

MARKET NEWS for pig meat



Market analysis

14 October 2019

Week 42

MARKET SITUATION

The sales situation is unchanged from last week.

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

UK: Sales are stable.

There is good demand from **China** and from **South Korea**. Steady sales are reported for **Japan** and **other Asian** markets.

Slaughterings in Denmark

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

	Week 38	Week 39	Week 40	Weeks 1-40 2019/2018
Total	289,367	297,225	300,566	-8.4 %

FUTURES, USA

	Chicago (\$ per 100 lbs carcass weight)		
	11/10	4/10	Change
2019			
Oct	62.93	62.40	0.53
Nov	-	-	
Dec	69.60	67.25	2.35
2020			
Jan	-	-	
Feb	77.05	74.48	2.57
Mar	-	-	
Apr	82.98	81.50	1.48
May	88.50	87.58	0.92
Jun	92.60	92.13	0.47
July	92.23	91.78	0.45
Aug	90.23	89.96	0.27
Sep	-	-	
Oct	76.45	76.08	0.37
Nov	-	-	
Dec	71.53	70.98	0.55
2021			
Jan	-	-	
Feb	74.48	73.38	1.10
Conversion factors: 1 lb = 0.4536 kg \$ = 6.7634			



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 6 October.

Countries	Period 30 Sept – 6 Oct		Year to date 1 Jan – 6 Oct		2018	
	Pigs	Wild Boar	Pigs	Wild Boar	Pigs	Wild Boar
Estonia		3		67		230
Latvia		2	1	251	10	685
Lithuania		4	17	373	51	1,443
Poland		19	46	1,761	109	2,438
Italy			1	26	10	64
Ukraine			37	10	105	41
Czech Republic						28
Romania	17	6	1,471	499	1,163	170
Hungary		34		1,109		138
Bulgaria		1	38	66	1	5
Slovakia		1	11	12		
Serbia			18			
Belgium				479		161
Total	17	70	1,640	4,653	1,449	5,403

RUSSIA

African Swine Fever

Last week, Russia reported seven cases of African Swine Fever in the east of the country close to the border with China, six at small farms, one among wild boar and one at a small farm in the west of the country.

LAOS

African Swine Fever

Last week, the authorities in Laos reported 47 cases of African Swine Fever at pig farms comprising a total of 13,000 pigs.

SOUTH KOREA

African Swine Fever

New outbreaks of African Swine Fever continue to be reported at small pig farms in the north of the country close to the border with North Korea.

According to Reuters, up to 14 cases had been reported by the middle of last week. In an effort to control the virus, more than 145,000 pigs have been culled.

 **SOUTH KOREA**
Shooting of wild boar at the border with North Korea

The South Korean army has been ordered to shoot all wild boar spotted on the border with North Korea, reports international news media.

The authorities have yet to identify the source of the outbreak of African Swine Fever, but as the cases are close to the North Korean border, it is believed the infection could have come from North Korea via wild boar, rodents or insects. African Swine Fever is widespread in North Korea, with the Chinese border region being particularly hard hit.

It is thought that it is impossible for wild boar to cross the border between the countries, but there are reports of wild boar swimming from North Korea to a South Korean island close to the demilitarised zone. A dead boar has also been found in the demilitarised zone between the two countries.

 **MALAYSIA**
Increased controls at airports to prevent African Swine Fever from entering the country

Asian Agribusiness reports that the authorities in Malaysia have introduced increased controls at airports to prevent the spread of African Swine Fever in the country.

Checks will be carried out on travellers from countries where African Swine Fever is present to ensure that they are not bringing in any products containing pig meat.

 **VIETNAM**
Strongly rising pig prices

Asian Agribusiness reports strongly rising pig prices in Vietnam at the beginning of October. This is largely due to a declining supply of pigs caused by African Swine Fever. According to local sources, prices are being stimulated by China starting to buy pigs from Vietnam.

There are fears of a lack of pig meat up to the Vietnamese new year. In its latest report, Rabobank expects Vietnam's production to decline 20 per cent in 2019 and to fall by a further 5 per cent in 2020.

Figures from the EU Commission show that in the first seven months of the year, the EU exported 53,400 tonnes pig meat to Vietnam. – a rise of 32 per cent compared to the same period last year.

 **CHINA**
Pig population for September

According to figures from China's Ministry of Agriculture, China's pig population in September was 41.1 per cent lower compared to one year ago. The sow population saw a 38.9 per cent decline.

 **USA**
Record volumes of weekly exports of pig meat to China

According to Reuters, the USDA has reported that in the week ending 3rd October, the U.S. received orders for 142,172 tonnes pig meat from China, which is a new weekly record. This has occurred ahead of high-level trade talks in Washington.



Expected production, consumption and trade in pig meat in 2020

USDA has published its forecast for production, consumption and trade in pig meat for 2020 and its updated forecasts for 2019.

The figures cover a number of countries. Production, consumption and trade are calculated in carcase weight tonnage. Trade covers fresh/frozen and processed pig meat. Substantial Chinese by-products are therefore not included in the import/export figures.

Pig meat production

As regards China, the USDA has downgraded its production forecast for 2019 and 2020 and forecasts a decline in Chinese pig meat production of 14 per cent in 2019 and 25 per cent in 2020.

As regards the EU, the USDA forecasts production for 2019 to be largely unchanged and a slight rise in production of 1 per cent for 2020.

Significant increases in production are expected for U.S., Brazil and Mexico for 2019 and 2020.

For Canada and Russia, production increases are expected for both 2019 and 2020 although the increases are slightly more modest compared to the U.S. and Brazil.

For other Asian markets, the USDA expects African Swine Fever to lead to a sharp decline in production in Vietnam. Production in the Philippines is also expected to be adversely affected in 2020. By contrast, the USDA does not currently expect African Swine Fever to adversely affect production in South Korea.

As regards selected countries, the USDA forecasts a decline in production of 6 per cent in 2019. This decline will intensify in 2020 when the USDA forecasts an overall decline of 11 per cent. This is primarily due to the sharp decline in Chinese production.

Production in 1,000 tonnes	2016	2017	2018	Estimate 2019	% change 19:18	Forecast 2020	% change 20:19
China	54,255	54,518	54,040	46,500	-14	34,750	-25
EU	23,866	23,660	24,082	24,120	0	24,400	1
USA	11,320	11,611	11,943	12,516	5	13,015	4
Brazil	3,700	3,725	3,763	3,975	6	4,155	5
Russia	2,820	2,959	3,155	3,240	3	3,330	3
Vietnam	2,701	2,741	2,811	2,400	-15	2,250	-6
Canada	1,914	1,958	1,955	2,000	2	2,050	3
Philippines	1,540	1,563	1,601	1,675	5	1,400	-16
Mexico	1,211	1,267	1,321	1,390	5	1,450	4
South Korea	1,266	1,280	1,329	1,365	3	1,375	1
Japan	1,279	1,272	1,284	1,295	1	1,295	0
Total – selected countries	105,872	106,554	107,284	100,476	-6	89,470	-11

Consumption in 1,000 tonnes	2016	2017	2018	Estimate 2019	% change 19:18	Forecast 2020	% change 20:19
China	56.245	55.930	55.398	48.970	-12	38.150	-22
EU	20.748	20.816	21.162	20.685	-2	20.515	-1
USA	9.476	9.541	9.748	9.951	2	10.101	2
Russia	3.142	3.296	3.197	3.310	4	3.330	1
Brazil	2.870	2.941	3.035	3.102	2	3.107	0
Japan	2.626	2.731	2.775	2.790	1	2.805	1
Vietnam	2.647	2.713	2.796	2.435	-13	2.315	-5
Mexico	2.091	2.180	2.331	2.405	3	2.485	3
South Korea	1.894	1.926	2.001	2.044	2	2.104	3
Philippines	1.735	1.803	1.886	1.939	3	1.750	-10

Canada	806	816	864	939	9	955	2
Total – selected countries	104.280	104.693	105.193	98.570	-6	87.617	-11

Trade in pig meat

Among the importing countries, USDA expects a significant increase in imports of pig meat to China in 2019 and 2020. For the other major importing countries such as Japan, Mexico and South Korea, the USDA anticipates only minor changes in imports.

For the Philippines, the USDA expects a significant rise in imports in 2020 due to African Swine Fever. Strongly rising imports from Australia in 2019 and from the two South American countries, Columbia and Chile, are expected in 2019 and 2020.

Apart from Canada, the USDA expects all major exporting countries to see increased exports in 2019 and 2020.

Imports in 1,000 tonnes	2016	2017	2018	Estimate 2019	% change 19:18	Forecast 2020	% change 20:19
China	2.181	1.620	1.561	2.600	67	3.500	35
Japan	1.361	1.475	1.481	1.510	2	1.515	0
Mexico	1.021	1.083	1.188	1.225	3	1.275	4
South Korea	615	645	753	700	-7	700	0
USA	495	506	473	434	-8	415	-4
Hong Kong	429	463	423	350	-17	375	7
Philippines	196	241	286	265	-7	350	32
Canada	215	222	233	250	7	225	-10
Australia	210	215	216	260	20	240	-8
Colombia	66	99	129	155	20	175	13
Chile	73	96	98	130	33	150	15
Total – selected countries	6.862	6.665	6.841	7.879	15	8.920	13

Exports in 1,000 tonnes	2016	2017	2018	Estimate 2019	% change 19:18	Forecast 2020	% change 20:19
EU	3,130	2,858	2,934	3,450	18	3,900	13
USA	2,376	2,555	2,665	2,985	12	3,311	11
Canada	1,329	1,351	1,331	1,315	-1	1,300	-1
Brazil	832	786	730	875	20	1,050	20
Chile	173	171	200	240	20	270	13
Mexico	141	170	178	210	18	240	14
China	191	208	203	130	-36	100	-23
Russia	25	37	45	60	33	80	33
Australia	38	43	47	40	-15	42	5
South Africa	14	16	17	17	0	17	0
Serbia	11	16	14	18	29	20	11
Total – selected countries	8,260	8,211	8,364	9,340	12	10,330	11

BRAZIL

Classical Swine Fever

Last week, Brazil reported Classical Swine Fever at a small farm of 32 pigs in the north eastern state of Alagoas. This is the first time since 1994 that the virus has been found here.

The outbreak is not expected to impact Brazil's pig meat exports because Alagoas is outside the Classical Swine Fever free zone.

Classical Swine Fever was found in two other north-eastern states in Brazil – in Ceará in October 2018 and in Piauí in April 2019. Both these states are outside the Classical Swine Fever free zone.

15 out of the 27 states in Brazil are located in the Classical Swine Fever free zone. More than 95 per cent of Brazil's pig production is based in these 15 states.



EU

EU Commission expects a slight increase in the EU's pig meat production in 2020

In its Short-term Outlook for EU Agricultural Markets published in October, the EU Commission expects a slight increase of 1.5 per cent for pig meat production in the EU for 2020

Due to the increased demand from China and the rest of Asia, there is the prospect of a substantial increase in exports of pig meat from the EU in 2019 and 2020.

Overall, this means a decline in pig meat consumption in the EU market in 2019 and 2020 and greater self-sufficiency in pig meat in the EU.

The table below shows the EU Commission's latest expectations for the EU's pig meat balance in 2019 and 2020.

Carcase weight, 1,000 tonnes	2015	2016	2017	2018	2019 f)	2020 f)
Gross Indigenous Production (GIP)	23,456	23,876	23,673	24,098	24,202	24,557
Live imports	0	0	0	0	0	0
Live exports	21	10	13	16	13	13
Net production	23,436	23,866	23,660	24,082	24,189	24,544
Imports of pig meat	11	12	14	15	16	17
Exports of pig meat	2,218	2,813	2,574	2,678	3,214	3,664
Consumption	21,229	21,065	21,100	21,419	20,990	20,898
Consumption per inhabitant (kg)	33	32	32	33	32	32
Self sufficiency rate (%)	110	113	112	113	115	118

f) forecast



UK

No change in previously announced tariffs in the event of a hard Brexit

Last week, the British government announced the tariffs that will apply in the event of the UK leaving the EU on 31st October without an agreement.

The tariffs for pig meat are unchanged from those reported in March this year.

The decision has been met with criticism from both the National Pig Association (NPA) and the National Farmers Union (NFU), reports Agra Europe.

NPA's Chairman, Richard Lister, describes the situation as a perfect storm for the UK's pig industry where the consequences could be catastrophic. His message to the British government is "Don't sacrifice the British pig sector in the hunt for cheap food and future trade deals."

The President of the NFU, Minette Batters, commented: "The Prime Minister has missed the opportunity to support British farmers."

PLEASE NOTE!

Market News will be published on Thursday next week.

