

MARKET NEWS for pig meat



Market analysis

10 April 2017

Week 15

MARKET SITUATION

Europe: Trading in fresh legs and other cuts is at unchanged or slightly increasing prices this week.

UK: Trading is stable.

Good demand is reported for markets outside Europe. However, higher European prices mean quiet and stable trade to China, Japan and South Korea.

SLAUGHTERINGS DENMARK

	Week 11	Week 12	Week 13	Week 1-13 2017/2016
Total	332,400	333,042	347,167	-4.3 %

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)	11.00	11.00
Sows (above 130 kg)	8.40	8.40

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	419.88	387.55
SPF+Myc	424.88	392.55
SPF	428.88	396.55
Organic	1038.79	1067.34
Market prices SPF region 1		
PRRS negative	515.00	418.00
PRRS positive	510.00	400.00
Market prices SPF region 2/3		
PRRS negative	515.00	418.00
PRRS positive	510.00	400.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	12.03 kr/kg	7.43 kr/kg	7.20 kr/kg	6.09 kr/kg	6.14 kr/kg

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	7/4	31/3	Change	7/4	31/3	Change
2017						
Apr	63.33	65.68	-2.35	1.58	1.58	0.00
May	69.00	69.85	-0.85	1.64	1.64	0.00
Jun	72.78	73.85	-1.07	1.66	1.66	0.00
Jul	73.25	74.03	-0.78	1.70	1.70	0.00
Aug	73.28	73.75	-0.47	1.70	1.70	0.00
Sep	-	-	-	1.70	1.70	-
Oct	64.45	64.78	-0.33	-	-	-
Nov	-	-	-	-	-	-
Dec	60.60	60.70	-0.10	-	-	-
2018						
Jan	-	-	-	-	-	-
Feb	63.83	63.85	-0.02	-	-	-
Mar	67.30	66.83	+0.47	-	-	-
Apr	71.98	71.53	+0.45	-	-	-
May	74.43	74.80	-0.37	-	-	-
Jun	75.70	75.05	+0.65	-	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = €6.9956				Conversion factor DKK/kg: € = 7.4363		



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 2 April – 9 April		Year to date 1 January – 9 April	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		4	0	264
Latvia		13	2	215
Lithuania		8	1	143
Poland		9	0	95
Italy	2	1	9	28
Ukraine	3		58	4



RUSSIA

African Swine Fever

Last week, the authorities in Russia reported two new cases of African Swine Fever at two small pig farms in the western part of the country.



Compensation for Polish farmers for losses caused by African Swine Fever

Agra Europe reports that pig producers in Poland are to benefit from exceptional EU support measures to compensate them for losses caused by ASF in the second half of 2016.

For sows, the compensation will amount to €0.34 per kg slaughter weight, while compensation for other pigs will range between €0.23 and €0.46 per kg depending on the weight of the animal.

The EU will bear 50% of the costs, which cover a maximum of 50,000 pigs. Producers are only entitled to receive compensation if their farms are located in an area where measures against ASF have been applied. Culling must have taken place between 1 August and 30 November 2016.

The EU Commission has stipulated that the subsidy – along with the restrictions on the movement of animals in the affected areas – should help prevent any further spread of infection.



Call for centralised approach to combat African Swine Fever

Agra Europe reports that the Russian veterinary service, Rosselkhoz nadzor, is calling for increased centralisation to combat African Swine Fever. Rosselkhoz nadzor views the latest outbreak of ASF in Siberia as a weakness in the current decentralised veterinary system, which was launched after the split of the Soviet Union.

In a statement last week, Rosselkhoz nadzor blames the local authorities in Irkutsk for the latest outbreak. The head of Rosselkhoz nadzor, Sergey Dankvert, says that the region has committed a number of errors over the past year that have contributed to the latest outbreak. He singled out inadequate quarantine periods and sub-standard transport controls.



Slight increase in the number of slaughterhouses in 2016

AHDB reports a slight increase in the number of pig slaughterhouses in England, with the latest figures showing 118, two more than in 2015.

Apart from the last two years, the industry has been seeing a long-term trend of declining numbers of pig slaughterhouses. Structural adjustments mean that 12 plants slaughtered over 100,000 head, accounting for nearly 90% of total throughput.

In 2016, there were 14 specialised pig slaughterhouses in the UK, which is the same as in 2015.



 **HOLLAND**
Vion posts €31 million profit for the 2016 financial year

The Dutch meat group, Vion, has announced profits of €31 million for the 2016 financial year compared to \$22 million in 2015.

 **SPAIN/**  **SWITZERLAND**
Swiss Bell invests in Spanish processing company

The Swiss Bell Group is to acquire the Spanish processing company, Nobleza Ibérica, which specialises in the production of Ibérico hams and charcuteri.

The company, which is based in Extremadura, produces 150,000 hams and 1,000 tonnes charcuteri products per year.

Bell plans to establish a new factory for the production of Serrano hams in the town of Fuensalida close to Madrid.

 **NORWAY/**  **EU**
EU and Norway agree trade in agricultural products

The EU and Norway have signed a new trading agreement in agricultural products.

However, as regards pig meat, the agreement contains no major news. Only modest quantities of pig meat can be exported from the EU to Norway under the Norwegian quota system.

 **CHINA**
Wens expects weaker results for Q1 2017

Asian Agribusiness reports that Guangdong Wens Foodstuff Group, the largest livestock producer in China, is expecting a 55% year-on-year decline in profits in the first quarter of 2017. This is due to the contraction in pig prices and the impact of avian flu on its poultry business.

The company also announced that Vice Chairman and CEO Wen Zhifen has been appointed Chairman, replacing his elder brother Wen Pengcheng.

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 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.

 **BRAZIL**
Crisis in meat industry almost over

The Brazilian meat sector has all but returned to normal following the meat scandal that hit the country in mid-March.

Reuters news agency reports that the Brazilian meat sector expects to return to normal export levels during April. Last month, beef exports were 8% down on the year.

The Brazilian authorities are also lifting their export ban on Brazilian meat plants, which was imposed on more than 20 facilities in the wake of the scandal.

 **ALGERIA****Foot and Mouth disease**

Last week, the authorities in Algeria reported two outbreaks of Foot and Mouth disease. 16 head of cattle have been affected. The outbreak occurred in the north of the country.

As this is the first time for the type A strain of the virus to occur in Algeria, vaccines are not yet available.

Contingency measures have been tightened in Spain near the border with North Africa.

 **MONGOLIA****Foot and Mouth disease**

Last week, the authorities in Mongolia reported 12 cases of Foot and Mouth disease. 2,322 head of cattle, 38 goats and 321 sheep have been affected by the outbreak, which occurred in the east of the country..