

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.