

MARKET NEWS for pig meat



Market analysis

3 June 2019

Week 23

MARKET SITUATION

The sales situation is unchanged from the previous weeks.

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

UK: Sales are stable and at unchanged prices

Demand is quiet from China and stable from Japan.

Slaughterings in Denmark

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

	Week 19	Week 20	Week 21	Week 1-21 2019/2018
Total	320,386	280,362	330,497	-4.0 %

FUTURES, USA

	Chicago (\$ per 100 lbs slaughter weight)		
	31/5	24/5	Change
2019			
Jun	81.73	86.43	-4.70
Jul	85.93	87.95	-2.03
Aug	86.63	89.30	-2.68
Sep	-	-	-
Oct	80.05	81.40	-1.35
Nov	-	-	-
Dec	77.78	78.80	-1.02
2020			
Jan	-	-	-
Feb	80.55	82.03	-1.48
Mar	-	-	-
Apr	82.38	83.20	-0.83
May	85.23	86.33	-1.10
Jun	88.95	89.23	-0.27
Jul	88.63	88.75	-0.13
Aug	87.53	87.68	-0.15
Sep	-	-	-
Oct	77.60	78.50	-0.90
Conversion factors: 1 lb = 0.4536 kg \$ = DKK 6.6948			



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 19 May.

Countries	Period 5 May - 19 May		Year to date 1 Jan - 19 May		2018	
	Pigs	Wild boar	Pigs	Wild boar	Pigs	Wild boar
Estonia				46		230
Latvia		8		136	10	685
Lithuania		19		217	51	1,443
Poland	1	92	2	1,108	109	2,438
Italy			1	17	10	64
Ukraine	2		14	7	105	41
Czech Republic						28
Romania	7	10	89	232	1,163	170
Hungary		23		657		138
Bulgaria				11	1	5
Belgium		18		456		161
Total	10	170	106	2,887	1,449	5,403

RUSSIA

African Swine Fever in wild boar

This week, Russia has reported one case of African Swine Fever among wild boar in the autonomous republic of Adygeya in the west of the country.

MOLDOVA

African Swine Fever in wild boar

Last week, Russia reported two cases of African Swine Fever among wild boar in the north of the country, close to the border with Romania.

VIETNAM

More than two million pigs dead as a result of African Swine Fever

Last week, the authorities reported that more than 2.0 million pigs have now died or have been culled as a result of African Swine Fever in the country. The figure for the previous week was 1.7 million.

The disease has been confirmed in 48 of Vietnam's 63 provinces and threatens to spread to the rest of the country, says Vietnam's Agriculture Minister Nguyen Xuan Cuong at a meeting of the country's parliament concerning African Swine Fever.

"This is an extremely dangerous situation," said the Minister. "We have to do all we can to fight the disease. The entire political system has to become involved."

The Minister also asked consumers in Vietnam not to stop eating pig meat and he urged Vietnam's pig industry to start storing pig meat in preparation for a shortage in the second half year.

Finally, he called on farmers not to expand their pig herds in the current situation but instead switch focus to increased production of beef, poultry and fish farming.

 **VIETNAM**
Dutch De Heus invests in Vietnam

The Dutch feed producer, De Heus, has signed an agreement with the Vietnamese meat company, Hung Nhon Group and the Dak Lak People's Committee regarding an investment of USD 66 million in an agricultural project comprising 24,000 Dutch breeding stock.

According to Hung Nhon Group's Chairman and Managing Director, Vu Manh Hung, one of the objectives of the project is to ensure disease-free breeding stock for Vietnam's central and southern provinces.

 **CHINA**
New cases of African Swine Fever

Last week, the Chinese authorities reported three new cases of African Swine Fever.

In the south-western province of Yunnan, a farm of 80 pigs has been infected with the virus and in the south-western autonomous region of Guangxi a farm of 104 pigs has been affected. African Swine Fever has also been confirmed in an illegal transport of 32 pigs in the south-western province of Guizhou.

 **CHINA**
Prospect of long struggle ahead with African Swine Fever

According to the World Organisation for Animal Health, it will take years to contain the African Swine Fever virus in China.

OIE Deputy Director General, Matthew Stone, told Reuters:

"China is going to deal with African Swine Fever for many years to come. The situation will continue to evolve in Asia because we know there is significant contamination of the meat and meat products supply chain and practices such as kitchen waste feeding may not be appropriately regulated.

"It's an enormous challenge for some of these countries in Asia to transform their farming systems into higher biosecurity systems, but that's imperative.

"We're going to live with African Swine Fever for many years. This is why the long-term focus on research and development and the short and mid-term focus on improved biosecurity and veterinary services is imperative.

"Scientific publications suggest breakthroughs on vaccines are close, but it could take a long time to take a vaccine from a laboratory into the field due to regulatory authorisation processes."

 **CHINA**
Increased meat imports

According to international news media, which refers to official Chinese trade statistics, China's pig meat imports in April totalled 136,517 tonnes. This was a rise of 24 per cent compared to April last year when exports totalled 110,098 tonnes.

For the period January-April, pig meat imports totalled 470,776 tonnes – a rise of 8.5 per cent compared to the same period the previous year when exports totalled 434,098 tonnes.

Not only are imports of pig meat increasing. China's imports of poultry and beef increased by 62 per cent and 75 per cent respectively in April 2019 compared to April 2018.

 **NORTH KOREA**
First case of African Swine Fever

Last week, the authorities in North Korea reported the first case of African Swine Fever in the country. It was confirmed at a farm of 99 pigs in the north-west of the country, close to the border with China.

 **SOUTH KOREA**
Increased measures to prevent African Swine Fever from spreading

The outbreak of African Swine Fever in North Korea has prompted the South Korean authorities to implement a range of measures to prevent the disease from spreading in the country.

First and foremost, the authorities are to increase disinfection procedures at the border with North Korea. "Although the disease has so far only been confirmed in the northern part of North Korea at the border with China, there is a risk that it will spread South, which is why we're increasing disinfection measures at the border with North Korea," says a spokesman from the South Korean Agriculture Ministry.

Moreover, the authorities are planning increased fencing to protect pig herds from being affected by wild boar. The shooting of wild boar will also be stepped up.

South Korea is also making use of a liaison office to work out protection measures with the North.

 **HONG KONG**
African Swine Fever: case number two

Last week, the authorities in Hong Kong reported the second case of African Swine Fever, which was discovered at a slaughterhouse in New Territories, close to the border with the Chinese province of Guangdong.

 **USA**
Pig producers appeal to Trump not to start a new trade war with Mexico

President Trump's new threats regarding tariffs on all imports from Mexico have prompted U.S. pig producers to appeal to him not start a new trade war with Mexico.

According to Agra Europe, the President of the National Pork Producers Council (NPPC) has stated:

"We appeal to President Trump to reconsider his plans for starting a new trade war with Mexico. American pig producers cannot tolerate retaliatory tariffs from its largest export market – retaliatory tariffs that Mexico will certainly carry out.

"Instead, let us look ahead and ratify the agreement between USA-Canada-Mexico on continuing zero tariffs on all trade in pig meat. Get a free trade agreement with Japan and resolve the disagreements with China, where American pig meat has an unprecedented opportunity to increase exports as a consequence of problems with African Swine Fever in Asia."

 **BRAZIL**
BRF and Marfrig discuss possible merger of the two companies

The two major Brazilian meat companies, BRF SA and Marfrig Global Foods SA have embarked on discussions concerning a possible merger of the two companies, reports Reuters and other international news agencies.

BRF is a significant player in the export of poultry from Brazil while Marfrig has a strong presence in the U.S. beef market following the company's acquisition of National Beef last year. Together, the two companies would create the world's fourth largest meat business after JBS, Tyson and WH Group.

 **POLAND**
Smithfield finalises Pini acquisition

Last week, WH Group announced that its subsidiary, Smithfield Foods, has now finally acquired the remaining 66.5 per cent share in Pini Poland. This means that Pini Poland is now a 100 per cent owned subsidiary of Smithfield.

In addition to a number of processing activities and a poultry abattoir, Pini Poland operates a pig abattoir in Kutno in central Poland. The slaughterhouse has the capacity for approximately 4 million slaughterings per year. According to WH Group's Chairman and CEO Wan Long, Smithfield expects to increase slaughtering capacity at the abattoir in Kutno.

 **GERMANY**
German pig slaughterings declined by 4.2 per cent in Q1 2019

AMI has calculated German pig slaughterings for Q1 2019 at 13,952 million. This is a decline of 0.6 million, corresponding to 4.2 per cent compared to Q1 2018.

Following a number of years of increased slaughterings, German pig slaughterings declined in 2017 and 2018 by 1.1 million and 1.7 million respectively. This decline is currently expected to be reinforced in 2019.

As it appears from AMI's table below, the decline in slaughterings in Q1 is primarily due to the decline in Germany's own pig production. The number of imported finished pigs corresponds more or less to last year's level.

Year	Total number of slaughterings	German finished pigs	Imported finished pigs	Percentage of imported
2012	58,349,687	53,846,106	4,503,581	7.7
2013	58,761,125	53,950,291	4,810,834	8.2
2014	58,852,376	54,474,527	4,377,849	7.4
2015	59,435,349	55,161,102	4,274,247	7.2
2016	59,480,468	54,826,352	4,654,116	7.8
2017	58,408,370	54,471,535	3,936,835	6.7
2018	56,674,010	53,442,698	3,231,312	5.7
Q1. 2018	14,569,958	13,667,571	902,387	6.2
Q1. 2019	13,952,009	13,053,289	898,720	6.4