

# MARKET NEWS for pig meat



Market analysis

2 January 2019

Week 1

## MARKET SITUATION

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

UK: Sales are reported as sluggish.

Demand continues to be stable for Japan and quiet for China.

## Slaughterings in Denmark

	Week 49	Week 50	Week 51	Week 1-51 2018/2017
Total	381,869	386,215	302,451	+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)		
	28/12	14/12	Change
<b>2019</b>			
Feb	60.65	64.50	-3.85
Mar	-	-	-
Apr	66.50	70.05	-3.55
May	73.38	75.78	-2.40
Jun	81.53	83.18	-1.65
Jul	82.28	84.03	-1.75
Aug	82.10	83.70	-1.60
Sep	-	-	-
Oct	67.58	68.88	-1.30
Nov	-	-	-
Dec	61.58	63.38	-1.80
<b>2020</b>			
Jan	-	-	-
Feb	65.75	71.08	-5.33
Mar	-	-	-
Apr	69.65	77.00	-7.35
May	75.58	-	-
Jun	79.58	81.00	-1.43

Conversion factors:  
1 lb = 0.4536 kg  
\$ = DKK 6.5194



### 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 9 December.

Countries	Period 2 Dec - 9 Dec		Year to date 1 Jan - 9 Dec	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		5		220
Latvia		21	10	652
Lithuania		25	51	1,386
Poland		65	109	2,289
Italy			10	49
Ukraine	3	1	104	39
Czech Republic				28
Romania	6	8	1,147	142
Hungary		16		91
Bulgaria			1	4
Belgium		20		128
<b>Total</b>	<b>9</b>	<b>161</b>	<b>1,432</b>	<b>5,028</b>

### MOLDOVA

#### African Swine Fever

Last week, Moldova reported one outbreak of African Swine Fever at a small farm close to the border with Romania.

### BELGIUM

#### African Swine Fever close to the French border

In Belgium, new cases of African Swine Fever among wild boar continue to be reported on a weekly basis. This is in the same 63,000 hectare forested area in the Luxembourg province in south-east Belgium.

According to Pig Progress, 148 cases of African Swine Fever were registered as at 20th December. The latest case was only 3 km from the French border.

### CHINA

#### African Swine Fever

New outbreaks of African Swine Fever continue to be reported in China. Since the first outbreak in August, there are now more than 100 confirmed cases of the disease.

Whereas initially only small backyard farms were affected, cases have now been identified at large pig farms.

Before the New Year, the infection was confirmed at two farms of 12,000 and 6,000 pigs in the south east Fujian province and a herd of 6,000 pigs in the southern Guangdong province. After the New Year, ASF has been discovered in a herd of 73,000 pigs in the north eastern Heilongjiang province, reports Reuters.

 **CHINA**
**Discovery of African Swine Fever in protein powder**

According to Reuters, the Chinese authorities have discovered the African Swine Fever virus in 74 tonnes of protein powder produced by a subsidiary of Tianjin Baodi Agri & Tech Co Ltd.

The infected protein powder contains pigs' blood collected from 12 slaughterhouses in Tianjin.

 **CHINA**
**Authorities ease transport restrictions**

According to a report from Reuters, the Chinese authorities have eased transport restrictions introduced in an effort to control African Swine Fever.

The decision has been made to avoid a situation whereby the number of pigs piles up in the northern provinces while southern provinces lack pigs for slaughtering.

The new rules mean that pigs and piglets from non-infected areas are permitted to be transported to other provinces. Pigs and piglets from infected areas may only be transported within the affected province.

Farms with high biosecurity levels in infected areas have permission to sell and transport pigs to slaughterhouses with slaughtering capacity for 150,000 pigs per year or above.

 **GERMANY**
**Pig census November 2018**

The German authorities have published preliminary figures for the German pig population as it stood on 3rd November 2018.

The figures show a significant decline in the German pig population.

Compared to an equivalent census one year ago, the total pig population has declined by 4.1 per cent. Piglets and pigs below 50 kg are 5.1 per cent below last year while a decline of 3.1 per cent has been recorded for finished pigs.

The total number of breeding pigs and pregnant sows is 4.0 and 4.1 per cent lower respectively compared to one year ago.

' 000 head	November census		
	2018	2017	% change
Piglets	7,658.9	8,071.2	-5.1
Pigs below 50 kg	5,065.3	5,337.3	-5.1
Finished pigs over 50 kg	11,865.5	12,239.5	-3.1
Breeding herd	1,851.7	1,929.6	-4.0
- Pregnant sows	1,312.2	1,368.7	-4.1
- - Pregnant gilts	208.5	221.3	-5.8
- - Other pregnant sows	1,104.7	1,147.4	-3.7
- Dry sows	520.6	536.7	-3.0
- - Gilts	223.9	226.0	-0.9
- - Other sows	296.7	310.7	-4.5
- Boars	17.9	24.2	-26.0
<b>Total</b>	<b>26,441.4</b>	<b>27,577.6</b>	<b>-4.1</b>

Structural developments towards fewer pig farms continue.

The census shows a 4.7 per cent reduction in the number of pig farms in Germany in one year, while the number of sow farms has reduced by 6.0 per cent.

 **GERMANY**
**Substantial losses for German pig producers in 2018**

Figures from AMI in Germany show that German pig producers have experienced substantial losses in 2018.

According to AMI's model for pig production costs, piglet producers lost EUR 11 per pig in 2018. Costs are calculated at an average of EUR 60 per pig whereas the price obtained for piglets is EUR 49 per pig.

For producers of finished pigs (integrated productions) AMI's figures show a loss of EUR 0.08 per kg as the average for 2018. For December, the loss is calculated at EUR 0.13 per kg based on costs of EUR 1.52 per kg and a pig price of EUR 1.39 kg.

Pig producers' profits have also been hit by the poor harvest in 2018, which has resulted in higher feed costs.

 **USA**
**Pig census 1 December 2018**

The result of the US pig census from 1st December 2018 was published just before Christmas.

It shows a rise of 1.9 per cent in the total pig population and a rise of 2.4 per cent in the breeding herd.

Expected farrowings for the current quarter are 2.5 per cent higher than last year, but the expected farrowings for the coming quarter are 1.5 per cent higher compared to one year ago.

'000 head	2018 1 December	2017 1 December	% change
Breeding herd	6,326	6,179	2.4
Piglets and finished pigs	68,225	66,966	1.9
Total	74,551	73,145	1.9
	<b>2019</b>	<b>2018</b>	
Expected farrowings:			
Dec-Feb	3,110	3,034	2.5
Mar-May	3,147	3,100	1.5

 **USA**
**American agriculture concerned at prospect of potential loss of market shares in Japan**

American agricultural organisations are concerned at the prospect of the potential loss of market shares in Japan as US competitors begin to gain greater access to the Japanese market through new free trade agreements.

The TPP agreement took effect from the New Year and besides Japan, includes Canada, Mexico, Australia, New Zealand and Chile. Moreover, from February, the new free trade agreement between the EU and Japan comes into force. The free trade agreements are to be phased in over a number of years. From 1st April this year, the EU and countries under the TPP agreement will only be subject to Japanese import duty of 13.3 per cent for a number of processed pig meat products. Equivalent products from the US, however, will continue to have import duties of 20 per cent.

The US Meat Export Federation (USMEF) estimates that if the USA does not enter into a similar free trade agreement with Japan, US exports of beef and pork to Japan may fall by more than USD 1 billion per year over the next five years.

Sources in the Trump administration state that plans are already well underway to prepare a free trade agreement with Japan. But the American agricultural industry fears that it will take quite some time before actual negotiations get underway. It is also feared that negotiations could run into trouble concerning the largescale US imports of Japanese cars.



USA

### Second phase of aid package comes into force

According to Pig333, which cites the National Pork Producers Council (NPPC), the Trump administration has announced the second and final phase of its aid package to US farmers. The aid package is designed to mitigate the financial consequences of the continuing trade disputes.

As part of the aid package, pig producers who have a gross income of less than \$900,000 receive \$8 per animal based on the number of live pigs they owned on 1<sup>st</sup> August 2018, or on any day between 15<sup>th</sup> July and 15<sup>th</sup> August 2018. Payment for live animals is limited to \$125,000 per day person or legal entity.

The \$12 billion aid package also includes a \$559 million government purchase of pig meat to be used for federal food assistance programmes. The purchases have now begun and are expected to cover about a week's worth of production.



USA

### Storage of pig meat as at 30 November

The table below shows the latest figures for US pig meat storage as at the end of November compared with the previous month and one year ago.

The figures show an 11 per cent decline in pig meat storage compared to the previous month but a rise of 1 per cent compared to one year ago. The decline on the previous month is due to normal season fluctuations.

The modest rise compared to one year ago comes despite a significant rise in US pig slaughterings this year, which means there has been increased pig meat consumption in the US domestic market.

Beef storage, however, is significantly higher compared to one year ago at an increase of 6 per cent. Poultry storage, as at the end of October, was 2 per cent higher compared to one year ago although substantially down compared to the previous month.

1,000 lbs	30 November 2017	31 October 2018	30 November 2018
Picnics	6,866	7,879	6,544
Legs	98,224	176,085	96,380
Bellies	35,164	26,690	36,859
Loins	36,440	34,215	33,932
Ribs	100,218	101,370	108,325
Trimming	37,484	42,156	43,033
Butts	25,799	17,014	17,623
By-products	122,311	115,516	117,240
Other	39,818	49,969	47,621
<b>Total pig meat</b>	<b>502,324</b>	<b>570,894</b>	<b>507,557</b>
Beef	485,187	515,584	514,720
Poultry	1,188,015	1,389,038	1,212,266

 DENMARK
Slaughterings

2016	Pigs/sows 50-110 kg	Sows etc above 110 kg	Total
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
<b>Jan-Dec</b>	<b>17,744,285</b>	<b>550,937</b>	<b>18,295,222</b>

2017	Pigs/sows 50-110 kg	Sows etc above 110 kg	Total
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
<b>Jan-Dec</b>	<b>16,913,883</b>	<b>551,700</b>	<b>17,465,583</b>

2018	Pigs/sows 50-110 kg	Sows etc above 110 kg	Total
January	1,384,564	48,982	1,433,546
February	1,390,214	42,296	1,432,510
March	1,602,989	49,004	1,651,993
April	1,330,704	46,252	1,376,956
May	1,590,176	59,004	1,649,180
June	1,328,304	44,369	1,372,673
July	1,300,265	41,644	1,341,909
August	1,634,399	50,063	1,684,462
September	1,366,922	44,925	1,411,847
October	1,442,149	50,702	1,492,851
November	1,830,903	39,744	1,870,647
December			
<b>Jan-Nov 2018</b>	<b>16,201,589</b>	<b>516,985</b>	<b>16,718,574</b>
<b>Jan-Nov 2017</b>	<b>15,234,159</b>	<b>495,112</b>	<b>15,729,271</b>
<b>Change per head</b>	<b>967,430</b>	<b>21,873</b>	<b>989,303</b>
<b>Change in %</b>	<b>6.4</b>	<b>4.4</b>	<b>6.3</b>



DENMARK

Exports of live pigs

2016	Piglets		Pigs/sows 50-135 kg	Pigs/sows above 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
<b>Jan-Dec</b>	<b>463,952</b>	<b>12,770,723</b>	<b>240,165</b>	<b>36,176</b>	<b>13,511,016</b>

2017	Piglets		Pigs/sows 50-135 kg	Pigs/sows above 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	981,920	16,415	1,142	1,026,807
March	37,601	1,189,831	17,812	592	1,245,836
April	36,047	960,048	13,885	2,311	1,012,291
May	46,023	1,288,148	28,501	4,574	1,367,246
June	38,015	1,238,442	50,120	2,253	1,328,830
July	36,172	1,064,250	17,014	1,852	1,119,288
August	32,578	1,260,946	16,778	2,381	1,312,683
September	33,351	1,079,055	17,675	2,289	1,132,370
October	44,274	1,178,831	17,679	1,571	1,242,355
November	41,015	1,157,185	22,467	1,954	1,222,621
December	32,889	1,147,621	16,462	1,363	1,198,335
<b>Jan-Dec*</b>	<b>443,051</b>	<b>13,678,677</b>	<b>252,833</b>	<b>23,552</b>	<b>14,398,113</b>

2018	Piglets		Pigs/sows 50-135 kg	Pigs/sows above 135 kg	Total
	0-15 kg	15-50 kg			
January	36,440	1,142,852	14,798	3,812	1,197,902
February	30,271	1,089,062	15,883	2,507	1,137,723
March	29,057	1,264,848	17,783	3,047	1,314,735
April	30,268	1,161,152	20,695	3,501	1,215,616
May	37,352	1,305,241	26,451	4,144	1,373,188
June	27,004	1,158,207	23,134	4,235	1,212,580
July	30,738	1,142,607	18,882	3,966	1,196,193
August	27,087	1,204,026	21,533	4,732	1,257,378
September	27,496	1,019,587	23,569	3,895	1,074,547
October	34,713	1,350,273	20,972	8,547	1,414,505
November	24,760	1,173,729	14,561	4,816	1,217,866
December					
<b>Jan-Nov 2018</b>	<b>335,186</b>	<b>13,011,584</b>	<b>218,261</b>	<b>47,202</b>	<b>13,612,233</b>
<b>Jan-Nov 2017</b>	<b>410,162</b>	<b>12,531,056</b>	<b>236,371</b>	<b>22,189</b>	<b>13,199,778</b>
<b>Change per head</b>	<b>-74,976</b>	<b>480,528</b>	<b>-18,110</b>	<b>25,013</b>	<b>412,455</b>
<b>Change in %</b>	<b>-18.3</b>	<b>3.8</b>	<b>-7.7</b>	<b>112.7</b>	<b>3.1</b>

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

<b>0203</b>					
<b>Fresh/frozen pig meat</b>					
<b>Tonnes</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>%</b>
	<b>November</b>	<b>November</b>	<b>Jan - Nov</b>	<b>Jan - Nov</b>	<b>change</b>
					<b>2018:17</b>
USA	25,630	26,395	241,060	243,786	-1.1
Canada	20,669	21,304	201,720	195,583	3.1
Denmark	8,459	9,306	100,325	105,565	-5.0
Spain	8,440	8,356	104,627	97,889	6.9
Mexico	8,377	7,480	81,403	79,061	3.0
Holland	3,093	2,050	26,708	23,360	14.3
Chile	2,735	2,270	23,629	23,167	2.0
Germany	1,478	2,381	20,466	18,351	11.5
Italy	1,416	1,192	12,794	12,153	5.3
France	994	992	13,036	13,206	-1.3
Ireland	863	433	6,928	6,573	5.4
Austria	792	886	7,008	7,789	-10.0
Finland	49	24	394	593	-33.6
UK	24	0	311	33	842.4
Belgium	24	71	464	526	-11.8
Others	370	2,138	10,913	21,215	-48.6
<b>Total</b>	<b>83,413</b>	<b>85,278</b>	<b>851,786</b>	<b>848,850</b>	<b>0.3</b>

Japan's imports of salami products

<b>0210</b>		
<b>Salami products</b>		
<b>Tonnes</b>	<b>2018</b>	<b>% change</b>
	<b>Jan - Nov</b>	<b>2018:17</b>
USA	9,154	7.7
China	7,380	-5.5
Thailand	5,004	-10.4
Brazil	3,905	-1.4
Denmark	1,583	8.3
Germany	850	1.5
Italy	746	-1.4
Others	802	-8.3
<b>Total</b>	<b>29,423</b>	<b>-1.2</b>

 **JAPAN**
**Classical Swine Fever**

The authorities in Japan continue to report new cases of Classical Swine Fever among wild boar in the Gifu and Aichi regions.

Moreover, a case was reported last week at a large pig farm of 7,547 pigs in the Gifu region.

 **BRAZIL**
**Classical Swine Fever**

Over the past two weeks, Brazil has reported 12 outbreaks of Classical Swine Fever. All are in the northern state of Ceara.



 **MALAYSIA****Temporary ban on imported pig meat**

Asian Agribusiness reports that the authorities in Malaysia have intensified their efforts to prevent the spread of African Swine Fever in the country.

A temporary ban on the import of a number of pig meat products from six countries, including China, has been introduced. The veterinary authorities in the country have extended an existing ban on the import of fresh/frozen pig meat to include a number of processed products and pig meat enzymes from China, Poland, Russia, Hungary, Moldova and Ukraine. The ban comes as a result of the discovery of African Swine Fever in processed products in South Korea over Christmas.

 **THAILAND****More inspections of imported pig meat products**

Asia Agribusiness reports that Thailand is to introduce more inspections of imported pig meat products in order to prevent the spread of African Swine Fever in the country.

 **ISRAEL****Foot and mouth disease**

Over the past two weeks, the authorities in Israel have reported five outbreaks of foot and mouth disease. Some 370 head of cattle have been affected.

 **ZIMBABWE****Foot and mouth disease**

Over the past two weeks, the authorities in Zimbabwe have reported two outbreaks of foot and mouth disease. Some 4,356 head of cattle have been affected.

 **TUNESIA****Foot and mouth disease**

Over the past two weeks, the authorities in Tunisia have reported four outbreaks of foot and mouth disease. Some 71 head of cattle and 170 sheep have been affected.