

MARKET NEWS for pig meat



Market analysis

17 October 2016

Week 42

MARKET SITUATION

Europe: Trading in fresh legs is at unchanged prices, as is trading in other cuts.

UK: Trading remains stable although the fall in sterling has affected prices.

Good trading is reported for Japan and stable trading for China.

SLAUGHTERINGS

	Week 38	Week 39	Week 40	Week 1-40 2016/15
Total	342.188	338.515	338.515	-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)	10.20	10.20
Sows (above 130 kg.)	7.30	7.30

Nominal prices for piglets (30 kg)


DKK/head	Current	52 wk av
Basic	390.73	360.20
SPF+Myc	395.73	365.20
SPF	399.73	369.20
Organic	1084.95	1064.55
Market prices SPF region 1		
PRRS negative	385.00	348.00
PRRS positive	365.00	330.00
Market prices SPF region 2/3		
PRRS negative	385.00	348.00
PRRS positive	365.00	330.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	11.13 kr/kg	7.26 kr/kg	6.70 kr/kg	5.83 kr/kg	5.84 kr/kg

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	14/10	7/10	Change	14/10	7/10	Change.
2016						
Oct	52.60	50.68	+1.92	1.64	1.69	-0.05
Nov	-	-	-	1.56	1.56	0.00
Dec	42.23	42.60	-0.37	1.57	1.57	0.00
2017						
Jan	-	-	-	1.41	1.41	0.00
Feb	50.28	49.30	+0.98	1.41	1.41	0.00
Mar	-	-	-	1.41	1.41	0.00
Apr	58.03	56.88	+1.15	-	-	-
May	66.33	65.65	+0.68	-	-	-
Jun	71.08	70.35	+0.73	-	-	-
Jul	71.38	71.28	+0.10	-	-	-
Aug	71.75	71.10	+0.65	-	-	-
Sep	-	-	-	-	-	-
Oct	62.40	62.00	-0.40	-	-	-
Nov	-	-	-	-	-	-
Dec	58.65	58.70	-0.05	-	-	-
2018						
Jan	-	-	-	-	-	-
Feb	61.80	62.15	-0.35	-	-	-
Apr	64.95	-	-	-	-	-
Conversion factors: lbs = 0.4536 kg \$:€ = 6.7622				Conversion factor: € = 7.4398		

AFRICAN SWINE FEVER


 **POLAND:** One new case was reported last week among wild boar in the east of the country, close to the border with Belarus.


EU Commission supports new Polish initiatives for controlling ASF


Agra Europe reports that the EU's Agriculture Commissioner Phil Hogan has indicated that Poland will be granted permission to help the country's pig producers deal with ASF more effectively.

Following an EU Council meeting last week, Hogan told journalists: "I welcome the fact that Poland has brought forward proposals in the past few days with concrete actions that can be taken which will have the support of the Commission in helping to stop the spread of this particular disease which would have a serious impact on the pig meat sector"

Poland has informed the Commission that more effective control of ASF requires more robust regulations and better compensation for Polish pig producers in affected areas. They are looking for EU funding and for veterinary resources.

 **LITHUANIA:** Three new cases were reported last week among wild boar in the east of the country.

 **RUSSIA:** Three new cases were reported last week: two at small pig farms and one at a large farm comprising 38,037 pigs. All cases are in the west of the country.

 **UKRAINE:** Six new cases were reported last week: five at small farms and one at a large farm of 2,000 pigs. The cases were spread across the country.

 **RUSSIA**
Russia finds traces of ASF in smuggled Ukrainian meat

Russia claims to have found traces of ASF in smuggled meat from Ukraine.

Roselkhoznadzor, the Russian veterinary authorities, says that the discovery shows that all areas bordering Ukraine are at risk because of the lack of control. It also claims that tests confirm that Ukrainian pig meat products were shipped across the border to Kursk oblast in Russia without the necessary veterinary documents. Furthermore, Ukraine is accused of not doing enough to stop the infected pigs and pig meat from being transported to slaughterhouses and factories.

 **EU**
Pig meat exports

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

EU-28 pig meat exports

Slaughter weight, tonnes	Jan-Aug 2016	Jan-Aug 2015	% change
China	1,314,233	667,786	96.8
Japan	250,055	229,939	8.7
Hong Kong	226,430	163,757	38.3
Philippines	143,523	118,887	20.7
South Korea	149,146	168,628	-11.6
USA	81,161	64,977	24.9
Others	589,780	658,362	-10.4
Total	2,754,328	2,072,336	32.9

 **GLOBAL**
Forecast production, consumption and trade in pig meat in 2017

The U.S. Department of Agriculture has published its forecast for the production, consumption and trade in pig meat in 2017 for a number of countries.

Trading only covers fresh/frozen pig meat. Chinese imports of by-products are thus not included in the import/export figures.

Production in 1,000 tonnes	2012	2013	2014	2015	2016	Forecast 2017	% change 2017:2016
China	53,427	54,930	56,710	54,870	51,850	53,750	4
EU	22,526	22,359	22,533	23,290	23,350	23,350	0
USA	10,554	10,525	10,370	11,121	11,307	11,739	4
Brazil	3,330	3,335	3,400	3,519	3,710	3,825	3
Russia	2,175	2,400	2,510	2,615	2,770	2,900	5
Vietnam	2,307	2,349	2,425	2,475	2,525	2,575	2
Canada	1,844	1,822	1,805	1,899	1,975	1,980	0
Philippines	1,310	1,340	1,353	1,370	1,440	1,500	4
Mexico	1,239	1,284	1,290	1,323	1,385	1,448	5
Japan	1,297	1,309	1,264	1,254	1,275	1,265	-1
South Korea	1,086	1,252	1,200	1,217	1,232	1,263	3
Total – selected countries	101,095	102,905	104,860	104,953	102,819	105,595	3

Consumption '000 tonnes	2012	2013	2014	2015	2016	Forecast 2017	% change 2017:2016
China	53,922	55,456	57,195	55,668	54,070	55,870	3
EU	20,382	20,147	20,390	20,913	20,062	20,062	0
USA	8,441	8,665	8,545	9,341	9,452	9,811	4
Russia	3,239	3,267	3,024	3,016	3,160	3,280	4
Brazil	2,670	2,751	2,845	2,893	2,811	2,886	3
Japan	2,557	2,549	2,543	2,568	2,590	2,585	0
Vietnam	2,279	2,333	2,408	2,456	2,506	2,556	2
Mexico	1,850	1,956	1,991	2,176	2,270	2,348	3
South Korea	1,546	1,628	1,660	1,813	1,868	1,890	1
Philippines	1,446	1,511	1,551	1,544	1,659	1,750	5
Taiwan	906	892	875	930	897	897	0
Total – selected countries	99,238	101,155	103,027	103,318	101,345	103,935	3

Imports '000 tonnes	2012	2013	2014	2015	2016	forecast 2017	% change 2017:2016
Japan	1,259	1,223	1,332	1,270	1,320	1,320	0
China	730	770	761	1,029	2,400	2,300	-4
Mexico	706	783	818	981	1,025	1,050	2
South Korea	502	388	480	599	610	630	3
USA	364	399	459	506	517	526	2
Hong Kong	414	399	347	397	485	475	-2
Russia	1,077	868	515	408	410	400	-2
Australia	194	183	191	220	215	210	-2
Canada	240	220	214	216	210	215	2
Philippines	138	172	199	175	220	250	14
Singapore	105	98	117	116	110	112	2
Total – selected countries	5,729	5,503	5,433	5,917	7,522	7,488	0

Exports in 1,000 tonnes	2012	2013	2014	2015	2016	Forecast 2017	% change 2017:2016
EU	2,165	2,227	2,164	2,389	3,300	3,300	0
USA	2,440	2,262	2,309	2,272	2,356	2,449	4
Canada	1,243	1,246	1,218	1,239	1,350	1,300	-4
Brazil	661	585	556	627	900	940	4
China	235	244	276	231	180	180	0
Chile	180	164	163	178	175	170	-3
Mexico	95	111	117	128	140	150	7
Australia	36	36	37	36	35	35	0
Vietnam	32	22	21	21	21	21	0
Russia	13	1	1	7	20	20	0
Belarus	104	74	25	5	15	15	0
Total – selected countries	7,204	6,972	6,887	7,133	8,492	8,580	1

 **USA**
Damage after Hurricane Matthew

Hurricane Matthew hit North Carolina last Saturday and caused widespread damage. According to U.S. news media, which quotes the Governor of North Carolina, flooding has resulted in the drowning of at least 1.8 million chickens and 4,800 pigs.

A number of slurry lagoons were flooded, which has meant that diluted slurry has spread to surrounding areas. However, no extensive environmental damage has been reported.

The major pig slaughterhouses in the state have resumed operations and expect to run at full capacity from this week. This includes Smithfield's Tar Heel plant, which slaughters 32,500 pigs per day. According to a spokesman from the company, none of the company's plants has been seriously damaged, but flooding has impeded pig supplies and prevented employees getting to work.

 **CHINA**
WH Group receives its first rating

Last week, WH Group Limited announced that the company has been rated by the three international credit agencies, Fitch, Moody's and S&P Global Ratings for the first time.

China confiscates 200,000 smuggled pigs from Vietnam

Asian Agribusiness reports that the Chinese authorities in south China's Guangxi region seized a total of 262,000 live pigs smuggled from neighbouring Vietnam in the first eight months of this year.

The pigs, valued at \$65 million, were confiscated in eight different cases. The Chinese authorities say that they will tighten border controls to discourage the smuggling of live pigs from Vietnam.

China's live pig prices hit a record high in the first half of 2016, triggering a hike in pig meat imports as well as smuggling.

Massive over capacity at slaughterhouses

AHDB Pork, whose source is Asian Pork, reports that the Chinese meat processing sector is oversized for production. For example, the Yurun abattoir is only running at 30% of its 50m head capacity.

 **FINLAND**
Atria gains access to Chinese market

Agra Europe reports that the Finnish meat group, Atria, has been granted permission to export pig meat to China – the first Finnish company to do so.

 **MEXICO/ CANADA**
Canada opens its doors to Mexican pig meat

The Pig Site reports that Canada has opened up its market to pig meat from Mexico. This follows in the wake of Canada certifying Mexico as free from Classical Swine Fever.

 **EU**
Carmarthen ham achieves PGI status

Another pig meat product – Carmarthen ham - has obtained EU Protected Geographical Indication (PGI) status, which means that the product must be produced or processed in a particular geographical area in the EU. Carmarthen ham is dry salt cured then air-dried, weighs between 4-5 kg, and takes 6-9 months to mature. The hams are marketed as whole hams or boneless, cut and packed in slices of various shapes and sizes in line with customer requirements.

A number of UK food manufacturers have recently highlighted their concerns about the future of PGI products, when Britain leaves the EU. The issue was brought forward by the Labour Party last week as one of its 170 Brexit-related questions. The party has challenged the government to explain how it will protect the 77 products in the UK, which currently enjoy PGI status.

HOLLAND

Vion on the lookout for capital

Vion and its owner, the ZLTO co-operative, are looking for €200 million to enlarge capacity, modernise production and adapt export demand, particularly from China.

As ZLTO does not have the capital, various options are being considered, including the full or partial sale of Vion.

Moreover, it is reported that the Vion Global Pork Scheme aims to supply Japanese and German supermarkets with pig meat from pigs from 180 farms raised within Vion's welfare standard.

Sale of antibiotic-free pig meat

AHDB Pork reports that Keten Duurzam Varkensvlees (the sustainable pork chain) is developing an antibiotics-free pig meat offer. Some 120 pig farmers are involved.

As previously reported in Market News (week 29), KDV represents 300 Dutch producers and collaborates with the Dutch meat processor, Westfort.

Please note that the next Market News will be published in week beginning 31 October.