

MARKET NEWS for pig meat



Market analysis

19 August 2019

Week 34

MARKET SITUATION

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

UK: Sales are stable.

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 30	Week 31	Week 32	Weeks 1-32 2019/2018
Total	293,137	297,504	288,622	-7.3 %

FUTURES, USA

	Chicago (\$ per 100 lbs carcase weight)		
	16/8	9/8	Change
2019			
Aug	79.34	79.03	0.31
Sep	-	-	
Oct	62.00	66.98	-4.98
Nov	-	-	
Dec	60.76	64.68	-3.92
2020			
Jan	-	-	
Feb	68.03	71.33	-3.30
Mar	-	-	
Apr	73.58	76.43	-2.85
May	79.83	81.53	-1.70
Jun	83.15	85.55	-2.40
Jul	84.00	85.83	-1.83
Aug	83.83	85.58	-1.75
Sep	-	-	
Oct	72.85	74.68	-1.83
Nov	69.68	70.58	-0.90
Conversion factors: 1 lb = 0.4536 kg \$ = 6.7344			



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 11 August.

Countries	Period		Year to date		2018	
	5 August - 11 August		1 Jan - 11 August			
	Pigs	Wild boar	Pigs	Wild boar	Pigs	Wild boar
Estonia		4		59		230
Latvia		7	1	210	10	685
Lithuania	2	5	15	332	51	1,443
Poland	6	30	39	1,526	109	2,438
Italy			1	26	10	64
Ukraine	1	1	29	10	105	41
Czech Republic						28
Romania	137	25	903	381	1,163	170
Hungary		24		827		138
Bulgaria		4	30	31	1	5
Slovakia	2	1	4	1		
Belgium				478		161
Total	148	101	1,022	3,881	1,449	5,403

SERBIA

African Swine Fever

Last week, Serbia reported its first case of African Swine Fever in the country.

The disease was found at four small farms not far from the capital, Beograd.

MOLDOVA

African Swine Fever

Last week, Moldova reported two cases of African Swine Fever at small pig farms comprising two and 71 pigs.

RUSSIA

African Swine Fever

Last week, Russia reported five cases of African Swine Fever: two were found in the west of the country at a small farm and among wild boar. The other three cases – one at a small pig farm and the other two among wild boar – were in the east of the country, close to the border with China.

 **PHILIPPINES**
Authorities to investigate whether African Swine Fever is in the country

Reuters reports that the authorities in the Philippines have set up a crisis management team to investigate whether African Swine Fever is present in the country.

Increased mortality rates have been reported at a number of small pig farms in the country. Laboratory tests in the coming days will reveal whether African Swine Fever has arrived, said the Philippines' Agriculture Minister on Monday.

 **MYANMAR**
African Swine Fever

Last week, Myanmar confirmed that the country has reported its first case of African Swine Fever.

The virus was discovered at two farms comprising two and 65 pigs close to the border with China.

 **LAOS**
African Swine Fever

Last week, the authorities in Laos reported eight cases of African Swine Fever at pig farms. Some 2,300 pigs have been affected.

 **CHINA**
Substantial decline in pig population in July

According to figures from China's Agriculture Ministry, China's pig population was 32.2 per cent down compared to last year and 9.4 per cent lower compared to the previous month.

The sow population saw a year-on-year decline of 31.9 per cent and a decline of 8.9 per cent compared to the previous month.

 **CHINA**
Increased poultry production

Agra Europe reports strongly increasing poultry production in China owing to African Swine Fever, which has led to higher meat prices. Poultry imports are also increasing.

The USDA forecasts that chicken production in China will increase by 18 per cent this year to 13.8 million tonnes. For 2020, USDA expects a further rise in production of 14 per cent to 15.8 million tonnes.

According to Agra Europe, many traditional pig producers in China are switching to chicken and/or duck production.

Moreover, imports of chicken are also on the rise and are expected to increase by 40 per cent to 0.5 million tonnes this year. Further increases are expected next year.

 **CHINA**
WH Group reports fall in profits

International news media have reported a fall in first half-year profits for the world's largest pig meat processor, WH Group. Total profits fell by 16.9 per cent, with the China division being hit particularly hard.

"We anticipate the greatest challenge in China is the continuously soaring pig prices, which will push down our packaged meats margin," the company said in a statement.

WH Group says that profits from the segment declined substantially as pig meat and chicken costs rose and the company spent more on marketing.

WH Group has also seen a decline in profits from fresh pork in the U.S. which has suffered from high pig prices and the trade dispute between the U.S. and China.

According to Asian Agribusiness, African Swine Fever in China and the trade conflict between China and the US means that WH Group is now turning towards pig meat suppliers in Canada, the EU and South America.

USA/ CHINA

Substantial exports of pig meat to China in August

Reuters reports that data from the USDA shows that from 2-8 August, China purchased 10,211 tonnes pig meat from the U.S. - the largest weekly purchase from China in seven weeks.

China's Commerce Ministry said that on 5 August all Chinese-owned companies will stop buying US farm products as retaliation for the Trump administration's increased tariffs.

It is not clear whether the purchases were made in the days before August 5 or after, reports Reuters.

American analysts see China's purchases as a clear sign that China needs meat from the U.S.

USA

Smithfield launches plant-based meat products

Smithfield Foods has launched a line of soy-based meat products.

The eight new products, including burgers, meatballs, patés, etc., will be sold under the Pure Farmland brand.

Smithfield says that the products are targeted at flexitarians wishing to reduce their meat intake. The company is following in the heels of Tyson Foods and JBS, which have also launched plant-based meat products.

VIETNAM

Increasing pig prices

Asian Agribusiness reports increasing pig prices in Vietnam. This is due to a declining supply of pigs as a result of African Swine Fever whilst exports of live pigs and carcasses to China are also a contributory factor.

Rabobank previously stated that they expect Vietnam's pig production to fall by 15-19 per cent in 2019 due to African Swine Fever.

VIETNAM

Increased poultry production

Asian Agribusiness reports strongly increasing poultry production in Vietnam. One of the major poultry producers is quoted as saying that 'poultry production has increased by 30 per cent to compensate for the decline in pig production.'

Figures from Vietnam's Agriculture Ministry show a 14 per cent rise in chicken production to 1.25 million tonnes for the first half year. A 12 per cent rise in egg production - 13 billion eggs – has also been recorded while beef production has increased by 7 per cent.


Denmark's pig meat exports, tonnes
January-May 2019

	By-products	Live pigs	Processed Canned	Bacon	Whole and half pigs/sows	Cuts	Sausages	Total	Per cent
Germany	5,186	84,378	3,218	104	32,265	79,306	1,332	205,789	27.0
Poland	488	70,549	23	10	186	45,936	1	117,193	15.4
UK	3,074	726	4,493	18,429	2	48,421	5,190	80,335	10.5
Italy	816	8,934	209	28	4	35,790	235	46,016	6.0
Holland	4,654	6,783	83	8	0	3,435	137	15,100	2.0
Sweden	2,167	130	878	315	0	4,403	1,916	9,810	1.3
Spain	199	3,133	496	193	0	2,906	574	7,502	1.0
France	443	587	388	221	0	4,466	455	6,561	0.9
Other EU countries	4,966	6,479	1,248	68	10	11,417	1,757	25,945	3.4
EU total	21,992	181,700	11,037	19,376	32,466	236,081	11,597	514,250	67.4
China	73,341	0	140	0	0	49,688	147	123,316	16.2
Japan	121	1	1,324	0	0	48,886	682	51,015	6.7
Australia	100	0	103	119	0	23,421	35	23,779	3.1
USA	818	0	2,455	30	0	6,994	397	10,694	1.4
South Korea	114	0	834	0	0	7,378	99	8,425	1.1
Taiwan	409	2	28	0	0	4,430	10	4,878	0.6
Hong Kong	1,574	0	325	10	0	1,591	74	3,574	0.5
Canada	75	0	282	0	0	2,479	0	2,836	0.4
Belarus	905	34	0	0	0	1,544	0	2,482	0.3
Other third countries	6,750	327	3,900	648	0	3,365	2,449	17,439	2.3
Third countries, total	84,206	364	9,392	807	4	149,776	3,893	248,443	32.6
Export, total	106,198	182,063	20,429	20,183	32,471	385,857	15,491	762,692	100

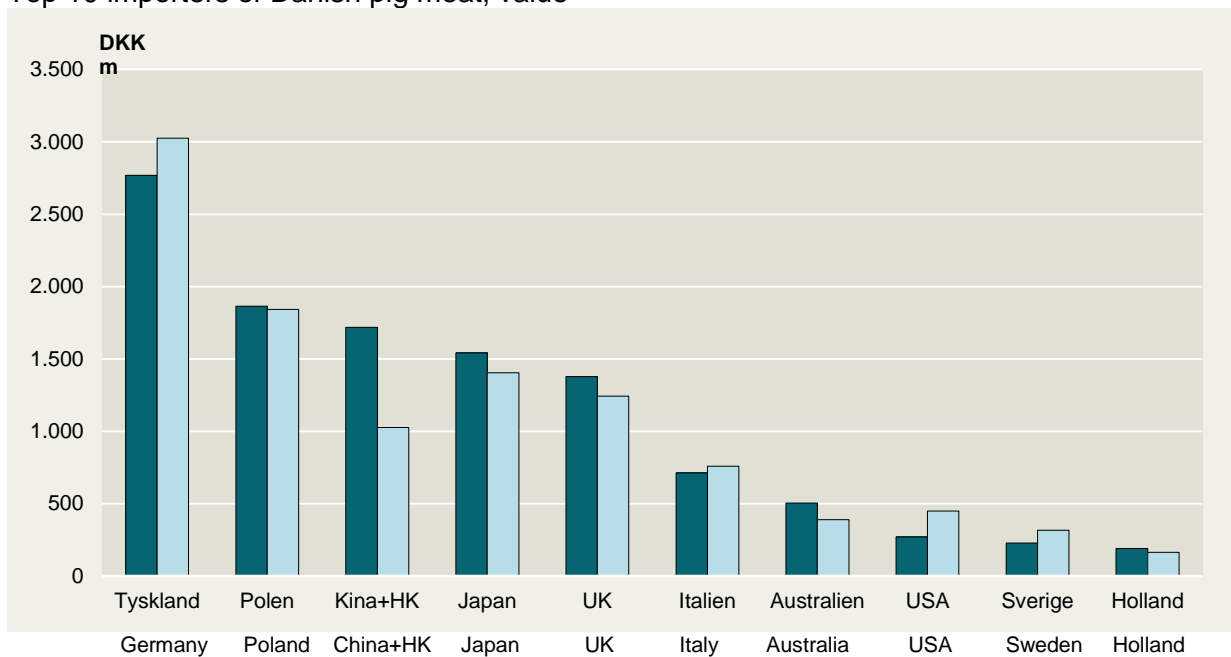
January-May 2018

	By-products	Live pigs	Processed Canned	Bacon	Whole and half pigs/sows	Cuts	Sausages	Total	Per cent
Germany	11,681	86,706	2,945	79	35,432	115,063	1,138	253,045	31.0
Poland	527	77,137	40	0	0	53,798	0	131,504	16.1
UK	3,054	163	4,181	17,071	0	50,273	4,309	79,051	9.7
Italy	793	10,509	204	25	0	44,063	135	55,729	6.8
Sweden	3,753	126	850	464	0	8,041	1,975	15,209	1.9
Holland	4,660	5,631	92	7	0	3,742	106	14,238	1.7
France	900	715	349	194	0	5,512	378	8,047	1.0
Spain	265	1,520	494	160	0	2,421	545	5,405	0.7
Other EU countries	4,436	6,208	1,247	62	4	21,458	1,549	34,963	4.3
Total EU	30,067	188,716	10,401	18,062	35,437	304,371	10,136	597,190	73.0
China	64,890	0	5	0	0	27,544	0	92,438	11.3
Japan	1,095	3	1,773	18	0	45,770	777	49,436	6.0
Australia	95	0	73	120	0	18,690	36	19,014	2.3
USA	1,139	0	2,039	54	0	14,999	472	18,703	2.3
South Korea	111	20	663	0	0	7,576	119	8,490	1.0
Taiwan	507	6	24	0	0	5,695	4	6,237	0.8
Philippines	2,717	0	174	0	0	867	1	3,759	0.5
Canada	1,441	226	0	0	0	1,050	0	2,718	0.3
Hong Kong	45	88	353	0	0	1,826	0	2,311	0.3
Other third countries	5,302	461	3,728	564	0	4,413	2,754	17,221	2.1
Third countries, total	77,343	804	8,832	756	23	128,429	4,163	220,351	27.0
Exports, total	107,410	189,520	19,233	18,818	35,459	432,800	14,299	817,541	100

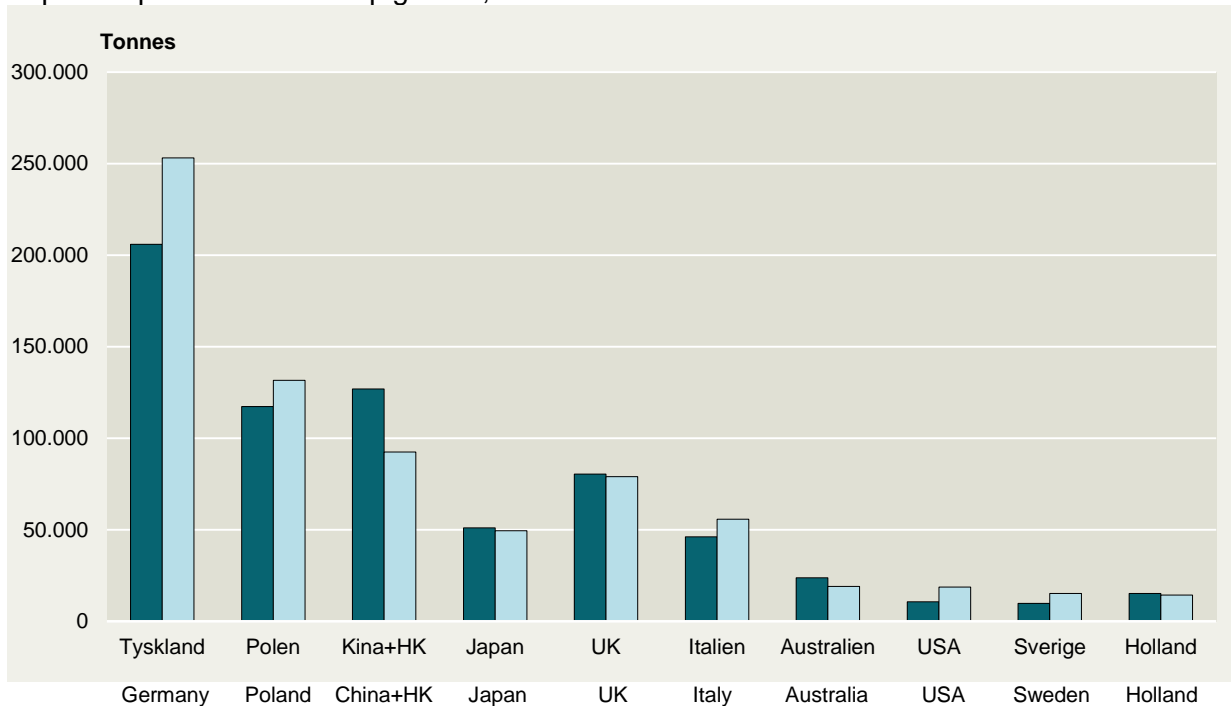
Top 10 importers of Danish pig meat according to value

Country	Jan-May 2019		Jan-May 2018	
	Value in DKK million	Tons	Value in DKK million	Tonnes
Germany	2,769	205,789	3,025	253,045
Poland	1,864	117,193	1,843	131,504
China+HK	1,719	126,890	1,027	92,438
Japan	1,542	51,015	1,404	49,436
UK	1,377	80,335	1,243	79,051
Italy	711	46,016	759	55,729
Australia	503	23,779	389	19,014
USA	270	10,694	448	18,703
Sweden	229	9,810	315	15,209
Holland	189	15,100	164	14,238
Top 10 total	11,174	686,621	10,615	728,366
Other countries	1,584	76,072	1,613	89,175
Total	12,758	762,692	12,228	817,541

Top 10 importers of Danish pig meat, value



Top 10 importers of Danish pig meat, tonnes



 **JAPAN**
Pig meat imports

The table below shows Japan's pig meat imports for June and for the first half year 2019 compared to last year.

Total grisekød					
Tonnes	2019 June	2018 June	2019 Jan - June	2018 Jan - June	% change 2019:18
USA	29,430	33,003	184,726	202,472	-8.8
Canada	19,915	19,609	118,269	114,204	3.6
Denmark	9,156	9,885	60,334	57,334	5.2
Spain	10,453	11,256	58,885	58,888	0.0
Mexico	9,027	7,974	53,374	46,632	14.5
Holland	2,518	3,118	21,180	17,651	20.0
Chile	2,577	2,736	16,503	13,787	19.7
Germany	3,018	2,607	20,351	15,843	28.5
France	1,576	1,053	8,320	7,456	11.6
Ireland	650	1,085	8,232	6,620	24.4
Austria	728	688	5,550	3,554	56.2
Italy	1,353	1,497	7,072	8,178	-13.5
Brazil	641	375	4,368	2,683	62.8
Portugal	66	136	546	665	-17.9
UK	25	48	360	144	150.0
Others	2,974	2,688	18,480	25,948	-28.8
Total	94,107	97,758	586,550	582,059	0.8

Of which:

0203 Fresh/frozen pig meat					
Tonnes	2019 June	2018 June	2019 Jan - June	2018 Jan - June	% change 2019:18
USA	19,472	20,734	125,331	129,128	-2.9
Canada	18,582	17,825	110,311	105,888	4.2
Denmark	8,889	9,430	58,023	54,268	6.9
Spain	10,297	11,056	57,713	57,980	-0.5
Mexico	8,200	7,274	48,080	42,717	12.6
Holland	2,035	2,397	17,007	13,217	28.7
Chile	2,265	1,724	14,113	11,793	19.7
Germany	2,188	1,920	12,080	10,105	19.5
France	1,554	1,052	8,246	7,393	11.5
Ireland	626	625	6,018	4,090	47.1
Austria	717	667	5,461	3,519	55.2
Italy	1,100	1,203	6,083	7,158	-15.0
Brazil	213	93	1,451	739	96.3
Portugal	66	138	546	665	-17.9
UK	25	48	360	144	150.0
Others	76	603	386	8,614	-95.5
Total	76,305	76,741	471,209	457,418	3.0

 **JAPAN**
Developments 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
End June 19	666	22,666	7,399	176,553	207,284