

MARKET NEWS for pig meat



Market analysis

27 March 2017

Week 13

MARKET SITUATION

The market situation is unchanged from last week.

Europe: Trading in fresh legs is at increasing prices this week. For other cuts, trading is at slightly rising or unchanged prices.

UK. Trading is stable.

Good demand is reported from China and Japan.

SLAUGHTERINGS DENMARK

	Week 9	Week 10	Week 11	Week 1-11 2017/2016
Total	332,704	324,896	332,400	-8.8 %

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

PIG PRICES

Finished pigs and sows

DKK/kg.	DC	Tican
Finished pigs (basic weight class and basic meat percentage)	10.40	10.40
Sows (above 130 kg)	7.60	7.60

Nominal prices for piglets (30 kg)

DKK/head		
Current	52 wk av	
Basic	395.08	384.44
SPF+Myc	400.08	389.44
SPF	404.08	393.44
Organic	1038.95	1067.14
Market prices SPF region 1		
PRRS negative	500.00	412.00
PRRS positive	490.00	393.00
Market prices SPF region 2/3		
PRRS negative	500.00	412.00
PRRS positive	490.00	393.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	11.10 kr/kg	7.39 kr/kg	6.79 kr/kg	5.89 kr/kg	5.92 kr/kg

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	24/3	17/3	Change	24/3	17/3	Change
2017						
Apr	67.28	69.05	-1.77	1.62	1.54	+0.08
May	72.23	73.63	-1.40	1.63	1.53	+0.10
Jun	75.75	77.33	-1.58	1.66	1.53	+0.13
Jul	75.78	77.48	-1.70	1.70	1.53	+0.17
Aug	75.73	77.63	-1.90	1.70	1.53	+0.17
Sep	-	-	-	1.70	-	-
Oct	67.13	67.85	-0.72	-	-	-
Nov	-	-	-	-	-	-
Dec	63.28	63.48	-0.20	-	-	-
2018						
Jan	-	-	-	-	-	-
Feb	66.13	66.40	-0.27	-	-	-
Mar	68.63	69.08	-0.45	-	-	-
Apr	73.45	74.63	-1.18	-	-	-
May	76.00	76.50	-0.50	-	-	-
Jun	75.98	76.50	-0.52	-	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = €6.8837				Conversion factor DKK/kg: € = 7.4378		



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 EU countries and the Ukraine:

Countries	Period		Year to date	
	13 March – 19 March		1 January – 19 March	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		10	0	246
Latvia		8	2	179
Lithuania		11	1	115
Poland		6	0	70
Italien			6	25
Ukraine	1	2	50	4



RUSSIA

African Swine Fever

Last week, the authorities in Russia reported one new case of ASF among wild boar in the west of the country.

 **BRAZIL**
China lifts ban on imports of Brazilian meat

On Saturday, China announced that it was lifting the ban on imports of Brazilian meat imposed over allegations of unsafe produce. However, China is retaining a ban on meat imports from a specific plant as well as meat that was approved by the seven veterinarians that are under investigation.

Egypt and Chile have also lifted their bans.

The Brazilian Agriculture Minister has welcomed the Chinese decision and has confirmed that Brazil will maintain an export ban on 21 plants that have been specifically identified in the police investigations.

According to Reuters news agency, the world's largest meat producer, JBS, now expects to resume exports to the three countries. However, sales are expected to be slow at reaching previous levels. A spokesman from JBS is quoted as saying "that the worst of the crisis is now over."

JBS shares rose 2.1% last week, but are 8.7% lower than before the start of the scandal.

While the crisis appears to have peaked, however, three sources with direct insight into the police investigations all claim that the investigations have revealed systematic fraud and not just isolated incidents, which is how the crisis has been described by the Brazilian government and meat industry.

 **MEXICO**
Major producer announces expansion plans

Reuters news agency reports that Mexico's major pork producer, Granjas Carrol, has announced significant expansion plans for the next four years.

Granjas Carrol was established in 1993 as a 50-50% joint venture between Mexican ECOM Agroindustrial Corporation and Smithfield. The latter is now owned by the Chinese WH Group.

According to the plans, over the next four years, Granjas Carrol is to invest \$550 million in its pork production in Mexico and in the establishment of a new slaughterhouse. The company's sow production is expected to double to 137,000 head while \$94 million will be invested in a new pig slaughterhouse to slaughter 600 pigs per hour. When completed, it will be Mexico's largest slaughterhouse.

Granjas Carrol expects to have an annual pig production of 2.8 million pigs by 2021 and a pig meat production of 140,000 tonnes.

Granjas Carrol's CEO Victor Manuel Ochoa says that since Donald Trump became US President, the renewed uncertainty about NAFTA is forcing Mexico to look at new markets for both imports and exports of pig meat.

"Unfortunately, we have a close neighbour who may become less close in the future. The high dependence on pig meat imports from the United States along with increased demand in Mexico are creating great opportunities for replacing imports with local Mexican production," said Ochoa.

Last year, Mexico produced around 1.4 million tonnes of pig meat. Imports totalled 990,000 tonnes of which 90% was of U.S. origin.

Ochoa expects Mexican pig meat production to reach 2 million tonnes by 2021.



USA

American agricultural lobbying on both sides of the Mexican border

US news media report that US agricultural organisations have launched an extensive lobbying campaign on both sides of the Mexican border to prevent any harm to US agricultural exports to Mexico as a result of a possible renegotiation of NAFTA.

Agricultural organisations in Washington have pointed out that Mexico is America's largest export market for many agricultural products, and it is imperative that these exports are not undermined in any possible NAFTA renegotiation.

In Mexico, US agricultural organisations have sought to strengthen ties with both Mexican customers as well as the authorities. There is concern about a future scenario with tariffs on goods between the two countries.



CHINA

WH Group publishes its financial results, which have outperformed market forecasts

In the past week, WH Group published its financial results for 2016, which have exceeded market forecasts.

WH Group's results show a profit of \$1,014 billion for 2016, a 17.1% rise compared to last year. WH Group also announced a positive outlook for 2017.

WH Group's shares on the Hong Kong Stock Exchange rose by 9% after the figures were announced.



GERMANY

Largest slaughterhouses in Germany

With ISN as the source, the table below shows the top 10 pig slaughterhouses in Germany in 2016.

Apart from Tönnies with unchanged slaughtering figures and a decline in slaughterings for VoglerFleisch, which went bankrupt in 2016, all the major slaughterhouses in Germany increased their slaughterings in 2016 despite a slight fall in overall slaughterings in Germany.

In total, the ten largest slaughterhouses increased their slaughterings in 2016 by 2.3% while other slaughterhouses saw a decline of 7.3%. The ten largest slaughterhouse accounted for 76.7% of total German slaughterings.

Ranking	Slaughterhouse	2016 slaughterings million head	2015 slaughterings million head	% change 2016:2015	% share in 2016
1	Tönnies	16.20	16.20	0.0	27.3
2	Vion	8.87	8.76	1.3	14.9
3	Westfleisch	8.00	7.69	4.0	13.5
4	Danish Crown	3.00	2.60	15.4	5.1
5	Müller Gruppe	2.10	1.87	12.3	3.5
6	VoglerFleisch/MVFleisch	2.03	2.30	-11.7	3.4
7	Böseler Goldschmaus	1.77	1.69	4.7	3.0
8	Tummel	1.55	1.51	2.6	2.6
9	Simon, Wittlich	1.04	1.03	1.0	1.8
10	Düringer Fleisch	0.96	0.83	15.7	1.6
	Overall top 10	45.52	44.48	2.3	76.7
	Total slaughterings	59.35	59.40	-0.1	100

 **BELGIUM**
Debra-Meat in animal cruelty storm

The Belgian meat company, Debra-Meat in Tielt, has been subjected to negative media coverage after pictures from the welfare group Animal Rights revealed extensive animal welfare issues at the company's slaughterhouse in Tielt.

The plant has been temporarily shut down by the authorities.

In December, Debra-Meat and Goosens Group in Waregem announced plans to merge the two companies into Debra-Meat based in Tielt.

According to previous media reports, the plant at Tielt was recently upgraded and will slaughter 2 million pigs per year. Assuming that approval from the competition authorities is forthcoming, the merger will take effect from 30 June 2017.

 **EU**
African Swine Fever is spreading at a slow pace

According to the European Food Safety Authority (EFSA), African Swine Fever is spreading slowly in the wild boar population in the Baltic countries and Poland.

EFSA investigated cases of ASF between 2014-2016 and has concluded that the disease is spreading at about 2 km per month in Latvia and Estonia and by around 1 km per month in Lithuania and Poland.

EFSA also states that the number of infected animals found among hunted wild boar is very low (up to 3%).

Source: Agra Europe

 **EU**
Pig meat exports

The EU Commission has published preliminary figures for EU pig meat exports (measured in slaughter weight) for the period January 2017 compared to January 2016.

EU-28 pig meat exports

Slaughter weight, tonnes	January 2017	January 2016	% change
China	157,619	117,048	34.7
Japan	30,785	27,186	13.2
Hong Kong	28,682	25,005	14.7
South Korea	24,547	14,925	64.5
Philippines	17,121	17,956	-4.7
Australia	9,932	7,414	34.0
Other	75,724	69,398	9.1
Total	344,410	278,932	23.5

 **JORDAN****Foot and Mouth disease**

Last week, the authorities in Jordan reported one outbreak of Foot and Mouth disease at a small farm of 20 cattle.

The affected herd is close to the border with Palestine and Israel.

Please note that Market News will be published on Thursday 6 April next week.