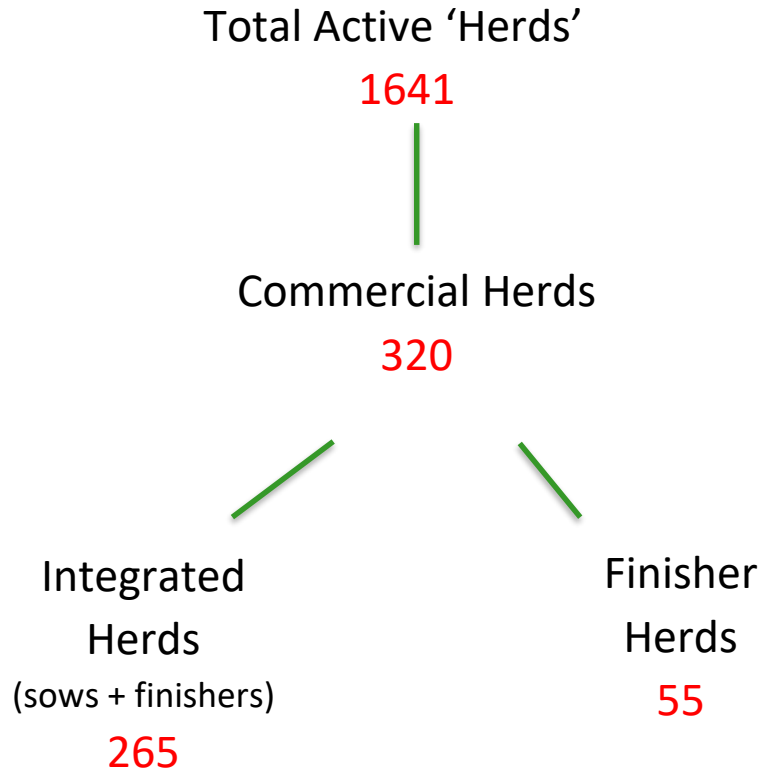
25%



45%



# Irish Pig Sector Statistics



# Irish Pig Sector Statistics



Total Employment **8,000**

On-Farm  
Employment

**1,200**

Associated Industries

**6,800**

# Pig Sector Review



# The year that was...



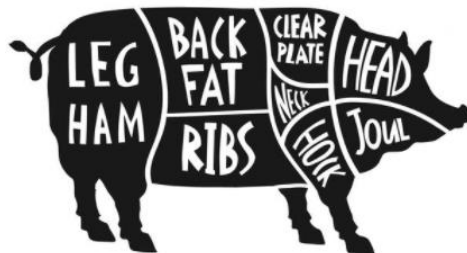
Chinese Slowdown



High Cereal Prices



Improved Efficiencies



N.Ire. Slaughter Capacity



Continued German ASF

# What did we forecast to happen.....



- China would cool
- Poor demand & high supply
- Price would fall

159 c/ kg

**159 c/ kg**



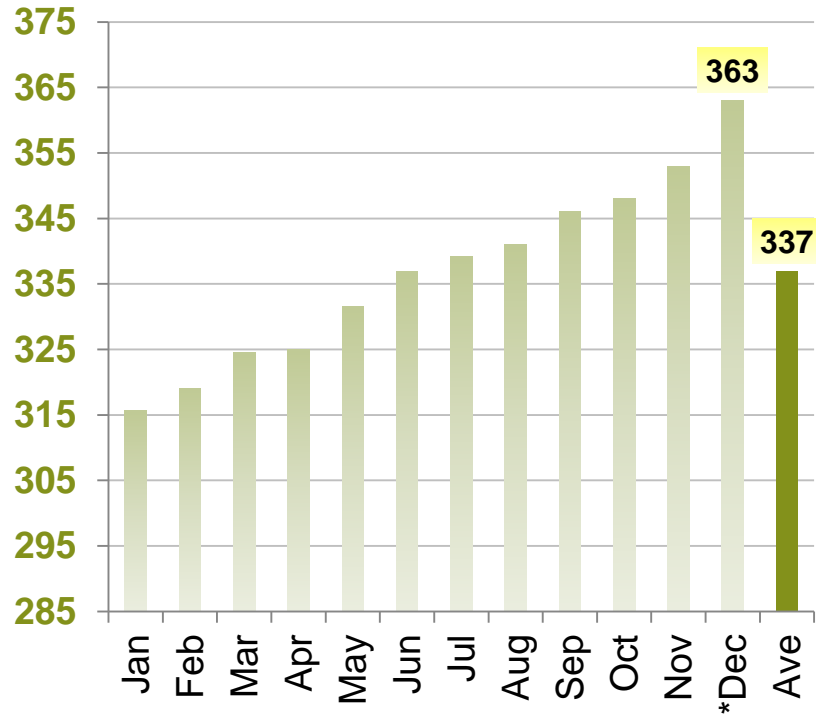
- High ingredient prices
- To fall at harvest - if 5 year ave perf
- Price to remain /marginally decrease

109 c/ kg

**118 c/ kg**

# Feed Price 2021

Composite Feed Cost €/Tonne

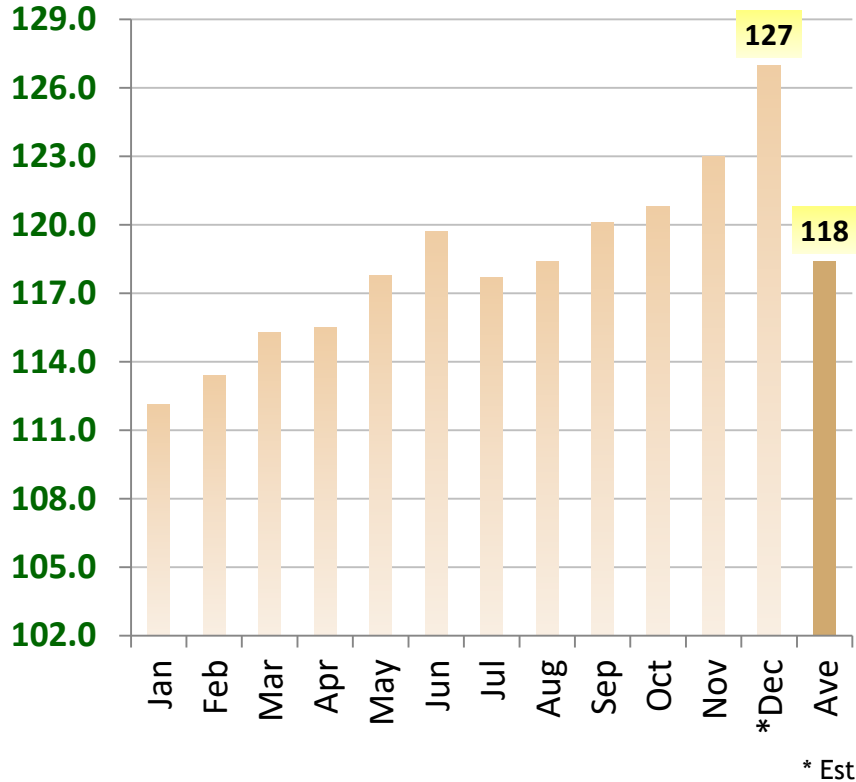


\* Est

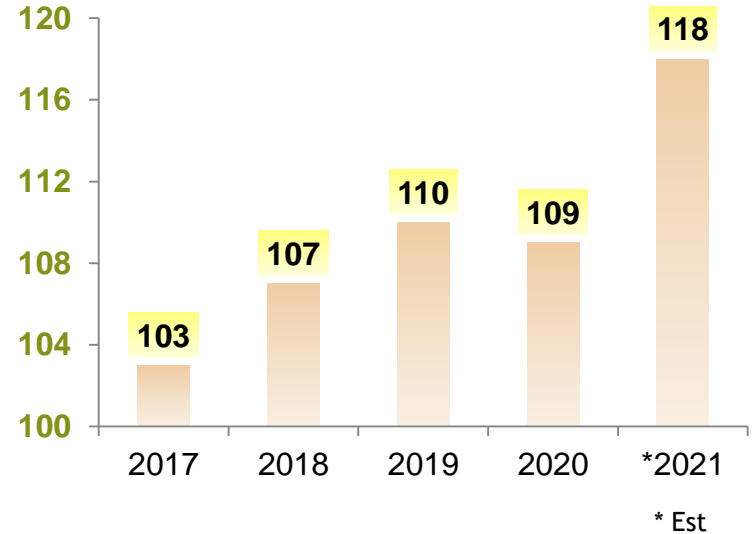


# Feed Price 2021

Feed Cost c / kg dwt.

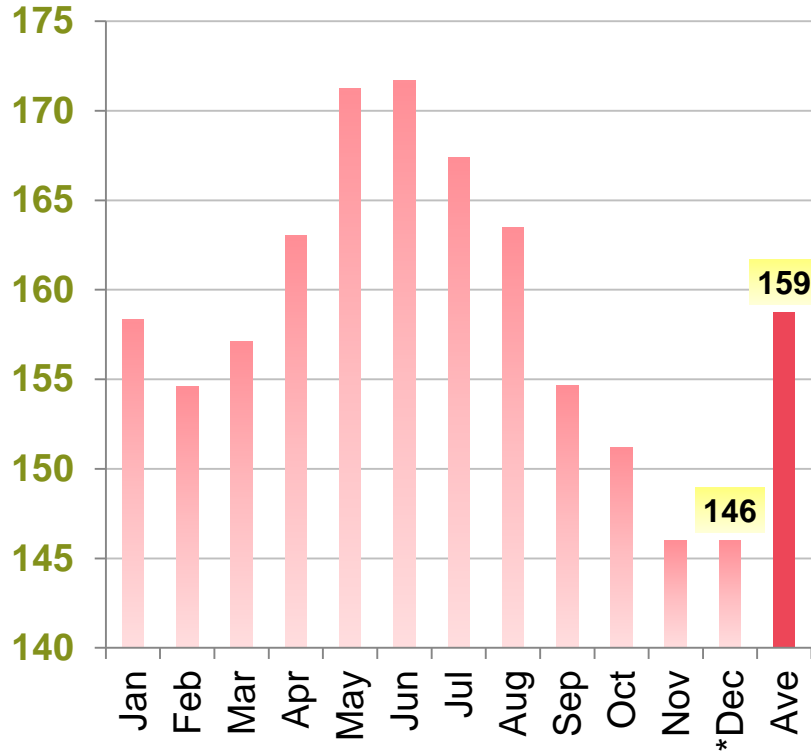


5 Year Trend c/kg dwt.



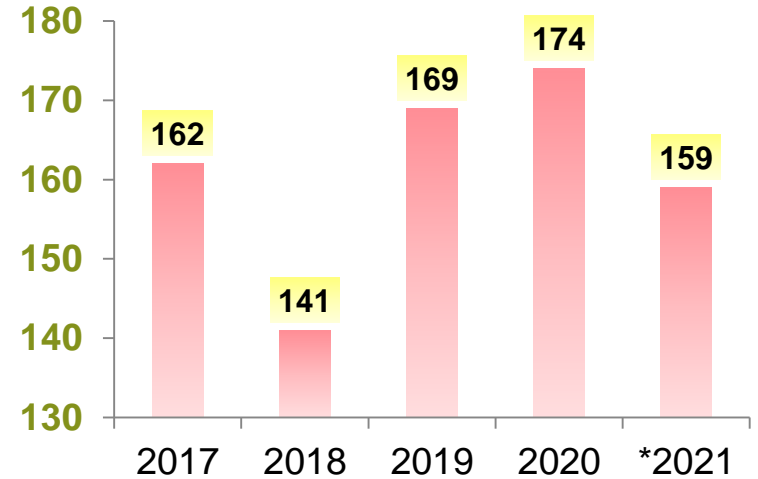
# Pig Price 2021

Pig Price c / kg dwt.



\* Est

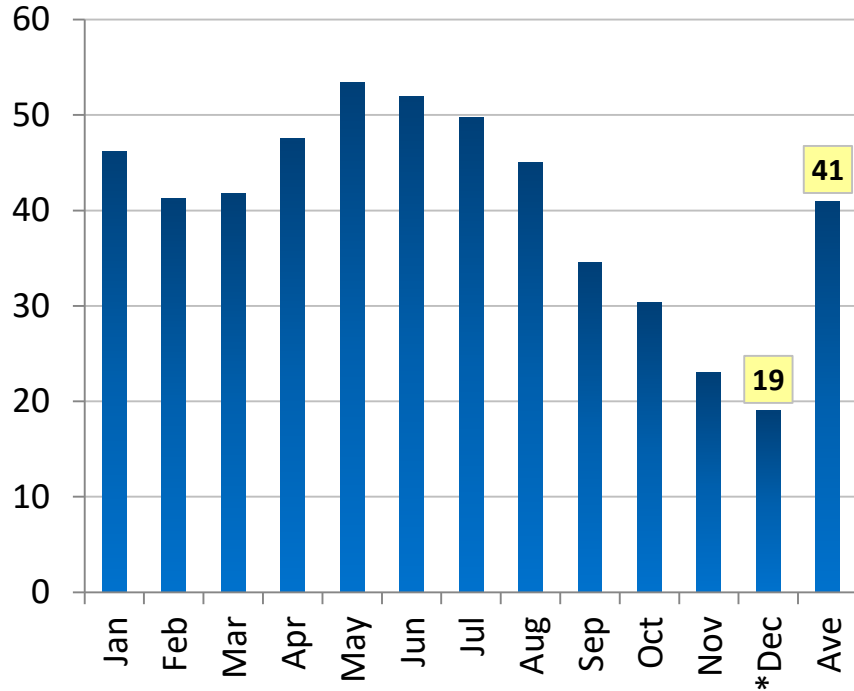
5 Year Trend c/kg dwt.



\* Est

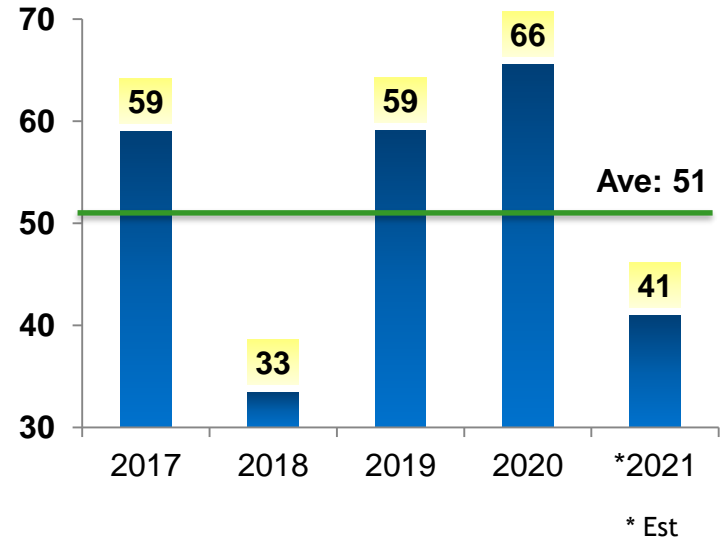
# Margin-Over-Feed 2021

Margin Over Feed c / kg dwt.



\* Est

5 Year Trend c / kg dwt.



\* Est

# 2021 – Profitability (EBITA)

PER KG



PER PIG



PER FARM<sup>^</sup>



2019 = €232k  
2020 = €334k

<sup>^</sup> 600 sows \* 27.5 pigs

# Pig Sector Forecast

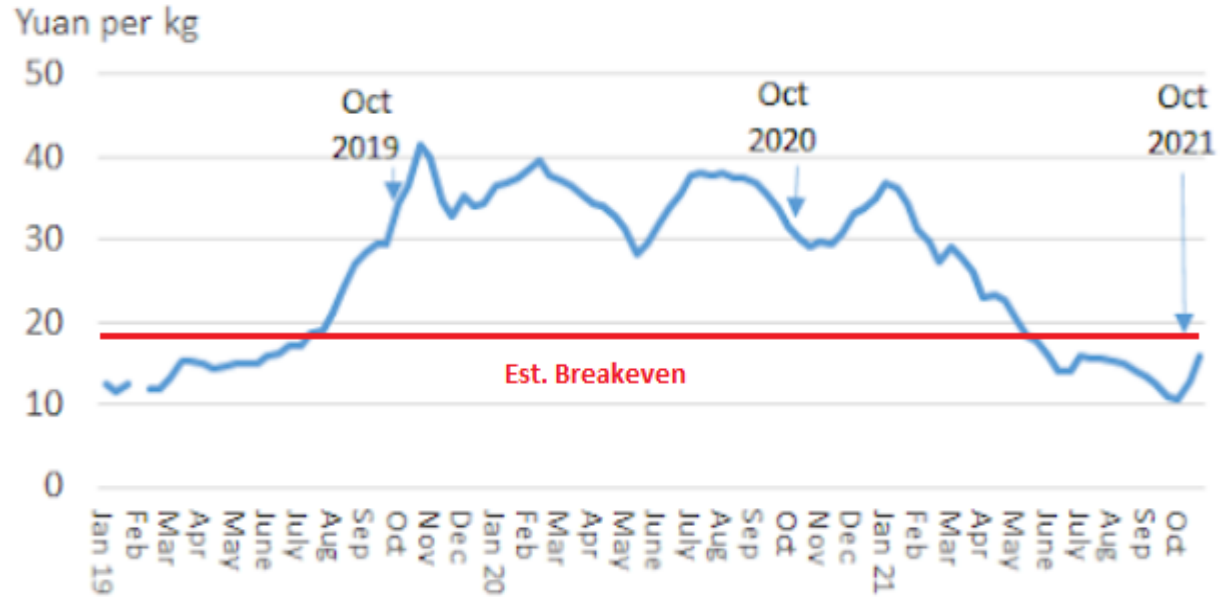


# Pig Sector Outlook



# Pig Price Outlook

## Chinese Pig Price Trend



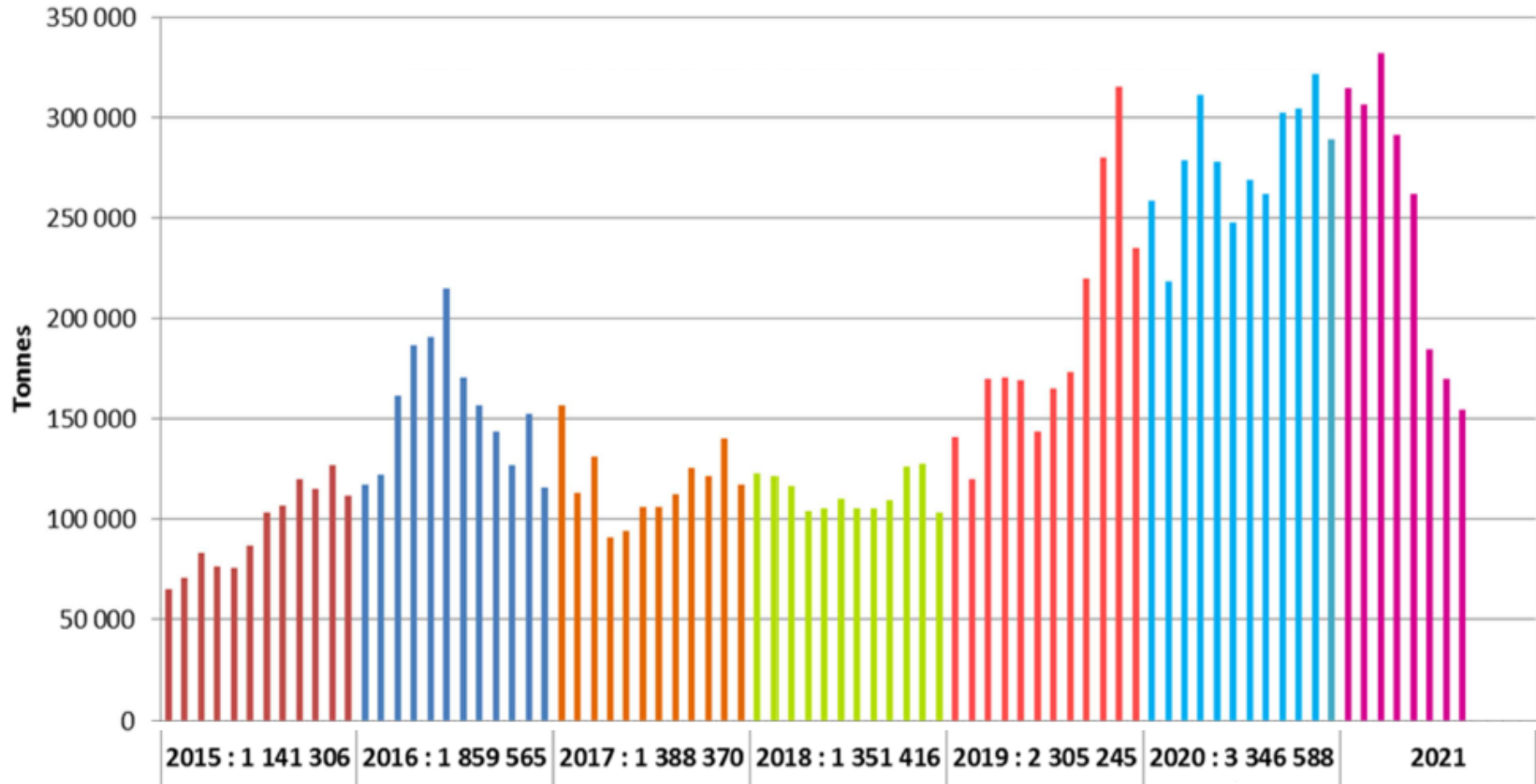
# Pig Price Outlook



- Sow herd recovered rapidly due to massive government support. €26bn invested in 2 years
- Rapid expansion created oversupply with slump in Chinese domestic pig price
- Pigmeat import volumes declined since mid-2021
- Massive loss making in 2021. Boom-to-slump
- Muyuan (largest) lost est. €280m in October alone
- Domestic price has risen in recent weeks (+60%)  
Oct 6<sup>th</sup> 11 Yuan – Dec 2021 18 Yuan



## EU Monthly Pigmeat Exports to China



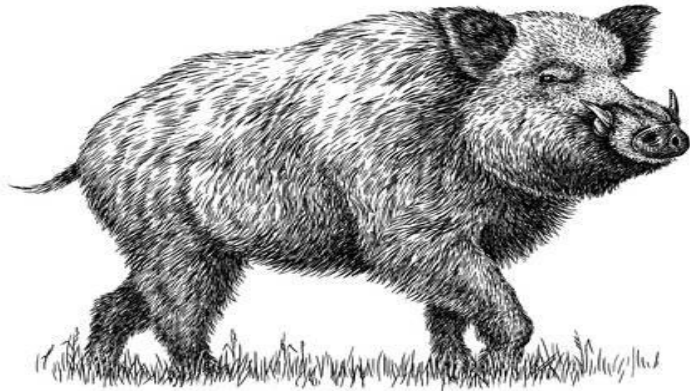
# Pig Price Outlook



- Rising domestic pig price will lead to increased EU imports from Q2
- Imports will be at a moderate level for 2022
- Chinese demand will rise EU pig prices

# Pig Price Outlook

African Swine Fever  
Wild Boar



- Initially spread in Eastern Europe by wild boars
- Three German regions infected by wild boar infections (2,000 boar cases)
- Germany excluded from Chinese market since Sept 2020. Important as:
  - They are 2<sup>nd</sup> largest EU Sow herd
  - Were China's 3<sup>rd</sup> largest source of pigmeat
  - Estimated German sow herd will have fallen by 12%.
  - Germany / Denmark / Netherlands / Poland / France sow herds down by an estimated 300,000 sows

# Pig Feed Outlook

Soyabean



Wheat/Barley



Maize



# Pig Feed Outlook

## Soyabean



- **China is expected to import 100Mt in 2021/22.**
- Record Brazilian crop expected (+140 MT) – initial crop looks good with planting (86%) ahead of schedule and good rainfall & soil conditions. Argentina planting will be slightly lower
- Current price of ~ €385 /tonne for 2022 looks likely to fall if Brazilian crop is at 5 Year average performance.
- However the risk of La Nina giving drought conditions is still moderately high

# Pig Feed Outlook

## Wheat/Barley



- Current prices are exceptionally high (€310/tonne)
- Market concerns driving prices
  - Australian harvest wheat quality – yield still est. 34MT
  - Lower US winter wheat rating
  - Russian Export Tax / High fertiliser prices
  - Very low barley closing stocks
- Although harvest was down, due to high price, stocks-to-use ratio of major exporters is now forecast average:
  - 2021/2022: 30.9%
  - 2020/2021: 31.1%
  - 5-Year Ave: 31.8%

# Pig Feed Outlook

## Wheat/Barley

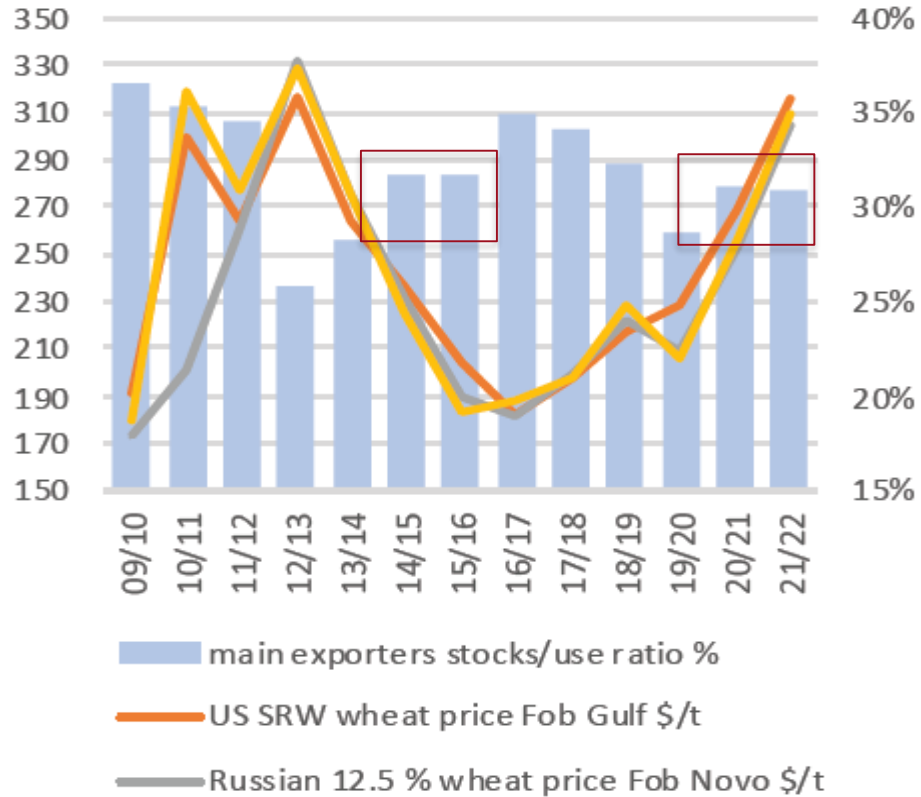


- Market price has likely peaked, provided no shocks with:
  - Australian harvest yields / quality
  - Russian winter kill
  - South American maize crop
- Expect a gradual decrease during 2022, albeit still remaining at a high level compared to recent years
- Will take a good US & Canadian harvest to bring it back to more moderate price

# Wheat/Barley

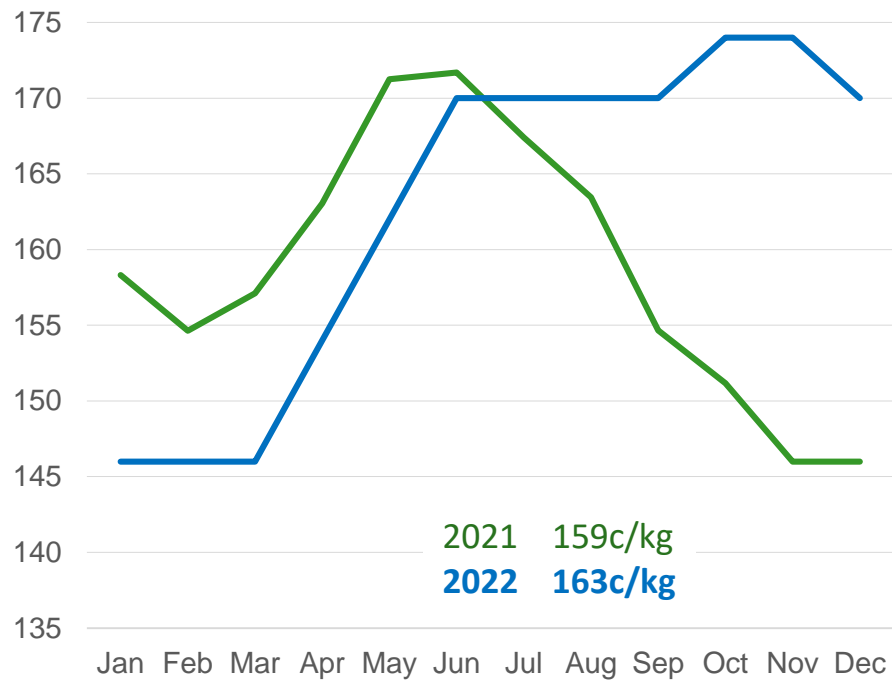


### STOCK-TO-USE RATIO (TOTAL WHEAT)



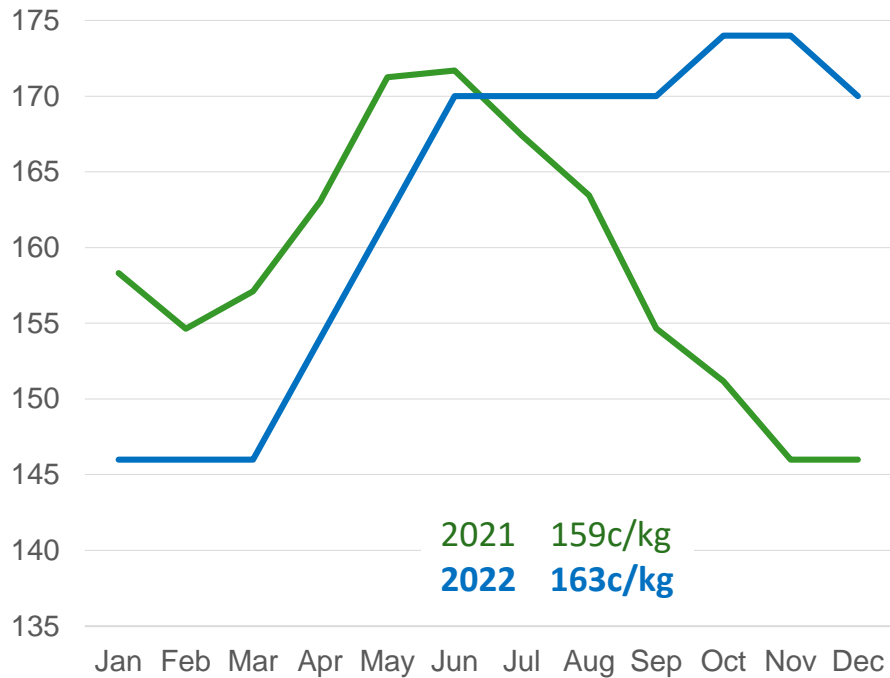


## Forecast:

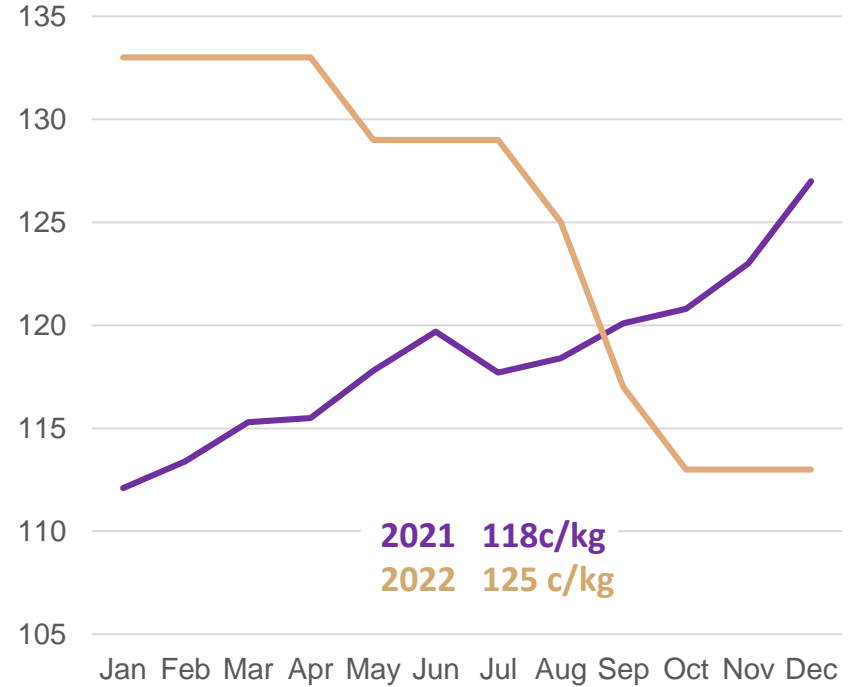


## Forecast:

## Pig 2022

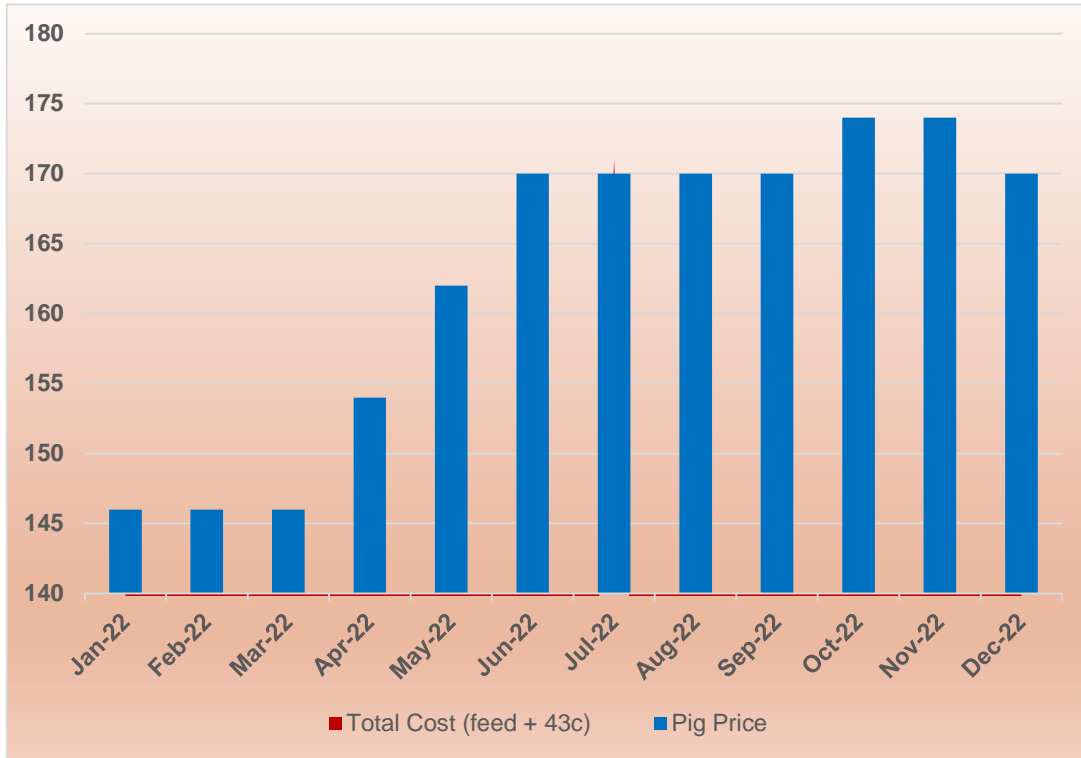


## Feed 2022

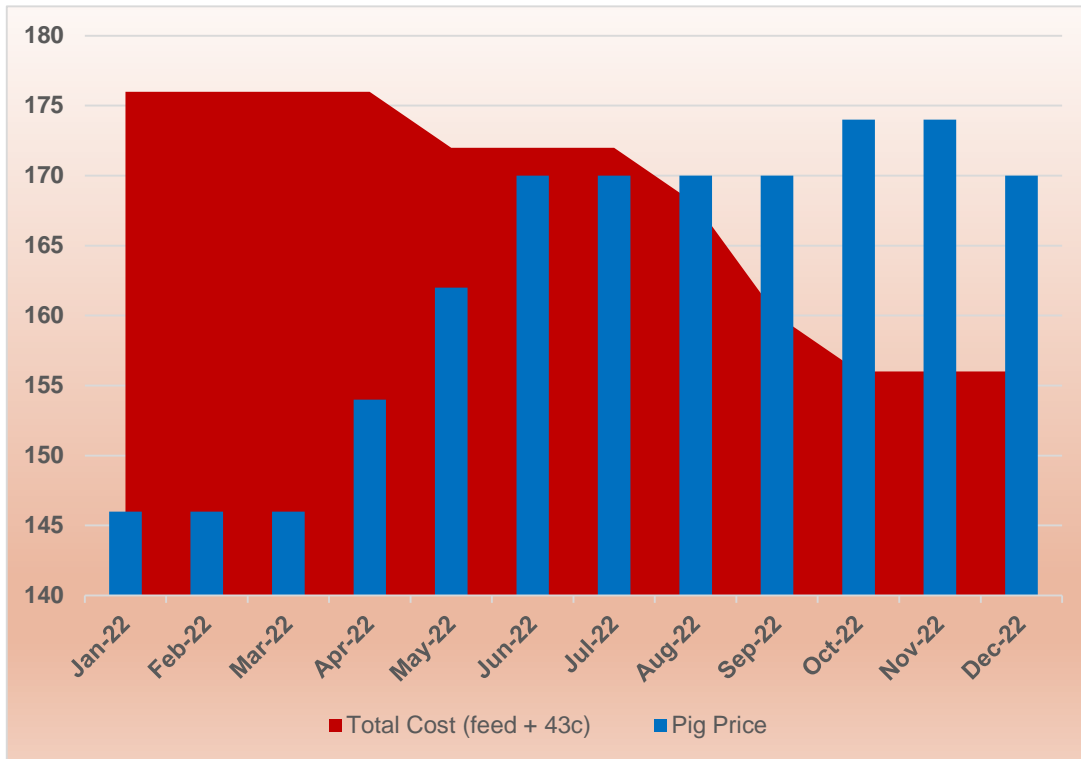


Margin Over Feed = 38c/kg

# 2022: Cashflow



# 2022: Cashflow



- Q1 & Q2 will be very difficult
- MOF Q1: 13c
- MOF Q2: 32c
- MOF Q3: 46c
- MOF Q4: 60c
- Q1 monthly deficit (27.5\*88kgs):
  - 600 sows = €36,300
  - 800 sows = €48,400
  - 1,000 sows = €60,500

**Thank you for your attention!**

