

MARKET NEWS for pig meat



Market analysis

30 April 2019

Week 18

MARKET SITUATION

Europe: Trading in legs is at slightly falling prices. As regards other cuts, trade is largely at unchanged prices. However, increased demand for BBQ products has been noted.

UK: Sales are stable and at unchanged prices

Demand is quiet from China and stable from Japan.

Slaughterings in Denmark

	Week 14	Week 15	Week 16	Weeks 1-16 2019/2018
Total	341,323	356,598	192,065	-4.8 %

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

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)		
	26/4	18/4	Change
2019			
May	87.00	90.20	-3.20
Jun	88.75	96.75	-8.00
Jul	93.45	100.55	-7.10
Aug	94.70	101.78	-7.08
Sep	-	-	-
Oct	88.48	94.35	-5.88
Nov	-	-	-
Dec	84.68	89.73	-5.05
2020			
Jan	-	-	-
Feb	85.88	89.80	-3.93
Mar	-	-	-
Apr	87.20	90.00	-2.80
May	89.68	92.08	-2.40
Jun	93.03	94.78	-1.75
Jul	92.53	93.48	-0.95
Aug	92.00	92.25	-0.25
Conversion factors: 1 lb = 0.4536 kg \$ = DKK 6.7056			



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 between 1 January and 28 April.

Countries	Period 21 April - 28 April		Year to date 1 Jan - 28 April		2018	
	Pigs	Wild boar	Pigs	Wild boar	Pigs	Wild boar
Estonia				45		230
Latvia		1		126	10	685
Lithuania		6		188	51	1.443
Poland		41	1	966	109	2.438
Italy			1	17	10	64
Ukraine	1		11	6	105	41
Czech Republic						28
Romania		16	81	217	1.163	170
Hungary		18		604		138
Bulgaria				11	1	5
Belgium		25		417		161

CAMBODIA

African Swine Fever

According to the World Organisation for Animal Health, Cambodia has reported three cases of African Swine Fever in a village in the north-east of the country. Some 720 pigs have been affected. The disease has spread from the Oyadav district to the O'Chum district.

CHINA

Wen falls into red for Q1 2019

Reuters reports that China's largest livestock producer, Wen Foodstuff Group, has recorded losses of 460.5 million yuan (USD 68.6 million) for Q1 2019. The firm reported a profit of USD 208.5 million for the same period last year.

Wen produced 5.96 million pigs in Q1 2019, which is 20 per cent more compared to the same quarter last year. However, low pig prices in the first two months of the quarter have resulted in losses. The company has also invested in new facilities and measures to prevent African Swine Fever, which has resulted in increased costs.

In poultry, sales volumes were significantly higher than last year at 184 million birds, but prices were down 15 per cent compared to Q1 2018.

Wen expects to continue its strategy of increased pig and chicken production and plans to increase its chicken production by at least 10 per cent this year.

In addition to its pig and poultry production, Wen also produces milk, veterinary medicine and agricultural machinery. The company previously indicated that it has no plans to go into slaughtering and processing pig meat.


Pig meat imports

0203				
Fresh/frozen pig meat				
Tonnes	Jan-March 2017	Jan-March 2018	Jan-March 2019	% change 19:18
Spain	70,185	64,071	68,418	6.8
Germany	74,560	68,351	61,152	-10.5
Canada	42,979	39,672	52,838	33.2
Brazil	17,124	24,818	31,814	28.2
Holland	22,593	20,111	24,960	24.1
USA	38,013	35,442	22,812	-35.6
Denmark	25,520	23,402	17,485	-25.3
France	12,935	12,187	14,728	20.9
UK	11,668	10,381	14,520	39.9
Chile	9,047	10,608	12,593	18.7
Ireland	8,810	8,496	9,416	10.8
Austria	0	-	1,673	-
Mexico	59	552	970	75.7
Finland	-	382	730	91.1
Others	12,682	5,527	150	-97.3
Total	346,175	324,000	334,259	3.2

020649				
By-products				
Tonnes	Jan-March 2017	Jan-March 2018	Jan-March 2019	% change 19:18
Germany	52.026	36.831	35.143	-4,6
Canada	31.371	28.260	33.829	19,7
Denmark	38.774	31.798	31.793	0,0
Holland	23.982	25.053	26.305	5,0
Spain	34.239	28.269	25.411	-10,1
USA	92.231	81.078	23.933	-70,5
France	14.193	14.427	13.862	-3,9
UK	6.776	5.052	8.955	77,3
Chile	6.460	7.153	8.582	20,0
Ireland	5.602	5.545	6.075	9,6
Finland	0	412	843	104,6
Mexico	51	125	262	109,6
Romania	1.978	-	-	-
Belgium	6.071	4.621	-	-100,0
Others	3.758	2.659	-	-100,0
Total	317.512	271.283	214.991	-20,8

020641				
Pigs' liver				
Tonnes	Jan-March 2017	Jan-March 2018	Jan-March 2019	% change 19:18
Spain	50	101	123	21.8
UK	22	0	-	-
Canada	77	0	-	-
Chile	0	120	-	-100.0
Total	149	221	123	-44.3


CHINA/ VIETNAM
New Hope to build three pig farms in Vietnam

Reuters reports that China's top feed producer, New Hope Group, is planning to build three pig farms in Vietnam.

The three farms, located in Thanh Hoa, Binh Phuoc and Binh Dinh provinces, will produce 930,000 pigs every year. Construction is expected to be completed by 2021.

The new investment in Vietnam is expected to cost USD 163.5 million and will expand New Hope's footprint in the country. The company already has eight feed farms in the country which sold more than 700,000 tonnes of feed last year.

New Hope has significantly expanded its pig farming business in recent years and is one of China's largest pig producers. However, most of the company's earnings derives from feed production.


CANADA/ CHINA
Canadian exports to China encounter obstacles

Reuters reports that Canadian exporters of agricultural products to China are hitting obstacles.

Canadian politicians say that obstacles from the Chinese side are the result of a diplomatic crisis which has arisen between the two countries because of Canada's decision to arrest Huawei's CEO Meng Wanzhou in December.

Some pig meat exports from Canada to China have been delayed because certain Canadian exporters had used outdated certificates.


WORLD
Rabobank: Poultry consumption may exceed pork consumption in 2019

According to Christine McCracken, Senior Analyst at Rabobank, global poultry consumption may well exceed pig meat consumption in 2019.

African Swine Fever in China will mean major upheavals in the world's meat market in 2019, Christine McCracken told a meeting of the International Poultry Council in New Orleans.

She expects the decline in China's pig production to result in a 14 per cent fall in the world's overall pig production in 2019. This will mean increasing prices for all animal proteins (pig meat, beef, poultry and seafood). Poultry will be the big winner. Production of poultry this year is already set to surpass global pig meat production, says Christine McCracken.


PHILIPPINES
Authorities consider reducing meat imports

Asian Agribusiness reports that the authorities in the Philippines are considering reducing meat imports.

The latest calculations for meat storage show that there are 27,800 tonnes poultry and 34,200 tonnes pig meat in storage. According to the country's Agriculture Minister, imports and storage are too high for the market to absorb, which is resulting in falling prices for poultry and pig meat.

Before any import restrictions, the Minister will draw up an analysis to see what the market can tolerate.

 **SOUTH KOREA**
Pig meat imports

0203 Fresh/frozen pig meat				
Tonnes	Jan-March 2017	Jan-March 2018	Jan-March 2019	% change 19:18
USA	37,386	50,335	47,770	-5.1
Germany	28,073	29,127	28,847	-1.0
Spain	16,550	19,012	24,632	29.6
Canada	9,303	9,791	11,933	21.9
Chile	7,160	7,365	9,607	30.4
Holland	6,098	6,683	6,621	-0.9
Austria	4,552	4,678	3,771	-19.4
Denmark	5,273	5,633	3,674	-34.8
Mexico	3,601	3,432	2,917	-15.0
Ireland	1,636	925	2,084	125.3
France	2,003	2,324	1,419	-38.9
Finland	737	816	845	3.6
Brazil	0	-	525	-
Sweden	536	402	486	20.9
Belgium	2,634	3,585	476	-86.7
UK	705	774	275	-64.5
Australia	259	515	268	-48.0
Others	1,173	1,526	-	-
Total	127,679	146,923	146,218	-0.5

 **JAPAN**
Classical Swine Fever

According to data from the World Organisation for Animal Health, 38 pig farms have been tested positive for Classical Swine Fever and more than 88,000 pigs have been affected by the disease since the first outbreak was confirmed.

So far, the disease has been confirmed in the areas of Gifu, Aichi, Nagano, Shiga and Osaka. It has not spread to other areas.

With regard to wild boar, the following outbreaks have been registered:

- Gifu: 994 wild boar tested (163 dead, 831 caught) and 318 tested positive for Classical Swine Fever (113 dead, 205 caught).
- Aichi: 233 wild boar tested (17 dead, 216 caught) and 12 tested positive for Classical Swine Fever (2 dead and 11 caught).
- Remainder of the areas: 276 wild boar tested (253 dead and 23 caught) where all tests proved negative for Classical Swine Fever.

Since 24 March 2019, a vaccine has been given to wild boar as bait in selected areas of Gifu and Aichi where cases of Classical Swine Fever have been found.

 **JAPAN/ THAILAND**
Japan reduces import duty on pig meat from Thailand

Asian Agribusiness reports that Japan is to reduce import duty from 20 per cent to 16 per cent for up to 1,200 tonnes of seasoned pork from Thailand.

This is a consequence of the Japan-Thailand Economic Partnership Agreement, which provides for import duty reductions on certain products.


THAILAND/CANADA
CPF acquires Canada's HyLife

Asian Agribusiness reports that Thailand's Charoen Pokphand Foods (CPF) has acquired the Canadian company, HyLife, for USD 374 million. HyLife runs a slaughterhouse, feed company, pig production and distribution business in Canada and Mexico.

The acquisition means that CPF establishes a production base in North American and gains access to the Japanese market. The purchase will also improve CPF's product portfolio for the Chinese market and expand the company's presence in the U.S.


THAILAND
Plan for possible outbreak of African Swine Fever

Thailand's parliament has approved a budget of 148.5 million baht (USD 4.7 million) for the financial years 2019, 2020 and 2021. No outbreaks of African Swine Fever in Thailand have yet been confirmed but the disease has been spreading rapidly in surrounding south-east Asian countries.

Preparations for a possible outbreak of African Swine Fever include a national committee for the control and eradication of African Swine Fever, which will be headed up by the Deputy Prime Minister and will include representatives from relevant bodies, pig producers and the private sector. The plan also includes funds for the prevention of African Swine Fever, monitoring, damage limitation and disease prevention.

Thailand's Agriculture Ministry recently published a survey which shows the economic consequences of a possible outbreak of African Swine Fever in Thailand. According to the Ministry an outbreak affecting 30 per cent of the pig population would cost 21.17 billion (USD 672 million). The economic consequences would increase to 35.28 billion baht (USD 1.1 billion) if 50 per cent of the pig population were to be hit while the economic consequences would amount to 56.45 billion baht (USD 1.8 billion) were 80 per cent of the pig population to be affected.

Source: Pig333


BRAZIL
JBS acquires local pig slaughterhouse

The Brazilian meat company, JBS, announced on Friday that they have acquired the local pig slaughterhouse, Adelle, in the state of Rio Grande do Sul for 235 million real (USD 59.8 million).

According to JBS, the acquisition will increase the company's sale of products such as sausages and bacon.

The acquisition requires approval of the competition authorities.