

COMMENTARY ON THE DECEMBER 2017 UPDATE OF THE POULTRY VALUATION TABLES

Poultry valuation tables are reviewed and updated on a quarterly basis. This helps to ensure that they are appropriate for the sector as a whole and that they reflect current costs for different types of birds and different production systems. It is accepted that there can be rapid fluctuations in the cost of compound feed and other key input items, hence the need for regular reviews. Periodically, a more detailed review is undertaken for a specific sector to ensure that the assumptions made remain appropriate.

Numerous different sources are used to gather data on current costs. These include published information as well as intelligence provided confidentially by a range of different industry stakeholders, such as feed compounders, breed companies, suppliers of fuels and other materials and poultry producers. Where possible for each cost item, information is gathered from a range of different sources, so that overall sector trends can be established.

The data used for the previous valuation tables (September 2017) have now been reviewed and updated accordingly.

For all tables, changes in compound feed prices have been considered in the context of key raw material price trends. According to published figures in Farmers' Weekly (8 December 2017) soya prices have increased substantially by around £40 per tonne over the quarter and now stand at £329 per tonne whilst wheat prices have only increased by around £4 per tonne and now stand at £136.20 per tonne. Trends in compound feed prices have also been upward and as a result, the current tables for meat chickens, turkeys and laying hens include feed price increases of around 2.5%.

Organic feed prices are also reported to have increased over the quarter, with typical increases in line with conventional feeds of around 2.5% for organic feeds for chickens, laying hens and turkeys.

LPG prices for heating have seen substantial increases of around 20% over the quarter. Vehicle fuel prices and litter costs have also seen slight increases over the quarter.

The value of end-of-lay hens and broiler breeders has improved over the quarter. End-of-lay hens are now valued at 5 pence per bird after catching and transport whilst the value of end-of-lay broiler breeders now stands at 20 pence per bird. The improvement has been put down to the lack of recent avian influenza outbreaks which has increased market confidence. It is thought that the market will continue to improve in future, provided the UK retains its avian influenza-free status.

Jason Gittins, Stephen Edge and Federica Monte

ADAS

December 2017