

MARKET NEWS for pig meat



Market analysis

15 October 2018

Week 42

MARKET SITUATION

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

Sales are stable for China and Japan.

Slaughterings in Denmark

	Week 38	Week 39	Week 40	Weeks 1-40 2018/2017
Total	349,571	352,234	356,258	+3.7 %

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

FUTURES

	Chicago (\$ pe. 100 lbs slaughter weight)		
	12/10	5/10	Change
2018			
Oct	68.75	68.20	0.55
Nov	-	-	-
Dec	55.00	57.55	-2.55
2019			
Jan	-	-	-
Feb	62.23	66.65	-4.43
Mar	-	-	-
Apr	67.93	71.15	-3.23
May	73.08	76.05	-2.97
Jun	79.35	81.95	-2.60
Jul	79.85	82.43	-2.58
Aug	78.75	80.80	-2.05
Sep	-	-	-
Oct	64.88	66.48	-1.61
Nov	-	-	-
Dec	60.03	61.38	-1.36
2020			
Jan	-	-	-
Feb	64.80	66.15	-1.35
Mar	-	-	-
Apr	64.80	-	-
Conversion factors: 1 lb = 0.4536 kg 1 \$ = DKK 6.4457			



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 7 October.

Countries	Period 30 Sept - 7 Oct		Year to date 1 Jan – 7 Oct	
	Pigs	Wild boar	Pigs	Wild boar
Estonia				198
Latvia		5	10	561
Lithuania	1	13	50	1.260
Poland		15	109	1.970
Italy			10	41
Ukraine	3		91	36
Czech Republic				28
Romania	24	8	998	61
Hungary		1		35
Bulgaria			1	
Belgium		22		27
Total	28	64	1.269	4.217



Vaccine against African Swine Fever is a distant prospect

Agra Europe reports that a vaccine against African Swine Fever is a very distant prospect.

Agra Europe cites the Director of the EU Commission's Health and Food Department who says that with no vaccine immediately in sight, it could take as long as 30 years to completely eradicate ASF in the EU.



African Swine Fever in wild boar

It is reported that more than 75 wild boar have died in Belgium as a result of African Swine Fever. All were found in the same 63,000-hectare area in the Luxembourg province in south eastern Belgium.

It is estimated that there are around 4,000 wild boar in the area. Some 139 dead wild boar have been tested – 111 in the area and 28 outside it. As mentioned, 75 of the 111 tested positive whereas none of the 28 outside the area tested positive.

The authorities are discussing possible compensation for pig producers. Another measure being considered is to fence off the affected area.

18 countries have introduced a ban on the import of pig meat products from Belgium. Malaysia has, however, lifted its ban on Belgium as a whole.



Contingency measures to prevent African Swine Fever

Last week, France's Minister for Agriculture held meetings with representatives from the French pig meat sector and hunting organisations to discuss further steps necessary to prevent African Swine Fever entering France.

Reuters reports that France will begin erecting a fence in the Meurthe-et-Moselle region, which borders the affected area in Belgium. This is expected to take one week.

The French authorities have also introduced a ban on hunting and a number of other activities in the area that borders the affected area in Belgium.

HUNGARY

Outbreak of African Swine Fever in new area

Last week, the authorities in Hungary reported an outbreak of African Swine Fever in a wild boar in a new area – in Tarcal in the county of Borsod-Abaúj-Zemplén, which is north east of the county of Heves where previous outbreaks occurred.

The Hungarian authorities had hoped that the virus could be contained within the Heves area. It is estimated that there are over 3,000 wild boar in the area. Hungary as a whole is believed to have a wild boar population of just over 100,000.

ROMANIA

EUR 43 million for pig producers affected by African Swine Fever

Agra Europe reports that the Romanian government has announced that they will allocate EUR 43 million to pig producers who have been directly affected by African Swine Fever or who want to take measures to control it.

RUSSIA

African Swine Fever

Last week, the authorities in Russia reported two outbreaks of African Swine Fever. One was at a farm of 12,045 pigs in the Orjol region while the other was among wild boar in the Kaliningrad region.

RUSSIA

Authorities launch legal proceedings for negligent handling of African Swine Fever in Kaliningrad

Agra Europe reports that the authorities have launched legal proceedings against veterinarians and slaughterhouse workers in the Kaliningrad region for their negligent handling of an outbreak of African Swine Fever.

CHINA

African Swine Fever

Reuters reports that China has reported 30 outbreaks of African Swine Fever since the first outbreak was confirmed at the beginning of August.

The 30 outbreaks are spread across nine provinces or autonomous regions: Anhui (8), Liaoning (8), Inner Mongolia (4), Henan (2), Jiangsu (2), Heilongjiang (2), Jilin (2), Zhejiang (1) and Tianjin (1).

The latest outbreak in Tianjin is the closest the disease has come to the country's capital, Beijing. There is not much pig production in the vicinity, but Hebei province, which encircles Beijing and Tianjin, is one of the big pig producing provinces in the country. However, no outbreaks have yet been reported in the province.

In a statement from the Chinese Agricultural Ministry last year, a spokesperson said that African Swine Fever is complex and serious and that measures to control the disease are in a decisive phase.

The Ministry also stated that they will endeavour to take effective steps to stabilise the country's pig production and pig transport so that supplies of pig meat to Hong Kong, Macau, Beijing, Shanghai and other major cities can be safeguarded.

 **BRAZIL**
Classical Swine Fever in north eastern Brazil

Last week, Brazil reported one outbreak of Classical Swine Fever at a small farm in north east Brazil.

The farm is approximately 3,000 km away from the major pig production areas in southern Brazil. If the virus does not spread to the south of the country, this outbreak will probably not be of significance to Brazil's pig meat imports.

 **JAPAN**
Classical Swine Fever

Last week, Japan reported nine outbreaks of Classical Swine Fever among wild boar.

Since the discovery of the disease (for the first time in 26 years) at a farm in Gifu, the authorities have tested 130 wild boar in the area: 19 were tested positive while 11 were tested negative.

In addition, the authorities have tested 68 wild boar in other areas of the country. They were all tested negative.

 **USA**
Pig production becomes profitable once again

A strongly increasing pig price in September means that U.S. pig producers are starting to become profitable once again.

Whereas losses in the region of USD 40 were reported in August last year, profits are now in the order of USD 10 per pig.

US pig prices have been something of a rollercoaster during 2018. After solid increases in the spring, prices peaked in June at around USD 1.56 per kg. During July and August, the price almost halved and reached a low point in late August at around USD 0.78 per kg. In September, the price rose again, so that last week, producers were paid approx. USD 1.4 per kg.

 **CANADA**
Maple Leaf have 50 per cent of sows in loose systems

Last week, Canadian Maple Leaf reported that 50 per cent of their sows – corresponding to more than 40,000 sows – are now in loose-housed systems where pregnant sows can move freely, feed and socialise with other sows.

Maple Leaf expects to have all sows in open systems by the end of 2021.



Expected production, consumption and trading in pig meat in 2019

Last week, the USDA published its forecasts for production, consumption and trading in pig meat in 2019 for a number of countries. Trading covers only fresh/frozen pig meat. Chinese imports of by-products are therefore not included in the import/export figures.

Pig meat production

USDA expects an increase in the production of pig meat in 2019 for almost all countries in the table. A modest decline in production is expected for the EU and Japan's production is expected to remain unchanged.

Global production of pig meat is forecast to rise by 1 per cent in 2019. For 2018, USDA forecasted an increase of 2 per cent.

For China, the world's largest producer and importer of pig meat, USDA forecasts a modest rise in production of 1 per cent for 2019.

As regards the EU, production is expected to remain largely unchanged in 2019 following a 2 per cent increase in 2018.

USDA expects the USA to deliver a 5 per cent rise in the production of pig meat for 2019. This should be compared to a 3 per cent rise in 2018.

A more modest rise in production of 1 per cent is forecast for Canada in 2019.

Following a slight fall in 2018, Brazil is expected to show an increase of 3 per cent in 2019.

A more subdued rate of increase of 2 per cent is forecast for Russia in 2019.

Production in 1,000 tonnes	2015	2016	2017	2018	Forecast 2019	% change 2019:2018
China	54,870	52,990	53,400	54,150	54,800	1
EU	23,249	23,866	23,663	24,100	24,000	0
USA	11,121	11,320	11,611	11,992	12,621	5
Brazil	3,519	3,700	3,725	3,675	3,775	3
Russia	2,615	2,870	3,000	3,235	3,310	2
Vietnam	2,548	2,701	2,741	2,675	2,735	2
Canada	1,899	1,914	1,959	1,960	1,970	1
Philippines	1,463	1,540	1,563	1,600	1,630	2
South Korea	1,217	1,266	1,280	1,375	1,415	3
Mexico	1,164	1,211	1,267	1,310	1,360	4
Japan	1,254	1,279	1,282	1,285	1,285	0
Total – selected countries	104,919	104,657	105,491	107,357	108,901	1

Consumption in 1,000 tonnes	2015	2016	2017	2018	Forecast 2019	% change 2019:2018
China	55,668	54,980	54,812	55,725	56,525	1
EU	20,871	20,747	20,817	21,065	20,865	-1
USA	9,341	9,475	9,540	9,760	10,273	5
Russia	3,016	3,192	3,338	3,250	3,300	2
Brazil	2,893	2,870	2,941	2,992	3,042	2
Japan	2,568	2,626	2,741	2,785	2,806	1
Vietnam	2,526	2,647	2,703	2,660	2,730	3
Mexico	2,017	2,901	2,180	2,305	2,405	4
South Korea	1,813	1,894	1,926	2,010	2,122	6
Philippines	1,637	1,734	1,803	1,869	1,929	3
Taiwan	937	902	929	933	933	0
Total – selected countries	103,287	103,158	105,491	105,354	106,930	1

Trading in pig meat

USDA forecasts an increase in global pig meat trading in 2019, as was the case in 2018.

Among the major importing countries, only South Korea is expected to see a decline in imports in 2019.

As regards the world's largest importer, China, an 8 per cent increase in imports is forecast for 2019 compared to a modest increase of 1 per cent for Japan.

Mexico is expected to post a solid increase in imports in 2019.

A significant 29 per cent increase in imports is forecast for Columbia.

With regard to exports in 2019, USDA expects smaller increases in exports from the major exporting countries of EU, USA and Canada. A slightly higher increase is expected for Brazil.

A significant decline in Chinese exports of pig meat is expected in both 2018 and 2019. This is due to the outbreak of African Swine Fever in the country.

Imports in 1,000 tonnes	2015	2016	2017	2018	Forecast 2019	% change 2019:2018
China	1,029	2,181	1,620	1,750	1,875	7
Japan	1,270	1,361	1,475	1,510	1,525	1
Mexico	981	1,021	1,083	1,175	1,235	5
South Korea	599	615	645	735	685	-7
USA	506	495	506	483	481	0
Hong Kong	397	429	463	475	490	3
Philippines	175	195	241	270	300	11
Canada	216	215	222	230	235	2
Australia	220	210	215	225	230	2
Colombia	64	66	99	140	180	29
Taiwan	107	77	111	120	130	8
Total – selected countries	5,564	6,865	6,680	7,113	7,366	4

Exports in 1,000 tonnes	2015	2016	2017	2018	Forecast 2019	% change 2019:2018
EU	2,390	3,131	2,860	3,050	3,150	3
USA	2,272	2,377	2,556	2,717	2,813	4
Canada	1,239	1,320	1,336	1,350	1,365	1
Brazil	627	832	786	685	735	7
Chile	178	173	171	185	195	5
Mexico	128	141	170	180	190	6
China	231	191	208	175	150	-14
Russia	7	25	37	45	50	11
Australia	36	38	43	49	45	-8
Vietnam	30	65	50	35	30	-14
South Africa	17	15	18	18	20	11
Total – selected countries	7,155	8,308	8,235	8,489	8,743	3



Denmark's exports of pig meat, tonnes

Jan-July 2018

	By-products	Live pigs	Processed Canned	Bacon	Whole and half carcasses/sows	Cuts	Sausages	Total	Per cent
Germany	16,093	117,784	5,019	125	49,275	158,914	1,706	348,915	30.6
Poland	767	107,742	50	1	0	76,936	0	185,497	16.3
UK	4,361	267	6,040	26,531	0	71,493	6,355	115,047	10.1
Italy	1,065	13,989	301	44	0	62,598	207	78,204	6.9
Sweden	4,981	102	1,366	671	0	11,304	3,104	21,530	1.9
Holland	6,744	7,404	131	14	0	5,180	184	19,658	1.7
France	1,214	947	663	263	0	7,479	590	11,157	1.0
Spain	291	2,533	690	280	0	3,175	797	7,766	0.7
Other EU countries	6,421	7,505	1,942	79	9	30,735	2,173	48,863	4.3
EU in total	41,937	258,274	16,203	28,008	49,284	427,813	15,116	836,636	73.3
China	92,490	0	122	0	0	37,424	0	130,035	11.4
Japan	1,624	3	2,302	18	0	63,509	1,050	68,505	6.0
USA	1,512	0	2,661	80	0	19,906	633	24,792	2.2
Australia	145	0	100	216	0	23,431	46	23,939	2.1
South Korea	204	20	1,002	0	0	9,410	159	10,796	0.9
Taiwan	661	6	25	0	0	7,813	7	8,512	0.7
Philippines	3,396	0	275	0	0	1,111	1	4,783	0.4
Ukraine	1,996	464	0	0	0	2,314	0	4,773	0.4
Hong Kong	797	0	324	17	0	1,930	49	3,117	0.3
Other Third Countries	6,718	686	5,163	811	0	7,814	3,922	25,112	2.2
Third Countries, total	109,543	1,179	11,973	1,142	26	174,661	5,867	304,391	26.7
Exports total	151,480	259,453	28,177	29,150	49,310	602,474	20,984	1,141,027	100

Jan-July 2017

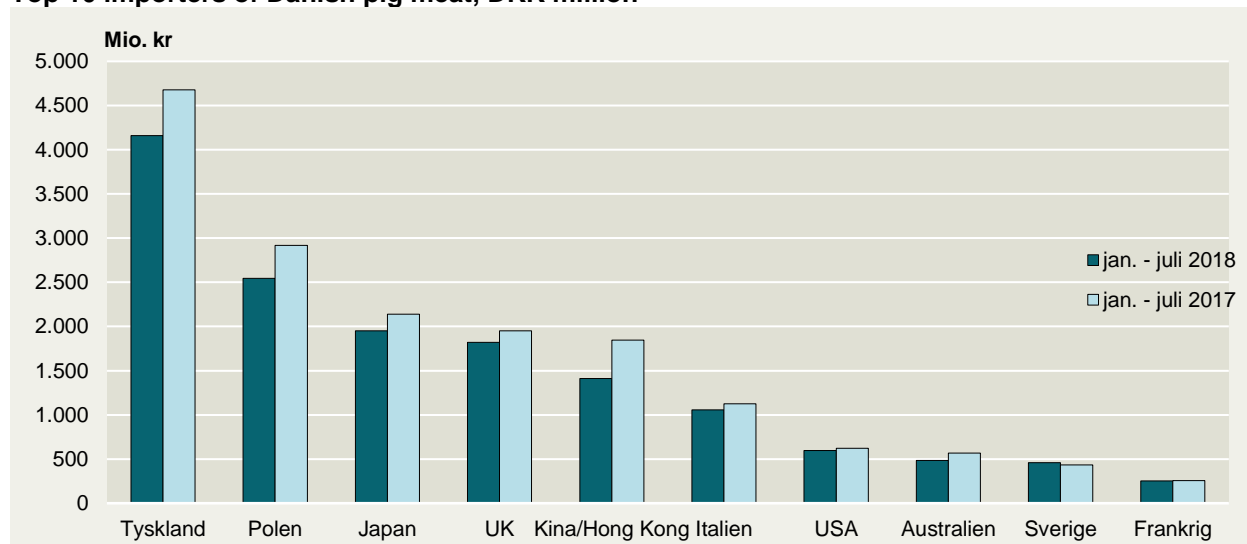
	By-products	Live pigs	Processed Canned	Bacon	Whole and half carcasses/sows	Cuts	Sausages	Total	Per cent
Germany	12,545	116,281	4,716	102	48,894	138,971	1,414	322,923	29.5
Poland	1,927	94,042	157	0	0	72,588	0	168,714	15.4
UK	5,221	430	5,211	21,159	0	77,780	5,407	115,208	10.5
Italy	1,107	13,122	246	39	0	56,205	161	70,880	6.5
Sweden	5,633	75	1,170	707	0	10,170	2,871	20,625	1.9
Holland	5,703	7,013	138	19	0	4,198	147	17,217	1.6
France	782	806	606	235	0	7,741	515	10,684	1.0
Spain	358	2,500	770	268	0	4,108	852	8,855	0.8
Other EU countries	8,240	8,824	1,736	67	0	30,005	1,895	50,768	4.6
EU in total	41,517	243,092	14,750	22,596	48,894	401,765	13,261	785,876	71.8
China	97,640	21	0	0	0	45,720	0	143,381	13.1
Japan	2,049	10	2,304	163	0	62,241	941	67,710	6.2
Australia	115	0	114	259	0	25,332	29	25,851	2.4
USA	1,686	0	2,991	72	0	14,926	518	20,193	1.8
South Korea	408	24	1,550	0	0	7,180	200	9,363	0.9
Taiwan	944	3	10	0	0	7,909	0	8,866	0.8
Philippines	3,292	4	274	0	0	829	1	4,401	0.4
Hong Kong	921	0	376	17	0	2,507	92	3,913	0.4
Canada	70	0	202	0	0	1,862	0	2,133	0.2
Other Third Countries	6,697	603	4,905	666	0	5,973	4,355	23,198	2.1
Third Countries, total	113,822	666	12,726	1,177	5	174,479	6,137	309,012	28.2
Exports, total	155,339	243,759	27,477	23,773	48,899	576,244	19,398	1,094,888	100

Top 10 importers of Danish pig meat measured in value

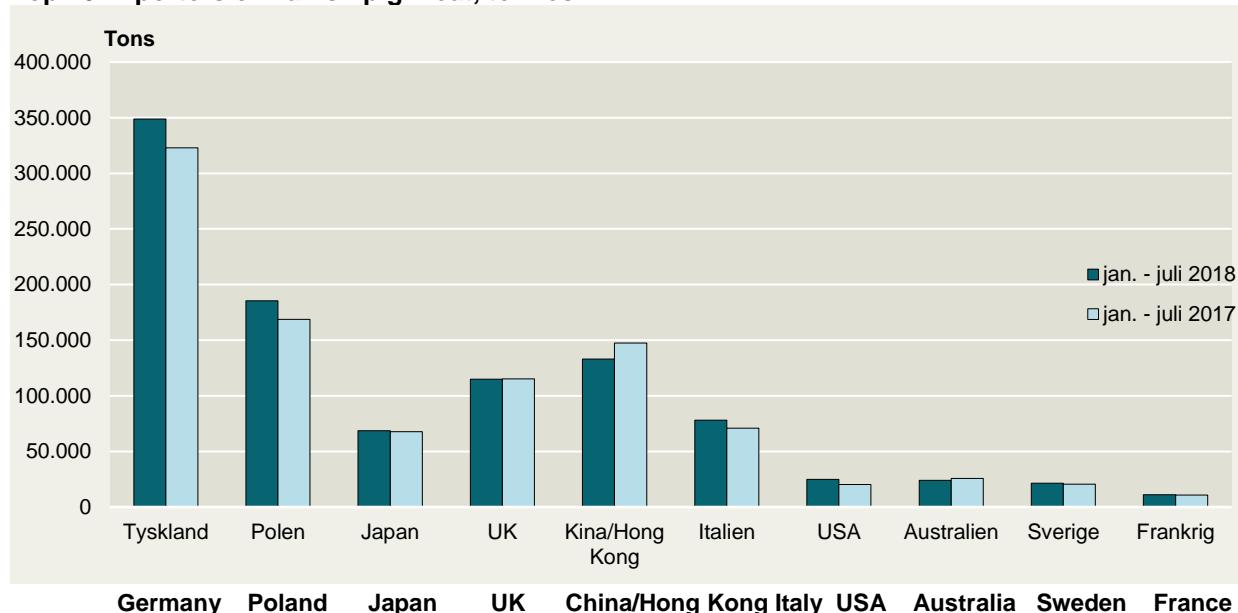
The following charts rank the top 10 countries in terms of Danish pig meat exports for January – July 2018. All pig meat (including live pigs) is included.

Country	Jan - July 2018		Jan - July 2017	
	Value in DKK million	Tonnes	Value in DKK million	Tonnes
Germany	4,158	348,915	4,676	322,923
Poland	2,545	185,497	2,917	168,714
Japan	1,952	68,505	2,140	67,710
UK	1,819	115,047	1,949	115,208
China/Hong Kong	1,411	133,152	1,846	147,294
Italy	1,058	78,204	1,127	70,880
USA	598	24,792	620	20,193
Australia	484	23,939	566	25,851
Sweden	459	21,530	435	20,625
France	254	11,157	257	10,684
Top 10 total	14,738	1,010,738	16,533	970,082
Other countries	2,270	130,289	2,356	124,806
Total	17,008	1,141,027	18,889	1,094,888

Top 10 importers of Danish pig meat, DKK million



Top 10 importers of Danish pig meat, tonnes



 **JAPAN**
Import's of fresh/frozen pig meat

0203					
Fresh/frozen pig meat					
Tonnes	2018	2017	2018	2017	%
	August	August	Jan - Aug	Jan - Aug	change
					2018:17
USA	24,030	22,858	174,197	176,242	-1.2
Canada	19,233	18,494	143,657	139,240	3.2
Spain	9,896	8,616	78,124	72,187	8.2
Denmark	8,211	9,641	73,454	76,190	-3.6
Mexico	7,533	7,549	57,103	57,552	-0.8
Germany	2,921	1,334	15,188	11,823	28.5
Chile	2,383	2,425	16,196	16,479	-1.7
Holland	1,963	2,225	17,783	16,631	6.9
France	1,121	1,265	9,625	9,484	1.5
Italy	872	1,081	9,169	8,769	4.6
Austria	717	720	4,859	5,347	-9.1
Ireland	528	528	5,125	5,467	-6.3
Portugal	91	45	893	698	27.9
Australia	57	73	410	346	18.6
Finland	49	25	246	495	-50.3
Others	112	1,594	9,256	15,086	-38.6
Total	79,717	78,473	615,285	612,036	0.5

Japan's imports of sausage products

0210		
Sausage products		
Tonnes	2018	% change
	Jan- Aug	2018:17
USA	6,404	4.8
China	5,180	-7.0
Thailand	3,641	-14.7
Brazil	2,646	-10.4
Denmark	1,138	8.3
Germany	627	14.7
Italy	516	-2.7
Others	678	6.6
Total	20,831	-3.9

 **JAPAN**
Development in pig meat storage

Tonnage	Own production		Imports		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 May 18	655	18,366	7,555	153,710	180,286
End June 18	644	16,790	5,591	155,496	178,521
End July 18	560	16,772	6,228	152,477	176,037
End August 18	687	17,495	5,984	151,864	176,030

 **COLOMBIA**
Foot and mouth disease

Last week, Colombia reported a new outbreak of foot and mouth disease in the north of the country. Some 216 head of cattle and 144 pigs were affected.

Foot and mouth disease was confirmed in the country for the first time last year in eight years.

 **COLOMBIA**
Columbia loses its status as free of foot and mouth disease with vaccination

The OIE has suspended Columbia's status as free of foot and mouth disease with vaccination. Columbia hopes to regain its status in time.