

MARKET NEWS for pig meat



Market analysis

29 January 2018

Week 5

MARKET SITUATION

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

UK: Trading remains sluggish but at unchanged prices.

Trade is reported as stable for Japan and China.

Slaughterings in Denmark

	Week 1	Week 2	Week 3	Week 1-3 2018/2017
Total	287,789	367,703	368,047	-1.0 %

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

PRICES DENMARK FOR WEEK 5

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

Prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	325.52	397.44
SPF+Myc	330.52	402.44
SPF	334.52	406.44
Organic	910.91	991.01
Market prices SPF region 1		
PRRS negative	345.00	464.00
PRRS positive	325.00	447.00
Market prices SPF region 2/3		
PRRS negative	345.00	464.00
PRRS positive	325.00	447.00

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 slaughter weight)		
	26/1	19/1	Change
2018			
Feb	72.28	72.08	-0.20
Mar	-	-	-
Apr	73.80	75.50	1.70
May	78.88	79.93	-
Jun	83.28	84.85	1.57
Jul	83.73	85.25	1.53
Aug	83.20	84.73	1.52
Sep	-	-	-
Oct	70.25	71.13	0.88
Nov	-	-	-
Dec	63.98	64.48	0.50
2019			
Jan	-	-	-
Feb	67.05	67.28	0.23
Apr	70.50	70.43	-0.08
May	77.10	77.55	0.45
Jun	79.38	79.00	-0.38
Conversion factors: 1 lb = 0.4536 kg \$ = €5.9849			

**EU****African Swine Fever**

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 14 Jan – 21 Jan		Year to date 1 Jan – 21 Jan	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		11		22
Latvia		18		63
Lithuania		59		172
Poland		62	3	170
Italy	1	1	1	2
Ukraine	2	3	4	8
Czech Republic		6		12
Romania			2	

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

Last week, Russia reported two outbreaks of African Swine Fever in the west of the country. One was found at a small pig farm while the other was among wild boar.

 **SLOVAKIA**
Wild boar cull

The Slovakian Ministry of Agriculture has granted extraordinary permission for the hunting of wild boar. This is to minimise the risk of African Swine Fever.

According to the Slovakian Chamber of Agriculture and Food (SPPK), the initiative falls short and SPPK is calling for a clear strategy from the ministry to prevent the spread of ASF in the country.

The head of The Hunting Commission has proposed that the wild boar population be reduced by up to 90 per cent. "We need to reduce the population to the lowest possible level to control the disease," he said.

 **EU**
COPA warns against further concessions to Mercosur

Prior to the new EU-Mercosur negotiations on a new free trade agreement, the European farmers' organisation, COPA, urged the EU's negotiators at a press conference last week not to grant further concessions that would be detrimental to the EU's agricultural sector.

The EU and the South American countries' organisation, Mercosur, are scheduled to meet again to resume negotiations on a free trade agreement. COPA believes that the EU has already granted too many concessions that could harm the EU's agricultural sector.

Agra Europe reports that so far, the EU has offered to raise the import quota for beef by another 70,000 tonnes from the current 250,000. And with regard to poultry, to raise the import ceiling from 500,000 tonnes to 780,000 tonnes. Only very limited volumes are being negotiated for pork.

The EU and Mercosur are expected to conclude their negotiations in Q1 2018.

 **POLAND**
EU refers Smithfield's Pini acquisition to the Polish competition authorities

The EU Commission announced last week that they are referring WH Group/Smithfield's acquisition of Pini's subsidiary in Poland to Poland's competition authorities.

According to the EU Commission, the acquisition will not affect competition outside the Polish market, but the Commission believes that the Polish competition authorities would be the best to decide to what extent the acquisition would impact competition in terms of slaughterings in Poland.

Pini Polonia runs a slaughtering operation in Kutno with a capacity for slightly more than 4 million slaughterings per year.

 **CROATIA**
Rise in meat imports

Croatia is increasingly dependent on importing meat from other EU countries in order to address the country's demand for meat, reports Agra Europe.

For the first 10 months of 2017, Croatia's imports totalled 112,000 tonnes, a rise of 6 per cent compared to 2016. Almost all meat imports are from other EU countries that have benefitted from Croatia's accession to the EU in 2013.

Pig meat accounts for the majority of Croatia's meat imports. Almost 75,000 tonnes were imported in the first 10 months of 2017 at a value of around EUR 188 million.

 **DENMARK**
Slaughterings per slaughterhouse in 2017

The Danish Pig Producers organisation has drawn up the following statistics for pig slaughterings per slaughterhouse in Denmark for 2017 and 2016.

Figures for individual slaughterhouses may be affected by respective contract slaughterings.

Number of slaughterings	2017	2016	% change 17:16
DC	13,020,281	13,755,721	-5.3
Tican	3,468,622	3,629,891	-4.4
Slagtegården st. Lihme A/S	345,332	344,473	0.2
Moesgaard Meat	108,013	144,843	-25.4
Glumsø Slagtehus	101,463	97,582	4.0
Sevel Slagteri A/S	119,785	110,312	8.6
Hvidebæk slagteri	92,898	98,462	-5.7
Total	17,256,394	18,181,284	-5.1

 **SWEDEN**
Rise in pig slaughterings in 2017

The latest overview from the Swedish organisation, Kött och Charkförtagen, showing the development in pig slaughterings at Swedish slaughterhouses shows that Swedish slaughterings in 2017 were 1.7 per cent higher compared to 2016.

The table below shows the development in slaughterings across companies for the years 2014-2017.

	Jan - Dec				% change 17:16
	2014	2015	2016	2017	
Scan Kristianstad	721,025	730,605	715,282	725,811	1.5
- KLS Ugglarps Kalmar	380,528	441,415	432,647	454,741	5.1
- KLS Ugglarps Ugglarp	251,682	255,126	234,956	258,410	10.0
KLS total	632,210	696,541	667,603	713,151	6.8
Skövde Slakteri	280,490	318,409	307,631	278,059	-9.6
Dalsjöfors Slakteri	303,389	317,417	325,489	330,056	1.4
AJ Dahlbergs Slakteri	116,234	127,125	143,396	163,291	13.9
Ginsten Slakteri	96,272	95,411	87,541	79,615	-9.1
Gotlands Slagteri	78,176	73,589	74,783	72,402	-3.2
Siljans Chark	36,920	58,437	54,540	57,078	4.7
Lindells Gårdsslakteri	18,052	31,580	39,249	33,622	-14.3
Alviksgården	32,667	32,546	32,852	32,837	-0.0
Lövsta Kött	27,344	26,406	26,518	25,862	-2.5
Knorrevången Slakt	20,752	20,158	19,643	23,659	20.4
Øvrige	204,380	26,661	32,134	34,661	7.9
Totale slaughterings	2,567,911	2,554,885	2,526,661	2,570,104	1.7

The figures for the individual companies should, however, be treated with some caution because Swedish slaughterhouses to a certain extent slaughter on contract for each other.


BRAZIL/ RUSSIA
No immediate market opening for Brazilian pig meat to Russia

The reopening of the Russian market to Brazilian pig meat will probably take longer than the Brazilians had hoped for.

According to Agra Europe, the recent discussions between the Russian veterinary authorities and Brazil's Ministry of Agriculture have been negative in the sense that Russia will only open its market to Brazilian pig meat after Russian inspectors have visited Brazil and given their approval. In addition, the Russians want to reduce the number of Brazilian slaughterhouses that can export to Russia.

The Russian import ban on Brazilian meat was introduced in November because of the discovery of ractopamine in imported Brazilian meat. Initially, the Brazilians thought that the ban would be short-lived in part because Russia – as a consequence of the embargo against the EU and US – does not have many alternatives to Brazilian meat imports and in part because the Brazilians thought that the ban was linked to Russia's wish to export wheat, fish and beef to Brazil.

More than 80 per cent of Russia's pig meat imports originated from Brazil last year and Brazilian exports of pig meat to Russia accounted for 40 per cent of total Brazilian pig meat exports.

According to Agra Europe, Russia is expected to reopen its market to Brazilian beef sooner than for pork. With regard to beef, ractopamine is banned in both Russia and Brazil and this could pave the way for a faster solution.


RUSSIA
Cherkizovo selects Topigs Norsvin as breeding partner

The major Russian meat and feed producer, Cherkizovo Group, has chosen Topigs Norsvin as their breeding partner for the company's 90,000 sows, Topigs Norsvin announced in a press release.


RUSSIA
Rusagro to invest in meat production in eastern Russia

Agra Europe reports that one of Russia's largest agricultural companies, Rusagro, has announced a 40 billion rouble (EUR 577 million) investment in meat production in eastern Russia.

Rusagro is to establish the largest pig production project in Russia at a value of 29 billion roubles (EUR 418 million) in Mikhailovsky, a special economic zone in Primorsky Krai, a region bordering China and North Korea.

Rusagro's new pig project will comprise seven units, each with a capacity for 3,000 sows. The investment will also include a feed factory, slaughterhouse, etc.

In addition to pigs, the project also includes an investment in poultry production.


China's pig meat imports January – December 2017

0203				
Fresh/frozen pig meat				
Tonnes	Jan-Dec 2015	Jan-Dec 2016	Jan-Dec 2017	% change 17:16
Germany	205,276	344,302	211,775	-38.5
Spain	136,622	260,029	237,514	-8.7
USA	101,468	215,503	165,741	-23.1
Denmark	81,271	158,906	88,733	-44.2
Canada	61,323	179,044	166,755	-6.9
France	42,630	86,504	51,164	-40.9
UK	32,849	43,172	45,626	5.7
Chile	31,398	46,459	40,330	-13.2
Holland	29,685	120,184	86,419	-28.1
Ireland	28,258	43,314	35,591	-17.8
Hungary	16,780	26,181	24,472	-6.5
Belgium	6,485	11,129	6,806	-38.8
Brazil	3,260	80,604	48,716	-39.6
Romania	224	4,714	4,687	-0.6
Others	1	295	2,481	0.0
Total	777,530	1,620,339	1,216,808	-24.9

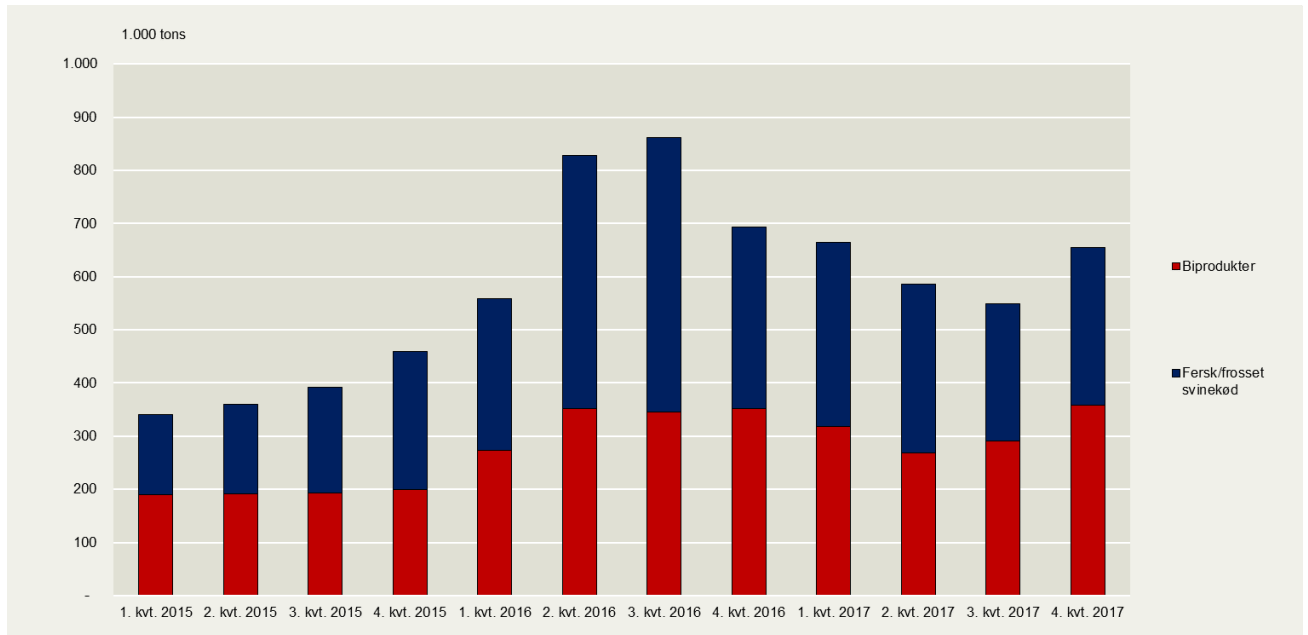
020649				
By-products - pigs				
Tonnes	Jan-Dec 2015	Jan-Dec 2016	Jan-Dec 2017	% change 17:16
Germany	150,767	215,197	147,107	-31.6
Denmark	144,745	189,120	144,250	-23.7
USA	140,024	424,152	416,322	-1.8
Spain	85,744	108,855	125,158	15.0
Holland	69,629	93,657	100,603	7.4
Canada	50,088	119,020	125,604	5.5
France	45,381	58,686	59,932	2.1
Chile	24,844	26,477	25,266	-4.6
UK	21,679	27,810	27,027	-2.8
Ireland	19,711	22,409	22,482	0.3
Hungary	13,651	13,004	13,286	2.2
Belgium	8,732	20,078	21,340	6.3
Romania	153	2,843	5,622	97.7
Others	27	44	1,944	-
Total	775,174	1,321,352	1,235,942	-6.5

020641				
Pigs' liver				
Tonnes	Jan-Dec 2015	Jan-Dec 2016	Jan-Dec 2017	% change 17:16
Spain	255	2.442	301	-87.7
Ireland	104	682	0	-100.0
Hungary	99	73	0	-100.0
Germany	69	1.966	0	-100.0
Chile	48	936	0	-100.0
Denmark	28	901	108	-88.0
Others	2	6.004	126	-97.9
Total	607	13.003	536	-95.9



CHINA

China's quarterly imports of pig meat



The chart above shows China's quarterly imports of pig meat according to by-products and fresh/frozen pig meat from Q1 2015 to Q4 2017.

Biprodukter – By-products: Fersk/frosset svinekød – Fresh/frozen pigmeat

 **SOUTH KOREA**
South Korea's imports of fresh/frozen pig meat January – December 2017

0203				
Fresh/frozen pig meat				
Tonnes	Jan-Dec 2015	Jan-Dec 2016	Jan-Dec 2017	% change 17:16
USA	135,619	137,218	152,890	11.4
Germany	80,816	86,744	110,439	27.3
Spain	62,936	71,612	60,889	-15.0
Canada	41,082	35,237	35,090	-0.4
Chile	31,560	32,979	27,410	-16.9
Austria	19,301	18,122	17,057	-5.9
Denmark	17,405	14,355	14,726	2.6
Holland	14,811	17,070	22,243	30.3
Belgium	11,645	12,617	9,626	-23.7
Mexico	10,158	13,762	15,340	11.5
France	9,464	7,473	7,181	-3.9
Ireland	7,067	4,748	3,495	-26.4
Hungary	4,297	4,466	4,358	-2.4
Finland	3,378	3,282	3,301	0.6
UK	1,799	3,139	2,994	-4.6
Sweden	1,086	1,532	1,623	5.9
Australia	673	564	849	50.6
Poland	22	0	0	-
Others	-	-	-	-
Total	453,119	464,920	489,510	5.3

Hong Kong imports of pig meat January – December 2017

0203				
Fresh/frozen pig meat				
Tonnes	Jan-Dec 2015	Jan-Dec 2016	Jan-Dec 2017	% change 17:16
Brazil	73,480	123,722	101,408	-18.0
China	60,515	42,692	49,455	15.8
Germany	27,958	25,417	41,188	62.0
USA	22,883	53,167	60,460	13.7
Holland	17,719	18,951	24,523	29.4
Poland	9,727	18,426	22,584	22.6
Vietnam	9,212	12,504	15,419	23.3
Canada	9,154	5,166	4,353	-15.7
Spain	7,983	17,446	16,392	-6.0
France	3,019	3,462	2,933	-15.3
Belgium	2,819	3,967	3,709	-6.5
Italy	2,258	4,929	5,516	11.9
UK	1,993	4,013	3,873	-3.5
Australia	981	797	744	-6.7
Ireland	964	415	380	-8.4
Others	3,444	7,903	7,830	-0.9
Total	254,109	342,979	360,768	5.2

020649				
By-products - pigs				
Tonnes	Jan-Dec 2015	Jan-Dec 2016	Jan-Dec 2017	% change 17:16
USA	105,458	120,365	130,684	8.6
Germany	68,986	69,954	88,061	25.9
Holland	40,089	43,696	36,462	-16.6
Brazil	38,246	50,253	50,742	1.0
Poland	37,986	48,601	39,879	-17.9
Spain	31,863	45,814	39,837	-13.0
Canada	18,385	8,921	3,963	-55.6
UK	17,361	19,059	16,369	-14.1
Belgium	14,233	14,876	12,385	-16.7
Italy	13,490	22,710	18,760	-17.4
China	7,869	119	42	-64.8
France	6,438	7,706	9,386	21.8
Denmark	3,123	2,261	3,792	67.7
Australia	2,950	3,832	3,888	1.5
Sweden	2,321	2,356	2,318	-1.6
Argentina	1,547	1,874	2,957	57.8
Others	9,089	19,225	17,286	-10.1
Total	419,435	481,621	476,812	-1.0

 **USA**
Pig meat storage as at 31 December 2017

Last week, the USDA published figures for US pig meat storage as at 31 December 2017 compared to the previous month and to one year ago.

As is shown in the table below, stocks of frozen pig meat are 2 per cent down compared to the previous month but 3 per cent higher compared to one year ago. Bellies increased 13 per cent compared to the previous month and increased 121 per cent compared to one year ago.

1,000 lbs	31 Dec. 2016	31 Nov. 2017	31 Dec. 2017
Picnics	8,321	6,866	5,979
Legs	68,821	98,224	81,099
Bellies	17,986	35,164	39,675
Loins	38,307	36,440	35,266
Ribs	115,590	100,218	104,582
Trim	34,096	37,484	43,242
Butts	18,075	25,799	24,023
By-products	130,463	122,311	114,771
Other	43,728	39,818	42,145
Total pig meat	475,387	502,324	490,782
Beef	567,888	485,193	489,543
Poultry	1,087,712	1,188,015	1,199,470

 **USA**
McDonald's under pressure to announce plans for meat from antibiotic-free productions

Reuters reports that McDonald's in the USA have come under pressure from the consumer group, U.S.PIRG Education Fund, who is calling on McDonald's to set a timeline for the phasing out of antibiotics from businesses that supply meat to the restaurant chain.

In 2016, McDonald's was one of the first fastfood chains to change to chicken that was produced without the use of medically important antibiotics. Since then, however, McDonald's has been overtaken by other fast food chains in terms of antibiotic-free production.

In August last year, McDonald's announced that they would draw up plans for reducing the use of antibiotics in businesses that supply meat to the chain.

 **ZAMBIA**
African Swine Fever

Last week, the authorities in Zambia reported three outbreaks of African Swine Fever. One of the outbreaks was at a small pig farm while the other two were at large farms of 7,395 and 19,429 pigs respectively.