

MARKET NEWS for pig meat



Market analysis

31 July 2017

Week 31

MARKET SITUATION

Europe: Trading in fresh legs and other cuts is at unchanged prices this week.

UK: Trading is subdued.

Sluggish demand for cuts is reported for China, but exports of by-products are reported as good but at low prices. Stable trading is reported for Japan

SLAUGHTERINGS DENMARK

	Week 27	Week 28	Week 29	Week 1-29 2017/2016
Total	316,094	318,587	319,253	-6.2 %

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

PRICES

Finished pigs and sows

DKK/kg	DC	Tican
Finished pigs (basic weight class and basic meat percentage)	11.00	11.00
Sows (above 130 kg)	7.40	7.40

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	424.05	406.28
SPF+Myc	429.05	411.28
SPF	433.05	415.28
Organic	1031.00	1056.90
Market prices SPF region 1		
PRRS negative	485.00	471.00
PRRS positive	465.00	454.00
Market prices SPF region 2/3		
PRRS negative	485.00	471.00
PRRS positive	465.00	454.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	11.62 kr/kg	8.11 kr/kg	7.41 kr/kg	5.96 kr/kg	5.99 kr/kg

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	28/7	21/7	Change	28/7	21/7	Change
2017						
Aug	81.40	81.10	+0.30	1.75	1.75	0.00
Sep	-	-	-	1.75	1.75	0.00
Oct	66.50	67.23	-0.73	1.75	1.75	0.00
Nov	-	-	-	1.70	1.70	0.00
Dec	61.05	61.98	-0.93	1.65	1.70	-0.05
2018						
Jan	-	-	-	1.65	-	-
Feb	66.18	66.95	-0.77	-	-	-
Mar	-	-	-	-	-	-
Apr	70.05	70.65	-0.60	-	-	-
May	75.40	75.88	-0.48	-	-	-
Jun	79.00	78.60	+0.40	-	-	-
Jul	78.05	77.88	+0.17	-	-	-
Aug	76.83	76.60	+0.23	-	-	-
Sep	-	-	-	-	-	-
Oct	65.65	65.65	0.00	-	-	-
Nov	-	-	-	-	-	-
Dec	61.65	61.05	+0.60	-	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = €6,3402				Conversion factor DKK/kg: € = 7.4365		



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 16 July – 23 July		Year to date 1 January – 23 July	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		14	2	417
Latvia		21	4	458
Lithuania		28	10	343
Poland	6	13	36	256
Italy			15	28
Ukraine	4		76	9
Czech Republic		21	0	61



RUSSIA

African Swine Fever

In the past week, the authorities in Russia reported seven new cases of African Swine Fever. Six cases were found at small farms while one was discovered among wild boar. Four of the cases were found in the west of the country while three were found in the south, close to the border with Kazakhstan.



May/June pig census

Eurostat has so far published preliminary results from the May/June pig census for two EU countries: Germany and Italy. Eurostat has also published the result from the May/June pig census for Serbia (see table below).

A total of 14 EU countries are expected to publish their figures for developments in the pig population in May/June 2017 compared to the previous year. Figures for the other 12 countries are expected to be published during August/September.

1,000 head	Total population			Breeding stock			Pregnant sows		
	2017	2016	% change	2017	2016	% change	2017	2016	% change
Germany	27,100	27,146	-0.2	1,894	1,927	-1.7	1,381	1,407	-1.8
Spain		27,541			2,374			1,577	
France		13,672			1,031			727	
Denmark		12,313			1,216			760	
Holland		12,388			1,050			705	
Poland		10,239			797			548	
Italy	8,774	8,708	0.8	579	572	1.3	478	472	1.3
Belgium		6,193			432			354	
UK		4,862			497			350	
Rumania		4,575			339			210	
Hungary		3,025			271			175	
Austria		2,667			232			162	
Ireland		1,594			149			103	
Sweden		1,387			148			103	
EU (2)	35,874	35,854	0.1	2,473	2,499	-1.0	1,859	1,879	-1.0
EU (14)		136,310			11,035			7,653	
Serbia	2,883	3,016	-4.4	427	444	-3.8	213	201	6.0



Free Trade Agreement between the EU and Japan also includes agreement on geographically protected products

Agra Europe reports that the EU's Trade Commissioner, Cecilia Malmström, welcomes the fact that the EU-Japan Free Trade Agreement also includes an agreement on geographically protected products in each other's markets.

So far, a list of 71 agricultural products from the EU has been published, which are expected to gain Protected Geographical Indication (PGI) status in the Japanese market. Some 17 products come from Italy and Spain, 10 from France, four from Greece and Germany and three from Austria and the UK,

Japanese legislation on Protected Geographical Indication came into force in June 2015. Kobe beef and Tajima beef were among the first products to be given the status. In previous discussions, Japan indicated that they wanted PGI status for eight Japanese products in the EU, including Kobe beef.



Marubeni enters the American beef market

Agra Europe reports that Japan's Marubeni Corporation has taken its first step into the American beef market through the acquisition of Creekstone Farms Premium Beef (CSF).

A statement from Marubeni says that the acquisition will support the company in meeting the increasing global demand for quality beef.

The financial terms of the agreement have not yet been published, but according to the Nikkei Asian Review, the purchase price is around USD 170 million, including liabilities.

 **USA**
Record low stocks of belly

The latest figures from the USDA for US stocks of frozen pig meat as at 30 June 2017 show that belly stocks remain low and were at an all time low in June. By contrast, stocks of legs and loins were close to record levels.

The following chart shows the latest figures for US stocks of pig meat as at 30 June 2017 compared with the previous month and with one year ago.

1,000 lbs	30 June 2016	31 May 2017	30 June 2017
Picnics	7,959	7,757	7,715
Legs	166,451	144,017	179,132
Bellies	62,921	31,589	22,291
Loins	37,898	40,357	39,898
Ribs	85,635	114,572	86,077
Trim	34,908	37,676	33,107
Butts	15,057	22,713	17,194
By-products	124,808	141,697	129,936
Other	50,842	52,026	47,623
Total pig meat	586,479	592,404	562,973
Beef	464,533	411,509	416,681
Poultry	1,327,944	1,318,805	1,377,397

The low belly stocks in 2017 should be seen against the backdrop of the strongly rising consumption of bacon in the US market in recent years.

According to Nielsen Research, the Americans bought around 14% more bacon in stores in 2016 compared to 2013 and the positive development in demand will probably continue for the rest of 2017.

The boom in demand – coupled with the continued decline in belly stocks – has meant that prices for belly in the US market have increased by 80% this year.

 **BRAZIL**
US import ban leads to change in food & mouth vaccine

A US ban on Brazilian beef means that Brazil may change its Foot and Mouth vaccine.

Reuters news agency reports that the change is under consideration after a group of veterinary products manufacturers made a formal request to the Brazilian authorities to reduce dosages to 2 ml from 5 ml and remove a compound known as saponin from the vaccine.

The US imposed a ban on fresh beef from Brazil in June after saying it had found abscesses in the meat and signs of systemic failure of sanitary inspections.

Brazilian cattle farmers believe the abscesses were linked to foot-and-mouth vaccines and blame the government for demanding them.

Following a meeting last week with US Secretary of Agriculture Sonny Perdue, Brazil's Agriculture Minister said that he expects the US import ban to be abolished in 30 to 60 days.

 **ARGENTINA**
Increase in pig meat imports

Argentinian imports of pig meat are increasing despite the rise in domestic production.

In the first half of 2017, pig meat imports increased by 79.4% to 37,000 tonnes. Pig meat production amounted to 330,720 tonnes in the first half year, which is a rise of 7% compared to the same period last year. Imports, therefore, accounted for 11% of the total supply.

The majority of imported pig meat comprises chilled cuts such as legs and shoulder, primarily from Brazil.

Source: Pig333

 **SOUTH KOREA**
Imports of pig meat January – June

As is shown in the table below, for the first half year 2017, there was a significant rise in South Korea's imports of fresh/frozen pig meat, which are 12% up on the same period in both 2015 and 2016.

The increase in German exports to South Korea is probably owing to the fact that the two German slaughterhouses, Tönnies and Böseler, were excluded from the Chinese market between February and May 2017. The two companies channelled increased volumes to other markets during this period.

0203				
Fresh/frozen pig meat				
Tonnes	Jan - June 2015	Jan - June 2016	Jan - June 2017	% change 17:16
USA	74,519	80,774	81,548	1.0
Germany	39,488	38,811	56,660	46.0
Spain	29,741	30,843	33,045	7.1
Canada	22,559	17,868	17,857	-0.1
Chile	14,626	17,338	14,214	-18.0
Holland	7,434	7,526	11,880	57.9
Austria	9,128	7,819	8,409	7.5
Denmark	7,195	5,830	8,314	42.6
Mexico	4,621	5,818	7,692	32.2
Belgium	5,481	6,701	4,893	-27.0
France	4,810	3,079	3,805	23.6
Ireland	4,076	1,867	2,193	17.4
Hungary	2,460	1,833	1,968	7.4
UK	782	1,063	1,596	50.2
Finland	1,486	1,691	1,458	-13.8
Sweden	521	706	834	18.2
Australia	475	189	393	107.4
Poland	22	-	-	-
Others	-	-	-	-
Total	229,425	229,756	256,760	11.8


Imports of pig meat January – June

0203				
Fresh/frozen pig meat				
Tonnes	Jan - June 2015	Jan - June 2016	Jan - June 2017	% change 17:16
Spain	57,322	135,938	135,702	-0.2
Canada	19,549	80,389	103,117	28.3
Germany	83,392	153,593	99,647	-35.1
USA	54,037	108,640	89,622	-17.5
Holland	7,936	51,800	45,369	-12.4
Denmark	32,833	83,009	45,230	-45.5
Brazil	145	26,255	29,205	11.2
France	14,329	43,183	28,088	-35.0
UK	14,742	21,229	23,864	12.4
Chile	14,217	19,014	20,080	5.6
Ireland	12,159	19,686	18,323	-6.9
Hungary	7,029	12,337	16,322	32.3
Belgium	2,201	6,027	3,727	-38.2
Rumania	-	1238	3603	191.1
Other	-	-	454	-
Total	319,891	762,338	662,354	-13.1

020649				
By-products - pigs				
Tonnes	Jan - June 2015	Jan - June 2016	Jan - June 2017	% change 17:16
USA	79,691	179,075	174,289	-2.7
Denmark	76,419	111,883	71,720	-35.9
Germany	70,921	102,787	69,245	-32.6
Spain	41,073	53,051	66,756	25.8
Canada	19,379	54,870	65,866	20.0
Holland	30,952	43,309	47,995	10.8
France	21,683	26,320	30,905	17.4
UK	9,079	13,891	13,384	-3.6
Chile	12,068	12,128	12,633	4.2
Belgium	4,283	9,593	11,578	20.7
Ireland	8,509	10,873	10,478	-3.6
Hungary	7,426	5,475	7,462	36.3
Rumania	0	618	3,984	545.1
Other	27	-	193	-
Total	381,510	623,872	586,488	-6.0

020641				
Pigs' liver				
Tonnes	Jan - June 2015	Jan - June 2016	Jan - June 2017	% change 17:16
Canada	2	290	103	-64.4
Spain	26	921	100	-89.1
UK	-	212	22	-89.8
Belgium	-	25	-	-100.0
Chile	48	96	-	-100.0
Denmark	2	409	-	-100.0
Other	98	1,045	-	-100.0
Total	176	2,998	225	-92.5

 **JAPAN**
Imports of fresh/frozen pig meat

0203					
Fresh/frozen pig meat					
Tonnes	2017	2016	2017	2016	%
	June	June	Jan-June	Jan-June	change
					2017:16
USA	22,059	23,617	134,525	128,837	4.4
Canada	19,209	15,418	103,273	86,436	19.5
Spain	9,793	7,480	52,689	47,087	11.9
Denmark	9,379	9,688	58,092	56,989	1.9
Mexico	7,194	6,456	42,717	36,890	15.8
Holland	2,780	2,038	12,369	11,988	3.2
Chile	2,446	2,642	11,976	14,293	-16.2
Germany	1,556	1,720	8,840	6,477	36.5
Italy	1,272	1,204	6,603	6,779	-2.6
Austria	1,223	1,405	3,623	6,619	-45.3
Hungary	1,167	1,415	11,035	12,784	-13.7
France	994	1,309	6,873	6,851	0.3
Ireland	602	719	4,122	4,068	1.3
Belgium	71	48	261	312	-16.2
Australia	43	48	258	216	19.5
Finland	25	148	397	764	-48.1
Other	252	305	1,280	1,403	-8.7
Total	80,066	75,660	458,932	428,793	7.0

Development in pig meat storage

Tonnage	Own production		Imported volumes		Total storage
	Fresh	Frozen	Fresh	Frozen	
End January 16	294	16,559	6,530	144,724	168,107
End February 16	313	16,839	7,088	144,023	168,263
End March 16	351	15,601	9,206	144,222	169,380
End April 16	611	17,479	7,843	147,530	173,463
End May 16	510	18,368	8,524	150,870	178,272
End June 16	492	20,660	9,180	149,946	180,278
End July 16	521	18,184	7,350	146,181	172,236
End August 16	382	17,151	11,429	147,350	176,312
End September 16	425	17,153	10,342	141,460	169,380
End October 16	644	16,916	8,636	137,490	163,686
End November 16	467	15,700	10,026	138,043	164,236
End December 16	604	16,196	7,781	137,656	162,237
End January 17	442	16,843	7,780	150,579	175,644
End February 17	1,454	16,149	7,443	146,058	171,104
End March 17	417	15,433	9,556	152,113	177,519
End April 17	505	16,360	8,921	148,234	174,020
End May 17	456	17,341	8,794	155,611	182,202

Japan's imports of sausage products

0210		
Sausage products		
Tonnes	2017 Jan-June	% change 2017:16
China	4,013	-8.1
Taiwan	82	-33.0
Thailand	3,180	-10.7
Denmark	779	-18.9
Canada	43	126.3
USA	4,412	-1.7
Brazil	2,224	20.8
Others	1,093	39.1
Total	15,826	-2.0

**NEW ZEALAND****Significant imports of pig meat from Spain**

According to the Chairman of New Zealand's Pork Board, Ian Carter, New Zealand consumers are far more likely to find Spanish pig meat than locally produced pig meat from New Zealand in their stores.

New Zealand produces around 45,000 tonnes pig meat per year and a further 65,000 tonnes pig meat is imported. Around 42% of pig meat comes from Spain, 13% from Finland and 10% from USA and Canada respectively.

Source: Weekly Tribune