

MARKET NEWS for pig meat



Market analysis

23 July 2018

Week 30

MARKET SITUATION

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

UK: Prices are under slight pressure.

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

Slaughterings in Denmark

	Week 26	Week 27	Week 28	Week 1-28 2018/2017
Total	327,658	331,814	325,072	+3.8 %

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

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)		
	20/7	22/6	Change
2018			
Aug	66.45	75.38	-8.93
Sep	-	-	-
Oct	51.28	61.30	-10.03
Nov	-	-	-
Dec	45.93	56.58	-10.66
2019			
Jan	-	-	-
Feb	53.18	61.68	-8.51
Apr	59.03	66.23	-7.21
May	65.65	71.00	-5.35
Jun	70.05	74.93	-4.88
Jul	70.70	74.48	-3.78
Aug	70.18	73.50	-3.33
Oct	60.43	62.13	-1.71
Dec	56.00	57.90	-1.90
Conversion factors:			
1 lb. = 0.4536 kg			
\$ = DKK 6.3856			



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 15 July.

Countries	Period 17 June - 15 July		Year to date 1 Jan - 15 July	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		15		184
Latvia	5	79	6	442
Lithuania	22	88	29	1046
Poland	40	219	60	1608
Italy			3	24
Ukraine	14	3	50	31
Czech Republic				28
Romania	293	6	332	9
Hungary		2		23

RUSSIA

African Swine Fever

In the past week, Russia reported six outbreaks of African Swine Fever: one among wild boar, five at small pig farms and one at a large pig farm of 12,416 pigs.

The outbreaks were confirmed in the Kaliningrad and Moscow Oblast regions.

RUSSIA

African Swine Fever in Rusagro herd

On 16 July, Rusagro Group reported that an outbreak of African Swine Fever has been discovered at one of Rusagro's six sow farms in Belgorod.

ROMANIA

African Swine Fever spreads

A number of cases of African Swine Fever have been reported in new areas of Romania.

At a recent EU agricultural ministerial meeting, Romania called on the EU Commission and other EU countries for financial help. Assistance is needed in part to stop the disease from spreading and in part to help the country's affected pig producers.

The Commission has confirmed the extraordinary spread of ASF in Romania and according to media reports, has expressed a willingness to provide financial support and expert knowledge.

POLAND

Measures extended to control African Swine Fever

Earlier this year, the Polish authorities made it easier to shoot wild boar in specially protected areas. The measures have now been extended to 139 districts. Hunters will receive 200 PLN (approx. £40) for every wild boar they shoot.

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
Jan-Dec	17,744,285	550,937	18,295,222

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
Jan-Dec	16,913,883	551,700	17,465,583

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	1,330,449	46,251	1,376,700
May	1,589,778	59,002	1,648,780
June			
July			
August			
September			
October			
November			
December			
Jan-May	7,297,784	245,535	7,543,319

 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
Jan-Dec	463,952	12,770,723	240,165	36,176	13,511,016

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
Jan-Dec*	443,051	13,678,677	252,833	23,552	14,398,113

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	1,264,848	17,783	3,047	1,314,735
April	30,268	1,160,822	21,025	3,501	1,215,616
May	37,352	1,305,326	26,441	4,144	1,373,263
June					
July					
August					
September					
October					
November					
December					
Jan,-May	163,388	5,962,910	95,930	17,011	6,239,239



Free trade agreement between EU and Japan

Last week, the EU and Japan signed the free trade agreement negotiated last summer.

The agreement is now awaiting ratification by the European Parliament and the Japanese Diet following which it could come into effect in 2019.

The agreement is of major importance to the EU pig meat sector. It is expected that the EU will be able to maintain and expand its large exports of pig meat to Japan. It will be interesting to see whether the U.S. will try to enter into a similar free trade agreement with Japan.



Russia extends import embargo to December 2019

Last week, President Putin signed a decree extending the Russian import embargo by one year to 31 December 2019.

One year ago, the President signed a similar decree which also extended the period by one year to 31 December 2018. Moreover, last year Russia chose to expand the import embargo to include fat, trim and by-products from pigs and cattle as well as live pigs (apart from breeding pigs).

Fat, trim and by-products were only covered by the import ban introduced in 2014 because of a disagreement between Russia and the EU on the control of African Swine Fever. This import ban was lifted in May this year following a ruling by the WTO, which declared the ban illegal.



Pig census May 2018

The German authorities published preliminary figures for the German pig population as at 3 May 2018.

The figures show that the modest rise in the pig population seen in November 2017 has now been replaced by a slight fall.

Compared to the census one year ago, the total pig population has declined by 1.1 per cent. Piglets are the only group to record a small rise of 0.6 per cent. The overall number of breeding pigs and pregnant sows is 2.7 per cent and 2.5 per cent lower respectively compared to one year ago.

Taking into account a continued productivity increase, the census thus indicates that domestic production for the second half year 2018 will be approximately 1 per cent down on the previous year.

1000 head	May census		
	2018	2017	% change
Piglets	7.962,9	7.917,0	0,6
Pigs below 50 kg	5.200,2	5.447,0	-4,5
Finished pigs above 50 kg	11.847,9	11.882,0	-0,3
Breeding pigs	1.876,8	1.928,9	-2,7
- Pregnant sows	1.361,9	1.396,3	-2,5
- - Gilts	218,1	229,1	-4,8
- Dry sows	496,2	509,9	-2,7
- - Young sows	204,9	207,3	-1,2
- - Other sows	291,3	302,6	-3,7
Total	26.887,7	27.175,0	-1,1

Structural developments towards fewer pig farms appear to be continuing. The census shows a 3.8 per cent reduction in the number of pig farms in Germany in one year while the number of sow farms has fallen by 4.7 per cent in one year.

USA

Pig census 1 June 2018

The result of the U.S. pig census from 1 June 2018 was published at the end of June.

The census shows a 3.4 per cent increase in the overall pig population and a rise in the breeding herd of 1.6 per cent.

Expected farrowings for the current and coming quarters are 1.6 per cent higher compared to one year ago.

1000 head	2018 1 June	2017 1 June	% change
Breeding herd	6,320	6,109	3.5
Piglets and finished pigs	67,131	64,901	3.4
Total	73,451	71,010	3.4
	2018	2017	
Expected farrowings:			
June-Aug	3,170	3,121	1.6
Sep-Nov	3,180	3,130	1.6

The results of the overall pig population are more or less in line with the forecasts expressed by American analysts. The rise in the breeding population, however, is somewhat higher than expected.

Figures for the breeding herd indicate that an increase in U.S. pig slaughterings of around 5 per cent on the year can be expected for the second half year 2018.

The rise in the breeding herd is evident in all U.S. states apart from Indiana, which has recorded a fall in sow numbers.

USA

Futures prices fall

As shown on page 1 of this week's Market News, U.S. pork futures prices have taken a nosedive in the past month.

The decline is probably due to the fact that solutions remain to be found for the trade war with China and Mexico and that the recently published U.S. pig census has shown a breeding herd that is somewhat higher than expected.

The trend in futures prices indicates that U.S. pig producers are about to enter an extended period of financial difficulties.

CHINA

Pig census June 2018

Reuters news agency reports that last week, the authorities in China published figures for China's pig population as at June 2018. The total pig population is shown to be 1.8 per cent lower compared to one year ago. The sow population has recorded a decline of 2.9 per cent on the year.

Previous figures from the authorities have shown that pig slaughterings in Q1 2018 increased by 1.9 per cent to 199.8 million. Production measured in tonnes in Q1 totalled 15.43 million tonnes, a rise of 2.1 per cent compared to Q1 2017.

 **VIETNAM**
Pig producers concerned about Chinese tariffs on U.S. pig meat

Asian Agribusiness reports that Vietnamese pig producers are concerned that the trade war between the U.S. and China will impact pig prices in Vietnam.

They fear that higher Chinese tariffs on U.S. pig meat will mean that increasing quantities of U.S. pig meat will be exported to Vietnam for reselling to China.

There have been reports of strongly increasing pig prices in Vietnam in recent months owing to a sharp decline in the country's pig population.

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

0203					
Fresh/frozen pig meat					
Tonnes	2018 May	2017 May	2018 Jan - May	2017 Jan - May	% change 2018:17
USA	21,806	20,604	108,394	112,466	-3,6
Canada	19,157	16,518	88,063	84,064	4,8
Spain	10,361	9,722	46,924	42,896	9,4
Denmark	9,544	10,364	44,838	48,712	-8,0
Mexico	7,247	6,864	35,443	35,523	-0,2
Chile	2,306	2,375	10,069	9,529	5,7
Holland	2,223	1,943	10,820	9,589	12,8
Germany	1,882	1,641	8,185	7,284	12,4
Hungary	1,525	2,237	7,418	9,868	-24,8
France	1,315	1,041	6,341	5,879	7,9
Italy	1,255	1,252	5,955	5,331	11,7
Ireland	651	909	3,465	3,520	-1,6
Austria	600	450	2,852	2,399	18,9
Australia	51	72	271	215	26,2
Belgium	1	72	244	190	28,2
Others	393	255	1,395	1,400	-0,4
Total	80,317	76,319	380,677	378,866	0,5

Japan's imports of sausage products

0210		
Sausage products		
Tonnes	2018 Jan - May	% change 2018:17
USA	3,608	0.9
China	2,943	-4.9
Thailand	2,143	-21.3
Denmark	728	16.3
Italy	319	7.0
Germany	363	10.7
Hungary	173	4.2
Others	1,905	-5.5
Total	12,182	-5.0

Development in pig meat storage

Tonnage	Own production		Imported amounts		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
End March 18	963	19,511	7,334	153,166	180,974
End April 18	670	18,083	6,542	152,671	177,966
End M ay 18	655	18,366	7,555	153,710	180,286