

# MARKET NEWS for pig meat



Market analysis

19 June 2017

Week 25

## MARKET SITUATION

Europe: Trading in fresh legs and other cuts remains slightly under pressure. Trading, however, is largely at unchanged prices.

UK: Trading is quiet.

Slow trading is reported for China while trading is stable for Japan.

## SLAUGHTERINGS DENMARK

	Week 21	Week 22	Week 23	Week 1-23 2017/2016
Total	222,096	362,354	295,150	-7.5 %

**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)	11.60	11.60
Sows (above 130 kg)	8.20	8.20

### Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	449.41	402.60
SPF+Myc	454.41	407.60
SPF	458.41	411.60
Organic	1061.93	1066.10
<b>Market prices SPF region 1</b>		
PRRS negative	555.00	455.00
PRRS positive	535.00	439.00
<b>Market prices SPF region 2/3</b>		
PRRS negative	555.00	455.00
PRRS positive	535.00	439.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	12.63 kr/kg	8.10 kr/kg	7.82 kr/kg	6.14 kr/kg	6.20 kr/kg

## FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	16/6	9/6	Change	16/6	9/6	Change
<b>2017</b>						
Jun	82.93	82.48	+0.45	1.80	1.80	0.00
Jul	82.33	82.70	-0.37	1.75	1.75	0.00
Aug	79.13	82.05	-2.92	1.75	1.75	0.00
Sep	-	-	-	1.75	1.75	0.00
Oct	66.78	69.50	-2.72	1.75	1.75	0.00
Nov	-	-	-	1.70	1.70	0.00
Dec	61.55	63.55	-2.00	-	-	-
<b>2018</b>						
Jan	-	-	-	-	-	-
Feb	65.43	66.88	-1.45	-	-	-
Apr	69.10	70.30	-1.20	-	-	-
May	73.63	74.20	-0.57	-	-	-
Jun	76.70	77.85	-1.15	-	-	-
Jul	76.00	77.25	-1.25	-	-	-
Aug	75.38	76.28	-0.90	-	-	-
Oct	65.80	67.28	-1.48	-	-	-
Dec	58.70					
Conversion factors: 1 lb = 0.4536 kg \$ = €6.6590				Conversion factor DKK/kg: € = 7.4361		



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	
	4 June – 11 June		1 January – 11 June	
	Pigs	Wild boar	Pigs	Wild boar
<b>Estonia</b>		7	0	325
<b>Latvia</b>		20	2	346
<b>Lithuania</b>	1	10	2	210
<b>Polen</b>	7	8	7	183
<b>Italy</b>			13	28
<b>Ukraine</b>	1		68	6



POLAND

### Poland believes the EU Commission has published its new ASF strategy too hastily

Agra Europe reports that Poland has accused the EU Commission for having published its new strategy for controlling African Swine Fever in the EU too hastily. As reported in last week's Market News, the new strategy was apparently unanimously approved by all EU Member States.

However, Poland claims that there has been insufficient time to go through the documents and that their views have not been properly taken into account.

As is shown in the table above, for the first time in many months, Poland has seen a number of cases of ASF at small pig farms – all close to the border with Belarus.

According to the Polish Minister for Agriculture, more effective control of ASF requires that the EU Commission does more to prevent the spread of infection via wild boars from Belarus, Ukraine and Russia.

The Polish authorities decided last week to implement more systematic culling of wild boar in the affected areas of Poland in an effort to reduce the population to a minimum.

Similarly, in Russia, plans are being made to systematically cull wild boar in order to create wild boar-free buffer zones at the border with neighbouring countries.

The EU Commission has so far been somewhat concerned about a strategy of systematic culling in the buffer areas as it is feared that this will only drive the animals into new areas.



EU

### Pig meat exports

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

Slaughter weight, tonnes	Jan-April 2017	Jan-April 2016	% change
China	488,511	587,954	-16.9
Japan	138,023	126,304	9.3
Hong Kong	121,423	120,136	1.1
South Korea	96,890	72,709	33.3
Philippines	80,123	81,714	-1.9
USA	50,218	41,468	21.1
Other	312,281	294,600	6.0
<b>Total</b>	<b>1,287,469</b>	<b>1,324,883</b>	<b>-2.8</b>

As is shown in the table above, there is a substantial reduction in exports to China. For the period Jan-March 2017, exports to China were on a par with the previous year.



FRANCE

### Court approves the sale of Financière Turenne Lafayettes meat processing activities to Cooperl

International news media report that a court in Paris has approved the sale of the French food group, Financière Turenne Lafayette's meat processing activities to Cooperl.

As a result of the deal, which includes 1,600 employees, Cooperl will acquire a number of well-known brands such as William Saurin, Garbit, Madrange, Le Foué de Paul Prédault, etc.

The Breton Cooperl Arc Atlantique is France's largest pig processor. France's second largest pig processor, Bigard-Socopa, also made a bid for the failing Lafayette's meat processing activities.


**Denmark's pig meat exports, tonnes**
**Jan-March 2017**

	By-products	Live pigs	Processed Canned	Bacon	Whole and half pigs/sows	Cuts	Sausages	Total	Per cent
Germany	5,351	43,156	2,069	35	21,043	64,198	638	136,490	28.9
Poland	556	38,035	91	0	0	27,199	0	65,881	13.9
UK	1,895	49	2,088	9,936	0	35,073	2,265	51,306	10.9
Italy	515	5,785	115	10	0	23,387	82	29,894	6.3
Sweden	2,189	2	432	314	0	3,698	1,093	7,729	1.6
Holland	2,310	2,658	49	8	0	1,634	74	6,733	1.4
France	345	382	231	107	0	3,330	218	4,613	1.0
Spain	214	1,248	298	124	0	2,003	393	4,280	0.9
Other EU countries	4,154	3,382	682	25	0	10,251	792	19,286	4.1
<b>EU in total</b>	<b>17,529</b>	<b>94,697</b>	<b>6,056</b>	<b>10,559</b>	<b>21,043</b>	<b>170,773</b>	<b>5,556</b>	<b>326,214</b>	<b>69.0</b>
China	47,780	21	0	0	0	24,292	0	72,093	15.3
Japan	1,301	8	1,035	18	0	26,912	378	29,652	6.3
Australia	82	0	54	95	0	12,529	0	12,760	2.7
USA	741	0	1,711	24	0	6,482	235	9,193	1.9
South Korea	358	14	639	0	0	3,326	79	4,417	0.9
Taiwan	277	0	0	0	0	3,276	0	3,553	0.8
Philippines	2,047	4	180	0	0	318	0	2,550	0.5
Hong Kong	477	0	171	11	0	897	60	1,615	0.3
Canada	23	0	39	0	0	931	0	994	0.2
Other Third Countries	2,740	219	2,148	275	0	2,403	1,695	9,479	2.0
<b>Total Third countries</b>	<b>55,826</b>	<b>267</b>	<b>5,977</b>	<b>423</b>	<b>1</b>	<b>81,366</b>	<b>2,447</b>	<b>146,306</b>	<b>31.0</b>
<b>Total exports</b>	<b>73,355</b>	<b>94,964</b>	<b>12,033</b>	<b>10,982</b>	<b>21,044</b>	<b>252,139</b>	<b>8,004</b>	<b>472,520</b>	<b>100</b>

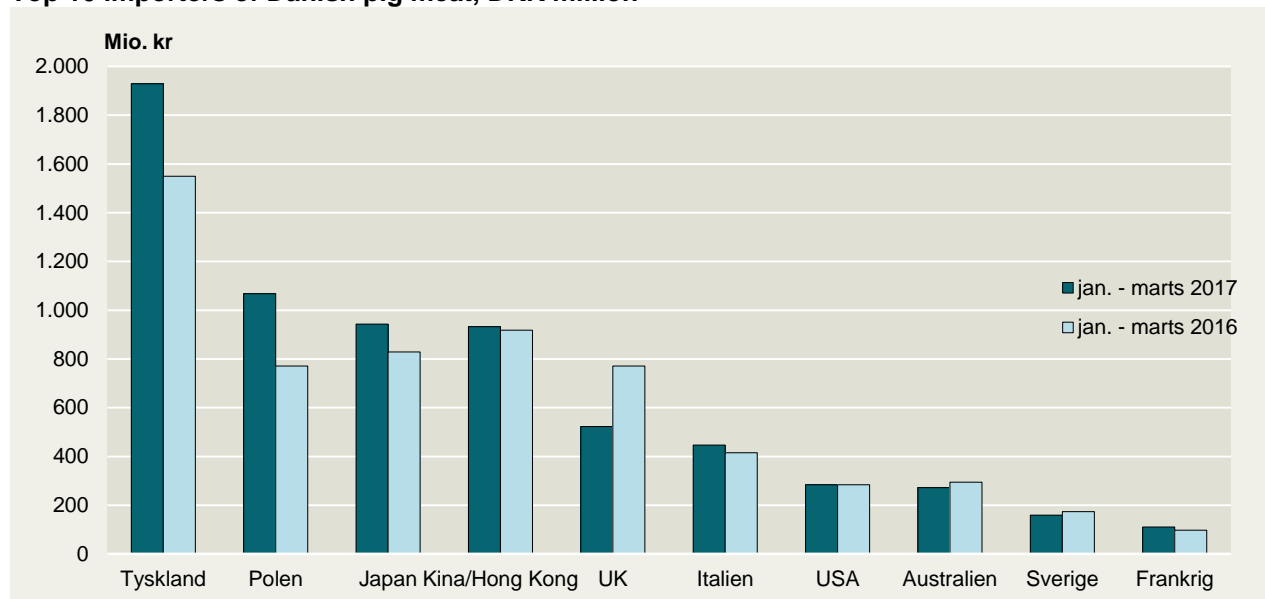
**Jan-March 2016**

	By-products	Live pigs	Processed Canned	Bacon	Whole and half pigs/sows	Cuts	Sausages	Total	Per cent
Germany	6,548	44,843	2,520	62	23,950	59,288	674	137,885	29.0
Poland	278	31,549	1	1	9	29,666	15	61,518	13.0
UK	1,935	89	2,848	13,199	0	29,830	2,296	50,197	10.6
Italy	403	6,085	48	11	0	25,939	58	32,543	6.9
Holland	5,132	2,632	35	7	0	1,344	38	9,187	1.9
Sweden	2,158	5	490	331	17	4,528	1,294	8,822	1.9
France	596	176	226	61	0	3,540	224	4,824	1.0
Spain	81	855	380	341	0	1,443	420	3,520	0.7
Other EU countries	3,212	2,755	553	90	0	9,047	778	16,434	3.5
<b>Total EU</b>	<b>20,340</b>	<b>88,989</b>	<b>7,100</b>	<b>14,104</b>	<b>23,976</b>	<b>164,625</b>	<b>5,796</b>	<b>324,931</b>	<b>68.4</b>
China	48,202	0	0	0	0	27,709	0	75,911	16.0
Japan	460	4	1,134	38	0	26,794	423	28,853	6.1
Australia	190	0	0	118	0	15,032	0	15,340	3.2
USA	791	0	1,239	47	0	7,134	119	9,330	2.0
South Korea	394	3	679	0	0	2,986	60	4,121	0.9
Hong Kong	1,187	0	128	1	0	1,616	7	2,939	0.6
Taiwan	100	0	0	0	0	2,167	0	2,267	0.5
Singapore	385	0	16	12	0	423	140	976	0.2
Canada	69	0	0	0	0	850	0	920	0.2
Other Third Countries	2,633	349	2,169	185	0	2,034	1,777	9,146	1.9
<b>Total Third Countries</b>	<b>54,412</b>	<b>356</b>	<b>5,364</b>	<b>400</b>	<b>3</b>	<b>86,745</b>	<b>2,525</b>	<b>149,805</b>	<b>31.6</b>
<b>Total exports</b>	<b>74,752</b>	<b>89,344</b>	<b>12,464</b>	<b>14,505</b>	<b>23,979</b>	<b>251,370</b>	<b>8,322</b>	<b>474,736</b>	<b>100</b>

The following chart shows the top ten countries for Danish pig meat exports ranked according to value for January-March 2017. All pig meat (including live pigs) is included in the export figures.

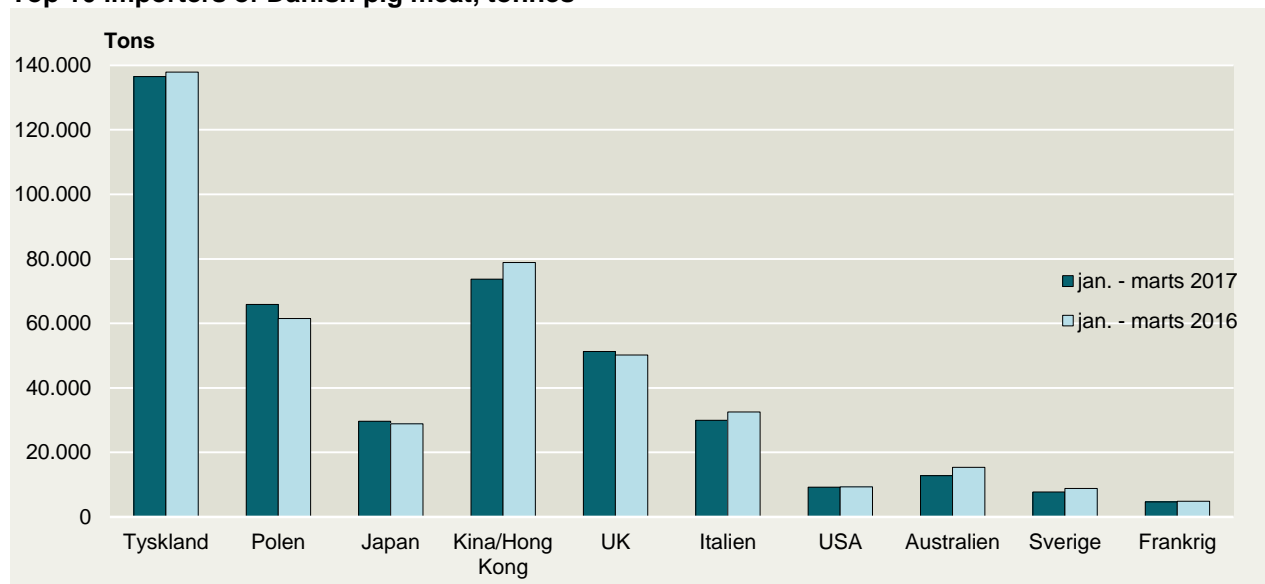
Country	Jan- March 2017		Jan-March 2016	
	Value in DKK million	Tonnes	Value in DKK million	Tonnes
Germany	1,930	136,490	1,550	137,885
Poland	1,067	65,881	771	61,518
Japan	943	29,652	829	28,853
China/Hong Kong	933	73,708	919	78,850
UK	523	51,306	771	50,197
Italy	446	29,894	415	32,543
USA	283	9,193	284	9,330
Australia	272	12,760	294	15,340
Sweden	159	7,729	173	8,822
France	110	4,613	97	4,824
<b>Top 10 total</b>	<b>6,668</b>	<b>421,227</b>	<b>6,103</b>	<b>428,162</b>
Other countries	1,246	51,293	751	46,574
<b>Total</b>	<b>7,914</b>	<b>472,520</b>	<b>6,855</b>	<b>474,736</b>

#### Top 10 importers of Danish pig meat, DKK million



Germany Poland Japan China/Hong Kong UK Italy USA Australia Sweden France

#### Top 10 importers of Danish pig meat, tonnes



Germany Poland Japan China/Hong Kong UK Italy USA Australia Sweden France

 **RUSSIA**
**Russia almost self-sufficient in pork and poultry**

The Pig Site reports that during his Direct Line TV broadcast, Putin said that Russia is now almost self-sufficient in pork and poultry, thanks to anti-Russian sanctions.

The Russian President singled out pork and poultry as examples of industries where sanctions have had a positive impact on Russian production. He added that Russia is now looking for markets for meat exports, including China.

 **RUSSIA**
**Visit from Japan**

Pig333 reports that representatives from Japan's Ministry of Agriculture have visited Russia. The visit was arranged by the two countries' veterinary authorities.

The purpose is to give the Japanese representatives an insight into conditions in Russia in terms of Foot & Mouth disease, Classical Swine Fever and African Swine Fever with a view to possible future Russian exports of pig meat to Japan.

 **CHINA**
**Ministry of Agriculture to limit pig production closures**

In an effort to limit unfair pig production closures, China's Ministry of Agriculture last week issued new guidelines for interpreting the rules on pollution control by livestock producers, reports The Pig Site.

According to the Deputy Minister of Agriculture, Yu Kangzhen, many local authorities have over-implemented the current regulations and have shut down as many pig productions as possible without taking into account the substantial losses for local producers.

The Gaoan district in Jiangxi province, for example, is one of the 100 largest production areas where 4,760 productions have been shut down since October. In 2017, the local authorities extended the area where pig production is banned, which means a further 1,726 pig farms have been closed.

According to Yu, the new guidelines will prohibit local authorities from employing extreme tactics to limit pollution. Pig producers in the selected areas must be assured of a transitional period rather than simply being closed down.

Moreover, Yu has called for reasonable compensation for producers who have to close or move their production. However, the new guidelines give no details about any compensation.

 **CHINA**
**Wens to invest in COFCO Capital**

Reuters reports that China's largest livestock producer, Guangdong Wens Foodstuff Group, is planning to invest between 800-1,000 million yuan (USD 118-147 million) in COFCO Capital.

In April, the state-owned COFCO announced that COFCO Capital was seeking to raise 8 billion yuan, including 2 billion yuan from new shareholders.

COFCO is currently restructuring its business, including listing a number of its companies.

(\$1 = 6.7967 Chinese yuan renminbi)

 **USA/**
 **CHINA**
**Final agreement on American beef to China**

Last week, the US Department of Agriculture announced that it had finally concluded an agreement with China, which means that US beef can be exported to China once again. American beef has been excluded from the Chinese market since 2003.

The agreement means, however, that China will only accept beef free of growth promoters, feed additives and chemical compounds, including ractopamine.

The Chinese ban on ractopamine in meat means that the American beef industry – as is the case with pork – has to establish a system of ractopamine-free plants.

US beef exports to China are expected to resume from mid-July from a limited number of companies.

 **USA/**
 **CANADA/**
 **MEXICO**
**NAFTA agriculture ministers to meet this week**

Reuters news agency reports that the agriculture ministers from USA, Canada and Mexico will meet this week to begin talks on renegotiating the North American Free Trade Agreement (NAFTA).

The three ministers are meeting in Georgia, Sonny Perdue, the U.S. Agriculture Secretary's home state.

 **USA**
**NPPC welcomes Trump's environmental policy**

The National Pork Producers Council (NPPC) welcomes the stand being taken by President Trump on environmental rules that impact U.S. agriculture.

NPPC's Assistant Vice-President Michael Formica says that Trump has done two important things:

First, Trump has said that agencies can only introduce a new regulation if they remove two. According to Formica, there are a plethora of rules that are now outdated.

Secondly, Trump has ordered the Environmental Protection Agency to look at the Waters of the United States rule to see if it can be repealed, amended or retained. Michael Formica expects to see changes as a result.

 **BRAZIL**
**Changes at JBS**

JBS has appointed Gilberto Xandó to its board to replace Chairman Joesley Batista, who resigned last month. Gilberto Xandó is the chief executive of dairy company, Fábrica de Produtos Alimentícios Vigor SA, which is controlled by JBS parent company, J&F Investimentos.

In an effort to address the company's poor image, JBS has appointed lawyer Marcelo Proenca as global head of compliance. The law firm, White & Case LLC, will also help oversee the creation of the new global compliance unit. Proenca has a PhD in Law and has 27 years experience in company and commercial law.

Marcelo Proenca will implement structures to monitor compliance and other procedures across JBS' different units internally and externally. His new department will report directly to the board of directors.

The changes at JBS follow in the wake of the owners of JBS agreeing to pay a fine of R\$ 10.3 billion (\$3.1 billion) over 25 years.

**Please note that Market News will not be published for the next three weeks. The next edition will be published on Tuesday, 18 July.**