

MARKET NEWS for pig meat



Market analysis

8 November 2016

Week 45

MARKET SITUATION

Europe: Trading in fresh legs is sluggish and at slightly falling prices. Other cuts are also being traded at a slow pace and at unchanged or slightly falling prices.

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

Stable trading is reported for Japan and stable trading in by-products is reported for China.

SLAUGHTERINGS

	Week 42	Week 43	Week 44	Week 1-44 2016/15
Total	347,449	345,552	365,479	-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)	10.00	10.00
Sows (above 130 kg)	6.90	6.90

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	382.64	362.21
SPF+Myc	387.64	367.21
SPF	391.64	371.21
Organic	1058.15	1065.96
Market prices SPF region 1		
PRRS negative	385.00	355.00
PRRS positive	365.00	336.00
Market prices SPF region 2/3		
PRRS negative	385.00	355.00
PRRS positive	365.00	336.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	10.81 kr/kg	7.26 kr/kg	6.56 kr/kg	5.76 kr/kg	5.77 kr/kg

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	4/11	28/10	Change	4/11	28/10	Change
2016						
Nov	-	-	-	1.52	1.56	-0.04
Dec	46.15	46.80	-0.65	1.57	1.57	0.00
2017						
Jan	-	-	-	1.41	1.41	0.00
Feb	52.98	54.00	-1.02	1.41	1.41	0.00
Mar	-	-	-	1.41	1.41	0.00
Apr	60.40	61.65	-1.25	1.41	1.41	-
May	68.35	69.73	-1.44	-	-	-
Jun	72.70	73.45	-0.75	-	-	-
Jul	73.63	74.25	-0.62	-	-	-
Aug	73.73	74.10	-0.37	-	-	-
Sep	-	-	-	-	-	-
Oct	62.83	63.18	-0.35	-	-	-
Nov	-	-	-	-	-	-
Dec	59.13	59.80	-0.67	-	-	-
2018						
Jan	-	-	-	-	-	-
Feb	62.03	62.55	-0.52	-	-	-
Mar	64.60	64.80	-0.20	-	-	-
Conversion factors: 1 lbs = 0.4536 kg \$:€ = 6.7080				Conversion factor: € = 7.4412		

AFRICAN SWINE FEVER

POLAND: Two new cases among wild boar were reported last week in the east of the country, close to the border with Belarus.



UKRAINE: Three new cases were reported last week: one at a large farm comprising 6,300 pigs and two at small farms. The three cases were spread across the country.



ITALY: One case was reported last week in Nuoro on Sardinia. ASF is endemic on the island.

Slaughterings

2014	Pigs/sows	Sows etc.	Total
	50-110 kg	above 110 kg	
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	Sows etc.	Total
	50-110 kg	above 110 kg	
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	Sows etc.	Total
	50-110 kg	above 110 kg	
January	1,542,852	49,976	1,592,828
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	1,270,399	42,165	1,312,564
June	1,683,260	51,569	1,734,829
July	1,330,335	40,749	1,371,084
August	1,327,063	44,362	1,371,425
September*	1,696,874	48,624	1,745,498
October	0	0	0
November	0	0	0
December	0	0	0
Jan-Sep	13,260,795	415,288	13,676,083

* = Preliminary figures

Exports of live pigs

2014	Piglets		Pigs/sows 50-135 kg	Pigs/sows above 135 kg	Total
	0-15 kg	15-50 kg			
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		Pigs/sows 50-135 kg	Pigs/sows above 135 kg	Total
	0-15 kg	15-50 kg			
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		Pigs/sows 50-135 kg	Pigs/sows above 135 kg	Total
	0-15 kg	15-50 kg			
January	43,054	1,158,651	16,967	4,426	1,223,098
February	35,503	891,644	21,095	6,806	955,048
March	45,142	1,102,519	17,526	2,196	1,167,383
April	43,235	1,073,102	22,482	4,442	1,143,261
May	41,933	1,069,525	16,384	4,051	1,131,893
June	36,059	1,050,627	36,263	4,255	1,127,204
July	35,510	1,019,201	19,854	2,879	1,077,444
August	35,973	1,098,135	18,203	1,396	1,153,707
September*	40,429	1,023,837	17,246	1,600	1,083,112
October	0	0	0	0	0
November	0	0	0	0	0
December	0	0	0	0	0
Jan-Sep	356,838	9,487,241	186,020	32,051	10,062,150

* = Preliminary figures


Pig census 1 October 2016

Yesterday, Statistics Denmark published the results of its pig census taken on 1 October 2016, based on a random sample of around 2,500 farms.

The results show that the total pig population is 4.0% lower compared to one year ago. The most recent census of 1 July shows a fall of 2.6%.

Breeding numbers or total pregnant sows show a decline of 2.7 per cent compared to last year. The July census showed a fall of 3.1%.

'000 head	October census			July census		
	1 October 2016	1 October 2015	% change 16:15	1 July 2016	1 July 2015	% change 16:15
Breeding boars	11	11	-	10	11	-9.1
Pregnant gilts	181	186	-2.7	186	191	-2.6
Other pregnant sows	578	594	-2.7	574	593	-3.2
Total breeding sows	759	780	-2.7	760	784	-3.1
Nursing sows	203	209	-2.9	204	210	-2.9
Dry sows	35	34	+2.9	34	37	-8.1
Sows and boars for slaughter	6	6	-	6	6	-
Gilts >50 kg for breeding	219	222	-1.4	218	217	+0.5
Piglets with sows	2,454	2,589	-5.2	2,460	2,613	-5.9
Weaned pigs <50 kg	5,703	5,871	-2.9	5,718	5,777	-1.0
Finished pigs >50 kg	2,947	3,134	-6.0	2,903	2,990	-2.9
Total pigs	12,337	12,856	-4.0	12,313	12,645	-2.6
Total pigs excluding finished pigs *	9,390	9,722	-3.4	9,410	9,655	-2.5

 **USA**
Record pig slaughterings

Last week, U.S. pig slaughterings set a record at 2,532m pigs, reports the U.S. media. This was 8,000 more than the previous record set just two weeks earlier and 5.5% more than the previous week.

A contributory factor is that last week, Smithfield began slaughtering many more pigs due to their Tar Heel plant running at reduced capacity following damage from Hurricane Matthew.

For the year to date, U.S. slaughterings are 1.6% higher than last year. A slightly lower average weight this year, however, means that production – measured in tonnes – is only 1% higher than last year. Last week, the average weight was 280.9 lbs, which was 0.9 lbs lower than the previous week and 1.8 lbs less than the corresponding week last year.

 **CHINA**
Stabilisation of pig meat production

According to the Chinese authorities, 36.9 million tonnes of pig meat was produced in the first nine months of 2016, a fall of 3.6% compared to last year. Total meat production, which totalled 58.33 million tonnes, and which also includes beef, mutton and poultry, fell by 1.1% compared to last year.

Previous estimates showed a fall in pig meat production of 3.9% in the first half year and 5.9% in the first quarter, which indicates a gradual stabilisation of production.

The authorities have calculated the pig population at 431.63 million at the end of September. Last June, the population stood at 402.33 million pigs.

Chinese equity firm sells stake in WH Group

The Chinese equity firm, CDH Investments, has stated that it is selling a 6.83% stake in WH Group to independent third parties. With the sale, CDH Investments' stake in WH Group will be reduced to 12.94%. Moreover, CDH Investments has indicated that they have an option to sell a further 4.76%.

CDH Investments and its partner, Goldman Sachs, began investing in WH Group (at that time known as Shuanghui International) in 2006.

Huatong Meat to establish new slaughterhouse

Zhejiang Huatong Meat Products Co., an integrated livestock production business, is planning to build a new pig and poultry processing facilities estimated to cost USD 64 million.

The new facilities will include a pig slaughtering operation with an annual capacity of 500,000 pigs, a processing business with capacity for 10,000 tonnes pig meat and a poultry slaughtering operation to handle 36 million poultry per year.

Source: Asian Agribusiness

 **EU/**  **HONG KONG**
EU and Hong Kong sign agreement on export certificates

Agra Europe reports that during a visit to Hong Kong last week, the EU Agriculture Commissioner Phil Hogan signed an agreement on export certificates that will facilitate access for pig meat products from the EU to Hong Kong.

The agreement means that export certificates to Hong Kong will no longer require meat to come from animals born, bred and slaughtered in the same EU country. Going forward, Hong Kong will accept animals born in one EU country, but bred and slaughtered in another. This will apply as long as both countries are approved for export to Hong Kong.

 **HONG KONG**
Fall in imports of live pigs

According to the US Department of Agriculture, a fall in imports of live pigs to Hong Kong from China means that production of pig meat in Hong Kong may fall 7% to 125,000 tonnes in 2016.

Hong Kong has only 43 pig producers supplying around 86,000 pigs per year to slaughterhouses in Hong Kong. The other 94% of pig slaughterings come from some 200 registered pig farms in China. Imports are conducted through three agents.

So far this year, imports of live pigs from China have fallen by 10%. A modest increase is expected for 2017.

 **VIETNAM/**  **CAMBODIA**

According to Asian Agribusiness, Vietnam and Cambodia have signed a trading agreement which is expected to increase trade between the two countries.

Going forward, some 29 Vietnamese products will be exported – tariff-free – to Cambodia – including dairy and meat products, while 39 Cambodian products, such as meat, will be exported tariff-free to Vietnam.

 **PHILIPPINES**
Modest increase in pig population

The authorities in the Philippines report that the total pig population as at 1 July totalled 12.5 million, some 1.38% higher than last year.

Backyard farms increased by 1.78% while professional pig farms increased by 0.68% compared to last year. Backyard farms account for around 64% of the pig population.

 **BRAZIL**
Strong rise in pig meat exports

For the January-September period, Brazil's exports of fresh/frozen pig meat are 41% up on the same period last year.

The increase is due to greater access to the Chinese market where insignificant exports in 2015 have been replaced by volumes that so far this year have reached 70,000 tonnes. Exports to Hong Kong have also seen strong increases.

However, there is only a modest increase in exports to Russia, Brazil's largest export market. For Q3 2016, exports were 14% below last year.

Exports of fresh/frozen pig meat

1,000 tonnes	Jan-Sept 2016	Jan-Sept 2015	% change 2016/15
Total fresh/frozen	474.0	335.8	41.2
Of which to:			
Russia	182.1	174.3	4.5
Hong Kong	84.4	58.4	44.5
China	69.5	2.2	3059.1
Singapore	24.4	20.9	16.7
Uruguay	19.4	14.4	34.7

Source: GTA

Aurora remains the only Brazilian exporter of pig meat to the U.S.

Some two years after the opening of the US market to Brazilian pig meat, Cooperativa Central Aurora Alimentos, headquartered in the state of Santa Catarina, remains the only Brazilian exporter of pig meat to the U.S.

From exporting 50 tonnes in 2014, Aurora's exports to the US now total 2,850 tonnes for 2016

Wheat replaces maize in feed

Reuters reports that an increasing number of pig and poultry producers in Brazil have begun using wheat instead of maize in feed. The change is owing to the fact that – for the first time ever in Brazil - wheat is cheaper than maize.

The change follows a bumper wheat harvest in Brazil while maize prices remain high after a disappointing harvest and significant exports of maize earlier in 2016.

FRANCE

Production of organic pig meat

AHDB Pork reports that of more than 29,000 organic farms in France, 800 have pigs and 336 of them specialise in pig production, up 7% on 2015. Some 45% of these organic pig producers are located in Ile & Vilaine, Mayenne and Loire-Atlantique. Several organic associations, such as Bio Direct, Unebio and Porcs Bio Atlantique, monitor the production.

The consumption of organic pig meat rose by 4% between 2014 and 2015, much less than the growth of the organic market at 14.7%. The small production still does not meet current demand. Some 60% of producers sell direct from farm.

Supermarkets sell 44% of organic pig meat products, specialist organic retailers 28%, butchers shops 13%, and direct sales 8%, while the food service sector accounts for 7%.

HOLLAND

Van Hessen and De Winter join forces

German and Dutch media report that the two Dutch companies, Van Hessen and De Winter, are merging. Both companies are active in the casings and by-products markets.

Van Hessen has 2,000 employees and an annual turnover of €200 million while Van Hessen has 150 employees and an annual turnover of €16 million.