

MARKET NEWS for pig meat



Market analysis

24 July 2023

Week 30

MARKET SITUATION

Europe: The market continues to be affected by the holiday season, which means sluggish trade at largely unchanged price levels for both legs and other cuts.

UK: Sales are good.

China: Very quiet trading continues. **Japan and other Asian markets:** subdued demand.

Slaughtering in Denmark

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

	Week 26	Week 27	Week 28	Weeks 1-28 2023:22
Carcass weight >110 kg	8,837	9,099	9,240	-40.5%
Carcass weight <110 kg	247,726	242,256	240,562	-18.8%
Total	256,563	251,355	249,802	-19.8%

USA

Futures

Chicago (\$ per 100 lbs carcass weight)	Lean Hog			Pork Cutout		
	21/7	14/7	Change	21/7	14/7	Change
2023						
Aug	100.68	96.20	4.47	108.83	104.70	4.13
Oct	84.25	83.60	0.65	94.95	94.25	0.70
Dec	76.83	76.35	0.48	86.78	86.23	0.55
2024						
Feb	80.93	80.23	0.69	89.10	88.28	0.82
Apr	85.15	84.75	0.40	91.38	91.13	0.25
May	88.73	88.70	0.02	97.35	97.40	-0.05
Jun	95.13	94.93	0.19	102.58	102.63	-0.05
Jul	95.50	94.58	0.92	103.45	103.50	-0.05
Aug	94.55	93.40	1.15	104.75	105.58	-0.83
Oct	82.50	79.95	2.55	96.55	97.38	-0.83
Dec	78.33	74.88	3.45	92.68	93.50	-0.83

Conversion factors:

1 lb = 0.4536 kg

1 \$ = DKK

6.6986

 **China**
Futures

Dalian (Yuan per kg)	Pigs					
	6/6	12/6	19/6	17/7	24/7	Change 17/7-24/7
September 2023	16.23	16.10	15.91	15.02	15.85	0.83
November 2023	17.01	17.06	16.96	16.09	16.72	0.63
January 2024	17.64	17.76	17.74	16.77	17.34	0.57
March 2024	15.91	15.90	15.99	15.62	15.75	0.13
May 2024	16.51	16.52	16.60	16.24	16.30	0.06
Conversion factors: 1 Y = DKK 0.9330; 1 Y = 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 10 June-8 July.

Countries	Period 10 June - 8 July		Year to date 1 January - 8 July		2022		2021	
	Pigs	Wild boar	Pigs	Wild boar	Pigs	Wild boar	Pigs	Wild boar
Estonia				22		57	1	67
Latvia	1	34	1	203	6	913	2	338
Lithuania	2	21	2	200	16	302		238
Poland	9	150	10	1,936	14	2,152	124	3,023
Italy	2	131	5	709	4	277	1	14
Ukraine			3	5	7	2	13	3
Czech Republic		16		44		1		
Romania	60	5	146	217	329	465	1,648	1,019
Hungary		16		318		550		2,568
Bulgaria				120	2	387	6	318
Slovakia		32		478	5	550	11	1,622
Serbia	114	22	200	187	107	146	33	71
Moldova			15	6	14	3	1	
Bosnia-Herzegovina	23		23					
Croatia	31	1	31	1				
North Macedonia	2	2	2	16	30	9		
Belgium								
Germany		86	1	736	3	1,628	4	2,431
Greece	3		6	2				
Total	247	516	445	5,200	537	7,442	1,844	11,712

 **GERMANY**
Slight increase in imports of live pigs in H1 2023

Preliminary results from AMI show a slight increase of 4 per cent in German imports of live pigs in H1 2023 compared to H1 2022.

This marks a change from previous years when a fall in imports was the trend. 2019, however, saw a slight rise. In 2016, Germany imported 16.2 million live pigs and in 2022, according to figures from AMI, imports fell to 10.0 million.

Imports of live pigs from Denmark were stable in H1 2023, i.e. 3,176 million head against 3,166 million the previous year. Imports from Holland increased to 2,030 million head in 2023 against 1,936 million head in 2022. By contrast, the number of pigs imported from Belgium rose sharply to 254,000 head in H1 2023 against 104,000 head in 2022. By far the majority of imported pigs from Belgium are finishers.

 **UK**
11 per cent fall in slaughtering in H1

Official figures show that, at 4.95 million head, UK pig slaughtering was 11 per cent lower in H1 2023 compared to H1 2022. Measured in tonnes, production at 457,100 tonnes is 13 per cent down compared to last year.

According to the trade organisation AHDB, this is the lowest number for the period since 2013. AHDB previously forecast that British pig slaughtering in the individual quarters of 2023 would be between 11-15 per cent down on the previous year.

AHDB expects a gradual stabilisation and less growth in the UK breeding herd during 2023.

 **RUSSIA**
Russia hopes for future pig meat exports to China

According to Pig 333, which quotes the Russian veterinary services, Rosselkhoznadzor, veterinary experts from Russia and China explored a number of issues related to the control of African Swine Fever at a recent video conference.

The two countries also set out their strategy for controlling African Swine Fever. Russia hopes that the discussions will lead to the possibility of supplying Russian pig meat to China.

 **RUSSIA**
Pig meat exports increased by 35-40 per cent in H1 2023

According to Pig 333, which quotes the Director of Russia's National Union of Pork Producers, Yuri Kovalev, Russia's exports of pig meat at 220,000-230,000 tonnes rose 35-40 per cent in H1 2023 compared to 220,000-230,000 tonnes in H1 2022.

According to Kovalev, exports were driven by an improved global market situation and a fall in the Russian currency.

2023 has seen increased Russian exports of pig meat to the main markets of Belarus and Vietnam.

 **EU**

Exports of pig meat down by 14 per cent for the period January-April 2023

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

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

By category

Tonnes	Jan-April 2023	Jan-April 2022	% change 23:22
Live pigs	17,464	14,766	18
Fresh/frozen	731,324	934,797	-22
Bacon	71,828	74,401	-3
Processed	146,082	153,494	-5
By-products	465,025	489,428	-5
Total	1,431,723	1,666,886	-14

Importers of pig meat from EU

Tonnes	Jan-April 2023	Jan-April 2022	% change 23:22
China	425,795	447,496	-5
UK	278,268	276,396	1
Japan	129,656	144,620	-10
Philippines	100,920	151,573	-33
South Korea	80,194	115,849	-31
Australia	31,677	50,860	-38
Ivory Coast	30,563	35,801	-15
Vietnam	29,653	22,898	30
USA	27,941	53,199	-47
Hong Kong	24,054	27,961	-14
Taiwan	23,294	33,277	-30
Others	249,708	306,956	-19
EU-27	1,431,723	1,666,886	-14

Exporters of pig meat from EU

Tonnes	Jan-April 2023	Jan-April 2022	% change 23:22
Spain	464,417	530,499	-12
Denmark	223,877	287,749	-22
Holland	237,272	270,586	-12
Germany	108,869	136,035	-20
France	84,187	104,091	-19
Poland	82,477	93,345	-12
Ireland	72,561	80,731	-10
Belgium	48,079	42,517	13
Italy	28,359	28,812	-2
Austria	17,341	20,092	-14
Others	64,284	72,409	-11
EU-27	1,431,723	1,666,866	-14



CHINA

Meat prices under pressure as a result of increased Chinese meat production in H1

Figures from China's National Bureau of Statistics (NBS) show that increased meat production in H1 put downward pressure on prices.

According to the NBS figures, China's meat production, at 46.82 million tonnes, was 3.6 per cent higher in H1 2023 compared to H1 2022.

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As was reported in last week's Market News, pig meat production in H1 was 3.2 per cent higher than last year at 30.32 million tonnes.

A 4.5 per cent increase in beef production has also been recorded, while poultry production increased by 4.3 per cent to 11.13 tonnes.

There were also production increases for mutton and lamb as well as eggs.

The increase in meat production has not been matched by a rise in demand, which has caused prices to come under pressure.

According to data from China's Agriculture Ministry, the national average price for pigs in the second week of July was 14.19 yuan (EUR 1.79), which is a fall of 37 per cent compared to one year ago.

According to China's National Reform and Development Commission (NRDC), pig producers are losing 237 yuan (EUR 29.95) per pig at current price levels. The pig price has been below the breakeven point since January this year.

Producer prices for poultry have also come under pressure in recent weeks, falling below 8.40 yuan (EUR 1.06) per kg in the second week of July. At this price, producers can barely cover their production costs.

Beef prices have also been falling in recent weeks.

CHINA

Feed company to lead restructuring of Jiangxi Zhengbang Technology

Reuters reports that a consortium led by the major Chinese feed producer Twins Group will lead the restructuring of the major Chinese pig producer, Jiangxi Zhengbang Technology.

A court selected Twins Xinda Consortium from 10 applicants to head the restructuring of Zhengbang, states an announcement filed to Shenzhen Stock Exchange.

Zhengbang, previously China's second largest pig producer, embarked on rapid expansion during 2020, leaving it vulnerable to a dramatic plunge in pig prices. The company reported annual losses of almost 19 billion yuan for 2021 (USD 2.64 billion) and last year, the company began a restructuring.

Twins Group sold 11 million tonnes of feed in 2021 and, like Zhengbang, is also headquartered in the southern province of Jiangxi.

CHINA

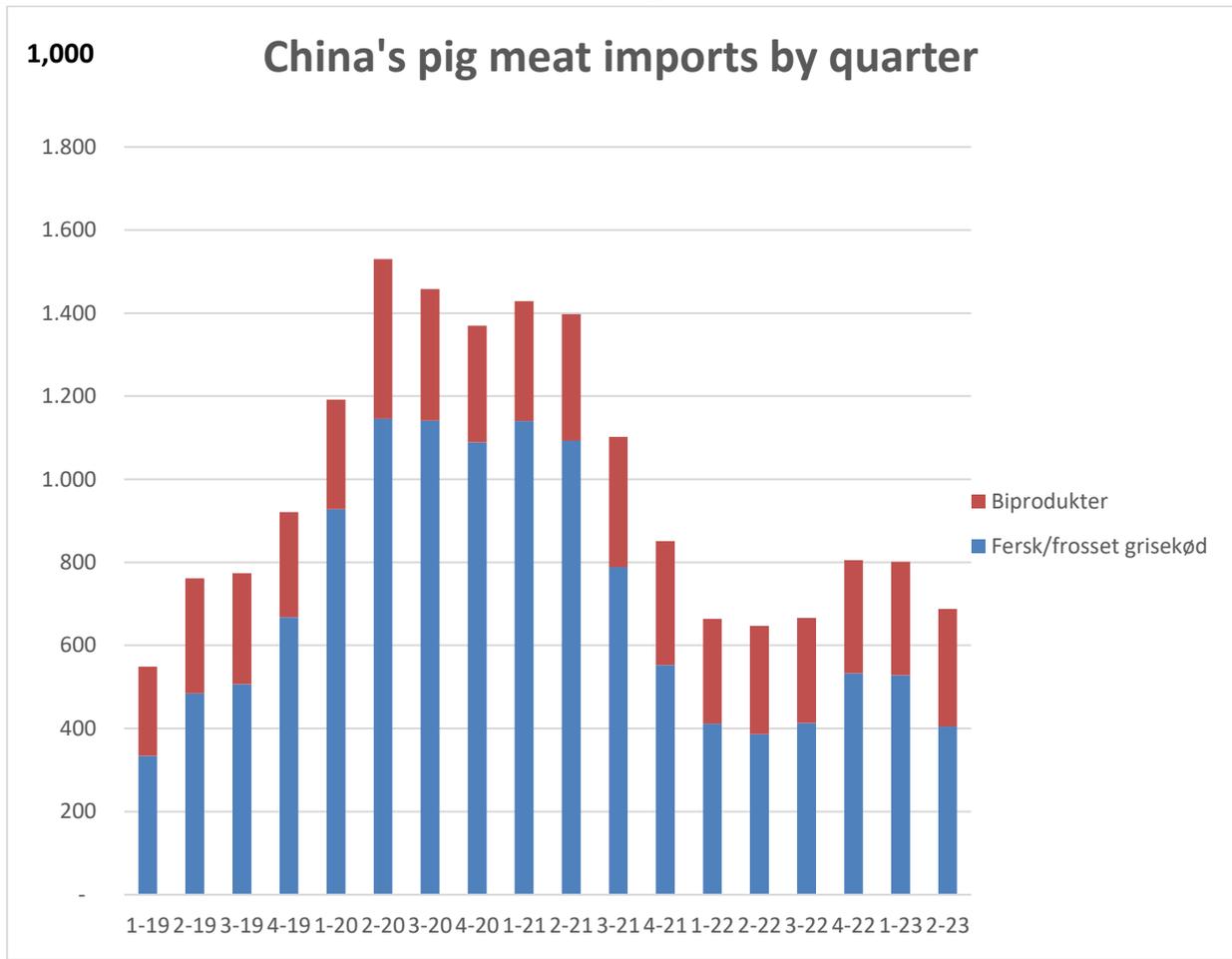
Pig meat imports in Q2 2023 down on previous quarter

The Chinese authorities have published import figures for Q2 2023. Imports were down on the previous two quarters but slightly higher than the corresponding quarter one year ago.

Below is a chart depicting the quarterly development in China's imports of pig meat since Q1 2019 divided into fresh/frozen pig meat (product code 0203) and by-products (product code 020649).

As can be seen from the diagram, Chinese pig meat imports peaked from Q2 2020 to Q2 2021. However, there was a slight increase in imports in the first quarters of this year compared to the same period last year. But the figures are significantly lower than in 2020 and 2021 when imports peaked.

Imports of fresh/frozen pig meat have fluctuated substantially quarter by quarter while imports of by-products have been more stable.



The tables below show Chinese imports of fresh/frozen pig meat and by-products for January-June 2023 compared to the same period in the two previous years.

As can be seen, the EU has lost market shares to Brazil, U.S. and Canada.

0203				
Fresh/frozen				
Tonnes	Jan-June 2021	Jan-June 2022	Jan-June 2023	% change 23:22
Spain	720,582	229,053	236,496	3.2
Brazil	259,325	166,585	220,790	32.5
Denmark	206,843	81,559	84,897	4.1
Canada	159,654	55,102	80,779	46.6
Holland	195,068	51,259	79,799	55.7
USA	272,384	59,333	75,478	27.2
Chile	79,514	34,572	46,221	33.7
UK	54,977	39,543	38,157	-3.5
France	99,297	34,097	34,823	2.1
Ireland	40,081	21,051	19,159	-9.0
Austria	31,320	7,051	7,710	9.3
Finland	12,754	3,513	3,404	-3.1
Portugal	17,999	2,175	2,462	13.2
Mexico	51,761	10,785	1,946	-82.0
Switzerland	570	526	477	-9.4
Argentina	13,004	48	120	149.9

Italy	16,007	2,407		
Others	2,563	27		
Total	2,233,703	798,687	932,719	16.8

020649				
By-products - pig				
Tonnes	Jan-June 2021	Jan-June 2022	Jan-June 2023	% change 23:22
USA	151,509	116,911	153,417	31.2
Spain	146,605	114,299	115,205	0.8
Denmark	77,546	83,457	64,771	-22.4
Holland	63,547	53,727	64,093	19.3
Canada	27,172	24,493	44,533	81.8
France	44,855	39,094	39,188	0.2
UK	22,813	26,769	25,837	-3.5
Chile	21,632	19,919	19,140	-3.9
Ireland	14,481	12,361	11,283	-8.7
Brazil	8,834	10,694	10,455	-2.2
Finland	3,845	4,557	5,238	15.0
Switzerland	1,194	1,449	1,475	1.8
Portugal	322	483	584	20.9
Mexico	2,122	2,183	153	-93.0
Others	6,360	2,455	0	
Total	592,838	512,850	555,372	8.3

SOUTH KOREA

Increasing imports from North America at the cost of Europe

The table below shows the official figures for South Korea's imports of fresh/frozen pig meat for H1 2023 compared to the same period in 2022 and 2021.

South Korea's total imports of fresh/frozen pig meat in H1 2023 were largely on par with the same period last year, but higher than two years ago.

However, there are major differences in imports from the individual countries. Imports from USA and Canada have increased sharply in 2023 while imports from the EU have fallen.

In 2022, South Korea resumed imports from Belgium after Belgium was declared free from African Swine Fever.

0203				
Fresh/frozen pig meat				
Tonnes	Jan-June 2021	Jan-June 2022	Jan-June 2023	% change 23:22
USA	76,285	69,556	86,325	24.1
Spain	34,801	85,489	63,275	-26.0
Canada	24,610	27,027	38,376	42.0

Holland	13,811	25,194	21,960	-12.8
Chile	11,969	16,173	15,836	-2.1
Austria	11,793	16,160	11,780	-27.1
Denmark	12,982	11,370	6,737	-40.7
Mexico	4,795	3,836	5,773	50.5
Belgium	0	4,322	5,422	25.5
France	3,993	5,755	4,534	-21.2
Ireland	1,041	5,290	4,233	-20.0
Brazil	2,019	2,325	3,626	56.0
Finland	2,083	2,384	2,713	13.8
UK	2,398	1,447	2,289	58.2
Sweden	1,135	1,511	1,560	3.2
Australia	1,481	1,739	1,254	-27.9
Portugal	447	843	591	-29.9
Switzerland		20		
Germany	2,745			
Total	208,388	280,440	276,284	-1.5

AUSTRALIA

Increasing pork consumption

According to the Australian trade organisation, Australian Pork, pork consumption in the country is increasing. This has been driven by the fact that Australians are eating more at home and consuming more pork because of marketing campaigns and the relatively inexpensive cost of pork compared to beef and lamb.

BRAZIL

Increase in exports in H1 2023

The table below shows the official figures for Brazil's exports of fresh/frozen pig meat for H1 2023 compared to the same period in 2022 and 2021.

As is shown below, exports in H1 2023 were higher than the same period in the two preceding years.

0203				
Fresh/frozen pig meat				
Tonnes	Jan-June 2021	Jan-June 2022	Jan-June 2023	% change 2023:2022
China	286,455	171,788	204,019	18.8
Hong Kong	57,344	43,728	52,910	21.0
Philippines	8,738	38,384	42,839	11.6
Chile	30,844	22,946	40,977	78.6
Singapore	21,854	31,479	34,219	8.7
Uruguay	19,872	20,674	24,741	19.7
Japan	5,735	11,877	17,703	49.0
Vietnam	12,845	16,448	15,473	-5.9
Georgia	4,651	8,334	14,673	76.1
Argentina	14,199	24,827	10,189	-59.0
Angola	11,154	5,850	8,807	50.5
Mexico			6,840	
Ivory Coast	2,131	2,976	5,653	90.0
Russia	161	9,915	916	-90.8
Others	24,378	48,565	46,328	-4.6
Total	500.360	457.790	526.286	15.0