

# MARKET NEWS for pig meat



Market analysis

23 March 2016

Week 12

## MARKET SITUATION

**Europe:** pork legs and other cuts were traded at unchanged prices this week.

**UK:** sales in the bacon market remained stable.

**Third Countries:** trade with China and Japan is reported as good but sales to other Third Country markets are subdued.

## PIG SLAUGHTERINGS

	Week 9	Week 10	Week 11	Week 1-11 2016/15
Total	354,974	344,868	344,868	-0.1 %

These figures are based on weekly returns from the Classification Control Service, representing around 98 per cent of total throughput in Denmark. They include finished pigs and sows, but exclude culled pigs.

## PIG PRICES WEEK 12

### Finished pigs and sows

DKK/kg	DC	Tican
Finished pigs (basic weight class and basic meat percentage)	8.70	8.70
Sows (above 130 kg)	5.10	5.10

### Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
<b>Nominal prices</b>		
Basic	331.93	339.93
SPF+Myc	336.93	344.93
SPF	340.93	348.93
Organic	1033.81	1006.32
<b>Market prices (SPF region 1)</b>		
(PRRS negative)	355.00	319.00
(PRRS positive)	335.00	299.00
<b>Market prices (SPF region 2/3)</b>		
(PRRS negative)	355.00	319.00
(PRRS positive)	335.00	299.00

Weight adjustment:	0-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
DKK /head	10.18	8.47	5.32	5.39	5.27

**FUTURES**

	<b>Chicago</b> (\$ per 100 lbs slaughter weight)			<b>Eurex</b> (€/kg slaughter weight)		
	18/3	11/3	Change	18/3	11/3	Change
<b>2016</b>						
Mar	-	-	-	1.25	1.24	+0.01
Apr	71.45	71.83	-0.38	1.41	1.41	0.00
May	79.78	79.25	+0.53	1.41	1.41	0.00
Jun	83.90	83.08	+0.82	1.41	1.41	0.00
Jul	82.88	82.20	+0.88	1.41	1.41	0.00
Aug	81.35	81.23	+0.12	1.41	1.41	0.00
Sep	-	-	-	-	-	-
Oct	69.95	69.45	+0.50	-	-	-
Nov	-	-	-	-	-	-
Dec	64.18	64.50	-0.32	-	-	-
<b>2017</b>						
Jan	-	-	-	-	-	-
Feb	66.75	67.00	-0.25	-	-	-
Mar	-	-	-	-	-	-
Apr	68.80	69.00	-0.20	-	-	-
May	72.90	72.95	-0.05	-	-	-
Jun	75.80	76.00	-0.20	-	-	-
Jul	76.58	76.93	-0.35	-	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = DKK 6.6138 Exchange rate at 21/3				Conversion factor: € = DKK 7.4544		

**N.B.**

This week, it was not possible to access the database containing information about newly reported cases of African Swine Fever and Foot & Mouth Disease.



## Pig slaughterings

For the EU 28 as a whole, the number of pigs slaughtered rose by 2.6 per cent over 2015 as a whole. As the average slaughterweight rose by 1 percent, from 89.0 to 89,8 kg, the quantity of pig meat produced rose by 3.6 per cent.

Among the major pig producing countries, the largest increase in slaughterings took place in Spain, rising by 6.7 per cent. The Netherlands and Poland also recorded increases of 5.6 per cent and 3.6 per cent respectively. In the Netherlands, the rise is attributable to a fall in exports of piglets, while in Poland the increase is due to increased imports of piglets from Denmark.

Germany and Denmark saw more modest changes in numbers slaughtered and the figures for Italy were affected by the ratio between the production of heavy and normal pigs.

## Outlook 2016

For the first half year, the total number of slaughterings in the EU is expected to be on a par with last year whereas for the second half year, a small decline is forecast.

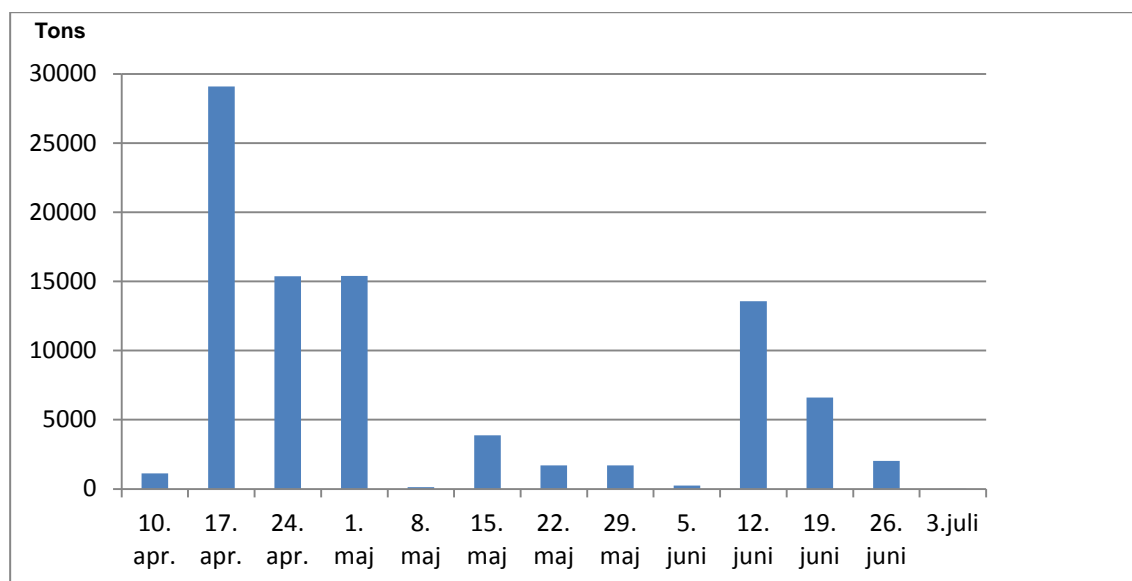
Source: Eurostat

'000 head	2015	2014	% change 2015:14
Germany	59,292	58,730	1.0
Spain	46,380	43,484	6.7
France	23,680	23,655	0.1
Poland	21,243	20,504	3.6
Denmark	18,717	18,858	-0.7
Netherlands	15,418	14,596	5.6
Belgium	11,887	11,855	0.3
Italy	11,304	10,931	3.4
UK	10,848	10,465	3.7
Portugal	5,638	5,372	5.0
Austria	5,414	5,407	0.1
Hungary	4,459	4,078	9.3
Rumania	4,038	3,980	1.4
Ireland	3,225	3,043	6.0
Sweden	2,560	2,562	-0.1
Czech Republic	2,508	2,640	-5.0
Finland	2,080	2,055	1.2
Greece	1,505	1,596	-5.7
Croatia	1,089	977	11.4
Bulgaria	919	816	12.6
Lithuania	837	853	-1.8
Cyprus	577	564	2.4
Estonia	533	511	4.4
Latvia	369	360	2.8
Slovakia	331	369	-10.4
Slovenia	238	239	-0.2
Luxembourg	158	158	0.1
Malta	62	70	-11.0
<b>EU 28</b>	<b>255,310</b>	<b>248,726</b>	<b>2.6</b>

'000 tonnes	2015	2014	% change 2015:14
Germany	5,562,000	5,507,00	1.0
Spain	3,895,790	3,620,22	7.6
France	1,967,610	1,943,56	1.2
Poland	1,906,110	1,838,47	3.7
Denmark	1,598,700	1,593,90	0.3
Italy	1,485,840	1,327,83	11.9
Netherlands	1,449,940	1,370,92	5.8
Belgium	1,124,330	1,118,33	0.5
UK	898,320	862,13	4.2
Austria	527,760	525,58	0.4
Hungary	409,300	368,61	11.0
Portugal	377,460	359,98	4.9
Rumania	330,470	324,87	1.7
Ireland	276,590	254,17	8.8
Sweden	233,510	236,19	-1.1
Czech Republic	227,730	236,00	-3.5
Finland	191,940	186,08	3.1
Greece	90,000	96,25	-6.5
Croatia	73,000	68,70	6.3
Lithuania	66,180	66,71	-0.8
Bulgaria	60,690	53,67	13.1
Cyprus	43,400	42,60	1.9
Estonia	42,420	40,55	4.6
Slovakia	30,270	33,77	-10.4
Latvia	29,330	28,23	3.9
Slovenia	20,260	20,21	0.2
Luxembourg	12,300	11,93	3.1
Malta	5,560	6,17	-9.9
<b>EU 28</b>	<b>22,936,810</b>	<b>22,142,630</b>	<b>3.6</b>

### Release of pig meat from storage

The chart below shows the dates when pig meat, which was stored in January with the support of the EU, will be released into the market. The date shown in the diagram is the end day of the week for meat to be returned (EU sources). A proportion of the stocks released will be exported to markets outside the EU.



### Exports

By product category

Tonnes	Jan 2016	Jan 2015	% change 16:15
Live pigs	799	1,831	-56.4
Fresh/frozen	135,326	107,864	25.5
Bacon	2,099	2,010	4.4
Processed	10,235	12,398	-17.4
By-products	121,138	94,304	28.5
<b>Total</b>	<b>269,597</b>	<b>218,407</b>	<b>23.4</b>

By exporting country

Tonnes	Jan 2016	Jan 2015	% change 16:15
Germany	70,328	54,516	29.0
Spain	47,935	33,190	44.4
Denmark	47,767	44,199	8.1
France	20,376	14,511	40.4
Netherlands	19,964	17,220	15.9
Poland	14,927	11,449	30.4
UK	9,813	5,757	70.5
Ireland	7,531	4,918	53.1
Belgium	7,330	6,262	17.1
Italy	6,999	5,868	19.3
Hungary	5,721	5,676	0.8
Austria	2,866	2,568	11.6
Other	8,040	12,273	-34.5
<b>EU-28</b>	<b>269,597</b>	<b>218,407</b>	<b>23.4</b>

By importing country

Tonnes	Jan 2016	Jan 2015	% change 16:15
China	115,339	65,107	77.2
Hong Kong	24,997	18,663	33.9
Japan	23,960	19,948	20.1
Philippines	17,383	13,060	33.1
South Korea	14,004	24,188	-42.1
USA	9,576	8,732	9.7
Ukraine	7,159	5,856	22.3
Australia	6,224	5,986	4.0
Montenegro	2,047	2,294	-10.8
Angola	1,930	4,405	-56.2
Russia	550	2,594	-78.8
Belarus	24	54	-55.6
Others	46,407	47,521	-2.3
<b>EU-28</b>	<b>269,597</b>	<b>218,407</b>	<b>23.4</b>



**USA**

#### **Prestage Foods**

Prestage Foods of Iowa is planning to establish a new pig slaughterhouse in Mason City, which will become operational in 2018.

Plans are for the abattoir to start with one shift of 1,000 employees, slaughtering around 10,000 pigs per day, equating to an annual production of 600 million lbs pig meat. Eventually production will be based on two shifts.

The investment is expected to amount to \$ 240 million and, depending on final approval from the authorities, building is expected to commence in the summer of 2016, with the abattoir becoming operational from mid-2018.

Prestage Farms is currently the seventh largest pig producer in the US, with 170,000 sows and the construction of the slaughterhouse should be a logical step towards greater vertical integration of pig production at the company.

#### **Foot & Mouth vaccine**

The USDA's Animal and Plant Health Inspection Service (APHIS) is planning to build up sufficient stocks of vaccine to manage a possible outbreak of Foot & Mouth disease in the future. According to APHIS, the aim is to have a stock of at least 25 million doses of 10 different types of Foot & Mouth vaccine.

Although there been no outbreak of Foot & Mouth in the U.S. since 1929, APHIS believes it is important to be prepared for a possible outbreak.

The planned measures follow in the wake of the National Pork Producers Council (NPPC) criticism of the authorities for not having adequate contingency measures in place to tackle a possible outbreak. According to the NPPC, both the current doses and the different types of Foot & Mouth vaccine are inadequate to handle any future outbreak.

 **BRAZIL****Pig slaughterings**

According to figures from the Brazilian Ministry of Agriculture, pig slaughterings set a new record in 2015, surpassing 39 million head and representing a 5.7 per cent increase on the previous year

Poultry slaughterings in Brazil increased by 5.4 per cent in 2015. A decline in beef production, however, meant that the country's overall meat production rose by just 1.2 per cent.

**Access to South Korean market**

Brazil has come a step closer to being able to export pig meat products to South Korea.

Negotiations between the two countries have been ongoing since 2004 when South Korea still had a law that did not recognise the regionalisation of Foot and Mouth disease.

The South Korean authorities have now presented revised requirements which are currently being considered by the Brazilian Ministry of Agriculture.

**Source: The PigSite**