

MARKET NEWS for pig meat



Market analysis

19 September 2016

Week 38

MARKET SITUATION

Europe: Legs, shoulders and middles are being traded at modestly rising prices, with prices for other cuts unchanged.

UK: Trading remains stable.

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

SLAUGHTERINGS

	Week 34	Week 35	Week 36	Week 1-36 2016/15
Total	330,131	340,115	340,573	-2.7 %

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)	10.80	10.80
Sows (above 130 kg)	7.50	7.50

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av.
Basic.	416.35	355.97
SPF+Myc	421.35	360.97
SPF	425.35	364.97
Organic	1087.22	1058.43
Market prices SPF region 1		
PRRS negative	430.00	339.00
PRRS positive	410.00	319.00
Market prices SPF region 2/3		
PRRS negative	430.00	339.00
PRRS positive	410.00	319.00


Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	11.98 kr./kg	7.34 kr./kg	7.10 kr./kg	6.02 kr./kg	6.05 kr./kg

FUTURES


	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	16/9	9/9	Change	16/9	9/9	Change
2016						
Sep	-	-	-	1.65	1.65	0.00
Oct	55.48	59.23	-3.75	1.41	1.41	0.00
Nov	-	-	-	1.56	1.56	0.00
Dec	49.95	53.93	-3.98	1.57	1.57	0.00
2017						
Jan	-	-	-	1.41	1.41	0.00
Feb	54.38	58.78	-4.40	1.41	1.41	0.00
Mar	-	-	-	-	-	-
Apr	59.93	64.23	-4.30	-	-	-
May	66.25	71.08	-4.83	-	-	-
Jun	70.03	74.78	-4.75	-	-	-
Jul	69.50	74.15	-4.65	-	-	-
Aug	69.00	73.58	-4.58	-	-	-
Sep	-	-	-	-	-	-
Oct	59.45	63.20	-3.75	-	-	-
Nov	-	-	-	-	-	-
Dec	57.70	60.23	-2.53	-	-	-
2018						
Jan	-	-	-	-	-	-
Feb	59.90	62.15	-2.25	-	-	-
Conversion factors: lbs:kg = 0.4536 \$:€ = 6.6338				Conversion factor: €/kg = 7.4471		

AFRICAN SWINE FEVER

 **UKRAINE:** last week, two new cases were reported at small farms in the north-east of the country.

 **POLAND:** last week one case was reported at a small farm in the east of the country close to the border with Belarus.

The Polish authorities are planning to cull up to 600,000 pigs in an attempt to control ASF more effectively.

 **RUSSIA:** last week, three new cases were reported: two at small farms and the third among wild boar. All cases were in the west of the country.

Agra Europe reports that the Russian authorities are planning a massive cull of wild boar in areas affected by ASF. The authorities want to see a sharp reduction in the number of small pig farms in ASF-affected areas because they believe that these farms are failing to comply with current biosecurity regulations.

The plans were discussed at meetings that President Putin had with Deputy Prime Minister Arkady Dvorkovich and Agriculture Minister Alexander Tkachev. According to Putin, ASF is preventing Russia from launching pig meat exports to China.



May/June pig census

Last week, Eurostat published its preliminary results of the May/June pig census for Spain, Holland, Poland, UK, Romania, Ireland and Sweden (the results for 12 countries are now available).

So far, the results show a pig population that is 1.8% down on the year. The breeding herd (breeding and pregnant sows) has fallen by 3.9% and 4.6% respectively.

The figures for Belgium and Hungary, which have yet to be published, will not change the overall picture. The results confirm that the coming quarters can be expected to show a decline in EU pig slaughtering compared to the previous year.

Pig census EU May-June 2016

'000	Total population			Breeding sows			Pregnant sows		
	2016	2015	%-ændr.	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	27,541	26,983	2.1	2,374	2,408	-1.4	1,577	1,657	-4.8
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	12,388	12,603	-1.7	1,050	1,103	-4.8	705	734	-4.0
Poland	10,239	11,640	-12.0	797	947	-15.8	548	640	-14.4
Italy	8,708	8,682	0.3	572	584	-2.1	472	487	-3.1
Belgium		6,256			437			350	
UK	4,862	4,739	2.6	497	492	1.0	350	341	2.6
Rumania	4,575	4,659	-1.8	339	349	-2.9	210	215	-2.3
Hungary		3,124			292			193	
Austria	2,667	2,761	-3.4	232	240	-3.3	162	167	-3.0
Ireland	1,594	1,537	3.7	149	148	0.7	103	105	-1.9
Sweden	1,387	1,419	-2.3	148	146	1.4	103	102	1.0
EU (12)	127,092	129,410	-1.8	10,332	10,749	-3.9	7,124	7,465	-4.6
EU (14)		138,790			11,478			8,008	
Serbia	3,016	3,313	-9.0	444	465	-4.5	201	233	-13.7

EU Pig meat exports

The EU Commission has published preliminary figures for EU pig meat exports (measured in slaughter weight) for the period January-July 2016 compared to January-July 2015.

EU-28 pig meat exports

Slaughter weight, tonnes	Jan-July 2016	Jan-July 2015	% change
China	1,156,931	560,931	106.3
Japan	219,799	194,145	13.2
Hong Kong	199,034	137,691	44.6
Philippines	128,831	102,473	25.7
South Korea	130,582	153,404	-14.9
USA	73,912	56,218	31.5
Others	514,513	567,708	-9.4
Total	2,423,602	1,772,570	36.7

 **HOLLAND**
Westfort gains access to China

The Dutch meat processor, Westfort, has finally been approved for export to China. According to the Dutch media, the company's management has been frustrated over the long delays.

 **GERMANY**
Tönnies to increase its presence in the Nordic area

AHDB Pork reports that the German pork processor, Tönnies, plans to increase its presence in the Nordic markets.

The company is currently shipping 20 trucks of pig meat to the Finnish market.

 **SPAIN**
Pig meat exports to Vietnam

The Spanish media report that Spain plans to export 9,000 tonnes of pig meat to Vietnam.

Last week, the Spanish organisation, Interporc, arranged a conference in Madrid to which the Vietnamese media were invited.

 **USA**
Pig production losses

The latest figures from Iowa State University reporting the average economy of U.S. pig producers for August show a loss of \$3.07 per pig.

This is a sharp decline compared to the previous months. Falling feed prices have been unable to offset the strong decline in U.S. pig prices in recent months.

In June, the calculations from Iowa State University showed average earnings of \$32.95 per pig. One year ago, earnings amounted to \$20.27 per pig.

 **BRAZIL**
USDA expects increases in pig meat production

In their latest report on Brazilian meat production, the US Department of Agriculture expects Brazilian pig meat production to increase from 3,519 million tonnes in 2015 to 3,710 million tonnes in 2016 and 3,825 million tonnes in 2017. This is a rise of 5.4% in 2016 and 3.1% in 2017.

The rise in production is largely driven by the anticipated increase in Brazilian exports of pig meat and to a lesser extent demand from the Brazilian domestic market.

In 2017, Brazilian exports of pig meat are expected to rise by 9%, to be driven largely by rising exports to Russia and China. Angola, Japan, Mexico and Singapore are also expected to increase their export volumes in 2017. After 10 years of negotiations, South Korea has now opened its market to pig meat imports from Brazil, which are expected to total 35,000 tonnes per annum.

Brazilian pig meat production is mainly focused on the three southern states, which together account for almost 60% of the country's production. Santa Catarina is the only state that is recognised as being free of Foot & Mouth Disease, which is why exports are mainly concentrated from there.

Pig production in the southern states is predominately vertically integrated, which is why pig farmers have not been affected by rising feed prices to the same extent as the independent pig producers.

Batista brothers re-join JBS board

Brothers Wesley and Joseley Batista have re-joined the board of JBS as CEO and Chairman respectively.

Reuters reports that the brothers' return follows an agreement with the public prosecutor in exchange for payment of a deposit of 1.52 billion reais (approx. \$465 million) before 21 October. The deposit serves as collateral in the event of the brothers being convicted of fraud in a number of Brazilian pension funds.

ARGENTINA

Increased pig meat imports

The Spanish organisation, Eurocarne, reports that during the period January-August 2016, Argentina increased its pig meat imports to 13,000 tonnes compared to 6,000 tonnes for the same period last year.

INDIA

The world's largest beef exporter

The International Meat Secretariat reports that owing to its exports of buffalo meat, India is the world's largest exporter of beef with a 20% share of global beef exports.

Since 2008, exports of buffalo meat from India have increased by 29% and the country expects exports to increase by 8% per annum for the next five years. Measured in value, exports now account for 1.56 per cent of India's overall export value.

The most important export markets are South-East Asia, (Vietnam, Thailand, Malaysia), Africa and the Middle East (Egypt, Saudi Arabia, United Arab Emirates).

In 2015, 630,000 tonnes were exported to Vietnam alone at a value of \$1.9 billion. By far the majority of buffalo meat exports to Vietnam are assumed to end up in the Chinese market.

SOUTH KOREA

Classical Swine Fever

At the beginning of last week, the authorities in South Korea reported an outbreak of Classical Swine Fever to the OIE. A farm comprising 2,100 pigs located in the northern part of the country, close to the border with North Korea, has been affected.

It is assumed that the infection is the result of contact with wild boar.

South Koreans are eating more processed meat products

Asian Agribusiness reports increasing sales of processed food products in South Korea in part due to a growing proportion of animal protein in the South Korean diet and in part to a trend towards convenient ready meals.

The Korean Ministry of Agriculture reports that the canned meat market, including canned ham and sausages, increased by 12.4% in two years and reached almost \$1.11 billion in 2015. In Q1 alone, sales amounted to \$ 320.6 million, a rise of 6.6% compared to the same quarter last year.

CHINA

Shuanghui to sell chilled/frozen pork products on JD.com

Asian Agribusiness reports that one of China's biggest pork processors, Shuanghui Group, has signed an agreement to sell its chilled/frozen pork products via JD.com, which has around 180 million active users.

The products, which will be sold online, include pork slices, dices and minces, and will be expanded to include prepared items, soup and snacks. Shuanghui introduced China's first chilled pork processing line in 2000 and now has 18 chilled pork plants across the country and is able to deliver products to almost all provinces within a day.

"There is great potential for chilled pork consumption in China as warm meat still dominates the market while chilled products account for only 20% " says Shuanghui.

MAURITIUS

Foot and Mouth disease

Last week, the authorities reported four cases of the disease – 4,335 cattle, 4 goats and 2 sheep have been affected.