

# MARKET NEWS for pig meat



Market analysis

30 May 2023

Week 22

## MARKET SITUATION

**Europe:** Trading in legs and other cuts is stable. Other cuts are being traded at slightly increasing prices.

**UK:** Sales are good.

**China:** Very quiet trading continues. **Japan and other Asian markets:** subdued demand. Prices from Japan are being negatively affected by a falling yen exchange rate.

## Slaughtering in Denmark

Weekly slaughtering figures for pigs and sows as reported to the Danish Classification Control Service. The figures exclude culled pigs.

|                        | Week 18 | Week 19 | Week 20 | Weeks 1-20<br>2023:22 |
|------------------------|---------|---------|---------|-----------------------|
| Carcass weight >110 kg | 6,996   | 9,317   | 6,082   | -43.8%                |
| Carcass weight <110 kg | 196,968 | 282,329 | 169,726 | -18.1%                |
| Total                  | 203,964 | 291,646 | 175,808 | -19.4%                |

## USA

### Futures

| Chicago<br>(\$ per 100 lbs<br>carcase weight) | Lean Hog |       |        | Pork Cutout |        |        |
|---|----------|-------|--------|-------------|--------|--------|
|   | 26/5     | 19/5  | Change | 26/5        | 19/5   | Change |
| <b>2023</b>                                   |          |       |        |             |        |        |
| Jun   | 76.08    | 83.03 | -6.95  | 79.38       | 86.85  | -7.47  |
| Jul   | 74.78    | 83.13 | -8.35  | 80.53       | 89.10  | -8.57  |
| Aug   | 74.05    | 81.50 | -7.45  | 82.03       | 89.60  | -7.57  |
| Oct   | 69.10    | 73.95 | -4.85  | 80.58       | 85.13  | -4.55  |
| Dec   | 67.68    | 71.65 | -3.97  | 77.60       | 81.85  | -4.25  |
| <b>2024</b>                                   |          |       |        |             |        |        |
| Feb   | 73.30    | 76.83 | -3.53  | 82.08       | 85.00  | -2.92  |
| Apr   | 78.75    | 81.93 | -3.18  | 85.25       | 88.18  | -2.93  |
| May   | 83.90    | 86.83 | -2.93  | 92.48       | 95.40  | -2.92  |
| Jun   | 89.83    | 92.53 | -2.70  | 97.70       | 100.63 | -2.93  |
| Jul   | 90.18    | 92.63 | -2.45  | 100.60      | 103.53 | -2.93  |
| Aug   | 89.73    | 92.18 | -2.45  | 102.68      | 105.60 | -2.92  |
| Oct   | 79.48    | 82.50 | -3.02  | 97.00       | 100.60 | -3.60  |

Conversion factors:

1 lb = 0.4536 kg

1 \$ = DKK

6.9286

## China

## Futures

| Dalian<br>(Yuan per kg)                                       | Pigs  |       |       |       |       |                     |
|---|-------|-------|-------|-------|-------|---------------------|
|   | 1/5   | 5/5   | 15/5  | 22/5  | 30/5  | Change<br>22/5-30/5 |
| July 2023   | 16.52 | 15.98 | 15.81 | 15.18 | 15.26 | -0.63               |
| September 2023  | 17.38 | 17.00 | 16.85 | 16.42 | 16.30 | -0.43               |
| November 2023   | 18.09 | 17.98 | 17.48 | 17.17 | 17.09 | -0.31               |
| January 2024  | 18.18 | 18.21 | 17.87 | 17.57 | 17.46 | -0.30               |
| March 2024  | 16.42 | 16.41 | 16.13 | 15.78 | 15.86 | -0.35               |
| May 2024  |       |       |       |       | 16.43 | 0.00                |
| Conversion factors:<br>1 Y = DKK<br>0.9817: 1 Y =<br>EUR 0.13 |       |       |       |       |       |                     |



EU

## African Swine Fever

According to the EU Commission's reporting system for the outbreak of disease, outbreaks of ASF were reported for the following countries, including Serbia, Ukraine, Moldova and North Macedonia between 29 April-19 May.

| Countries       | Period<br>29 April-19 May |            | Year to date<br>1 Jan-19 May |              | 2022       |              | 2021         |               |
|-----------------|---------------------------|------------|------------------------------|--------------|------------|--------------|--------------|---------------|
|                 | Pigs                      | Wild boar  | Pigs                         | Wild boar    | Pigs       | Wild boar    | Pigs         | Wild boar     |
| Estonia         |                           |            |                              | 20           |            | 57           | 1            | 67            |
| Latvia          |                           | 13         |                              | 156          | 6          | 913          | 2            | 338           |
| Lithuania       |                           | 21         |                              | 148          | 16         | 302          |              | 238           |
| Poland          |                           | 259        | 1                            | 1,554        | 14         | 2,152        | 124          | 3,023         |
| Italy           | 1                         | 91         | 2                            | 489          | 4          | 277          | 1            | 14            |
| Ukraine         | 1                         | 2          | 3                            | 5            | 7          | 2            | 13           | 3             |
| Czech Republic  |                           | 6          |                              | 16           |            | 1            |              |               |
| Romania         | 7                         | 15         | 76                           | 202          | 329        | 465          | 1,648        | 1,019         |
| Hungary         |                           | 35         |                              | 275          |            | 550          |              | 2,568         |
| Bulgaria        |                           | 5          |                              | 120          | 2          | 387          | 6            | 318           |
| Slovakia        |                           | 64         |                              | 401          | 5          | 550          | 11           | 1,622         |
| Serbia          | 39                        | 13         | 86                           | 165          | 107        | 146          | 33           | 71            |
| Moldova         |                           |            | 15                           | 6            | 14         | 3            | 1            |               |
| North Macedonia |                           | 1          |                              | 13           | 30         | 9            |              |               |
| Belgium         |                           |            |                              |              |            |              |              |               |
| Germany         |                           | 31         | 1                            | 603          | 3          | 1,628        | 4            | 2,431         |
| Greece          | 1                         |            | 2                            | 2            |            |              |              |               |
| <b>Total</b>    | <b>49</b>                 | <b>556</b> | <b>186</b>                   | <b>4,175</b> | <b>537</b> | <b>7,442</b> | <b>1,844</b> | <b>11,712</b> |

 **GERMANY**
**South Korea reopens its pig meat market to Germany**

After a more than two-and-a-half-year exclusion, South Korea is reopening its pig meat market to Germany. South Korea has thus approved a regionalisation agreement, which means that pig meat can be imported from regions in Germany that are free from African Swine Fever.

According to the German Agriculture Ministry, three German plants have initially been approved by the Korean authorities for export to South Korea.

"We're also working on getting the restrictions lifted from other countries, particularly China," says Germany's Agriculture Minister.

According to Pig 333, in 2019 South Korea imported 106,000 tonnes of pig meat from Germany. Before Germany was hit by African Swine Fever in September 2020, South Korea – after China – was Germany's second largest export market for pig meat outside the EU.

 **GERMANY**
**Top 10 German slaughterhouses in 2022**

With ISN as the source, the following table lists Germany's 10 largest pig slaughterhouses in 2022.

| Ranking | Slaughterhouse            | Slaughtering 2022 (million) | Slaughtering 2021 (million) | Change in % 2022:21 | % share in 2022 |
|---------|---------------------------|-----------------------------|-----------------------------|---------------------|-----------------|
| 1       | Tönnies                   | 14.79                       | 15.99                       | -7.5                | 31.4            |
| 2       | Westfleisch               | 6.51                        | 7.26                        | -10.3               | 13.8            |
| 3       | Vion                      | 5.80                        | 7.00                        | -17.1               | 12.3            |
| 4       | Danish Crown              | 3.03                        | 2.94                        | 3.1                 | 6.4             |
| 5       | Müller Fleisch            | 1.89                        | 2.10                        | -10.0               | 4.0             |
| 6       | Böseler Goldschmaus       | 1.72                        | 1.82                        | -5.5                | 3.7             |
| 7       | Tummel                    | 1.55                        | 1.55                        | 0.0                 | 3.3             |
| 8       | Steinemann                | 1.19                        | 1.23                        | -3.3                | 2.5             |
| 9       | Manten                    | 1.08                        | 1.04                        | 3.8                 | 2.3             |
| 10      | Simon-Fleisch             | 1.05                        | 1.08                        | -2.8                | 2.2             |
|         | <b>Total top 10</b>       | <b>38.61</b>                | <b>42.01</b>                | <b>-8.1</b>         | 82.0            |
|         | Others                    | 8.49                        | 9.84                        | -13.7               | 18.0            |
|         | <b>Total slaughtering</b> | <b>47.10</b>                | <b>51.85</b>                | <b>-9.2</b>         | 100             |

 **ITALY/**  **JAPAN**
**Japan lifts import ban on heat treated pig meat from Italy**

Italy has again been given the go-ahead to export heat treated pig meat to Japan, reports Pig333.

 **ROMANIA**
**Outbreak of African Swine Fever at Smithfield-owned farm of 18,000 pigs**

A Smithfield-owned farm comprising 18,000 pigs was hit by African Swine Fever last week. The farm is situated in the Timis region in western Romania.

The virus was confirmed during a routine inspection. There were initially no clinical symptoms of the virus when it was discovered.

All the pigs at the farm were culled and both a protection zone and a surveillance zone have been set up.

As can be seen from the table on page 2, there are still outbreaks of African Swine Fever at Romanian pig farms. The majority are at small farms with a few pigs, but commercial herds are also occasionally affected.



### Pig meat exports fell by 14 per cent in the first two months of the year

With the EU Commission's figures as the source, the table below shows EU exports of pig meat according to categories, importers and exporters for January-February 2023 compared to the same period in 2022.

Exports are stated in product weight and with the UK as a third market country outside the EU.

#### By category

| Tonnes       | Jan-Feb<br>2023 | Jan-Feb<br>2022 | % change<br>23:22 |
|--------------|-----------------|-----------------|-------------------|
| Live pigs    | 8,863           | 9,190           | -4                |
| Fresh/frozen | 382,026         | 483,661         | -21               |
| Bacon        | 34,763          | 35,454          | -2                |
| Processed    | 71,725          | 72,755          | -1                |
| By-products  | 225,916         | 242,977         | -7                |
| <b>Total</b> | <b>723,292</b>  | <b>844,037</b>  | <b>-14</b>        |

#### Importers of pig meat from EU

| Tonnes       | Jan-Feb<br>2023 | Jan-Feb<br>2022 | % change<br>23:22 |
|--------------|-----------------|-----------------|-------------------|
| China        | 218,435         | 237,211         | -8                |
| UK           | 133,784         | 135,661         | -1                |
| Japan        | 68,093          | 66,480          | 2                 |
| Philippines  | 47,679          | 67,491          | -29               |
| South Korea  | 40,907          | 64,549          | -37               |
| Australia    | 19,159          | 28,904          | -34               |
| Ivory Coast  | 15,501          | 17,248          | -10               |
| USA          | 14,078          | 27,001          | -48               |
| Hong Kong    | 12,179          | 15,394          | -21               |
| Taiwan       | 11,852          | 19,423          | -39               |
| Vietnam      | 14,057          | 10,035          | 40                |
| Others       | 127,568         | 154,640         | -18               |
| <b>EU-27</b> | <b>723,292</b>  | <b>844,037</b>  | <b>-14</b>        |

#### Exporters of pig meat from EU

| Tonnes       | Jan-Feb<br>2023 | Jan-Feb<br>2022 | % change<br>23:22 |
|--------------|-----------------|-----------------|-------------------|
| Spain        | 238,777         | 274,988         | -13               |
| Denmark      | 122,279         | 157,345         | -22               |
| Holland      | 114,732         | 128,097         | -10               |
| Germany      | 54,373          | 67,902          | -20               |
| France       | 42,664          | 50,078          | -15               |
| Poland       | 42,237          | 44,479          | -5                |
| Ireland      | 35,319          | 40,090          | -12               |
| Italy        | 13,024          | 13,159          | -1                |
| Belgium      | 21,471          | 22,529          | -5                |
| Austria      | 8,074           | 9,789           | -18               |
| Hungary      | 3,153           | 7,622           | -59               |
| Others       | 27,189          | 27,959          | -3                |
| <b>EU-27</b> | <b>723,292</b>  | <b>844,037</b>  | <b>-14</b>        |



### Sow population 0.5 per cent lower compared to one month ago

Citing China's Agriculture Ministry, Reuters reports that China's sow population stood at 42.8 million at the end of April.

This is a fall of 0.5 per cent compared to the previous month, but 2.6 per cent higher than one year ago.

## USA

### Increasing pig meat storage

With the USDA as the source, the following table shows the latest figures for U.S. pig meat storage as at 30 April compared to the previous month and to one year ago.

Total pig meat storage at the end of April was 6 per cent higher than both the previous month and the corresponding month last year.

Storage of bellies continues to have a significant impact on overall storage figures: in one year, storage increased by 39 per cent corresponding to more than 20,000 tonnes. Storage of legs are almost 20,000 tonnes higher compared to one year ago.

However, beef storage was 6 per cent lower than the previous month and 16 per cent lower than one year ago.

Poultry storage as at 30 April was 1 per cent higher than the previous month and 9 per cent higher than one year ago.

| 1,000 lbs             | 30 April<br>2022 | 31 March<br>2023 | 30 April<br>2023 |
|-----------------------|------------------|------------------|------------------|
| Picnics               | 8,649            | 11,082           | 9,707            |
| Legs                  | 98,038           | 84,554           | 117,527          |
| Bellies               | 58,331           | 76,986           | 81,177           |
| Loins                 | 42,129           | 43,328           | 43,103           |
| Ribs                  | 118,731          | 111,876          | 105,898          |
| Trimming              | 52,877           | 55,618           | 56,756           |
| Butts                 | 21,878           | 23,261           | 20,547           |
| By-products           | 83,808           | 79,925           | 84,737           |
| Other                 | 48,955           | 47,263           | 46,027           |
| <b>Total pig meat</b> | <b>533,396</b>   | <b>533,893</b>   | <b>565,479</b>   |
| Beef                  | 532,166          | 477,806          | 447,984          |
| Poultry               | 1,102,498        | 1,194,477        | 1,200,654        |

## CANADA

### Olymel to close five sow farms in western Canada

Last week, the Canadian Olymel announced that over the next five months, the company will close five large sow farms, thus reducing the company's sow herd in western Canada from 57,000 to 40,000 sows.

According to the company, continued financial losses and uncertainty in both the pig and pig meat markets lie behind the decision.

Pig producers in North America are currently seeing poor returns from pig production. According to calculations from Iowa State University, the first four months of the year were financially the worst for producers in more than 20 years.

A decline in the number of sows should therefore be expected in North America in the immediate future. This is partly as a result of the poor returns from pig production and partly as a result of the new requirements for sow housing as a consequence of the adoption of Proposition 12 in California.

Prestage Farms in Iowa has also announced that over the next few years, they expect to reduce their sow herd by 10 per cent in order to meet the new Proposition 12 requirements.

## UK

### Close to breakeven for British pig producers in Q1 2023

The British trade organisation, AHDB, has calculated that on average, British pig producers suffered a loss of £1 per pig in Q1 2022.

Average production costs in British pig production for Q1 were 213p/kg carcass weight against an average of 224 p/kg for the previous quarter.

Production costs have fallen from Q4 last year to Q1 this year primarily as a result of lower feed costs.

After 10 successive quarters of negative margins, positive earnings for British pig producers are expected in Q2 2023.