

MARKET NEWS for pig meat



Market analysis

3 October 2017

Week 40

MARKET SITUATION

Europe: Trading in fresh legs is at falling prices. Other cuts are also trading at slightly falling prices.

UK: Trading is stable.

Trade is reported as stable for Japan and China.

SLAUGHTERINGS DANMARK

	Week 36	Week 37	Week 38	Week 1-38 2017/2016
Total	316,023	325,665	332,238	-5.9 %

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

PRICES

Slaughter pigs and sows

DKK/kg	DC	Tican
Finished pigs (basic weight class and basic meat percentage)	10.00	10.00
Sows (above 130 kg)	6.50	6.50

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	384.14	407.17
SPF+Myc	389.14	412.17
SPF	393.14	416.17
Organic	944.96	1036.73
Market prices SPF region 1		
PRRS negative	435.00	480.00
PRRS positive	405.00	463.00
Market prices SPF region 2/3		
PRRS negative	435.00	480.00
PRRS positive	405.00	463.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	10.21 kr./kg	9.07 kr./kg	6.61 kr./kg	5.47 kr./kg	5.60 kr./kg

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	29/9	22/9	Change	29/9	22/9	Change
2017						
Oct	55.40	55.70	-0.54	No data	-	-
Nov	-	-	-	-	1.75	0.00
Dec	59.95	56.63	+5.86	-	1.70	0.00
2018						
Jan	-	-	-	-	1.65	0.00
Feb	65.05	61.90	+5.09	-	1.65	0.00
Mar	-	-	-	-	1.65	0.00
Apr	69.85	68.58	+1.85	-	1.65	-
May	75.68	75.40	+0.37	-	-	-
Jun	78.88	78.38	+0.34	-	-	-
Jul	78.90	78.43	+0.60	-	-	-
Aug	78.15	78.00	+0.19	-	-	-
Sep	-	-	-	-	-	-
Oct	65.53	65.23	+0.46	-	-	-
Nov	-	-	-	-	-	-
Dec	60.73	60.85	-0.20	-	-	-
2019						
Jan	-	-	-	-	-	-
Feb	63.65	64.80	-1.77	-	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = €6.3038				Conversion factor DKK/kg: € = 7.4423:		



EU

African Swine Fever

The EU Commission's reporting system for the outbreak of disease has published the following figures: :

Countries	Period 18 Sept - 1 Oct		Year to date 1 Jan - 1 Oct	
	Pigs	Wild boar	Pigs	Wild boar
Estonia	1	19	3	508
Latvia	1	30	7	679
Lithuania	1	52	30	681
Poland	3	14	78	338
Italy			16	28
Ukraine	4		96	15
Czech Republic		5		106
Romania			2	



GLOBAL

African Swine Fever/Food and Mouth disease

It has not been possible this week to access the OIE's website (World Organisation for Animal Health), which provides information about the outbreak of disease.



USA

Pig census 1 September 2017

The results of the US pig census from 1 September 2017 were published last week. The census shows an increase of 2.5% in the total pig population with a rise in the breeding herd of 1.2%.

Expected farrowings for the current quarter are 0.8% higher compared to one year ago while for the coming quarter there is a rise of 1.3% compared to the same quarter last year.

'000 head	2017 1 Sept	2016 1 Sept	% change
Breeding herd	6,087	6,016	1.2
Piglets and finished pigs	67,462	65,770	2.6
Total	73,549	71,786	2.5
	2016/17	2017/18	
Expected farrowings:			
Sept-Nov	3,070	3,046	0.8
Dec-Feb	3,025	2,986	1.3

The result of the pig census is more or less in line with the previous forecast of US analysts.

It confirms, however, that increased volumes of US pig meat can be expected both for the US home market and for export markets over the coming quarters.

The increase in the US pig herd has occurred on the basis of relatively low feed prices and a sound economy over an extended period coupled with investment in new slaughterhouses.



GERMANY

Pini plans to establish a new slaughterhouse in Lower Saxony

Weekly Tribune, citing German media, reports that Pini plans to establish a new, large pig slaughterhouse in the Cloppenburg district of Lower Saxony.

In collaboration with the local authorities, Pini investigated three possible locations for the new slaughterhouse - Molbergen, Garrel and Sedelsberg.

Following the divestment of their business in Poland, Pini announced that they plan to invest EUR 70 million in a new pig slaughterhouse with a cutting plant in Spain's Aragon region.



ROMANIA

Smithfield-WH Group acquires two Romanian companies

Smithfield-WH Group is acquiring two small Romanian meat companies, Elit SRL and Vericom SRL, for an undisclosed sum. The two companies operate three plants, which produce 25,000 tonnes processed products.

Source: AHDB Pork

 **CHINA**
Closure of pig farms means increasing pig prices

Reuters reports that, since the start of June, Chinese pig prices have increased by 16% to 14.8 yuan (USD 2.22) per kg.

The rise is a consequence of the Chinese authorities continuing to close a number of farms close to water sources and major population areas. Farms in other areas must also meet high standards on the treatment of slurry. As appeared in Market News Week 37, figures from China's Ministry of Agriculture also show that the sow population in July was 5.2% down on the year.

Closures of pig farms in China are particularly acute now as the December deadline approaches on a three-year campaign imposed by the national authorities to combat increasing environmental problems.

Figures from China's Ministry of Agriculture show that since 2015, around 23 million pigs have been eliminated in 10 southern provinces. The restrictions have been particularly felt in the major pig producing provinces such as Shandong, Henan and Sichuan. Moreover, many farms that have remained open will be forced to invest in expensive slurry treatment equipment if they are to remain in business.

Figures from China's Ministry for the Environment show that in the first half year 2017, 200,000 pig and poultry farms were shut down. And a report from Essence Securities from August concludes that further closures can be expected as the deadline approaches.

Producers had expected prices to be weaker after they hit record levels in 2016. However, Song Weiping Vice-President at the feed and pig production company Beijing Dabeinong Technology Group comments.

"Prices are set to rise as much as 20% by next year, when the full impact of the farm closures is felt on the country's sow herd."

A statement from the Chinese Ministry of Agriculture said there were no fears regarding supply. "We expect the pig herd to decline slightly by the end of 2018, but production capability and efficiency continue to rise."

Other sources also think that many pig producers are sceptical about whether the government will enforce orders and are waiting to see whether action is taken in December before closing down.

 **BRAZIL**  **SOUTH KOREA**
South Korea opens its market to pig meat from three companies in Santa Catarina

Reuters reports that South Korea has authorised three plants in the Brazilian state of Santa Catarina to export pig meat to the country.

The three companies are BRF SA, Aurora Alimentos and Pamplona Alimentos. BRF said this is the first time in history that Brazilian producers will be allowed to sell pork to South Korea.

The opening of the South Korean market follows a visit from a group of inspectors to Brazil in May to inspect slaughterhouses, chilling facilities, etc.

Santa Catarina is the only Brazilian state recognised as free of Foot and Mouth disease with no vaccination required. It is also free of Classical Swine Fever.



Pig meat exports

The tables below show EU exports of pig meat according to categories, exporters and importers for the period January-July.

Exports are calculated in product weight.

According to categories

Tonnes	Jan-July 2017	Jan-July 2016	% change 17:16
Live pigs	5,078	6,552	-22.5
Fresh/frozen	1,117,118	1,296,957	-13.9
Bacon	20,509	18,332	11.9
Processsed	92,404	91,313	1.2
By-products	862,917	943,176	-8.5
Total	2,098,027	2,356,330	-11.0

Exporters of pig meat

Tonnes	Jan-July 2017	Jan-July 2016	% change 17:16
Germany	459,777	596,091	-22.9
Spain	436,115	445,095	-2.0
Denmark	303,536	368,577	-17.6
France	136,438	159,067	-14.2
Holland	246,196	270,283	-8.9
Poland	130,564	115,415	13.1
UK	79,441	79,671	-0.3
Ireland	56,885	65,895	-13.7
Belgium	53,085	61,141	-13.2
Italy	57,869	55,416	4.4
Hungary	50,680	49,530	2.3
Austria	24,939	27,410	-9.0
Others	62,502	62,739	-0.4
EU-28	2,098,027	2,356,330	-11.0

Importers of pig meat from EU

Tonnes	Jan-July 2017	Jan-July 2016	% change 17:16
China	775,669	1,138,673	-31.9
Hong Kong	201,864	197,922	2.0
Japan	219,100	200,431	9.3
Philippines	144,255	125,653	14.8
South Korea	157,157	123,473	27.3
USA	84,687	70,474	20.2
Ukraine	41,327	42,929	-3.7
Australia	49,246	50,654	-2.8
Montenegro	10,683	12,111	-11.8
Angola	17,515	16,028	9.3
Russia	2,975	3,894	-23.6
Belarus	43	121	-64.5
Others	393,507	373,968	5.2
EU-28	2,098,027	2,356,330	-11.0

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

0203					
Fresh/frozen pig meat					
Tonnes	2017 July	2016 July	2017 Jan-July	2016 Jan-July	% change 2017:16
USA	18,859	20,341	153,384	149,177	2.8
Canada	17,473	13,666	120,746	100,126	20.6
Spain	10,882	7,685	63,571	54,772	16.1
Denmark	8,457	7,853	66,549	64,842	2.6
Mexico	7,287	5,864	50,004	42,754	17.0
Chile	2,078	2,034	14,054	16,326	-13.9
Holland	2,036	2,084	14,405	14,072	2.4
Germany	1,649	1,374	10,489	7,852	33.6
France	1,346	697	8,219	7,548	8.9
Hungary	1,313	1,494	12,347	14,278	-13.5
Italy	1,086	995	7,688	7,774	-1.1
Austria	1,004	1,075	4,627	7,694	-39.9
Ireland	817	627	4,939	4,695	5.2
Finland	73	98	470	862	-45.5
Belgium	49	-	310	312	-0.4
Australia	15	51	273	268	1.9
Others	183	275	1,463	1,655	-11.6
Total	74,607	66,213	533,539	495,007	7.8

Development in 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
End April 17	505	16,360	8,921	148,234	174,020
End May 17	456	17,341	8,794	155,611	182,202
End June 2017	407	15,974	7,435	157,400	181,216

Japan's imports of sausage products

0210 Sausage products		
Tonnes	2017 Jan- July	% change 2017:16
China	4852	-9.0
Taiwan	117	-12.9
Thailand	3810	-7.2
Denmark	905	-15.8
Canada	50	163.2
USA	5336	-2.2
Brazil	2473	20.9
Others	1259	33.2
Total	18802	-1.6



JAPAN/ EU

Japan gives PGI status to Parma ham

Italian Parma ham has been granted PGI (Protected Geographical Indication) status in the Japanese market, reports Agra Europe. This is the first time for a foreign product to be awarded such protection in the Japanese market.

Japan's Protected Geographical Indication legislation came into force in June 2015. More than 40 local Japanese agricultural products have so far secured the same status in the Japanese market. Kobe beef and Tajima beef were among the first products to be registered under the system.

Japan is expected to eventually grant PGI status to more than 200 European products as part of the Free Trade Agreement with the EU. So far, the Japanese authorities have published a list of 71 agricultural products and 139 alcoholic drinks, which are being considered for PGI status.

Of the 71 agricultural products, 17 come from Italy and Spain, 10 from France, 4 from Greece and Germany and 3 from Austria and the UK.



THAILAND/ VIETNAM

CP Pokphand's revenue declines due to lower pig prices in Vietnam

CP Pokphand (CPP), Thailand's Charoen Pokphand Group's investment arm, has experienced a fall in revenue for the first half year 2017 due to lower pig prices in Vietnam, reports Asian Agribusiness.

In the first half of 2017, CPP posted revenue of USD 13 million against USD 154 million for the same period last year. The company ascribed this to the continuing fall in pig prices in Vietnam during the reporting period.

CPP's revenue totalled USD 2.64 billion in the first half year 2017: 63.9% from investments in China and 36.1% from investments in Vietnam.

In the spring, Charoen Pokphand Group published new plans for extensive investments in the Philippines over the next five years with the purpose of producing pig meat and poultry for both local and export markets.

N.B.

Please note that Market News will be published on Wednesday or Thursday of next week.

