

# MARKET NEWS for pig meat



Market analysis

4 March 2019

Week 10

## MARKET SITUATION

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

UK: Sales are reported as quiet

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

## Slaughterings in Denmark

	Week 6	Week 7	Week 8	Week 1-8 2019/2018
Total	344,954	325,222	322,618	-4.6 %

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)		
	1/3	22/2	Change
<b>2019</b>			
Apr	56.40	55.45	0.95
May	65.93	65.48	0.45
Jun	75.53	75.90	-0.37
Jul	77.98	78.50	-0.52
Aug	78.30	79.03	-0.73
Sep	-	-	-
Oct	68.85	69.28	-0.43
Nov	-	-	-
Dec	64.53	64.43	0.10
<b>2020</b>			
Jan	-	-	-
Feb	67.90	67.88	0.02
Mar	-	-	-
Apr	71.13	71.00	0.13
May	75.38	75.58	-0.20
Jun	79.70	79.70	0.00
Jul	80.15	80.90	-0.75
Conversion factors: 1 lb = 0.4536 kg \$ = 6.5548			



### 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 from 1 January – 24 February.

Countries	Period 18 Feb - 24 Feb		Year to date 1 Jan - 24 Feb	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		2		40
Latvia		2		109
Lithuania		5		103
Poland		69	1	441
Italy			1	16
Ukraine		1	6	4
Czech Republic				
Romania	7	14	56	109
Hungary		11		198
Bulgaria				1
Belgium		65		197
<b>Total</b>	<b>7</b>	<b>169</b>	<b>64</b>	<b>1,218</b>

### BULGARIA

#### African Swine Fever

Last week, Bulgaria reported two cases of African Swine Fever in wild boar. Both were discovered in north eastern Bulgaria not far from the border with Romania.

### CZECH REPUBLIC

#### African Swine Fever now officially eradicated

Less than two years after being hit by African Swine Fever, the Czech Republic is now officially free of the disease.

The first case of African Swine Fever among wild boar was confirmed in the Czech Republic in June 2017. Some 202 cases were confirmed in the country in that year.

Rapid containment of the risk area and intensive hunting of wild boar meant that the number of cases of the disease fell to 28 for the first few months of 2018. Since April 2018, there have been no cases of African Swine Fever in the country. The Commission will now lift all restrictions on the Czech Republic.

### RUSSIA

#### African Swine Fever in wild boar

Last week, Russia reported two outbreaks of African Swine Fever among wild boar: one in the Kaliningrad region in three wild boar and the other in one wild boar in the Leningrad region.

### RUSSIA

#### Classical Swine Fever

Last week, the authorities in Russia reported one outbreak of Classical Swine Fever in two wild boar in the Primorsky Krai region, which borders North Korea and the Chinese province of Heilongjiang.


Slaughterings

2017	Pigs/sows 50-110 kg	Sows etc. over 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. over 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	1,442,388	50,702	1,493,090
November*	1,837,422	49,753	1,887,175
December	1,262,176	35,510	1,297,686
<b>Jan-Dec 2018</b>	<b>17,470,523</b>	<b>562,504</b>	<b>18,033,027</b>

2019	Pigs/sows 50-110 kg	Sows etc. over 110 kg	Total
January*	1,587,852	52,739	1,640,591
February			
March			
April			
May*			
June			
July			
August*			
September			
October*			
November			
December			
<b>Jan 2019</b>	<b>1,587,852</b>	<b>52,739</b>	<b>1,640,591</b>

\* = 5 weeks

 DENMARK
Exports of live pigs

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	981,920	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 over 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	1,174,336	14,561	4,816	1,218,473
December	31,882	1,016,093	15,952	3,104	1,067,031
<b>Jan-Dec 2018</b>	<b>367,068</b>	<b>14,028,284</b>	<b>234,213</b>	<b>50,306</b>	<b>14,679,871</b>

2019	Piglets		Pigs/sows 50-135 kg	Pigs/sows over 135 kg	Total
	0-15 kg	15-50 kg			
January	30,609	1,367,991	22,094	4,750	1,425,444
February					
March					
April					
May					
June					
July					
August					
September					
October					
November					
December					
<b>Jan 2019</b>	<b>30,609</b>	<b>1,367,991</b>	<b>22,094</b>	<b>4,750</b>	<b>1,425,444</b>
<b>Jan 2018</b>	<b>36,440</b>	<b>1,142,852</b>	<b>14,798</b>	<b>3,812</b>	<b>1,197,902</b>
<b>Change per head</b>	<b>-5,831</b>	<b>225,139</b>	<b>7,296</b>	<b>938</b>	<b>227,542</b>
<b>Change in %</b>	<b>-16.0</b>	<b>19.7</b>	<b>49.3</b>	<b>24.6</b>	<b>19.0</b>

 **CHINA**
**African Swine Fever**

Last week, the Chinese authorities reported one outbreak of African Swine Fever at a farm of 11,334 pigs in Shaanxi province.

According to Reuters, there are now 110 cases in 28 provinces or regions.

The news agency also reports that, following a meeting with 18 other ministries, the Chinese Agriculture Ministry has called upon the relevant authorities to step up their prevention and control measures to prevent the disease from spreading further.

The message from the ministry is that the authorities must take action against any illegal activities designed to conceal new outbreaks, to sell or dispose of sick or dead pigs or use kitchen waste as feed.

 **CHINA**
**Rabobank: African Swine Fever impacts consumption of pig meat**

Rabobank expects consumption of pig meat in China in 2019 to be adversely affected by the outbreak of African Swine Fever.

Rabobank forecasts that the production of pig meat in China will decline from 1 to 2 million tonnes in 2019. This decline will only partly be offset by increased imports of pig meat and increased consumption of poultry, beef, lamb, mutton and fish. Rabobank expects that all proteins in the Chinese market will increase in price in Q2 2019.

 **CHINA**
**Shares in leading pig production companies increase to record levels**

Reuters reports that shares in China's leading pig producers are soaring.

Shares in Muyuan Goods Co Ltd., the second largest producer, have doubled in the past six months while shares in the fourth largest producer, Jiangxi Zhengbang Technology, are up by more than 200 per cent.

The prospect of a decline in overall pig meat production in China, the ensuing increased pig prices and improved earnings for the major producers are said to be behind the rise in share prices. The major production companies are also likely to win support from the government.

The share price gains follow substantial falls in earnings for the major pig producers in 2018. In a preliminary report, Muyuan said its 2018 net profit declined 78 per cent to USD 77.7 million. Muyuan previously announced that the majority of the company's pig production is in northern China where the pig price has been hard hit by a number of restrictions introduced to control African Swine Fever.

However, investors believe that pig prices have bottomed out and could rise in the coming months.

"Prices could rise quite high, quite quickly," said an analyst from Cofco Futures, who expects a 20 per cent drop in supplies.

The major producers are in a good position to resist disease and are expected to bring in sizeable profits. Moreover, large players are expected to win support from the authorities who are concerned about the fall in supplies.

"The government sees very clearly that among all the cases of African Swine Fever, less than 20 per cent took place on big farms. They are encouraging big farms with good biosecurity measures to expand production," says Feng Yonghui, Chief Analyst at Soozhu.com.

Many large producers have also continued to expand production in expectation of increasing earnings. The major producer, New Hope Liuhe, increased production by 50 per cent in 2018 to 2.5 million pigs. Moreover, Muyan raised 5 billion yuan in a share placement in December, money that Muyan will use for new farms for 4.8 million pigs.

## VIETNAM

### **African Swine Fever**

In the past week, Vietnam has reported two cases of African Swine Fever at commercial wild boar farms in the provinces of Ha Nam and Ha Noi, reports Asian Agribusiness.

Some six provinces in northern Vietnam have now been affected.

Foot and mouth disease and now African Swine Fever mean low pig prices in northern Vietnam while relatively good pig prices have been reported in southern Vietnam. Asian Agribusiness reports that the difference in the pig price between north and south ranges between USD 0.30 and USD 0.40 per kg.

Pig producers in southern Vietnam are, of course, concerned about the spread of disease into the south. The authorities are considering how to stop the transport of pigs from north to south. The authorities are also considering whether a ban on the use of kitchen waste as feed should be imposed as it has in China.

## USA

### **U.S. Agriculture Secretary will ensure that everything is done to keep African Swine Fever out of the US**

At a meeting of the Senate's Agriculture Committee, the U.S. Secretary of Agriculture Sonny Perdue stated that everything will be done to keep African Swine Fever out of the U.S.

According to Perdue, the spread of African Swine Fever around the world is being monitored on a daily basis and efforts are ongoing to establish relevant rules and controls on imports into the U.S. Perdue mentioned that officials at an American airport recently confiscated a roasted pig's head from an international passenger. "I don't know what more we can do, but keep watching and searching," Perdue told the Committee.

Perdue previously told Reuters that co-ordinated efforts are being made to keep African Swine Fever out of Canada and Mexico.

US news media have quoted the U.S.'s Chief Veterinarian, Jack Shere, as saying that an outbreak of African Swine Fever in the U.S. would cost the American pig meat industry around USD 4 billion per year.

## JAPAN

### **Classical Swine Fever**

Last week, the authorities in Japan reported 21 new outbreaks of Classical Swine Fever among wild boar. 20 cases were in the Gifu region and 1 case in the Aichi region.

Since the first case of Classical Swine Fever was confirmed in September, the majority of cases have been among wild boar. So far only 10 farms comprising 47,000 pigs have been affected by Classical Swine Fever. The outbreaks have hit the Gifu, Aichi, Nagano, Shiga and Osaka regions.

So far, the authorities have decided not to vaccinate the country's pig population against the disease. However, the authorities have started using food to vaccinate the wild boar population in the affected areas.

 **CANADA**
**Pig census 1 January**

The Canadian pig census from 1 January 2019 was published last week.

The results of the census show a fall in the total population of 1.0 per cent while the breeding herd declined by 0.2 per cent.

'000 head	1 Jan 2019	1 Jan 2018	% change 2019:2018
Breeding herd	1,259.4	1,261.6	-0.2
Piglets and finishers	12,770.6	12,903.4	-1.0
<b>Total</b>	<b>14,030.0</b>	<b>14,165.0</b>	<b>-1.0</b>

According to Statistics Canada, this is the first time since 2013 that the January census has shown a decline in Canada's total pig population. The population, however, is 10 per cent higher compared to 6 years ago.

On 1 January 2019, there were 8,060 pig farms in Canada, which is a decline of 1.3 per cent compared to one year ago.

Canadian pig slaughterings in the second half of 2018 totalled 10.8 million, a decline of 1.1 per cent compared to the second half of 2017.

Exports of live pigs totalled 2.6 million for the second half year 2018, which is a decline of 4.2 per cent compared to the same period in 2017. Exports are more than 50 per cent down on their peak in 2007, reports Statistics Canada.

 **BRAZIL/**
 **SOUTH KOREA**
**More plants in Brazil approved for export to South Korea**

Last week, South Korea approved a further nine Brazilian plants for exports of pig meat and poultry. Agra Europe reports that five pig meat production plants and four poultry production plants have now been given the go ahead.

The five pig meat plants are owned by Seara (2), Pamplona, Satiare Alimentos and Frigorifico Santa Catarina.

The new approvals follow in the wake of a visit by South Korean inspectors to Brazil last October.

In May 2018, the first four Brazilian plants were approved for the export of pig meat to South Korea following the opening up of the market to Brazil.