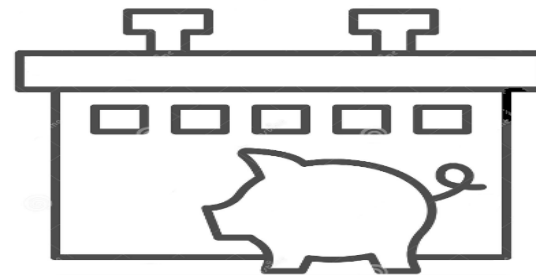


A close-up photograph of a pig's face, showing its eyes, ears, and snout. The pig is light pink with fine hairs. The background is a blurred blue. A semi-transparent white box is overlaid on the pig's face, containing the title and author's name.

Pig Sector Review & Outlook

Michael McKeon

Irish Pig Sector Statistics



Per Sow Unit = €3.5m



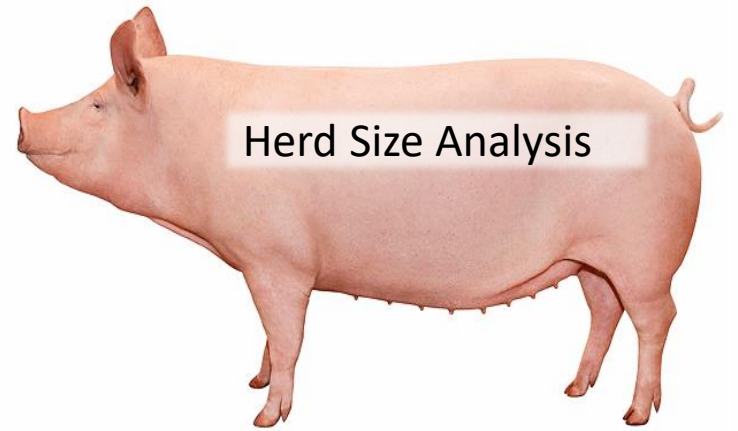
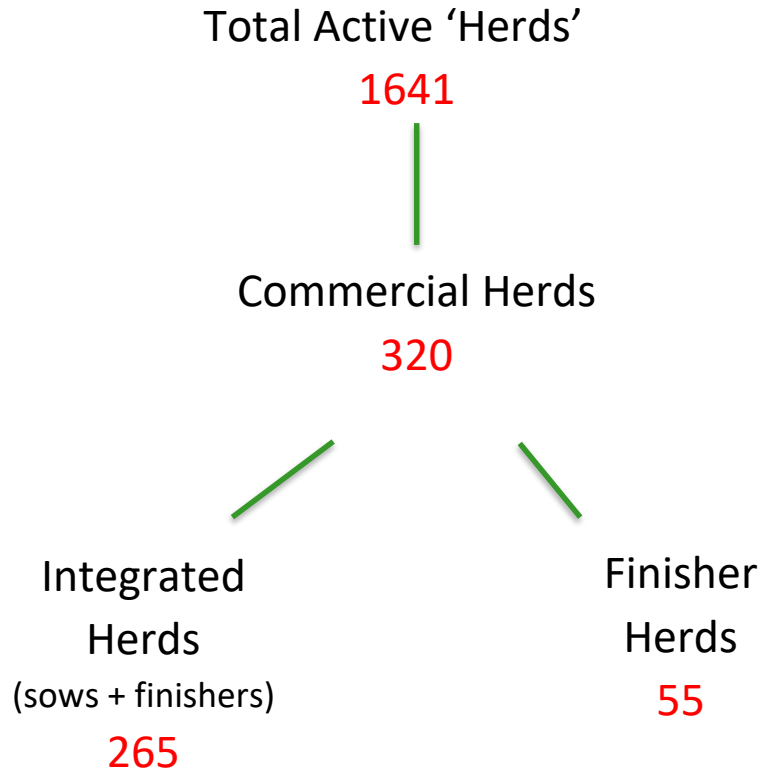
25%



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...



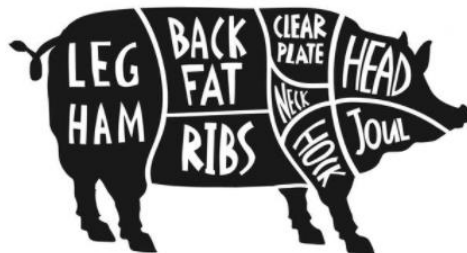
Chinese Slowdown



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



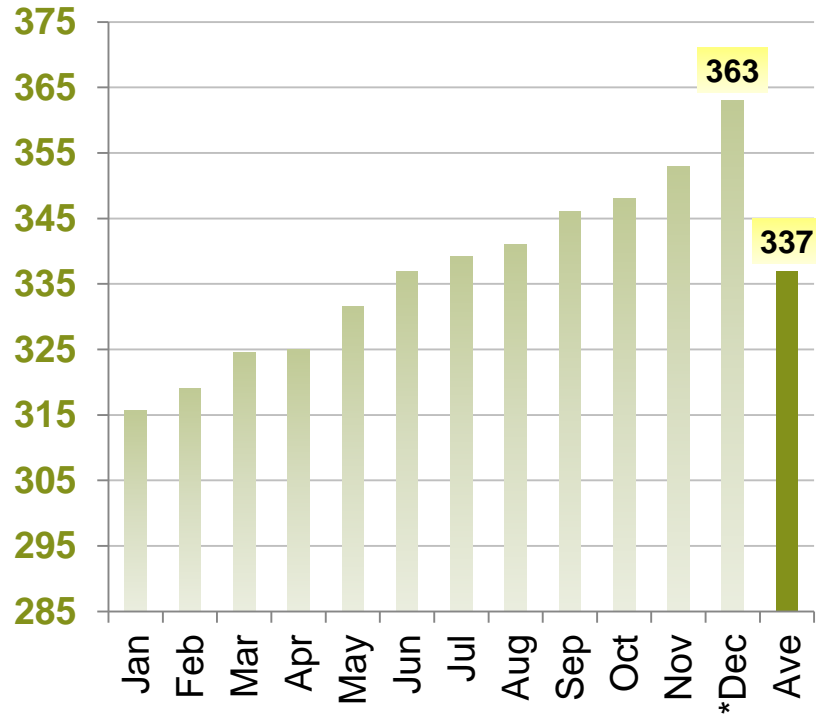
- High ingredient prices
- To fall at harvest - if 5 year ave perf
- Price to remain /marginally decrease

109 c/ kg

118 c/ kg

Feed Price 2021

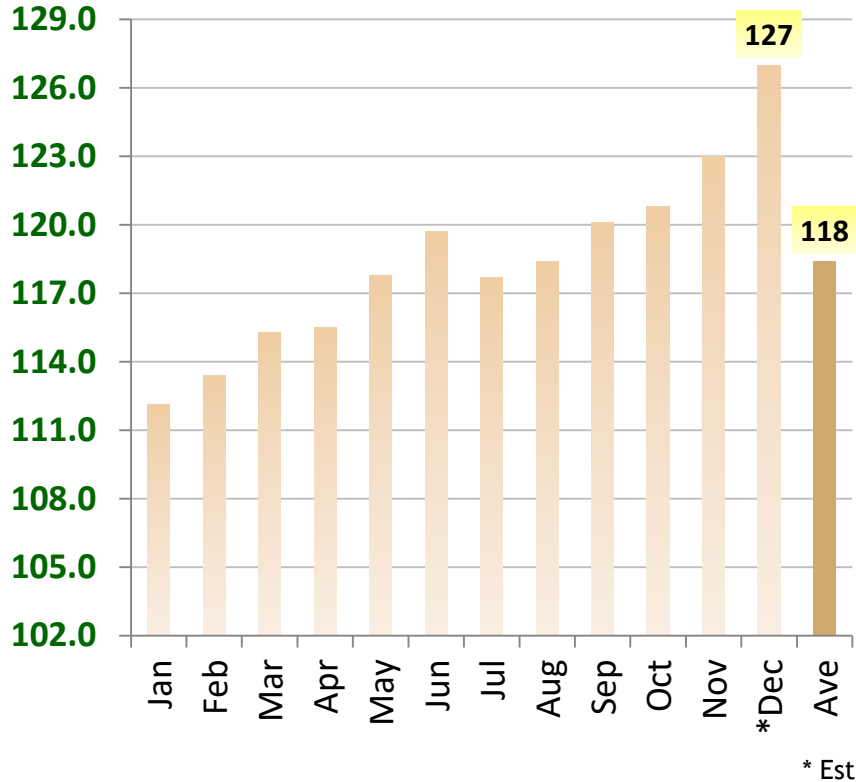
Composite Feed Cost €/Tonne



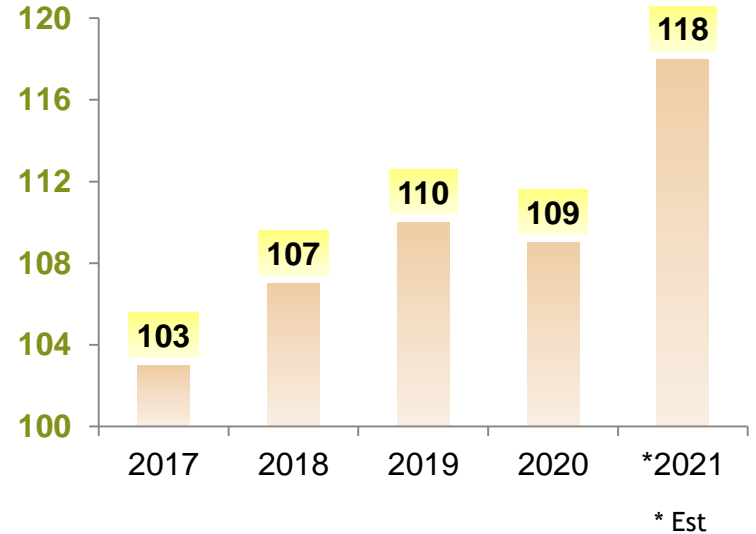
* Est

Feed Price 2021

Feed Cost c / kg dwt.

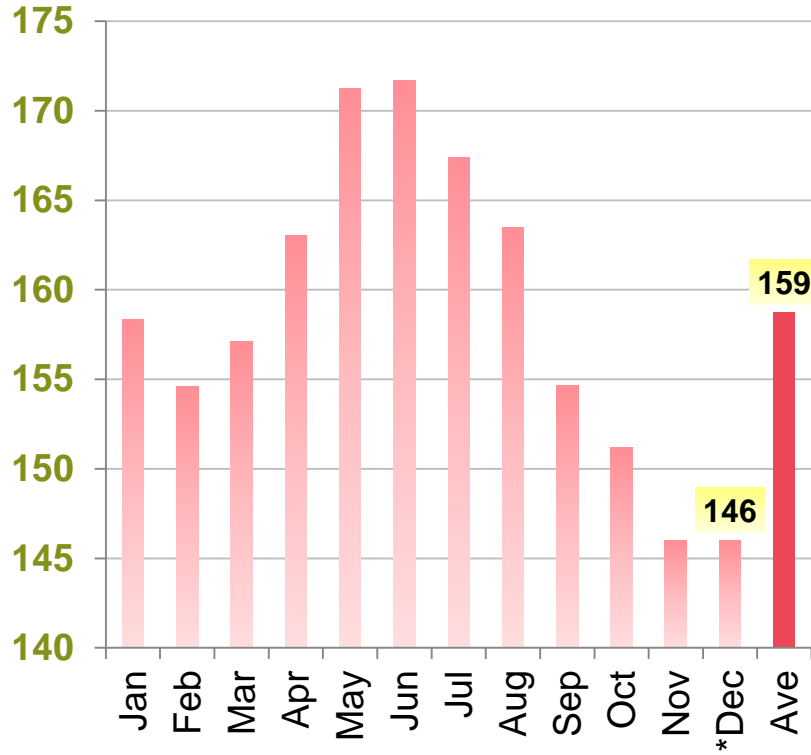


5 Year Trend c/kg dwt.



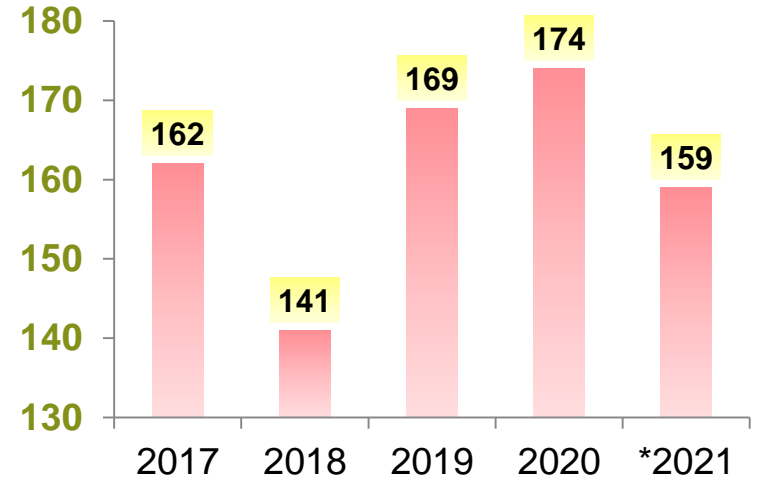
Pig Price 2021

Pig Price c / kg dwt.



* Est

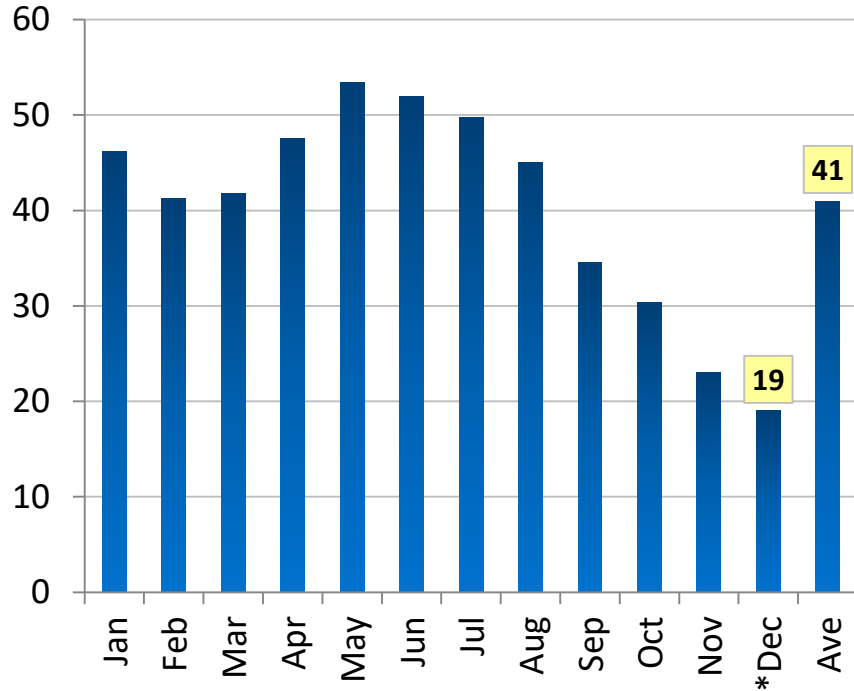
5 Year Trend c/kg dwt.



* Est

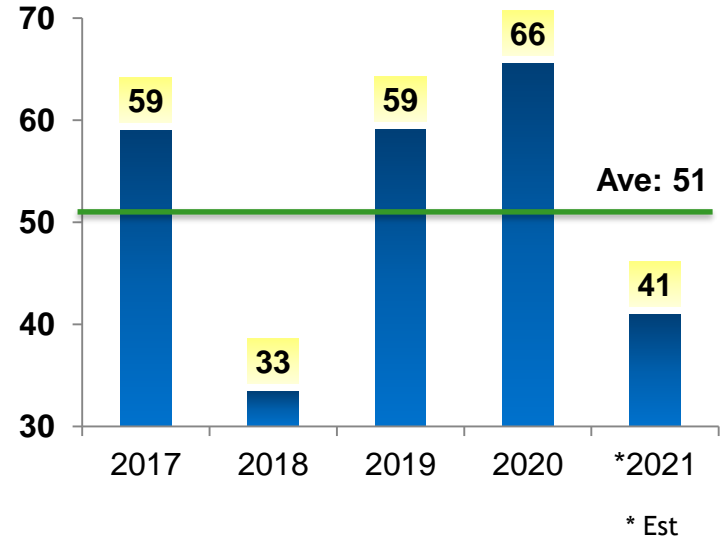
Margin-Over-Feed 2021

Margin Over Feed c / kg dwt.



* Est

5 Year Trend c / kg dwt.



2021 – Profitability (EBITA)

PER KG



PER PIG



PER FARM[^]



2019 = €232k
2020 = €334k

[^] 600 sows * 27.5 pigs

Pig Sector Forecast

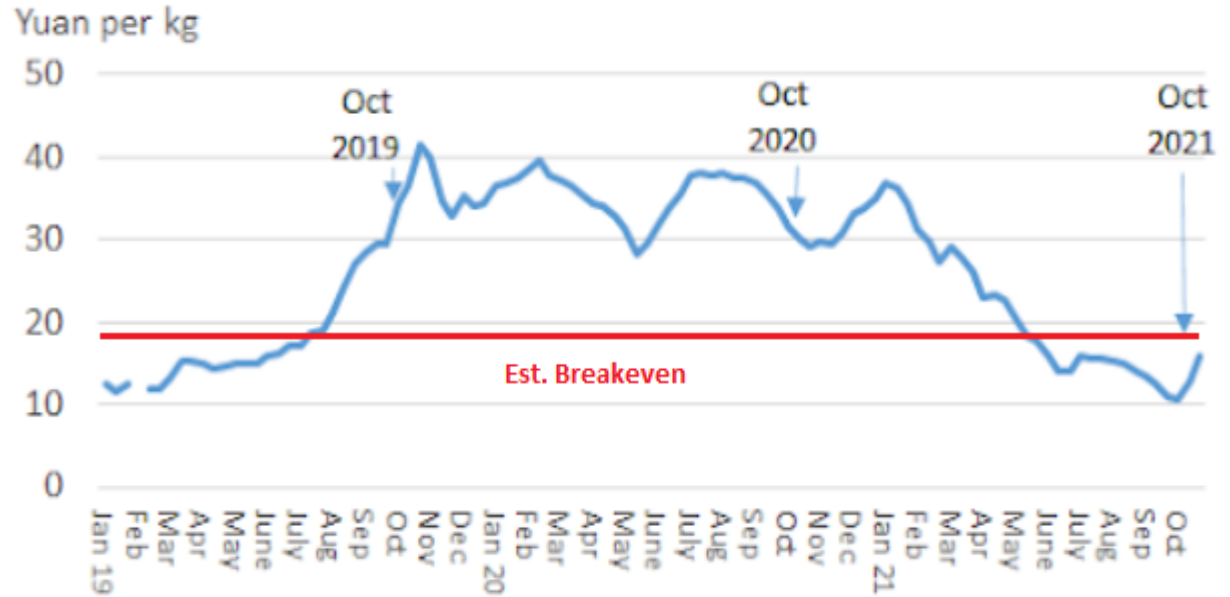


Pig Sector Outlook



Pig Price Outlook

Chinese Pig Price Trend

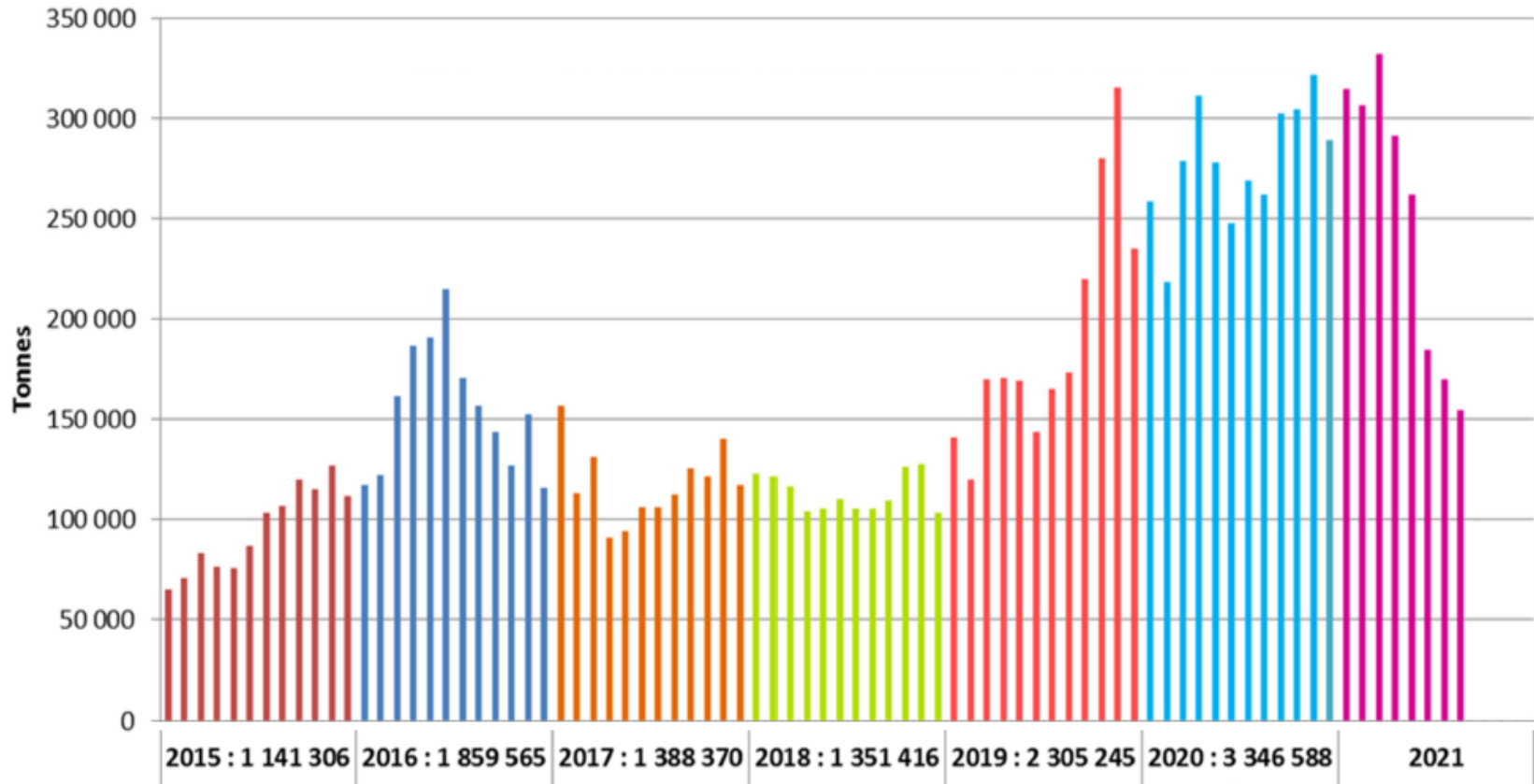


Pig Price Outlook



- 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 6th 11 Yuan – Dec 2021 18 Yuan

EU Monthly Pigmeat Exports to China



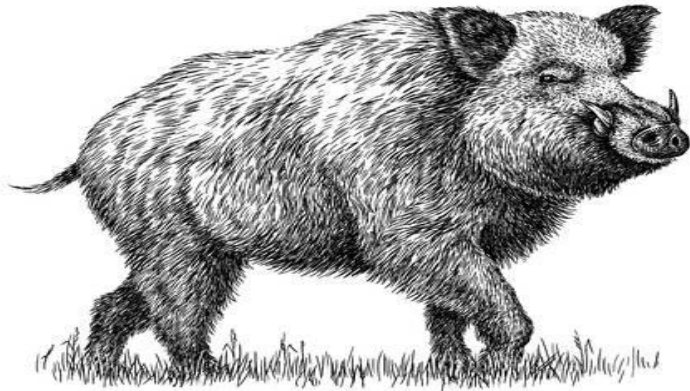
Pig Price Outlook



- 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 2nd largest EU Sow herd
 - Were China's 3rd 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

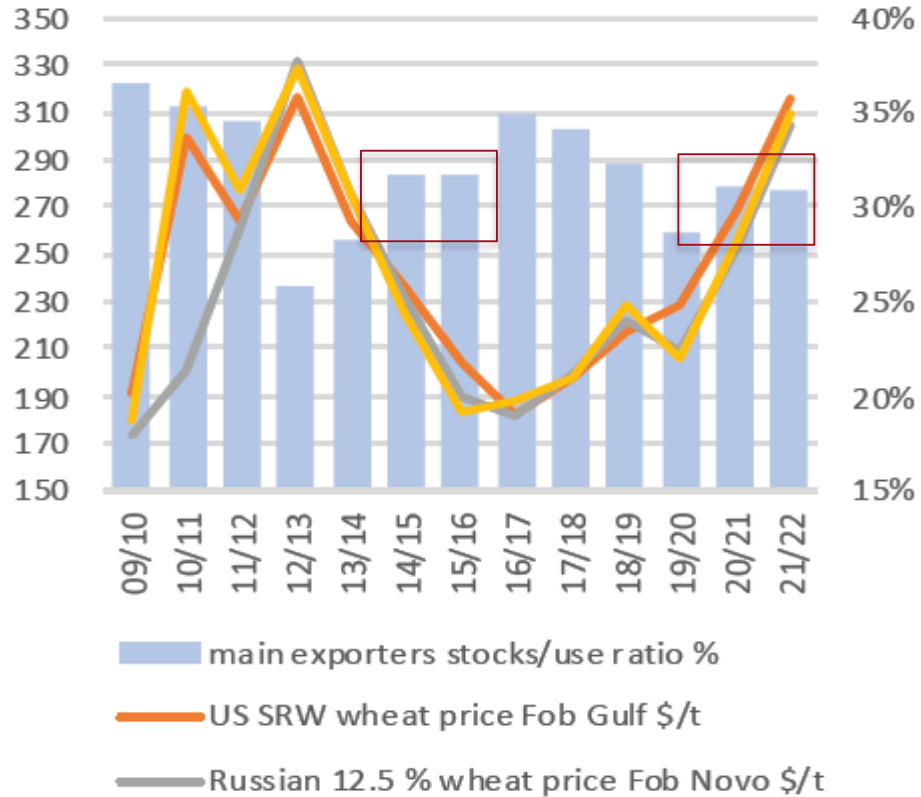


- Market price has likely peaked, provided no shocks with:
 - Australian harvest yields / quality
 - Russian winter kill
 - South American maize crop
- Expect a gradual decrease during 2022, albeit still remaining at a high level compared to recent years
- Will take a good US & Canadian harvest to bring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

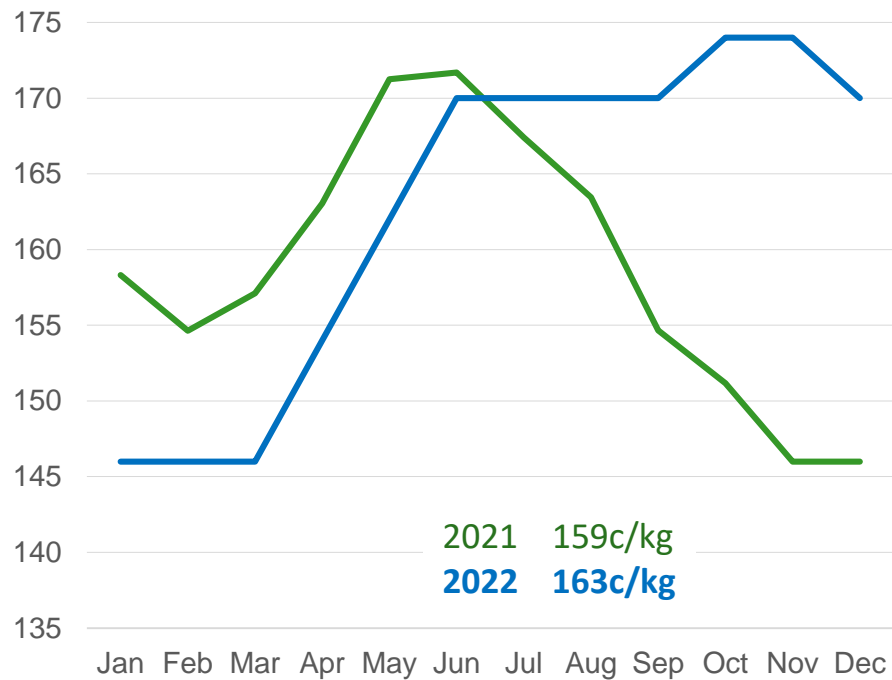
Wheat/Barley



STOCK-TO-USE RATIO (TOTAL WHEAT)

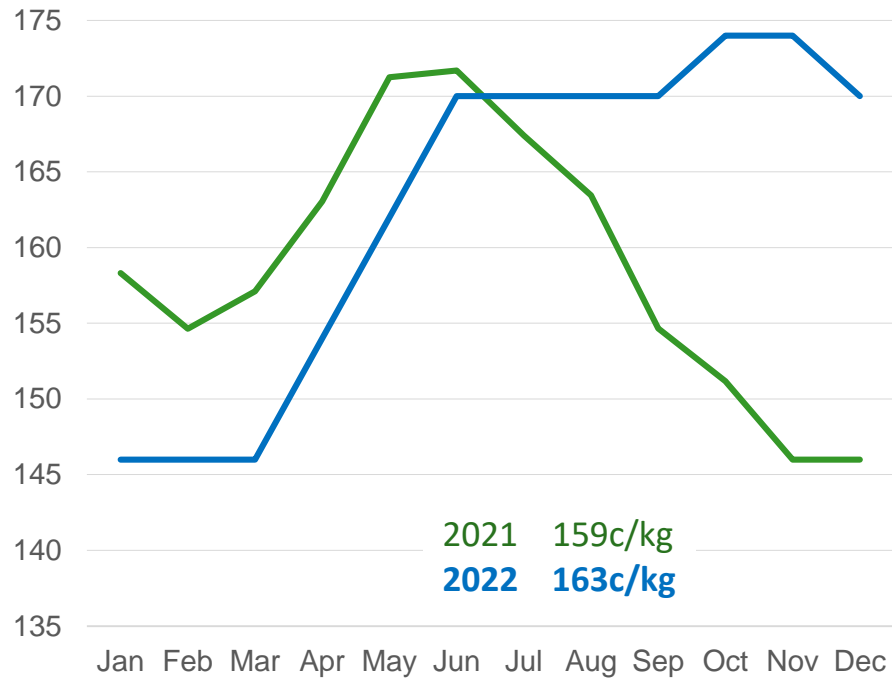


Forecast:

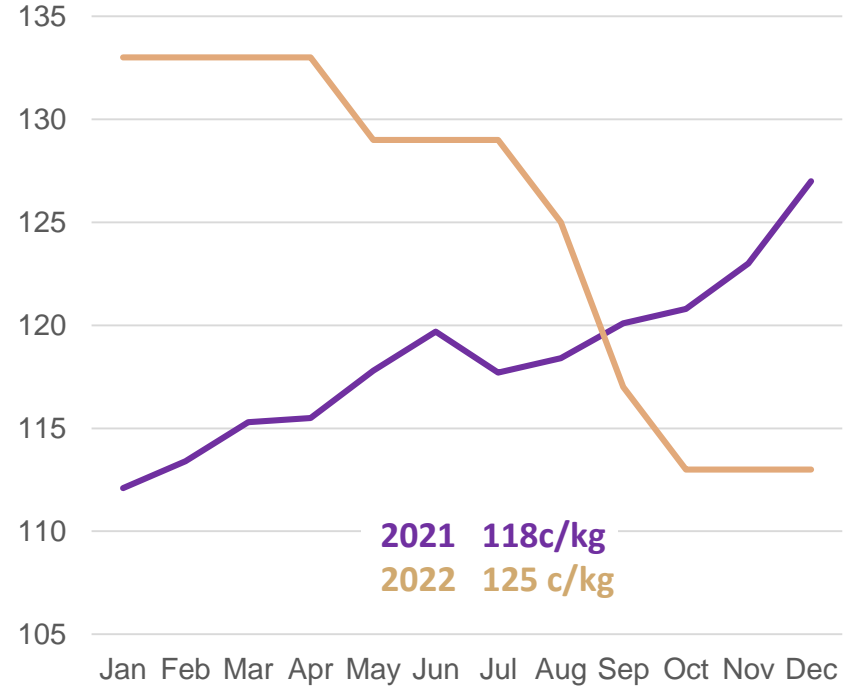


Forecast:

Pig 2022

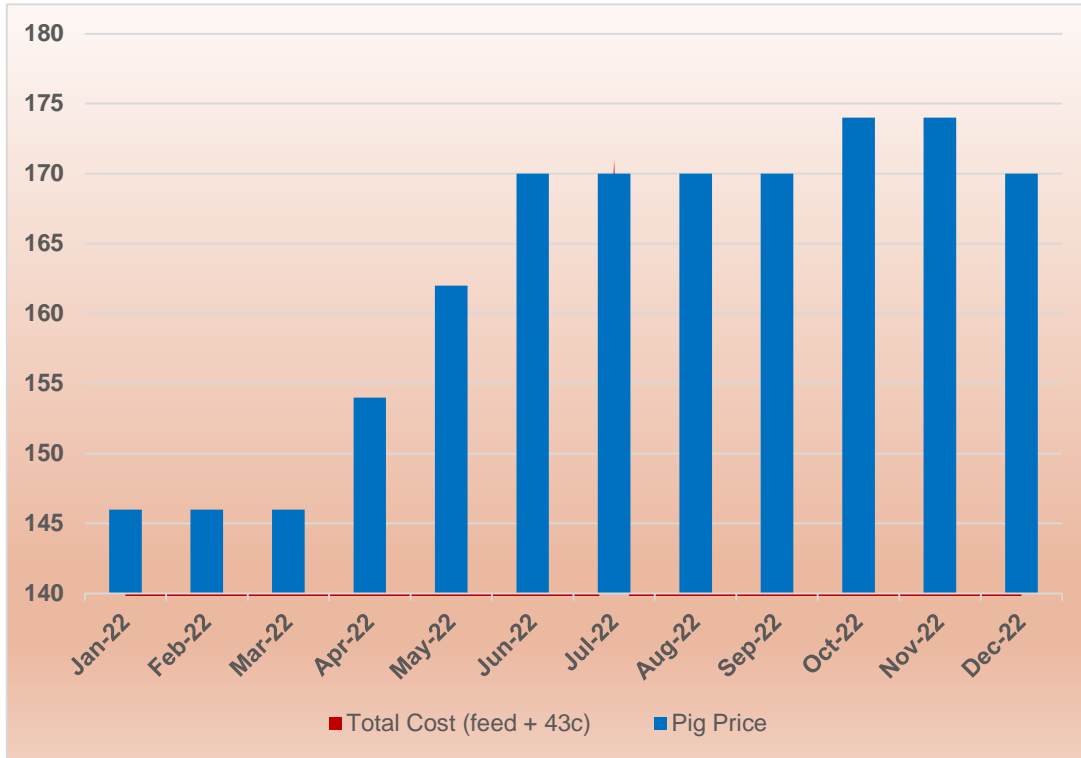


Feed 2022

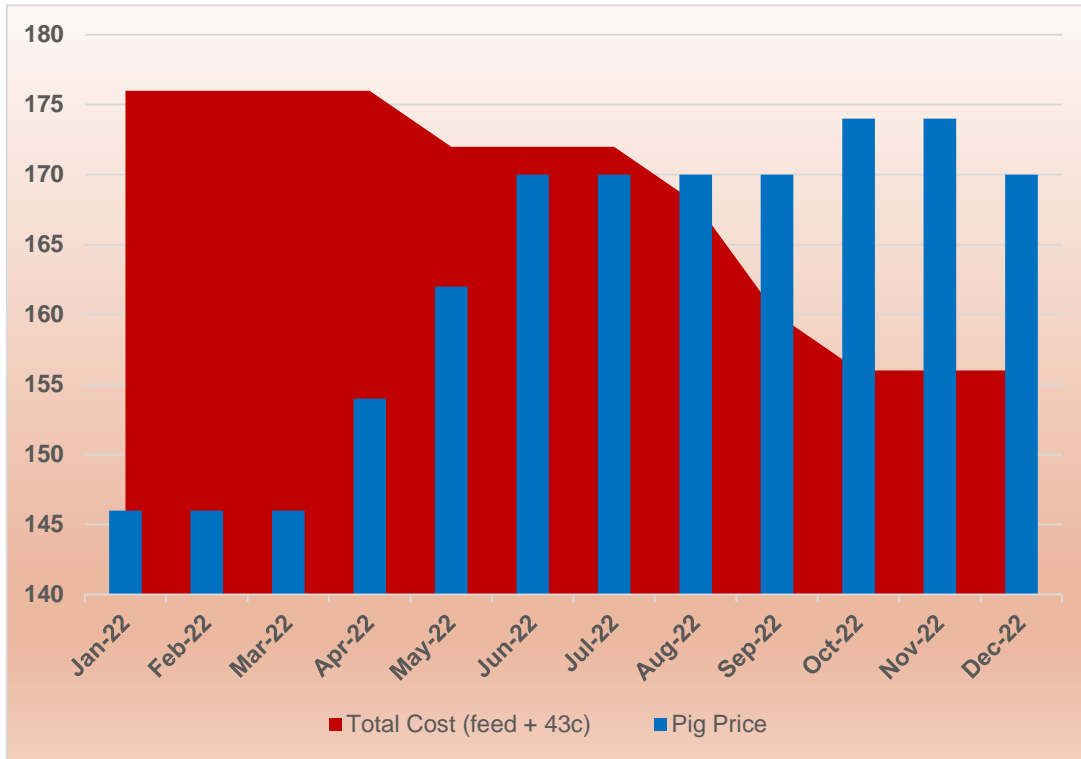


Margin Over Feed = 38c/kg

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!

