

MARKET NEWS for pig meat



Market analysis

22 January 2018

Week 4

MARKET SITUATION

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

UK: Trading remains under pressure.

Trade is reported as stable for Japan and China.

Slaughterings in Denmark

	Week 52	Week 1	Week 2	Week 1-2 2018/2017
Total	200,738	287,789	367,703	-4.1 %

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

PRICES DENMARK FOR WEEK 4

Finished pigs and sows

DKK/kg	DC	Tican
Finished pigs (basic weight class and basic meat percentage)	8.50	8.50
Sows (above 130 kg)	5.50	5.50

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	352.52	398.46
SPF+Myc	330.52	403.46
SPF	334.52	407.46
Organic	910.91	993.16
Market prices SPF region 1		
PRRS negative	345.00	466.00
PRRS positive	325.00	450.00
Market prices SPF region 2/3		
PRRS negative	345.00	466.00
PRRS positive	325.00	450.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	8.10 kr/kg	8.17 kr/kg	5.82 kr/kg	5.06 kr/kg	5.03 kr/kg

FUTURES

	Chicago (\$ per 100 lbs slaughterj weight)		
	19/1	12/1	Change
2018			
Feb	72.08	71.58	-0.50
Mar	-	-	-
Apr	75.50	74.33	-1.18
May	79.93	79.00	-
Jun	84.85	83.80	-1.05
Jul	85.25	83.93	-1.33
Aug	84.73	83.30	-1.43
Sep	-	-	-
Oct	71.13	70.75	-0.38
Nov	-	-	-
Dec	64.48	64.43	-0.05
2019			
Jan	-	-	-
Feb	67.28	67.28	0.00
Mar	70.43	70.43	0.00
Apr	77.55	77.55	0.00
May	79.00	79.00	0.00
Conversion factors: 1 lb = 0.4536 kg \$ = €6.0754			

**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 14 January.

Countries	Period 7 Jan - 14 Jan		Year to date 1 Jan – 14 Jan.	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		6		11
Latvia		18		45
Lithuania		68		113
Poland	1	75	3	108
Italy		1		1
Ukraine	2	5	2	5
Czech Republic		3		6
Romania	3		3	

**RUSSIA****African Swine Fever**

Last week, Russia reported three outbreaks of African Swine Fever in the west of the country – two at a large farm of 10,950 pigs and one at a small farm. The third outbreak was among wild boar.

 **GERMANY**
German farming association says that a ban on pork exports should not be automatically imposed if a case of African Swine Fever is discovered

Reuters reports that the German farming association, DBV, (Deutscher Bauernverband) believes that a ban on German pork exports should not be automatically imposed if a case of African Swine Fever is found in wild boar in the country.

"Restrictions on German pork exports should only be imposed if African Swine Fever is found at a pig farm," said DBV's President Joachim Rukwied during the Green Week food trade fair.

According to Rukwied, restrictions on German pork exports could cause a huge fall in prices, which could force many farmers out of business.

The German farming association has noted how ASF is spreading through Europe. As was reported in last week's Market News, DBV has presented a number of proposals aimed at controlling the spread of the disease in Germany, including reducing the wild boar population by 70% by encouraging hunters to shoot sows and their piglets.

 **RUSSIA**
Increase in pig production by major companies

According to figures from Russia's Ministry of Agriculture, pig production by major companies in Russia – measured in live weight – increased by 6.5 per cent in 2017 to 3.36 million tonnes. This, however, is somewhat less compared to the previous year when a rise of 12.9 per cent was recorded.

The largest production increases in 2017 took place in the following regions: Pskov, Kursk, Belgorod, Voronezh, Tver and Tambov. However, production declines were recorded in Krasnodar, Volgoda, Nizhny, Novgorod, Yaroslavl and the Udmurtia republic.

 **BRAZIL/**  **RUSSIA**
Brazil remains optimistic about the imminent reopening of the Russian market

Brazil continues to remain optimistic about the imminent reopening of the Russian market for Brazilian meat. Agra Europe reports that officials from Brazil and Russia met last week to discuss the Russian ban on Brazilian meat imports.

According to the director of the Meat and Derivatives Industry Association in Santa Catarina (Sindicarne), the meeting provided an opportunity for the Brazilians to present the measures they have introduced to resolve the situation. The Director expects Brazilian exports to Russia to resume from the end of February.

According to Sindicarne, the Russian import ban has not yet had a major impact on Brazilian exports. This is due to the fact that the ban came at a time when exports to Russia were already severely restricted by the ice-locked Russian ports.

With the expected resumption of exports to Russia and the imminent approval of exports to South Korea, Brazil expects to increase its meat exports by 5 per cent in 2018.

 **BRAZIL**
JBS sells its beef production in US

Reuters reports that JBS has agreed to sell its Five Rivers Cattle Feeding LLC in the US to Pinnacle Asset Management LP for around USD 200 million.

The buyer will sign long-term contracts to supply cattle to JBS plants in the USA. JBS has stated that the proceeds from the sale will be used to reduce debt.



Pig meat exports

The table below shows the EU's exports of pig meat broken down into categories, exporters and importers for the period January-November.

Tonnes	Jan-Nov 2017	Jan-Nov 2016	% change 17:16
Live pigs	12,502	9,873	26.6
Fresh/frozen	1,776,878	1,982,857	-10.4
Bacon	35,585	31,457	13.1
Processed	152,220	148,207	2.7
By-products	1,410,122	1,534,117	-8.1
Total	3,387,307	3,706,510	-8.6

Exporters of pig meat from EU

Tonnes	Jan-Nov 2017	Jan-Nov 2016	% change 17:16
Germany	783,903	948,322	-17.3
Spain	681,399	690,002	-1.2
Denmark	483,328	565,179	-14.5
Holland	387,273	414,606	-6.6
France	216,214	242,917	-11.0
Poland	220,886	189,489	16.6
UK	124,339	122,663	1.4
Italy	93,481	91,636	2.0
Ireland	87,611	98,452	-11.0
Belgium	83,470	92,963	-10.2
Hungary	78,821	87,120	-9.5
Austria	38,666	43,995	-12.1
Others	107,916	119,166	-9.4
EU-28	3,387,307	3,706,510	-8.6

Importers of pig meat from EU

Tonnes	Jan-Nov 2017	Jan-Nov 2016	% change 17:16
China	1,257,923	1,710,442	-26.5
Japan	350,318	324,193	8.1
Hong Kong	350,082	337,354	3.8
South Korea	232,226	216,584	7.2
Philippines	222,405	193,915	14.7
USA	132,614	100,919	31.4
Australia	77,356	78,889	-1.9
Ukraine	79,599	69,439	14.6
Angola	29,975	29,599	1.3
Montenegro	19,016	19,652	-3.2
Russia	4,413	6,253	-29.4
Belarus	202	145	39.3
Others	631,190	619,134	1.9
EU-28	3,387,319	3,706,518	-8.6



Pig census

Over the next five weeks, Eurostat is expected to publish new pig censuses for all EU countries (December census).

So far, only the results for Germany and Malta are available.

'000 head	Total population			Breeding sows			Pregnant sows		
	2017	2016	% change	2017	2016	% change	2017	2016	% change
Spain		29,232			2,415			1,667	
Germany	27,553	27,376	0.6	1,904	1,908	-0.2	1,366	1,383	-1.3
France		12,793			1,000			698	
Denmark		12,281			1,236			765	
Holland		11,881			1,022			664	
Poland		11,107			859			582	
Italy		8,478			558			464	
Belgium		6,177			420			346	
Romania		4,708			361			223	
UK		4,538			490			346	
Hungary		2,907			255			169	
Austria		2,793			236			168	
Portugal		2,151			233			162	
Ireland		1,528			145			98	
Czech Republic		1,479			134			83	
Sweden		1,471			149			105	
Finland		1,197			108			78	
Croatia		1,163			120			39	
Greece		743			106			58	
Lithuania		664			49			41	
Bulgaria		616			65			40	
Slovakia		586			51			20	
Cyprus		353			33			23	
Latvia		336			38			17	
Estonia		266			25			20	
Slovenia		266			19			11	
Luxembourg		95			7			5	
Malta	34	41	-16.2	3	4	-5.5	3	3	-7.0
EU (2)	27,587	27,417	0.6	1,907	1,912	-0.2	1,369	1,387	-1.3
EU (28)		147,225			12,046			8,276	
Serbia		3,021			433			166	



USA approves Mexico as free from Classical Swine Fever

Last week, the American authorities approved Mexico as being free from Classical Swine Fever. The approval means that Mexico's exports of pig meat to the US can be resumed.

The approval comes with no objections from the American pig meat industry and after international approval of Mexico as being free from Classical Swine Fever in 2015.

 **USA**
Further investment in pig production in Iowa

Reuters reports further investment in pig production in Iowa where one third of all pigs are raised.

Figures from the Iowa Department of Natural Resources (DNR) show a strong rise in applications for permits for pig buildings. DNR's statistics show approvals for new housing units (capable of holding more than 1,250 animals) rose to 451 in 2017, up nearly 12 per cent compared to 2016.

"The main factors for increased pork investment in buildings are attractive feed costs and very strong exports," says Gregg Hora, a pig producer in Iowa.

According to John Nalivaka, President of Sterling Marketing, industry slaughter capacity grew 8 per cent in 2017 and he expects a further rise in capacity of 6 per cent in 2018. "A solid pig meat market coupled with low-cost feed have allowed producers to make money while expanding capacity." He estimates that farmers last year on average made about USD 21 per head on pigs sold for slaughter compared to USD 5 the year before.

The result of the most recent US pig census from 1 December 2017 showed a record pig population of 73.2 million, which was 2.4 per cent up on the previous year. Figures from the US Meat Export Federation show that US exports of pig meat from January to November 2017 are heading for a new record of 2.23 million tonnes at a value of USD 5.9 billion.

 **CHINA**
Pork output increased by 0.8 per cent in 2017

Reuters has published figures from China's National Statistics Bureau that show that China's pork output increased by 0.8 per cent to 53.4 million tonnes.

The rise in 2017 follows a 3.4 per cent fall in pig production for 2016, the lowest level in five years. This resulted in record high pig prices in the summer of 2016 as well as higher imports.

Reuters reports that some analysts are slightly sceptical about the figures as they had expected the production figure to be higher given that prices fell by around 20 per cent during the year. Pen Chenjun from Rabobank said: "I think production in 2017 could have been higher than the official figures."

According to the National Statistics Bureau, China's beef production rose by 1.3 per cent in 2017 to 7.26 million tonnes, the highest level in 20 years. Poultry output rose by 0.5 per cent to 18.97 million tonnes while lamb production was up 1.8 per cent at 4.68 million tonnes.

 **MALAYSIA**
Pig meat imports to match demand for Chinese New Year

The state of Sabah in Malaysia will allow the import of four containers of pork under a special scheme, reports Asian Agribusiness. Permission has been granted in order to ensure sufficient quantities of pork in the state for the upcoming Chinese New Year.

According to the director of Sabah's Veterinary and Animal Industry, the meat will only be imported from disease-free countries like Spain and Denmark. The four containers will contain various cuts, including bellies.

Two of the containers will be for consumption in Kota Chinabalu, the capital of Sabah. The other two containers will be shipped to Sandakan and Tawau.

 **IVORY COAST****African Swine Fever**

The authorities in the Ivory Coast have reported one outbreak of African Swine Fever at a pig farm comprising 2,309 pigs.

 **ZAMBIA****Foot and Mouth disease**

The authorities in Zambia have reported 3 outbreaks of Foot and Mouth disease. Some 44,587 head of cattle have been affected.