

MARKET NEWS for pig meat



Market analysis

23 October 2017

Week 43

MARKET SITUATION

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

UK: Trading is stable.

Trade is reported as stable for Japan and China.

SLAUGHTERINGS DENMARK

	Week 39	Week 40	Week 41	Week 1-41 2017/2016
Total	338,042	341,189	336,830	-5.5 %

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)	9.80	9.80
Sows (above 130 kg)	6.20	6.20

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	375.71	406.64
SPF+Myc	380.71	411.64
SPF	384.71	415.64
Organic	917.37	1027.77
Market prices SPF region 1		
PRRS negative	405.00	482.00
PRRS positive	375.00	464.00
Market prices SPF region 2/3		
PRRS negative	405.00	482.00
PRRS positive	375.00	464.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	9.87 kr./kg	9.08 kr./kg	6.47 kr./kg	5.40 kr./kg	5.54 kr./kg

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)		
	20/10	13/10	Change
2017			
Oct	-	60.40	-
Nov	-	-	-
Dec	64.85	62.20	+2.65
2018			
Jan	-	-	-
Feb	69.10	67.45	+1.65
Mar	-	-	-
Apr	72.90	71.95	+0.95
May	77.18	77.00	+0.18
Jun	80.48	80.30	+0.18
Jul	80.58	80.48	+0.10
Aug	79.73	79.78	-0.05
Sep	-	-	-
Oct	67.10	67.00	+0.10
Nov	-	-	-
Dec	61.95	61.20	+0.75
2019			
Jan	-	-	-
Feb	65.20	64.50	+0.70
Mar	68.50	67.80	+0.70
Conversion factors: 1 lb = 0.4536 kg \$ = €6.2987			



EU

African Swine Fever

The EU Commission's reporting system for the outbreak of disease in EU countries and Ukraine has updated up to and including 15 October.

Countries	Period 8 Oct – 15 Oct		Year to date 1 Jan – 15 Oct	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		7	3	526
Latvia	1	24	8	713
Lithuania		19	30	729
Poland	1	20	80	376
Italy	1		17	28
Ukraine	5	1	104	16
Czech Republic		2		113
Romania			2	

 **RUSSIA**
African Swine Fever

Last week, the authorities in Russia reported one outbreak of African Swine Fever at a small farm of 10 pigs.

 **RUSSIA**
Foot and Mouth disease

Last week, the authorities in Russia reported one outbreak of Foot and Mouth disease. Four head of cattle were affected.

 **RUSSIA**
Pig population 31 August

The Russian authorities have calculated the country's pig population on 31 August 2017 at 24.0 million head, a rise of 2.5 per cent compared to one year ago. The cattle population numbers 19.6 million head, 0.8 per cent below one year ago.

 **EU**
Pig meat exports

EU Commission has published preliminary figures for the EU's pig meat exports (measured in carcase weight) for the period January-August 2017 compared with the same period last year.

Carcase weight, tonnes	Jan - Aug 2017	Jan - Aug 2016	% change
China	896,918	1,321,697	-32.1
Japan	282,939	262,068	8.0
Hong Kong	232,189	226,785	2.4
South Korea	181,648	151,888	19.6
Philippines	169,687	144,536	17.4
USA	104,186	82,673	26.0
Other	610,454	593,221	2.9
Total	2,478,021	2,782,869	-11.0

 **CHINA**
New Hope Liuhe sets new production target for 2021

Asian Agribusiness reports that China's agricultural company, New Hope Liuhe, has announced that it has set a new target to produce 18 million pigs per year by 2021. The company previously planned an annual pig output of 10 million pigs by 2020.

"We revised our goal as we're seeing more backyard farms being replaced by big players which will enjoy higher profits with higher efficiencies," New Hope said in a statement.

New Hope expects that one fourth of the total production of 18 million by 2021 will come from its own farms while the remaining production will derive from contract productions. This year, New Hope expects to produce 2.5 million pigs compared to 1.2 million pigs in 2016.

New Hope previously announced plans to establish 11 new pig businesses in China with an annual production capacity of 4.9 million pigs. The north eastern regions near the coast are seen to offer particularly good pig production opportunities, which will meet demand from the pig slaughterhouse in Quinxihe, which was acquired in 2017. The company has also expressed the wish to invest in pig production in Vietnam.

In December 2016, New Hope Liuhe announced a 50-50 joint venture with France's Cooperl Arc Atlantique for the production and sale of meat products. The partnership will focus on the production of western quality pig meat products, such as bacon, sausages, ham, etc. The new factory is expected to have a capacity of 20,000 tonnes.

As far as breeding is concerned, New Hope collaborates with PIC and Hypor.

CHINA

Cofco Meat increases pig production

Asian Agribusiness reports that the continuous exit of backyard farming in China has resulted in a strong rise in Cofco Meat's pig production in the Chinese market.

In the first half of 2017, Cofco commenced the construction of three new pig farms and has built an annual pig farming capacity of 3.49 million pigs. In the first half year, Cofco Meat ran at 76.7 per cent of its slaughtering capacity and sales of fresh pork rose by 29.5 per cent to 80,000 tonnes. Sales of processed meat rose 2.1 per cent to 4,700 tonnes during the period.

Reuters reported in May that Cofco Corp is planning to increase its pig production to 5 million pigs per year by 2020. Moreover, according to statements from the company's Vice-President, Ma Jianping, Cofco is to increase pig meat imports in order to address demand in the Chinese market.

VIETNAM

Decline in pig production and increase in pig prices expected

The Vietnamese Ministry of Agriculture expects a decline in pig meat production and higher pig prices as the end of the year approaches, reports The Pig Site.

The Ministry estimates that Vietnam's pig population declined by 10 per cent in September compared to one year ago.

Pig meat production in the July quarter amounted to 522,000 tonnes, i.e. 2.3 per cent down on the same period last year. The Ministry expects the number of pig producers to decline by 33 per cent to between 800,000-900,000.

The decline in production is the result of low pig prices over much of 2017 combined with outbreaks of Food & Mouth disease in a number of northern provinces in the country. Lower pig prices in 2017 follow in the wake of an extended period (i.e. from 2011-2016) of rising pig prices.

Please note that the UK edition of Market News will be published next Thursday.