

MARKET NEWS for pig meat



Market analysis

5 February 2018

Week 6

MARKET SITUATION

Europe: Trading in fresh legs is at increasing prices. With regard to other cuts, trading is at slightly increasing prices.

UK: Trading is stable.

Trade is reported as stable for Japan and China.

Slaughterings in Denmark

	Week 2	Week 3	Week 4	Week 1-4 2018/2017
Total	367,703	368,047	366.312	+0.8 %

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

PRICES DENMARK FOR WEEK 6

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	325.52	396.42
SPF+Myc	330.52	401.42
SPF	334.52	405.42
Organic	910.91	988.86
Market prices SPF region 1		
PRRS negative	345.00	461.00
PRRS positive	325.00	445.00
Market prices SPF region 2/3		
PRRS negative	345.00	461.00
PRRS positive	325.00	445.00

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)		
	2/2	26/1	Change
2018			
Feb	75.20	72.28	-2.93
Mar	-	-	-
Apr	73.55	73.80	0.25
May	79.33	78.88	-
Jun	83.65	83.28	-0.38
Jul	83.70	83.73	0.02
Aug	83.25	83.20	-0.05
Sep	-	-	-
Oct	71.03	70.25	-0.78
Nov	-	-	-
Dec	64.75	63.98	-0.77
2019			
Jan	-	-	-
Feb	67.75	67.05	-0.70
Apr	71.08	70.50	-0.58
May	77.55	77.10	-0.45
Jun	80.00	79.38	-0.63
Conversion factors: 1 lb = 0.4536 kg \$ = €5.9581			

**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 28 January.

Countries	Period 21 Jan - 28 Jan		Year to date 1 Jan - 28 Jan	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		21		43
Latvia		50		113
Lithuania		77		249
Poland		135	3	305
Italy		15	1	17
Ukraine	4		8	8
Czech Republic		2		14
Romania			2	

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

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

 DENMARK
Slaughterings

2015	Pigs/sows	Sows etc	Total
	50-110 kg	over 110 kg	
January	1,801,534	65,316	1,866,850
February	1,518,612	45,563	1,564,175
March	1,498,617	37,317	1,535,934
April	1,579,842	49,161	1,629,003
May	1,301,793	44,381	1,346,174
June	1,403,521	45,657	1,449,178
July	1,693,617	50,667	1,744,284
August	1,381,699	43,093	1,424,792
September	1,392,141	43,777	1,435,918
October	1,775,467	42,091	1,817,558
November	1,533,406	43,372	1,576,778
December	1,557,981	41,110	1,599,091
Jan-Dec	18,438,230	551,505	18,989,735

2016	Pigs/sows	Sows etc	Total
	50-110 kg	over 110 kg	
January	1,542,852	49,976	1,592,828
February	1,442,088	44,695	1,486,783
March	1,595,234	47,847	1,643,081
April	1,372,690	45,301	1,417,991
May	1,270,399	42,165	1,312,564
June	1,683,766	51,569	1,735,335
July	1,330,632	40,749	1,371,381
August	1,327,556	44,362	1,371,918
September	1,698,226	48,624	1,746,850
October	1,382,249	43,324	1,425,573
November	1,475,498	45,403	1,520,901
December	1,623,095	46,922	1,670,017
Jan-Dec	17,744,285	550,937	18,295,222

2017	Pigs/sows	Sows etc	Total
	50-110 kg	over 110 kg	
January	1,388,979	45,071	1,434,050
February	1,325,895	41,159	1,367,054
March	1,659,600	51,456	1,711,056
April	1,080,045	40,805	1,120,850
May	1,165,283	48,312	1,213,595
June	1,691,408	54,077	1,745,485
July	1,267,063	40,667	1,307,730
August	1,273,261	44,802	1,318,063
September	1,635,135	49,357	1,684,492
October	1,390,734	44,285	1,435,019
November	1,356,756	35,121	1,391,877
December	1,679,724	56,588	1,736,312
Jan-Dec*	16,913,883	551,700	17,465,583

* = Preliminary figures


Exports of live pigs

2015	Piglets		Pigs/sows 50-135 kg	Pigs/sows over 135 kg	Total
	0-15 kg	15-50 kg			
January	42,630	919,542	29,148	3,104	994,424
February	32,552	944,306	33,330	3,666	1,013,854
March	30,147	966,766	31,340	3,580	1,031,833
April	36,128	1,053,984	25,245	4,709	1,120,066
May	31,159	916,293	18,966	3,436	969,854
June	36,096	918,366	27,421	4,054	985,937
July	31,212	988,119	20,122	4,087	1,043,540
August	33,360	922,436	22,920	3,563	982,279
September	31,500	1,023,964	23,760	4,551	1,083,775
October	30,715	874,603	21,448	3,324	930,090
November	30,018	929,703	15,621	3,370	978,712
December	46,115	1,105,335	20,859	7,148	1,179,457
Jan-Dec	411,632	11,563,417	290,180	48,592	12,313,821

2016	Piglets		Pigs/sows 50-135 kg	Pigs/sows over 135 kg	Total
	0-15 kg	15-50 kg			
January	43,054	1,158,651	16,967	4,426	1,223,098
February	35,503	891,644	21,095	6,806	955,048
March	45,142	1,102,519	17,526	2,196	1,167,383
April	43,235	1,073,102	22,482	4,442	1,143,261
May	41,933	1,069,525	16,384	4,051	1,131,893
June	36,059	1,052,983	36,263	4,255	1,129,560
July	35,510	1,019,201	19,854	2,879	1,077,444
August	35,973	1,098,135	18,203	1,396	1,153,707
September	40,429	1,023,887	17,196	1,600	1,083,112
October	33,161	1,057,389	16,592	1,372	1,108,514
November	36,939	1,117,457	15,546	1,868	1,171,810
December	37,014	1,106,230	22,057	885	1,166,186
Jan-Dec	463,952	12,770,723	240,165	36,176	13,511,016

2017	Piglets		Pigs/sows 50-135 kg	Pigs/sows over 135 kg	Total
	0-15 kg	15-50 kg			
January	37,756	1,132,400	18,025	1,270	1,189,451
February	27,330	981,169	16,415	1,142	1,026,056
March	37,601	1,185,581	17,812	592	1,241,586
April	36,047	959,023	13,885	2,311	1,011,266
May	46,023	1,288,148	28,501	4,574	1,367,246
June	38,015	1,188,057	50,120	2,253	1,278,445
July	36,172	1,008,798	17,014	1,852	1,063,836
August	32,578	1,183,172	16,778	2,381	1,234,909
September	33,351	1,005,966	17,675	2,289	1,059,281
October	44,274	1,108,996	17,679	1,571	1,172,520
November	41,015	1,079,074	22,467	1,954	1,144,510
December	32,889	1,072,078	16,462	1,363	1,122,792
Jan-Dec*	443,051	13,192,462	252,833	23,552	13,911,898

* = Preliminary figures



Rabobank: EU, USA and Canada continue the battle for the Chinese pig meat market

In their latest quarterly report for the first quarter of 2018, Rabobank indicates that they expect to see a continued increase in the global supply of pig meat largely driven by increasing supplies from USA, Canada and Brazil. The decline in Chinese imports of pig meat in the previous quarters has increased competition for this market.

For China, Rabobank expects the current quarter to see good local pig prices driven by a limited supply of pig meat. The expected decline in production in Q1 will be due to the continuing environmental measures introduced in 2017. But the lower supply and better prices are expected to be temporary. As for 2018 as a whole, Rabobank expects a rise in China's pig meat production. However, Rabobank expects China's pig meat imports – following a fall in 2017 – to increase by 6 per cent in 2018.

Since May 2016, pig production has proved to be relatively profitable in the EU. Rabobank expects, however, that the slight decline in pig meat production in 2017 will be replaced by increasing production at the start of 2018, which will put pig prices under pressure but stimulate consumption and exports.

For USA, Rabobank expects to see a 4.3 per cent rise in pig meat production in 2018. This will result in significant exports and strong consumption in the domestic market. Export growth is expected to be targeted at China and South Korea. The weak dollar has already provided a robust platform for strong US exports in Q1, reports Rabobank.

Brazil experienced economic growth in 2017 after a two-year recession. Continued economic growth in 2018 is expected to stimulate domestic demand. Stable feed prices are expected to support good profitability for pig producers for much of 2018. The wild card, however, is Russia's import ban on Brazilian pig meat. How long will this be in place? Exports of Brazilian pig meat to China are expected to rise strongly in 2018.

Rabobank also expects the following for 2018:

Canada to see a limited rise in pig meat production;

Mexico to see a 2 per cent rise in pig meat production;

Japan to see stable production and imports of pig meat;

South Korea to see a 2 per cent rise in pig meat production;

Vietnam to see a 1 per cent rise in pig meat production.



Lidl launches new labelling system in Germany

Lidl in Germany is to launch a new labelling system for own label meat products from April (pork, beef, turkey and chicken).

The purpose is to offer consumers greater insight into how animals were produced.

The labelling system will comprise four levels:

Level 1: housing units comply with the country's minimum requirements

Level 2: housing units have more space for the animals as well as rooting/enrichment material;

Level 3: animals have more space, have access to outdoor areas and are fed with GM-free feed;

Level 4: organic production requirements are complied with

Lidl plans for 50 per cent of meat sold to comply with at least level 2 by the start of 2019.

Moreover, Lidl is planning to roll out an animal health index where slaughterhouse inspections will play a key role.

 **FRANCE**
Cooperl invests in Ivory Coast

Cooperl Arc Atlantique, France's largest pig slaughtering business, has entered into a partnership with the Société ivoirienne d'abattage et de charcuterie (Sivac) with a view to developing pig production in the Ivory Coast.

Around EUR 7.6 million will be invested in the project over the coming years, reports the Ivory Coast's Ministry of Agriculture.

 **HUNGARY**
Government reduces VAT on by-products from pigs

The Hungarian government is to reduce VAT on by-products from pigs to 5 per cent from 27 per cent. The initiative is part of a long-term strategy aimed at stimulating the country's pig meat production. The reduction will cover products such as liver, hearts, tongues, pig trotters, etc.

In 2014, the Hungarian government reduced VAT on live pigs and half carcasses from 27 per cent to 5 per cent. In 2016, the government reduced VAT on pig meat in general to 5 per cent.

The Hungarian government's initiative is intended to boost pig meat consumption and strengthen the country's pig production. It also forms part of the Ministry of Agriculture's project aimed at doubling Hungary's pig population by 2020.

 **EU**
EU offers to increase the import quota for beef from Mercosur

Agra Europe, citing the Brazilian news media, reports that the EU has now raised its offer on beef access for Mercosur from 70,000 tonnes a year to 99,000 tonnes.

The new offer is designed to give fresh impetus to the negotiations for a free trade agreement between the EU and Mercosur.

EU and Mercosur aim to conclude negotiations in the first quarter of 2018.

 **ARGENTINA**
Record high pig production

Figures from the Argentinian Ministry of Agriculture show that in 2017, pig slaughterings totalled in excess of 6 million for the first time. This corresponds to a production of 566,084 tonnes measured in carcass weight, which is a rise of 8.4 per cent compared to the previous year.

Pig meat consumption rose by 9.1 per cent in 2017 and is now more than 14 kg per capita. In 2012, consumption amounted to just 8.5 kg per capita. Over the past five years, the number of slaughterings has increased from 3.8 million to 6.4 million, an increase of 68 per cent.

According to the Ministry's figures, the price for pig producers rose by 22.7 per cent in 2017.

 **JAPAN**
Imports of fresh/frozen pig meat

0203					
Fresh/frozen pig meat					
Tonnes	2017	2016	2017	2016	%
	December	December	Jan-Dec	Jan-Dec	change
					2017:16
USA	23,508	21,935	267,294	264,070	1.2
Canada	20,038	17,277	215,622	178,628	20.7
Spain	9,584	6,518	107,473	88,654	21.2
Denmark	9,168	9,930	114,733	118,339	-3.0
Mexico	7,827	6,385	86,889	75,143	15.6
Chile	2,370	2,486	25,537	27,485	-7.1
Germany	2,353	1,636	20,704	15,170	36.5
Holland	2,117	2,343	25,477	23,962	6.3
France	1,786	1,271	14,992	13,010	15.2
Hungary	1,754	1,488	20,239	21,822	-7.3
Italy	1,089	1,306	13,243	13,020	1.7
Ireland	817	456	7,390	6,425	15.0
Austria	385	167	8,174	10,750	-24.0
Finland	74	74	667	1,010	-34.0
Australia	73	66	598	489	22.2
Belgium	72	34	598	515	16.1
Others	184	283	2,423	2,675	-9.4
Total	83,200	73,656	932,050	861,168	8.2

Development in pig meat storage

Tonnage	Own production		Imported quantities		Total storage
	Fresh	Frozen	Fresh	Frozen	
End January 16	294	16,559	6,530	144,724	168,107
End February 16	313	16,839	7,088	144,023	168,263
End March 16	351	15,601	9,206	144,222	169,380
End April 16	611	17,479	7,843	147,530	173,463
End May 16	510	18,368	8,524	150,870	178,272
End June 16	492	20,660	9,180	149,946	180,278
End July 16	521	18,184	7,350	146,181	172,236
End August 16	382	17,151	11,429	147,350	176,312
End September 16	425	17,153	10,342	141,460	169,380
End October 16	644	16,916	8,636	137,490	163,686
End November 16	467	15,700	10,026	138,043	164,236
End December 16	604	16,196	7,781	137,656	162,237
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

Japan's imports of sausage products

0210			
Sausage products			
Tonnes	2017 Jan-Dec	2016 Jan-Dec	% change 2017:16
China	8,711	9,169	-5.0
Taiwan	195	221	-11.8
Thailand	5,998	7,142	-16.0
Denmark	1,595	1,749	-8.8
Canada	75	33	130.3
USA	9,408	9,987	-5.8
Brazil	4,399	3,827	14.9
Others	2,430	1,984	22.5
Total	32,811	34,111	-3.8

 **PHILIPPINES**

Pig meat accounts for the majority of meat imports in 2017

Asian Agribusiness reports that pig meat, with imports totalling 305,469 tonnes, accounted for the majority of the Philippines' total meat imports in 2017 of 691,462.6 tonnes.

The figure represents an increase of 10.65 per cent on the year.

 **CAMBODIA**

Pig producers under pressure from Vietnamese imports

Asian Agribusiness reports that 2017 was a challenging year for Cambodian pig producers. Low prices caused almost 50 per cent of local pig producers to stop production.

According to the deputy director of the association of livestock breeders in Cambodia, the low prices are due to largescale illegal imports of live pigs from Vietnam at prices of around USD 1.25-1.30/kg.

The association has called on the government to clamp down on live pig imports from Vietnam so as to stabilise the market and thereby encourage local pig producers to resume pig production.

 **CHINA**

Foot and Mouth disease

Last week, the authorities in China reported one outbreak of foot and mouth disease in Ningxia province. Some 14 head of cattle and 21 sheep were affected.

 **SOUTH AFRICA**

Foot and Mouth disease

Last week, the authorities in South Africa reported three outbreaks of foot and mouth disease. Some 1,996 head of cattle were affected.

 **ZIMBABWE****Foot and Mouth disease**

Last week, the authorities in Zimbabwe reported three outbreaks of foot and mouth diseases. Some 1,600 head of cattle were affected.