

MARKET NEWS for pig meat



Market analysis

12 September 2016

Week 37

MARKET SITUATION

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

UK: Trading remains stable with September contracts being traded at increasing prices

Third Countries: Good trading is reported for Japan and stable trading for China.

SLAUGHTERINGS

	Week 33	Week 34	Week 35	Week 1-35 2016/15
Total	325,905	330,131	340,115	-2.8 %

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)	10.60	10.60
Sows (above 130 kg)	7.30	7.30

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av.
Basic	407.48	354.65
SPF+Myc	412.48	359.65
SPF	416.48	363.65
Organic	1086.94	1056.86
Market prices SPF region 1		
PRRS negative	430.00	336.00
PRRS positive	410.00	317.00
Market prices SPF region 2/3		
PRRS negative	430.00	336.00
PRRS positive	410.00	317.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	11.64 kr/kg	7.95 kr/kg	6.88 kr/kg	5.93 kr/kg	6.01 kr/kg

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	9/9	2/9	Change	9/9	2/9	Change
2016						
Sep	-	-	-	1.65	1.56	+0.09
Oct	59.23	60.75	-1.52	1.41	1.41	0.00
Nov	-	-	-	1.56	1.56	0.00
Dec	53.93	55.38	-1.45	1.57	1.57	0.00
2017						
Jan	-	-	-	1.41	1.41	0.00
Feb	58.78	60.10	-1.32	1.41	1.41	0.00
Mar	-	-	-	-	-	-
Apr	64.23	65.55	-1.32	-	-	-
May	71.08	71.85	-0.77	-	-	-
Jun	74.78	75.53	-1.05	-	-	-
Jul	74.15	74.55	-0.40	-	-	-
Aug	73.58	74.10	-0.52	-	-	-
Sep	-	-	-	-	-	-
Oct	63.20	63.28	-0.08	-	-	-
Nov	-	-	-	-	-	-
Dec	60.23	60.08	+0.15	-	-	-
2018						
Jan	-	-	-	-	-	-
Feb	62.15	62.00	+0.15	-	-	-
Conversion factors: lbs:kg = 0.4536 \$:€ = 6.6053				Conversion factor: €/kg = 7.4428		

AFRICAN SWINE FEVER



POLAND: last week, one new case was reported in the east of the country, close to the border with Belarus.



LITHUANIA: last week, 16 new cases were reported among wild boar around the country.



RUSSIA: last week, 5 new cases were reported: 3 at small farms and 2 among wild boar. All were in the west of the country.



UKRAINE: Last week, two new cases were reported at small pig farms in the north east of the country.



May/June pig census

Last week, Eurostat published its preliminary results of the May/June pig census for France and Italy (the results for 5 EU countries are now available).

In total, 14 EU countries are expected to publish their figures for May/June 2016: the remaining nine countries are expected to publish their figures during September.

Eurostat has also published the results of the May/June pig census for Serbia.

Pig census EU May-June 2016

'000	Total population			Breeding sows			Pregnant sows		
	2016	2015	%-change	2016	2015	% change	2016	2015	% change
Germany	27,146	28,099	-3.4	1,927	2,024	-4.8	1,407	1,477	-4.7
Spain		26,983			2,408			1,657	
France	13,672	13,643	0.2	1,031	1,060	-2.7	727	756	-3.8
Denmark	12,313	12,645	-2.6	1,216	1,248	-2.6	760	784	-3.1
Holland		12,583			1,099			732	
Poland		11,640			947			640	
Italy	8,708	8,682	0.3	572	584	-2.1	472	487	-3.1
Belgium		6,256			437			350	
UK		4,739			492			341	
Rumania		4,659			349			215	
Hungary		3,124			292			193	
Austria	2,667	2,761	-3.4	232	240	-3.3	162	167	-3.0
Ireland		1,537			148			105	
Sweden		1,419			146			102	
EU (5)	64,506	65,830	-2.0	4,978	5,156	-3.5	3,528	3,671	-3.9
EU (14)		138,770			11,474			8,006	
Serbia	3,016	3,313	-9.0	444	465	-4.5	201	233	-13.7

 **BRAZIL**
Judge orders JBS management to step down

The Brazilian judge who is investigating alleged fraud in a number of Brazilian pension funds has ordered 40 Brazilian business leaders to temporarily step down as his enquiries proceed. The 40 include the CEO of JBS, Wesley Batista, and Chairman Joseley Batista.

 **USA**
CEO of Hormel Foods steps down

Hormel Foods CEO, Jeffery Ettinger, is stepping down on 30 October and will be replaced by the current COO James Snee. Jeffery Ettinger will remain as Chairman of Hormel.

Fire at Smithfield plant

Last week, a fire broke out at Smithfield's slaughtering plant in Monmouth, Illinois, disrupting operations.

The company normally slaughters 10,000 pigs per day, which corresponds to just over 2 per cent of the total U.S. slaughtering capacity of 440,000 pigs per day. According to U.S. market analysts, however, the fire resulted in a fall in U.S. pig prices on Tuesday and Wednesday last week.

Seaboard Foods acquires Texas Farm LLC

Seaboard Foods has acquired Texas Farm LLC from the Japanese Nipponham Foods.

Texas Farm LLC includes a pig business with 25,000 sows along with agricultural land and feed production.

 **CHINA****Decline in chicken production**

Reuters Bureau reports that a decline in Chinese chicken production is forecast – for the first time in a decade.

This is due to the fact that in December 2014, China introduced a ban on poultry imports from the U.S. because of an outbreak of bird flu. This has resulted in China having a shortfall in breeding stock, which has affected Chinese chicken production.

Even if China lifts its ban by the end of the year, next year's supply wouldn't recover," said Pan Chenjun, senior analyst at Rabobank.

Rabobank expects Chinese chicken production to fall by around 8 per cent next year corresponding to 1 million tonnes and for prices to increase by as much as 20 per cent. However, prices will be kept in check by alternatives such as duck meat and increased imports.

The U.S.'s Agricultural Attaché in Beijing expects that next year, China will increase its poultry exports by 33%, corresponding to 480,000 tonnes. Imports are expected to rise from Brazil, Argentina and Chile in particular.

Wen's pig division increases earnings

Asian Agribusiness reports that China's largest livestock producers, Guangdong Wens Foodstuff Group's pig farming segment's gross profit margin stood at 40.28% in the first half of 2016 compared to 9.69% a year earlier.

The company's half year pig production rose by 14.6% to 8.05 million head, driving the segment's revenue up 71.6% to USD 2.77 billion.

As was reported in Market News, Wens is planning to expand its production in North-East and South-West China.

Wellhope doubles revenue in slaughtering business

Asian Agribusiness reports that one of China's leading feed millers, Liaoning Wellhope Agri-Tech Stock Co, has increased its revenue from its slaughtering business by 97% in the first half year 2016.

However, the segment's gross profit margin fell marginally to 1.55%.

The company's overall revenue, which also covers feed product sales and feed ingredient trade, rose 18% to USD 755 million. Overall gross profit margin stood at 10.46%.

Wellhope, in which Royal De Heus of the Netherlands holds a 9.63% stake, has ventured into the integrated broiler business. It is also expanding pig farming by investing in a breeder and commercial farm in north China's Hebei province.



Pig meat exports

According to category

Tonnes	Jan-June 2016	Jan-June 2015	% change 16:15
Live pigs	5,882	10,950	-46.3
Fresh/frozen	1,097,799	664,731	65.1
Bacon	15,426	14,784	4.3
Processed	79,043	84,175	-6.1
By-products	815,358	630,072	29.4
Total	2,013,508	1,404,712	43.3

Pig meat exporters from EU

Tonnes	Jan-June 2016	Jan-June 2015	% change 16:15
Germany	512,662	358,002	43.2
Spain	384,367	219,361	75.2
Denmark	318,742	265,423	20.1
Holland	211,701	116,042	82.4
France	136,201	97,907	39.1
Poland	101,238	63,903	58.4
UK	70,636	43,265	63.3
Ireland	56,979	35,961	58.4
Belgium	54,053	42,264	27.9
Italy	47,814	38,490	24.2
Hungary	40,929	37,883	8.0
Austria	23,928	21,708	10.2
Others	54,254	64,500	-15.9
EU-28	2,013,504	1,404,709	43.3

Pig meat importers from EU

Tonnes	Jan-June 2016	Jan-June 2015	% change 16:15
China	964,272	455,537	111.7
Hong Kong	177,393	114,769	54.6
Japan	165,096	136,150	21.3
Philippines	110,644	84,426	31.1
South Korea	104,695	122,053	-14.2
USA	60,729	42,702	42.2
Australia	42,270	36,231	16.7
Ukraine	38,031	36,709	3.6
Angola	13,874	25,884	-46.4
Montenegro	10,328	9,887	4.5
Russia	3,438	6,455	-46.7
Belarus	94	224	-58.0
Others	322,643	333,685	-3.3
EU-28	2,013,507	1,404,712	43.3



Denmark's pig meat exports (tonnes) Jan-June 2016

	Biprodukter	Levende		Tilberedt		Hele og halve			Total	Pct.
		Svin	Konserveret	Bacon	svin/søer	Udskæringer	Pølser			
Tyskland	12.113	93.913	4.571	123	45.664	112.263	1.591	270.238	27,8	
Polen	1.008	66.351	4	3	9	57.963	10	125.348	12,9	
UK	3.443	151	6.323	25.719	0	64.236	4.719	104.591	10,8	
Italien	885	10.902	212	32	0	49.559	139	61.729	6,3	
Sverige	4.027	8	1.080	719	17	9.940	2.511	18.302	1,9	
Holland	9.332	5.425	78	19	0	2.736	84	17.674	1,8	
Frankrig	1.232	340	483	155	0	6.570	471	9.251	1,0	
Spanien	28	1.984	702	491	0	2.901	745	6.850	0,7	
Øvrige EU-lande	5.887	6.071	1.377	277	0	18.364	1.595	33.571	3,5	
EU i alt	37.955	185.144	14.830	27.538	45.690	324.532	11.867	647.555	66,6	
Kina	97.845	48	0	0	0	75.445	0	173.338	17,8	
Japan	1.755	5	2.414	56	0	54.358	845	59.433	6,1	
Australien	263	0	37	212	0	28.485	10	29.007	3,0	
USA	1.346	0	2.195	94	0	13.513	390	17.538	1,8	
Hong Kong	3.917	0	242	10	0	4.963	14	9.147	0,9	
Sydkorea	438	11	1.890	0	0	6.070	168	8.577	0,9	
Taiwan	255	0	10	0	0	5.313	0	5.578	0,6	
Singapore	652	0	62	133	0	644	303	1.795	0,2	
Canada	137	0	66	0	0	1.574	0	1.776	0,2	
Øvrige 3. lande	4.320	702	4.416	399	0	5.004	4.106	18.948	1,9	
3. lande total	110.930	765	11.332	904	4	195.368	5.836	325.140	33,4	
Eksport total	148.885	185.910	26.162	28.442	45.694	519.900	17.703	972.696	100,0	

Key to table (above)

Left column: Germany, Poland, UK, Italy, Sweden, Holland, France, Spain, Other EU countries, Total EU.
China, Japan, Australia, USA, Hong Kong, South Korea, Taiwan, Singapore, Canada, Other Third Countries, Total Third Countries, Total exports

Headings across: By-products; Live pigs; Processed/Canned; Bacon; Whole and half pigs/sows; Cuts; Sausages, Total; Per cent

Jan-June 2015

	Biprodukter	Levende		Tilberedt		Hele og halve			Total	Pct.
		Svin	Konserveret	Bacon	svin/søer	Udskæringer	Pølser			
Tyskland	24.631	110.576	5.022	138	35.251	138.428	1.544	315.590	31,7	
Polen	817	65.757	17	16	0	67.742	0	134.349	13,5	
UK	5.905	80	6.859	31.630	0	57.785	3.967	106.227	10,7	
Italien	980	9.880	136	35	0	61.078	117	72.226	7,3	
Sverige	4.578	5	1.264	713	0	9.856	2.081	18.497	1,9	
Holland	8.195	3.302	95	9	0	4.157	68	15.826	1,6	
Frankrig	1.992	475	436	119	0	7.877	511	11.411	1,1	
Spanien	34	1.443	612	462	128	3.405	648	6.731	0,7	
Øvrige EU-lande	6.291	5.819	1.181	86	0	25.451	1.480	40.307	4,1	
EU i alt	53.423	197.337	15.621	33.208	35.378	375.781	10.416	721.164	72,5	
								0	0,0	
Kina	88.242	0	0	0	25	23.788	0	112.055	11,3	
Japan	1.075	1	2.026	91	0	54.738	901	58.832	5,9	
Australien	357	0	101	90	0	29.317	37	29.901	3,0	
USA	1.877	0	1.975	24	0	13.638	446	17.961	1,8	
Sydkorea	646	2	1.697	0	0	8.449	139	10.933	1,1	
Taiwan	1.005	0	10	0	0	7.745	4	8.764	0,9	
Filippinerne	2.583	0	207	0	0	964	1	3.755	0,4	
Hong Kong	1.892	0	226	9	0	1.383	18	3.528	0,4	
Singapore	1.107	0	289	26	0	1.026	601	3.049	0,3	
Øvrige 3. lande	6.777	517	3.766	473	2	8.338	4.480	24.352	2,4	
3. lande total	105.562	520	10.298	712	26	149.385	6.626	273.130	27,5	
Eksport total	158.985	197.856	25.919	33.920	35.404	525.167	17.043	994.294	100,0	

Key to table (above)

Left column: Germany, Poland, UK, Italy, Sweden, Holland, France, Spain, Other EU countries, Total EU.
China, Japan, Australia, USA, South Korea, Taiwan, Philippines, Hong Kong, Singapore, Other Third Countries, Total Third Countries, Total exports

Headings across: By-products; Live pigs; Processed/Canned; Bacon; Whole and half pigs/sows; Cuts; Sausages, Total; Per cent

Top 10 importers of Danish pig meat for first half year 2016 measured in value

All pig meat, including live pigs, is included in the figures.

Country	1st half year 2016		1st half year 2015	
	Value in DKK billion	Tonnes	Value in DKK billion	Tonnes
Germany	3.0	270,238	3.4	315,590
China/Hong Kong	2.2	182,485	1.4	115,582
Japan	1.7	59,433	1.6	58,832
UK	1.6	104,591	1.9	106,227
Polan	1.6	125,348	1.7	134,349
Italy	0.8	61,729	1.0	72,226
Australia	0.6	29,007	0.6	29,901
USA	0.5	17,538	0.5	17,961
Sweden	0.4	18,302	0.4	18,497
France	0.2	9,251	0.2	11,411
Top 10 total	12.6	877,922	12.7	880,576
Other countries	1.7	94,774	1.8	113,717
Total	14,3	972.696	14,5	994,294

ZIMBABWE

Foot & Mouth disease

In the past week, the authorities reported 7 cases of Foot & Mouth disease. 13,295 head of cattle have been affected.