

MARKET NEWS for pig meat



Market analysis

30 April 2018

Week 18

MARKET SITUATION

Europe: Trading in fresh legs is at slightly falling prices. As regards other cuts, trade is largely at unchanged prices.

UK: Sales are stable.

Sales are reported as sluggish for China and stable for Japan.

Slaughterings in Denmark

	Week 14	Week 15	Week 16	Week 1-16 2018/2017
Total	303.033	363.829	371.945	+6,5 %

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

PRICES DENMARK FOR WEEK 18

Finished pigs and sows

DKK/kg	Danish Crown	Tican
Finished pigs (basic weight class and basic meat percentage)	8.90	8.90
Sows (above 130 kg.)	6.30	7.60

Prices cannot be directly compared between the two companies because there are differences in supplementary payments and in additions/deductions.

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	341.69	384.56
SPF+Myc	346.69	389.56
SPF	350.69	393.56
Organic	932.99	965.13
Market prices SPF region 1		
PRRS negative	430.00	441.00
PRRS positive	410.00	421.00
Market prices SPF region 2/3		
PRRS negative	430.00	441.00
PRRS positive	410.00	421.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	8.94 kr./kg	8.26 kr./kg	6.26 kr./kg	5.20 kr./kg	5.22 kr./kg

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)		
	27/4	13/4	Change
2018			
Apr	-	53.83	-
May	66.10	69.70	-3.60
Jun	72.63	77.65	-5.03
Jul	76.23	79.58	-3.35
Aug	76.63	79.43	-2.80
Sep	-	-	-
Oct	64.48	68.35	-3.88
Nov	-	-	-
Dec	59.38	62.13	-2.75
2019			
Jan	-	-	-
Feb	63.65	65.90	-2.25
Apr	67.38	69.53	-2.15
May	72.50	74.25	-1.75
Jun	76.13	77.55	-1.43
Jul	75.83	77.15	-1.33
Aug	75.43	76.75	-1.33
Conversion factors: 1 lb = 0.4536 kg \$ = € 6.1234			



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 countries and Ukraine up to and including 22 April.

Countries	Period 8 April – 22 April		Year to date 1 Jan – 22 April	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		3		152
Latvia		19		297
Lithuania		137		784
Poland		124	4	1091
Italy			2	24
Ukraine	2	1	23	26
Czech Republic		10		28
Romania			3	
Hungary		1		1



RUSSIA

African Swine Fever

Last week, Russia reported one case of ASF to the authorities. The outbreak was found among wild boar in the west of the country.

 **HUNGARY**
Outbreak of African Swine Fever in wild boar

Last week, Hungary reported its first case of African Swine Fever among wild boar in the Heves region, in the north of the country east of the capital, Budapest.

As the outbreak is some distance from the border to Ukraine, Romania, etc. the authorities believe that the most likely reason for the outbreak is food waste that has been disposed of by guest workers in the country and subsequently consumed by wild boar.

Although only one case of ASF has been found so far, a number of countries outside the EU have decided to stop all exports of pig meat from Hungary with immediate effect.

 **MOLDOVA**
African Swine Fever

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

 **GLOBAL**
Rabobank: Uncertainty characterises the pig meat market

In their latest quarterly survey of the pig meat market, Rabobank flagged up a number of factors in the market that could affect the global pig meat market such as the trade dispute between the U.S. and China, the spread of African Swine Fever and access to feed.

In China, pig producers are under pressure from steeply declining pig prices, which have seen a 30 per cent year-on-year fall. The additional tariffs on U.S. pig meat may ease the situation somewhat but are not expected to remove pressure entirely. Rabobank expects losses to continue and points out that possible tariffs on American soya beans may increase pig production costs.

For the EU, increasing pig production and lower exports of pig meat are expected to curb pig producers' earnings. Rabobank does not expect to see increased demand from China but expects a rise in exports to Japan and South Korea. The spread of African Swine Fever poses a serious threat to EU countries.

The U.S. is expected to see record pig meat production. The trade dispute with China and the NAFTA modernisation talks will probably put a halt to plans for further production expansion.

In Brazil, increased exports to China and Hong Kong will offset the export issues with Russia. However, Rabobank expects Brazilian pig producers to be faced with weak pig prices and rising feed costs. The currently low earnings for pig producers are expected to mean limited growth in pig production for the years ahead.

 **EU**
Pig meat exports

The EU Commission has published the EU's export figures for pig meat divided into categories, exporters and importers for the period January-February.

According to categories

Tonnes	Jan-Feb 2018	Jan-Feb 2017	% change 18:17
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Live pigs	2,847	872	226.5
Fresh/frozen	349,940	338,895	3.3
Bacon	5,980	5,212	14.7
Processed	25,521	24,557	3.9
By-products	252,055	259,688	-2.9
Total	636,343	629,224	1.1

Exporters of pig meat from EU

Tonnes	Jan-Feb 2018	Jan-Feb 2017	% change 18:17
Germany	148,994	142,161	4.8
Spain	139,757	136,486	2.4
Denmark	92,337	93,584	-1.3
France	37,765	40,125	-5.9
Holland	72,602	68,611	5.8
Poland	39,886	35,817	11.4
UK	21,303	22,588	-5.7
Ireland	17,141	17,237	-0.6
Belgium	15,140	16,603	-8.8
Italy	14,844	15,780	-5.9
Hungary	13,232	16,822	-21.3
Austria	6,430	6,691	-3.9
Others	16,912	16,719	1.2
EU-28	636,343	629,224	1.1

Importers of pig meat from EU

Tonnes	Jan-Feb 2018	Jan-Feb 2017	% change 18:17
China	241,040	264,743	-9.0
Hong Kong	46,103	57,340	-19.6
Japan	65,527	58,723	11.6
Philippines	43,273	35,132	23.2
South Korea	57,761	45,360	27.3
USA	27,221	21,228	28.2
Ukraine	14,390	10,282	40.0
Australia	16,621	17,711	-6.2
Montenegro	4,539	3,334	36.1
Angola	5,065	4,460	13.6
Russia	300	952	-68.5
Belarus	125	31	303.2
Other	114,378	109,928	4.0
EU-28	636,343	629,224	1.1



EU and Mexico sign free trade agreement

The agreement must now be ratified by the respective parliaments with the agreement expected to take effect two years from now.

With regard to pig meat, the agreement means that the current tariff of 20-25 per cent on exports from the EU to Mexico will be abolished.

However, a quota for particularly sensitive pig meat products will be introduced. This means that the EU can only export 10,000 tonnes of loins to Mexico duty-free while Mexico has an annual limit of 10,000 tonnes legs to the EU.



Largest slaughterhouses in Germany

ISN, which represents Germany's pig industry, has published a list showing the top 10 pig slaughterhouses in Germany in 2017.

Apart from Vion, which saw a decline in slaughterings, all the major slaughterhouses in Germany increased their slaughtering figures in 2017 despite a decline in overall German slaughterings.

The number of slaughterings for the ten top slaughterhouses in 2017 increased by 3.3 per cent while other slaughterhouses saw a decline of 19.5 per cent.

The ten slaughterhouses increased their share of total German slaughterings from 76.6 per cent in 2016 to 79.2 per cent in 2017.

Ranking	Company	Slaughterings in 2017 (million)	Slaughterings in 2016 (million)	Change in % 2017:16	Percentage share in 2017
1	Tönnies	16.60	16.20	2.5	28.7
2	Vion	8.50	8.87	-4.2	14.7
3	Westfleisch	8.26	8.04	2.7	14.3
4	Danish Crown	3.62	3.00	20.7	6.3
5	Müller Gruppe	2.15	2.10	2.4	3.7
6	Böseler Goldschmaus	1.78	1.77	0.6	3.1
7	Tummel	1.55	1.55	0.0	2.7
8	Wilmms Gruppe	1.40	0.96	45.8	2.4
9	Simon	1.07	1.04	2.9	1.8
10	Manten	0.92	0.85	8.2	1.6
	Total top 10	45.85	44.38	3.3	79.2
	Other	12.05	14.97	-19.5	20.8
	Total slaughterings	57.90	59.35	-2.4	100



Chinese investment company considering investment in Spanish Incarlopsa

Asian Agribusiness reports that the Chinese investment company, Kam Fung Group, is considering a major investment in the Spanish meat company, Incarlopsa.

The Chinese company is considering acquiring 95 per cent of the shares in Incarlopsa. Other potential buyers include companies in Russia and the U.S. as well as China.



Low pig prices

Citing Rabobank, Asian Agribusiness reports that in March, Chinese pig prices fell to an average of \$1.60 in the majority of large provinces in the country.

The fall in pig prices is a direct consequence of a sharp rise in production on the part of the major pig producers, which more than offsets the decline in production from smaller producers

The low pig prices mean that Chinese pig producers are losing between \$ 32-48 per pig. Many Chinese pig producers are, therefore, downscaling or postponing new pig projects.

Figures from the Chinese authorities show that pig slaughterings in Q1 2018 increased by 1.9 per cent to 199.8 million. Measured in tonnes, production in Q1 reached 15.43 million, which is a rise of 2.1 per cent compared to Q1 2017.

CHINA

Foot and mouth disease in Guangxi province

Last week, the Chinese authorities reported one case of foot and mouth disease at a slaughterhouse in the town of Cenxi in the southern Guangxi province. 15 out of 51 pigs have been affected with the type 0 virus.

In addition, foot and mouth disease has been reported at a farm of 41 head of cattle in the north western province of Xinjiang.

VIETNAM

Increases in pig prices

Following a long period of low and falling pig prices, Asian Agribusiness has reported rising pig prices in Vietnam of USD 1.75 per kg, the highest level in six months.

The rise in prices is a consequence of increased demand from Cambodia and the significant decline in Vietnam's pig population caused by the low pig prices.

AUSTRALIA

Pig producers fear increased imports of pig meat from U.S.

Australia's news media report that Australian pig producers fear a flood of cheap pig meat from the U.S. into Australia as a consequence of the trade dispute between the U.S. and China. As Australia has no access to China's pig meat market, Australian pig producers are unable to benefit from the dispute.

Andrew Spencer, CEO of Australian Pork, says that last year, Australia imported around 68,000 tonnes pig meat from U.S, which is about 40 per cent of the 160,000 tonnes of pig meat that Australia imported in 2017. "If they're not sending so much to China, there could be a lot of U.S. pork looking for other markets," said Mr Spencer. "This could put prices under pressure here – which are currently low and flat."

The Australian Pork Chief Executive, Andrew Spencer, states that Australia imported about 68,000 tonnes of pork from the United States last year. This is about 40 per cent. of the total 160,000 tonnes of pork imported by Australia in 2017. "If they do not export as much to China, there is a chance that American pig producers will look at other markets," said Spencer. He adds: "It can push prices here - which is currently low and flat."

AUSTRALIA

Consumers urged to buy Australian pig meat

Owing to very low pig prices, Australian pig producers are urging consumers in Australia to buy Australian pig meat rather than cheaper, imported products. An over-supply of Australian meat coupled with cheap imported pig meat have caused prices to fall by 30 per cent since 2016, reports the Australian news media.

Despite the fact that Australians are consuming more pig meat than ever, pig prices have fallen from A\$ 3.7 per kg in 2016 to around A\$ 2.7 per kg at the beginning of 2018.

"The low pig prices are hitting producers hard and are creating a lot of concern among producers," says Deb Kerr from Australian Pork. The most significant impact on the market comes from imported pig meat, which now totals 160,000 tonnes per annum.

BRAZIL **RUSSIA**

Possible opening for Brazilian pig meat to Russia

Agra Europe reports that last week, Brazil's Minister of Agriculture, Blairo Maggi, stated that he expects Russia to open its market to Brazilian meat shortly.

Maggi says that negotiations with Russia are reaching a conclusion and that it is only a matter of days before the opening can be announced.

According to a spokesman from the Russian Central Administration, Brazil is prepared to adopt certain compensatory measures if Russia agrees to lift the ban on Brazilian meat.

BRAZIL

Opening of a number new markets for Brazilian pig meat

Brazil's Minister of Agriculture, Blairo Maggi, has announced the opening of a number of new markets for pig meat from Brazil, reports Agra Europe.

South Korea is expected to open its market to pig meat from the Brazilian state of Santa Catarina. Moreover, Indonesia is ready to accept Brazilian beef.

A boost in exports of pig meat from Brazil to China is also in sight as more and more Brazilian slaughterhouses gain access to the Chinese market. "The long-awaited visit from China – for the approval of Brazilian companies – is now scheduled to take place in May," says Blaggi.

Last week, Peru announced that it would be opening its market to pig meat imports from Brazil.

Source: Agra Europe

BRAZIL

Fall in pig meat exports in Q1 2018

Figures from the Brazilian Animal Protein Association (ABPA) show that Brazil's pig meat exports for Q1 2018 total 155,200 tonnes. This is a fall of 13 per cent compared to Q1 2017 when exports totalled 179,200 tonnes. In terms of value, exports fell by 22 per cent.

The fall is, of course, caused by Russia's closed market. In Q1 2017, Russia imported 68,500 tonnes pig meat from Brazil.

Exports increased for almost all other markets in 2018, says ABPA. To China, exports increased from 15,000 tonnes in Q1 2017 to 39,200 tonnes in Q1 2018 – a rise of 152 per cent. As regards Hong Kong, exports increased by 23 per cent to 46,400 tonnes.

JAPAN

Imports of fresh/frozen pig meat

Fresh/frozen pig meat					
Tonnes	2018 March	2017 March	2018 Jan-Mar	2017 Jan-Mar	% change 2018:17
USA	23,146	25,622	65,191	69,225	-5.8
Canada	17,329	19,908	49,261	50,637	-2.7
Spain	9,986	8,045	26,901	24,166	11.3
Denmark	9,030	8,617	25,367	27,878	-9.0
Mexico	7,372	8,496	20,962	21,731	-3.5
Holland	2,385	1,748	6,235	5,514	13.1
Chile	2,279	1,717	6,030	5,127	17.6
Hungary	1,498	1,712	4,210	6,009	-29.9
Germany	1,450	1,433	4,535	4,285	5.8
France	943	1,183	1,421	3,845	-63.0
Italy	910	1,105	3,445	2,899	18.9
Ireland	601	550	2,066	1,845	12.0
Austria	504	719	1,560	1,410	10.6
Australia	88	22	191	87	118.8
Belgium	72	44	121	95	27.6
Other	275	380	2,627	894	193.7
Total	77,868	81,301	220,123	225,648	-2.4

Japan's imports of sausage products

0210 Sausage products		
Tonnes	2018 Jan-Mar	% change 2018:17
USA	2,078	-0.4
China	1,573	-17.3
Thailand	1,234	-22.2
Denmark	410	8.9
Italy	177	-3.8
Germany	206	9.6
Hungary	66	-39.4
Others	861	-29.8
Total	6,605	-13.7

IVORY COAST

African Swine Fever

Two weeks ago, the authorities in the Ivory Coast reported four cases of African Swine Fever at small pig farms.

Foot & mouth disease

Two weeks ago, the authorities in Congo reported five cases of foot & mouth disease. Some 1,090 cattle have been affected.