

MARKET NEWS for pig meat



Market analysis

8 March 2017

Week 10

MARKET SITUATION

Europe: Trading in fresh legs is at slightly rising prices this week. For other cuts, trading is at unchanged or slightly rising prices.

UK. Trading is stable and at unchanged prices.

Satisfactory demand is reported from China and Japan

SLAUGHTERINGS DENMARK

	Week 7	Week 8	Week 9	Week 1-9 2017/2016
Total	327,154	324,574	332,704	-8.7 %

Source: Danish Classification Control Service – representing around 98% of all finished pigs and sows slaughtered, excluding culled pigs.

PIG PRICES

Finished pigs and sows

DKK/kg	DC	Tican
Finished pigs (basic weight class and basic meat percentage)	10.00	10.00
Sows (above 130 kg.)	7.60	7.60

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk. av.
Basic	377.82	380.88
SPF+Myc	382.82	385.88
SPF	386.82	389.88
Organic	1022.59	1066.95
Market prices SPF region 1		
PRRS negative	500.00	404.00
PRRS positive	490.00	385.00
Market prices SPF region 2/3		
PRRS negative	500.00	404.00
PRRS positive	490.00	385.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	10.55 kr./kg	7.33 kr./kg	6.53 kr./kg	5.77 kr./kg	5.79 kr./kg

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	3/3	24/2	Change	3/3	24/2	Change
2017						
Mar	-	-	-	1.53	1.53	0.00
Apr	66.75	68.03	-1.28	1.54	1.54	0.00
May	72.75	73.98	-1.23	1.53	1.53	0.00
Jun	76.45	77.83	-1.38	1.53	1.53	0.00
Jul	76.83	77.90	-1.07	1.53	1.53	0.00
Aug	76.90	77.70	-0.80	1.53	1.53	-
Sep	-	-	-	-	-	-
Oct	67.48	66.98	+0.50	-	-	-
Nov	-	-	-	-	-	-
Dec	63.08	62.10	+0.98	-	-	-
2018						
Jan	-	-	-	-	-	-
Feb	65.93	64.90	+1.03	-	-	-
Mar	68.43	67.45	+0.98	-	-	-
Apr	75.05	74.08	+0.97	-	-	-
May	76.43	76.20	+0.23	-	-	-
Jun	76.28	76.70	-0.42	-	-	-

Conversion factors: 1 lb = 0.4536 kg \$ = €7.0362	Conversion factor: DKK/kg € = 7.4337
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EU

African Swine Fever

According to the EU Commission's reporting system for the outbreak of disease, the following outbreaks of ASF were reported for the following EU countries and the Ukraine:

Number of cases of ASF

Countries	Period		Year to date	
	20 February - 5 March		1 January - 5 March	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		86	0	226
Latvia		32	2	156
Lithuania		12	1	92
Poland		10	0	59
Italy			5	25
Ukraine	14	1	48	2



RUSSIA

African Swine Fever

Last week, the authorities in Russia reported one new case of ASF among wild boar in the west of the country.



SOUTH AFRICA

African Swine Fever

Last week, the authorities reported one new case of ASF at a pig farm comprising 150 pigs.


Slaughterings

2015	Pigs/sows	Sows etc	Total
	50-110 kg	above 110kg	
January	1,801,534	65,316	1,866,850
February	1,518,612	45,563	1,564,175
March	1,498,617	37,317	1,535,934
April	1,579,842	49,161	1,629,003
May	1,301,793	44,381	1,346,174
June	1,403,521	45,657	1,449,178
July	1,693,617	50,667	1,744,284
August	1,381,699	43,093	1,424,792
September	1,392,141	43,777	1,435,918
October	1,775,467	42,091	1,817,558
November	1,533,406	43,372	1,576,778
December	1,557,981	41,110	1,599,091
Jan-Dec	18,438,230	551,505	18,989,735

2016	Pigs/sows	Sows etc	Total
	50-110 kg	above 110kg	
January	1,542,852	49,976	1,592,828
February	1,442,088	44,695	1,486,783
March	1,595,234	47,847	1,643,081
April	1,372,690	45,301	1,417,991
May	1,270,399	42,165	1,312,564
June	1,683,766	51,569	1,735,335
July	1,330,632	40,749	1,371,381
August	1,327,556	44,362	1,371,918
September	1,698,226	48,624	1,746,850
October	1,381,083	43,324	1,424,407
November	1,475,270	45,403	1,520,673
December	1,621,836	46,922	1,668,758
Jan-Dec	17,741,632	550,937	18,292,569

2017	Pigs/sows	Sows etc	Total
	50-110 kg	above 110kg	
January*	1,384,225	36,280	1,420,505
February	0	0	0
March	0	0	0
April	0	0	0
May	0	0	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
Jan-Dec	1.384.225	36.280	1.420.505

* = Preliminary figures

 DENMARK
Export of live pigs

2015	Piglets		Pigs/sows 50-135 kg	Pigs/sows over 135 kg	Total
	0-15 kg	15-50 kg			
January	42,630	919,542	29,148	3,104	994,424
February	32,552	944,306	33,330	3,666	1,013,854
March	30,147	966,766	31,340	3,580	1,031,833
April	36,128	1,053,984	25,245	4,709	1,120,066
May	31,159	916,293	18,966	3,436	969,854
June	36,096	918,366	27,421	4,054	985,937
July	31,212	988,119	20,122	4,087	1,043,540
August	33,360	922,436	22,920	3,563	982,279
September	31,500	1,023,964	23,760	4,551	1,083,775
October	30,715	874,603	21,448	3,324	930,090
November	30,018	929,703	15,621	3,370	978,712
December	46,115	1,105,335	20,859	7,148	1,179,457
Jan-Dec	411,632	11,563,417	290,180	48,592	12,313,821

2016	Piglets		Pigs/sows 50-135 kg	Pigs/sows Over 135 kg	Total
	0-15 kg	15-50 kg			
January	43,054	1,158,651	16,967	4,426	1,223,098
February	35,503	891,644	21,095	6,806	955,048
March	45,142	1,102,519	17,526	2,196	1,167,383
April	43,235	1,073,102	22,482	4,442	1,143,261
May	41,933	1,069,525	16,384	4,051	1,131,893
June	36,059	1,052,983	36,263	4,255	1,129,560
July	35,510	1,019,201	19,854	2,879	1,077,444
August	35,973	1,098,135	18,203	1,396	1,153,707
September	40,429	1,023,887	17,196	1,600	1,083,112
October	33,161	1,057,389	16,592	1,372	1,108,514
November	36,939	1,117,457	15,546	1,868	1,171,810
December	37,014	1,105,567	22,057	885	1,165,523
Jan-Dec	463,952	12,770,060	240,165	36,176	13,510,353

2017	Piglets		Pigs/sows 50-135 kg	Pigs/sows over 135 kg	Total
	0-15 kg	15-50 kg			
January*	37,756	1,207,057	18,025	1,270	1,264,108
February	0	0	0	0	0
March	0	0	0	0	0
April	0	0	0	0	0
May	0	0	0	0	0
June	0	0	0	0	0
July	0	0	0	0	0
August	0	0	0	0	0
September	0	0	0	0	0
October	0	0	0	0	0
November	0	0	0	0	0
December	0	0	0	0	0
Jan-Dec	37,756	1,207,057	18,025	1,270	1,264,108

* = Preliminary figures

 **CANADA**
Pig census 1 January

Below is the result of Canada's pig census as at 1 January 2017.

It shows a rise in overall population of 1.6% while the breeding herd increased by 1.2%

' 000 head	1 Jan 2017	1 Jan 2016	% change 2017:2016
Breeding herd	1,251.1	1,236.5	1.2
Piglets and finished pigs	12,473.9	12,273.5	1.6
Total	13,725.0	13,510.0	1.6

According to Statistics Canada, there were 7,220 pig farms in Canada as at 1 January 2017, a rise of 0.8% compared to one year ago.

In 2016, pig slaughterings in Canada increased by 0.3% to 21.4 million.

Exports of live pigs to the U.S. totalled 5.7 million in 2016, a fall of 1.8% compared to 2015 and 43% lower than 2007 when exports of live pigs to the US were at their peak.

 **HOLLAND**
Vion invests €8 million in slaughterhouse

Vion has announced plans to invest €8 million in its pig slaughterhouse in Apeldoorn in order to upgrade the plant and prepare it for exports to Asian markets.

Vion slaughters close to 25,000 pigs per week at the Appeldoorn plant.

 **SWEDEN**
Record high meat consumption in 2016

The Swedish agricultural press reports that Swedish meat consumption in 2016 reached record high levels of 87.7 kg per capita. Building on the trend of previous years, poultry consumption continued to rise but to the detriment of pork and beef.

According to calculations from the publication, Jordbruksverket, consumption of beef and pork fell per capita by 0.8% and 1.8% in 2016. At the same time, poultry and egg consumption increased by 5.5% and 5.3% respectively. Lamb consumption increased by 6.2%. Together, this resulted in a new record for overall meat consumption in Sweden.

Jordbruksverket points out that actual meat consumption per capita is around half the official figure because bones, fat, drip loss etc are included in the overall figure.

 **UKRAINE**

According to the authorities in Ukraine, the continuing spread of ASF could mean a 1.2 million decline in the country's pig population by 2020.

47 new cases of ASF have been registered in the country since the beginning of the year and quarantine restrictions are in force in 49 areas. Around 200 cases of ASF are expected to be registered in 2017.

 **SOUTH KOREA**
No new cases of Foot & Mouth disease for three weeks

No new cases of Foot & Mouth disease have been registered in South Korea for the past three weeks.

The authorities have, therefore, reduced their alert level, but will continue to monitor the situation.

 **CHINA**
Rabobank expects Chinese pig meat imports in 2020 to be on a par with 2016

In its report 'China's Animal Protein Outlook to 2020', Rabobank expects Chinese pig meat imports to be more or less at the same level as in 2016.

As regards beef, however, Rabobank expects a strong rise in Chinese imports to 2020.

Rabobank also expects to see a re-establishment of Chinese pig production over the coming years, with increasing production in northern and north-eastern China, while more limited production development is expected in southern China where the prevalence of lakes and rivers makes environmental considerations more pertinent.

 **CHINA**
WH Group adopts a cautious approach to expansion plans

In an interview with Reuters Bureau, WH Group's Chairman and CEO, Wan Long, commented that the group would adopt a cautious approach as regards its expansion plans for slaughterhouses in China as a result of general overcapacity at Chinese pig slaughterhouses.

"Over the next couple of years, we will assess the situation in the Chinese pig meat market carefully and if the market continues to develop, we will continue to expand in Wuhan, Guangdong, Xian, Shenyang and Shanghai."

However, WH Group expects to increase imports of U.S. pig meat in 2017. In 2016, 300,000 tonnes of pig meat were imported from the U.S.

If demand for meat stagnates in China, WH Group plans to increase its market share of the lucrative market in the cities where consumers are prepared to pay more for western products such as bacon and salami.

According to Wan, WH Group is considering expanding the Chinese beef market where there is a lack of supply.

 **CHINA**
Wens announces an uplift in profits

Asian Agribusiness reports a significant uplift in the 2016 results for China's largest livestock producer, Guangdong Wens Foodstuff Group. Net profits rose by 90% to \$1.7 billion and operating revenue was up 23% to \$8.6 billion.

The company attributed the growth to its pig farming operations.

In 2016, Wens sold 17.13 million finishers at a value of \$5.26 billion. The average price for a finisher in 2016 was \$2.67 per kg, a rise of 20.26% compared to 2015.

Wens is also involved in poultry, dairy, veterinary medicine and farming machinery businesses. By 2019, the company plans to produce and sell 27.50 million pigs per year.

 **VIETNAM****Authorities call for a reduction in pig production**

Asian Agribusiness reports that the Vietnamese Ministry of Agriculture has called for a national reduction in the number of pigs and feed factories following a strong growth in recent years.

Low pig prices and relatively high feed prices have, according to the Ministry, resulted in pig producers posting a loss of \$43 per pig in 2016.

Local authorities have been asked to evaluate any plans for new pig production in order to ensure a better balance between supply and demand.

According to the Ministry, Vietnam has over 29 million pigs, including 4.2 million sows. Production from large and medium-sized pig productions grew significantly in 2016. .

Last year, Vietnam's feed production totalled 23.5 million tonnes and is thus the largest feed producer in ASEAN and the tenth largest in the world.

 **JAPAN****Forecasts unchanged for Japanese pig meat imports in 2017**

According to the latest report from the U.S. Department of Agriculture (USDA) on the outlook for the Japanese meat market, Japanese pig meat imports in 2017 are expected to remain unchanged on the year.

Measured in slaughter weight, the USDA expects pig meat imports in 2017 to reach 1,350 million tonnes against 1,364 million tonnes in 2016. The report also highlights that Japanese pig meat production in 2017 is expected to reach 1,270 million tonnes against 1,279 million in 2016.

 **SOUTH AFRICA****Foot & Mouth disease**

In the past week, the authorities in South Africa reported one case of Foot & Mouth disease, with 1,500 head of cattle affected.