

MARKET NEWS for pig meat



Market analysis

23 July 2019

Week 30

MARKET SITUATION

Europe: The market is showing signs of the holiday season in the processing sector. There is quiet demand for both legs and other cuts with trading at unchanged prices.

UK: Sales are sluggish.

Stable sales are reported for Japan. With regard to China, stronger interest is evident following a quiet period.

Slaughterings in Denmark

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

	Week 25	Week 26	Week 27	Week 28	Week 1-28 2019/2018
Total	335,424	303,516	305,580	305,348	-7.1 %

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)		
	19/7	21/6	Change
2019			
Jul	-	76.25	-
Aug	83.88	77.90	5.97
Sep	-	-	
Oct	78.93	72.73	6.19
Nov	-	-	
Dec	76.75	72.38	4.37
2020			
Jan	-	-	
Feb	80.80	76.25	4.55
Mar	-	-	
Apr	83.35	79.83	3.52
May	87.00	83.83	3.17
Jun	90.20	87.85	2.35
Jul	89.40	88.30	1.10
Aug	88.35	87.53	0.82
Sep	-	-	
Oct	75.80	75.98	-0.18
Nov	71.70	71.48	0.22
Conversion factors: 1 lb = 0.4536 kg \$ = DKK 6.6508			



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 between 1 January and 14 July.

Countries	Period 16 June - 14 July		Year to date 1 Jan - 14 July		2018	
	Pigs	Wild boar	Pigs	Wild boar	Pigs	Wild boar
Estonia		4		52		230
Latvia	1	30	1	180	10	685
Lithuania	6	35	9	302	51	1,443
Poland	13	84	18	1,373	109	2,438
Italy		7	1	26	10	64
Ukraine	8		24	7	105	41
Czech Republic						28
Romania	174	35	290	302	1,163	170
Hungary		21		745		138
Bulgaria	9	2	9	14	1	5
Belgium		1		476		161
Total	211	219	352	3,477	1,449	5,403



RUSSIA

African Swine Fever

In the past four weeks, Russia has reported seven cases of African Swine Fever – two among wild boar and five at small farms. All were in the west of the country.



MOLDOVA

African Swine Fever

Last week, Moldova reported one case of African Swine Fever at a small farm in the south of the country close to the border with Romania.



UK

Traces of African Swine Fever virus in illegally imported meat

The African Swine Fever virus has been detected in meat seized by the authorities in Northern Ireland.

Officials confiscated more than 300 kg of illegal meat in June. Samples tested confirmed traces of the virus.



CAMBODIA

African Swine Fever

In the past four weeks, Cambodia has reported six cases of African Swine Fever – all in the south of the country where 809 pigs have been affected.



LAOS

African Swine Fever

In the past four weeks, the authorities in Laos have reported that two farms in the southern province of Saravane have been infected by the ASF virus. The affected area lies between Vietnam and Thailand and is only 70 km from the Thai border.


THAILAND
African Swine Fever virus in imported meat

Asian Agribusiness reports that the authorities in Thailand have found traces of the African Swine Fever virus in imported meat. Of the 100 samples taken at the border, 30 proved positive.


SOUTH AFRICA
African Swine Fever

In the past four weeks, the authorities in South Africa have reported three cases of African Swine Fever. All were found at small farms in the north-east of the country.


VIETNAM
More than 3.3 million pigs destroyed by African Swine Fever

According to Vietnam's Vice Minister of Agriculture, more than 3.3 million pigs have now died or been culled as a result of African Swine Fever in the country. This corresponds to approximately 11 per cent of the country's pig population.

The disease has been confirmed in 62 of Vietnam's 63 provinces. According to Vietnam News, the country can expect a loss of 500,000 tonnes of pig meat – corresponding to 20 per cent of consumption – from July 2019 to the beginning of 2020.


CHINA
New case of African Swine Fever

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

Over the past four weeks, the Chinese authorities have reported five cases at small pig farms in Sichuan, Hubei, Guangxi and Ningxia provinces.

The official number of cases of African Swine Fever has now risen to more than 140 since August 2018, with 1.2 million pigs culled as a result. At a press conference, China's Vice Minister of Agriculture, Yu Kangzhen, said that the number of cases had declined in 2019 compared to 2018, with only 44 new cases in the first six months of 2019.

Many believe, however, that only a small number of actual cases are being reported to the authorities. Yu told the press conference that the authorities are investigating many alleged cases which often turn out to be nothing but rumours. However, he would not guarantee that all cases were reported even though the authorities had a zero tolerance of non-reported cases, which resulted in severe penalties.

Yu also admitted that there were major problems in preventing the infection from spreading further. Feeding pigs kitchen waste is forbidden, for example, but still occurs, he said.

He expects the disease to leave China with a "tight balance in pig supplies" and added that imports – including from the United States – should help to secure the supply of pork.


CHINA
Pig population for June

According to figures from China's Agriculture Ministry, the total Chinese pig population in June was 25.8 per cent down on one year ago and 5.1 per cent down on the previous month.

The sow population saw a decline of 26.7 per cent compared to one year ago and a decline of 5.0 per cent compared to the previous month.

 **CHINA**
Rising prices for live pigs and pig meat

Chinese prices for live pigs began to rise in June and July following zero development in prices during the spring, reports China's Agriculture Ministry. The average price was 17.8 yuan per kg (approx. GBP 2.08) in mid-July compared to 14.2 yuan (approx. GBP 1.66) at the end of May.

Retail prices for pig meat at the end of June are reported at 26.45 yuan per kg (GBP 3.09). This is 33 per cent up compared to one year ago but remains somewhat below the record level of 31.56 yuan per kg (GBP 3.69) from June 2016.

The rising prices for pig meat are also impacting other meat prices in the Chinese market. The authorities have called on China's poultry producers to exploit the situation and increase production. According to official figures, poultry production increased by 5.6 per cent in the first half year while for beef and lamb, production increases of 2.4 and 1.4 per cent respectively were recorded.

A 5.5 per cent decline in pig meat production, however, means that the National Bureau of Statistics has registered a production decline of 2.1 per cent for the first half year 2019 for all meat types.

 **CHINA**
Official figures show a less-than-expected decline in pig production in first half year

Figures from China's National Bureau of Statistics show that at 24.7 million tonnes, China's total production of pig meat for the first half year 2019 is 5.5 per cent down on the previous year. At 313.45 million, slaughterings were 6.2 per cent lower compared to the previous year.

According to Reuters, a number of analysts are surprised at the modest decline in the pig population. The theory is that there is no correlation between the figures from the National Bureau of Statistics and the figures from the Agriculture Ministry on developments in the pig population. According to Feng Yonghui, Chief Analyst at Soozhu.com, production should have fallen more than 10 per cent in the first half year 2019 if the ministry's figures on the development of the pig population are correct.

 **CHINA**
FAO/OECD expects China's pig production to be re-established in 2020

According to Reuters, which cites FAO/OECD's annual report, Agricultural Outlook for 2019-2028, FAO/OECD expect China's pig production to expand again after 2020 after a decline of 5 per cent this year as a result of measures to combat African Swine Fever.

Both production and consumption of pig meat in China by 2020 are expected to return to 2018 levels. After that, production in subsequent years is expected to reflect previous years' increases.

But the report also points out that there is considerable uncertainty as regards the size of production and that the consequences of African Swine Fever may prove to be worse than forecast in the report.

The report from FAO/OECD contradicts other analysts who expect a stronger decline in China's pig production in 2019 and that it will take longer before China's pig meat production is re-established following the outbreak of African Swine Fever.

 **BRAZIL**
Strongly increasing exports in first half year 2019

Brazil's pig meat exports rose by no less than 25 per cent in the first half year 2019 compared to the first half year 2018, reports Agra Europe.

Brazil's exports of pig meat and by-products amounted to 342,500 tonnes for the first half year 2019. One has to go back to 2016 to find a correspondingly high level of exports, i.e. 700,000 tonnes per year.

The increase in exports this year are due to increases to China, Russia and Vietnam.

China received 92,200 tonnes pig meat from Brazil in the first half year – a rise of 27 per cent compared to the same period the previous year. With stable exports to Hong Kong of 78,000 tonnes, China/Hong Kong together accounted for 50 per cent of Brazilian exports.

Russia was the third largest market with 26,200 tonnes – a rise from almost zero in the previous year when a Russian import ban was in force.

Brazil exported 7,200 tonnes to Vietnam in the first half year 2019 against just 800 tonnes in the first half year 2018.

BRAZIL

BRF and Marfrig abandon merger

Agra Europe reports that the two major Brazilian meat companies, BRF SA and Marfrig Global Foods SA have failed to reach agreement on a merger between the two companies.

BRF SA and Marfrig Global Foods SA initiated discussions last May on a possible merger.

BRAZIL

China inspection via video

Brazil and China have embarked on a pilot project whereby China's inspection of Brazilian companies is conducted via video, reports Agra Europe.

Initially, the pilot project comprised an inspection of four Brazilian plants on 19 July. One plant was selected by China and three by Brazil. If the pilot project is a success, the Brazilians hope that this will become standard procedure going forward so as to avoid the heavy cost of visiting Chinese inspectors.

According to Agra Europe, Brazil has recently submitted a list of 30 plants seeking access to the Chinese market.

BRAZIL

Classical Swine Fever

In the past four weeks, Brazil has reported two cases of Classical Swine Fever in Ceara and Piauí in north-eastern Brazil at small pig farms.

USA

Pig census 1 June 2019

The result of the US pig census from 1 June 2019 has been published. It shows an increase of 3.6 per cent in the total pig population with a rise in the breeding population of 1.4 per cent.

Expected farrowings for the current quarter are 0.5 per cent lower than last year while expected farrowings for the next quarter are on a par with last year.

The result for the total population is slightly higher than analysts predicted at around +3.0 per cent while the rise in the breeding population is slightly lower than forecast, i.e. an average of + 2.1 per cent.

'000 head	2019 1 June	2018 1 June	% change
Breeding population	6,410	6,320	1.4
Piglets and finished pigs	69,111	66,546	3.9
Total	75,521	72,866	3.6
	2019	2018	
Expected farrowings:			
Jun-Aug	3,185	3,200	-0.5
Sept-Nov	3,175	3,174	0.0

GERMANY

Pig census May 2019

At the end of June, the German authorities published preliminary figures for the German pig population as at 3 May 2019.

The figures show a continued decline in the German pig population albeit the decline is slightly less than the previous census in November.

Compared to the same census one year ago, the total pig population declined by 3.7 per cent in May. The previous November census saw a decline in the total population of 4.1 per cent.

The total number of breeding pigs and pregnant sows is 2.8 and 4.6 per cent lower compared to one year ago. In November, the decline was 4.0 and 4.1 per cent respectively.

'000 head	May census		
	2019	2018	% change
Piglets	7,800.8	7,970.5	-2.1
Pigs under 50 kg	4,975.8	5,172.6	-3.8
Finished pigs over 50 kg	11,311.0	11,877.9	-4.8
Breeding herd	1,825.7	1,877.4	-2.8
- Pregnant sows	1,299.0	1,361.9	-4.6
- - Pregnant gilts	210.9	218.2	-3.3
- Dry sows	505.2	497.0	1.6
- - Gilts	210.5	205.2	2.6
- - Other sows	294.7	291.8	1.0
Total	25,913.4	26,898.4	-3.7

The structural development towards fewer pig farms intensified further as shown in the May census.

The census shows a reduction in the number of pig farms in Germany of 5.7 per cent in one year while the number of sow farms declined by 8.6 per cent in one year.

DENMARK

Slaughterings

2017	Pigs/sows 50-110 kg	Sows etc. above 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
Jan-Dec	16,913,883	551,700	17,465,583

2018	Pigs/sows 50-110 kg	Sows etc. above 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
Jan-Dec 2018	17,470,523	562,504	18,033,027

2019	Pigs/sows 50-110 kg	Sows etc. above 110 kg	Total
January	1,588,261	52,742	1,641,003
February	1,329,198	41,879	1,371,077
March	1,356,477	43,969	1,400,446
April	1,323,430	41,740	1,365,170
May	1,291,387	45,402	1,336,789
June			
July			
August			
September			
October			
November			
December			
Jan-May 2019	6,888,753	225,732	7,114,485
Jan-May 2018	7,298,647	245,538	7,544,185
Change per head	-409,894	-19,806	-429,700
Change in per cent	-5.6	-8.1	-5.7

* = 5 weeks



DENMARK

Exports of live pigs

2017	Piglets		Pigs/sows	Pigs/sows above 135 kg	Total
	0-15 kg	15-50 kg	50-135 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
Jan-Dec	443,051	13,678,677	252,833	23,552	14,398,113

2018	Piglets		Pigs/sows	Pigs/sows above 135 kg	Total
	0-15 kg	15-50 kg	50-135 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
Jan-Dec 2018	367,068	14,028,284	234,213	50,306	14,679,871

2019	Piglets		Pigs/sows	Pigs/sows above 135 kg	Total
	0-15 kg	15-50 kg	50-135 kg		
January	30,609	1,367,435	22,094	4,750	1,424,888
February*	30,000	1,100,000	25,000	3,000	1,158,000
March*	30,325	1,150,397	24,976	3,173	1,208,871
April	33,628	1,143,557	22,659	2,719	1,202,563
May	34,635	1,288,055	22,930	3,538	1,349,158
June					
July					
August					
September					
October					
November					
December					
Jan-May 2019	159,197	6,049,444	117,659	17,180	6,343,480
Jan-May 2018	163,388	5,963,155	95,610	17,011	6,239,164
Change per head	-4,191	86,289	22,049	169	104,316
Change in per cent	-2.6	1.4	23.1	1.0	1.7

*= Estimated figure. On the basis on figures from Feb-March



Pig meat exports

The charts below provide figures from the EU Commission showing EU exports of pig meat according to categories, exporters and importers for the period January-May.

By category

Tonnes	Jan-May 2019	Jan-May 2018	% change 19:18
Live pigs	5,507	7,648	-28.0
Fresh/frozen	1,008,346	853,078	18.2
Bacon	16,420	15,699	4.6
Processed	73,092	67,881	7.7
By-products	679,395	601,775	12.9
Total	1,782,760	1,546,081	15.3

Importers of pig meat from EU

Tonnes	Jan-May 2019	Jan-May 2018	% change 19:18
China	792,121	562,985	40.7
Japan	173,311	164,656	5.3
South Korea	127,948	137,782	-7.1
Philippines	112,945	115,213	-2.0
Hong Kong	91,347	104,259	-12.4
USA	60,784	71,360	-14.8
Australia	40,038	36,136	10.8
Ukraine	38,392	36,224	6.0
Vietnam	35,798	23,191	54.4
Serbia	20,880	30,111	-30.7
Belarus	3,636	221	1545.2
Russia	766	1,092	-29.9
Others	323,187	299,075	8.1
EU-28	1,782,760	1,546,081	15.3

Exporters of pig meat from EU

Tonnes	Jan-May 2019	Jan-May 2018	% change 19:18
Germany	407,295	348,117	17.0
Spain	429,436	343,025	25.2
Denmark	240,339	215,854	11.3
France	109,758	95,302	15.2
Holland	229,445	184,728	24.2
Poland	108,838	99,406	9.5
UK	67,714	56,167	20.6
Ireland	50,298	41,714	20.6
Belgium	19,799	36,104	-45.2
Italy	41,951	39,230	6.9
Hungary	7,145	24,736	-71.1
Austria	22,642	17,048	32.8
Others	48,097	44,644	7.7
EU-28	1,782,757	1,546,075	15.3

 **RUSSIA**
Maintains growth in pig production

Russia's pig meat production is growing. Over the past seven years, production has increased by 1.6 million tonnes with the positive trend continuing this year, reports Russia's Agriculture Ministry.

Pig production in the first five months of 2019 totalled 1.73 million tonnes in live weight, which is 5.9 per cent or 97,000 tonnes more than the same period in 2018.

The high growth rates have resulted in Russia's level of self-sufficiency in pig meat rising by 99.5 per cent.

Russia's pig meat exports are also increasing year by year. The aim is to open up the following strategic markets going forward – China, Japan, South Korea and other Asian markets.

 **JAPAN**
Classical Swine Fever

The outbreak of Classical Swine Fever in Japan continues.

Some 74 new cases have been reported in the past four weeks. By far the majority of the cases were among wild boar.

 **JAPAN**
Development in pig meat storage

Tonnage	Own production		Imported volumes		Total storage
	Fresh	Frozen	Fresh	Frozen	
End January 18	744	15,805	9,278	150,931	176,758
End February 18	626	16,485	8,398	156,307	181,816
End March 18	963	19,511	7,334	153,166	180,974
End April 18	670	18,083	6,542	152,671	177,966
End May 18	655	18,366	7,555	153,710	180,286
End June 18	644	16,790	5,591	155,496	178,521
End July 18	560	16,772	6,228	152,477	176,037
End August 18	687	17,495	5,984	151,864	176,030
End September 18	657	17,391	4,427	145,084	167,559
End October 18	760	17,418	5,435	142,294	165,907
End November 18	842	17,593	7,681	137,301	163,417
End December 18	1,039	18,355	6,810	134,157	160,361
End January 19	668	18,975	6,854	137,392	163,889
End February 19	893	18,925	6,221	140,876	166,915
End March 19	733	20,488	6,668	138,600	166,489
End April 19	851	21,693	6,878	160,344	189,766
End May 19	807	20,836	7,778	177,185	206,606

 **MALAWI****Foot and mouth disease**

In the past four weeks, the authorities in Malawi have reported one case of Foot and Mouth disease. Some 20,000 head of cattle were affected.

 **ZAMBIA****Foot and Mouth disease**

In the past four weeks, the authorities in Zambia have reported four cases of Foot and Mouth disease. Some 1,728 cattle were affected.

 **ZIMBABWE****Foot and Mouth disease**

In the past four weeks, the authorities in Zimbabwe have reported one case of Foot and Mouth disease. Some 2,133 head of cattle were affected.