

# MARKET NEWS for pig meat



Market analysis

30 July 2018

Week 31

## MARKET SITUATION

Europe: Trading in fresh legs is slightly under pressure. Other cuts are at unchanged prices.

UK: Prices continue to be under some pressure.

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

## Slaughterings in Denmark

	Week 27	Week 28	Week 29	Weeks 1-29 2018/2017
Total	331,814	325,072	324,018	+3.7 %

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

## FUTURES

	Chicago (\$ per 100 lbs slaughter weight)		
	27/7	20/7	Change
<b>2018</b>			
Aug	63.65	66.45	-2.80
Sep	-	-	-
Oct	50.88	51.28	-0.40
Nov	-	-	-
Dec	46.45	45.93	0.53
<b>2019</b>			
Jan	-	-	-
Feb	53.58	53.18	0.40
Apr	59.50	59.03	0.48
May	66.18	65.65	0.52
Jun	71.00	70.05	0.95
Jul	71.45	70.70	0.75
Aug	70.83	70.18	0.65
Oct	60.20	60.43	-0.22
Dec	56.25	56.00	0.25
Conversion factors: 1 lbs = 0.4536 kg \$ = DKK 6.4086			



### 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 22 July.

Countries	Period 15 July – 22 July		Year to date 1 Jan – 22 July	
	Pigs	Wild boar	Pigs	Wild boar
Estonia				184
Latvia		15	6	457
Lithuania	7	33	36	1079
Poland	5	54	65	1662
Italy			3	24
Ukraine		4	50	31
Czech Republic				28
Romania	95	6	427	15
Hungary		1		24

### RUSSIA

#### African Swine Fever

Last week, Russia reported nine cases of African Swine Fever – four among wild boar, five at small pig farms and one at a large pig farm comprising 36,700 pigs.

The outbreaks were confirmed in the Russian regions of Kaliningrad, Novgorod, Saratov, Tula and Moscow.

### MOLDOVA

#### African Swine Fever

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

### BULGARIA

#### Bulgaria begins building fence at Romanian border

In an effort to control African Swine Fever, the Bulgarian authorities have begun building a fence at the Romanian border. The aim is to prevent wild boar from Romania entering Bulgaria.

In recent months, Romania has experienced several outbreaks of the disease. The fence will be 133 km long and follow the course of the Danube River. It will cover approximately one-fifth of Bulgaria's border.

The Czech Republic has also constructed a 45 km fence in an attempt to prevent the spread of African Swine Fever, reports Agra Europe. It has been built in a region which has been subject to outbreaks of ASF among wild boar.



### Pig meat exports

Below are the EU Commission's figures for EU exports of pig meat according to category, exporters and importers for the period January-May.

#### By category

Tonnes	Jan-May 2018	Jan-May 2017	% change 18:17
Live pigs	7,667	3,184	140.8
Fresh/frozen	851,668	830,372	2.6
Bacon	15,696	14,144	11.0
Processed	67,997	66,318	2.5
By-products	602,132	623,773	-3.5
<b>Total</b>	<b>1,545,161</b>	<b>1,537,792</b>	<b>0.5</b>

#### Pig meat exporters from EU

Tonnes	Jan-May 2018	Jan-May 2017	% change 18:17
Germany	348,525	322,979	7.9
Spain	343,022	328,193	4.5
Denmark	215,881	220,044	-1.9
France	95,309	100,970	-5.6
Holland	183,094	185,889	-1.5
Poland	99,577	94,957	4.9
UK	56,167	57,937	-3.1
Ireland	41,717	42,109	-0.9
Belgium	36,104	42,185	-14.4
Italy	39,230	40,451	-3.0
Hungary	24,812	38,867	-36.2
Austria	17,048	18,720	-8.9
Others	44,675	44,486	0.4
<b>EU-28</b>	<b>1,545,161</b>	<b>1,537,787</b>	<b>0.5</b>

#### Pig meat importers from EU

Tonnes	Jan-May 2018	Jan-May 2017	% change 18:17
China	561,628	575,289	-2.4
Hong Kong	104,308	149,948	-30.4
Japan	164,797	157,616	4.6
Philippines	115,043	104,104	10.5
South Korea	137,757	115,615	19.2
USA	71,430	60,004	19.0
Ukraine	36,287	26,156	38.7
Australia	36,160	36,977	-2.2
Montenegro	9,402	7,611	23.5
Angola	13,245	12,178	8.8
Russia	1,092	2,292	-52.4
Belarus	221	37	497.3
Others	293,791	289,965	1.3
<b>EU-28</b>	<b>1,545,161</b>	<b>1,537,792</b>	<b>0.5</b>



### EU Commission expects slight fall in EU pig meat production for 2019

According to the EU Commission's recently published short-term outlook for EU agricultural markets, a slight fall in EU pig meat production can be expected for 2019. The report anticipates a 0.6 per cent fall in 2019 whereas for 2018, production is expected to be 1.5 per cent up on the previous year.

The increasing production in 2018 is expected to mean that both exports of pig meat from the EU and consumption of pig meat in the EU in 2018 will be slightly up on the previous year. 2019's slightly lower production is expected to mean a modest decline in both exports and consumption.

Slaughter weight, 1,000 tonnes	2014	2015	2016	2017 e)	2018 f)	2019 f)
Production	22,772	23,464	23,884	23,684	24,049	23,912
Live imports	0,11	0,25	0,25	0,41	0,35	0,28
Live exports	35	21	10	13	17	20
Net production	22,737	23,443	23,875	23,671	24,033	23,892
Imports of pig meat	14	11	12	14	16	22
Exports of pig meat	1,948	2,218	2,814	2,567	2,631	2,552
Consumption	20,803	21,236	21,073	21,118	21,418	21,362
Consumption per inhabitant (kg)	32.0	32.5	32.2	32.2	32.5	32.4
- percentage of overall meat consumption (%)	49.3	49.0	48.0	48.1	48.1	48.1
Self-sufficiency (%)	109	110	113	112	112	112

e) estimated

p) forecast



### EU-Mercosur free trade agreement expected to fall into place in September

Agra Europe, quoting Argentina's Foreign Minister Jorge Faurie, reports that a free trade agreement between the EU and Mercosur may be finally negotiated in September.

The statement from the minister came last week after he and seven other ministers from Mercosur ended two days of talks with the EU's Trade Commissioner Cecilia Malmström.



### Belgium's largest party calls for a reduction in livestock population

Agra Europe reports that Belgium's largest political party, the New Flemish Alliance (N-VA) is calling for a reduction in Belgium's livestock population. As part of the EU's agricultural reform, the party wants to see more focus on a shorter supply chain, organic production, diversification, specialisation and less agriculture at the expense of subsidies for industrial-scale agriculture.

At present, there are around 6 million pigs and 2.5 million dairy and beef cattle in Flanders, which is too many according to New Flemish Alliance. In a comment to the Belgian media, the party's Jelle Engelbosch said: "We would like to see a smaller livestock population, not through a revolution but rather by evolution. This would not only be good for the climate but also because we have to move towards a better revenue model for farmers."

However, the other government party, the Christian Democrats (CD&V) are against the N-VA's plans. So far, the third coalition party, the liberal VLD is somewhat unclear about their attitude, reports Agra Europe.



## GLOBAL

### **Rabobank: Global pig meat trade facing unprecedented change**

In their latest quarterly report on the pork market, Q3 2018, Rabobank expects global trade in pig meat in the second half year to be faced with unprecedented changes as a result of escalating trade tensions between the U.S. and China and within North America.

In addition, an increase in pig meat production worldwide in the first half of the year is expected to continue to put pressure on pig prices in the second half. The spread of African Swine Fever in Europe is creating further uncertainty. Changes in feed prices in many regions may also put further pressure on pig production revenues.

In China, total pig meat production is rising as the decline in production from smaller pig farms is more than offset by rising production from larger farms. According to Rabobank, a decline in Chinese pig meat imports in the second half year can be expected as a result of additional tariffs on U.S. pig meat.

In the EU, lower pig prices mean that pig producers' earnings have been under pressure. This is expected to continue in the second half of 2018, where rising feed costs can further aggravate the situation. EU pig meat exports are likely to benefit from trade disputes in other parts of the world. Thus, there should be scope for increased exports to Mexico, Rabobank believes. However, the development of African Swine Fever remains a serious threat to EU countries.

In the USA, pig meat production continues to be clearly higher than last year. Rabobank expects that additional tariffs on American pork in Mexico and China will cause a significant decline in US exports to these two countries. As a result, exports to other markets are expected to increase.

In Brazil, pig producers have experienced a challenging first half of 2018. However, an improvement can be expected for producers in the second half, Rabobank believes. US trade conflicts may be expected to benefit Brazilian pig meat exports and allow for increased exports to existing markets and access to new markets.



## WORLD

### **Food producers announce welfare coalition**

Seven major international food producers have joined forces to form the Global Coalition for Animal Welfare with effect from 26 July 2018. The coalition will advance animal welfare standards throughout the global food supply chain.

Nestlé, Unilever, Aramark, Compass Group, Elior Group, Ikea Food Group and Sodexo are to collaborate with animal welfare experts to advance new standards. GCAW aims to improve conditions for the approximately 70 billion animals that are bred across the world on an annual basis. Over 70 per cent of these are raised under intensive farming conditions where animal welfare standards are low.

GCAW aims to publish a collective action agenda in the first half of 2019, focusing on five priority work streams: including cage free policies, improved welfare for broilers and fish, antimicrobial resistance and global standards for transport and slaughtering.

Source: Agra Europe



## BRAZIL

### **Brazil to allow more imports to open up more export markets**

Reuters reports that Brazil's Agricultural Minister Blairo Maggi has announced that Brazil may offer access to its domestic markets in exchange for opening new foreign markets to its farm products.

According to Maggi, Brazil will soon raise quotas for imports of pig meat from the U.S. and some European countries. However, he declined provide additional details about the quotas.

 **BRAZIL**
**Pig producers sell energy from biogas**

Pig producers in Santa Catarina, Brazil, can now sell energy from biogas because of changes in legislation. Santa Catarina is the first state in Brazil to introduce specific legislation that concerns the production and use of biogas.

Santa Catarina is Brazil's leading pig production state and accounts for 26 per cent of Brazil's pig population (43 million). Biogas technology was introduced in Brazil at the beginning of 2000. Until now, the sale of biogas has not proved to be viable as the state did not offer subsidies. Thus, biogas was primarily used by producers as an alternative source of energy. Since the new legislation was introduced, farmers can sell energy and gas to public distribution systems.

The state government in Santa Catarina also plans to further stimulate investments in alternative energy sources, such as biogas, through better borrowing opportunities and simpler rules.

Source: Pig Progress

 **SWEDEN**
**Increasing slaughterings in Q2 2018**

The latest report from the Swedish organisation, Kött och Charkförtagen, showing pig slaughtering developments at Swedish slaughterhouses shows a 3.2 per cent rise in Swedish slaughterings for Q2 2018 compared to Q2 2017.

	April qtr			Jan- June		
	2018	2017	% change 18:17	2018	2017	% change 18:17
Scan Kristianstad	180,392	179,398	0.6	360,949	359,771	0.3
- KLS Ugglarps Kalmar	107,985	107,303	0.6	218,539	226,057	-3.3
- KLS Ugglarps Ugglarp	59,982	61,724	-2.8	125,327	124,637	0.6
<b>KLS total</b>	<b>167,967</b>	<b>169,027</b>	<b>-0.6</b>	<b>704,815</b>	<b>710,465</b>	<b>-0.8</b>
Skövde Slakteri	71,202	66,539	7.0	142,788	138,370	3.2
Dalsjöfors Slakteri	93,017	78,931	17.8	186,880	167,483	11.6
AJ Dahlbergs Slakteri	46,247	40,062	15.4	94,750	79,008	19.9
Ginsten Slakteri	19,799	19,593	1.1	38,992	40,173	-2.9
Gotlands Slakteri	22,303	17,833	25.1	44,445	35,437	25.4
Siljans Chark	14,531	14,034	3.5	29,050	28,804	0.9
Alviksgården	8,495	8,064	5.3	17,570	17,050	3.0
Lövsta Kött	6,690	6,222	7.5	13,177	12,837	2.6
Knorrevången Slakt	6,041	5,856	3.2	11,789	11,506	2.5
Other	8,260	19,385	-57.4	15,629	37,844	-58.7
<b>Total slaughterings</b>	<b>644,944</b>	<b>624,944</b>	<b>3.2</b>	<b>1,299,885</b>	<b>1,278,977</b>	<b>1.6</b>

Figures for individual companies should be treated with caution because some Swedish slaughterhouses slaughter for each other on a licensing basis.

 **USA**
**U.S. farmers to receive USD 12 billion aid package**

The Trump administration has announced that farmers affected by current trade disputes will receive a USD 12 billion aid package in compensation.

The aid will be extended as direct support in the form of public procurement programmes and as export promotion programmes. According to the Trump administration, the aid is temporary until more lasting solutions to the trade disputes have been found.

The U.S. agricultural organisations have given the aid package a somewhat lukewarm reception. They welcome the immediate support but have let it be known that they would prefer full access to export markets.

 **USA**
**Pig meat storage 30 June**

The figures for frozen pig meat storage as at 30 June were published last week.

They show a somewhat surprising 10 per cent decline in overall pig meat storage from the end of May to the end of June. Compared to the previous month, there is increased storage of legs and a largely unchanged situation for butts, Otherwise, storage figures declined for other products. Compared to one year ago, total storage is largely unchanged.

1,000 lbs	30 June 2017	31 May 2018	30 June 2018
Picnics	7,698	10,110	7,268
Legs	178,311	139,295	148,739
Bellies	22,291	61,234	51,248
Loins	39,897	36,519	32,053
Ribs	85,993	119,286	88,871
Trimming	32,781	56,969	45,132
Butts	15,057	15,313	15,734
By-products	129,483	127,291	119,487
Other	47,499	57,708	51,502
<b>Total pig meat</b>	<b>559,010</b>	<b>623,725</b>	<b>560,034</b>
Beef	415,326	464,654	448,577
Poultry	1,373,895	1,415,064	1,454,524

 **VIETNAM**
**Increasing imports of pig meat**

Asian Agribusiness reports that imports of pig meat in Vietnam are increasing. 678 tonnes were imported in June, a rise of 50 per cent compared to May. The U.S. accounts for approximately 30 per cent of Vietnam's imports of meat in general.

The increase should be seen against the backdrop of strongly rising Vietnamese pig prices in recent months. According to the authorities, the price for live pigs now stands at 2.37 \$/kg, the highest price for several years. The increase is a consequence of a significant fall in the country's pig population.

 **CHINA**
**Foot and mouth disease**

Last week, the authorities in China reported an outbreak of foot and mouth disease at one pig farm in Guangdong province in southern China. Some 1,244 pigs have been 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>June</b>	<b>June</b>	<b>Jan - June</b>	<b>Jan - June</b>	<b>change</b>
					<b>2018:17</b>
USA	20,734	22,059	129,128	134,525	-4.0
Canada	17,825	19,209	105,888	103,273	2.5
Spain	11,056	9,793	57,980	52,689	10.0
Denmark	9,430	9,379	54,268	58,092	-6.6
Mexico	7,274	7,194	42,717	42,717	0.0
Holland	2,397	2,780	13,217	12,369	6.9
Germany	1,920	1,556	10,105	8,840	14.3
Chile	1,724	2,446	11,793	11,976	-1.5
Italy	1,203	1,272	7,158	6,603	8.4
France	1,052	994	7,393	6,873	7.6
Austria	667	1,223	3,519	3,623	-2.9
Ireland	625	602	4,090	4,122	-0.8
Hungary	412	1,167	7,830	11,035	-29.0
Finland	74	25	198	397	-50.1
Belgium	49	71	293	261	12.0
Others	299	296	1,841	1,539	19.7
<b>Total</b>	<b>76,741</b>	<b>80,066</b>	<b>457,418</b>	<b>458,932</b>	<b>-0.3</b>

Japan's imports of sausage products

<b>0210</b>		
<b>Sausage products</b>		
<b>Tonnes</b>	<b>2018</b>	<b>% change</b>
	<b>Jan - June</b>	<b>2018:17</b>
USA	4,487	1.7
China	3,715	-6.4
Thailand	2,595	-18.4
Denmark	864	11.1
Italy	375	1.9
Germany	423	9.9
Hungary	186	-9.3
Others	2,283	-8.2
<b>Total</b>	<b>14,928</b>	<b>-5.4</b>



 **SOUTH KOREA**
Pig meat imports

<b>0203</b>				
<b>Fresh/frozen pig meat</b>				
<b>Tonnes</b>	<b>Jan-June 2016</b>	<b>Jan-June 2017</b>	<b>Jan-June 2018</b>	<b>% change 18:17</b>
USA	80,774	81,548	107,606	32.0
Germany	38,811	56,660	56,155	-0.9
Spain	30,843	33,045	36,687	11.0
Canada	17,868	17,857	20,024	12.1
Chile	17,338	14,214	15,994	12.5
Holland	7,526	11,903	14,058	18.1
Denmark	5,830	8,314	9,439	13.5
Austria	7,819	8,409	7,657	-8.9
Mexico	5,818	7,692	6,818	-11.4
Belgium	6,701	4,915	5,990	21.9
France	3,079	3,805	4,081	7.3
Ireland	1,867	2,170	2,791	28.6
Hungary	1,833	1,968	2,565	30.3
Finland	1,691	1,437	1,664	15.8
UK	1,063	1,596	1,185	-25.8
Sweden	706	834	880	5.5
Australia	189	393	816	107.6
<b>Total</b>	<b>229,756</b>	<b>256,760</b>	<b>294,409</b>	<b>14.7</b>

 **GAMBIA**
**Foot and mouth disease**

Last week, the authorities in Gambia reported two outbreaks of foot and mouth disease. Some 2,700 head of cattle have been affected.

 **ZIMBABWE**
**Foot and mouth disease**

Last week, the authorities in Zimbabwe reported four outbreaks of foot and mouth disease. Some 7,190 head of cattle have been affected.

 **BOTSWANA**
**Foot and mouth disease**

Last week, the authorities in Botswana reported 11 outbreaks of foot and mouth disease/ Some 15,913 head of cattle have been affected.