

# MARKET NEWS for pig meat



Market analysis

22 August 2017

Week 34

## MARKET SITUATION

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

UK: Trading is slow.

Sluggish demand for cuts is reported for China, but exports of by-products are reported as good but at low prices. Stable trading is reported for Japan.

## SLAUGHTERINGS DENMARK

	Week 30	Week 31	Week 32	Week 1-32 2017/2016
Total	310,190	315,798	317,417	-6.1 %

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

## PRICES

### Finished pigs and sows

DKK/kg	DC	Tican
Finished pigs (basic weight class and basic meat percentage)	10.80	10.80
Sows (above 130 kg)	6.90	6.90

### Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	415.89	407.55
SPF+Myc	420.89	412.55
SPF	424.89	416.55
Organic	984.79	1050.69
<b>Market prices SPF region 1</b>		
PRRS negative	485.00	475.00
PRRS positive	465.00	459.00
<b>Market prices SPF region 2/3</b>		
PRRS negative	485.00	475.00
PRRS positive	465.00	459.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	11.27 kr./kg	8.12 kr./kg	7.26 kr./kg	5.89 kr./kg	5.92 kr./kg

## FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	18/8	11/8	Change	18/8	11/8	Change
<b>2017</b>						
Aug	-	84.65	-	1.70	1.70	0.00
Sep	-	-	-	1.75	1.75	0.00
Oct	66.13	68.63	-2.50	1.75	1.75	0.00
Nov	-	-	-	1.70	1.70	0.00
Dec	61.33	63.25	-1.92	1.65	1.65	0.00
<b>2018</b>						
Jan	-	-	-	1.65	1.65	0.00
Feb	69.48	67.45	+2.03	-	-	-
Mar	-	-	-	-	-	-
Apr	74.20	71.05	+3.15	-	-	-
May	77.70	75.50	+2.20	-	-	-
Jun	77.35	79.00	-1.65	-	-	-
Jul	76.28	78.35	-2.07	-	-	-
Aug	76.90	76.90	0.00	-	-	-
Sep	-	-	-	-	-	-
Oct	64.90	65.40	+0.50	-	-	-
Nov	-	-	-	-	-	-
Dec	60.40	60.93	-0.53	-	-	-
<b>2019</b>						
Feb	61.13	-	-	-	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = €6.3342				Conversion factor DKK/kg: € = 7.4363		



EU

### African Swine Fever

The EU Commission's reporting system for the outbreak of disease has not been updated for the past two weeks. The only figures available are for 24-30 July as follows:

Countries	Period		Year to date	
	24 July – 30 July		1 January – 30 July	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		22	2	439
Latvia		51	4	501
Lithuania		56	10	399
Poland	6	11	42	267
Italy	1		16	28
Ukraine		2	76	11
Czech Republic		11	0	72



RUSSIA

### African Swine Fever

Last week, Russia reported 21 cases of ASF – 18 at small pig farms, two at large farms of 2,509 and 614 pigs and one outbreak among wild boar.

Slaughterings

2015	Pigs/sows	Sows etc	Total
	50-110 kg	above 110 kg	
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
<b>Jan-Dec</b>	<b>18,438,230</b>	<b>551,505</b>	<b>18,989,735</b>

2016	Pigs/sows	Sows etc.	Total
	50-110 kg	above 110 kg	
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	1,382,249	43,324	1,425,573
November	1,475,498	45,403	1,520,901
December	1,623,095	46,922	1,670,017
<b>Jan-Dec</b>	<b>17,744,285</b>	<b>550,937</b>	<b>18,295,222</b>

2017	Pigs/sows	Sows etc.	Total
	50-110 kg	above 110 kg	
January	1,388,979	45,071	1,434,050
February	1,325,895	41,159	1,367,054
March	1,659,310	51,456	1,710,766
April	1,080,045	40,805	1,120,850
May	1,165,748	48,312	1,214,060
June*	1,690,956	51,065	1,742,021
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
<b>Jan-June</b>	<b>8,310,933</b>	<b>277,868</b>	<b>8,588,801</b>

\* = Preliminary figures

Exports of live pigs

2015	Piglets		Pigs/sows 50-135 kg	Pigs/sows above 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	<b>411,632</b>	<b>11,563,417</b>	<b>290,180</b>	<b>48,592</b>	<b>12,313,821</b>

2016	Piglets		Pigs/sows 50-135 kg	Pigs/sows above 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	1,106,230	22,057	885	1,166,186
Jan-Dec	<b>463,952</b>	<b>12,770,723</b>	<b>240,165</b>	<b>36,176</b>	<b>13,511,016</b>

2017	Piglets		Pigs/sows 50-135 kg	Pigs/sows above 135 kg	Total
	0-15 kg	15-50 kg			
January	37,756	1,132,400	18,025	1,270	1,189,451
February	27,330	981,169	16,415	1,142	1,026,056
March	37,601	1,185,581	17,812	592	1,241,586
April	36,047	959,023	13,885	2,311	1,011,266
May	46,023	1,286,358	29,781	4,574	1,366,736
June*	38,015	1,187,257	50,920	2,253	1,278,445
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-June	<b>222,772</b>	<b>6,731,788</b>	<b>146,838</b>	<b>12,142</b>	<b>7,113,540</b>

\* = Preliminary figures

 **GERMANY**
**Precautions against African Swine Fever**

Agra Europe reports that Deutsche Bauernverband (The German Farmers' Association) has appealed to tourists and truck drivers not to bring pork or sausages into Germany.

The message from the association sends out a message to pig farmers that, in terms of biosecurity, all possible additional precautions are being taken. All direct and indirect contact between pig farms and wild boar must be avoided.

 **EU**
**Pig meat exports**

The EU Commission has published preliminary figures for EU exports of pig meat (measured in slaughter weight) for the period January-June 2017 compared with same period last year.

Slaughter weight, tonnes	Jan- June 2017	Jan – June 2016	% change
China	684,569	994,117	-31.1
Japan	210,276	197,256	6.6
Hong Kong	174,914	179,093	-2.3
South Korea	146,553	114,933	27.5
Philippines	128,396	115,075	11.6
USA	78,488	66,098	18.7
Other	387,075	368,099	5.2
<b>Total</b>	<b>1,882,455</b>	<b>2,115,903</b>	<b>-11.0</b>

 **USA**
**Smithfield acquires Kansas City Sausage Company**

Last week Smithfield announced their acquisition of Kansas City Sausage Company. In 2013, Smithfield formed a joint venture with the company.

Kansas City Sausage Company has operations in Des Moines, Iowa and Kansas City, Missouri. In Des Moines the company produces raw materials for sausages as well as value added products, including boneless hams. In Kansas City, the company operates the most modern sausage company in the US.

According to Smithfield, Kansas City Sausage Company produces some of Smithfield Foods' fastest growing branded products such as Smithfield Breakfast Sausage, Smithfield Craft Collection Seasonal Brats and Carando Meatballs.

 **USA**
**Good times for US pig producers and US slaughterhouses**

US pig prices are approximately 25% up compared to one year ago while slaughterhouses are reporting margins in the order of USD 30 per pig.

Both producers and slaughterhouses are benefitting from strong US exports of pig meat this year. Measured in tonnes, exports for the first half year rose by 13% while the value increased 16% compared to the same period last year.

Exports have now risen to more than 27% production and are supported by the US dollar, which has fallen sharply in 2017.



USA

## Exports of pig meat January-June

0203 Fresh/frozen pig meat				
Tonnes	Jan - June 2015	Jan - June 2016	Jan - June 2017	% change 17:16
Mexico	256,466	247,074	307,992	24.7
Japan	210,519	179,660	186,036	3.5
South Korea	100,270	65,693	87,712	33.5
China	41,266	109,586	78,632	-28.2
Canada	49,765	45,837	50,422	10.0
Australia	25,831	29,974	31,154	3.9
Colombia	19,245	15,265	27,068	77.3
Hong Kong	16,559	27,528	21,871	-20.5
Others	64,103	64,749	88,435	36.6
<b>Total</b>	<b>784,023</b>	<b>785,366</b>	<b>879,322</b>	<b>12.0</b>

160249, 160241, 160242, 021012, 021019, 021011 Processed pork meat				
Tonnes	Jan - June 2015	Jan - June 2016	Jan - June 2017	% change 17:16
Canada	39,926	44,601	39,721	-10.9
Mexico	23,024	19,940	20,025	0.4
Japan	7,402	7,814	9,230	18.1
Philippines	2,295	3,643	4,226	16.0
Australia	3,978	2,847	4,845	70.1
South Korea	1,994	2,358	2,554	8.3
Others	13,803	12,482	13,172	5.5
<b>Total</b>	<b>92,423</b>	<b>93,686</b>	<b>93,772</b>	<b>0.1</b>

020649 By-products				
Tonnes	Jan - June 2015	Jan - June 2016	Jan - June 2017	% change 17:16
China	36,401	66,055	85,972	30.2
Hong Kong	52,043	62,247	69,375	11.5
Mexico	41,216	46,071	48,622	5.5
Philippines	6,275	4,393	5,014	14.1
Japan	4,754	5,021	4,890	-2.6
Canada	3,747	3,112	4,090	31.4
South Korea	5,109	3,340	3,023	-9.5
Chile	372	124	2,465	1.888.9
Others	8,736	5,139	7,479	45.6
<b>Total</b>	<b>158,652</b>	<b>195,501</b>	<b>230,931</b>	<b>18.1</b>

Source: GTA

## ARGENTINA

### Argentina opens its market to American pork after 25 years

Last week, Argentina agreed to allow imports of pork products from the United States for the first time since 1992, reports Agra Europe.

The move follows meetings between US Vice President Mike Pence and Argentina's President Mauricio Macri in Buenos Aires last week.

At present, Brazil is the largest supplier of pork to Argentina and is expected to export around 32,000 tonnes this year at a value of around USD 95 million, reports Reuters.

The National Pork Producers Council spokesman Nick Giordano, welcomes the agreement because it offers the United States an opportunity to provide pork to a country whose demand for it has increased substantially in recent years.

He expects the market to open formally by the end of 2017 and anticipates USD 10 million in sales annually within the next three years.

"It's not going to be a huge market for us, but it's important and after 20-plus years of knocking on the door it has opened," said Giordano.

## BRAZIL

### JBS divestment of Moy Park proceeding as planned

According to Agra Europe, the CEO of JBS, Wesley Batista, reports that the sale of the Northern Irish poultry company, Moy Park, is proceeding as planned and he expects the sale to be announced soon.

The Telegraph reports that China's New Hope is the most likely buyer of Moy Park whose estimated value is around GBP 1 billion.

According to Reuters, other possible contenders include China's WH Group, UK's CapVest Partners LLP, the French companies Louis Dreyfus Co and Bigard Group as well as the UK's Two Sisters Food Group.

JBS bought Moy Park two years ago from the Brazilian Marfrig Global Foods SA for USD 1.5 billion.

## BRAZIL

### Exports of pig meat January-June

0203				
Fresh/frozen pig meat				
Tonnes	Jan-June 2015	Jan-June 2016	Jan-June 2017	% change 17:16
Russia	95,228	114,370	133,385	16.6
Hong Kong	36,657	58,533	43,712	-25.3
China	307	41,128	25,869	-37.1
Argentina	4,830	9,211	16,613	80.4
Singapore	13,650	17,085	15,867	-7.1
Uruguay	9,009	12,382	13,717	10.8
Others	33,949	48,468	44,573	-8.0
<b>Total</b>	<b>193,629</b>	<b>301,176</b>	<b>293,737</b>	<b>-2.5</b>

Source:  
GTA

 **CHINA**
**Shuanghui increases slaughterings by 2% in first half year**

Shuanghui, WH Group's subsidiary in China, increased pig slaughterings by 2.2% to 6.34 million in the first half year, reports Asian Agribusiness.

Sales of meat increased by 1.0% to 1.45 million tonnes while revenue fell 5.8% to USD 3.6 billion. Profits fell 11.5% to USD 286.46 million.

"Slaughterings increased as consumer demand improved when pork prices were lower. The decrease in pork prices was primarily due to the ample supply of pigs in the market," WH Group said in a statement. .

 **CHINA**
**WH Group becomes part of the Hang Seng Index**

Reuters reports that the Chinese company, WH Group Ltd, which also owns Smithfield Foods Inc, will become a component of the Hang Seng index with effect from 4 September.

 **CAMBODIA**
**Outbreak of foot & mouth disease**

Asian Agribusiness has reported an outbreak of foot & mouth disease in two villages in Cambodia where more than 200 head of cattle have been affected.

 **SOUTH AFRICA**
**African Swine Fever**

Last week, the authorities in South Africa reported one outbreak of African Swine Fever at a small farm.

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

Last week, the authorities in South Africa reported three outbreaks of foot & mouth disease. 108,676 head of cattle have been affected.

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

Last week, the authorities in Zimbabwe reported 11 cases of Foot & Mouth disease. 14,967 head of cattle have been affected.

**Please note that Market News will be issued on Wednesday next week.**