

# MARKET NEWS for pig meat



Market analysis

30 August 2017

Week 35

## MARKET SITUATION

Europe: Trading in fresh legs is at slightly increasing prices. Prices for other cuts are largely unchanged.

UK: Trading is slow.

Trade is reported as stable for Japan and China.

## SLAUGHTERINGS DENMARK

	Week 31	Week 32	Week 33	Week 1-33 2017/2016
Total	315,798	317,417	315,163	-6.1 %

**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)	10.80	10.80
Sows (above 130 kg)	7.10	7.10

### Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	415.96	407.87
SPF+Myc	420.96	412.87
SPF	424.96	416.87
Organic	984.44	1048.86
<b>Market prices SPF region 1</b>		
PRRS negative	485.00	477.00
PRRS positive	465.00	460.00
<b>Market prices SPF region 2/3</b>		
PRRS negative	485.00	477.00
PRRS positive	465.00	460.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	11.43 kr./kg	9.01 kr./kg	7.12 kr./kg	5.74 kr./kg	5.92 kr./kg

## FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	25/8	18/8	Change	25/8	18/8	Change
<b>2017</b>						
Aug	-	84.65	-	-	1.70	-
Sep	-	-	-	1.75	1.75	0.00
Oct	63.08	66.13	-3.05	1.75	1.75	0.00
Nov	-	-	-	1.70	1.70	0.00
Dec	58.95	61.33	-2.38	1.65	1.65	0.00
<b>2018</b>						
Jan	-	-	-	1.65	1.65	0.00
Feb	63.80	69.48	-5.68	1.65	-	-
Mar	-	-	-	-	-	-
Apr	67.80	74.20	-6.40	-	-	-
May	72.75	77.70	-4.95	-	-	-
Jun	76.83	77.35	-0.52	-	-	-
Jul	76.95	76.28	+2.67	-	-	-
Aug	76.43	76.90	-0.47	-	-	-
Sep	-	-	-	-	-	-
Oct	64.95	64.90	+0.05	-	-	-
Nov	-	-	-	-	-	-
Dec	60.20	60.40	-0.20	-	-	-
<b>2019</b>						
Feb	61.70	61.13	+0.57	-	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = €6.3001				Conversion factor DKK/kg: € = 7.4391		



EU

### African Swine Fever

The EU Commission's reporting system for the outbreak of disease has now been updated with new figures for August. Only cases of ASF in EU countries and the Ukraine are reported.

Countries	Period		Year to date	
	31 July – 27 August		1 January – 27 August	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		32	2	471
Latvia		100	4	601
Lithuania	14	111	24	510
Poland	26	27	68	294
Italy			16	28
Ukraine	7	1	83	12
Czech Republic		11	0	72



RUSSIA

### African Swine Fever

Last week, Russia report 12 outbreaks of ASF: 10 at small pig farms, one at a large farm of 16,500 pigs and one among wild boar.

 **POLAND**
**Financial support for Poland's pig producers leaving the industry**

At a meeting of the EU Management Committee for pig meat last week, it was decided that Poland will receive €9.3 million to compensate small-scale producers who have been forced to leave the industry because of the risk of the spread of African Swine Fever.

Under the scheme, producers with less than 50 pigs will receive €33 per piglet up to 20 kg and €52 for pigs over 20 kg. In total, 10,000 piglets and 171,654 pigs will be covered by the scheme. Poland also has the option of doubling the sum through its own resources.

The proposal was adopted unanimously by all EU countries at the meeting.

 **UK**
**Supermarket pork linked to hepatitis E**

The British media have reported that investigations undertaken by Public Health England have linked an outbreak of hepatitis E with pork sold in Tesco.

No direct link has been found or proved, but statistical analysis has pointed to a link between the purchase of certain pork products at Tesco and the infection.

 **EU**
**Pig census**

With the publication of Austria's pig census last week, Eurostat has now published preliminary results from the May/June pig census for four EU countries: Germany, Denmark (census 1 July), Italy and Austria. Eurostat has also published the result of the May/June census for Serbia.

Some 14 EU countries are expected to publish their figures showing the pig population trend for May/June 2017 compared to the previous year. Figures for the remaining 10 EU countries are expected to be published in September.

Pig census EU May-June 2017

'000 head	Total population			Breeding sows			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	12,467	12,313	1.3	1,228	1,216	1.0	771	760	1.4
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	
Romania		4,575			339			210	
Hungary		3,025			271			175	
Austria	2,669	2,667	0.1	236	232	1.7	164	162	1.2
Ireland		1,594			149			103	
Sweden		1,387			148			103	
<b>EU (4)</b>	<b>51,010</b>	<b>50,834</b>	<b>0.3</b>	<b>3,937</b>	<b>3,947</b>	<b>-0.2</b>	<b>2,794</b>	<b>2,801</b>	<b>-0.2</b>
<b>EU (14)</b>		<b>136,310</b>			<b>11,035</b>			<b>7,653</b>	
Serbia	2,883	3,016	-4.4	427	444	-3.8	213	201	6.0



## Pig meat exports

Below are charts showing EU exports of pig meat split into categories, exporters and importers for the period January-June.

(Source: EU)

Exports are according to product weight.

### By category

Tonnes	Jan-June 2017	Jan-June 2016	% change 17:16
Live pigs	4,119	5,913	-30.3
Fresh/frozen	969,848	1,120,498	-13.4
Bacon	17,261	15,346	12.5
Processed	79,458	79,006	0.6
By-products	623,283	668,069	-6.7
<b>Total</b>	<b>1,814,884</b>	<b>2,036,686</b>	<b>-10.9</b>

### Exporters of pig meat from EU

Tonnes	Jan-June 2017	Jan-June 2016	% change 17:16
Germany	390,184	511,280	-23.7
Spain	384,001	384,288	-0.1
Denmark	259,030	318,742	-18.7
France	119,873	136,201	-12.0
Holland	213,625	235,595	-9.3
Poland	113,349	101,192	12.0
UK	68,783	70,636	-2.6
Ireland	50,175	57,683	-13.0
Belgium	47,171	54,041	-12.7
Italy	48,848	47,814	2.2
Hungary	44,753	40,919	9.4
Austria	22,420	23,928	-6.3
Andre	52,668	54,363	-3.1
<b>EU-28</b>	<b>1,814,880</b>	<b>2,036,682</b>	<b>-10.9</b>

### Importers of pig meat from EU

Tonnes	Jan-June 2017	Jan-June 2016	% change 17:16
China	672,687	972,034	-30.8
Hong Kong	174,075	177,740	-2.1
Japan	188,497	173,087	8.9
Philippines	124,380	111,395	11.7
South Korea	137,795	106,846	29.0
USA	73,144	62,043	17.9
Ukraine	33,220	38,005	-12.6
Australia	42,424	44,918	-5.6
Montenegro	9,216	10,328	-10.8
Angola	14,298	13,874	3.1
Russia	2,665	3,436	-22.4
Belarus	39	95	-58.9
Andre	342,444	322,885	6.1
<b>EU-28</b>	<b>1,814,880</b>	<b>2,036,682</b>	<b>-10.9</b>

 **USA**
**Pig meat stocks**

The table below shows US stocks of pig meat as at 31 July 2017 compared to one year ago.

<b>1,000 lbs</b>	<b>31 July 2016</b>	<b>30 June 2017</b>	<b>31 July 2017</b>
Picnics	8,022	7,715	6,476
Legs	188,441	179,180	195,140
Bellies	50,733	22,291	17,554
Loins	33,659	39,897	34,456
Ribs	90,139	86,077	77,113
Trimming	36,172	33,107	29,870
Butts	16,197	17,196	14,397
By-products	128,271	129,936	133,516
Other	46,958	47,500	47,657
<b>Total pig meat</b>	<b>598,592</b>	<b>562,899</b>	<b>556,179</b>
Beef	469,735	415,326	430,429
Poultry	1,363,566	1,374,610	1,388,587

The trend towards record low stocks of bellies and large stocks of legs continued during July.

The decline in belly stocks is the result of significantly increased bacon consumption in recent years.

According to Nielsen Research, American consumers purchased around 14% more bacon in 2016 compared to 2013, with demand set to continue in 2017.

The boom in demand coupled with the continued decline in belly stocks has caused belly prices in the US market to rise significantly.

 **USA**
**Smithfield invests in Tar Heel processing plant**

Last week, Smithfield announced that they plan to invest \$100 million in the Tar Heel processing plant in North Carolina. With daily slaughterings of more than 30,000 pigs per day, Tar Heel is the world's largest pig slaughterhouse.

The investment will cover a new distribution centre and an expansion of existing chilling facilities. Both projects are expected to be completed in the autumn of 2018.

 **RUSSIA**
**Greater profitability in Russia's pig production**

According to figures from the Russian Ministry of Agriculture, the profitability of the country's meat sector more than doubled between 2013 and 2016, with the pig meat sector delivering the highest profits.

The Russian state increased its financial support to the meat sector after the imposition of trading sanctions in 2014. As a result, the ratio between profits and costs for domestic meat producers increased and amounted to 16.4% in 2016, which is 2.2 times more than in 2013. For the pig meat sector, the ratio was as high as 19%.

As a result of its strong performance, Russia's meat production is now close to being 100% self-sufficient. Focus will now be directed on exports to CIS countries and to China.

 **RUSSIA****Increasing pig production**

For the period January to July 2017, Russian pig meat production amounted to 2.08 million tonnes, a rise of 5.7% compared to the same period in 2016.

The regions that contributed most to the growth in production are Pskov, Belgorod, Kursk, Voronezh and Tambov.

Source: AHDB Pork

 **BRAZIL****Hormel acquires Brazilian sausage producer**

Hormel has bought the Brazilian company, Cidade do Sol, for \$104 million. The company produces mortadella, sausages and salami under the Ceratti brand.

Source: AHDB Pork

 **CHINA****New pig project in Jilin**

Asian Agribusiness reports that a new integrated pig farm project is now underway in Jilin, China. An initiative by Thailand's Charoen Pokphand Group and the Singapore-based companies, SATS and Ascendas-Singbridge, it is set to produce one million pigs at full capacity and 300,000 pigs annually in the first phase.

 **NEPAL****Foot and mouth disease**

Last week, the authorities reported one outbreak of foot and mouth disease. Some 17 head of cattle were affected and three buffalo.