

MARKET NEWS for pig meat



Market analysis

22 May 2018

Week 21

MARKET SITUATION

Europe: Trading in fresh legs is at increasing prices. Other cuts are largely unchanged.

UK: Sales are stable.

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

Slaughterings in Denmark

	Week 17	Week 18	Week 19	Week 1-19 2018/2017
Total	291,607	317,876	235,481	+3.3 %

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

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)		
	21/5	11/5	Change
2018			
May	-	65.30	-
Jun	74.00	75.10	-1.10
Jul	76.85	76.98	-0.13
Aug	76.05	76.95	-0.90
Sep	-	-	-
Oct	62.30	63.35	-1.05
Nov	-	-	-
Dec	57.95	58.60	-0.65
2019			
Jan	-	-	-
Feb	62.63	63.40	-0.77
Apr	66.50	67.53	-1.03
May	71.93	72.10	-0.17
Jun	75.30	76.05	-0.75
Jul	75.20	76.00	-0.80
Aug	74.90	75.68	-0.77
Oct	66.00	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = € 6.3223			



African Swine Fever

According to the EU Commission's reporting system for the outbreak of disease, the following outbreaks of ASF were reported for the following countries and Ukraine up to and including 13 May.

Countries	Period 6 May – 13 May		Year to date 1 Jan – 13 May	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		1		155
Latvia		8		314
Lithuania		25		856
Poland		73	4	1231
Italy			2	24
Ukraine	2	1	26	27
Czech Republic				28
Romania			3	
Hungary		1		5

MOLDOVA

African Swine Fever

Last week, the authorities in Moldova reported four cases of African Swine Fever at a small pig farm.

BRAZIL/ SOUTH KOREA

South Korea opens its market to pig meat from Brazil

The Brazilian Agriculture Minister Blairo Maggi announced last week that South Korea is opening its market to pig meat from Brazil.

So far four Brazilian factories have been approved for export, but Maggi expects more factories to be given the go-ahead. The approved factories are owned by Aurora, BRF, Pamplona and Seara. All are located in the largest pig producing state in Brazil, Santa Catarina, which is the only one to be declared free from foot and mouth disease without vaccination.

Like Japan, South Korea only allows imports of pig meat from countries/regions that have optimum status in respect of foot and mouth disease. Japan began importing pig meat from Santa Catarina in 2013.

BRAZIL/ CHINA

China to inspect 84 Brazilian factories in preparation for exports to China

The Brazilian Agriculture Minister Blairo Maggi also announced last week that China is to inspect 84 Brazilian factories with a view to approval for export to China.

The Brazilian minister was in China last week and reported that China's trade minister promised that Chinese inspectors would arrive later this month.

There is no information about which factories will be visited. However, the Brazilians expect the majority of the factories to be approved.

 **CHINA**
WH Group shares rise as the prospect of a trade war between U.S. and China recedes

WH Group shares rose by 7 per cent on the Hong Kong stock exchange as the prospect of a trade war between U.S. and China recedes.

The U.S. and China agreed last Saturday to aim to reduce the Chinese trade surplus to the U.S. The punitive regime of tariffs for Chinese goods has therefore been put on hold.

When China's additional tariffs on U.S. pig meat became known in March, WH Group shares fell by more than 11 per cent on the Hong Kong stock exchange.

 **CHINA**
Pigs in multi-storey buildings

Weekly Tribune reports that Chinese pig producers are starting to produce pigs in multi-storey buildings. In southern China, close to Yaji Mountain, the first 7 storey construction housing sows was built last year, and this will be followed by four similar buildings – one with 13 storeys.

These multi-storey buildings reduce the need to invest in land, but the cost of feeding and slurry systems as well as ventilation is higher. The cost of space per sow is put at £1,860.

  **USA/ THAILAND**
U.S. puts further pressure on Thailand to open its market to U.S. pig meat

Reuters reports that the U.S. Trade Representative (USTR) is considering removing Thailand from the list of countries that enjoy trade preferences when exporting to the U.S. This follows concerns from the National Pork Producers Council (NPPC) who are urging the Trump administration to recall all trade benefits given to Thailand.

According to NPPC, Thailand has maintained a ban against imports of U.S. pig meat by only accepting U.S. pig meat that has been heat treated. And even if such permits are granted, Thailand imposes high import tariffs.

For the past 12 years, Thailand has not permitted imports of U.S. pig meat because of the use of ractopamine in U.S. pig production.

A number of agricultural organisations in Thailand have long protested to the Thai government against a possible agreement on imports of U.S. pig meat. According to the agricultural organisations, there is strong pressure from the U.S. to open up the Thai market.

Earlier this month, Thailand's Minister of Agriculture announced that his ministry needs at least one year to investigate the consequences of importing U.S. pig meat on Thai consumers.

 **USA**
New pig virus may pose a threat to humans

According to researchers from Ohio State University in USA and Utrecht University in Holland, a new pig virus has been identified that may pose a threat to humans, reports Asian Agribusiness citing Reuters.

The virus has been identified as a porcine deltacoronavirus. The virus has been found in laboratory cells from humans and other animal species, which has caused concern about a possible outbreak that could affect people.

Scientists say, however, that so far, the virus has only infected laboratory cells and that humans have not been infected. The virus was first discovered in China in 2012 but was not then associated with disease. Since then, the virus has also been found in the U.S. in connection with a diarrhoea outbreak.



Structural development

Statistics Denmark has published data from its agricultural census 2017 (summer census). As this is based on random sampling, figures for individual years should be treated with some caution.

	2017	2016	2015	2007	1997	1987
Number of farms	34,731	35,674	36,637	44,618	63,151	86,940
Number of pig farms	3,226	3,294	3,769	7,213	18,829	37,690
Number of pigs (million)	12.3	12.4	12.5	13.7	11.4	9.3



Pig census 1 April 2018

Last week, Statistics Denmark published the results of the pig census taken on 1 April 2018.

The results mirror the pattern from the census of 1 January. The total pig population is 4.1 per cent higher compared to one year ago. In the 1 January census, there was a rise in the overall pig population of 4.5 per cent. The substantial rise of 7.7 per cent, which has been recorded for Finished pigs >50 kg, is explained by the fact that 1 April this year fell in the middle of Easter, when slaughtering was delayed.

With regard to the breeding herd in the form of pregnant sows, there was a rise of 2.7 per cent compared to one year ago. With the 1 January census, there was also a rise in pregnant sows of 2.7 per cent.

1000 head	April census			January census		
	1 April 2018	1 April 2017	% change 18:17	1 Jan 2018	1 Jan 2017	% change 18:17
Breeding boars	10	11	-9.1	11	11	-
Pregnant gilts	200	190	+5.3	192	187	+2.7
Other pregnant sows	592	581	+1.9	594	578	+2.8
Total pregnant sows	792	771	+2.7	786	765	+2.7
Nursing sows	216	207	+4.3	211	202	+4.5
Dry sows	38	36	+5.6	37	35	+5.7
Sows and boars for slaughter	6	6	-	7	6	+16.7
Gilts >50 kg for breeding	226	216	+4.6	225	234	-3.8
Piglets with sows	2,660	2,520	+5.6	2,596	2,445	+6.2
Weaned pigs <50 kg	5,809	5,697	+2.0	5,957	5,677	+4.9
Finished pigs >50 kg	2,976	2,764	+7.7	3,002	2,906	+3.3
Total pigs	12,733	12,228	+4.1	12,832	12,281	+4.5
Total pigs excl. finished pigs	9,757	9,464	+3.1	9,830	9,375	+4.9

Pig meat exports

The chart below shows EU exports of pig meat divided into categories, exporters and importers for the period January-March.

Exports are according to product weight.

Tonnes	Jan-March 2018	Jan-March 2017	% change 18:17
Live pigs	4,192	1,250	235,4
Fresh/frozen	529,296	532,200	-0,5
Bacon	9,177	8,215	11,7
Processed	40,618	39,687	2,3
By-products	378,536	396,047	-4,4
Total	961,819	977,399	-1,6

Exporters of pig meat from EU

Tonnes	Jan-March 2018	Jan-March 2017	% change 18:17
Germany	220,028	215,676	2,0
Spain	210,958	205,542	2,6
Denmark	136,427	143,812	-5,1
France	59,270	62,126	-4,6
Holland	109,066	115,573	-5,6
Poland	63,359	60,774	4,3
UK	33,276	34,293	-3,0
Ireland	25,570	25,921	-1,4
Belgium	23,713	26,852	-11,7
Italy	23,901	24,812	-3,7
Hungary	19,533	25,518	-23,5
Austria	10,184	10,487	-2,9
Other	26,534	26,013	2,0
EU-28	961,819	977,399	-1,6

Importers of pig meat from EU

Tonnes	Jan-March 2018	Jan-March 2017	% change 18:17
China	354,078	392,720	-9.8
Hong Kong	70,626	97,040	-27.2
Japan	99,460	93,757	6.1
Philippines	67,817	55,471	22.3
South Korea	88,597	69,944	26.7
USA	43,915	35,849	22.5
Ukraine	22,429	16,758	33.8
Australia	24,210	25,957	-6.7
Montenegro	6,380	4,816	32.5
Angola	7,616	7,020	8.5
Russia	623	1,453	-57.1
Belarus	148	31	377.4
Other	175,921	176,585	-0.4
EU-28	961,819	977,399	-1.6



UK

Increase in organic pig population

The population of organic pigs in the UK almost doubled in 2017, reports Agra Europe.

Figures from the UK's Ministry of Agriculture show a rise from 31,500 in 2016 to 58,800 in 2017. Organic pigs, however, only account for slightly more than 1 per cent of the UK's total population.



RUSSIA

Pig population as at 31 March

The Russian authorities have calculated the country's pig population at 24.0 million as at 31 March 2018, which is a rise of 5.2 per cent compared to one year ago.

The cattle population totals 19.2 million, 0.4 per cent below last year, whereas the poultry population remains unchanged at 567 million.



RUSSIA

President Putin optimistic about China opening its market to Russian pig meat

Russian media have reported that President Vladimir Putin has expressed his optimism about China opening up its market to Russian pig meat.

"We have fought to open up the Chinese market. We haven't succeeded yet, but I hope our Chinese friends will give a positive response. If China excludes American pork, we will be ready with our pigs," said Putin.

He says that initiatives are currently underway to develop Russian exports to China. Discussions between the two countries have been ongoing for several years.



RUSSIA

Russia's 20 largest pig producers

Figures provided by the National Union of Pig Breeders show the 20 largest pig producers in Russia in 2017 measured according to production in live weight tonnage.

No.	Company	Production in tonnes	% change 2017:16	Percentage of total production
1	Miratorg	415,160	1.5	10.9%
2	Cherkizovo Group	211,750	14.6	5.5%
3	Rusagro	207,420	9.2	5.4%
4	Agro-Belogorie	178,900	8.7	4.7%
5	Velikoluksky SVK	175,010	33.6	4.6%
6	Agropromkomplektatsiya	163,160	41.0	4.3%
7	Siberian Agrarian Group	129,780	16.5	3.4%
8	KoPitaniya	106,520	8.1	2.8%
9	Agroeco	90,000	9.8	2.4%
10	Agrofirma Ariant	87,070	-2.3	2.3%
11	APK Don	86,260	14.3	2.3%
12	Ostankino Group	80,000	12.6	2.1%
13	Belgrankorm	65,470	-0.6	1.7%
14	Exima	61,500	-3.9	1.6%
15	Agroholding Talina	57,740	23.4	1.5%
16	Korall	52,150	19.0	1.4%
17	Kamsky Beacon	48,500	Unchanged	1.3%
18	Bashkirskaya Meat Co.	48,080	No information	1.3%
19	Kosmos Group	46,670	-11.30	1.2%
20	RBPI Group	46,450	No information	1.2%
	Total (20)	2,357,590	10.4	61.8%
	Total (Industrial use)	3,816,150	7.3	100.0%

 **RUSSIA**
Pig meat imports

Tonnes	0203 fresh/frozen pig meat		020649+020641 By-products pigs		020910 Trim		Total		
	Jan-March 2018	Jan-March 2017	Jan-March 2018	Jan-March 2017	Jan-March 2018	Jan-March 2017	Jan-March 2018	Jan-March 2017	% change 18:17
Brazil	11,529	50,588	221	1,275	102	913	11,852	52,776	54,964
Chile	4,501	1,216	1,072	888	2,938	1,679	8,511	3,783	125,0
Paraguay	525	318	139	140	175	102	839	560	802
Argentina	519	88	160	202	292	2,022	971	2,312	4,536
Serbia	318	282	-	14	20	87	338	383	484
Belarus	272	1,371	276	66	1	-	549	1,437	1,503
Kazakhstan	52	30	11	26	-	-	63	56	82
Switzerland	-	31	19	-	-	88	19	119	207
Total	17,714	53,923	1,898	2,609	3,527	5,736	23,139	62,268	-62.8

Source: Global Trade Atlas

 **MEXICO**
Pork producer invests USD 200 million in slaughterhouse, feed mill and breeding centre

According to international news media, the large Mexican pig producer, Keken, (part of Grupo Kuo) is to invest USD 200 million in a new slaughterhouse, feed mill and breeding centre.

The new slaughterhouse will slaughter 2.5 million pigs per year, which will make it the largest pig slaughterhouse in Mexico. The feed mill will start producing 23,000 tonnes per month. However, this will increase to 60,000 tonnes per month when full capacity is reached, which will make it one of the largest in Mexico.

These investments are the initial steps in an investment plan launched in 2016. The company states that its aim is to double revenue by investing USD 350 million.

 **AUSTRALIA**
SunPork to invest A\$ 60 million in company

Australske SunPork is to invest A\$ 60 million (USD 45 million) in increased capacity at its Swickers Kingaroy bacon plant. The investment comprises increased slaughtering capacity, more chilling/freezing facilities, etc and follows one year after a large section of the company was destroyed by fire.

The investment will treble slaughtering capacity at the company, but the increased capacity is not expected to be fully utilised at the start.

 **ZIMBABWE**
Foot and mouth disease

Last week, the authorities in Zimbabwe reported 62 cases of foot and mouth disease. A total of 81,622 cattle and 1,488 goats were affected.

