

MARKET NEWS for pig meat



Market analysis

24 June 2019

Week 26

MARKET SITUATION

Europe: The market is showing signs of the start of the holiday season in the processing sector. Both legs and other cuts are under pressure and are being traded at slightly falling prices this week.

UK: Sales are stable and at unchanged prices

Demand is quiet from China but there are good and stable sales to Japan.

Slaughterings in Denmark

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

	Week 22	Week 23	Week 24	Week 1-24 2019/2018
Total	204,819	253,658	260,157	-7.3 %

FUTURES

	Chicago (\$ per 100 lbs carcass weight)		
	21/6	14/6	Change
2019			
Jul	76.25	81.35	-5.10
Aug	77.90	80.63	-2.73
Sep	-	-	
Oct	72.73	75.10	-2.38
Nov	-	-	
Dec	72.38	74.15	-1.78
2020			
Jan	-	-	
Feb	76.25	78.03	-1.78
Mar	-	-	
Apr	79.83	81.15	-1.33
May	83.83	85.18	-1.36
Jun	87.85	88.03	-0.18
Jul	88.30	87.98	0.32
Aug	87.53	87.18	0.34
Sep	-	-	
Oct	75.98	76.00	-0.03
Nov	71.48	73.00	-1.53
Conversion factors: 1 lb = 0.4536 kg \$ = .6.5975			



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 16 June.

Countries	Period 9 June - 16 June		Year to date 1 Jan - 16 June		2018	
	Pigs	Wild boar	Pigs	Wild boar	Pigs	Wild boar
Estonia		1		48		230
Latvia		4		150	10	685
Lithuania	2	20	3	267	51	1.443
Poland	1	57	5	1.289	109	2.438
Italy			1	17	10	64
Ukraine			16	7	105	41
Czech Republic						28
Romania	3	6	116	267	1.163	170
Hungary		26		724		138
Bulgaria				12	1	5
Belgium		5		475		161
Total	6	119	141	3.256	1.449	5.403



LAOS

African Swine Fever

Laos is the latest Asian country to be affected by African Swine Fever.

The authorities reported outbreaks at seven farms in the southern province of Saravane. Some 973 pigs out of 2,191 at the affected farms have died as a result.

Laos is situated between Vietnam and Thailand and is only 70 km from the Thai border.



VIETNAM

More than 2.5 million pigs dead as a result of African Swine Fever

Last week, the authorities in Vietnam announced that more than 2.5 million pigs have now died or been culled as a result of African Swine Fever in the country.

The disease has been confirmed in 58 of Vietnam's 63 provinces, reports Reuters. According to a spokesman from the country's veterinary authorities, it is only a question of time before the disease is confirmed in all 63 provinces.

In March, the United Nations' Food and Agriculture Organisation proposed that the authorities in Vietnam declare the African Swine Fever situation a national emergency. According to a spokesman from the Vietnamese veterinary authorities, this will not happen because the disease cannot spread to humans and as such does not constitute a threat to the country.



VIETNAM

Calls for postponement of ban on the use of antibiotics in feed

Asian Agribusiness reports that Vietnam's Animal Husbandry Institute is calling for a postponement on the use of antibiotics in feed.

"In the current situation with African Swine Fever in the country, the planned ban on the use of antibiotics in feed in 2020 may cause great harm to the livestock sector," says the Vice-Director of the Animal Husbandry Institute. He proposes that the Ministry of Agriculture postpones the date of the ban for at least five years.

VIETNAM

Increasing imports of pig meat

According to Asian Agribusiness, Vietnam's pig meat imports in the first four months of 2019 increased more than six times over the same period last year.

Trade figures show that the country spent USD 23.6 million to import pig meat mainly from the U.S., Poland and Canada. Import prices are reported to be cheaper than domestic meat, which has seen significant price increases recently. The rising trend in imports is expected to continue.

CHINA

New outbreak of African Swine Fever

The Chinese authorities continue to report cases of African Swine Fever.

Last week, China's Agriculture Ministry reported four more cases at small pig farms in the southern Guizhou province.

CHINA

Increased imports of pig meat in May

Reuters reports that China's new trade figures show that imports of pig meat in May were 63 per cent higher than in May 2018.

Imports of pig meat (excluding by-products) in May amounted to 187,459 tonnes, which is the highest monthly import figure since August 2016 when imports totalled 192,348 tonnes. Imports for the first five months of the year amounted to 658,236 tonnes, which is a rise of 19.8 per cent compared with the previous year, reports Reuters.

CHINA

China to ease restrictions on meat imports

Asian Agribusiness reports that China Meat Association has announced that the authorities in Beijing – as a result of declining supplies of pig meat caused by African Swine Fever – are now planning to ease some of the country's restrictions on meat imports.

"China will perhaps ease import restrictions on buffalo meat from India, live cows and sheep from Mongolia and pig meat from Russia," says Gao Guan, Vice-President of China Meat Association.

Chinese imports of buffalo meat from India have declined this year following reinforced border controls to prevent meat smuggling from Vietnam, reports Asian Agribusiness.

CHINA/ CANADA

China finds ractopamine in Canadian pig meat

Last week, the Chinese authorities announced that ractopamine has been discovered in a shipment of pig meat from the Canadian company, Frigo Royal Inc.

The discovery means that China will halt imports from Frigo Royal Inc. until further notice. China has already banned imports from two other Canadian exporters, Olymel LP and Drummond Export, because of issues with outdated certificates.

The Chinese authorities have also announced that going forward, checks on all imports of pig meat from Canada will be strengthened. In some cases, full checks on all containers containing Canadian pig meat will be carried out.


UK/ CHINA
More production plants approved for export to China

According to the British authorities, China approved a further five plants in the UK for pig meat exports to China.

The British authorities expect more production facilities to be approved at the end of the year.


GERMANY / CHINA
Exports of German pig meat may continue even if African Swine Fever breaks out among German wild boar

According to German media, during a visit to China, Germany's Agriculture Minister held out the prospect that Germany could continue to export pig meat to China even if African Swine Fever was confirmed among wild boar. There is, however, no written confirmation of this yet.

So far, China's policy has been to shut off all imports of pig meat from countries affected by African Swine Fever. However, according to German media, China will possibly distinguish between an outbreak among wild boar and an outbreak among domestic pigs so that the border is not automatically closed off from Germany if African Swine Fever is discovered among wild boar.

For many years, the EU has been pressing China to accept the principles of regionalisation, i.e. that imports from areas that are free from the disease should be accepted. Agra Europe previously reported that China's policy in this area is being relaxed.


GERMANY
Pig meat storage in April lower than previous years

The latest calculations from AMI for German storage of frozen pig meat shows that April's figures averaged 114,000 tonnes.

Pig meat storage has declined since February when stocks amounted to 137,000 tonnes. The figure for April this year of 114,000 tonnes is also significantly below previous years. In April 2018, storage totalled 131,000 tonnes and in April 2017, the total was 158,000 tonnes.


USA
Tyson Foods expects demand from Asia to increase over the coming years

At a meeting of investors, Tyson Foods stated that they expect Asia to account for 70 per cent of the rise in global demand for animal protein over the next five years.

Tyson expects the decrease in global production of pig meat, which is a consequence of African Swine Fever in China, to benefit Tyson's sales of poultry, beef and pork but also warned that the decrease could also push up raw material costs for the company's prepared foods business.

Tyson is currently reporting slow sales to China after a strong demand in the spring. The reason, says the company, is that China is drawing on its stocks of frozen pig meat, but is expecting to see increased demand from China in the autumn.


JAPAN
Classical Swine Fever

The outbreak of Classical Swine Fever continues in Japan.

Last week, 86 new cases were reported to the authorities. By far the majority of cases were among wild boar.

 **RUSSIA**
Cherkizovo opens new pig production in the Penza region

The Russian meat company, Cherkizovo, has opened five pig production operations in the Penza region. Cherkizovo is thus increasing its production in the region from 30,000 tonnes to 40,000 tonnes. The company has announced that they have invested approximately 580 million roubles (approx. GBP 6.5 million) in each operation.

According to the founder of Cherkizovo, Igor Babayev, the company aims to increase production in the Penza region by a further 50 plants over the next 5-7 years, which means that production will reach 300,000 tonnes.

In January, Cherkizovo received a loan of EUR 200 million from Alfa bank. It was announced at the time that the funds would be used to establish new pig productions and to upgrade existing facilities.

Cherkizovo is Russia's second largest producer of pig meat after Miratorg.

 **BRAZIL**
Increased pig slaughterings in Q1 2019

According to the Brazilian authorities, Brazil slaughtered 11.27 million pigs in Q1 2019. This is a 5.1 per cent increase compared to Q1 2018 when slaughterings totalled 10.72 million.

Slaughterings totalled 44.2 million for 2018 as a whole, which was a rise of 2.4 per cent, i.e. 1 million, compared to 2017.

The Brazilian state of Santa Catarina accounted for 26.2 per cent of the country's slaughterings followed by Paraná (21 per cent) and Rio Grande do Sul (18.6 per cent). Almost two-thirds of the total slaughterings were thus concentrated in the southern states.

 **MOROCCO**
Foot and mouth disease

Last week, the authorities in Morocco reported five cases of foot and mouth disease to the authorities. Five head of cattle, 1,042 sheep and 350 goats have been affected.

PLEASE NOTE!

Owing to summer holidays, Market News will not be published for the next three weeks.

The next edition will be published on Wednesday 24th July.