

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 | 2017 | 2018 | 2017 | % |
| | May | May | Jan - May | 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 | % change |
| | Jan - May | 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 |