

# MARKET NEWS for pig meat



Market analysis

30 May 2017

Week 22

## MARKET SITUATION

Europe: Trading in fresh legs is at unchanged prices this week. As regards other cuts, trading is also at unchanged prices.

UK: Trading is good and stable.

Calm trading is reported for China and Japan.

## SLAUGHTERINGS DENMARK

	Week 18	Week 19	Week 20	Week 1-20 2017/2016
Total	307,888	303,795	338,348	-6.5 %

**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)	11.60	11.60
Sows (above 130 kg)	8.20	8.20

### Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	446.02	399.18
SPF+Myc	451.02	404.18
SPF	455.02	408.18
Organic	1061.93	1068.04
<b>Market prices SPF region 1</b>		
PRRS negative	555.00	443.00
PRRS positive	550.00	427.00
<b>Market prices SPF region 2/3</b>		
PRRS negative	555.00	443.00
PRRS positive	550.00	427.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	12.83 kr/kg	7.53 kr/kg	7.60 kr/kg	6.28 kr/kg	6.34 kr/kg

## FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	26/5	19/5	Change	26/5	19/5	Change
<b>2017</b>						
Jun	81.83	79.50	+2.33	1.74	1.74	0.00
Jul	81.90	80.18	+1.72	1.75	1.75	0.00
Aug	81.30	79.23	+2.07	1.75	1.75	0.00
Sep	-	-	-	1.75	1.75	0.00
Oct	68.23	67.90	+0.33	1.75	1.75	0.00
Nov	-	-	-	1.75	-	-
Dec	62.18	62.00	+0.18	-	-	-
<b>2018</b>						
Jan	-	-	-	-	-	-
Feb	65.83	65.73	+0.10	-	-	-
Mar	69.05	69.20	-0.15	-	-	-
Apr	73.20	73.53	-0.33	-	-	-
May	76.83	77.18	-0.35	-	-	-
Jun	76.13	76.43	-0.30	-	-	-
Jul	75.40	75.75	-0.35	-	-	-
Aug	67.00	69.25	-2.25	-	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = €6.6484				Conversion factor DKK/kg: € = 7.4415		



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 7 May – 14 May		Year to date 1 January – 14 May	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		2	0	295
Latvia		24	2	278
Lithuania		5	1	176
Poland		22	0	141
Italy			9	28
Ukraine			61	5



RUSSIA

### Government calls for reduction in wild boar population

Weekly Tribune reports that the Russian government has ordered the local administrations in 24 of the country's regions to reduce the local wild boar population, i.e. by one wild boar per 4,000 hectares in order to reduce the risk of African Swine Fever spreading.

Preliminary calculations show that this could mean a reduction of between 4,800 and 7,200 wild boar in the regions.

 **RUSSIA**
**Russia attempts to keep the Crimea African Swine Fever-free**

In an effort to keep commercial pig production in the Crimea free of African Swine Fever, the Russian authorities have announced a range of quarantine measures in a further three districts following outbreaks of ASF among wild boar.

According to official figures, the Crimea's pig population totalled 162,900 pigs as at 1 January 2014.

 **RUSSIA**
**Increased powers for Rosselkhoznador**

The Russian government recently extended the Russian veterinary authorities' (Rosselkhoznador) powers to carry out unannounced inspections of pig farms without the approval of the region's authorities.

The management of Rosselkhoznador previously complained about their lack of authority, which has prevented the effective prevention of African Swine Fever.

Source: PigProgress

 **POLAND**
**Calls for Aujeszky's disease-free status for a number of regions in Poland**

Poland has called on the EU Commission to declare a number of regions in the country free of Aujeszky's disease with a ban on vaccination.

 **USA**
**NPPC: Withdrawing from NAFTA could prove costly for US pig production**

The National Pork Producers Council (NPPC) published a report last week setting out the significant benefits that US pig producers enjoy under the current NAFTA agreement between the United States, Canada and Mexico.

The NPPC report follows in the wake of President Trump's statement last week that he wants to renegotiate the NAFTA agreement to better serve American interests.

According to the NPPC report, US pig meat exports have increased by 1,300 per cent since 1989 when a free trade agreement with Canada was implemented. Mexico and Canada currently account for more than 40 per cent of US exports of pig meat and around 15 per cent of all US pig meat production.

It also appears from the report that if Mexico were to impose a 20% duty on US pig meat while providing duty-free access to pig meat from Canada and the EU, the US would risk losing its entire pig meat exports to Mexico. According to the report, even taking into account alternative export markets for US pig meat, it would mean a net loss of 600,000 tonnes, corresponding to 5% of US pig production.

 **BRAZIL**
**Joseley Batista steps down as JBS Chairman**

On Friday last week, JBS announced that Joseley Batista is stepping down as Chairman of the JBS board. He will be replaced by Tarek Farahat, a former Procter & Gamble senior executive and a current member of the JBS board.

JBS has also announced that Joseley's brother, Wesley Batista, will step down as Vice-Chairman of the board and will be replaced by his father, José Batista Sobrinho. Wesley Batista will, however, remain as CEO and maintain a seat on the JBS board.

The resignations as Chairman and Vice-Chairman follow the brothers' testimony that they bribed hundreds of Brazilian politicians and civil servants. Last week, Joseley unleashed a political crisis in the country by accusing President Michel Temer of endorsing corruption. .

Reuters reports that the Batista brothers are under severe pressure from minority shareholders and Brazil's development bank, BNDES, to step back from the company.

The two brothers have agreed to a plea bargain with prosecutors. Meanwhile, the family's holding company, J&F Investimentos SA – the controlling shareholder of JBS – is awaiting a possible fine. A proposal from J&F to pay a \$1.2 billion fine was rejected by the prosecutors' office.

JBS shares have been on a roller-coaster in recent weeks. Immediately following the new accusations against the Brazilian President, the shares fell by 30 per cent but then rose by more than 20 per cent in the light of rumours about a possible takeover/sale of the company.

The Brazilian Minister of Agriculture also stated in the media that he has long been concerned about the extent of JBS's operations. At the same time, the minister criticised BNDES for helping JBS to build a dominant position in the Brazilian market.

The media are currently speculating that a number of JBS's competitors are set to benefit from JBS's downturn.

## VIETNAM

### **Vietnam is close to reaching a trade agreement with China**

According to Vietnam's Deputy Minister of Agriculture who was on an official visit to China last week, Vietnam is close to reaching a trading agreement with China, which could mean that Vietnam will be able to export pig meat to China.

According to a spokesman from the Vietnamese Ministry of Agriculture, the Chinese have expressed their interest in an official opening of the Chinese market with quotas for Vietnamese pig meat. But first and foremost, they demand that Vietnam takes full control of hygiene and food safety before an agreement can be reached.

The Vietnamese are highly optimistic about the new opportunity. Although China currently imports pig meat from a number of countries, a spokesman from the Vietnamese Ministry of Agriculture believes that annual pig meat exports from Vietnam to China could amount to 1 million tonnes per year.

Vietnam's Agriculture Minister, Nguyen Xuan Cuong, has already stated that an agreement between the two countries could mean that Vietnam could legally export between 1 and 1.5 million tonnes pig meat to China.

Estimates are that in 2016, Vietnam illegally exported live pigs to China equivalent to approximately 600,000 tonnes of pig meat.

## VIETNAM

### **Exports of live pigs to Cambodia**

With the Chinese market currently closed to pigs and pig meat from Vietnam, a number of Vietnamese pig producers have turned to Cambodia as a means of addressing the over supply in the country, reports Asian Agribusiness.

According to the Vice-Chairman of Dong Nai Livestock Husbandry Association, there have been significant exports of live pigs to Cambodia since late March, with 2000 pigs crossing the border daily. Although the export price to Cambodia is low at only USD 1.06-1.10 kg, it has helped ease the oversupply in the country.

 **CHILE****China is now the most important export market for Chilean pig meat**

With exports in 2016 totalling 120,000 tonnes at a value of USD 129 million, China is now the most important export market for Chilean pig meat.

Exports to China account for 29 per cent of total exports of pig meat from Chile. After China come Japan and South Korea with 27 per cent and 22 per cent of exports respectively.

 **CHILE****Danish investment in Chilean pig production**

The international news media report that the Chilean pig producer and butcher/processor of pig meat, Coexca in Copenhagen, has signed an agreement with Danish Agribusiness Fund (DAF) and the Irish JB Equity Limited with regard to an investment plan that will inject USD 40 million into Coexca over the five years.

Coexca is Chile's third largest producer of pig meat measured in slaughterings. The company employs 500 people and exports to 33 countries and has an annual turnover of USD 85 million.

According to the CEO of Coexca, Guillermo Garcia, the investment will mean that Coexca can establish a new pig production business in Chile and thus double its current production capacity.



## Pig meat exports

The chart below shows EU exports of pig meat according to categories, exporters and importers for the period January-March.

Source: EU Commission

Tonnes	Jan - March 2017	Jan - March 2016	% change 17:16
Live pigs	1,250	2,710	-53.9
Fresh/frozen	529,332	466,244	13.5
Bacon	8,215	7,377	11.4
Processed	39,404	36,959	6.6
By products	393,485	392,234	0.3
<b>Total</b>	<b>971.686</b>	<b>905.524</b>	<b>7.3</b>

### Pig meat exporters from EU

Tonnes	Jan - March 2017	Jan - March 2016	% change 17:16
Germany	216,739	229,039	-5.4
Spain	205,542	165,604	24.1
Denmark	143,868	146,879	-2.0
France	62,126	64,783	-4.1
Holland	109,734	83,195	31.9
Poland	60,879	46,550	30.8
UK	34,293	34,199	0.3
Ireland	25,946	26,565	-2.3
Belgium	25,699	25,146	2.2
Italy	24,812	23,333	6.3
Hungary	25,518	21,516	18.6
Austria	10,492	11,643	-9.9
Others	26,220	27,072	-3.1
<b>EU-28</b>	<b>971,868</b>	<b>905,524</b>	<b>7.3</b>

### Importers of pig meat from EU

Tonnes	Jan-March 2017	Jan-March 2016	% change 17:16
China	390,431	395,127	-1.2
Hong Kong	96,449	85,002	13.5
Japan	93,130	79,857	16.6
Philippines	54,795	58,719	-6.7
South Korea	69,412	48,463	43.2
USA	35,715	29,010	23.1
Ukraine	16,784	20,105	-16.5
Australia	25,621	20,554	24.7
Montenegro	4,878	5,718	-14.7
Angola	6,859	6,296	8.9
Russia	1,459	1,752	-16.7
Belarus	31	54	-42.6
Others	176,121	154,868	13.7
<b>EU-28</b>	<b>971,686</b>	<b>905,524</b>	<b>7.3</b>

 **JAPAN**
**Imports of fresh/frozen pig meat**

<b>0203</b>					
<b>Fresh/frozen pig meat</b>					
<b>Tonnes</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>%</b>
	<b>April</b>	<b>April</b>	<b>Jan-April</b>	<b>Jan-April</b>	<b>change</b>
					<b>2017:16</b>
USA	22,637	22,908	91,862	85,784	7.1
Canada	16,909	15,093	67,546	57,530	17.4
Denmark	10,470	10,489	38,348	39,322	-2.5
Spain	9,007	8,331	33,174	31,450	5.5
Mexico	6,928	6,111	28,659	24,181	18.5
Holland	2,131	2,079	7,645	7,791	-1.9
Chile	2,027	2,362	7,154	9,359	-23.6
Hungary	1,622	2,549	7,631	10,032	-23.9
Germany	1,358	1,140	5,643	3,471	62.6
Italy	1,180	1,710	4,078	4,317	-5.5
France	993	1,285	4,837	4,284	12.9
Ireland	766	719	2,611	2,537	2.9
Austria	539	1,045	1,949	3,563	-45.3
Australia	56	15	143	117	22.2
Finland	49	123	323	493	-34.5
Belgium	24	48	118	216	-45.1
Poland	-	-	-	-	-
Others	201	169	822	832	-1.2
<b>Total</b>	<b>76,897</b>	<b>76,175</b>	<b>302,545</b>	<b>285,281</b>	<b>6.1</b>

**Japan's imports of sausage products**

<b>0210</b>		
<b>Sausage products</b>		
<b>Tonnes</b>	<b>2017</b>	<b>% change</b>
	<b>Jan-April</b>	<b>2017:16</b>
China	2,481	-8.6
Taiwan	46	-27.4
Thailand	2,200	-6.5
Denmark	445	-37.5
Canada	25	127.3
USA	2,669	-4.7
Brazil	1,490	20.5
Others	717	30.1
<b>Total</b>	<b>10,073</b>	<b>-3.5</b>

**Pig meat storage**

Tonnage	Own production		Imported volumes		Total storage
	Fresh	Frozen	Fresh	Frozen	
End January 16	294	16,559	6,530	144,724	168,107
End February 16	313	16,839	7,088	144,023	168,263
End March 16	351	15,601	9,206	144,222	169,380
End April 16	611	17,479	7,843	147,530	173,463
End May 16	510	18,368	8,524	150,870	178,272
End June 16	492	20,660	9,180	149,946	180,278
End July 16	521	18,184	7,350	146,181	172,236
End August 16	382	17,151	11,429	147,350	176,312
End September 16	425	17,153	10,342	141,460	169,380
End October 16	644	16,916	8,636	137,490	163,686
End November 16	467	15,700	10,026	138,043	164,236
End December 16	604	16,196	7,781	137,656	162,237
End January 17	442	16,843	7,780	150,579	175,644
End February 17	1,454	16,149	7,443	146,058	171,104
End March 17	417	15,433	9,556	152,113	177,519

 **CHINA**
**Foot and Mouth disease**

Last week, the authorities in China reported three outbreaks of Foot and Mouth disease. One outbreak was in the Guangdong region with 85 head of cattle affected. The other two outbreaks were in the north of Xinjiang with 1,310 head of cattle affected.

 **ISRAEL**
**Foot and Mouth disease**

Last week, the authorities in Israel reported one outbreak of Foot and Mouth disease. Some 68 head of cattle were affected.