

# MARKET NEWS for pig meat



Market analysis

1 November 2017

Week 44

## MARKET SITUATION

Europe: Trading in legs is at falling prices. Other cuts are trading at unchanged or slightly falling prices.

UK: Trading is under pressure with slightly falling prices.

Trade is reported as stable for Japan and China.

## SLAUGHTERINGS DENMARK

	Week 40	Week 41	Week 42	Weeks 1-42 2017/2016
Total	341,189	336,830	335,494	-5.5 %

**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)	9.60	9.60
Sows (above 130 kg)	5.90	5.90

### Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	367.29	406.34
SPF+Myc	372.29	411.34
SPF	376.29	415.34
Organic	917.33	1024.69
<b>Market prices SPF region 1</b>		
PRRS negative	380.00	481.00
PRRS positive	360.00	464.00
<b>Market prices SPF region 2/3</b>		
PRRS negative	380.00	481.00
PRRS positive	360.00	464.00

Weight adjustment	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	9.53 kr./kg	9.09 kr./kg	6.34 kr./kg	5.34 kr./kg	5.47 kr./kg

**FUTURES**

	<b>Chicago</b> (\$ per 100 lbs slaughter weight)		
	30/10	20/10	Change
<b>2017</b>			
Dec	65.18	64.85	+0.33
<b>2018</b>			
Jan	-	-	-
Feb	71.10	69.10	+2.00
Mar	-	-	-
Apr	74.60	72.90	+1.70
May	78.48	77.18	+1.30
Jun	81.60	80.48	+1.12
Jul	81.65	80.58	+1.07
Aug	80.48	79.73	+0.75
Sep	-	-	-
Oct	68.70	67.10	+1.60
Nov	-	-	-
Dec	62.70	61.95	+0.75
<b>2019</b>			
Jan	-	-	-
Feb	65.65	65.20	+0.45
Mar	68.95	68.50	+0.45
Conversion factors: 1 lb = 0.4536 kg \$ = €6.4116			



EU

**African Swine Fever**

The EU Commission's reporting system for the outbreak of ASF for EU countries and Ukraine has been updated up to and including 29 October.

<b>Countries</b>	<b>Period</b> 15 Oct – 29 Oct		<b>Year to date</b> 1 Jan – 29 Oct	
	<b>Pigs</b>	<b>Wild boar</b>	<b>Pigs</b>	<b>Wild boar</b>
<b>Estonia</b>		16	3	542
<b>Latvia</b>		36	8	749
<b>Lithuania</b>		65	30	794
<b>Poland</b>		22	80	398
<b>Italy</b>			17	28
<b>Ukraine</b>	6	1	110	17
<b>Czech Republic</b>		2		115
<b>Romania</b>			2	

 **RUSSIA**
**Foot and Mouth disease**

Last week, the authorities in Russia reported one outbreak of Foot and Mouth disease in the south of the country, west of the Urals and not far from the border with Kazakhstan. Some 146 cattle were affected.

 **RUSSIA**
**Russia expands import embargo to include fat and by-products**

Russia announced in the past week that it is expanding its import embargo to include fat, offal and by-products from pigs and cows as well as live pigs (not breeding stock).

Fat, offal and by-products from pigs were already included in the Russian import ban, which was introduced in 2014 in the wake of a disagreement between Russia and EU about the control of African Swine Fever in the EU. However, the new expansion of the embargo means that such products from cattle can no longer be exported from the EU to Russia.

In July this year, President Putin signed a decree, which extends the Russian import ban until 31 December 2018. At that time, however, it was a continuation of the products already covered by the embargo.

 **UKRAINE**
**Historically low pig population**

AHDB Pork reports that the pig population in Ukraine is at a historically low level.

On 1 October, the herd stood at 6,762 million, 9.3% less than a year ago. Large agricultural units kept 10.1% fewer pigs than a year ago and in private households, the population decreased by 8.4%.

African Swine Fever and low rates of return were cited as two of the reasons behind the decline.

 **ROMANIA**
**Decrease in VAT results in growth in meat sector**

AHDB Pork reports that the Romanian meat sector has experienced strong growth since the decrease in VAT from 25% to 9% in 2015.

Between 2016 and 2017, supermarket sales of fresh meat rose by no less than 12%.

 **GLOBAL**
**Rabobank: increased production puts pressure on global pig meat market**

Rabobank expects to see increased pig meat production put pressure on the global pig meat market.

In Rabobank's quarterly review for 2017, China is expected to show a 2% rise in pig meat production, which accounts for a decline in Chinese pig prices and in Chinese pig meat imports in 2017. However, Rabobank expects imports to show a slight increase in October following more closures of pig farms.

As regards the EU, Rabobank projects that a modest decline in pig meat production in 2017 will be offset by a slight increase in production in 2018.

As regards the U.S., a continued rise in pig meat production is expected in 2018.

Rabobank also expects pig meat production in Brazil to rise.



## Pig meat exports

The tables below provide the EU Commission's figures for EU exports of pig meat according to categories, exporters and importers for the period January-August.

Exports are calculated in product weight.

### According to categories

Tonnes	Jan - Aug 2017	Jan - Aug 2016	% change 17:16
Live pigs	6,659	7,833	-15.0
Fresh/frozen	1,267,166	1,463,393	-13.4
Bacon	23,947	21,146	13.2
Processed	106,220	105,061	1.1
By-products	987,516	1,082,547	-8.8
<b>Total</b>	<b>2,391,508</b>	<b>2,679,981</b>	<b>-10.8</b>

### Pig meat exporters

Tonnes	Jan - Aug 2017	Jan - Aug 2016	% change 17:16
Germany	531,118	685,496	-22.5
Spain	488,777	501,547	-2.5
Denmark	350,094	418,540	-16.4
France	153,386	178,168	-13.9
Holland	277,864	304,686	-8.8
Poland	149,410	132,227	13.0
UK	90,488	90,007	0.5
Ireland	64,310	74,034	-13.1
Belgium	60,059	68,696	-12.6
Italy	66,023	63,075	4.7
Hungary	58,245	58,537	-0.5
Austria	28,310	31,309	-9.6
Others	73,417	73,653	-0.3
<b>EU-28</b>	<b>2,391,501</b>	<b>2,679,975</b>	<b>-10.8</b>

### Pig meat importers from EU

Tonnes	Jan - Aug 2017	Jan - Aug 2016	% change 17:16
China	883,489	1,293,300	-31.7
Hong Kong	230,855	225,080	2.6
Japan	253,329	229,823	10.2
Philippines	164,386	139,978	17.4
South Korea	171,271	141,461	21.1
USA	96,874	77,466	25.1
Ukraine	48,639	48,956	-0.6
Australia	55,906	57,133	-2.1
Montenegro	12,475	13,896	-10.2
Angola	20,218	19,958	1.3
Russia	3,372	4,341	-22.3
Belarus	43	124	-65.3
Others	450,652	428,465	5.2
<b>EU-28</b>	<b>2,391,508</b>	<b>2,679,981</b>	<b>-10.8</b>

 **JAPAN**

**Imports of fresh/frozen pig meat**

0203 Fresh/frozen pig meat					
Tonnes	2017 September	2016 September	2017 Jan-Sept	2016 Jan-Sept	% change 2017:16
USA	20,143	24,357	196,386	197,887	-0.8
Canada	16,959	16,357	156,199	130,686	19.5
Denmark	9,715	9,769	85,905	85,781	0.1
Spain	8,291	6,388	80,478	68,531	17.4
Mexico	6,206	6,096	63,759	55,017	15.9
Chile	2,348	2,455	18,827	21,050	-10.6
Holland	2,382	1,698	19,013	17,566	8.2
Hungary	1,374	1,529	15,125	17,082	-11.5
Germany	1,723	922	13,546	10,047	34.8
France	1,317	879	10,801	9,724	11.1
Italy	1,060	736	9,829	9,576	2.6
Austria	740	767	6,087	9,481	-35.8
Ireland	385	119	5,852	5,128	14.1
Australia	80	37	425	349	21.9
Belgium	48	27	431	387	11.3
Finland	49	25	544	911	-40.3
Others	232	189	1,883	2,087	-9.8
<b>Total</b>	<b>73,054</b>	<b>72,351</b>	<b>685,090</b>	<b>641,292</b>	<b>6.8</b>

**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
End June 17	407	15,974	7,435	157,400	181,216
End July 17	691	13,767	6,408	155,203	176,069

### Japan's imports of sausage products

0210 Sausage products		
Tonnes	2017 Jan- Sept	% change 2017:16
China	6,327	-9.4
Taiwan	150	-7.6
Thailand	4,702	-13.9
Denmark	1,139	-15.7
Canada	57	200.0
USA	6,885	-6.5
Brazil	3,239	20.6
Others	1,720	26.1
<b>Total</b>	<b>21,737</b>	<b>-14.4</b>

### USA

#### Pig meat storage at 30 September

The table below shows the latest available figures for U.S. pig meat storage compared to both the previous month and to one year ago.

#### Pig meat storage

1,000 lbs	30 Sept 2016	31 Aug 2017	30 Sept 2017
Picnics	8,512	8,176	8,754
Legs	248,972	203,887	231,965
Bellies	25,084	19,213	20,914
Loins	31,928	32,641	33,967
Ribs	83,729	74,341	86,564
Trim	35,811	34,811	34,832
Butts	18,295	16,308	17,774
By-products	139,338	137,066	135,816
Other	50,634	49,255	45,726
<b>Total pig meat</b>	<b>642,303</b>	<b>575,698</b>	<b>616,312</b>
Beef	519,022	476,567	487,812
Poultry	1,288,914	1,385,934	1,395,253

### USA/ CHINA

#### Smithfield to sell pork on line in China

WH Group announced last week that their subsidiary, Smithfield Foods, is to sell pork in China via the online company, JD.com, reports Reuters.

The fresh food division of JD.com, JD Fresh, will be the online sales platform for Smithfield's pork products in China. Online meat sales under JD com have risen sharply in recent years. In the first half of 2017, sales of fresh meat from JD.com increased more than 780% year-on-year.

The products sold on JD will include bone-in cuts and by-products with a focus on small packaged frozen products. According to JD.com, some 10,000 tonnes of pig meat will be imported from Smithfield.

 **CHINA**
**Fall in number of pig slaughterhouses**

Citing China's Agriculture Ministry, Asian Agribusiness reports that the number of pig slaughterhouses in China fell from 14,720 at the end of 2013 to 11,219 at the end of 2016.

The proportion of pigs slaughtered by largescale slaughterhouses, with an annual capacity of at least 20,000 head, rose to 26% by the end of 2016 compared to 20% in 2013.

"We will continue to close down smallscale slaughterhouses, thus laying the foundation for an upgrading of the pig sector," says the Deputy Minister for Agriculture Yu Kangzhen.

 **CHINA**
**Decline in pig meat imports**

Preliminary figures for China's imports of fresh/frozen pig meat for Jan-Sept 2017 show imports of 920,508 tonnes at a value of \$1.7 billion. This represents a fall of 28.0% in volume and 34.1% in value compared to the same period last year.

According to Asian Agribusiness, which cites figures from the National Bureau of Statistics, Chinese pig meat production rose by 0.7% to 37.2 million tonnes over the same period.

 **CHINA**
**CP China to build pig complexes in remote regions**

Asian Agribusiness reports that CP China is to build a pig complex with an annual capacity of 1 million head in Inner Mongolia.

The complex will comprise a contract farming project, a slaughterhouse, a 100,000 tonne processing plant and a 400,000 tonne feedmill. Construction will be completed by 2021.

Moreover, CP China is also planning to construct a similar project with an annual capacity of 500,000 pigs in Yunnan province in south-west China.

 **THAILAND**
**Still no agreement to import U.S. pig meat**

Thailand's Prime Minister has reiterated that no agreement has been reached to import U.S. pig meat into Thailand.

A number of agricultural organisations in Thailand have raised concerns about a possible agreement which was rumoured to have taken place during the Thai Prime Minister's visit to President Trump.

According to the President of the Swine Raisers Association of Thailand, the matter is not yet over. In a comment to Asian Agribusiness, he said that there is strong pressure from the U.S. for Thailand to open up its market. Should an agreement be signed, this would mean bankruptcy for many Thai pig producers.

Thailand has not permitted imports of U.S. pig meat for the past twelve years because of the use of ractopamine in U.S. pig production.

 **IVORY COAST**
**African Swine Fever**

Last week, the authorities in the Ivory Coast reported one outbreak of ASF at a farm of 885 pigs.

