

MARKET NEWS for pig meat



Market analysis

19 March 2018

Week 12

MARKET SITUATION

Europe: Trading in fresh legs is at falling prices. Other cuts are also under pressure but are being traded at more or less unchanged prices.

UK: Sales are stable with trading at increasing prices.

Sales are reported as stable for Japan and China

Slaughterings in Denmark

	Week 8	Week 9	Week 10	Week 1-10 2018/2017
Total	336,613	331,154	343,691	2.6 %

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

PRICES DENMARK WEEK 12

Finished pigs and sows

DKK/kg	Danish Crown	52 wk av.
Finished pigs (basic weight class and basic meat percentage)	9.20	10.23
Sows (above 130 kg)	6.30	6.90

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av.
Basic	356.20	392.90
SPF+Myc	361.20	397.90
SPF	365.20	401.90
Organic	932.87	977.57
Market prices SPF region 1		
PRRS negative	440.00	451.00
PRRS positive	410.00	433.00
Market prices SPF region 2/3		
PRRS negative	440.00	451.00
PRRS positive	410.00	433.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	9.31 kr./kg	7.06 kr./kg	6.55 kr./kg	5.28 kr./kg	5.27 kr./kg

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)		
	16/3	9/3	Change
2018			
Apr	65.45	67,85	-2,40
May	72.75	72,00	0,75
Jun	79.13	77,68	1,45
Jul	80.20	78,55	1,65
Aug	80.60	78,78	1,82
Sep	-	-	-
Oct	69.28	67,20	2,08
Nov	-	-	-
Dec	63.83	62,23	1,60
2019			
Jan	-	-	-
Feb	67.43	66,25	1,18
Apr	70.90	69,78	1,13
May	76.78	75,78	1,00
Jun	79.75	79,18	0,58
Jul	79.90	79,33	0,58
Conversion factors: 1 lb = 0.4536 kg \$ = € 6.0553			

**EU****African Swine Fever**

According to the EU Commission's reporting system for the outbreak of African Swine Fever, the following outbreaks were reported for the following EU countries and Ukraine up to and including 4 March.

Countries	Period		Year to date	
	25 February – 4 March		1 Jan – 4 March	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		6		117
Latvia		7		219
Lithuania		33		447
Poland		68	4	639
Italy			2	24
Ukraine		1	16	24
Czech Republic				17
Romania			2	

**ROMANIA****New outbreak of African Swine Fever at a small pig farm**

According to international news media, Romania has reported another outbreak of African Swine Fever at a small pig farm of five pigs.

The infected farm is located in the north-west of the country in the town of Bercu Nou, close to the border with Ukraine and not far from the Hungarian border.

 **CANADA**
Increased exports of pork to Asia in the pipeline

Canada expects to increase pork exports to Asia.

Canada's optimism follows in the wake of the signing of the new Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which replaces the Transpacific Partnership Agreement (TPP), from which the US withdrew.

As a result of tariff reductions, the CPTPP agreement will secure greater access for Canadian agricultural products to a number of Asian markets such as Japan, South Korea, Philippines and Vietnam. The agreement has been welcomed by Canada Pork Producers and other Canadian agricultural organisations that wanted Canada to proceed with the TPP agreement even after the US dropped out.

Canada is also optimistic about future exports of pork to China. In December, the two countries agreed on a pilot project involving exports of chilled beef and pork from Canada to China.

Canadian Pork Council says that the pilot project is an important step for Canada's pork exporters who have good experience of exporting chilled pork to Japan.

The chart below shows Canada's pork exports in 2017 and 2016 (sources: Whole Hog and Statistics Canada).

Tonnes	2017	2016	% change 17:16
USA	379,806	407,319	-6.8
China	304,277	312,494	-2.6
Japan	252,148	220,371	14.4
Mexico	123,144	117,605	4.7
Philippines	43,003	30,000	43.3
Taiwan	41,459	20,786	99.5
South Korea	40,019	42,740	-6.4
Australia	17,325	18,715	-7.4
Chile	13,558	11,665	16.2
New Zealand	11,067	9,543	16.0
Hong Kong	8,064	13,922	-42.1
Cuba	6,103	6,003	1.7
Others	45,363	35,605	27.4
Total	1,285,336	1,246,768	3.1

 **MEXICO**
USDA: rise in Mexico's pork production and consumption expected in 2018

The United States Department of Agriculture (USDA) expects Mexican production and consumption of pork to continue to rise in 2018.

Pork production is expected to rise 3 per cent to 1.3 million tonnes while consumption is expected to rise almost 7 per cent from 2.18 million tonnes in 2017 to 2.33 million tonnes in 2018.

Production is mainly expected to rise in southern Mexico. The rise in consumption is expected to stem from relatively cheap pork (compared to beef) and various promotional activities involving the health benefits of pork.

Mexico is expected to import between 40-50 per cent of its pork consumption.

 **RUSSIA**
Strong increase in pig population as at 31 January

The Russian authorities have calculated the country's pig population on 31 January 2018 at 23.5 million, which is a rise of 5.6 per cent compared to one year ago.

The continued sharp increase in Russian pig production is also apparent from Agra Europe's figures which show that in 2017, Russia's pig meat production increased by 5 per cent to 3.34 million tonnes carcass weight.

Russian pig meat exports have risen in recent years (65,000 tonnes in the first 11 months of 2017) but is still limited by the presence of African Swine Fever in the country.

On the import side, imports are currently limited due to an import ban on Brazilian meat, which has been in force since November 2017 after ractopamine was found in imported Brazilian pig meat.

 **RUSSIA**
Russia's imports of pig meat

Tonnes	0203 Fresh/frozen meat		020649 + 020641 By-products		020910 Fat		Total		
	Jan-Dec 2017	Jan-Dec 2016	Jan-Dec 2017	Jan-Dec 2016	Jan-Dec 2017	Jan-Dec 2016	Jan-Dec 2017	Jan-Dec 2016	% change 17:16
Brazil	254,542	240,869	5,154	4,938	2,024	3,044	261,720	248,851	5.2
Chile	13,258	8,408	4,425	2,507	8,691	6,011	26,374	16,926	55.8
Belarus	5,899	3,733	518	266	2	8	6,419	4,007	60.2
Serbia	2,992	2,023	115	52	612	191	3,719	2,266	64.1
Paraguay	2,168	2,079	419	498	2,208	972	4,795	3,549	35.1
Argentina	1,845	861	804	668	4,129	3,366	6,778	4,895	38.5
Kazakhstan	291	706	108	20	449	-	848	726	16.8
Switzerland	109	40	-	1	346	217	455	258	76.4
Uruguay	25	-	-	-	-	-	25	-	-
Thailand	-	-	-	-	-	-	-	-	0.0
Others	-	-	318	-	2,695	3,857	3,013	3,857	-21.9
Total	281,129	258,719	11,861	8,950	21,156	17,666	314,146	285,335	10.1

 **BRAZIL**
Low and falling pig prices continue

Agra Europe reports that pig prices in Brazil continue to fall.

The downturn is primarily due to weak exports (the Russian market is closed) and sluggish sales of pig meat in the Brazilian home market.

With large stocks of pig meat, slaughterhouses are attempting to reduce slaughterings while high feed prices are increasing supplies of finished pigs.



EU

Pig meat exports

EU Commission has published preliminary figures for the EU's pig meat exports (measured in carcase weight) for January 2018 compared to January 2017.

Carcase weight, tonnes	January 2018	January 2017	% change
China	122,439	156,954	-22.0
Japan	36,079	30,785	17.2
South Korea	31,683	24,547	29.1
Hong Kong	20,437	28,721	-28.8
Philippines	20,323	17,364	17.0
USA	14,459	9,583	50.9
Other	80,273	76,274	5.2
Total	325,692	344,227	-5.4

BELGIUM

Scandal involving Belgian slaughterhouse widens

The date labelling scandal at the Belgian slaughterhouse, Veviba, has widened.

It is alleged that conventionally produced meat has been sold as organic and that rotten meat has been exported, reports Belgium's Minister of Justice.

The Veviba plant in Bastogne, which is part of the Verbist group, was closed on 8 March. (Source: Agra Europe).

PORTUGAL

Decline in pork exports in 2017

Agra Europe reports that Portuguese pig meat exports fell by just over 33 per cent in 2017, from around 60,000 tonnes in 2016 to 40,000 tonnes last year.

While other EU countries have been affected by lower demand from China, Portugal's decline is largely due to the dramatic fall in exports to Venezuela following in the wake of the country's economic collapse. In 2016, Portugal exported 14,000 tonnes of pig meat to Venezuela.

Moreover, there have also been declines in exports to Spain and France while exports to Japan, UK and Greece increased slightly in 2017. (Source: Agra Europe).