

# MARKET NEWS for pig meat



Market analysis

4 June 2018

Week 23

## MARKET SITUATION

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

UK: Sales are stable.

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

## Slaughterings Denmark

	Week 19	Week 20	Week 21	Week 1-21 2018/2017
Total	235,481	371,516	311,691	+4.9 %

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

## FUTURES

	Chicago (\$ per 100 lbs slaughter weight)		
	1/6	25/5	Change
<b>2018</b>			
Jun	77.60	74.20	3.40
Jul	78.80	77.55	1.25
Aug	77.53	76.08	1.45
Sep	-	-	-
Oct	63.25	62.83	0.42
Nov	-	-	-
Dec	57.58	58.48	-0.90
<b>2019</b>			
Jan	-	-	-
Feb	62.40	63.30	-0.90
Apr	67.13	67.38	-0.25
May	71.88	72.00	-0.13
Jun	75.88	75.85	0.03
Jul	75.48	76.00	-0.53
Aug	75.33	75.90	-0.58
Oct	65.80	66.00	-0.20
Conversion factors: 1 lb = 0.4536 kg \$ = € 6.3794			



### 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 27 May.

Countries	Period 20 May – 27 May		Year to date 1 Jan – 27 May	
	Pigs	Wild boar	Pigs	Wild boar
Estonia				156
Latvia		8		331
Lithuania		21		918
Poland	3	31	8	1293
Italy			2	24
Ukraine	5		31	27
Czech Republic				28
Romania			3	
Hungary		1		8

### ROMANIA

#### African Swine Fever in wild boar

According to Reuters, the authorities in Romania have reported African Swine Fever in wild boar.

The outbreak was discovered just 10 km from the border with Hungary and Ukraine and was probably caused by contact with infected wild boar in the two countries.

Earlier this year, Romania reported three cases of ASF at small pig farms.

### BRAZIL

#### Slaughterhouses back in business following lorry drivers' strike

Brazilian slaughterhouses have resumed operations following a nine-day lorry drivers' strike that led to the temporary closure of a number of companies.

According to the Brazilian Animal Protein Association (ABPA), 167 plants were closed for one or more days as a result of the strike and exports of 135,000 tonnes of turkey and pig meat as well as 40,000 tonnes beef were paralysed.

Aurora Cooperative, Brazil's third largest poultry and pig processor, announced last Wednesday that they have now resumed production at all 16 of their plants. The company also stated that they did not expect further problems because the drivers' demands have now been met.

Slaughterings

2016	Pigs/sows	Sows etc	Total
	50-110 kg	above 110 kg	
January	1,542,852	49,976	1,592,828
February	1,442,088	44,695	1,486,783
March	1,595,234	47,847	1,643,081
April	1,372,690	45,301	1,417,991
May	1,270,399	42,165	1,312,564
June	1,683,766	51,569	1,735,335
July	1,330,632	40,749	1,371,381
August	1,327,556	44,362	1,371,918
September	1,698,226	48,624	1,746,850
October	1,382,249	43,324	1,425,573
November	1,475,498	45,403	1,520,901
December	1,623,095	46,922	1,670,017
<b>Jan-Dec</b>	<b>17,744,285</b>	<b>550,937</b>	<b>18,295,222</b>

2017	Pigs/sows	Sows etc	Total
	50-110 kg	above 110 kg	
January	1,388,979	45,071	1,434,050
February	1,325,895	41,159	1,367,054
March	1,659,600	51,456	1,711,056
April	1,080,045	40,805	1,120,850
May	1,165,283	48,312	1,213,595
June	1,691,408	54,077	1,745,485
July	1,267,063	40,667	1,307,730
August	1,273,261	44,802	1,318,063
September	1,635,135	49,357	1,684,492
October	1,390,734	44,285	1,435,019
November	1,356,756	35,121	1,391,877
December	1,679,724	56,588	1,736,312
<b>Jan-Dec</b>	<b>16,913,883</b>	<b>551,700</b>	<b>17,465,583</b>

2018	Pigs/sows	Sows etc	Total
	50-110 kg	above 110 kg	
January	1,384,530	48,982	1,433,512
February	1,390,098	42,296	1,432,394
March	1,602,929	49,004	1,651,933
April	1,330,306	46,251	1,376,557
May			
June			
July			
August			
September			
October			
November			
December			
<b>Jan-Mar</b>	<b>5,707,863</b>	<b>186,533</b>	<b>5,894,396</b>

 DENMARK
Exports of live pigs

2016	Piglets		Pigs/sows 50-135 kg	Pigs/sows above 135 kg	Total
	0-15 kg	15-50 kg			
January	43,054	1,158,651	16,967	4,426	1,223,098
February	35,503	891,644	21,095	6,806	955,048
March	45,142	1,102,519	17,526	2,196	1,167,383
April	43,235	1,073,102	22,482	4,442	1,143,261
May	41,933	1,069,525	16,384	4,051	1,131,893
June	36,059	1,052,983	36,263	4,255	1,129,560
July	35,510	1,019,201	19,854	2,879	1,077,444
August	35,973	1,098,135	18,203	1,396	1,153,707
September	40,429	1,023,887	17,196	1,600	1,083,112
October	33,161	1,057,389	16,592	1,372	1,108,514
November	36,939	1,117,457	15,546	1,868	1,171,810
December	37,014	1,106,230	22,057	885	1,166,186
<b>Jan-Dec</b>	<b>463,952</b>	<b>12,770,723</b>	<b>240,165</b>	<b>36,176</b>	<b>13,511,016</b>

2017	Piglets		Pigs/sows 50-135 kg	Pigs/sows above 135 kg	Total
	0-15 kg	15-50 kg			
January	37,756	1,132,400	18,025	1,270	1,189,451
February	27,330	981,920	16,415	1,142	1,026,807
March	37,601	1,189,831	17,812	592	1,245,836
April	36,047	960,048	13,885	2,311	1,012,291
May	46,023	1,288,148	28,501	4,574	1,367,246
June	38,015	1,238,442	50,120	2,253	1,328,830
July	36,172	1,064,250	17,014	1,852	1,119,288
August	32,578	1,260,946	16,778	2,381	1,312,683
September	33,351	1,079,055	17,675	2,289	1,132,370
October	44,274	1,178,831	17,679	1,571	1,242,355
November	41,015	1,157,185	22,467	1,954	1,222,621
December	32,889	1,147,621	16,462	1,363	1,198,335
<b>Jan-Dec*</b>	<b>443,051</b>	<b>13,678,677</b>	<b>252,833</b>	<b>23,552</b>	<b>14,398,113</b>

2018	Piglets		Pigs/sows 50-135 kg	Pigs/sows above 135 kg	Total
	0-15 kg	15-50 kg			
January	36,440	1,142,852	14,798	3,812	1,197,902
February	30,271	1,089,062	15,883	2,507	1,137,723
March	29,057	1,263,692	18,429	3,047	1,314,225
April	30,268	1,158,515	23,332	3,501	1,215,616
May					
June					
July					
August					
September					
October					
November					
December					
<b>Jan-Mar</b>	<b>126,036</b>	<b>4,654,121</b>	<b>72,442</b>	<b>12,867</b>	<b>4,865,466</b>

 **DENMARK**
**Figures from farm census**

Statistics Denmark's farm census 2017 (summer census) has produced the following results:

	1997	2007	2017
Number of pig farms	18,829	7,213	3,226
Of which:			
With finishers and sows	8,425	2,904	1,200
With finishers only	6,214	3,347	1,299
With sows only	3,280	663	478
Neither finishers nor sows 1)	910	299	249

1) The reason for this group is because Statistics Denmark's definition of a finisher is a pig weighing 50 kg or above. Farms with pigs under 50 kg only and no sows are therefore registered as neither finishers nor sows.

The census also shows the pig population in 2017 and 2016 according to regions.

	2016	2017
East of the Great Belt	12.7	12.7
Funen	9.3	10.3
Southern Jutland	20.1	20.8
Eastern Jutland	16.8	14.6
Western Jutland	19.7	19.9
Northern Jutland	21.3	21.8
<b>Nationwide</b>	<b>100</b>	<b>100</b>

 **MEXICO/**
 **USA**
**Mexico threatens retaliation on U.S. pig meat**

Mexico has drawn up a list of U.S. products that will carry additional tariffs in a counter measure to President Trump's tariffs on steel and aluminium from the EU, Canada and Mexico. The listed products include U.S. pig meat.

However, Mexico has not yet produced any details about the size of the tariffs or which American pig meat products will be affected.

According to Reuters, Mexico's tit-for-tat plans caused US pig meat futures to fall by 3 per cent last Thursday.

The US Meat Export Federation (USMEF) and the National Pork Producers Council (NPPC) have expressed their concern at the prospect of Mexican import duties on American pig meat. "It's frustrating to see American pig meat caught in a battle that has nothing to do with trade in pig meat," says USMEF president and CEO Dan Halstrom

 **CANADA/**
 **USA**
**Pig meat not on Canada's retaliation list against the U.S.**

Canada intends to impose tariffs on a number of U.S. products in a measure to counter President Trump's tariffs on steel and aluminum. However, while some U.S. beef products are listed, U.S. pig meat is not.



USA

### NPPC calls for an end to trade war with China

The U.S. pig producers' association, National Pork Producers Council (NPPC), is calling for a rapid solution to the U.S. trade war with China.

"We hope the next round of trade talks with China results in improved market access to a critical export market for U.S. pork and other farm products," said Jim Heimerl, NPPC's President, in a statement to Asian Agribusiness. "US pork producers are dependent on exports and are one of the few sectors of the economy that can immediately reduce the trade imbalance with China."



USA

### Losses expected for U.S. pig producers in 2018 and 2019

Agricultural Economist, Chris Hurt from Purdue University, Indiana, expects the substantial increase in production of U.S. pig meat to result in losses for U.S. pig meat producers in 2018 and 2019.

He expects average losses to amount to USD 9 per pig in 2018 and USD 13 per pig in 2019. This forecast does not include any negative effects from a possible trade war with China and Mexico, which could mean increased import tariffs on U.S. pig meat.

If the trade dispute were to reduce the U.S. export share from 22 per cent to 18 per cent, Chris Hurt forecasts that losses in 2019 could increase to USD 18 per pig.



USA

### Pig meat storage as at 30 April

U.S. storage of frozen pig meat as at 30 April was 9 per cent higher compared to one year ago. Compared to the previous month, the rise is 5 per cent. The table below shows pig meat storage for the end of April compared to one month and one year ago.

1,000 lbs	30 April 2017	31 Mar 2018	30 April 2018
Picnics	7,210	11,314	10,095
Legs	112,815	96,337	112,275
Bellies	33,536	59,202	64,563
Loins	42,872	39,547	40,386
Ribs	136,875	143,955	145,049
Trimmings	40,613	56,318	57,521
Butts	21,264	20,629	20,904
By-products	143,329	129,423	129,575
Other	51,810	54,278	61,039
<b>Total pig meat</b>	<b>590,324</b>	<b>611,003</b>	<b>641,407</b>
Beef	458,418	463,971	471,545
Poultry	1,271,250	1,337,834	1,363,120

Storage figures for bellies and trimmings have seen significant increases although the former had reached a record low in 2017.

The increased storage figures coupled with the expected rise in pig meat production confirm that 2018 is likely to see increasing supplies of U.S. pig meat in both domestic and export markets.

 **GERMANY**
**Losses for German pig producers in 2018**

Figures from AMI in Germany show that the average German pig producer has incurred losses so far in 2018.

AMI's model for costs in pig production shows that since September 2017, piglet producers have experienced losses. The average producer incurred losses of almost EUR 5 per pig in May.

Finisher producers have been incurring losses since October 2017, with the average producer's losses amounting to almost EUR 18 per pig in May.

 **RUSSIA**
**Changes to import restrictions**

Agra Europe reports that Russia has made a number of changes to its import restrictions in recent weeks.

First of all, Russia has lifted a ban on imports of fat and by-products for a number of EU companies. However, the move is of little immediate consequence because Russia's import embargo remains in force. The ban came into effect because of a disagreement between Russia and the EU about how to control African Swine Fever. The WTO previously denounced the move as illegal and called on Russia to lift the embargo for all regions in the EU not affected by African Swine Fever.

The abolition of the ban means that the EU companies concerned will be able to resume exports of fat and by-products to Russia on the day the Russian embargo is lifted.

In addition, Russia has announced a separate import ban on pigs and pig products from Romania following an outbreak of African Swine Fever.

Finally, the Russian veterinary authorities have announced that they are taking steps to allow imports of breeding sows from Denmark. Breeding sows are not on the list of products covered by the Russian import embargo.

 **AUSTRALIA**
**Losses for Australian pig producers**

Australia's pig producers have been hit by low pig prices and rising feed costs.

The low pig prices have primarily been caused by increased domestic production, which is currently 6 per cent higher compared to one year ago.

Mark McLean, Chairman of the Australian pig producers' organisation, SA Pork, has urged Australian consumers to help pig producers by buying more Australian pork.

 **SOUTH AFRICA**
**African Swine Fever**

Last week, the authorities in South Africa reported one outbreak of African Swine Fever. 100 pigs were affected.

**Foot and mouth disease**

Last week, the authorities in South Africa reported one case of foot and mouth disease. 1,131 head of cattle were affected.

 **JAPAN**
Imports of fresh/frozen pig meat

<b>0203</b>					
<b>Fresh/frozen pig meat</b>					
<b>Tonnes</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>%</b>
	<b>April</b>	<b>April</b>	<b>Jan - April</b>	<b>Jan - April</b>	<b>change</b>
					<b>2018:17</b>
USA	21,397	22,637	86,588	91,862	-5.7
Canada	19,646	16,909	68,907	67,546	2.0
Denmark	9,928	10,470	35,295	38,348	-8.0
Spain	9,662	9,007	36,563	33,174	10.2
Mexico	7,235	6,928	28,197	28,659	-1.6
Holland	2,362	2,131	8,597	7,645	12.4
Germany	1,768	1,358	6,303	5,643	11.7
Chile	1,732	2,027	7,762	7,154	8.5
Hungary	1,683	1,622	5,893	7,631	-22.8
France	1,606	993	5,027	4,837	3.9
Italy	1,254	1,180	4,699	4,078	15.2
Ireland	748	766	2,814	2,611	7.8
Austria	692	539	2,252	1,949	15.6
Belgium	121	24	242	118	104.2
Australia	29	56	220	143	54.0
Others	376	250	1,003	1,145	-12.4
<b>Total</b>	<b>80,238</b>	<b>76,897</b>	<b>300,361</b>	<b>302,545</b>	<b>-0.7</b>

Japan's imports of sausages

<b>0210</b>		
<b>Sausage products</b>		
<b>Tonnes</b>	<b>2018</b>	<b>% change</b>
	<b>Jan-April</b>	<b>2018:17</b>
USA	2,793	4.6
China	2,350	-5.3
Thailand	1,687	-23.3
Denmark	600	35.2
Italy	238	-0.1
Germany	287	7.1
Hungary	103	-35.4
Others	1,433	-11.2
<b>Total</b>	<b>9,490</b>	<b>-5.8</b>

 **MALAWI**
**Foot and mouth disease**

Last week, the authorities in Malawi reported one case of foot and mouth disease. Some 44,000 head of cattle were affected.