

# MARKET NEWS for pig meat



Market analysis

19 November 2018

Week 47

## MARKET SITUATION

Europe: Trading in fresh legs is at increasing prices this week. Trading in other cuts is at slightly increasing or unchanged prices.

UK: Prices are reported as stable.

Demand is reported as good for China and stable for Japan.

## Slaughterings in Denmark

	Week 43	Week 44	Week 45	Week 1-45 2018/2017
Total	364,912	364,067	368,260	+3.9 %

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)		
	16/11	9/11	Change
<b>2018</b>			
Dec	60.08	55.80	4.28
<b>2019</b>			
Jan	-	-	-
Feb	66.75	59.50	7.25
Mar	-	-	-
Apr	71.75	65.70	6.05
May	76.85	72.80	4.05
Jun	84.03	81.25	2.78
Jul	84.78	83.15	1.63
Aug	83.78	82.18	1.60
Sep	-	-	-
Oct	68.20	67.40	0.80
Nov	-	-	-
Dec	61.70	61.48	0.23
<b>2020</b>			
Jan	-	-	-
Feb	66.20	66.00	0.20
Mar	-	-	-
Apr	69.88	69.63	0.25
Conversion factors: 1 lb = 0.4536 kg \$ = DKK 6.5766			



EU

### 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 11 November.

Countries	Period 4 Nov - 11 Nov		Year to date 1 Jan – 11 Nov	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		2		208
Latvia		9	10	602
Lithuania		8	51	1,313
Poland		42	109	2,109
Italy			10	41
Ukraine	2		97	36
Czech Republic				28
Romania	19	15	1,098	104
Hungary		4		52
Bulgaria		1	1	4
Belgium		9		85
<b>Total</b>	<b>21</b>	<b>90</b>	<b>1,376</b>	<b>4,582</b>



RUSSIA

### African Swine Fever

Last week, Russia reported one outbreak of African Swine Fever among wild boar in the west of the country, in the Nizhegorodsky region.



CHINA

### African Swine Fever found among wild boar

Last week, African Swine Fever was found in a wild boar in the north eastern Jilin province, which borders Russia and North Korea, reports Reuters.

The discovery is likely to complicate any effective control of ASF in China. The Chinese population of wild boar is estimated to total around 33.5 million.

The discovery has also given rise to speculation as to whether African Swine Fever has entered China via wild boar. The authorities have so far indicated that the use of kitchen waste as feed is behind the spread of the virus in the country.



CHINA

### African Swine Fever in Sichuan province

An outbreak of African Swine Fever has also been reported in Sichuan province at a small farm of 40 pigs.

Sichuan has the largest pig production in China. The new outbreak means that all major pig producing provinces in China have now been affected by the disease. The authorities in the province have tried to prevent an outbreak by banning imports of pigs and pig meat products from all other provinces – but to no avail.

Sichuan province is situated in central/western China, east of Tibet. It produced 66 million pigs for slaughter last year, more than any other province. It also has the highest consumption of pig meat per inhabitant, reports Reuters.

 **CHINA**
**No African Swine Fever in feed**

Chinese sources have reported that there was no African Swine Fever in feed from the Chinese feed producer, Tangrenshen.

Last week, the virus was confirmed in a feed sample which was taken after the disease was found at a pig farm in eastern Anhui province.

However, the authorities have subsequently informed the company that further tests have not shown traces of African Swine Fever in feed from the company. The company has, therefore, resumed normal production.

 **USA**
**Pig meat wins market shares from beef and poultry**

It is reported that consumption of pig meat in the USA is winning market shares from beef and poultry.

The latest forecast from the USDA shows that a 4.3 per cent rise in the consumption of pig meat per capita is expected for 2018. The increases for beef and poultry are 2.6 per cent and 1.2 per cent respectively.

Rising US production of pig meat and the attendant low pig meat prices are largely behind the increased consumption. However, very low prices have also been reported for poultry this year.

The latest survey of US meat storage taken at the end of September shows that pig meat was 5 per cent below last year due to increased consumption. Increases of 3 per cent and 10 per cent were reported for beef and poultry storage respectively.

 **USA**
**Purchase contract with Smithfield terminated**

A purchase contract for pig meat worth USD 240,000 with Smithfield has been terminated. The contract was between the USDA and Smithfield and was awarded under the Trump administration's agricultural trade bailout programme.

Although the contract was terminated at the request of Smithfield, it comes after the Republican Senator Chuck Grassley of Iowa had questioned how a Chinese-owned company could qualify for aid.

The USD 12 billion aid package is intended to compensate American farmers affected by China's trade tariffs. Reuters reports that the aid package included USD 1.2 billion in purchases of commodities. The programme allocated around USD 558 million to pork purchases.

 **POLAND**
**Competition authorities approve Smithfield's purchase of Pini**

Last week, Poland's competition authorities gave the go-ahead for WH Group's subsidiary, Smithfield's purchase of Pini's activities in Poland.

Smithfield's purchase of Pini was announced in the summer of 2017. Following negotiation with the EU Commission's competition authorities, the Commission announced in January this year that they had no objections to the purchase, but that further negotiations should be conducted with the Polish competition authorities.

In addition to a number of processing activities and a poultry slaughtering operation, Pini has a slaughterhouse in Kutno in central Poland, with capacity for 4 million slaughtering per year.



EU

### EU-28 pig meat exports

Carcase weight, tonnes	Jan - Sept 2018	Jan - Sept 2017	% change
China	1,001,337	1,037,463	-3.5
Japan	342,000	334,719	2.2
South Korea	246,444	205,903	19.7
Philippines	217,163	191,817	13.2
Hong Kong	178,204	274,535	-35.1
USA	130,543	120,329	8.5
Other	779,035	708,254	10.0
<b>Total</b>	<b>2,894,726</b>	<b>2,873,020</b>	<b>0.8</b>



### GERMANY

#### Decline in German slaughterings

German pig slaughterings for the first nine months of 2018 totalled 42,364,982. This is a fall of more than 1 million, corresponding to 2.4 per cent compared to the same period last year.

Following a number of years of increased slaughterings, German pig slaughterings declined in 2017, with the decline continuing into 2018.

As is shown in the following table from AMI, the decline is due to fewer imported finishers and to a fall in Germany's own production. Both imports and own production of finished pigs have fallen by slightly more than 0.5 million.

Year	Total slaughterings per head	German finished pigs	Imported finishers	Percentage imports
<b>2012</b>	58,349,687	53,846,106	4,503,581	7.7
<b>2013</b>	58,761,125	53,950,291	4,810,834	8.2
<b>2014</b>	58,852,376	54,474,527	4,377,849	7.4
<b>2015</b>	59,435,349	55,161,102	4,274,247	7.2
<b>2016</b>	59,480,468	54,826,352	4,654,116	7.8
<b>2017</b>	57,941,570	54,126,398	3,815,172	6.6
<b>Jan - Sept 2017</b>	43,426,903	40,420,408	3,006,495	6.9
<b>Jan - Sept 2018</b>	42,364,982	39,879,978	2,485,004	5.9



### BRAZIL

#### Exports of pig meat increased in October

Figures from the Brazilian Animal Protein Association (ABPA) show substantial exports of fresh/frozen pig meat from Brazil in October. According to ABPA, Brazil exported 54,300 tonnes pig meat in October – a rise of 11 per cent compared to October 2017 when exports stood at 48,000 tonnes.

Exports were previously affected by the closed market in Russia and a lorry drivers' strike in Brazil in May.

For the period January-October, ABPA reported exports of fresh/frozen pig meat at 450,200 tonnes – a decline of 10 per cent compared to the same period last year when exports amounted to 502,900 tonnes. The value of exports is calculated at USD 926 million – a fall of 26 per cent compared to the previous year.

Increasing exports to China and a resumption of exports to Russia are expected to boost Brazilian pig meat exports in future.