

# MARKET NEWS for pig meat



Market analysis

18 April 2017

Week 16

## MARKET SITUATION

Europe: Trading in fresh legs and other cuts is at unchanged 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

	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.

Slaughtering figures for week 14 are not yet available.

## PIG PRICES

### Finished pigs and sows

Kr./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	389.22
SPF+Myc	424.88	394.22
SPF	428.88	398.22
Organic	1038.79	1067.43
<b>Market prices SPF region 1</b>		
PRRS negative	530.00	421.00
PRRS positive	525.00	404.00
<b>Market prices SPF region 2/3</b>		
PRRS negative	530.00	421.00
PRRS positive	525.00	404.00

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)		
	13/4	7/4	Change	13/4	7/4	Change
<b>2017</b>						
Apr	62.45	63.33	-0.88	1.69	1.58	+0.11
May	68.30	69.00	-0.70	1.69	1.64	+0.05
Jun	72.50	72.78	-0.28	1.71	1.66	+0.05
Jul	73.63	73.25	+0.38	1.75	1.70	+0.05
Aug	74.18	73.28	+0.90	1.75	1.70	+0.05
Sep	-	-	-	1.75	1.70	+0.05
Oct	65.18	64.45	+0.73	-	-	-
Nov	-	-	-	-	-	-
Dec	61.45	60.60	+0.85	-	-	-
<b>2018</b>						
Jan	-	-	-	-	-	-
Feb	64.90	63.83	+1.07	-	-	-
Mar	68.30	67.30	+1.00	-	-	-
Apr	72.90	71.98	+0.92	-	-	-
May	76.45	74.43	+2.02	-	-	-
Jun	75.55	75.70	-0.15	-	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = €7,0126				Conversion factor DKK/kg: € = 7.4369		



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
<b>Estonia</b>		4	0	264
<b>Latvia</b>		13	2	215
<b>Lithuania</b>		8	1	143
<b>Poland</b>		9	0	95
<b>Italy</b>	2	1	9	28
<b>Ukraine</b>	3		58	4


**Denmark's pig meat exports, tonnes**
**Jan 2017**

	By-products	Live pigs	Processed/canned	Bacon	Whole/half pig/sow	Cuts	Sausages	Total	%
Germany	2,414	15,092	679	8	7,311	22,785	257	48,546	30.1
Poland	407	13,039	10	0	0	8,488	1	21,945	13.6
UK	812	42	836	3,467	0	11,287	786	17,230	10.7
Italy	129	1,419	41	4	0	7,908	16	9,518	5.9
Sweden	924	2	145	99	0	1,358	373	2,902	1.8
Holland	809	693	15	2	0	513	25	2,058	1.3
Spain	48	589	90	39	0	651	160	1,577	1.0
France	119	153	88	24	0	979	78	1,441	0.9
Other EU	1,600	1,076	250	6	0	3,566	269	6,767	4.2
<b>Total EU</b>	<b>7,262</b>	<b>32,106</b>	<b>2,153</b>	<b>3,650</b>	<b>7,311</b>	<b>57,535</b>	<b>1,965</b>	<b>111,983</b>	<b>69.4</b>
China	15,987	0	0	0	0	8,885	0	24,872	15.4
Japan	457	4	353	0	0	7,395	149	8,358	5.2
Australia	0	0	24	25	0	4,902	0	4,951	3.1
USA	188	0	602	24	0	1,371	63	2,247	1.4
S Korea	211	0	134	0	0	1,547	20	1,911	1.2
Taiwan	175	0	0	0	0	1,251	0	1,426	0.9
Philippines	1,149	0	17	0	0	189	0	1,355	0.8
Hong Kong	292	0	33	0	0	399	18	741	0.5
Thailand	335	25	0	0	0	0	0	360	0.2
Other 3 <sup>rd</sup> Countries	895	77	681	77	0	1,000	446	3,176	2.0
<b>Total 3<sup>rd</sup> countries</b>	<b>19,688</b>	<b>106</b>	<b>1,843</b>	<b>126</b>	<b>0</b>	<b>26,938</b>	<b>696</b>	<b>49,397</b>	<b>30.6</b>
<b>Total exports</b>	<b>26,950</b>	<b>32,212</b>	<b>3,996</b>	<b>3,776</b>	<b>7,312</b>	<b>84,473</b>	<b>2,661</b>	<b>161,380</b>	<b>100</b>

**Jan 2016**

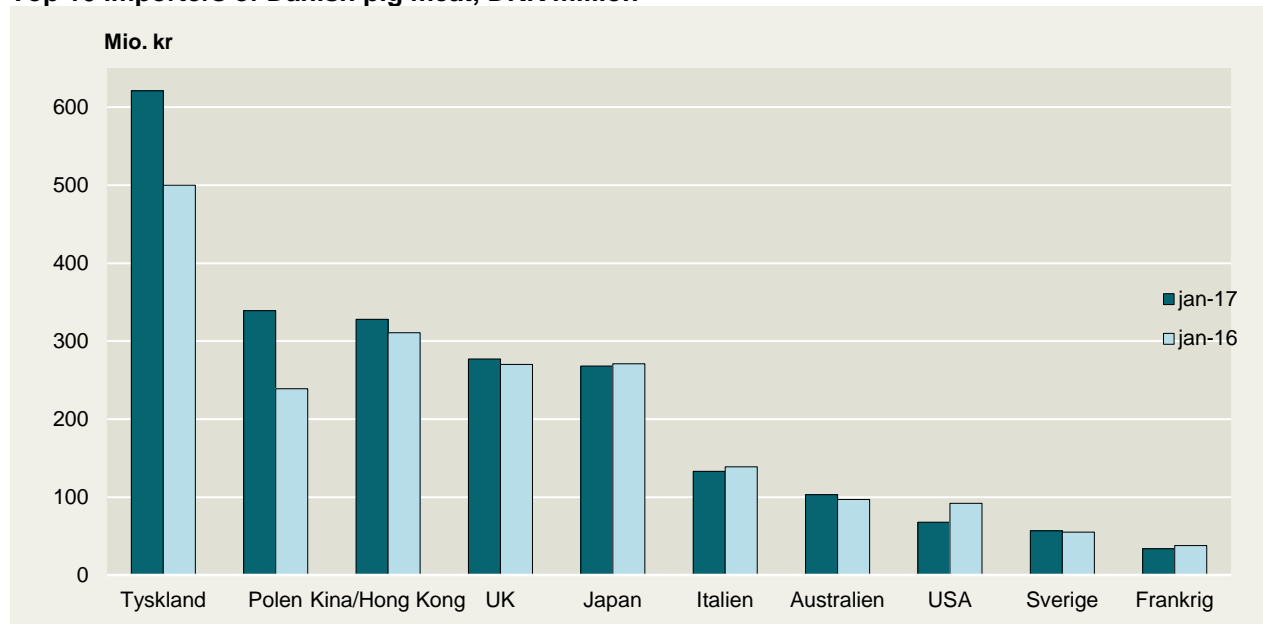
	By-products	Live pigs	Processed/canned	Bacon	Whole/half Pig/sow	Cuts	Sausages	Total	%
Germany	2,053	16,815	916	19	7,827	20,923	232	48,786	30.3
Poland	68	10,553	1	1	0	9,918	1	20,541	12.8
UK	637	28	1,027	4,359	0	10,463	680	17,194	10.7
Italy	146	1,716	7	2	0	9,280	23	11,174	6.9
Sweden	781	2	140	132	0	1,503	406	2,963	1.8
Holland	1,498	749	16	3	0	433	15	2,714	1.7
France	291	101	90	15	0	1,373	63	1,933	0.2
Spain	54	129	179	256	0	514	180	1,312	0.8
Other EU	1,064	998	137	27	0	3,098	246	5,569	3.5
<b>Total EU</b>	<b>6,591</b>	<b>31,089</b>	<b>2,514</b>	<b>4,816</b>	<b>7,827</b>	<b>57,505</b>	<b>1,845</b>	<b>112,188</b>	<b>69.7</b>
China	16,347	0	0	0	0	8,578	0	24,925	15.5
Japan	266	1	327	0	0	8,897	133	9,624	6.0
Australia	24	0	0	0	0	4,901	0	4,924	3.1
USA	442	0	396	24	0	2,265	20	3,147	2.0
S Korea	175	0	175	0	0	921	0	1,271	0.8
Hong Kong	543	0	22	0	0	132	4	701	0.4
Taiwan	0	0	0	0	0	601	0	601	0.4
Singapore	151	0	6	12	0	231	60	459	0.3
Panama	0	0	300	0	0	0	0	300	0.2
Other 3 <sup>rd</sup> Countries	989	102	346	48	0	872	412	2,768	1.7
<b>Total 3<sup>rd</sup> countries</b>	<b>18,937</b>	<b>104</b>	<b>1,571</b>	<b>84</b>	<b>2</b>	<b>27,396</b>	<b>630</b>	<b>48,724</b>	<b>30.3</b>
<b>Total exports</b>	<b>25,527</b>	<b>31,193</b>	<b>4,085</b>	<b>4,900</b>	<b>7,830</b>	<b>84,902</b>	<b>2,476</b>	<b>160,912</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 for January 2017. All pig meat (including live pigs) is included in the figures.

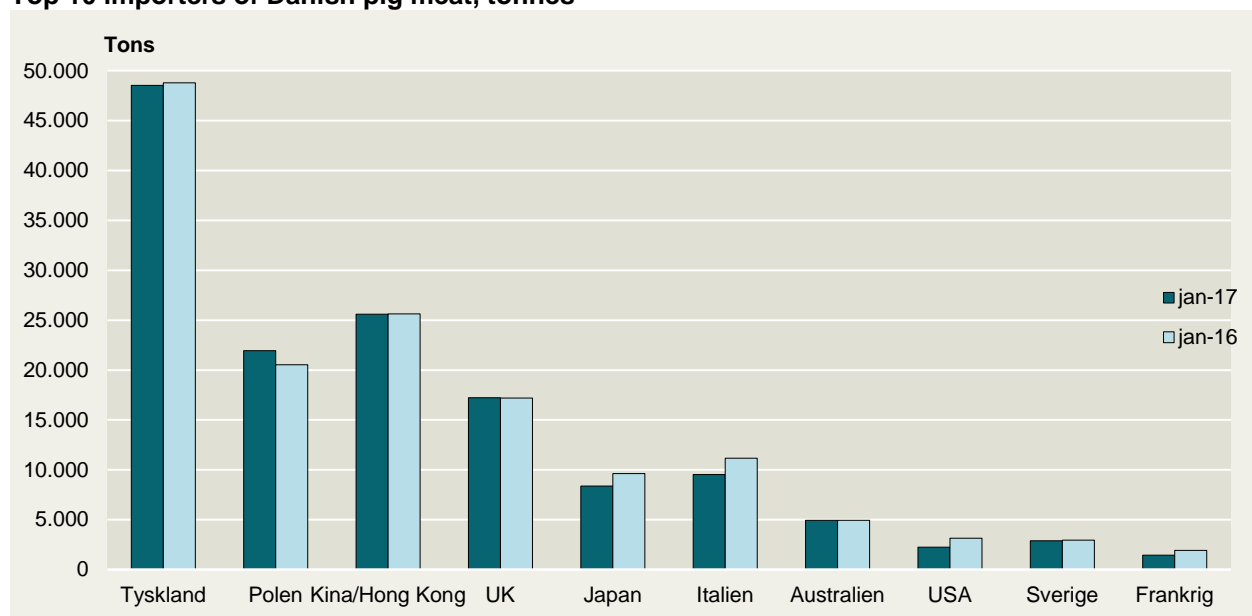
Country	Jan. 2017		Jan. 2016	
	Value in DKK million	Tonnes	Value in DKK million	Tonnes
Germany	621	48,546	500	48,786
Poland	339	21,945	239	20,541
China/Hong Kong	328	25,613	311	25,627
UK	277	17,230	270	17,194
Japan	268	8,358	271	9,624
Italy	133	9,518	139	11,174
Australia	103	4,951	97	4,924
USA	68	2,247	92	3,147
Sweden	57	2,902	55	2,963
France	34	1,441	38	1,933
<b>Top 10 total</b>	<b>2,228</b>	<b>142,750</b>	<b>2,012</b>	<b>145,914</b>
Other countries	308	18,630	236	14,997
<b>Total</b>	<b>2,536</b>	<b>161,380</b>	<b>2,248</b>	<b>160,912</b>

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



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

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



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



## GLOBAL

### Forecast production, consumption and trade in pork in 2017

Last week, the USDA updated its forecasts for the production, consumption and trade in pig meat for 2017 for a number of countries across the world.

The figures cover a number of selected countries and production, consumption and trade are calculated in carcase weight. Trade only covers fresh/frozen pig meat. The significant Chinese imports of by-products are thus not included in the import/export figures.

#### Pig meat production

Compared to the USDA's previous forecast from October 2016, there has been a sharp decline in the forecast Chinese production for 2017. Whereas in October, the USDA expected a rise of 4 per cent in Chinese production in 2017, the USDA now expects a slight decline. This is due to environmental regulations.

For the selected countries as a whole, however, the USDA expects a rise in pig meat production in 2017 of 1 per cent. Increased production for the US, Brazil, Russia, Philippines and South Korea is thus expected to more than offset the slight fall in Chinese production.

Production in 1,000 tonnes	2013	2014	2015	2016	Forecast 2017	% change 2017:2016
China	54,930	56,710	54,870	52,990	52,750	0
EU	22,359	22,540	23,249	23,400	23,450	0
USA	10,525	10,368	11,121	11,319	11,844	5
Brazil	3,335	3,400	3,519	3,700	3,815	3
Russia	2,400	2,510	2,615	2,870	3,000	5
Vietnam	2,357	2,431	2,572	2,675	2,750	3
Canada	1,822	1,805	1,899	1,955	1,950	0
Philippines	1,388	1,402	1,463	1,540	1,610	5
Mexico	1,284	1,290	1,323	1,376	1,420	3
Japan	1,309	1,264	1,254	1,279	1,270	-1
South Korea	1,252	1,200	1,217	1,266	1,305	3
<b>Total – selected countries</b>	<b>102,961</b>	<b>104,920</b>	<b>105,102</b>	<b>104,370</b>	<b>105,164</b>	<b>1</b>

Consumption in 1,000 tonnes	2013	2014	2015	2016	Forecast 2017	% Change 2017:2016
China	55,456	57,194	55,668	54,980	54,875	0
EU	20,147	20,390	20,872	20,286	20,162	-1
USA	8,665	8,545	9,341	9,477	9,688	2
Russia	3,267	3,024	3,016	3,192	3,275	3
Brazil	2,751	2,846	2,893	2,870	2,917	2
Japan	2,549	2,543	2,568	2,626	2,624	0
Vietnam	2,341	2,414	2,550	2,650	2,730	3
Mexico	1,956	1,991	2,176	2,256	2,360	5
South Korea	1,628	1,660	1,813	1,894	1,931	2
Philippines	1,559	1,600	1,637	1,734	1,824	5
Taiwan	892	875	937	902	898	0
<b>Total – selected countries</b>	<b>101,211</b>	<b>103,082</b>	<b>103,471</b>	<b>102,867</b>	<b>103,284</b>	<b>0</b>

#### Trade in pig meat

Chinese imports of pig meat (excl. by-products) rose significantly in 2016 and USDA expects a further modest rise in Chinese imports in 2017. Mexico is also expected to increase its imports in 2017. In this respect, lower U.S. pig meat prices are expected to boost Mexican imports.

As regards Japan and South Korea, the USDA expects stable pig meat imports in 2017 compared to 2016. For Australia and the Philippines, the USDA expects a rise in imports in 2017.

Of the major exporters of pig meat, the EU, USA and Brazil are all expected to increase their exports in 2017 while exports from Canada are expected to remain unchanged.

Imports in 1,000 tonnes	2013	2014	2015	2016	Forecast 2017	% change 2017:2016
Japan	1,223	1,332	1,270	1,361	1,350	-1
China	770	761	1,029	2,181	2,300	5
Mexico	783	818	981	1,021	1,100	8
South Korea	388	480	599	615	630	2
USA	399	459	506	495	474	-4
Hong Kong	399	347	397	429	450	5
Russia	868	515	408	347	300	-14
Australia	183	191	220	210	230	10
Canada	220	214	216	215	215	0
Philippines	172	199	175	195	215	10
Singapore	98	117	116	117	120	3
<b>Total – selected countries</b>	<b>5,503</b>	<b>5,433</b>	<b>5,917</b>	<b>7,186</b>	<b>7,384</b>	<b>3</b>

Exports in 1,000 tonnes	2013	2014	2015	2016	Forecast 2017	% change 2017:2016
EU	2,227	2,164	2,389	3,126	3,300	6
USA	2,262	2,309	2,272	2,374	2,572	8
Canada	1,246	1,220	1,239	1,319	1,300	-1
Brazil	585	556	627	832	900	8
China	244	277	231	191	175	-8
Chile	164	163	178	173	180	4
Mexico	111	117	128	141	160	13
Australia	36	37	36	38	40	5
Vietnam	22	21	30	35	35	0
South Africa	4	13	17	14	14	0
Russia	1	1	7	25	25	0
<b>Total – selected countries</b>	<b>6,902</b>	<b>6,878</b>	<b>7,154</b>	<b>8,268</b>	<b>8,701</b>	<b>5</b>

 **USA**
**U.S. beef for China**

Reuters news agency and Asian Agribusiness report that during President Trump's meeting with Chinese President Xi Jinping, the Chinese President promised that China would reopen its market to US beef imports.

In September, China lifted a ban from 2003 on shipments of some US beef products. However, Chinese requirements for an acceptably traceable U.S. beef supply have so far held up sales.

 **USA**
**NPPC assigns free trade agreement with Japan as the highest priority**

In the past week, the U.S. National Pork Producers Council (NPPC) have stated that they want an American free trade agreement with Japan as the top priority on their wish list for the Trump administration.

NPPC's Vice-President Nick Giordano has voiced concern over the speed at which the EU is currently negotiating free trade agreements around the world. He believes that it is crucial for the U.S. to start negotiating with Japan. Otherwise, there is a risk that U.S. pig meat will lose market shares in the Japanese market.

In addition, the NPPC wants the Americans to stick to the free trade agreements with Mexico and Canada under NAFTA. New trade agreements in Asia are also high on the NPPC's wish list. Moreover, the NPPC welcomes the prospect of a future free trade agreement between the U.S. and the UK.

 **USA**
**Smithfield establishes Bioscience unit**

Reuters reports that Smithfield Foods has established a separate bioscience unit, Smithfield Bioscience.

The aim is to optimise the use of pigs for the medical industry, e.g. eventually using pig organs for transplantation in humans.

 **RUSSIA**
**Cherkizovo acquires grain production**

The Russian meat and feed producer, Cherkizovo, announced last week that they are to acquire the company, NAPKO, with 147,000 hectares of agricultural land in the Lipetsk, Tambov and Penza regions. In 2016, NAPKO produced 250,000 tonnes grain.

With the acquisition, Cherkizovo expects to increase its self-sufficiency in grain to 60% from the current 30% over the next five years and to reduce production costs.

 **RUSSIA**
**Miratorg to invest \$207 million in various projects in the Kursk region**

ABH Miratorg, a leading player in the Russian meat market, has announced that they have signed an investment agreement with the regional authorities in Kursk, which will pave the way for an expected investment of 11.7 billion roubles (\$207 million) in various projects in the region.

Among the initial projects will be the establishment of a new pig production operation in Pristenskiy and a breeding farm in Oboyan.

Miratorg already has pig, beef and dairy operations in the Kursk region. Pig meat activities in the region amount to 412,000 tonnes per year.

 **CHINA**
**Beijing DBN expects pig production to triple in 2017**

Asian Agribusiness reports that the Chinese feed producer, Beijing Technology Group, is expected to produce about 1.2 million pigs this year, up from 400,000 head in 2016. Meanwhile, the company expects its sow stock to increase from 48,000 to 200,000 head.

In March, Beijing Technology Group acquired a 100% stake in the US pig breeding firm, Waldo, for USD 16.5 million.

 **THAILAND/ VIETNAM**
**Charoen Pokhand Group expects decline in earnings due to lower pig prices in Vietnam**

The Thai company, Charoen Pokhand Group (CP Group), expects a decline in earnings for the current quarter because of a fall in pig prices in Vietnam.

Earnings of \$10 to \$15 million are expected for this quarter. Last year, the result for the quarter was \$63.8 million.

Investments in the Vietnamese agricultural sector constitute one of the three main revenue sources for the Charoen Pokhand Group.

Last month, the Charoen Pokhand Group announced new plans for major investments in the Philippines over the next five years in order to produce pig meat and poultry for both the local Philippine market and for export.

 **PORTUGAL**
**High level of MRSA in Portuguese pigs**

Agra Europe reports that a new survey in Portugal on the prevalence of MRSA registered a high level of MRSA in Portuguese pigs.

Based on tests from two unconnected pig farms, MRSA was found in 99% of pigs (100/101), 80% of employees (4/5) and 25% of people in farming households (1/4).

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

Last week, the authorities in Algeria reported one case of Foot and Mouth disease. Two cattle have been affected by the disease. The outbreak was in the north of the country.

 **ZAMBIA**
**Foot and Mouth disease**

Last week, the authorities in Zambia reported one case of Foot & Mouth disease. 148 cattle have been affected. The outbreak was in the north-east of the country, close to the border with Tanzania.