

# MARKET NEWS for pig meat



Market analysis

20 March 2017

Week 12

## MARKET SITUATION

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

UK. Trading is stable.

Good demand is reported from China and Japan.

## SLAUGHTERINGS DENMARK

	Week 8	Week 9	Week 10	Week 1-10 2017/2016
Total	324,574	332,704	324,896	-8.4 %

**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)	10.20	10.20
Sows (above 130 kg)	7.60	7.60

### Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	386.45	383.22
SPF+Myc	391.45	388.22
SPF	395.45	392.22
Organic	1030.77	1067.04
Market prices SPF region 1		
PRRS negative	500.00	409.00
PRRS positive	490.00	390.00
Market prices SPF region 2/3		
PRRS negative	500.00	409.00
PRRS positive	490.00	390.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	10.83 kr/kg	7.36 kr/kg	6.66 kr/kg	5.83 kr/kg	5.86 kr/kg

## FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	17/3	10/3	Change	17/3	10/3	Change
<b>2017</b>						
Mar	-	-	-	1.55	1.53	+0.02
Apr	69.05	68.18	+0.87	1.54	1.54	0.00
May	73.63	72.90	+0.73	1.53	1.53	0.00
Jun	77.33	76.90	+0.43	1.53	1.53	0.00
Jul	77.48	77.00	+0.48	1.53	1.53	0.00
Aug	77.63	77.20	+0.43	1.53	1.53	-
Sep	-	-	-	-	-	-
Oct	67.85	67.95	-0.10	-	-	-
Nov	-	-	-	-	-	-
Dec	63.48	63.88	-0.40	-	-	-
<b>2018</b>						
Jan	-	-	-	-	-	-
Feb	66.40	66.63	-0.23	-	-	-
Mar	69.08	69.33	-0.25	-	-	-
Apr	74.63	75.15	-0.52	-	-	-
May	76.50	77.15	-0.65	-	-	-
Jun	76.50	77.00	-0.50	-	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = €6.9240				Conversion factor DKK/kg: € = 7.4343		



**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:

Countries	Period 6 March – 12 March		Year to date 1 January – 12 March	
	Pigs	Wild boar	Pigs	Wild boar
<b>Estonia</b>		10	0	236
<b>Latvia</b>		15	2	171
<b>Lithuania</b>		12	1	104
<b>Poland</b>		5	0	64
<b>Italy</b>	1		6	25
<b>Ukraine</b>	1		49	2



**RUSSIA**

### African Swine Fever

Last week the authorities in Russia reported one new case of ASF at a small farm in the west of the country.



### Major scandal hits the Brazilian meat industry

A major scandal involving allegations of fraud and corruption has hit the Brazilian meat industry.

Last Friday, the Brazilian police carried out raids at almost 200 addresses in Brazil. According to the international media, police investigations into extensive fraud and corruption throughout the Brazilian meat industry have been underway for two years.

A number of meat producers are alleged to have used rotten and/or salmonella-infected meat in a number of processed products, which have also reached export markets. Certain producers are also alleged to have paid politicians and public officials to turn a blind eye to the illegalities and, in some cases, officials are accused of tampering with government certificates.

So far, three plants have been closed and their products removed from supermarkets. Another 21 plants are being investigated. Three individuals from the meat industry and 20 civil servants have been detained following Friday's raids while a further 33 people are being investigated.

Two of the world's largest meat exporters, JBS and BRF, are accused of having participated in the illegal practices and shares in the two companies dropped 11% and 7% respectively on the Sao Paulo Stock Exchange on Friday. .

The Brazilian President Michel Temer has summoned the Brazilian meat industry to a crisis meeting and yesterday, the Brazilian Minister of Agriculture met a number of ambassadors in a bid to reassure foreign trade partners.

JBS and BRF launched a campaign in the Brazilian media on Monday where the two companies defended themselves against the allegations.

It is still uncertain what impact the scandal will have on Brazilian meat exports. So far, China has announced that it will impose a temporary ban on all imports of meat from Brazil.

Brazil's total meat exports are worth £9.7 billion per year. The chart below sets out Brazilian exports of fresh/frozen pig meat for the period 2014-2016 according to countries

#### Exports of fresh/frozen pig meat

1,000 tonnes	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2016	% change 2016:15
<b>Total fresh/frozen meat</b>	418.5	472.7	628.7	33.0
of which to:				
Russia	185.9	236.5	236.9	0.2
Hong Kong	66.1	84.6	109.0	28.9
China	0.8	5.2	87.6	1575.7
Singapore	32.3	28.0	32.6	16.4
Uruguay	19.6	21.0	27.5	30.8
Argentina	7.7	10.6	24.4	129.9
Chile	7.9	8.2	23.1	182.8
Angola	39.0	25.7	21.0	-18.2

Source: GTA



## Denmark's exports of pig meat, tonnes

Jan - Dec 2016

	By-products	Live pigs	Processed/canned	Bacon	Whole/half Pig/sow	Cuts	Sausages	Total	%
Germany	23,990	184,946	9,261	267	87,083	234,432	2,987	542,966	28.0
Poland	3,475	142,704	60	1	9	126,340	31	272,620	14.0
UK	7,512	197	11,735	48,576	0	136,253	9,847	214,121	11.0
Italy	2,008	19,774	473	55	16	96,337	271	118,935	6.1
Sweden	9,856	26	2,037	1,475	17	19,269	5,094	37,776	1.9
Holland	15,303	9,811	141	51	0	6,153	213	31,672	1.6
France	2,209	839	935	315	0	12,473	1,133	17,905	0.9
Spain	757	3,429	1,451	755	0	6,691	1,419	14,501	0.7
Other EU	12,125	12,163	3,117	685	0	39,778	3,371	71,240	3.7
<b>Total EU</b>	<b>77,235</b>	<b>373,890</b>	<b>29,211</b>	<b>52,181</b>	<b>87,125</b>	<b>677,726</b>	<b>24,366</b>	<b>1,321,734</b>	<b>68.1</b>
China	190,436	48	1	0	54	121,689	0	312,228	16.1
Japan	4,534	12	4,517	164	0	116,700	1,561	127,488	6.6
Australia	460	0	92	365	0	55,865	45	56,827	2.9
USA	2,784	0	4,079	165	0	23,821	881	31,730	1.6
S Korea	1,010	15	4,368	0	0	14,460	367	20,221	1.0
Hong Kong	6,894	0	510	20	0	7,084	34	14,542	0.7
Taiwan	778	0	10	0	0	7,966	0	8,753	0.5
Philippines	4,479	0	305	0	0	764	2	5,549	0.3
Singapore	1,484	0	152	297	0	1,272	685	3,890	0.2
Other 3 <sup>rd</sup> Countries	8,232	1,475	8,418	875	25	12,532	7,685	39,242	2.0
<b>Total 3<sup>rd</sup> countries</b>	<b>221,091</b>	<b>1,550</b>	<b>22,452</b>	<b>1,885</b>	<b>79</b>	<b>362,151</b>	<b>11,260</b>	<b>620,469</b>	<b>31.9</b>
<b>Total exports</b>	<b>298,326</b>	<b>375,440</b>	<b>51,663</b>	<b>54,066</b>	<b>87,204</b>	<b>1,039,877</b>	<b>35,626</b>	<b>1,942,203</b>	<b>100</b>

Jan - Dec 2015

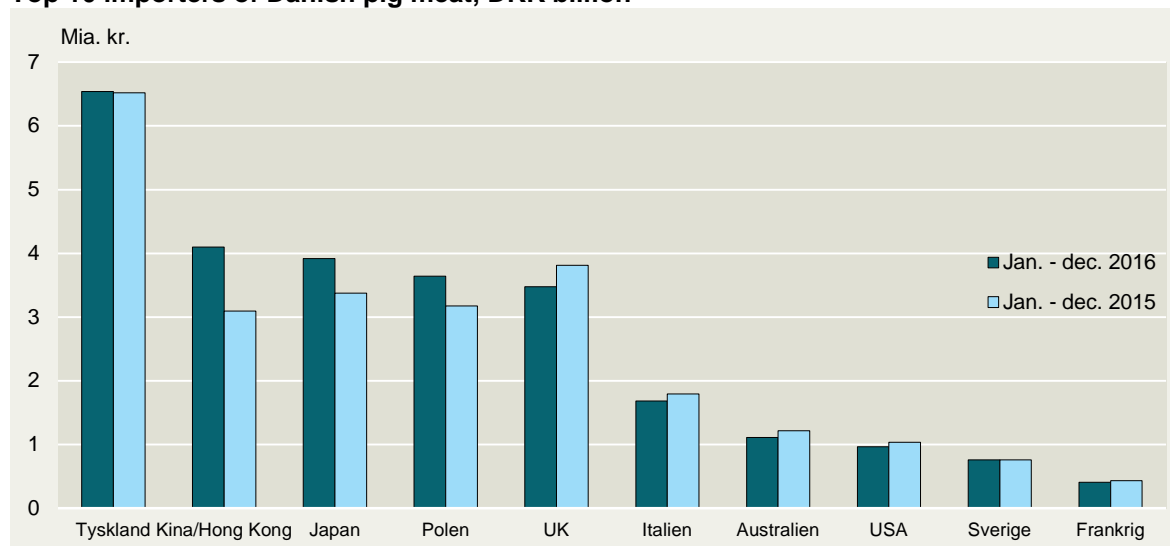
	By-products	Live pigs	Processed/canned	Bacon	Whole/half pig/sow	Cuts	Sausages	Total	%
Germany	37,175	219,836	11,480	274	73,433	262,713	2,903	607,814	30.6
Poland	1,728	133,080	101	17	0	132,833	1	267,761	13.5
UK	9,448	146	14,871	63,018	161	124,465	8,568	220,676	11.1
Italy	2,099	18,859	314	61	0	113,801	223	135,358	6.9
Sweden	9,433	16	2,784	1,423	0	19,395	4,379	37,430	1.9
Holland	15,419	6,655	170	18	0	7,489	169	29,920	1.5
France	4,138	743	965	266	0	14,658	1,169	21,938	1.1
Spain	303	2,554	1,142	651	301	7,001	1,311	13,263	0.7
Other EU	13,644	11,267	2,182	631	0	54,716	2,795	85,235	4.3
<b>Total EU</b>	<b>93,387</b>	<b>393,157</b>	<b>34,008</b>	<b>66,539</b>	<b>73,895</b>	<b>737,071</b>	<b>21,517</b>	<b>1,419,394</b>	<b>71.5</b>
China	177,148	62	0	0	51	66,816	0	244,077	12.3
Japan	1,752	5	4,461	250	0	113,846	1,920	122,233	6.2
Australia	617	0	183	302	0	57,982	59	59,143	3.0
USA	3,949	0	4,102	82	0	25,747	989	34,869	1.8
S Korea	1,238	8	3,240	0	0	15,165	303	19,954	1.0
Taiwan	1,284	0	10	0	0	16,078	4	17,375	0.9
Hong Kong	4,841	0	434	17	0	3,823	52	9,169	0.5
Philippines	4,175	3	516	0	0	1,213	1	5,909	0.3
Singapore	1,776	0	587	71	0	2,002	1,211	5,647	0.3
Other 3 <sup>rd</sup> countries	11,482	1,634	8,248	1,032	4	17,171	8,779	48,349	2.4
<b>Total 3<sup>rd</sup> countries</b>	<b>208,261</b>	<b>1,711</b>	<b>21,782</b>	<b>1,754</b>	<b>55</b>	<b>319,845</b>	<b>13,318</b>	<b>566,726</b>	<b>28.5</b>
<b>Total exports</b>	<b>301,648</b>	<b>394,868</b>	<b>55,790</b>	<b>68,113</b>	<b>73,950</b>	<b>1,056,916</b>	<b>34,834</b>	<b>1,986,120</b>	<b>100</b>

### Top 10 importers of Danish pig meat in terms of value

The following chart shows the top 10 countries for Danish pig meat exports ranked according to value (January-December 2016). All pig meat (including live pigs) is included in the figures.

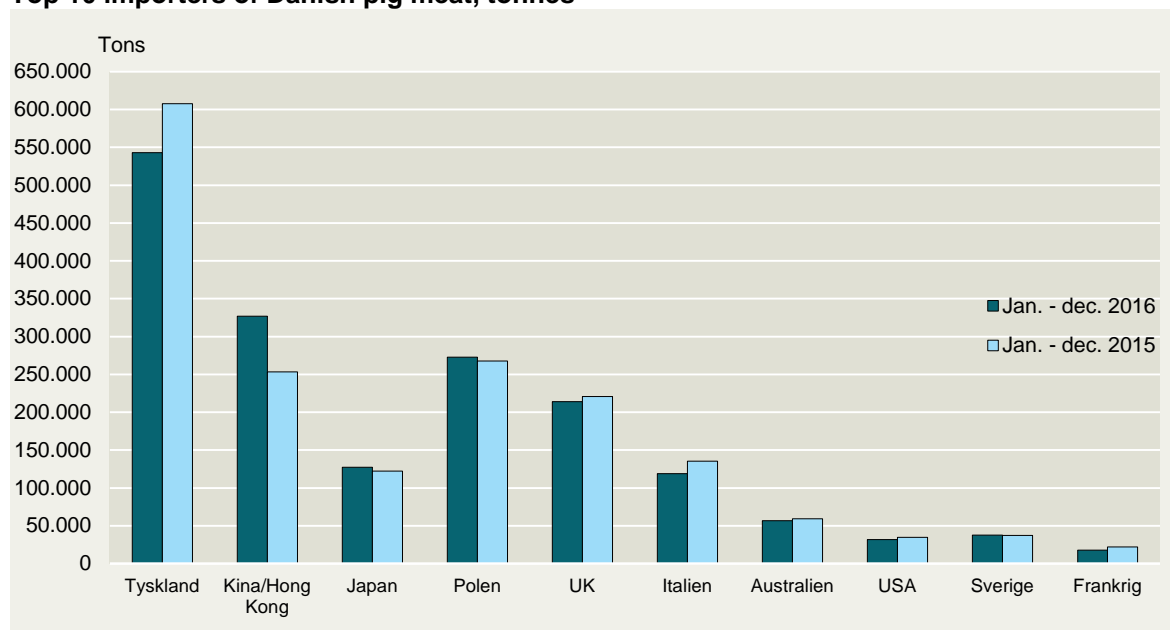
Country	Jan - Dec 2016		Jan-Dec 2015	
	Value in DKK billion	Tonnes	Value in DKK billion	Tonnes
Germany	6.5	542,966	6.5	607,814
China/Hong Kong	4.1	326,769	3.1	253,246
Japan	3.9	127,488	3.4	122,233
Poland	3.6	272,620	3.2	267,761
UK	3.5	214,121	3.8	220,676
Italy	1.7	118,935	1.8	135,358
Australia	1.1	56,827	1.2	59,143
USA	1.0	31,730	1.0	34,869
Sweden	0.8	37,776	0.8	37,430
France	0.4	17,905	0.4	21,938
<b>Top 10 total</b>	<b>26.6</b>	<b>1,747,135</b>	<b>25.2</b>	<b>1,760,468</b>
Other countries	3.5	195,067	3.7	225,652
<b>Total</b>	<b>30.1</b>	<b>1,942,203</b>	<b>28.9</b>	<b>1,986,120</b>

### Top 10 importers of Danish pig meat, DKK billion



Germany; China/Hong Kong; Japan; Poland, UK, Italy, Australia, USA, Sweden France

### Top 10 importers of Danish pig meat, tonnes



 **MEXICO**
**Increased pig meat exports in 2016**

Mexico's pig meat exports reached 432,000 tonnes in 2016 against 395,000 tonnes in 2015, reports pig333. The most important export market was Japan which accounted for 80% of exports, followed by South Korea and China.

Mexico expects to increase exports of by-products to China and negotiations are underway between the authorities in the two countries to determine the requirements Mexican exporters are expected to meet.

The increase in Mexican pig meat exports coincides with record imports of pig meat to Mexico from the U.S.

According to figures from the Mexican authorities, Mexican pig meat production rose by 3.8% in 2016 to 1,364 million tonnes. Consumption of pig meat in Mexico amounted to 16.3 kg per capita in 2016.

 **USA**
**Significant exports of pig meat to Mexico**

U.S. exports of pig meat to Mexico continue to rise.

International news media report that U.S. exports of pig meat to Mexico in January 2017 were 36% higher compared to January 2016. At 457 million lbs, U.S. global exports of pig meat in January were 19% up on January 2016.

U.S. exports to South Korea also increased, while exports to China remained unchanged on the year.

U.S. exports of pig meat reached record levels in 2016 and accounted for 25.8% of U.S. pig meat production. Measured in tonnes, Mexico is the largest export market for U.S. pig meat while Japan is the largest in terms of value.

 **RUSSIA**
**The 20 largest pig producers account for almost half the pig production**

The 20 largest pig producers in Russia account for more than 60% of professional pig production and 48% of total pig production in Russia.

According to the Russian Ministry of Agriculture, Russia produced 4.35 million tonnes of pig meat in 2016, a rise of 9% compared to 2015. The pig population increased by 2.5% and reached 22.03 million in 2016. In recent years, the production structure has changed significantly. In 2012, production from companies accounted for 62% of total Russian production. In 2016, this increased to 89%.

The Russian government expects that by 2020, the pig population will amount to 24.46 million and that pig production will reach 4.95 million. Of this, production from the 20 largest producers will represent 86%.

The leading pig producer in Russia is still Miratorg whose production accounts for 11.5% of the total pig production from professional pig producers. Last year, Miratorg's production increased by 9% and thus reached 409,000 tonnes (live weight). The other major pig producer is Rusagro, whose production increased by 1% to 190,000 tonnes and represented 5.3% of overall professional pig production in Russia. The third largest producer in 2016 was Cherkizovo with a production of 184,800 tonnes, a rise of 9% compared to the previous year.

 **RUSSIA****Support for new pig production in remote areas**

According to Pig333, Russia's Ministry of Agriculture is considering starting a project to provide financial support for the establishment of pig production in the sparsely populated areas of the country where activity is low or non-existent.

The support will be targeted at pig production with at least 2,400 sows and an annual production capacity of 50,000 pigs – a production target that must be achieved one year after establishment.

The Ministry is willing to extend special support for herds established in the northern part of the country, north of the Arctic Circle where pig meat production is almost non-existent today. In this region support will be extended for the establishment of pig herds with at least 100 sows and an annual capacity for the production of 3,000 pigs. In this case, investors will have two years to meet this production target.

The main reason for the desired growth in pig production is China. The Russian authorities see good opportunities in increasing pig meat exports to the country.

 **JORDAN****Foot & Mouth disease**

Last week, the authorities in Jordan reported three outbreaks of Foot & Mouth disease. Some 35 head of cattle, 150 goats and 1,900 sheep have been affected by the outbreak.

 **ZIMBABWE****Foot & Mouth disease**

Last week, the authorities in Zimbabwe reported five outbreaks of Foot & Mouth disease. Some 11,111 head of cattle have been affected.