

MARKET NEWS for pig meat



Market analysis

18 January 2016

Week 3

MARKET SITUATION

In the European markets, trade in pork legs and other cuts took place at largely unchanged prices this week.

In the UK bacon market, prices came under pressure because of increased supplies.

Outside Europe, trade with Japan is reported as good, while sales to China are slow.

SLAUGHTERINGS

| | Week 52 | Week 53 | Week 1 | Week 1-1 2016/15 |
|-------|---------|---------|---------|---------------------|
| Total | 214,345 | 214,290 | 385,797 | +68.0 % |

These figures are based on returns from the Classification Control Service, representing around 98 per cent of total throughput in Denmark.

The figures include finished pigs and sows but exclude culled pigs.

PRICES DENMARK FOR WEEK 3

Finished pigs and sows

| DKK/kg | DC | Tican |
|--|------|-------|
| Finished pigs (basic weight class and meat percentage) | 8.70 | 8.70 |
| Sows (over 130 kg.) | 4.50 | 4.50 |

Nominal prices for piglets (30 kg)

| DKK/head | | Current | 52 wk av |
|-----------------------------|---------------|---------|----------|
| Nominal price (basic) | | 327.49 | 339.35 |
| Nominal price (SPF+Myc) | | 332.49 | 344.35 |
| Nominal price (SPF) | | 336.49 | 348.35 |
| Nominal price (Organic) | | 1035.02 | 970.54 |
| Market price SPF region 1 | PRRS negative | 310.00 | 318.00 |
| | PRRS positive | 290.00 | 298.00 |
| Market price SPF region 2/3 | PRRS negative | 310.00 | 318.00 |
| | PRRS positive | 290.00 | 298.00 |

| Weight adjustment: | 0-9 kg | 9-12 kg | 12-25 kg | 25-30 kg | 30-40 kg |
|--------------------|--------|---------|----------|----------|----------|
| DKK/head | 9.88 | 8.50 | 5.25 | 5.40 | 5.34 |

FUTURES

| | Chicago (\$ per 100 lbs slaughter weight) | | | Eurex (€/kg slaughter weight) | | |
|--|---|-------|--------|---|------|--------|
| | 15/1 | 8/1 | Change | 15/1 | 8/1 | Change |
| 2016 | | | | | | |
| Jan | - | - | - | 1.26 | 1.25 | +0.01 |
| Feb | 62.03 | 59.85 | +2.18 | 1.36 | 1.36 | 0.00 |
| Mar | - | - | - | 1.40 | 1.41 | -0.01 |
| Apr | 67.45 | 65.23 | +2.22 | 1.41 | 1.41 | 0.00 |
| May | 74.40 | 73.10 | +1.30 | 1.41 | 1.41 | 0.00 |
| Jun | 78.38 | 77.08 | +1.30 | 1.41 | 1.41 | 0.00 |
| Jul | 78.30 | 76.85 | +1.45 | - | - | - |
| Aug | 78.23 | 76.88 | +1.35 | - | - | - |
| Sep | - | - | - | - | - | - |
| Oct | 67.55 | 65.40 | +2.15 | - | - | - |
| Nov | - | - | - | - | - | - |
| Dec | 63.23 | 61.48 | +1.75 | - | - | - |
| 2017 | | | | | | |
| Jan | - | - | - | - | - | - |
| Feb | 65.73 | 64.00 | +1.73 | - | - | - |
| Mar | - | - | - | - | - | - |
| Apr | 68.00 | 67.00 | +1.00 | - | - | - |
| May | 71.65 | 70.65 | +1.00 | - | - | - |
| Jun | 73.10 | 72.10 | +1.00 | - | - | - |
| Conversion factors: 1 lb = 0.4536 kg \$ = DKK 6.8381 | | | | Conversion factor: € = DKK 7.4631 | | |

 **ESTONIA****African Swine Fever**

In the past week, the authorities have reported 76 new cases of African Swine Fever in wild boar across the country.

 **LATVIA****African Swine Fever**

In the past week, the authorities have reported 31 new cases of African Swine Fever in wild boar in the eastern part of the country.

 **LITHUANIA****African Swine Fever**

In the past week, the authorities have reported seven new cases of African Swine Fever in wild boar across the country.

 **SOUTH KOREA**
Outbreak of Foot and Mouth disease

In the past week, the authorities in South Korea have reported a single case of Foot and Mouth disease at a pig farm with 670 pigs, near the town of Gimje, 200 km south west of Seoul.

This is the first reported case of the disease in the country for nine months. The source is still unknown, but all pigs at the farm have been culled and the usual contingency measures, including transport restrictions and the introduction of a vaccination programme, have been implemented.

The new outbreak is a setback in the authorities' efforts to boost domestic pig meat production. In the past two years, Foot and Mouth disease and PEDv have hampered domestic production and increased imports of pig meat.

Imports of fresh and frozen pig meat up to the end of November 2015 increased by 30 per cent on the year. A total of 423,000 tonnes were imported over the period.

Source: Reuters

Imports of fresh and frozen pig meat for the first three quarters of the year are shown below:

Imports of fresh/frozen pig meat

| 0203 | | | | |
|-----------------------|----------------|----------------|----------------|----------------|
| Fresh/frozen pig meat | | | | |
| Tonnes | Jan-Sep 2013 | Jan-Sep 2014 | Jan-Sep 2015 | % change 15:14 |
| USA | 84,035 | 85,564 | 110,405 | 29.0 |
| Germany | 23,781 | 45,536 | 63,169 | 38.7 |
| Spain | 13,289 | 22,777 | 47,636 | 109.1 |
| Canada | 30,325 | 25,785 | 32,329 | 25.4 |
| Chile | 24,673 | 19,034 | 23,948 | 25.8 |
| Austria | 7,801 | 12,115 | 15,214 | 25.6 |
| Denmark | 6,134 | 6,144 | 13,451 | 118.9 |
| Netherlands | 7,151 | 7,189 | 11,563 | 60.8 |
| Belgium | 6,082 | 7,634 | 8,717 | 14.2 |
| Mexico | 5,269 | 6,546 | 7,650 | 16.9 |
| France | 5,606 | 7,585 | 7,541 | -0.6 |
| Ireland | 844 | 3,086 | 5,801 | 88.0 |
| Hungary | 2,185 | 4,290 | 3,727 | -13.1 |
| Finland | 1,654 | 2,393 | 2,430 | 1.5 |
| UK | 1,359 | 1,226 | 1,284 | 4.7 |
| Sweden | 598 | 786 | 742 | -5.6 |
| Australia | 157 | 759 | 556 | -26.7 |
| Poland | 7,470 | 5,412 | 22 | -99.6 |
| Other | - | - | - | - |
| Total | 228,413 | 263,861 | 356,185 | 35.0 |



Denmark's pig meat exports (tonnes)

Jan-Oct 2015

| | By-products | Live pigs | Processed Canned | Bacon | Whole and half pigs/sows | Cuts | Sausages | Total | % |
|------------------------------|----------------|----------------|------------------|---------------|--------------------------|----------------|---------------|------------------|--------------|
| Germany | 32,656 | 179,884 | 9,017 | 243 | 58,081 | 221,294 | 2,408 | 503,583 | 30.5 |
| Poland | 1,394 | 109,822 | 99 | 16 | 0 | 112,527 | 1 | 223,858 | 13.6 |
| UK | 8,473 | 144 | 11,648 | 52,426 | 0 | 101,024 | 6,884 | 180,600 | 11.0 |
| Italy | 1,689 | 15,569 | 247 | 53 | 0 | 98,467 | 202 | 116,228 | 7.1 |
| Sweden | 7,605 | 7 | 2,008 | 1,199 | 0 | 16,505 | 3,586 | 30,911 | 1.9 |
| Netherlands | 12,742 | 5,484 | 147 | 16 | 0 | 6,503 | 140 | 25,032 | 1.5 |
| France | 3,566 | 629 | 729 | 220 | 0 | 12,390 | 905 | 18,439 | 1.1 |
| Spain | 301 | 2,070 | 980 | 483 | 301 | 5,942 | 1,109 | 11,186 | 0.7 |
| Other | 12,166 | 8,864 | 1,802 | 446 | 0 | 46,474 | 2,390 | 72,142 | 4.4 |
| Total EU | 80,593 | 322,472 | 26,677 | 55,102 | 58,382 | 621,127 | 17,626 | 1,181,980 | 71.7 |
| China | 144,851 | 0 | 0 | 0 | 51 | 52,458 | 0 | 197,360 | 12.0 |
| Japan | 1,509 | 2 | 3,551 | 196 | 0 | 94,974 | 1,548 | 101,779 | 6.2 |
| Australia | 546 | 0 | 150 | 278 | 0 | 48,637 | 59 | 49,670 | 3.0 |
| USA | 3,286 | 0 | 3,370 | 82 | 0 | 21,668 | 839 | 29,246 | 1.8 |
| South Korea | 1,084 | 8 | 2,753 | 0 | 0 | 12,643 | 224 | 16,712 | 1.0 |
| Taiwan | 1,180 | 0 | 10 | 0 | 0 | 13,473 | 4 | 14,667 | 0.9 |
| Hong Kong | 3,398 | 0 | 359 | 9 | 0 | 2,346 | 42 | 6,154 | 0.4 |
| Philippines | 3,736 | 0 | 452 | 0 | 0 | 1,213 | 1 | 5,403 | 0.3 |
| Singapore | 1,494 | 0 | 486 | 67 | 0 | 1,624 | 1,000 | 4,670 | 0.3 |
| Other | 10,207 | 1,191 | 6,801 | 854 | 3 | 14,474 | 7,281 | 40,812 | 2.5 |
| Total Third Countries | 171,292 | 1,201 | 17,933 | 1,486 | 55 | 263,510 | 10,998 | 466,473 | 28.3 |
| Total exports | 251,885 | 323,673 | 44,610 | 56,588 | 58,437 | 884,637 | 28,623 | 1,648,453 | 100.0 |

Jan-Oct 2014

| | By-products | Live pigs | Processed Canned | Bacon | Whole and half carcasses | Cuts | Sausages | Total | Per cent |
|------------------------------|----------------|----------------|------------------|---------------|--------------------------|----------------|---------------|------------------|--------------|
| Germany | 21,172 | 191,027 | 9,978 | 413 | 58,395 | 232,565 | 2,361 | 515,911 | 31.6 |
| Poland | 1,508 | 93,515 | 49 | 16 | 0 | 102,672 | 73 | 197,834 | 12.1 |
| UK | 6,322 | 118 | 12,626 | 62,812 | 0 | 92,332 | 6,503 | 180,714 | 11.1 |
| Italy | 1,655 | 11,784 | 381 | 36 | 0 | 85,507 | 123 | 99,486 | 6.1 |
| Sweden | 11,565 | 21 | 2,961 | 1,007 | 0 | 19,989 | 3,571 | 39,114 | 2.4 |
| Netherlands | 12,663 | 6,587 | 128 | 21 | 0 | 4,899 | 99 | 24,397 | 1.5 |
| France | 2,338 | 1,183 | 783 | 34 | 0 | 17,542 | 937 | 22,817 | 1.4 |
| Czech Republic | 1,969 | 3,854 | 44 | 4 | 0 | 6,186 | 57 | 12,113 | 0.7 |
| Other | 9,382 | 8,594 | 2,988 | 502 | 0 | 36,746 | 3,250 | 61,462 | 3.8 |
| Total EU | 68,575 | 316,682 | 29,938 | 64,845 | 58,395 | 598,438 | 16,976 | 1,153,849 | 70.7 |
| China | 135,536 | 61 | 0 | 0 | 208 | 35,862 | 0 | 171,667 | 10.5 |
| Japan | 2,751 | 8 | 3,163 | 254 | 0 | 115,211 | 1,302 | 122,688 | 7.5 |
| Australia | 831 | 0 | 58 | 369 | 0 | 44,115 | 52 | 45,424 | 2.8 |
| USA | 3,512 | 0 | 3,457 | 6 | 0 | 25,468 | 626 | 33,069 | 2.0 |
| Taiwan | 3,313 | 0 | 0 | 0 | 0 | 10,773 | 0 | 14,086 | 0.9 |
| Hong Kong | 10,802 | 0 | 332 | 14 | 0 | 2,842 | 44 | 14,034 | 0.9 |
| South Korea | 1,543 | 2 | 1,794 | 0 | 0 | 9,246 | 363 | 12,947 | 0.8 |
| Ukraine | 5,991 | 737 | 6 | 0 | 0 | 1,161 | 0 | 7,895 | 0.5 |
| Russia | 3,638 | 0 | 92 | 0 | 0 | 3,733 | 227 | 7,690 | 0.5 |
| Other | 13,973 | 826 | 7,692 | 1,162 | 2 | 16,711 | 8,471 | 48,837 | 3.0 |
| Total Third Countries | 181,889 | 1,634 | 16,593 | 1,805 | 211 | 265,122 | 11,084 | 478,338 | 29.3 |
| Total exports | 250,464 | 318,317 | 46,531 | 66,650 | 58,606 | 863,559 | 28,060 | 1,632,187 | 100.0 |



Pig meat storage

The EU Commission has reported that applications were made to store 62,309 tonnes of pig meat from 4th to 13th January, as follows:

Applications by product and length of storage contract

| Product number | Product | 3 months | 4 months | 5 months | Total |
|----------------|---|---------------|--------------|---------------|---------------|
| 02031110 | Half carcasses | 60 | - | - | 60 |
| 02031211 | Legs | 1,444 | 465 | 3,474 | 5,383 |
| 02031219 | Picnic shoulder | 518 | 15 | 50 | 583 |
| 02031911 | Shoulder | 3,540 | - | - | 3,540 |
| 02031913 | Loin | 511 | 21 | 298 | 830 |
| 02031955 | Legs, Picnic shoulder, shoulder, deboned loin | 21,107 | 3, | 9,159 | 33,557 |
| 02031915 | Belly | 3,798 | 110 | 307 | 4,215 |
| 02031955 | Deboned belly | 2,463 | 410 | 1,339 | 4,212 |
| 02031955 | Deboned middles | 3,519 | 210 | 380 | 4,109 |
| 02091011 | Lard | 3,741 | 55 | 2,025 | 5,821 |
| Total | | 40,701 | 4,577 | 17,032 | 62,309 |

Applications by country

| | 3 months | 4 months | 5 months | Total | % |
|--------------------|---------------|--------------|---------------|---------------|--------------|
| Spain | 4,910 | 1,901 | 7,423 | 14,234 | 22.8 |
| Germany | 13,448 | - | 900 | 14,348 | 23.0 |
| Denmark | 9,529 | - | 900 | 10,429 | 16.7 |
| Netherlands | 6,416 | 610 | 895 | 7,921 | 12.7 |
| Poland | 1,220 | 751 | 2,382 | 4,353 | 7.0 |
| France | 1,409 | 178 | 338 | 1,925 | 3.1 |
| Ireland | 1,062 | 53 | 159 | 1,274 | 2.0 |
| Rumania | 1,000 | - | - | 1,000 | 1.6 |
| Belgium | 432 | 190 | 130 | 752 | 1.2 |
| Finland | 130 | 60 | 470 | 660 | 1.1 |
| Portugal | - | - | 505 | 505 | 0.8 |
| Estonia | 160 | 134 | - | 294 | 0.5 |
| Cyprus | 213 | - | 27 | 240 | 0.4 |
| Others | 771 | 700 | 2,903 | 4,374 | 7.1 |
| Total EU-28 | 40,700 | 4,577 | 17,032 | 62,309 | 100.0 |



Retaliation against Russian import ban

Ukraine has decided to ban food and meat imports from Russia in retaliation against a similar ban imposed by Russia. The reason for the Russian ban is linked to the agreement between the EU and Ukraine, which came into effect from the New Year, allowing more agricultural products from the Ukraine access to the EU market.

The ban on imports from Russia came into force on 10 January and is expected to continue until at least 5 August, according to the Ukrainian government.

In 2014, exports from Ukraine were worth almost \$54.2 billion, 32.3 per cent of which were agricultural products. EU was the largest trading partner with 31.5 per cent of exports, while Russia, as the second largest trading partner, accounted for 18.2 per cent.

 **SERBIA /**  **RUSSIA**
Trade set to increase

Serbia and Russia have taken steps to develop more trade in meat and other agricultural products between their two countries.

Both countries are expected to sign an agreement which aims to remove Russian concerns about the traceability of products imported from Serbia and that EU products will find their way to Russia via the Serbian market.

Serbia has become a major exporter of pig meat to Russia following the 2014 ban on imports from the EU, and subsequently the US, Canada and Australia. During the first 10 months of 2015, Serbia's pig meat exports to Russia totalled 11,130 tonnes. However, this is around 25 per cent less than the same period the previous year. A similar decline has been seen for by-products, beef and poultry. Nevertheless, exports continue higher levels than those prior to the Russian import ban.

Serbia's meat industry has recently attracted some investment from the EU meat industry, which has a positive view on its long-term growth prospects.

Source: Agra Europe

 **DENMARK**
Pig slaughterings

Using data from the Pig Movement Register, Danish Pig Producers (Danske Svineproducenter) have published the following statistics for pig slaughterings at Denmark's abattoirs for 2015 and 2014.

| Number of slaughterings | 2015 | 2014 | % change 15:14 |
|------------------------------------|-------------------|-------------------|---------------------------|
| DC Horsens | 4,867,681 | 4,853,795 | 0.3 |
| DC Blans | 2,948,036 | 2,747,384 | 7.3 |
| DC Ringsted | 2,202,435 | 2,677,398 | -17.7 |
| DC Sæby | 2,049,174 | 2,314,469 | -11.5 |
| DC Herning | 1,514,268 | 1,355,591 | 11.7 |
| DC Rønne | 482,119 | 470,107 | 2.6 |
| DC Skærbæk | 302,202 | 247,067 | 22.3 |
| DC Total | 14,365,915 | 14,665,811 | -2.0 |
| Tican | 1,884,515 | 1,911,975 | -1.4 |
| Slagteriet Brørup A/S | 1,734,579 | 1,591,287 | 9.0 |
| Slagtegården st. Lihme A/S | 343,519 | 344,867 | -0.4 |
| Moesgaard Meat | 129,176 | 107,422 | 20.3 |
| Glumsø Slagtehus | 98,946 | 99,956 | -1.0 |
| Sevel Slagteri A/S | 106,065 | 97,057 | 9.3 |
| Hvidebæk slagteri | 93,857 | 94,975 | -1.2 |
| Danish Meat Company, Vrå 1) | - | 24,162 | - |
| Total | 18,756,572 | 18,937,512 | -1.0 |

1) ceased slaughtering in February 2014

 **SWEDEN****Supplier group changes**

The pig supply group, Skaraborgsgrisen, has decided to switch abattoirs to Scan after four years with KLS/Uglarpps.

Skaraborgsgrisen has 29 producers and supplies 80,000 pigs per year, which will now be slaughtered at Scan. The new agreement will apply from May/June but the first suppliers will switch from mid-February.

Source: Swedish Agricultural Press

 **BRAZIL****Aurora to introduce loose housing**

The third largest pig producer in Brazil, Aurora, is now following in the steps of other major producers and has announced that they are to introduce loose housing systems for pregnant sows.

Aurora has set 2026 as their deadline. The conversion will start this year when all new housing must conform to the new system.

Maize shortages

Meat producers in southern Brazil are warning that increased exports of maize from Brazil have resulted in strongly rising prices for maize for meat producers in their region

Brazil's exports of maize increased by around 10 million tonnes to 30 million tonnes in 2015, driven by the fall in value of the Brazilian currency.

High transport costs for maize from central and western Brazil to the southern states could result in imports of maize from Paraguay and Argentina in order to satisfy demand in the southern states, warns the Brazilian meat producers' organisation, ABPA.