MARKET NEWS for pig meat

Market analysis 22 August 2016 Week 34

MARKET SITUATION

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

UK: Stable sales at unchanged prices.

Third Countries: Stable trading for both China and Japan.

SLAUGHTERINGS

	Week 30	Week 31	Week 32	Week 1-32 2016/15
Total	333,626	338,528	328,402	-2.6 %

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

PIG PRICES

Finished pigs and sows

DKK/kg	DC	Tican
Finished pigs (basic weight class and basic meat percentage)	10.40	10.40
Sows (above 130 kg)	6.80	6.80

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av.
Basic	399.48	350.55
SPF+Myc	404.48	355.55
SPF	408.48	359.55
Organic	1097.98	1052.05
Market prices SPF region 1		
PRRS negative	410.00	328.00
PRRS positive	390.00	308.00
Market prices SPF region 2/3		
PRRS negative	410.00	328.00
PRRS positive	390.00	308.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	11.27 kr/kg	7.98 kr/kg	6.76 kr/kg	5.88 kr/kg	5.94 kr/kg

FUTURES

	Chicago ($ per 100 lbs slaughter weight)			**Eurex** (€/kg slaughter weight)		
	19/8	12/8	Change	19/8	12/8	Change
2016						
Aug	-	67.15	-	1.65	1.65	0.00
Sep	-	-	-	1.41	1.41	0.00
Oct	61.93	60.00	+1.93	1.41	1.41	0.00
Nov	-	-	-	1.41	1.41	0.00
Dec	57.45	54.95	+2.50	1.41	1.41	0.00
2017						
Jan	-	-	-	1.41	1.41	0.00
Feb	61.85	59.00	+2.85	-	-	-
Mar	-	-	-	-	-	-
Apr	67.10	64.28	+2.82	-	-	-
May	72.80	70.00	+2.80	-	-	-
Jun	76.65	75.18	+1.47	-	-	-
Jul	75.73	73.93	+2.43	-	-	-
Aug	74.53	73.05	+1.48	-	-	-
Sep	-	-	-	-	-	-
Oct	64.08	63.18	+0.90	-	-	-
Nov	-	-	-	-	-	-
Dec	60.75	60.55	+0.20	-	-	-
2018						
Jan	-	-	-	-	-	-
Feb	61.23	58.40	+2.83	-	-	-
Conversion factors: lbs:kg = 0.4536 kg $:€ = 6.5705				Conversion factor: €:kg = 7.4417		

African Swine Fever

POLAND – Last week, 3 new cases were reported on small pig farms in the eastern part of the country, not far from the border with Belarus. There was also an outbreak among wild boar in the same region. In July and August, it appears that ASF spread further west. Whereas previously three districts in the Podlaskie province close to Belarus were affected, the disease has now affected seven districts in the province.

RUSSIA – Last week, 12 new cases were reported – at a large farm with more than 1,700 pigs and at 11 small farms. All cases are in the west of the country. There were also reported cases among wild boar.

UKRAINE – Last week, seven new cases were reported at small pig farms – six in the south of the country not far from the border with Moldova, and one in the middle of the country.

SOUTH AFRICA - Last week, the authorities reported one case at a farm of 200 pigs in the middle of the country.

DENMARK

Slaughterings

2014	Pigs/sows 50-110 kg	Sows etc. above 110 kg	Total
January	1,382,719	44,353	1,427,072
February	1,476,272	42,026	1,518,298
March	1,827,662	51,306	1,878,968
April	1,298,434	41,042	1,339,476
May	1,443,621	45,913	1,489,534
June	1,678,131	45,663	1,723,794
July	1,394,238	43,850	1,438,088
August	1,322,967	42,008	1,364,975
September	1,755,585	51,193	1,806,778
October	1,838,476	52,818	1,891,294
November	1,506,682	43,730	1,550,412
December	1,351,277	42,477	1,393,754
Jan-Dec	**18,276,064**	**546,379**	**18,822,443**

2015	Pigs/sows 50-110 kg	Sows, etc Over 110 kg	Total
January	1,801,534	65,316	1,866,850
February	1,518,612	45,563	1,564,175
March	1,498,617	37,317	1,535,934
April	1,579,842	49,161	1,629,003
May	1,301,793	44,381	1,346,174
June	1,403,521	45,657	1,449,178
July	1,693,617	50,667	1,744,284
August	1,381,699	43,093	1,424,792
September	1,392,141	43,777	1,435,918
October	1,775,467	42,091	1,817,558
November	1,533,406	43,372	1,576,778
December	1,557,981	41,110	1,599,091
Jan-Dec	**18.438.230**	**551.505**	**18.989.735**

2016	Pigs/sows 50-110 kg	Sows etc above 110 kg	Total
January	1,542,843	49,976	1,592,819
February	1,442,088	44,695	1,486,783
March	1,595,234	47,847	1,643,081
April	1,372,690	45,301	1,417,991
May	1,270,116	42,165	1,312,281
June*	1,678,762	43,876	1,722,638
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
Jan-June	**8,901,733**	**273,860**	**9,175,593**

*** = Preliminary figures**

DENMARK

Exports of live pigs

2014	Piglets 0-15 kg	Piglets 15-50 kg	Pigs/sows 50-135 kg	Pigs/sows above 135 kg	Total
January	34,787	844,485	36,979	3,391	919,642
February	28,009	811,082	26,388	3,319	868,798
March	19,340	839,977	29,219	4,128	892,664
April	28,305	821,341	33,167	2,147	884,960
May	31,606	1,011,376	36,299	3,478	1,082,759
June	27,684	834,756	32,817	248	895,505
July	25,759	861,097	31,776	3,073	921,705
August	35,594	900,042	26,636	2,231	964,503
September	25,475	907,224	25,099	2,033	959,831
October	33,942	976,381	32,637	4,850	1,047,810
November	33,767	770,157	31,594	3,691	839,209
December	37,759	939,387	20,623	3,975	1,001,744
Jan-Dec	**362.027**	**10.517.305**	**363.234**	**36.564**	**11.279.130**

2015	Piglets 0-15 kg	Piglets 15-50 kg	Pigs/sows 50-135 kg	Pigs/sows above 135 kg	Total
January	42,630	919,542	29,148	3,104	994,424
February	32,552	944,306	33,330	3,666	1,013,854
March	30,147	966,766	31,340	3,580	1,031,833
April	36,128	1,053,984	25,245	4,709	1,120,066
May	31,159	916,293	18,966	3,436	969,854
June	36,096	918,366	27,421	4,054	985,937
July	31,212	988,119	20,122	4,087	1,043,540
August	33,360	922,436	22,920	3,563	982,279
September	31,500	1,023,964	23,760	4,551	1,083,775
October	30,715	874,603	21,448	3,324	930,090
November	30,018	929,703	15,621	3,370	978,712
December	46,115	1,105,335	20,859	7,148	1,179,457
Jan-Dec	**411,632**	**11,563,417**	**290,180**	**48,592**	**12,313,821**

2016	Piglets 0-15 kg	Piglets 15-50 kg	Pigs/sows 50-135 kg	Pigs/sows above 135 kg	Total
January	43,054	1,158,651	16,967	4,426	1,223,098
February	35,503	888,783	21,095	3,649	949,030
March	45,142	1,104,984	17,922	5,353	1,173,401
April	43,235	1,057,863	22,302	4,442	1,127,842
May	41,933	1,087,626	16,564	4,051	1,150,174
June*	35,259	1,051,605	36,263	4,319	1,127,446
July	0	0	0	0	0
August	0	0	0	0	0
September	0	0	0	0	0
October	0	0	0	0	0
November	0	0	0	0	0
December	0	0	0	0	0
Jan-June	**244,126**	**6,349,512**	**131,113**	**26,240**	**6,750,991**

*** = Preliminary figures**

EU/ RUSSIA

WTO finds in favour of EU in conflict with Russia
International news media report that on Friday, a WTO panel published a 381-page report supporting the EU in its claim that Russia acted contrary to WTO regulations when it imposed an import ban on pig meat from the EU as a result of African Swine Fever in some EU countries.

However, there is some doubt about what practical effect the WTO panel's report will have.

The EU and Russia have 60 days to decide whether to appeal against the findings.

EU

Increase in pig meat exports
Preliminary figures from the EU Commission show a significant rise in pig meat exports from the EU compared to the same period last year.

Total exports for the 1st half year 2016 and 2015 – converted to slaughter weight and broken down into the largest importing countries – appear in the chart below.

Slaughter weight, tonnes	January-June quarter		
	2016	2015	% change
China	984,865	457,417	115.3
Japan	187,667	154,270	21.6
Hong Kong	178,650	115,173	55.1
Philippines	114,182	86,814	31.5
South Korea	112,345	131,285	-14.4
USA	64,785	46,249	40.1
Other	445,366	460,651	-3.3
Total	**2,087,860**	**1,451,859**	**43.8**

SWEDEN

Stable slaughterings 1st half year 2016
Source: Swedish organisation, Kött & Charkföretagen (Meat & Meat Companies)

	Jan-June		
	2016	2015	% change
HKScan Kristianstad	**367,577**	**359,412**	**2.3**
- KLS Ugglarps Kalmar	215,282	213,954	0.6
- KLS Ugglarps Ugglarp	121,937	126,045	-3.3
KLS total	**337,219**	**339,999**	**-0.8**
Dalsjöfors Slakteri	**156,012**	**155,801**	**0.1**
Others	**411,982**	**399,466**	**3.1**
Total slaughterings	**1,272,790**	**1,254,678**	**1.4**

GERMANY

Slight fall in German slaughterings in 1st half year
German pig slaughterings for the 1st half year 2016 total 29.3 million, a (slight) fall of 0.5 per cent compared to the 1st half year 2015.

That the fall is only 0.5 per cent is due to the increased supplies of imported finished pigs. Finished pigs of foreign origin increased by 10 per cent whereas, seen in isolation, German slaughterings fell by 1.3 per cent. The imports come primarily from Holland and Belgium.

Around two-thirds of all finishers are fattened in the German states of North Rhine-Westphalia and Lower Saxony.

2015	Total slaughterings	Of which imported finished pigs	Percentage of total slaughterings
January	5,178,015	389,509	7.5
February	4,555,593	373,558	8.2
March	5,299,272	365,625	6.9
April	4,757,801	341,139	7.2
May	4,720,565	336,512	7.1
June	4,900,884	340,812	7.0
July	4,880,610	341,659	7.0
August	4,768,890	315,765	6.6
September	5,118,729	354,477	6.9
October	5,262,528	375,749	7.1
November	5,107,793	365,639	7.2
December	4,884,669	373,803	7.7
Total	**59,435,349**	**4,274,247**	**7.2**

2016	Total slaughterings	Of which imported finished pigs	Percentage of total slaughterings
January	4,914,593	378,830	7.7
February	4,850,027	396,422	8.2
March	4,873,418	403,080	8.3
April	5,043,074	405,148	8.0
May	4,764,880	396,037	8.3
June	4,823,337	383,352	7.9
Total	**29,269,329**	**2,362,869**	**8.1**

Source: AMI (German Agricultural Market Information Company

HOLLAND

Holland exported 3.23 million piglets in the first half year 2016
Weekly Tribune reports that Holland exported 3.23 million piglets in the first quarter of 2016, of which 2.19 million piglets went to Germany (260,000 more than the same period last year).

The other major recipients were Italy, Hungary, Poland and Spain. Spain received 114,000 piglets, which is almost 50 per cent less compared to the same period last year.

LITHUANIA

Government considers reducing VAT on meat
The Pig Site reports that the Lithuanian government is considering reducing VAT on meat from 21% to 5% or 9 % for fresh and chilled meat.

The Lithuanian Prime Minister said that the lower VAT is expected to lead to a considerable decrease in meat prices and, as a result, to higher domestic consumption. However, if local meat industry players do not lower their prices following the tax cut, the measure will be cancelled. The plan is for the new VAT for fresh/chilled meat to become effective from 1 October.

Difficult negotiations lie ahead, however. The Lithuanian Prime Minister and Finance Minister, who both represent the Social Democratic Party, support the move whereas the leader of the coalition partner, the Labour Party, is against the move.

USA

Prestage Foods gets $11.5 million in tax benefits for its new pork processing plant in Iowa
The U.S. media report that Prestage Foods has been granted $11.5 million in tax benefits from Iowa Economic Development Authority for building a large pork processing plant in Wright County, Iowa.

The tax benefits were approved as part of Iowa's High Quality Jobs programme as the new slaughterhouse is expected to create 922 jobs. According to the local newspaper, Des Moines Register, the local authorities are considering additional tax credits of $8 million.

The new plant is expected to cost $239 million and will become operational by mid-2018 and slaughter around 10,000 pigs per day, which corresponds to 600 million pounds of pig meat per year.

Prestage Farms are currently the U.S.'s seventh largest pig producer with 170,000 sows. Ron Prestage says that the new facilities should be seen as a logical step towards increased vertical integration. The company plans to buy 40 per cent of the pigs from local, independent farmers.

Smithfield announces results for 1st half year 2016
Smithfield Foods has announced its results for the 1st half year 2016. Operating profits totalled $447.3 million against $374 million the previous year.

The results for the four divisions are as follows:

Fresh Pork's profits rose to $157.8 million from $18.1 million a year ago thanks to higher prices on the fresh meat market, which exceeded the increases in pig prices (purchase prices).

Packaged Meats' profits totalled $380.0 million versus $348.8 million last year.

Hog Production losses totalled $68.3 million against profits last year of $32.7 million. This is due to lower pig prices, 2% fewer pigs sold and a downturn in hedging prices compared to the previous year. Lower feed prices, however, had a counterbalancing effect.

International Operating saw a modest rise in profits to $33.4 million from $30.7 million, while Corporate posted expenses of $55.7 million.

GUATEMALA

Guatemala declares itself free from Classical Swine Fever
After five years of constant preventative work, Guatemala has declared itself free from Classical Swine Fever. According to the President, this is the first step towards a reopening of the country's exports of live pigs and pig meat products.

Foot and Mouth disease

ZIMBABWE The authorities have reported 12 cases in the middle and western parts of the country; 17,787 head of cattle and 2,388 goats have been affected.

MAURITIUS The authorities have reported 159 cases in the country; 527 head of cattle, 1,128 sheep and goats, and 190 pigs have been affected.