

MARKET NEWS for pig meat



Market analysis

25 January 2016

Week 4

MARKET SITUATION

Europe: trade in pork legs and other cuts took place at largely unchanged prices.

UK: bacon prices remain under pressure because of heavy supplies.

Third Country: trade with Japan is reported as good while sales to China are slow.

SLAUGHTERINGS IN DENMARK

	Week 53	Week 1	Week 2	Week 1-2 2016/15
Total	214,290	385,797	383,047	+25.9 %

These figures are based on 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.

PRICES DENMARK FOR WEEK 4

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	339.53
Nominal price (SPF+Myc)		332.49	344.53
Nominal price (SPF)		336.49	348.53
Nominal price (Organic)		1035.02	975.21
Market price SPF region 1	PRRS negative	320.00	318.00
	PRRS positive	300.00	298.00
Market price SPF region 2/3	PRRS negative	320.00	318.00
	PRRS positive	300.00	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)		
	22/1	15/1	Change	22/1	15/1	Change
2016						
Jan	-	-	-	-	1.26	-
Feb	63.00	62.03	+0.97	1.36	1.36	0.00
Mar	-	-	-	1.40	1.40	0.00
Apr	69.00	67.45	+1.55	1.41	1.41	0.00
May	75.38	74.40	+0.98	1.41	1.41	0.00
Jun	78.95	78.38	+0.57	1.41	1.41	0.00
Jul	78.78	78.30	+0.48	1.41	-	-
Aug	78.13	78.23	+0.10	-	-	-
Sep	-	-	-	-	-	-
Oct	67.20	67.55	-0.35	-	-	-
Nov	-	-	-	-	-	-
Dec	63.08	63.23	-0.15	-	-	-
2017						
Jan	-	-	-	-	-	-
Feb	65.63	65.73	-0.10	-	-	-
Mar	-	-	-	-	-	-
Apr	67.53	68.00	-0.47	-	-	-
May	71.18	71.65	-0.47	-	-	-
Jun	73.90	73.10	+0.80	-	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = DKK 6.9042				Conversion factor: € = DKK 7.4621		

 **LATVIA**
African Swine Fever

In the past week, the authorities in Latvia have reported 17 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 in Lithuania have reported five new cases of African Swine Fever in wild boar in the eastern part of the country.

 **POLAND**
African Swine Fever

In the past week, the authorities in Poland have reported one new case of African Swine Fever in wild boar in the eastern part of the country on the border with Belarus.

 **RUSSIA**
African Swine Fever

In the past week, the authorities in Russia have reported one new case of African Swine Fever in wild boar in the western part of the country.

 **SOUTH KOREA**
New case of Foot and Mouth disease

In the past week, the authorities in South Korea have reported one new case of Foot and Mouth disease at a pig farm. The affected farm is located in the same region as the first case from the previous week. A total of 10,172 pigs from the farm have been culled.

Local news authorities report that around 1.2 million pigs have been affected by the temporary transport restrictions imposed as a result of the disease.

 **EU**
Pig meat storage

The EU Commission has reported that applications were made to store 89,841 tonnes of pig meat from 4th to 20th January as follows:

Applications by product and storage contract

Product number	Product	3 months	4 months	5 months	Total
02031110	Half carcasses	76	-	-	76
02031211	Legs	2,176	565	4,754	7,495
02031219	Picnic shoulders	713	135	135	983
02031911	Shoulders	5,225	-	-	5,225
02031913	Loins	579	21	358	958
02031955	Legs, Picnic shoulders, shoulders, deboned loin	31,572	5,332	11,231	48,135
02031915	Bellies	5,341	290	832	6,463
02031955	Deboned bellies	4,619	494	1,571	6,684
02031955	Deboned middles	4,440	264	405	5,109
02091011	Lard	5,540	70	3,104	8,714
Total		60,281	7,171	22,390	89,842

Applications by country

	3 months	4 months	5 month	Total	%
Germany	24,267	425	1,445	26,137	29.1
Spain	7,196	2,961	9,146	19,303	21.5
Denmark	10,776	-	900	11,676	13.0
Netherlands	9,066	634	1,080	10,780	12.0
Poland	2,020	1,026	2,882	5,928	6.6
France	1,558	258	528	2,344	2.6
Ireland	1,180	53	159	1,392	1.5
Belgium	665	280	150	1,095	1.2
Rumania	1,000	-	-	1,000	1.1
Finland	180	80	560	820	0.9
Portugal	-	-	505	505	0.6
Estonia	365	134	-	499	0.6
Cyprus	318	-	27	345	0.4
Others	25,957	1,745	6,453	34,155	38.0
Total EU-28	60,281	7,171	22,390	89,842	100.0



Pig meat exports

With the EU Commission as the source, the charts below show EU pig meat exports for the period January-November 2015, compared to January-November 2014. There was an overall increase of around 170,000 tonnes (or 6.3 per cent)

By product category

	Jan-Nov 2015	Jan-Nov 2014	% change 15:14
Live pigs	22,926	38,160	-39.9
Fresh/frozen	1,373,584	1,246,725	10.2
Bacon	30,057	29,502	1.9
Processed	161,333	177,720	-9.2
By-products	1,284,549	1,209,612	6.2
Total	2,872,448	2,701,719	6.3

By exporting country

	Jan-Nov 2015	Jan-Nov 2014	% change 15:14
Germany	738,513	633,275	16.6
Denmark	504,271	504,090	0.0
Spain	446,154	345,695	29.1
Netherlands	243,395	248,665	-2.1
France	196,949	192,254	2.4
Poland	154,787	170,162	-9.0
UK	92,368	73,012	26.5
Belgium	86,862	81,596	6.5
Italy	81,261	86,748	-6.3
Hungary	78,486	87,610	-10.4
Ireland	75,140	69,613	7.9
Austria	39,186	53,971	-27.4
Others	135,071	154,927	-12.8
EU-28	2,872,443	2,701,618	6.3

By importing country

	Jan-Nov 2015	Jan-Nov 2014	% change 15:14
China	990,304	651,975	51.9
Japan	262,746	286,506	-8.3
Hong Kong	267,870	378,099	-29.2
South Korea	198,797	189,495	4.9
Philippines	164,402	184,102	-10.7
Ukraine	88,556	97,104	-8.8
USA	84,916	77,627	9.4
Australia	66,494	55,397	20.0
Angola	49,764	61,611	-19.2
Montenegro	19,273	32,654	-41.0
Russia	12,135	63,126	-80.8
Belarus	457	4,754	-90.4
Other	666,735	619,269	7.7
EU-28	2,872,448	2,701,719	6.3



Free trade agreement in the pipeline

A future free trade agreement between the Philippines and the EU could have major benefits for European meat exporters.

The Philippines already imports significant amounts of pig meat for the country's 100 million inhabitants, with the EU accounting for a large percentage. The positive trend in imports from the EU will probably strengthen if the free trade agreement is adopted.

Initial negotiations are expected to begin in the first half of 2016.

Source: Agra Europe

Tonnes	2012	2013	2014
Fresh/frozen	57.3	72.7	71.4
From: EU	26.4	31.7	49.6
Germany	4.4	9.9	20.9
France	13.9	12.0	16.4
From: non-EU	31.0	41.1	21.8
Canada	12.5	21.2	10.2
USA	16.4	18.6	9.0
By-products	66.4	86.0	139.3
From: EU	31.5	41.4	96.1
Germany	6.5	8.8	29.1
Spain	6.3	7.9	18.2
Netherlands	3.2	6.8	15.8
From: Non-EU	34.9	44.6	43.2
USA	14.4	20.0	22.3
Canada	15.9	19.7	15.8

BRAZIL

Increasing exports

The preliminary figures for Brazilian exports of fresh and frozen pig meat in 2015 show that volumes increased 13.0 per cent on the year, due to higher export volumes to Russia and Hong Kong.

During the year, exports became more competitive because of a weaker exchange rate. Although export prices fell by 28 per cent, the value of pig meat exports – measured in the national currency – increased by 16 per cent.

Source: AHDB

0203				
Fresh/frozen pig meat				
Tonnes	2013	2014	2015	% change 15:14
Russia	134,462	185,936	236,527	27.2
Hong Kong	79,651	66,065	84,568	28.0
Singapore	28,709	32,276	28,028	-13.2
Angola	36,855	38,996	25,732	-34.0
Uruguay	20,934	19,575	21,029	7.4
Argentina	9,820	7,718	10,616	37.5
Venezuela	9,822	4,098	9,949	142.8
Others	119,471	63,810	56,261	-11.8
Total	439,724	418,474	472,710	13.0

 **USA**
Production losses

Figures from Iowa State University show that US pig producers posted average losses of \$18.40 per pig for December 2015. This is the biggest loss since April 2013. Over the whole of 2015, however, earnings averaged around \$ 7.93 per pig.

Pig production costs for December 2015 are at their lowest level since January 2007.

More new housing units

Lower feed prices were a strong driver behind the rise in new pig housing units in Iowa during the year. And 280 pig units, with space for more than 1,250 animals each, were established during 2015. This is 60 per cent more than in 2014, but somewhat below 2012's figure of 347.

At the same time, the lower feed prices led to higher slaughter weight. Within two years, the slaughter weight increased by 5-10 lbs, according to a spokesperson from Iowa Select Farms.

Source: Reuters

Increased pig slaughterings

Preliminary figures show that US pig slaughterings in 2015 increased by 8.1 per cent compared to 2014. The average weight was, however, slightly lower than in 2014 when PEDv was at its peak. Measured in tonnes, pig production only rose by 7.3 per cent in 2015.

The increase in slaughterings resulted in good revenues for US meat companies in 2015. The year was the second best year in the last decade, with only 2014 posting slightly higher figures.

Increased revenues are the main reason why two new slaughtering plants have been planned for Iowa-Missouri. When these are commissioned in 2017, this may lead to a decline in earnings for the overall slaughterhouse sector.

Source: University of Missouri

 **UKRAINE**
Ukraine threatens to test Russian import ban at WTO court

Ukraine is threatening to test the Russian import ban on Ukraine at the WTO court if Russia fails to open its doors to Ukrainian food products, allowing exports to Kazakhstan.

Ukraine's Trade and Development Minister, Aivaras Abromavicius, says that Ukraine is willing to make use of all diplomatic and legal tools to defend its own interests if Russia continues its aggressive stance.

The Minister says that the Ukrainian initiative is supported by the EU and other trading partners.

 **MONGOLIA**
Classical Swine Fever

In the past week, the authorities in Mongolia have reported three new cases of Classical Swine Fever in wild boar in the central and eastern parts of the country.

 **ARMENIA****Foot and Mouth disease**

In the past week, a single case of Foot and Mouth disease has been reported, with 1,219 head of cattle and 362 pigs affected.

 **MALAWI****Foot and Mouth disease**

In the past week, a single case of Foot and Mouth disease has been reported, with 8,000 head of cattle affected.