

# MARKET NEWS for pig meat



Market analysis

26 September 2017

Week 39

## MARKET SITUATION

Europe: Trading in fresh legs is at falling prices. Loins and bellies are also trading at falling prices while shoulders and by-products are trading at largely unchanged prices.

UK: Trading is stable.

Trade is reported as also stable for Japan and China.

## SLAUGHTERINGS DENMARK

	Week 35	Week 36	Week 37	Week 1-37 2017/2016
Total	315,491	316,023	325,665	-6.0 %

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

## PRICES

### Slaughter pigs and sows

DKK/kg	DC	Tican
Finished pigs (basic weight class and basic meat percentage)	10.30	10.30
Sows (above 130 kg.)	6.50	6.50

### Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	397.33	407.62
SPF+Myc	402.33	412.62
SPF	406.33	416.62
Organic	957.24	1039.31
<b>Market prices SPF region 1</b>		
PRRS negative	465.00	480.00
PRRS positive	435.00	464.00
<b>Market prices SPF region 2/3</b>		
PRRS negative	465.00	480.00
PRRS positive	435.00	464.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	10.69 kr./kg	9.08 kr./kg	6.81 kr./kg	5.56 kr./kg	5.70 kr./kg

## FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	22/9	15/9	Change	22/9	15/9	Change
<b>2017</b>	-	-	-	-	1.70	-
Sep	55.70	60.98	-5.28	1.75	1.75	0.00
Oct	-	-	-	1.70	1.70	0.00
Nov	56.63	58.48	-1.85	1.65	1.65	0.00
Dec						
<b>2018</b>	-	-	-	1.65	1.65	0.00
Jan	61.90	64.10	-2.20	1.65	1.65	0.00
Feb	-	-	-	1.65	-	-
Mar	68.58	68.90	-0.32	-	-	-
Apr	75.40	74.20	+1.20	-	-	-
May	78.38	77.86	+0.52	-	-	-
Jun	78.43	78.25	+0.18	-	-	-
Jul	78.00	77.90	+0.10	-	-	-
Aug	-	-	-	-	-	-
Sep	65.23	66.13	-0.90	-	-	-
Oct	-	-	-	-	-	-
Nov	60.85	61.25	-0.40	-	-	-
Dec						
<b>2019</b>	64.80	64.90	-0.10	-	-	-
Jan						
Conversion factors: 1 lb = 0.4536 kg \$ = €6.1693				Conversion factor DKK/kg: € = 7.4407		



EU

### African Swine Fever

The EU Commission's reporting system for the outbreak of disease has published the following figures: :

Countries	Period 11 Sept – 17 Sept		Year to date 1 Jan – 17 Sept	
	Pigs	Wild boar	Pigs	Wild boar
<b>Estonia</b>		1	2	489
<b>Latvia</b>	1	16	6	649
<b>Lithuania</b>	2	43	29	629
<b>Poland</b>	3	13	75	324
<b>Italy</b>			16	28
<b>Ukraine</b>	1		92	15
<b>Czech Republic</b>		4		101
<b>Romania</b>			2	



RUSSIA

### African Swine Fever

Last week, Russia reported nine outbreaks of African Swine Fever: three at small pig farms and six among wild boar.



### May/June pig census

Eurostat has now published the results of its May/June pig census for Belgium, which means that the results for all 14 EU countries that are expected to publish their results have now done so.

The preliminary results show a total EU pig population, which is 0.8% higher than last year. As regards the breeding herd in the form of breeding and pregnant sows, the census reveals a 1.1% and 1.8% increase respectively. The increase is primarily due to a strong rise for both Spain and Poland.

The most recent EU pig census was in December 2016 which showed a 1.0% decline in the total herd. The sow population, including pregnant sows, showed a decline of 1.7% and 1.6% respectively.

As the census is a sample survey, the results should be treated with some caution. However, they indicate that the modest decline in EU slaughterings so far this year can be expected to be replaced over the coming quarters by overall EU slaughterings that are higher than the previous year.

'000	Total herd			Breeding sows			Pregnant sows		
	2017	2016	%-change	2017	2016	%-ændr.	2017	2016	%-change
Germany	27,100	27,146	-0.2	1,894	1,917	-1.2	1,383	1,407	-1.7
Spain	28,667	27,541	4.1	2,516	2,374	6.0	1,728	1,577	9.6
France	13,045	13,280	-1.8	984	1,007	-2.3	701	710	-1.3
Denmark	12,467	12,313	1.3	1,228	1,216	1.0	771	760	1.4
Holland	12,397	12,416	-0.2	1,065	1,053	1.1	708	707	0.1
Poland	11,353	10,865	4.5	885	854	3.6	603	586	2.9
Italy	8,774	8,708	0.8	579	572	1.3	478	472	1.3
Belgium	6,015	6,193	-2.9	417	432	-3.5	344	354	-2.8
UK	4,978	4,866	2.3	498	494	0.8	351	350	0.3
Rumania	4,487	4,575	-1.9	326	339	-3.8	208	210	-1.0
Hungary	2,807	3,026	-7.2	253	269	-5.9	171	173	-1.2
Austria	2,669	2,667	0.1	236	232	1.7	164	162	1.2
Ireland	1,557	1,594	-2.3	143	149	-4.0	98	103	-4.9
Sweden	1,362	1,354	0.6	140	139	0.7	100	97	3.1
<b>EU (14)</b>	<b>137,678</b>	<b>136,544</b>	<b>0.8</b>	<b>11,164</b>	<b>11,047</b>	<b>1.1</b>	<b>7,808</b>	<b>7,668</b>	<b>1.8</b>



### Free trade agreement between EU and Canada comes into force

The free trade agreement between EU and Canada came into force on 21 September.

With regard to pig meat, Canada has received a tariff-free quota of 80,549 tonnes slaughter weight corresponding to around 62,500 tonnes product weight. The quota will be phased in over five years according to the following plan:

2017: 5,014 tonnes  
 2018: 30,549 tonnes  
 2019: 43,049 tonnes  
 2020: 55,549 tonnes  
 2021: 68,049 tonnes  
 2022: 80,549 tonnes

Actual product weight will be somewhat lower.

 **CANADA**
**USDA expects Canada's pig production to increase**

USDA expects Canada's pig meat production to increase by 2.5% in 2017 and by a further 2.0% in 2018.

As the increased production is expected to go to export markets, domestic consumption of pig meat is expected to fall by 2.3% in 2017 and a further 2.3% by 2018.

For the first half year 2017, Canada's pig meat exports rose by 6.7% to 656,169 tonnes compared to 614,880 tonnes in the first half year 2016. There was a fall in exports to the US, the largest export market, but this was more than offset by increased exports to Japan, China and Mexico.

The most recent pig census in Canada from 1 July showed a rise in the total pig population of 2.1% while the breeding herd rose by 1.2%.

In the first half year 2017, pig slaughterings in Canada rose by 2.3% to 10.9 million.

Exports of live pigs to the US totalled 2.9 million in the first half year 2017, a rise of 2.0% compared to the first half year 2016.

 **CHINA**
**Authorities continue to shut down enterprises in pollution intensive regions**

Reuters, citing the Chinese news agency, Xinhua, reports that the authorities in China will halt major projects in regions with high levels of pollution. Both the industrial and agricultural sectors are affected.

The authorities plan to divide the regions into green and red zones, with the latter indicating where the environment is severely strained.

For the red zones, the authorities will stop granting approval on relevant projects. Meanwhile, enterprises causing serious pollution will face punishment, including fines, production restrictions or closure.

Xinhua added that China, with its range of new environmental protection laws, has said "no more" to economic growth at the price of the environment.

Pig International also carries a report on a Chinese environmental policy where the authorities plan to close pig farms in a number of designated areas – primarily densely populated areas – in the south and along the coast. In return, the authorities will extend financial support for the establishment of new, larger and more efficient pig farms in other parts of the country.

 **CHINA**
**Wens opens store in eastern China**

China's largest livestock producer, Guangdong Wens Foodstuff Group, reports that they have now opened Wens Fresh outlet in Suzhou and Hangzhou in eastern China.

This is the first time for Wens to open stores outside Guangdong province where Wens is based. Since November 2015, they have established more than 100 Wens Fresh outlets.

Wens aims to have established 200 stores by the end of the year selling fresh/chilled pork, chicken, fish, milk, eggs and duck.

In 2016, Wens produced 17.13 million finished pigs and 810 million head of poultry.

In addition to pig and poultry production, Wens also produces milk, veterinary medicine and agricultural machinery. The company previously announced that their aim was to produce and sell 27.50 million pigs by 2019 and to begin a pig slaughtering and processing operations.

 **CHINA**
**Wens in new project in Inner Mongolia**

AHDB Pork has reported that Wens, in collaboration with the government of Linxi County in Inner Mongolia, are embarking on a £67 million project involving a farm of 30,000 sows, a feed plant and 300 contract finishers.

(Source, CNAgri)

 **BRAZIL**
**Record breaking exports of pig meat in August**

Agra Europe has reported that Brazil has set a record for August with 66,855 tonnes of pig meat exported. This follows in the wake of pig meat exports for the first half year being slightly below last year's figure.

The rise is primarily due to increased volumes exported to Russia and Hong Kong, which at 25,640 tonnes and 15,746 tonnes were 11% and 23% respectively above the same month last year. By contrast, exports to China declined to 3,652 tonnes, i.e. almost 60% below August last year.

 **BRAZIL**
**USDA expects increasing Brazilian pig production in 2018**

USDA expects Brazil's production of pig meat in 2018 to increase by 2.5% to 3.9 million tonnes.

Increased sales to export markets and to the Brazilian home market are expected, with the latter expected to account for 3 million tonnes.

New figures from the Brazilian authorities show record pig slaughterings in the April quarter at 10.62 million. Measured in tonnes, slaughterings amounted to 950,910 tonnes, which was 2% up on the April quarter 2016.

Pig prices for producers in the April quarter were 15.6% higher than last year.

 **BRAZIL**
**Police formally accuse Batista brothers of insider trading**

Reuters reports that last week, Brazilian police formally asked prosecutors to bring charges against the imprisoned Batista brothers for insider trading.

According to the charge sheet, the brothers, the owners of JBS, saved as much as \$44 million through allegedly illegal market dealings in May.

The alleged insider trading took place before the brothers signed a plea bargain deal with federal prosecutors in which they admitted to paying bribes to politicians and civil servants.

Brazil's President Michel Temer has also been hit with three corruption charges based on the testimony of the Batistas. Under Brazilian law, a president can only be tried for a crime before the Supreme Court and only if two-thirds of the lower house of Congress votes to allow the court to take up the case. In August, a parliamentary majority blocked the first of the three charges Temer faced from being taken up in the Supreme Court.

José Batista Sobrinho, the father of the brothers, has replaced Wesley Batista as CEO of JBS. José Batista Sobrinho is the founder. Last Friday, the Brazilian Supreme Court rejected a request to temporarily release the two brothers from prison.

 **USA**
**Tyson Fresh Meat to invest \$28 million in slaughterhouse expansion**

International news media report that Tyson Fresh Meats are to invest \$28 million in an expansion and upgrading of its pig slaughterhouse in Waterloo, Iowa. Iowa Economic Development Authority will contribute \$2 million to the investment.

No mention has been made of by how much slaughtering is expected to increase following the investment. However, the investment is expected to mean an 8% increase in the headcount. In 2010, the slaughterhouse had a daily slaughtering capacity of 19,000 pigs.

 **USA**
**Pig meat storage as at 31 August**

The chart below shows the latest figures for US pig meat storage as at 31 August 2017 compared to the previous month and to one year ago.

<b>1,000 lbs</b>	<b>31 August 2016</b>	<b>31 July 2017</b>	<b>31 August 2017</b>
Picnics	8,446	6,648	8,174
Hams	226,070	194,968	203,636
Bellies	32,053	17,602	19,080
Loins	31,277	33,878	32,622
Ribs	75,957	77,182	74,779
Trimming	33,045	29,858	34,683
Butts	15,310	14,502	16,342
By-products	137,686	132,604	137,132
Other	49,111	47,612	49,233
<b>Total pig meat</b>	<b>608,955</b>	<b>554,854</b>	<b>575,681</b>
Beef	476,593	431,836	476,260
Poultry	1,315,876	1,397,646	1,391,877

 **BOTSWANA**
**Foot and Mouth disease**

Last week, the authorities in Botswana reported one outbreak of Foot and Mouth disease. Some 343 head of cattle have been affected.

 **NAMIBIA**
**Foot and Mouth disease**

Last week, the authorities in Namibia reported one outbreak of Foot and Mouth disease. Some 1,500 head of cattle have been affected.