

# MARKET NEWS for pig meat



Market analysis

20 August 2018

Week 34

## MARKET SITUATION

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

UK: Sales are reported as stable with trading at increasing price levels

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

## Slaughterings in Denmark

	Week 30	Week 31	Week 32	Week 1-32 2018/2017
Total	318,614	321,250	329,917	+3.7 %

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

## FUTURES, USA

	Chicago (\$ per 100 lbs slaughter weight)		
	17/8	3/8	Change
<b>2018</b>			
Oct	58.60	50.78	7.82
Nov	-	-	-
Dec	55.28	46.18	9.10
<b>2019</b>			
Jan	-	-	-
Feb	61.65	53.60	8.05
Mar	-	-	-
Apr	67.40	60.25	7.15
May	73.50	67.50	6.00
Jun	78.60	72.30	6.30
Jul	78.30	72.55	5.75
Aug	77.00	72.50	4.50
Sep	-	-	-
Oct	64.25	60.88	3.37
Nov	-	-	-
Dec	59.63	57.00	2.63
<b>2020</b>			
Jan	-	-	-
Feb	63.50	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = DKK 6.5471			



### 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 12 August.

Countries	Period 5 August – 12 August		Year to date 1 Jan – 12 August	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		1		191
Latvia	1	5	9	487
Lithuania	3	14	43	1147
Poland	8	33	91	1776
Italy			3	24
Ukraine	2		62	36
Czech Republic				28
Romania	56		675	21
Hungary		1		30

### MOLDOVA

#### African Swine Fever

Last week, the authorities in Moldova reported one outbreak of African Swine Fever at a small farm in the south of the country close to the Ukrainian border.

### RUSSIA

#### African Swine Fever

Last week the authorities in Russia reported five outbreaks of African Swine Fever. Two were discovered among wild boar while the remaining three were found at two small farms and one larger farm comprising 4,311 pigs. The outbreaks occurred in the Kaliningrad and Moscow regions.

### CHINA

#### African Swine Fever

The authorities in China have now reported three outbreaks of African Swine Fever in the country.

The second outbreak was found at a slaughterhouse in Henan province. The virus was confirmed among 260 pigs which had been transported to the slaughterhouse from a live market in Heilongjiang province, 2,000 km away. Heilongjiang province in north east China was where the first outbreak had been confirmed.

The slaughterhouse is owned by WH Group, which has 14 other slaughterhouses in China. WH Group has announced that 1,362 pigs at the slaughterhouse have been culled and the authorities have ordered the closure of the slaughterhouse for six weeks.

The third outbreak was confirmed at the weekend among 88 pigs in the eastern Jiangsu province. No further information is available at the moment. The location is 1,300 km south of the first outbreak in Heilongjiang province.

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

Last week, the authorities reported one outbreak of foot & mouth disease. Some 173 pigs have been affected by the virus in the Zhengzhou region.

 **CHINA**
**Pig census July 2018**

Reuters reports that China's Ministry of Agriculture has published their pig population figures for July. They show that the pig population is 2 per cent down compared to one year ago. The sow population is down 4 per cent.

 **CHINA**
**WH Group increases exports to other markets at the expense of China**

Reuters reports that WH Group (which owns Smithfield Foods in the United States) has increased its exports of U.S. pig meat to Japan, South Korea and Mexico at the expense of China.

The Chairman of WH Group, Wan Long, said at a press briefing that if the trade war (between U.S. and China) ends soon "we won't be impacted much, but if it lasts much longer, we will speed up the adjustment (in exports)".

Smithfield's CEO, Ken Sullivan, said that Smithfield increased its pig meat shipments to South Korea in the first half year by 50 per cent while exports to China for the same period fell by 20-30 per cent.

At the same meeting, WH Group's CFO, Guo Lijun, played down the impact of the trade row on WH Group's Chinese business saying the company does not need to bring in much product from overseas because of the low Chinese pig prices.

With regard to prices going forward, the President of Henan Shuanghui, WH Group's Chinese company, said that he expected that Chinese pig prices would recover slowly this month, but would be likely to fall until the end of the year.

 **VIETNAM**
**New investments in pig production**

Asian Agribusiness reports that the major Vietnamese agricultural company, Tan Long Group, is planning to invest in pig production in Vietnam.

Tan Long Group intends to produce 1 million pigs per year over the next 3-5 years. In addition, the company will also invest in pig production in Myanmar where the first herd of 100,000 pigs will be in place by 2019.

 **PHILIPPINES**
**Increased imports of pig meat until Christmas**

Asian Agribusiness reports that the authorities in the Philippines are planning to facilitate imports of pig meat, poultry and fish ahead of Christmas to ensure sufficient supplies and avoid price increases.

Importers in the Philippines can import up to 54,000 tonnes of pig meat under the Minimum Access Volume scheme. The Minister of Agriculture is expected to authorise additional imports of 8,000-10,000 tonnes of pig meat before the Christmas period.

The Philippine Meat Importers and Traders Association have previously called for the country's import tariffs on meat to be removed so that local prices can be reduced.


**Denmark's pig meat exports, tonnes**
**Jan- May 2018**

	By-products	Live pigs	Processed Canned	Bacon	Whole and half pigs/sows	Cuts	Sausages	Total	%
Germany	11,847	82,926	2,944	79	35,318	115,052	1,108	249,274	30.4
Poland	527	76,954	40	0	0	54,132	0	131,654	16.1
UK	3,104	177	4,181	17,071	0	50,436	4,310	79,279	9.7
Italy	793	10,490	204	25	0	48,795	134	60,441	7.4
Sweden	3,755	68	848	459	0	7,971	1,983	15,084	1.8
Holland	4,660	5,862	92	7	0	3,744	107	14,472	1.8
France	900	722	349	194	0	5,509	378	8,051	1.0
Spain	283	1,514	494	162	0	2,441	545	5,439	0.7
Other EU countries	4,476	5,915	1,251	63	5	22,029	1,553	35,292	4.3
<b>Total EU</b>	<b>30,344</b>	<b>184,628</b>	<b>10,402</b>	<b>18,061</b>	<b>35,323</b>	<b>310,111</b>	<b>10,118</b>	<b>598,986</b>	<b>73.1</b>
China	64,890	0	5	0	0	27,544	0	92,438	11.3
Japan	1,095	3	1,773	18	0	45,770	777	49,436	6.0
Australia	95	0	73	120	0	18,690	36	19,014	2.3
USA	1,139	0	2,039	54	0	14,999	472	18,703	2.3
South Korea	111	20	663	0	0	7,576	119	8,490	1.0
Taiwan	507	6	24	0	0	5,695	4	6,237	0.8
Philippines	2,717	0	174	0	0	867	1	3,759	0.5
Ukraine	1,441	226	0	0	0	1,050	0	2,718	0.3
Canada	45	88	353	0	0	1,826	0	2,311	0.3
Other Third Countries	5,328	461	3,728	564	0	4,413	2,754	17,248	2.1
<b>Third Countries, total</b>	<b>77,369</b>	<b>804</b>	<b>8,832</b>	<b>756</b>	<b>23</b>	<b>128,429</b>	<b>4,163</b>	<b>220,378</b>	<b>26.9</b>
<b>Exports, total</b>	<b>107,713</b>	<b>185,432</b>	<b>19,234</b>	<b>18,817</b>	<b>35,346</b>	<b>438,540</b>	<b>14,282</b>	<b>819,364</b>	<b>100</b>

**Jan- May 2017**

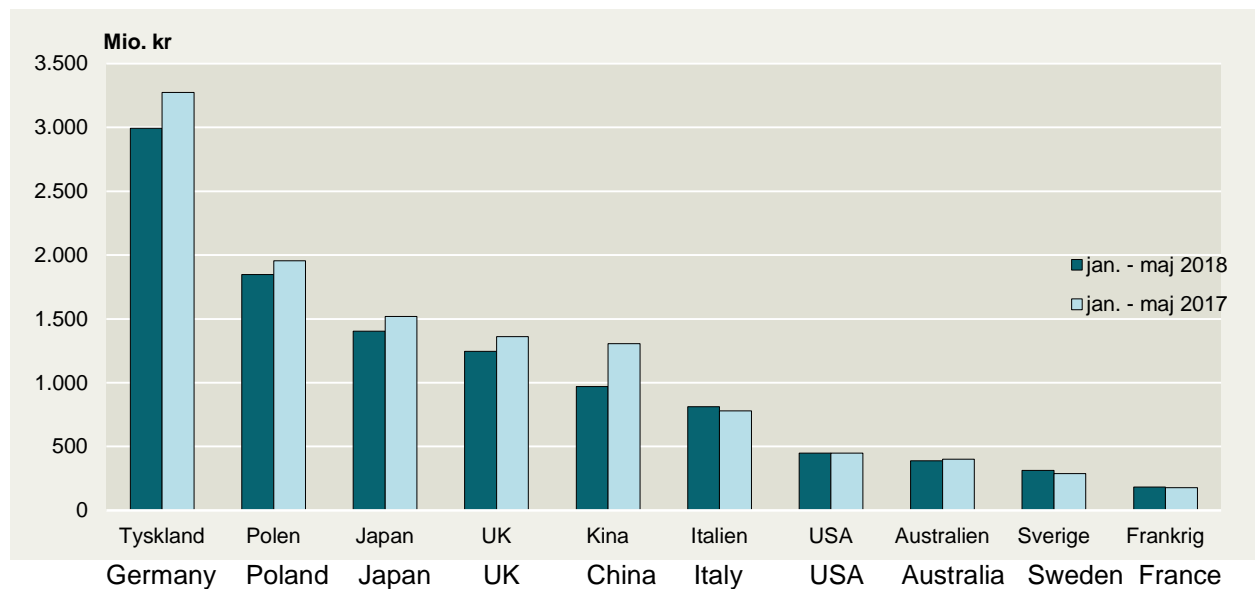
	By-products	Live pigs	Processed Canned	Bacon	Whole and half pigs/sows	Cuts	Sausages	Total	%
Germany	8,840	79,509	3,368	67	34,562	101,214	982	228,542	29.7
Poland	734	66,683	127	0	0	47,359	0	114,904	14.9
UK	3,488	314	3,607	14,643	0	55,376	3,942	81,370	10.6
Italy	789	10,340	178	28	0	37,588	121	49,044	6.4
Sweden	3,653	59	785	531	0	6,709	1,981	13,717	1.8
Holland	3,295	4,864	74	14	0	2,985	112	11,344	1.5
France	547	609	402	173	0	5,383	364	7,477	1.0
Spain	344	1,918	480	188	0	3,027	583	6,540	0.8
Other EU countries	5,719	6,317	1,170	42	0	18,951	1,308	33,507	4.4
<b>Total EU</b>	<b>27,408</b>	<b>170,613</b>	<b>10,191</b>	<b>15,685</b>	<b>34,562</b>	<b>278,592</b>	<b>9,393</b>	<b>546,445</b>	<b>70.9</b>
China	72,005	21	0	0	0	33,503	0	105,529	13.7
Japan	1,902	10	1,744	91	0	43,528	681	47,956	6.2
Australia	113	0	73	165	0	18,224	12	18,587	2.4
USA	1,051	0	2,322	33	0	10,775	357	14,538	1.9
South Korea	363	14	1,066	0	0	5,254	139	6,837	0.9
Taiwan	537	3	10	0	0	6,248	0	6,798	0.9
Philippines	2,698	4	213	0	0	640	0	3,556	0.5
Hong Kong	634	0	269	13	0	1,468	62	2,446	0.3
Thailand	1,527	45	25	0	0	26	2	1,624	0.2
Other Third Countries	2,924	341	3,501	494	0	5,344	3,316	15,920	2.1
<b>Third Countries, total</b>	<b>83,755</b>	<b>439</b>	<b>9,222</b>	<b>795</b>	<b>3</b>	<b>125,011</b>	<b>4,570</b>	<b>223,794</b>	<b>29.1</b>
<b>Exports, total</b>	<b>111,163</b>	<b>171,053</b>	<b>19,413</b>	<b>16,481</b>	<b>34,565</b>	<b>403,603</b>	<b>13,963</b>	<b>770,239</b>	<b>100</b>

### Top 10 importers of Danish pig meat according to value

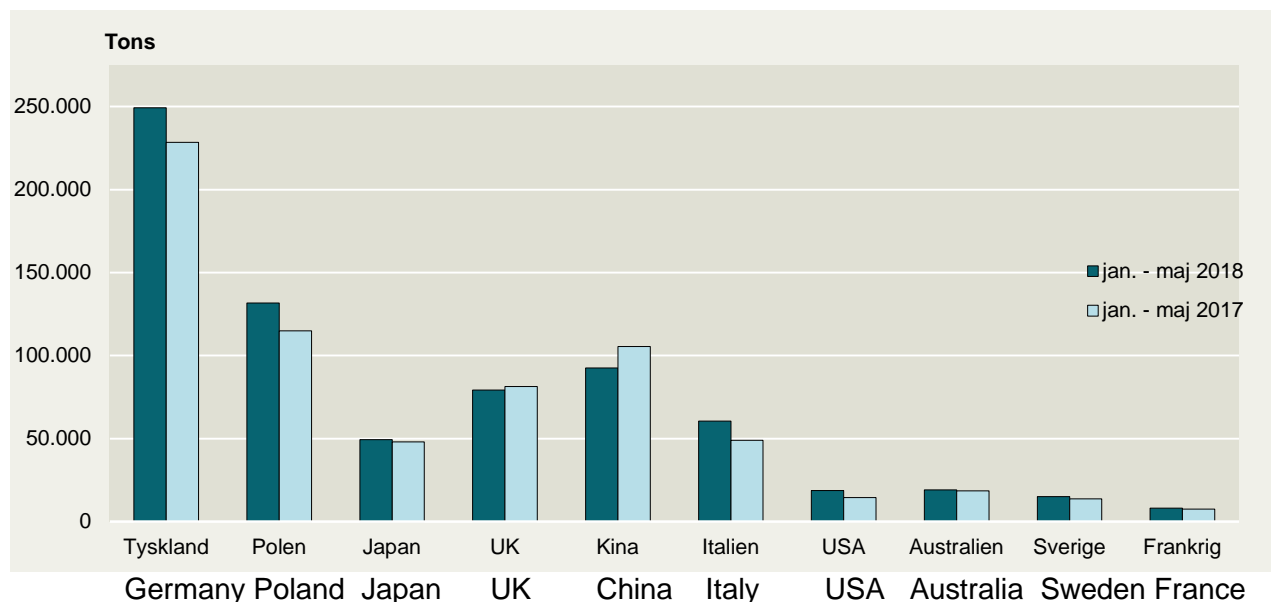
The chart below shows the top ten countries for Danish exports of pig meat ranked according to value for January-May 2018. All pig meat (including live pigs) is included.

Country	Jan-May 2018		Jan-May 2017	
	Value in DKK million	Tonnes	Value in DKK million	Tonnes
Germany	2.994	249.274	3.273	228.542
Poland	1.847	131.654	1.955	114.904
Japan	1.404	49.436	1.519	47.956
UK	1.246	79.279	1.361	81.370
China	970	92.438	1.306	105.529
Italy	811	60.441	780	49.044
USA	448	18.703	449	14.538
Australia	389	19.014	402	18.587
Sweden	313	15.084	289	13.717
France	182	8.051	179	7.477
<b>Top 10 total</b>	<b>10.603</b>	<b>723.374</b>	<b>11.514</b>	<b>681.664</b>
Other countries	1.706	95.989	1.698	88.575
<b>Total</b>	<b>12.309</b>	<b>819.364</b>	<b>13.211</b>	<b>770.239</b>

### Top 10 importers of Danish pig meat, DKK million



### Top 10 importers of Danish pig meat, tonnes



 **USA****Tyson acquires Keystone Foods**

Asian Agribusiness reports that the USA's largest meat producer Tyson has acquired Keystone Foods LLC from the Brazilian Marfrig Global Foods SA for around USD 2.5 billion. Keystone Foods produces chicken nuggets and is the largest supplier to McDonald's.

The company has businesses in the U.S., South Korea, China, Malaysia, Thailand and Australia.

 **USA****Hormel sells processing facility**

The U.S. media report that last week, Hormel Foods announced the sale of its Freemont processing plant in Nebraska to the farmer-owned WholeStone Farms group.

It has long been Hormel's plan to scale down its slaughtering business and focus more on the production and sale of processed products, which are seen as a more stable business area.

 **BRAZIL****Increasing pig slaughterings in April quarter**

According to figures from the Brazilian authorities, pig slaughterings in the April quarter totalled 10,814 million, which is almost 2 per cent up on the same quarter last year. Measured in tonnes, this amounts to 977,526 tonnes, a rise of 2.8 per cent compared to last year.

In recent weeks, however, pig prices have increased owing to a decline in slaughterings. Increasing feed prices combined with low pig prices have been putting Brazilian pig producers under pressure.

Even with record high exports in July, Brazilian pig meat exports for the first seven months of the year were more than 10 per cent below the previous year. Exports have been hit by a Russian import ban and although exports to China increased, this did not offset the decline.

The decline in export volumes means that more pig meat is being sold in the domestic market.