

MARKET NEWS for pig meat



Market analysis

6 August 2019

Week 32

MARKET SITUATION

Europe: Legs and other cuts are being traded at unchanged or slightly increasing prices.

UK: Sales are sluggish.

Stable sales are reported for Japan and there is good demand from China.

Slaughterings in Denmark

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

	Week 28	Week 29	Week 30	Week 1-30 2019/2018
Total	306,207	302,079	291,795	-7.1 %

FUTURES, USA

	Chicago (\$ per 100 lbs carcass weight)		
	2/8	26/7	Change
2019			
Aug	76.28	86.43	-10.15
Sep	-	-	
Oct	65.73	79.45	-13.72
Nov	-	-	
Dec	63.25	78.10	-14.85
2020			
Jan	-	-	
Feb	68.18	82.13	-13.95
Mar	-	-	
Apr	72.95	83.38	-10.43
May	79.60	89.15	-9.55
Jun	82.50	92.25	-9.75
Jul	83.43	91.50	-8.07
Aug	83.85	90.00	-6.15
Sep	-	-	
Oct	73.70	76.63	-2.93
Nov	71.00	72.45	-1.45
Conversion factors: 1 lb = 0.4536 kg \$ = DKK 6.7225			



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 28 July.

Countries	Period 22 July - 28 July		Year to date 1 Jan - 28 July		2018	
	Pigs	Wild boar	Pigs	Wild boar	Pigs	Wild boar
Estonia		2		55		230
Latvia		8	1	195	10	685
Lithuania	1	3	12	320	51	1,443
Poland	9	42	30	1.434	109	2,438
Italy			1	26	10	64
Ukraine	3	2	27	9	105	41
Czech Republic						28
Romania	132	14	553	334	1.163	170
Hungary		31		786		138
Bulgaria	6	1	22	20	1	5
Slovakia	1		1			
Belgium				478		161
Total	152	103	647	3.657	1.449	5,403

BULGARIA

African Swine Fever

A number of large pig farms in Bulgaria have been hit by African Swine Fever in recent weeks.

Reuters reports that more than 130,000 pigs at six farms have been culled in the past fortnight. Officially, more than 30 large and backyard farms have now been infected.

The situation is acute because Bulgaria is one of the countries in the EU with the highest number of backyard farms, which makes the disease very difficult to control.

In an attempt to stop African Swine Fever from spreading, the Bulgarian authorities have established 20 km zones around large pig farms and all pigs on backyard farms within this zone will be killed.

These plans have been met with strong protests from angry farmers and the local mayors of the affected areas. Representatives from the larger pig farms are calling on the government to declare a national emergency.

Bulgaria's Prime Minister, Boyko Borisov, has said that there is no way around the largescale culling to prevent the disease from spreading further.

The authorities will pay compensation amounting to 300 leva (GBP 170) for each slaughter pig that is culled. 75 per cent of the compensation will be made available by the EU.

Bulgarian prices for slaughter pigs are reported to have risen by up to 30 per cent in less than one month.

 **POLAND**
African Swine Fever confirmed at large pig farm

Poland has also experienced a number of cases of African Swine Fever during the summer. The most recent case was last week at a farm comprising 9,435 pigs.

This is the largest farm to be hit since June when a farm comprising 8,012 pigs was affected.

 **RUSSIA**
African Swine Fever

Last week, Russia reported four cases of African Swine Fever – two among wild boar, one in the east and one in the west of Russia. The other two cases were identified at small farms in the west of the country.

 **MOLDOVA**
African Swine Fever

Last week, Moldova reported five cases of African Swine Fever – all at small farms close to the border with Romania.

 **USA**
Strong fall in futures prices for pigs

As is evident from page 1 of this week's edition of Market News, US futures prices saw a strong decline last week. This was largely due to the growing trade war between USA and China.

The situation was also exacerbated by the increased number of pig slaughterings in the USA.

 **USA**
Growing trade war between USA and China

Following President Trump's announcement last week regarding new tariffs on goods from China totalling USD 300 billion, the Chinese authorities have confirmed that Chinese companies have suspended all purchases of U.S. agricultural products. Moreover, the Chinese authorities are also considering imposing tariffs on U.S. agricultural products purchased after 3 August, reports Reuters.

 **USA**
Fall in pig meat exports for first half year 2019

Preliminary figures for U.S. pig meat exports for the first half year 2019 show a slight year-on-year decline.

As is shown in the table below, the main reason is the decline in exports to Mexico.

0203 – Fresh/frozen pig meat

Tonnes	Jan-June 2017	Jan-June 2018	Jan-June 2019	% change 19:18
Mexico	307,987	331,528	264,823	-20.1
Japan	186,036	184,296	178,982	-2.9
South Korea	87,751	123,167	108,399	-12.0
China	78,593	67,003	92,915	38.7
Canada	50,528	50,774	58,645	15.5
Colombia	27,048	43,637	53,227	22.0
Australia	31,207	35,094	51,598	47.0
Hong Kong	21,897	10,948	4,447	-59.4
Others	64,103	64,749	88,435	36.6
Total	879,328	943,147	924,011	-2.0

0206490– By-products

Tonnes	Jan-June 2017	Jan-June 2018	Jan-June 2019	% change 19:18
Hong Kong	69,375	59,349	40,616	-31.6
China	85,972	58,267	64,862	11.3
Mexico	48,622	41,341	36,479	-11.8
Philippines	5,014	8,349	5,643	-32.4
Japan	4,890	6,185	6,135	-0.8
South Korea	3,023	5,352	4,677	-12.6
Canada	4,090	4,879	5,575	14.3
Taiwan	1,562	2,908	2,270	-21.9
Others	8,736	5,139	7,479	45.6
Total	230,935	194,756	177,777	-8.7

160249,160241,160242, 021012, 021019, 021011**Processed pig meat**

Tonnes	Jan-June 2017	Jan-June 2018	Jan-June 2019	% change 19:18
Canada	39,754	36,544	37,767	3.3
Mexico	20,025	15,802	13,832	-12.5
Japan	9,231	9,084	6,243	-31.3

Philippines	4,226	3,535	4,277	21.0
Australia	2,830	3,196	3,970	24.2
South Korea	2,359	3,487	4,040	15.9
Others	15,426	13,952	17,143	22.9
Total	93,851	85,600	87,272	2.0

CHINA

Pig meat imports January-June 2019

The tables below provide China's official trading statistics for the import of cuts and by-products.

As can be seen, the 1st half year 2019 saw a rise in Chinese imports of cuts of 171,000 tonnes corresponding to 26 per cent whereas imports of by-products saw a decline.

Imports from USA are, of course, influenced by the current trading dispute between the USA and China. The omission of Hungary and Romania as a result of African Swine Fever means that there are no imports from the two countries under 'Others' in 2019.

0203 Fresh/frozen pig meat				
Tonnes	Jan-June 2017	Jan-June 2018	Jan-June 2019	% change 19:18
Spain	135,702	119,997	158,502	32.1
Germany	99,647	126,485	137,609	8.8
Canada	103,117	86,097	130,282	51.3
Brazil	29,205	67,787	79,592	17.4
USA	89,622	65,438	67,609	3.3
Holland	45,369	42,187	64,312	52.4
Denmark	45,230	40,368	50,927	26.2
France	28,089	24,900	34,988	40.5
UK	23,864	23,294	33,835	45.3
Chile	20,080	22,742	28,963	27.4
Ireland	18,323	17,040	22,099	29.7
Austria	0	-	4,350	-
Mexico	412	1,241	2,943	137.1
Finland	19	890	1,696	90.6
Portugal	-	-	998	-
Others	23,675	9,519	-	-100.0
Total	662,354	647,985	818,703	26.3

020649 By-products - pigs				
Tonnes	Jan-June 2017	Jan-June 2018	Jan-June 2019	% change 19:18
Germany	69,245	67,903	78,505	15.6
Canada	65,866	60,301	73,899	22.6
USA	174,289	133,917	70,088	-47.7
Denmark	71,720	68,058	69,125	1.6
Spain	66,756	57,792	60,570	4.8
Holland	47,995	52,092	56,895	9.2
France	30,905	28,565	30,816	7.9

UK	13,384	11,133	19,263	73.0
Chile	12,633	15,707	16,833	7.2
Ireland	10,478	11,372	13,144	15.6
Finland	4	877	2,098	139.2
Mexico	189	260	585	125.0
Others	23,024	14,109	-	-100.0
Total	586,488	522,086	491,820	-5.8


HONG KONG
Pig meat imports January-June 2019

0203				
Fresh/frozen pig meat				
Tonnes	Jan-June 2017	Jan-June 2018	Jan-June 2019	% change 19:18
Brazil	46,221	62,540	50,094	-19.9
China	25,503	19,862	13,565	-31.7
Holland	12,401	7,485	8,400	12.2
USA	33,380	17,505	7,691	-56.1
Vietnam	8,292	4,793	6,042	26.1
Poland	13,188	7,283	4,194	-42.4
Germany	21,568	8,853	2,669	-69.9
Spain	8,704	6,263	2,234	-64.3
Belgium	1,768	526	776	47.5
Canada	1,631	1,098	698	-36.4
Thailand	291	374	619	65.5
Italy	2,445	1,735	585	-66.3
Australia	308	565	420	-25.7
Denmark	775	123	379	208.1
Hungary	229	144	307	113.2
Austria	393	240	272	13.3
Japan	212	249	271	8.8
France	1,676	502	260	-48.2
UK	1,767	1,020	205	-79.9
Others	2,849	848	790	-6.8
Total	183,601	142,008	100,471	-29.2

020649				
By-products - pigs				
Tonnes	Jan-June 2017	Jan-June 2018	Jan-June 2019	% change 19:18
USA	62,866	61,623	43,774	-29.0
Brazil	23,651	30,565	30,511	-0.2
Germany	41,354	31,601	22,346	-29.3
Spain	19,468	14,372	11,598	-19.3
Poland	18,440	18,829	13,835	-26.5
Holland	18,142	14,484	11,002	-24.0
Italy	7,985	6,656	5,889	-11.5
UK	7,808	7,713	5,343	-30.7
Belgium	5,606	5,453	4,729	-13.3
Canada	949	1,815	2,055	13.2
France	4,258	3,166	1,866	-41.1

Argentina	1,043	1,391	1,796	29.1
Russia	1,763	2,016	2,934	45.5
Denmark	1,279	2,259	1,606	-28.9
Japan	815	701	769	9.7
Sweden	1,118	633	1,299	105.2
Hungary	240	347	1,003	189.0
Portugal	642	688	715	3.9
Australia	1,758	1,880	946	-49.7
Others	4,648	5,383	3,331	-38.1
Total	223,833	211,575	167,347	-20.9

CHINA

Rabobank: 25 per cent decline in China's pig meat production in 2019

Rabobank estimates that China's pig meat production will fall by 25 per cent in 2019 compared to 2018 with production expected to fall by a further 10-15 per cent in 2020.

According to Reuters, which cites Rabobank, the Chinese pig population is currently around 40 per cent lower compared to one year ago. This is a somewhat greater decline than the official figures, which show a population decline of around 25 per cent.

Rabobank expects that it could easily be five years or more before pig meat production in China returns to pre-African Swine Fever levels.

In July, pig prices in China increased by 15 per cent and are now 40 per cent higher than one year ago. Rabobank believes that the increase in prices is not only due to a population decline, but is also due to the fact that pig producers are holding back their pigs in the expectation of further price increases.

ARGENTINA/ CHINA

Argentina exports first shipment of pig meat to China

According to Pig333, Argentina has started to prepare for its first shipment of pig meat to China.

Permission to export to China was announced in April by the Argentinian president. Some 25 Argentinian plants are expected to gain access to the country, with three plants initially paving the way – La Pompeya, Campo Austal and Paldini.

Argentina is expected to export around 18,000 tonnes pig meat to China in 2019, states Pig333.

BRAZIL/ CHINA

More plants in Brazil expected to gain access to China

According to Reuters, which cites the Brazilian media, 30 Brazilian plants are expected to be granted access to China shortly. The plants process pig meat, beef and poultry.

A new system of video inspection (mentioned in Market News week 30) has helped to speed up the approval process.

BRAZIL

JBS acquisition of local pig processor gets the go-ahead from competition authorities

Last week the Brazilian competition authorities approved JBS' acquisition of the local pig processing plant, Adelle, in the state of Rio Grande do Sul for 235 million real (USD 59.8 million or DKK 405 million). The deal was announced in April but awaited approval from the competition authorities.

JBS has said that the acquisition matches JBS' strategy of increasing its pig slaughtering capacity.

MOROCCO

Foot and mouth disease

Last week, the authorities in Morocco reported one case of foot and mouth disease at a farm comprising cattle, goats and sheep.