

MARKET NEWS for pig meat



Market analysis

29 July 2019

Week 31

MARKET SITUATION

Europe: The processing sector continues to be affected by the holiday season and the hot weather. 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 27	Week 28	Week 29	Week 1-28 2019/2018
Total	305,588	306,206	301,465	-7.1 %

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)		
	26/7	19/7	Change
2019			
Aug	86.43	83.88	2.56
Sep	-	-	
Oct	79.45	78.93	0.53
Nov	-	-	
Dec	78.10	76.75	1.35
2020			
Jan	-	-	
Feb	82.13	80.80	1.33
Mar	-	-	
Apr	83.38	83.35	0.03
May	89.15	87.00	2.15
Jun	92.25	90.20	2.05
Jul	91.50	89.40	2.10
Aug	90.00	88.35	1.65
Sep	-	-	
Oct	76.63	75.80	0.83
Nov	72.45	71.70	0.75
Conversion factors: 1 lb = 0.4536 kg \$ = DKK 6.7034			



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 21 July.

Countries	Period 15 July – 21 July		Year to date 1 Jan - 21 July		2018	
	Pigs	Wild boar	Pigs	Wild boar	Pigs	Wild boar
Estonia		1		53		230
Latvia		7	1	187	10	685
Lithuania	2	15	11	317	51	1,443
Poland	2	19	21	1,392	109	2,438
Italy			1	26	10	64
Ukraine			24	7	105	41
Czech Republic						28
Romania	131	8	421	320	1,163	170
Hungary		10		755		138
Bulgaria	7	5	16	19	1	5
Belgium		2		478		161
Total	142	67	495	3,554	1,449	5,403

SLOVAKIA

First case of African Swine Fever

Last week, Slovakia registered its first case of African Swine Fever.

The virus has been confirmed at a small pig farm close to the Hungarian border where a number of wild boar have contracted the disease.

BULGARIA

African Swine Fever hits three large pig farms

Three large pig farms in Bulgaria have been hit by African Swine Fever.

Two of the affected farms comprising 40,000 and 30,000 pigs are located in the north-east of the country while another farm, where African Swine Fever was confirmed earlier in the month, comprises 14,000 pigs.

RUSSIA

African Swine Fever

Last week, Russia reported four cases of African Swine Fever among wild boar.

 **CHINA**
African Swine Fever

The Chinese authorities are continuing to report cases of African Swine Fever.

According to Reuters, the official Xinhua News Agency last week reported that African Swine Fever had been detected in three lorries transporting 205 pigs. The lorries were stopped within the jurisdiction of Liaoning province. 22 pigs were found dead.

China's Agriculture Ministry said last Tuesday that they would work to ensure sufficient supplies of pig meat in order for the market to remain stable. Although prevention and control measures against African Swine Fever have not yet been fully implemented, it is imperative that the supply of pigs and pig meat in the Chinese market are safeguarded, said the Ministry.

The statement was made following a rise in Chinese pig prices since early June following a stable period.

 **VIETNAM**
Decline in pig meat consumption

According to Asian Agribusiness, consumer concerns about African Swine Fever have led to a fall in pig meat consumption whereas poultry consumption is increasing.

Figures from Vietnam's Trade Ministry show a substantial rise in the storage of processed pig meat as a consequence of falling demand. This, in turn, is forcing down production of processed pig meat products.

Official figures show that more than 10 per cent of the country's pig population have died or been culled as a result of African Swine Fever in the country.

 **THAILAND**
U.S. pushes for access to American pig meat

Asian Agribusiness reports that, in connection with trade discussions between U.S. and Thailand, the U.S. has been pushing for Thailand to open up its market to American pig meat.

For 15 years, American pig meat has been banned from Thailand because of the use of ractopamine in U.S. pig production. A Thai report on the effect of ractopamine on humans is about to be published.

According to Asian Agribusiness, which quotes a professor of Veterinary Epidemiology at Hong Kong University, it is only a matter of time before African Swine Fever is confirmed in Thailand.

In addition to China and Vietnam, African Swine Fever has also been confirmed in Thailand's neighbouring countries, Cambodia and Laos.

 **SOUTH KOREA**
Decline in pig meat imports in first half year

South Korea has seen increasing imports of pig meat over the past few years. However, in the first half year 2019 imports declined by 2 per cent compared to the same period last year.

However, the decline is not entirely unexpected and is due to increased Korean imports and storage of pig meat in 2018.

As is clear from the table below, the U.S. is clearly the largest exporter of pig meat to South Korea even though U.S. exports declined slightly in 2019.

Among EU countries, German exports to South Korea were stable in the first half year while there was a significant increase in exports from Spain. Holland, Austria, Denmark, France and Belgium all experienced a decline in exports to South Korea in the first half year 2019. The substantial decline in exports from Belgium are due to the South Korean import ban as a result of African Swine Fever in Belgium.

0203 Fresh/frozen pig meat				
Tonnes	Jan-June 2017	Jan-June 2018	Jan-June 2019	% change 19:18
USA	81,548	107,356	103,416	-3.7
Germany	56,660	56,155	55,965	-0.3
Spain	33,045	36,687	44,163	20.4
Canada	17,857	20,024	22,343	11.6
Chile	14,215	15,994	17,240	7.8
Holland	11,903	14,058	12,166	-13.5
Austria	8,409	7,657	7,064	-7.7
Denmark	8,314	9,439	7,786	-17.5
Mexico	7,692	6,818	6,145	-9.9
Ireland	2,170	2,791	2,815	0.9
France	3,805	4,081	2,642	-35.3
Finland	1,437	1,664	1,811	8.8
Brazil	0	-	1,193	-
Sweden	834	880	940	6.8
Belgium	4,915	5,990	683	-88.6
UK	1,596	1,185	710	-40.1
Australia	393	816	467	-42.8
Others	1,967	2,565	-	-
Total	256,760	294,160	287,766	-2.2

 **CHILE**

Increased exports of pig meat to China

Agra Europe reports that exports of pig meat from Chile to China rose substantially in the first half year 2019. Measured in value, exports to China rose by 62 per cent to USD 77 million in the first half year.

Chilean exports of pig meat (including by-products) totalled 107,000 tonnes in 2019 – a rise of 13 per cent compared to the previous year. China has now assumed the position as the largest export market, ahead of Japan and South Korea.

 **JAPAN**

Classical Swine Fever

The outbreak of Classical Swine Fever continues.

Last week, Japan reported 81 new cases with the majority being confirmed among wild boar. However, two pig farms comprising 6,780 and 4,800 pigs respectively have also been hit by the disease.

 **GERMANY**

Competition authorities approve Zur Mühlen Group's acquisition

Last week, the German competition authorities approved the German processing company, Zur Mühlen Group's acquisition of Bell Food Group's sausage business in the German market.

The sale means that Zur Mühlen Group will acquire two sausage production facilities in Börger and in Suhl. Zur Mühlen Group has been owned by Tönnies since 2017.

The deal was announced at the end of June and is expected to take effect from 1 August, states Agra Europe.

Bell in Germany will now focus on the sale of dried ham. Like other European pig meat processors, Bells earnings have recently been affected by rising prices for pig meat, reports Agra Europe.

 **RUSSIA****Coral to double its pig production to more than 100,000 tonnes**

The Russian pig producer, Coral LLC, is to double its pig production to more than 100,000 tonnes pig meat per year, reports international news media.

The company is to invest 8.8 billion roubles (approx. GBP 14 million) in the establishment of six pig farms and a breeding centre. All but one of the farms, the breeding centre and feed mills will be located in the Bezhetsk district in the Tver region.

When the new production facilities are ready, Coral's annual pig meat production will rise to more than 100,000 tonnes. Feed production will rise from 100,000 tonnes to 250,000 tonnes per year.

In 2018, Coral's production totalled 54,450 tonnes, which made the company Russia's 17th largest pig producer. If production increases by 50,000 tonnes per year, Coral – all things being equal – will become Russia's eleventh largest pig producer.