

# MARKET NEWS for pig meat



Market analysis

7 January 2019

Week 2

## MARKET SITUATION

Europe: Trading in legs is at slightly falling prices this week. For other cuts, trading is more or less at unchanged prices.

UK: Sales are reported as sluggish.

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

## Slaughterings in Denmark

	Week 50	Week 51	Week 52	Week 1-52 2018/2017
Total	386,215	302,451	151,352	+3.6 %

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)		
	4/1	28/12	Change
<b>2019</b>			
Feb	61.95	60.65	1.30
Mar	-	-	-
Apr	66.75	66.50	0.25
May	73.45	73.38	0.08
Jun	81.53	81.53	0.00
Jul	82.43	82.28	0.15
Aug	82.33	82.10	0.23
Sep	-	-	-
Oct	68.50	67.58	0.92
Nov	-	-	-
Dec	62.38	61.58	0.80
<b>2020</b>			
Jan	-	-	-
Feb	66.80	65.75	1.05
Mar	-	-	-
Apr	70.43	69.65	0.77
May	76.35	75.58	0.77
Jun	80.35	79.58	0.77
Conversion factors: 1 lb = 0.4536 kg \$ = DKK 6.5491			



EU

### 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>



CHINA

### African Swine Fever

New cases of African Swine Fever continue to be reported in China. Last week's Market News reported an outbreak in a herd of 73,000 pigs in the north-east province of Heilongjiang.

The herd is the largest so far in China to be hit by the disease. It turns out that the Danish IFU (Investment Fund for Developing Countries) is co-owner of the herd with an investment of DKK 30.0 million.



CHINA

### New regulations for slaughterhouses to test for African Swine Fever

China's Ministry of Agriculture has introduced new and stricter regulations for Chinese slaughterhouses, which mean that incoming pigs have to be tested for African Swine Fever before products are sold.

According to Reuters, slaughterhouses must keep pigs from different suppliers separate and can only sell products if the blood tests from the pigs of various suppliers prove negative.

If the African Swine Fever virus is found, all pigs must be destroyed and slaughterhouse operations suspended for 48 hours.

Moreover, if African Swine Fever is subsequently discovered in pig meat products supplied to the market, the slaughterhouse in question can expect to be closed for at least 15 days while the matter is investigated.



CHINA

**Authorities warn of severe penalties for attempting to conceal African Swine Fever**

In the past week, the Chinese authorities have warned the country's pig industry of severe penalties if they try to conceal cases of African Swine Fever.

The warning from the authorities comes a few days after a dead pig was found washed up on the Taiwanese coast, and subsequently tested positive for African Swine Fever. Taiwan has accused China of not sharing information about outbreaks of African Swine Fever with the outside world.

The Chinese announcement states that failure to report any deaths among pigs caused by African Swine Fever will be treated as a criminal offence.

The authorities believe that the current fixed compensation of 1,200 yuan (approx. EUR 153) for any pig culled as a result of African Swine Fever should be a sufficient incentive for all cases of African Swine Fever to be reported to the authorities.

**CHINA****Fall in earnings among Chinese pig producers**

Reuters has reported a strong decline in profit estimates for some of China's largest pig producers.

China's second largest pig producer, Muyuan Foods Co., has cut its 2018 net profit forecast to between 500 million yuan (USD 73 million) and 550 million yuan, down at least 20 per cent from an estimate in October. The 2018 estimate is now nearly 80 per cent down from the 2.4 billion yuan in profit reported for 2017.

Most of the company's pig production is in northern China where prices have been hard hit by measures aimed at controlling the spread of African Swine Fever.

China's largest pig producer, Wens Foodstuff Group, has also reported a fall in profits for 2018. The latest estimate puts net profits for 2018 at between 3.9 and 4.0 billion yuan. This is a fall of 40 per cent from 6.75 billion yuan the year before.

Wens said that African Swine Fever took its toll on profits in the second half year following low pig prices in the first half year. However, the company, which also produces poultry, benefited from a strong increase in chicken prices. Moreover, the company also produced 17 per cent more pigs in 2018.

Reuters has also reported that African Swine Fever has driven up chicken prices in China, as shoppers turn to the country's second most popular meat. This is because of concerns about food safety and the short supply of pig meat in some places.

The major poultry producer, Fujian Sunner Development, has raised its forecast for 2018 profits. It expects net profits of 1.5 billion yuan in 2018 up from 315 million yuan a year earlier.


Imports of pig meat

<b>0203</b>				
<b>Fresh/frozen pig meat</b>				
<b>Tonnes</b>	<b>Jan-Sept 2016</b>	<b>Jan-Sept 2017</b>	<b>Jan-Sept 2018</b>	<b>% change 18:17</b>
Germany	263,043	140,031	173,702	24.0
Spain	208,477	184,573	173,425	-6.0
Canada	137,675	132,278	124,153	-6.1
Brazil	61,038	39,602	108,423	173.8
USA	172,206	127,262	80,466	-36.8
Holland	97,000	65,468	62,755	-4.1
Denmark	134,706	67,278	55,887	-16.9
France	71,633	38,811	36,476	-6.0
UK	32,797	35,279	35,236	-0.1
Chile	34,435	30,619	34,239	11.8
Ireland	33,276	27,976	24,803	-11.3
Hungary	19,024	20,419	7,003	-65.7
Belgium	9,556	5,186	3,628	-30.0
Mexico	22	793	1398	76.3
Other	3,631	4,957	1,459	-70.6
<b>Total</b>	<b>1,278,519</b>	<b>920,532</b>	<b>923,053</b>	<b>0.3</b>

<b>020649</b>				
<b>By-products - pigs</b>				
<b>Tonnes</b>	<b>Jan-Sept 2016</b>	<b>Jan-Sept 2017</b>	<b>Jan-Sept 2018</b>	<b>% change 18:17</b>
USA	297,275	262,191	164,334	-37.3
Denmark	151,209	108,222	105,607	-2.4
Germany	159,218	101,785	99,614	-2.1
Canada	88,615	95,817	89,430	-6.7
Spain	80,751	95,775	85,670	-10.6
Holland	67,870	76,307	78,670	3.1
France	42,705	45,668	43,767	-4.2
Chile	19,427	19,455	23,047	18.5
UK	21,302	21,181	18,566	-12.3
Ireland	16,678	17,295	17,117	-1.0
Belgium	14,858	16,613	15,077	-9.2
Hungary	8,514	10,829	4,901	-54.7
Finland	-	594	1,450	144.1
Mexico	-	332	431	29.8
Other	1,324	5,623	-	-100.0
<b>Total</b>	<b>969,746</b>	<b>877,687</b>	<b>747,681</b>	<b>-14.8</b>

<b>020641</b>				
<b>Pigs' liver</b>				
<b>Tonnes</b>	<b>Jan-Sept 2016</b>	<b>Jan-Sept 2017</b>	<b>Jan-Sept 2018</b>	<b>% change 18:17</b>
Chile	624	-	288	-
Spain	2,230	125	125	-
UK	804	22	-	-100.0
Belgium	25	-	-	-
Canada	1,468	103	-	-100.0
<b>Total</b>	<b>10,799</b>	<b>359</b>	<b>413</b>	<b>15.0</b>

Imports of pig meat

<b>0203</b>				
<b>Fresh/frozen pig meat</b>				
<b>Tonnes</b>	<b>Jan-Sept 2016</b>	<b>Jan-Sept 2017</b>	<b>Jan-Sept 2018</b>	<b>% change 18:17</b>
Brazil	96,784	74,133	89,614	20.9
China	31,997	38,457	29,989	-22.0
USA	38,290	46,912	20,503	-56.3
Holland	13,328	17,765	11,243	-36.7
Germany	18,336	34,587	9,843	-71.5
Poland	9,521	17,556	8,403	-52.1
Spain	12,378	12,412	7,852	-36.7
Vietnam	8,908	12,177	7,048	-42.1
Italy	2,982	3,777	2,042	-45.9
Canada	3,611	3,573	1,692	-52.6
UK	2,804	2,961	1,258	-57.5
Belgium	2,894	2,758	753	-72.7
Australia	429	474	685	44.5
France	2,428	2,465	578	-76.6
Other	5,335	6,697	2,910	-56.5
<b>Total</b>	<b>250,025</b>	<b>276,704</b>	<b>194,413</b>	<b>-29.7</b>

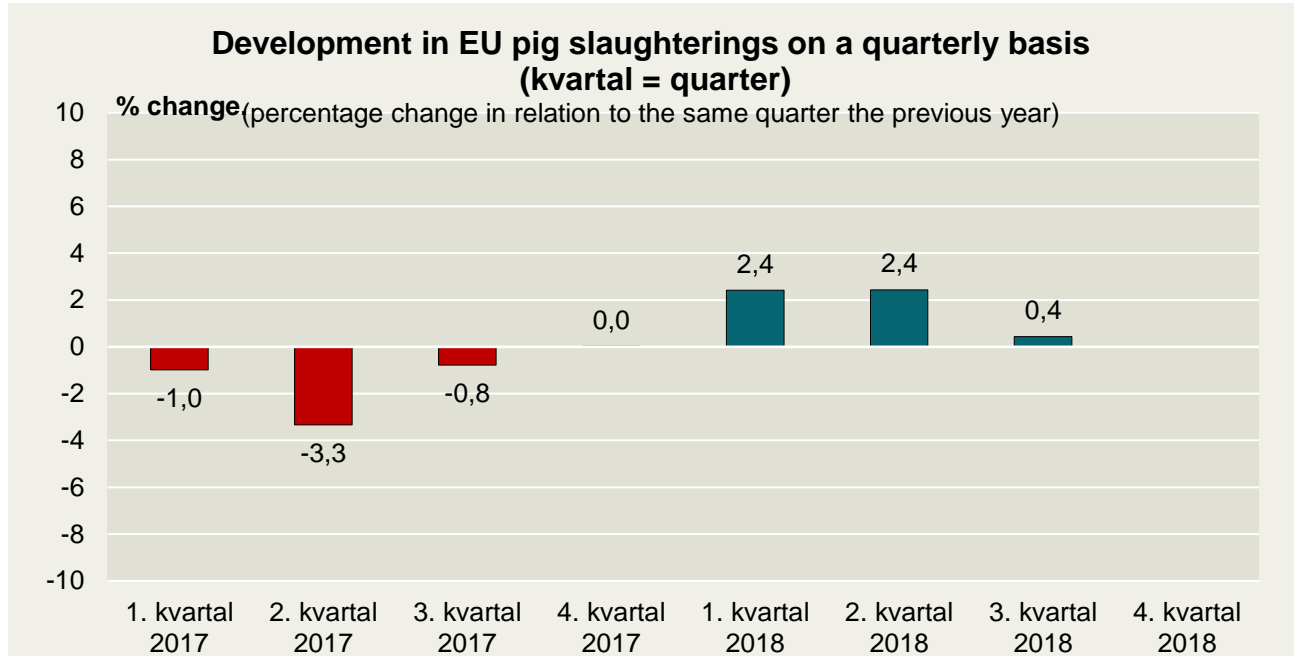
<b>020649</b>				
<b>By-products - pigs</b>				
<b>Tonnes</b>	<b>Jan-Sept 2016</b>	<b>Jan-Sept 2017</b>	<b>Jan-Sept 2018</b>	<b>% change 18:17</b>
USA	87,912	91,941	84,276	-8.3
Brazil	38,072	35,035	43,161	23.2
Germany	46,545	64,320	39,754	-38.2
Poland	34,075	26,154	23,396	-10.5
Holland	30,353	25,173	19,171	-23.8
Spain	32,902	27,618	18,884	-31.6
UK	13,877	12,192	10,082	-17.3
Italy	16,456	13,186	8,767	-33.5
Belgium	10,487	8,540	6,894	-19.3
France	5,210	6,093	4,158	-31.8
Denmark	1,604	2,613	2,997	14.7
Australia	2,884	2,718	2,677	-1.5
Canada	8,032	2,864	2,448	-14.5
Russia	2,373	2,511	2,323	-7.5
Argentina	1,138	2039	2,042	0.1
Ireland	1,374	1,192	1,292	8.4
Other	11,021	10,066	9,530	-5.3
<b>Total</b>	<b>344,315</b>	<b>334,255</b>	<b>281,852</b>	<b>-15.7</b>



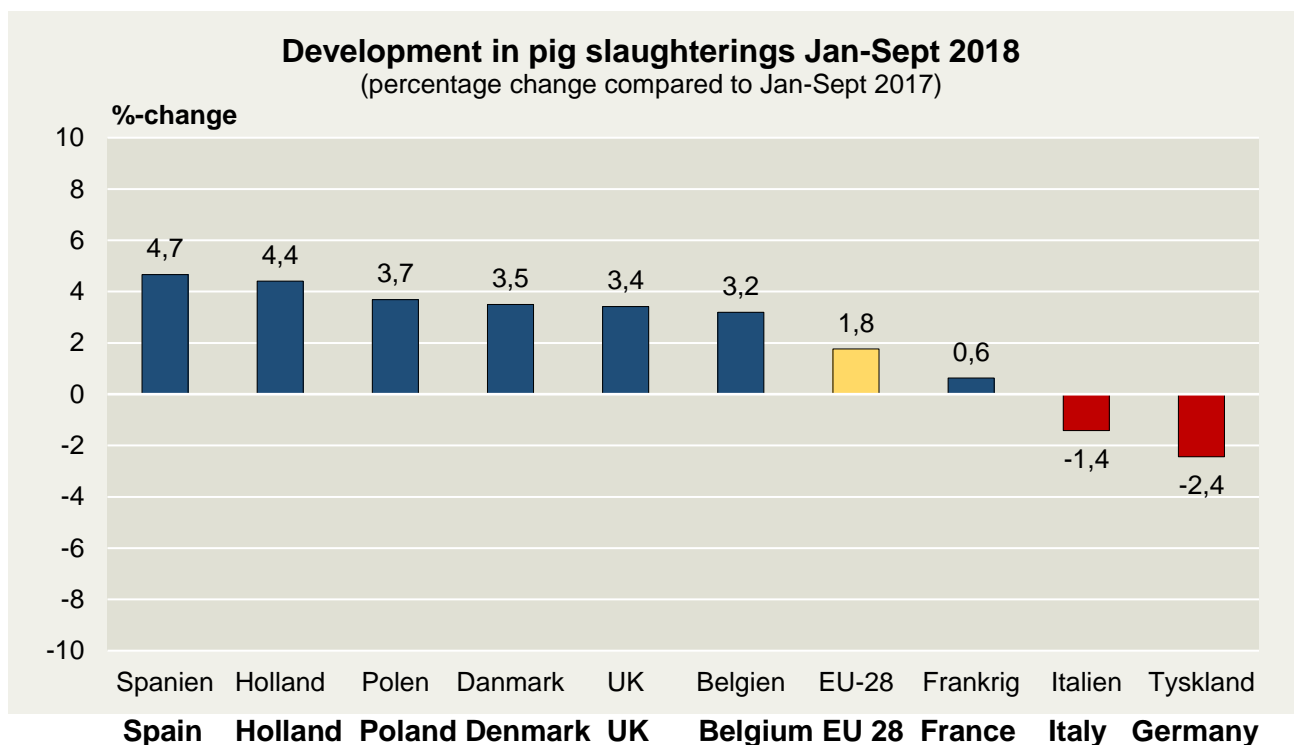
### Pig slaughterings increased by 2 per cent for the three first quarters of 2018

On the basis of reports from individual EU countries, Eurostat's figures are now available showing the development of pig slaughterings for the period January-September 2018. The reported figures show that slaughterings in the EU are 1.8 per cent higher compared to the same period last year.

The chart below shows the development in EU slaughterings per quarter for 2017 and 2018. As is evident, EU slaughterings increased in 2018 following a decline in 2017.



The development in pig slaughterings for January-September 2018 – compared with the same period the previous year – for the largest pig producing countries in the EU – is shown in the chart below. As can be seen, there has been a significant increase in slaughterings in a number of the major pig producing countries. Only Germany and Italy have seen a decline.



 **VIETNAM****Foot and mouth disease**

Asian Agribusiness reports that 38 cases of foot and mouth disease have now been recorded in Vietnam. The disease has been confirmed in the four northern provinces of Hoa Binh, Ha Noi, Bac Ninh and Ha Nam as well as in Ha Tinh province in the middle of the country.

The pig price has been falling in the north of the country since the first outbreak because many producers have sold their pigs to control the infection. Consequently, prices in the south of the country remain high.

According to the country's veterinary authorities, the risk of an outbreak in new areas is high because of weather conditions, and ongoing outbreaks in already affected areas.

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

The authorities in Israel have reported seven cases of foot and mouth disease. Some 1,700 head of cattle have been affected.

 **ALGERIA****Foot and mouth disease**

The authorities in Algeria have reported 34 cases of foot and mouth disease. Some 386 head of cattle, 11,361 sheep and 457 goats have been affected.