

MARKET NEWS for pig meat



Market analysis

9 April 2018

Week 15

MARKET SITUATION

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

UK: Sales are stable with new contracts being entered into at increasing prices.

Sales are reported as slow for China and stable for Japan.

Slaughterings in Denmark

	Week 11	Week 12	Week 13	Week 1-13 2018/2017
Total	351,578	365,200	218,444	+0.3 %

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

PRICES DENMARK WEEK 15

Finished pigs and sows

DKK/kg	DC	52 wk av
Finished pigs (basic weight class and basic meat percentage)	8.90	10.12
Sows (above 130 kg)	6.10	6.79

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	343.89	389.23
SPF+Myc	348.89	394.23
SPF	352.89	398.23
Organic	932.38	971.42
Market prices SPF region 1		
PRRS negative	440.00	447.00
PRRS positive	410.00	428.00
Market prices SPF region 2/3		
PRRS negative	440.00	447.00
PRRS positive	410.00	428.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	8.96 kr./kg	8.35 kr./kg	6.32 kr./kg	5.21 kr./kg	5.18 kr./kg

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)		
	6/4	23/3	Change
2018			
Apr	52.13	58.43	-6.30
May	64.48	65.23	-0.75
Jun	73.28	74.15	-0.88
Jul	75.45	75.35	0.10
Aug	76.15	75.45	0.70
Sep	-	-	-
Oct	64.55	65.25	-0.70
Nov	-	-	-
Dec	59.20	60.43	-1.22
2019			
Jan	-	-	-
Feb	63.13	64.73	-1.60
Apr	66.90	68.25	-1.35
May	72.48	74.00	-1.53
Jun	75.35	77.65	-2.30
Jul	75.25	77.78	-2.53
Conversion factors: 1 lb = 0.4536 kg \$ = €6.0875			

**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 1 April.

Countries	Period 26 March – 1 April		Year to date 1 Jan – 1 April	
	Pigs	Wild boar	Wild boar	Wild boar
Estonia		10		144
Latvia		6		264
Lithuania		81		624
Poland		69	4	931
Italy			2	24
Ukraine		1	21	25
Czech Republic				18
Romania			3	

**RUSSIA****African Swine Fever**

Last week, Russia reported one outbreak of African Swine Fever among wild boar in the west of the country.



Pig meat exports

The EU Commission has published its figures for the EU's pig meat exports according to categories, exporters and importers for January 2018 compared to January 2017.

Exports are calculated according to product weight

Tonnes	Jan 2018	Jan 2017	% change 18:17
Live pigs	1,835	503	264.8
Fresh/frozen	175,543	175,596	-0.0
Bacon	2,970	2,679	10.9
Processed	12,557	12,268	2.4
By-products	121,444	141,204	-14.0
Total	314,349	332,250	-5.4

Exporters of pig meat from EU

Tonnes	Jan 2018	Jan 2017	% change 18:17
Germany	75,167	83,218	-9.7
Spain	68,814	69,613	-1.1
Denmark	46,123	48,524	-4.9
France	18,049	20,527	-12.1
Holland	35,193	35,823	-1.8
Poland	21,046	16,446	28.0
UK	9,537	12,107	-21.2
Ireland	8,163	8,509	-4.1
Belgium	7,341	8,361	-12.2
Italy	6,553	8,077	-18.9
Hungary	6,915	9,436	-26.7
Austria	3,107	3,137	-1.0
Others	8,341	8,472	-1.5
EU-28	314,349	332,250	-5.4

Importers of pig meat from EU

Tonnes	Jan 2018	Jan 2017	% change 18:17
China	121,018	153,920	-21.4
Hong Kong	20,316	28,545	-28.8
Japan	32,684	27,544	18.7
Philippines	19,606	16,857	16.3
South Korea	29,479	22,941	28.5
USA	13,358	8,976	48.8
Ukraine	7,513	4,859	54.6
Australia	8,448	8,713	-3.0
Montenegro	2,699	1,607	68.0
Angola	2,190	2,170	0.9
Russia	130	423	-69.3
Belarus	52	-	-
Others	56,856	55,695	2.1
EU-28	314,349	332,250	-5.4



EU Commission expects only a modest increase in EU pig meat production in 2018

According to the EU Commission's recently published Short-Term Outlook for EU agricultural markets, only a modest increase in the EU pig meat production is expected in 2018. The report forecasts a rise of 0.9 per cent for 2018 which will be replaced by a decline of 0.4 per cent in 2019. An 0.8 per cent fall in production was recorded for 2017.

With regard to EU pig meat exports, the report forecasts that the fall of 9.1 per cent in 2017 will be replaced by a rise in 2018 of 2.5 per cent and a fall of 5.0 per cent in 2019. The growth in exports in 2018 is a consequence of the expected increase in EU production.

Consumption of pig meat per capita in the EU is expected to remain fairly stable at 32.2 kg in 2017 and 32.3 kg in 2018 and 2019.

The table below shows the EU Commission's expectations for the EU's pig meat balance in 2018 and 2019.

	2014	2015	2016	2017 e)	2018 f)	2019 f)
Carcase weight, 1,000 tons						
Production	22,772	23,464	23,884	23,688	23,889	23,803
Live imports	0	0	0	0	0	0
Live exports	35	21	10	13	14	20
Net production	22,737	23,443	23,875	23,675	23,876	23,783
Imports of pig meat	14	11	12	14	15	22
Exports of pig meat	1,947	2,217	2,812	2,558	2,622	2,490
Consumption	20,804	21,237	21,075	21,132	21,269	21,314
Consumption per capita (kg)	32.0	32.5	32.2	32.2	32.3	32.3
- percentage of total meat consumption (%)	49.3	49.0	48.0	48.1	48.1	48.1
Self sufficiency (%)	109	110	113	112	112	112

e) estimated

p) forecast



AIM in financial difficulties

The French media report that the French pig processing group, AIM, is in financial difficulties and has been put under administration by a court in Rouen.

AIM has been granted an observation period of six months after which a financial plan for its future operation has to be presented.

AIM employs a workforce of 225 and experienced financial problems in 2015. At that time, the slaughterhouse was taken over by a group of employees and local organisations.

**CHINA****Authorities monitoring pig and feed prices ratio**

Reuters reports that China's National Development and Reform Commission (NDRC) announced last week that they are monitoring developments in pig prices after the ratio between pig and feed prices has now entered the so-called warning zone.

According to NDRC, Chinese pig prices fell to 10.89 yuan per kg (\$1.73 per kg) in March and in certain areas of the country, the price is below 10 yuan per kg. As a consequence, the price is 33 per cent lower compared to one year ago.

With increasing feed prices, the ratio between the pig price and feed fell to 5.45 by the end of March and has now entered the authorities' warning zone of between 5.1-5.5.

NDRC has announced that they are prepared to implement measures aimed at avoiding dramatic price fluctuations in the market to help ensure stable pig production and encourage producers to produce rationally.

**CHINA****WH Group hit hard by increased Chinese tariffs on US pig meat**

Asian Agribusiness reports that China's WH Group – through its ownership of America's Smithfield – has been hard hit by China's imposition of additional tariffs on US pig meat.

A CNN report states that when China's plans for additional tariffs on US pig meat became known in March, this resulted in a decrease of more than 11 per cent for WH Group shares on the Hong Kong Stock Exchange.

The CNN report also cites an independent equity analyst who says that the import tariffs may reduce WH Group profits by 12-18 per cent.

**USA****China's additional tariffs have immediate impact on US producers and exporters of pig meat**

US Meat Export Federation (USMEF) has also commented on China's tariffs on US pig meat.

A statement from USMEF reads: "China's additional tariffs on American pig meat will have an immediate impact on American pig meat producers and exporters as well as on customers in China. With almost 27 per cent of US pig meat production exported last year, international trade is vital for continued success and earnings."

**BRAZIL****Luis Fernando Furlan new Chairman of BRF**

The former Trade Minister, Luis Fernando Furlan, was last week elected the new Chairman of BRF. He replaces Abillio Diniz, who joined BRF after Diniz's investment company, Peninsula Participacoes, acquired a major stake in BRF.

The new Chairman is the former Chairman of Sadia SA which, following a merger with Perdigao, became BRF. Furlan was also Trade Minister in 2003 when Lula was President of Brazil.

 **BRAZIL**
Fall in pig meat exports

Figures from the Brazilian Animal Protein Association (ABPA) show that at 129,300 tonnes, Brazilian exports of pig meat for the first three months of 2018 are almost 16 per cent below the same period last year.

Brazilian exports have been primarily affected by the Russian import ban on Brazilian meat that has been in force since 1 December 2017.

The decline in exports to Russia combined with continuing poor domestic demand has recently put Brazilian pig and pig meat prices under severe pressure. The economic situation of the country's pig producers has been adversely affected by rising feed prices.

 **BRAZIL**
Rise in pig slaughterings in 2017

Citing figures from the Brazilian authorities, Agra Europe reports that Brazilian pig slaughterings increased by 2 per cent in 2017 to record figures of 43.19 million. Average weight also increased - an increase of 2.8 per cent corresponding to 3.18 million tonnes.

Santa Catarina remains the leading state with 26.6 per cent of slaughterings followed by Parana with 21.3 per cent.

As regards cattle, the authorities recorded a rise in slaughterings of 3.8 per cent to 30.83 million.

As regards chicken, slaughterings in 2017 fell by 0.3 per cent to 5.84 billion. Increased average weight, however, has resulted in an increase measured in tonnage of 2.8 per cent to 13.6 million tonnes.

 **JAPAN**
Development in pig meat storage

Tonnage	Own production		Imported volumes		Total storage
	Fresh	Frozen	Fresh	Frozen	
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
End August 17	585	15,058	9,288	152,135	177,066
End September 17	984	14,244	6,267	149,558	171,053
End October 17	573	14,305	6,642	145,497	167,017
End November 17	725	14,897	11,574	142,430	169,626
End December 17	817	16,129	11,516	142,364	170,826
End January 18	744	15,805	9,278	150,931	176,758
End February 18	626	16,485	8,398	156,307	181,816