

MARKET NEWS for pig meat



Market analysis

21 January 2019

Week 4

MARKET SITUATION

Europe: Trading in legs and other cuts is at unchanged prices this week.

UK: Sales are reported as quiet.

Demand continues to be stable for Japan and quiet for China.

Slaughterings in Denmark

| | Week 52 | Week 1 | Week 2 | Week 1-12 2019/2018 |
|-------|---------|---------|---------|------------------------|
| Total | 151,352 | 217,075 | 367,355 | -10.8 % |

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

FUTURES, USA

| | Chicago (\$ per 100 lbs slaughter weight) | | |
|--|--|-------|--------|
| | 18/1 | 11/1 | Change |
| 2019 | | | |
| Feb | 61.23 | 62.65 | -1.43 |
| Mar | - | - | - |
| Apr | 66.28 | 67.35 | -1.07 |
| May | 72.03 | 72.88 | -0.85 |
| Jun | 79.38 | 79.90 | -0.53 |
| Jul | 80.70 | 81.08 | -0.38 |
| Aug | 80.68 | 80.83 | -0.15 |
| Sep | - | - | - |
| Oct | 68.75 | 68.75 | 0.00 |
| Nov | - | - | - |
| Dec | 63.35 | 63.35 | 0.00 |
| 2020 | | | |
| Jan | - | - | - |
| Feb | 67.20 | 67.20 | 0.00 |
| Mar | - | - | - |
| Apr | 71.05 | 70.90 | 0.15 |
| May | 76.63 | 76.83 | -0.20 |
| Jun | 80.60 | 80.83 | -0.23 |
| Conversion factors: 1 lb = 0.4536 kg 1 \$ = 6.5470 | | | |



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 from 1 January – 13 January.

| Countries | Period 6 Jan. - 13 Jan | | Year to date 1 Jan - 13 Jan | |
|----------------|---------------------------|------------|--------------------------------|------------|
| | Pigs | Wild boar | Pigs | Wild boar |
| Estonia | | 6 | | 6 |
| Latvia | | 18 | | 43 |
| Lithuania | | 32 | | 32 |
| Poland | | 98 | | 98 |
| Italy | | 2 | | 2 |
| Ukraine | | | | |
| Czech Republic | | | | |
| Romania | 11 | 13 | 12 | 13 |
| Hungary | | 28 | | 31 |
| Bulgaria | | | | |
| Belgium | | 23 | | 23 |
| Total | 11 | 220 | 12 | 248 |

BELGIUM

Measures to control African Swine Fever extended

A number of measures to control African Swine Fever in Belgium have been extended. This means that the affected forest area is now barred to the public until 1 April 2019.

FRANCE

Wild boar culling

The discovery of African Swine Fever in Belgium just 1 km from the French border now means that all wild boar in the area adjacent to the Belgian border will be shot over the coming weeks.

High-risk areas have been established within a radius of a couple of kilometres from the area in Belgium where cases of African Swine Fever have been discovered. In addition to all wild boar in these high-risk areas being shot, all forestry operations will be halted and the area fenced off. All farms in the area will be checked to guarantee maximum bio security.

The initiatives come after the French Minister of Agriculture, Didier Guillaume, gathered together all interested parties to find a strategy to prevent African Swine Fever from entering France.

The Agriculture Minister has appointed Veterinary Director Loïc Gouello to head up the new emergency preparedness initiatives.

CHINA

African Swine Fever

Last week, the Chinese authorities reported an outbreak of African Swine Fever in the north-west of the country in the province of Gansu and in the autonomous region of Ningxia. In both cases, small farms of 190 and 57 pigs respectively were affected.

According to Reuters, some 916,000 pigs have been culled in an effort to limit the spread of the disease. China's total pig population is around 450 million.

 **CHINA**
Plans to develop a vaccine against African Swine Fever

China has announced that it is joining the fight to develop a vaccine against African Swine Fever.

Scientists are aiming to develop a so-called live vaccine. In the first instance, reports Reuters, the authorities have embarked on a project to study the origin of the virus and how it is spread.

 **CHINA**
Rabobank: increasing prices and decline in pig supplies after Q1 2019

Rabobank expects the supply of pigs to fall and prices to increase in the Chinese market after the first quarter of this year.

Normally, pig meat consumption increases with the Chinese New Year. But two weeks before the festivities, both pig prices and pig meat consumption are weak. Large stocks of pig meat will probably lead to further price falls over the coming months, reports Rabobank.

But after the first quarter, Rabobank expects the supply of pig meat to tighten and the pig price to increase. Over the coming months, it will be interesting to see whether African Swine Fever spreads further and how Chinese consumers will respond to the disease. These two factors will greatly affect Chinese pig prices going forward.

The authorities' easing of transport restrictions will also impact the market in the near future. If the authorities manage to ease the restrictions in a sensible way, production capacity at large pig farms in the north will probably survive unscathed, reports Rabobank.

Chenjun Pan, Market Analyst at Rabobank, expects the current decline of 5 per cent in the Chinese pig population to be replaced by a decline in the population of between 10-20 per cent by the end of 2019.

 **CHINA**
Authorities call upon pig producers to replenish their pig stocks

China's pig producers should replenish their pig stocks as soon as possible, says Tang Ke from the Chinese Ministry of Agriculture.

Tang expects the pig price to rise in the second half year because of a fall in the supply of pig meat. "We are therefore recommending to most producers that they re-establish their pig population as soon as possible, even if they have been affected by measures to combat African Swine Fever," says Tang Ke.

ASF has not yet resulted in higher pig prices and Tang does not expect to see price rises in the near future when supplies are sufficient.

Measures to combat African Swine Fever have meant that in certain areas of the country pig prices are below the breakeven level and have resulted in the phasing out of small-scale pig productions and a slow restoration of the pig population. According to Tang, the pig population in December was 5 per cent down compared to one year ago, but the sow population has fallen by more than 8 per cent according to figures from the authorities.

Tang expects the supply of pigs to decline in the second half year with a high probability of rising pig prices. The Agriculture Ministry will, however, do its utmost to ensure an adequate production and supply of pig meat through alleviating pig transport issues and ensuring that pigs can be sold to slaughterhouses.

According to Tang, the average weight of pigs has increased recently and was around 124 kg in December. This is due to transport restrictions, etc. which make it difficult to deliver pigs in certain regions of the country. Currently, the price for live pigs remains low, and Tang expects low prices to continue up to the Chinese New Year.

The price of pig meat is reported to be 8 per cent lower compared to one year ago.

 **MONGOLIA**
African Swine Fever

International news media report that African Swine Fever has been confirmed in four Mongolian provinces – the provinces of Bulgan and Orkhon in the north, Tuv in central Mongolia and Dundgovi in the south.

It comes as no surprise that African Swine Fever has been confirmed in the country because it borders Russia and China where ASF has been confirmed.

There is only a small pig population in Mongolia with 32,000 registered pigs.

 **EU**
EU-28 pig meat exports

| Carcase weight, tonnes | Jan - Nov 2018 | Jan - Nov 2017 | % change |
|------------------------|------------------|------------------|------------|
| China | 1,255,168 | 1,298,731 | -3.4 |
| Japan | 417,705 | 410,610 | 1.7 |
| South Korea | 319,842 | 254,445 | 25.7 |
| Philippines | 267,935 | 235,577 | 13.7 |
| Hong Kong | 223,901 | 357,962 | -37.5 |
| USA | 156,837 | 145,760 | 7.6 |
| Other | 1,006,710 | 888,572 | 13.3 |
| Total | 3,648,098 | 3,591,657 | 1.6 |

 **EU**
EU Commission forecasts 1 per cent decline in EU pig meat production in 2019

In the recently published Short-term outlook for EU agricultural markets, the EU Commission expects a 1 per cent decline in the EU's pig meat production in 2019. A previous report put the decline at 0.6 per cent.

As a consequence of the fall in production, the report forecasts a decline in pig meat consumption in the EU market of 0.7 per cent and a decline in pig meat exports of 5.0 per cent in 2019.

The following table shows the EU Commission's latest forecast for the EU's pig meat balance in 2019.

| Carcase weight, 1,000 tons | 2014 | 2015 | 2016 | 2017 e) | 2018 f) | 2019 f) |
|--|--------|--------|--------|---------|---------|---------|
| Gross Indigenous Production (GIP) | 22,772 | 23,464 | 23,884 | 23,668 | 24,031 | 23,788 |
| Live imports | - | - | - | - | - | - |
| Live exports | 35 | 21 | 10 | 13 | 17 | 20 |
| Net production | 22,737 | 23,443 | 23,875 | 23,655 | 24,015 | 23,768 |
| Imports of pig meat | 14 | 11 | 12 | 14 | 15 | 19 |
| Exports of pig meat | 1,948 | 2,218 | 2,814 | 2,567 | 2,631 | 2,500 |
| Consumption | 20,803 | 21,236 | 21,073 | 21,102 | 21,399 | 21,287 |
| Consumption per inhabitant (kg) | 32.0 | 32.5 | 32.2 | 32.1 | 32.5 | 32.3 |
| - percentage of overall meat consumption (%) | 49.3 | 49.1 | 48.1 | 48.2 | 48.1 | 47.8 |
| Rate of self-sufficiency (%) | 109 | 110 | 113 | 112 | 112 | 112 |

e) estimated

p) forecast

 **JAPAN**
Development in pig meat storage

| Tonnage | Own production | | Imported volumes | | Total storage |
|------------------|----------------|--------|------------------|---------|---------------|
| | Fresh | Frozen | Fresh | Frozen | |
| End January 17 | 442 | 16,843 | 7,780 | 150,579 | 175,644 |
| End February 17 | 1,454 | 16,149 | 7,443 | 146,058 | 171,104 |
| End March 17 | 417 | 15,433 | 9,556 | 152,113 | 177,519 |
| End April 17 | 505 | 16,360 | 8,921 | 148,234 | 174,020 |
| End May 17 | 456 | 17,341 | 8,794 | 155,611 | 182,202 |
| End June 17 | 407 | 15,974 | 7,435 | 157,400 | 181,216 |
| End July 17 | 691 | 13,767 | 6,408 | 155,203 | 176,069 |
| End August 17 | 585 | 15,058 | 9,288 | 152,135 | 177,066 |
| End September 17 | 984 | 14,244 | 6,267 | 149,558 | 171,053 |
| End October 17 | 573 | 14,305 | 6,642 | 145,497 | 167,017 |
| End November 17 | 725 | 14,897 | 11,574 | 142,430 | 169,626 |
| End December 17 | 817 | 16,129 | 11,516 | 142,364 | 170,826 |
| 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 |

 **JAPAN**
Classical Swine Fever

The authorities in Japan continue to report new cases of Classical Swine Fever among wild boar in the Gifu region.

Last week, the authorities reported two new outbreaks among wild boar.

 **CANADA**
First case of PEDv in Alberta

The first ever case of PEDv in the Canadian state of Alberta was reported last week. The disease was confirmed on 3rd January in a herd of 300 pigs.

Canada has reported a number of cases of PEDv since the disease was confirmed in the country in January 2014. Manitoba, Ontario, Quebec and Prince Edward Island have also reported outbreaks. However, this is the first time for it to be reported in Alberta.

The authorities are investigating how the herd became infected and how to stop the disease from spreading further.

 **RUSSIA**
Cherkizovo obtains loans of EUR 200 million

The Russian meat company, Cherkizovo, has obtained a EUR 200 million loan from Alfa bank, Cherkizovo announced in a press release.

The plan is for the money to be used for new pig production and to upgrade existing facilities. Cherkizovo thus expects to increase its pig production in the near future.

According to the National Union of Breeders, Cherkizovo produced 212,000 tonnes of pig meat in 2017 and was Russia's second largest producer of pig meat after Miratorg, which produced 415,000 tonnes of pig meat in 2017.

 **VIETNAM**
Government releases vaccine to control outbreak of foot and mouth disease

According to Asian Agribusiness, the government in Vietnam has released 50,000 doses of foot and mouth disease vaccine type O. The vaccine will help the authorities in the Ha Tinh province to control an outbreak of foot and mouth disease.

Foot and mouth disease was also previously reported in the four northern provinces of Hoa Binh, Ha Noi, Bac Ninh and Ha Nam and in Ha Tinh in the middle of the country.

The pig price has been falling in the north of the country since the first outbreak because many producers have sold their pigs to avoid the disease. Prices, therefore, continue to be high in the south of the country.

 **CAMBODIA**
Fall in pig imports from Vietnam mean stable pig prices

Asian Agribusiness reports that a decline in pig imports from Vietnam mean stable pig prices in Cambodia, which has increased optimism among Cambodian pig producers.

According to the President of the Association of Pig Farmers of Cambodia, the government of Cambodia is only allowing imports of 1,250 live pigs from Vietnam per day. But in reality, more than 2,000 pigs have been entering the country on a daily basis.

 **THAILAND**
Shortage of intestines increases the cost of sausage production

Asia Agribusiness reports that a shortage of intestines has increased costs for sausage producers in Thailand.

Thailand normally imports intestines from China, but imports are declining as producers are building up stocks because of the African Swine Fever situation. Thai producers are expected to start importing intestines from Europe, Australia and New Zealand instead.

 **AUSTRALIA**
African Swine Fever discovered in confiscated pig meat products

The Australian authorities have intensified their border controls as a result of African Swine Fever.

International news media report that over a two-week period, the authorities at mail sorting centres and at airports have been testing confiscated products for African Swine Fever. Out of 152 confiscated products, six tested positively for African Swine Fever.

There is no indication as to where the products came from.

 **SOUTH AFRICA****Foot and mouth disease**

The authorities in South African have reported one outbreak of foot and mouth disease. Some 20,000 head of cattle were affected.

 **MOROCCO****Foot and mouth disease**

Last week, the authorities in Morocco reported two outbreaks of foot and mouth disease. Four cows, 15 goats and 12 sheep were affected.