

# MARKET NEWS for pigmeat



Market analysis

15 January 2018

Week 3

## MARKET SITUATION

**Europe:** Trading in fresh legs and other cuts is largely at unchanged or slightly decreasing prices.

**UK:** Trading remains under pressure.

Trade is reported as stable for Japan and China.

## Slaughterings in Denmark

	Week 51	Week 52	Week 1	Week 1-1 2018/2017
Total	338,331	200,738	287,789	-13.1 %

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

## PRICES DENMARK FOR WEEK 3

### FINISHED PIGS AND SOWS

DKK/kg	DC	Tican
Finished pigs (basic weight class and basic meat percentage)	8.70	8.70
Sows (above 130 kg)	5.70	5.70

### Nominal prices for piglets (30 kg,)

DKK/head	Current	52 wk av
Basic	333.26	399.48
SPF+Myc	338.26	404.48
SPF	342.26	408.48
Organic	911.11	995.68
Market prices SPF region 1 (PRRS negative)	365.00	468.00
(PRRS positive)	345.00	452.00
Market prices SPF region 2/3 (PRRS negative)	365.00	468.00
(PRRS positive)	345.00	452.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	8,37 kr./kg	8,28 kr./kg	5,96 kr./kg	5,13 kr./kg	5,24 kr./kg

**FUTURES**

	<b>Chicago</b> (\$ per 100 lbs slaughter weight)		
	12/1	5/1	Change
<b>2018</b>			
Feb	71.58	71.43	-0.15
Mar	-	-	-
Apr	74.33	76.08	1.75
May	79.00	80.23	-
Jun	83.80	84.98	1.18
Jul	83.93	84.63	0.70
Aug	83.30	83.95	0.65
Sep	-	-	-
Oct	70.75	70.18	-0.58
Nov	-	-	-
Dec	64.43	64.03	-0.40
<b>2019</b>			
Jan	-	-	-
Feb	67.28	67.00	-0.28
Apr	70.43	70.58	0.15
May	77.55	77,83	0.28
Jun	79.00	79.28	0.28
Conversion factors 1 lb = 0.4536 kg \$ = €6.1372			



EU

**African Swine Fever**

The EU Commission's reporting system for the outbreak of African Swine Fever in EU countries and Ukraine has been updated up to and including 31 December.

Countries	Period 1 Jan - 7 Jan		Year to date 1 Jan - 7 Jan	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		5		5
Latvia		27		27
Lithuania		45		45
Poland	2	33	2	33
Italy				
Ukraine				
Czech Republic		3		3
Romania				

## ROMANIA

### **African Swine Fever**

Last week, Romania reported one outbreak of African Swine Fever at a small pig farm in the northern part of the country approximately 7 km from the border with Hungary and Ukraine. The affected farm comprised some 34 pigs.

## GERMANY

### **German Agriculture Minister supports reduction in wild boar population**

Reuters and the German media report that the German Agriculture Minister Christian Schmidt has stated that he supports a reduction in the growing population of wild boar in Germany to prevent the spread of African Swine Fever.

The German agricultural organisation, DBV, has called for a 70 per cent reduction in the German wild boar population, saying that hunters should be allowed to shoot sows and new born piglets,

The German wild boar population has increased in recent years following a rise in maize production, which has provided wild boar with better conditions in terms of food and shelter, The increasing maize production is due to greater biogas production,

In Berlin, playgrounds carry signs that ask people to remember to keep gates closed to prevent wild boars from entering, Some German states are offering up to EUR 25 per wild boar to encourage more hunting,

The German agricultural organisations are planning to present recommendations in Berlin to avert the spread of African Swine Fever. The

proposals include the use of dogs to sniff out food supplies during border checks and increased disinfection of transport vehicles used by pig farmers.

The German Agriculture Minister has told the German media that it made sense to reduce the wild boar population and lift restrictions on hunting them. "An intelligent reduction of the wild boar population plays an important role in prevention," he said.



**EU**

### Exports of pig meat

The EU Commission has published preliminary figures for EU pig meat exports (measured in slaughter weight) for the period January - November 2017 compared to the same period last year,

EU-28 pig meat exports

Slaughter weight, tonnes	Jan - Nov 2017	Jan - Nov 2016	% change
China	1,276,499	1,744,016	-26.8
Japan	390,656	369,337	5.8
Hong Kong	351,993	339,252	3.8
South Korea	246,219	232,743	5.8
Philippines	230,069	200,359	14.8
USA	142,648	107,697	32.5
Other	870,092	855,571	1.7
<b>Total</b>	<b>3,508,177</b>	<b>3,848,974</b>	<b>-8.9</b>



**EU**

### EU Medium Term Outlook 2017-2030

In its latest Medium Term Outlook Report 2017-2030, the EU Commission presents its forecast for the European agricultural markets for 2017 to 2030 for a large number of agricultural products, including meat and meat products.

The report anticipates that demand for meat will remain stable in the EU and globally. Meat production in the EU is expected to reach 47.5 million tonnes in 2030 compared to 47.3 million tonnes in 2017.

Due to an export boost to China in 2016, EU pig meat prices hit a record high in 2016 and 2017. Although EU pig meat producers benefitted from this

current opportunity, EU pig production is expected only to increase marginally until 2030. This should be seen against a backdrop of an expected stabilisation of consumption in the EU and increased competition in the global market for pig meat.

Pig production in the EU is expected to fall by less than 1 per cent for the EU-15, but for the EU-13, pig production is expected to increase by almost 230,000 tonnes (7 per cent) by 2030. Global demand is expected to increase more slowly compared to the previous decade (+560,000 tonnes) and reach 8.4 million tonnes by 2030. The increase will mostly come from existing EU trade partners in Asia and sub-Saharan Africa. Following a restructuring of China's national production, Chinese demand represents an uncertain factor, which can have significant consequences for the global pig meat market.

EU exports of pig meat (excl. by-products) will reach almost 2.8 million tonnes by 2030 and will account for around 34 per cent of the global trade in pig meat compared to 37 per cent in 2016. This also means that the EU pig meat market will be more dependent on exports, which are expected to go from less than 9 per cent to 12 per cent by 2026.

## USA

### **Smithfield meets its target for loose-housed pregnant sows for its own US production**

Smithfield Foods has announced that the company has achieved its target for all Smithfield owned sows to be in loose-housed production systems for pregnant sows.

Smithfield commenced the restructuring back in 2007 and claims to have invested more than USD 360 million in the project.

As for Smithfield's contract productions inside and outside the US, the company previously announced that their aim is for all productions to be fully converted to loose-housed pregnant sows by 2022. This includes Smithfield's production in Mexico since their productions in Romania and Poland already comply with EU regulations.

## RUSSIA

### **Rise in pig meat exports in 2017**

Agra Europe reports that, in the first ten months of 2017, Russia exported 57,000 tonnes of pig meat, a rise of 45 per cent compared to the same period in 2016. Around 60 per cent of exports were by-products sold to Hong Kong.

However, there was a 10 per cent decline in exports of by-products to Vietnam, i.e. to 4,500 tonnes. Russia also exported pig meat to Ukraine (probably eastern Ukraine - Donetsk and Lugansk), Belarus and Kazakhstan.

Russia is hoping to export pig meat directly to China, but so far the spread of African Swine Fever in Russia is preventing exports getting underway.

## INDIA

### **Dutch bank believes India can become a new export market for pig meat**

The Dutch bank, ABM Amro, believes that India has the potential to become a new major pig meat export market for the EU.

According to ABM Amro, the accelerating economic upswing in India could mean a change in eating habits. An increasing middle-class often means increased consumption of animal protein. If this should turn out to be the case in India, the country with its 1.3 billion population could become an important export market.

The Food and Agriculture Organisation of the United Nations currently ranks India (among 177 countries) as the country with the lowest meat consumption. However, ABM Amro points out that just 100 grams pig meat more per inhabitant corresponds to an additional 1.4 million pigs.

Source: Weekly Tribune

## VIETNAM

### **Pig producers expect better pig prices in 2018**

Asian Agribusiness reports growing optimism among Vietnam's pig producers. After a tough year in 2017, better prices are now expected for 2018. According to the article, live pig prices are now on the upturn and producers are beginning to earn money and are once again investing in new production.

The optimism for 2018 is based on the expectation for a strong fall in production at the start of 2018 following the exit of many producers from the industry in 2017.

 **PHILIPPINES****Decline in pig production in 2017**

Asian Agribusiness reports that pig production in the Philippines declined by around 3 per cent in 2017 compared to 2016. According to the President of the Pork Producers Federation, the decline should be seen against the backdrop of increased imports that competed with local production.

 **CHINA****Foot and Mouth disease**

Last week, the authorities in China reported two outbreaks of Foot & Mouth disease in the southern Guizhou province. A total of 1,628 pigs, 686 cattle and 208 sheep were affected by the outbreak.

 **MONGOLIET****Foot and Mouth disease**

Last week, the authorities in Mongolia reported 15 outbreaks of Foot and Mouth disease. Some 650 cattle, 366 sheep and 241 goats were affected by the outbreak.

 **MOZAMBIQUE****Foot and Mouth disease**

In the past week, the authorities in Mozambique reported one outbreak of foot and Mouth disease. Some 2,100 cattle were affected.