

Case Study: Andrew's Pig Farm

Tackling rising costs and falling prices with STABLE

Location: Devon, UK.
Land Size: 700ha approx.
Product Quantity: 250 sow.



SUMMARY

Andrew and his family have a 700ac (part owned, part rented) farm in Somerset, UK. The farm comprises of arable land and pigs. A typical arable rotation consists of winter wheat, winter barley, oilseed rape and beans with all grains being supplied to the pig industry for feed. However, the main enterprise is an indoor 250 sow breeding and finishing unit. The target is to achieve 25.3 finished pigs per sow, per year at a minimum deadweight of 78.50kg/pig. On average, there are approximately 120 finished pigs sold per week to Tulip.

A TOUGH YEAR

In 2017 after experiencing a period of volatile prices, Andrew made the decision to insure the SPP pig index price. This was to secure a base price for the pig enterprise and guarantee he would still remain profitable.

STABLE POLICY PURCHASE

Andrew chose a Start Price that protected his business against a price fall throughout the year, so a positive margin would still be achieved to cover his requirements for drawings, debt repayment and reinvestment.

STABLE POLICY OUTCOME

During the 12 months covered by Stable's insurance, prices declined. The average index price for the 12 month period was 150.52p/kg, which was below the chosen Start Price by 5.73p/kg.

As a result, Andrew received an insurance pay out of £28,130.19 through Stable, which was calculated to be £18,661.13 after premium cost was deducted. This was calculated based on 490,625kg at 5.73p/kg, which was the full difference between the chosen Start Price and average index price for the 12 months.

In addition to the pay out that Andrew received, he was also able to sell his pigs on the market, albeit at a reduced price.

CONCLUSION

By insuring the price of pork with Stable, Andrew was able to ensure that following a period of volatility, the subsequent 12 months could be profitable even with a decline in prices.

Quantity:

**490,625kg/
pork**

(6,250 pigs at 78.50kg
deadweight)

Timeframe:

12 months

(Sep 2017 to Aug 2018)

Start Price:

156.25p/kg

(deadweight)

Average

Index Price:

150.52p/kg

(average)

TOTAL COST OF ANDREW'S COVER:

1.93p/kg

(paid as a monthly premium)

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