MARKET NEWS for pig meat

Market analysis	18 April 2016	Week 16

MARKET SITUATION

Europe: Pork legs and other cuts were traded at largely unchanged prices this week.

UK: The UK bacon market remains stable.

Third countries: Good trade is reported with China and Japan but quieter business in other markets.

PIG SLAUGHTERINGS

	Week 12	Week 13	Week 14	Week 1-14 2016/15
Total	194,070	325,218	369,446	-1.7 %

Source: Danish Classification Control Service

- representing c.98 per cent of all finished pigs and sows slaughtered

PIG PRICES WEEK 16

Finished pigs and sows

DKK/kg	DC	Tican
Finished pigs (basic weight class and basic meat percentage)	8.70	8.70
Sows (above 130 kg)	5.10	5.10

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av.
Nominal prices		
Basic	333.41	339.45
SPF+Myc	338.41	344.45
SPF	342.41	348.45
Organic	1033.81	1017.90
Market prices (SPF Region 1)		
PRRS negative	355.00	316.00
PRRS positive	335.00	296.00
Market prices (SPF Region 2/3)		
(PRRS negative)	355.00	316.00
(PRRS positive)	335.00	296.00

Weight adjustment:	0-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
DKK/head	10.24	8.48	5.34	5.38	5.24

FUTURES

	Chicago ($ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	15/4	8/4	Change	15/4	8/4	Change
2016						
Apr	-	66.83	-	1.30	1.30	0.00
May	74.40	76.73	-2.33	1.41	1.41	0.00
Jun	77.53	80.88	-3.35	1.41	1.41	0.00
Jul	78.10	80.95	-2.85	1.41	1.41	0.00
Aug	77.93	80.15	-2.22	1.41	1.41	0.00
Sep	-	-	-	1.41	1.41	0.00
Oct	67.88	69.63	-1.75	-	-	-
Nov	-	-	-	-	-	-
Dec	63.38	64.35	-0.97	-	-	-
2017						
Jan	-	-	-	-	-	-
Feb	66.38	66.98	-0.60	-	-	-
Mar	-	-	-	-	-	-
Apr	69.55	69.45	+0.10	-	-	-
May	73.48	73.38	+0.10	-	-	-
Jun	76.95	76.50	+0.45	-	-	-
Jul	76.53	76.30	+0.13	-	-	-
Aug	75.90	-	-	-	-	-
Conversion factors: 1 lb = 0.4536 kg $ = DKK 6.5946				Conversion factor: € = DKK 7.4414		

POLAND

African Swine Fever
In the past week, the authorities reported a single new case of ASF in wild boar in the eastern part of the country, on the border with Belarus.

LITHUANIA

African Swine Fever
In the past week, the authorities reported four new cases of African Swine Fever in wild boar.

UKRAINE

African Swine Fever
In the past week, the authorities reported a single new case of African Swine Fever at a small farm in the southern part of the country, on the border with Moldova.

GLOBAL

USDA forecasts for 2016
The US Department of Agriculture (USDA) has updated its October 2015 forecasts for production, consumption and trade in pig meat for 2016, for the EU and a number of major pig producing countries. countries.

Trade covers fresh and frozen pig meat and excludes by-products, which are significant in trade with China.

Apart from China and the EU, an increase in pig meat production is forecast for all the other major producing countries.

A 2.5 per cent fall in pig meat production is forecast for China. This is in contrast to the forecast made in October 2015 for a rise of 0.2 per cent. The decline in production should translate into a significant increase in imports of fresh and frozen pig meat in 2016.

EU production is expected to be slightly lower than in 2015 but a significant increase in exports is forecast. Among the other countries, the highest increases are forecast for Mexico and Brazil.

Overall the increase in global output will not fully compensate for the fall in production in China.

Production ’000 Tonnes (slaughterweight)	2012	2013	2014	2015	Forecast 2016	% change 2016:2015
China	53,427	54,930	56,710	54,870	53,500	-2
EU	22,526	22,359	22,533	23,350	23,230	-1
USA	10,554	10,525	10,370	11,121	11,334	2
Brazil	3,330	3,335	3,400	3,519	3,609	3
Russia	2,175	2,400	2,510	2,615	2,675	2
Vietnam	2,307	2,349	2,425	2,450	2,475	1
Canada	1,844	1,822	1,805	1,890	1,925	2
Philippines	1,310	1,340	1,353	1,370	1,400	2
Mexico	1,239	1,284	1,290	1,323	1,385	5
Japan	1,297	1,309	1,264	1,254	1,280	2
South Korea	1,086	1,252	1,200	1,217	1,240	2
Total	**101,095**	**102,905**	**104,860**	**104,979**	**104,053**	**-1**

Consumption ’000 tonnes	2012	2013	2014	2015	Forecast 2016	% change 2016:2015
China	53,922	55,456	57,195	55,668	54,570	-2
EU	20,382	20,147	20,390	20,974	20,642	-2
USA	8,441	8,665	8,651	9,370	9,494	1
Russia	3,239	3,267	3,024	3,016	3,020	0
Brazil	2,670	2,751	2,845	2,893	2,940	2
Japan	2,557	2,549	2,543	2,568	2,590	1
Vietnam	2,275	2,315	2,389	2,412	2,437	1
Mexico	1,850	1,956	1,991	2,176	2,335	7
South Korea	1,546	1,628	1,660	1,813	1,870	3
Philippines	1,446	1,511	1,551	1,544	1,584	3
Taiwan	906	892	875	930	938	1
Total	**99,234**	**101,137**	**103,114**	**103,364**	**102,420**	**-1**

Imports '000 tonnes	2012	2013	2014	2015	Forecast 2016	% change 2016:2015
Japan	1,259	1,223	1,332	1,270	1,320	4
China	730	770	761	1,029	1,300	26
Mexico	706	783	818	981	1,100	12
South Korea	502	388	480	599	610	2
USA	364	399	457	504	535	6
Hong Kong	414	399	347	397	410	3
Russia	1,077	868	515	408	355	-13
Australia	194	183	191	220	240	9
Canada	240	220	214	216	210	-3
Philippines	138	172	199	175	125	-29
Taiwan	32	40	63	107	125	17
Total	**5,656**	**5,445**	**5,377**	**5,906**	**6,330**	**7**

Exports '000 tonnes	2012	2013	2014	2015	Prognose 2016	% change 2016:2015
EU	2,165	2,227	2,164	2,388	2,600	9
USA	2,440	2,262	2,203	2,241	2,359	5
Canada	1,243	1,246	1,218	1,236	1,250	1
Brazil	661	585	556	627	670	7
China	235	244	276	231	230	0
Chile	180	164	163	178	200	12
Mexico	95	111	117	128	150	17
Serbia	6	4	25	19	20	5
Australia	36	36	37	36	40	11
Vietnam	36	40	40	40	40	0
South Africa	2	4	13	17	20	18
Total	**7,099**	**6,923**	**6,812**	**7,141**	**7,579**	**6**

GERMANY

Slaughterhouse throughput - Source: Agrarheute

	Company	2015 m.head	2014 m.head	% change	% share 2015
1	Tönnies	16.2	15.6	3.8	27.3
2	Vion	8.8	9.1	-3.3	14.8
3	Westfleisch	7.7	7.6	1.2	12.9
4	Danish Crown	2.6	2.6	0.0	4.4
5	VoglerFleisch/MV Fleisch	2.3	2.5	-6.1	3.9
6	Müller Gruppe	1.9	1.8	6.9	3.1
7	Böseler Goldschmaus	1.7	1.7	0.6	2.8
8	Tummel	1.5	1.5	0.0	2.5
9	BMR Schlachthof	1.4	1.4	4.4	2.4
10	Simon	1.0	1.0	3.0	1.7
	Top 10	**45.1**	**44.6**	**1.0**	**75.9**
	Other	14.3	14.2	0.6	24.1
	Total	59.4	58.9	0.9	100

FRANCE

Country labelling of processed products
France and its Agriculture Minister, Stephane Le Foll, recently urged the EU to introduce a requirement for 'country of origin' labelling for processed meat products such as lasagne and pizza.

Although the EU Commission previously rejected the proposal, on the grounds of increased costs for the industry, which consumers would be unwilling to pay, it now seems they may be ready to enter a compromise, by introducing country labelling for processed food products on a trial basis.

Source: Agra Europe

Opposition to subsidy system for pig producers
The trade organisations representing all sectors of the meat industry, Culture Viande and FNICGV, have serious reservations about proposals to support French pig producers through a levy of € 0.10 kg, collected by slaughterhouses, over a six month period.

Their concerns are as follows:

- The system has not been approved by the EU's competition authorities, who are curently examining the legality of the €1.40 kg subsidy paid last summer
- The payment will diminish the competitiveness of the domestic meat industry towards companies in other Member States
- The agreement signed by leaders of professional organisations has not yet been properly implemented at retail level

Source: AHDB

Growing demand for organic meat
Recent research shows that 70 per cent of French consumers are now buying organic meat, compared to 50 per cent a year ago. Consumers are expecting to increase their future purchases of organic meat and six out of ten consumers have expressed their willingness to pay an additional price for it.

75 per cent of respondents said they believe that there are health and environmental benefits to be gained from purchasing organic meat, while 70 per cent believe that organic meat is more profitable for the farmer.

Figures from Agence Bio show that 1.25m hectares have now been converted to organic production in France, representing 4.6 per cent of the total area under cultivation. The number of organic producers increased by 8 per cent in 2015 compared to 2014 and 28,621 farms are now involved in organic production.

Source: Agra Europe

ROMANIA

Loans to the livestock sector
Romania has secured a loan of €48 million from the World Bank, which will be used for projects that can reduce environmental impact of the country's livestock sector. The loan comes on top of a previous loan of €50 million, and will finance environmental initiatives, which will also help to implement EU Nitrate Directive.

According to Romania's Minister of Finance, the structure of the Romanian livestock sector, with its many small and medium-sized producers, presents many environmental challenges. This agreement will provide resources, knowledge and institutional support for extending best practice and improved management within the agricultural sector.

Source: Agra Europe

HUNGARY

Lower VAT

In an attempt to help the country's pig producers, the authorities reduced the rate of VAT on pig meat from 27 per cent to 5 per cent from the beginning of 2016. The lower rate applies to both producers and retail chains The authorities are planning to introduce similar measures for a number of food products, such as milk, eggs and turkey, in 2017.

BRAZIL

Increase in exports

Official figures show a significant increase in pig meat exports in Q1 2016. Exports to the two major markets of Russia and Hong Kong have increased and China is now emerging as significant market. The recent decline in the value of the Real has been a major factor behind the increased tonnages sold.

'000 tonnes	Jan-March 2014	Jan-March 2015	Jan-March 2016
Total	**92.6**	**76.4**	**139.7**
Russia	33.9	33.7	58.3
HongKong	18.5	17.6	28.7
China	0.3	0.1	10.9
Singapore	7.8	5.4	10.0
Angola	9.5	3.6	6.1
Uruguay	4.3	4.3	5.7

Increasing feed costs

Producers continue to complain about the increasing cost of feed as a result of a shortage of maize. Due to the falling exchange rate, maize exports have increased, which has now led to a shortage in the domestic market and increased feed costs for pig producers. A decline in domestic stocks of maize have meant higher imports from Argentina and Paraguay.

Market prices are expected to ease mid-year, when the second of the two annual harvests are forecast to deliver good yields.

KENYA

African Swine Fever

In the past week, the authorities reported a single case of ASF at a small pig farm in the south western part of the country.