MARKET NEWS for pig meat



Market analysis 12 December 2016 Week 50

MARKET SITUATION

Europe: Trading in fresh legs and other cuts is at largely unchanged prices this week.

UK: Trading is good.

Trading remains stable for Japan and China.

SLAUGHTERINGS DENMARK

	Week 46	Week 47	Week 48	Week 1-48 2016/15
Total	364,027	380,387	360,391	-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)	10.60	10.60
Sows (above 130 kg.)	7.90	7.90

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic SPF+Myc SPF Organic	407.17 412.17 416.17 1065.40	367.93 372.93 376.93 1066.39
Market prices SPF region 1 PRRS negative PRRS positive Market prices SPF region 2/3 PRRS negative PRRS positive	435.00 410.00 435.00 410.00	369.00 350.00 369.00 350.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	11.76 kr/kg	7.28 kr/kg	6.98 kr/kg	5.96 kr/kg	5.99 kr/kg

FUTURES

	Chicago ((\$ per 100 lbs slaughter weight)		Eurex ((€/kg slaug	hter weight)		
	9/12	2/12	Change	9/12	2/12	Change
2016						
Dec	56.73	50.75	+5.98	1.56	1.57	-0.01
2017 Jan Feb Mar Apr May Jun	- 61.55 - 65.95 71.93 76.58	- 54.03 - 60.15 67.63 72.15	- +7.52 - +5.80 +4.30 +4.43	1.41 1.41 1.41 1.41 1.41	1.41 1.41 1.41 1.41 1.41	0.00 0.00 0.00 0.00 0.00
Jul	76.65	73.13	+3.52	-	-	-
Aug	77.03	74.08	+2.95	-	-	-
Sep	-	-	-	-	-	-
Oct	65.80	62.65	+3.15	-	-	-
Nov	-	-	-	-	-	-
Dec	60.33	58.15	+2.18	-	-	-
2018 Jan Feb Mar	- 63.30 66.68	- 61.60 64.98	- +1.70 +1.70	- - -	- - -	- - -
Conversion f 1 lb = 0.4536 \$:€ = 7.0432	S kg			Conversion € = DKK 7.4	factor DKK/kg 1369	:

AFRICAN SWINE FEVER

POLAND: Six new cases among wild boar were reported last week close to the border with Belarus.

LITHUANIA: 15 cases among wild boar were reported last week in the east of the country.

EU: New cases of ASF among wild boar in previously affected areas in Poland and Latvia have meant that the European Commission has extended its restrictions for the affected areas. This is in contrast to other areas in Latvia and Lithuania where restrictions have been eased because no cases of ASF have occurred

RUSSIA

Foot and mouth disease: One case of Foot and Mouth Disease was reported last week. Some 172 cattle and 150 pigs have been affected by the outbreak in the south-eastern Russian territory of Zabaykalsky Krai which borders China and Mongolia.

DENMARK

Slaughterings

2014	Pigs/sows		
	50-110 kg	above 110kg	
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. above	Total
	50-110 kg	110kg	
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	Pigs/sows Sows etc.	
	50-110 kg	110kg	
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	1,683,766	51,569	1,735,335
July	1,330,524	40,749	1,371,273
August	1,327,327	44,362	1,371,689
September	1,697,657	48,624	1,746,281
October*	1,378,967	43,316	1,422,283
November			
December			
Jan-Oct	14,641,504	458,604	15,100,108

^{* =} Preliminary figures

4

DENMARK

Export of live pigs

2014	Piglets		Pigs/sows	Pigs/sows above 135	Total
	0-15 kg	15-50 kg	50-135 kg	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	Pigs/sows above 135	Total
	0-15 kg	15-50 kg	50-135 kg	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	Pigs/sows above 135	Total
	0-15 kg	15-50 kg	50-135 kg	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	1,052,983	36,263	4,255	1,129,560
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*	33,161	1,057,289	16,592	1,372	1,108,414
November					
December					
Jan-Oct	389,999	10,546,886	202,612	33,423	11,172,920

^{* =} Preliminary figures



Every year, the U.S. magazine Successful Farming publishes a table listing the largest pig producers (measured as the number of sows) in the U.S.

Here is the latest list:

35 largest pig producers in the U.S.

	Producer	Sows 2016	Sows 2015	% change 2016:15
1	Smithfield Foods/WH Group	880,000	894,000	-1.6
2	Triumph Foods	385,500	428,000	-9.9
3	Seaboard Foods	290,000	217,000	33.6
4	The Maschhoffs	218,000	218,000	0.0
5	Pipestone System	185,000	170,000	8.8
6	JBS	177,000	175,000	1.1
7	Prestage Farms	175,000	170,000	2.9
8	Iowa Selected Farms	171,000	165,000	3.6
9	Carthage System	145,000	120,000	20.8
10	AVMC Management Service	115,000	112,500	2.2
11	Maxwell Foods	98,000	95,000	3.2
12	Tyson Foods	62,500	62,500	0.0
13	TriOak Foods	59,500	61,000	-2.5
14	Schwartz Farms	58,000	58,000	0.0
15	Clemens Food Group	55,100	55,100	0.0
16	Holden Farms	55,000	55,000	0.0
17	Pillen Family Farms	55,000	55,000	0.0
18	Great Plains Management	53,500	53,500	0.0
19	Hormel Foods	52,000	50,000	4.0
20	Wakefield Pork	50,000	48,500	3.1
21	Sietsema Farms	37,000	35,000	5.7
22	Protein Source	34,700	31,200	11.2
23	Cactus Family Farms	34,000	34,000	0.0
24	Pork Vision	33,000	33,000	0.0
25	Reicks View Family	29,500	24,500	20.4
26	Tosh Farms	29,500	27,000	9.3
27	Brennenman Pork	29,000	26,500	9.4
28	Cooper Farms	28,500	24,000	18.8
29	Fine Swine	27,000	22,000	22.7
30	SuidaeHP	27,000	26,000	3.8
31	Hord Livestock Company	26,500	24,000	10.4
32	TDM Farms	25,500	25,500	0.0
33	J.C. Howard Farms	25,000	18,000	38.9
34	Kalmbach Feeds	25,000	22,000	13.6
35	Livingston Enterprises	25,000	17,650	41.6
Total		3,776,300	3,653,450	3.4

The two largest producers Smithfield Foods – owned by the Chinese WH Group - and Triumph Foods streamlined their operations in 2016 and reduced their sow numbers.

In addition to 880,000 sows in the U.S., Smithfield has 120,000 in Mexico and 140,000 sows in Poland and Rumania combined. On a global scale, therefore, Smithfield has 1,140,000 (compared to 1,135,000 sows last year).

Triumph Foods comprises Christensen Farms: 135.000 sows, the Hanor Company: 82,500 sows, Allied Producers Cooperative: 70,500 sows, New Fashion Pork: 60,000 sows and Eichelberger Farms: 37,500 sows.

The strong increase in the number of sows for the third-ranking Seaboard Foods should be seen in light of the fact that Seaboard is planning to open a slaughterhouse in Sioux City in Iowa. As part of the preparations to supply the plant with its own pigs, in 2016 Seaboard bought 35,000 sows from Christensens Farms (Triumph Foods) and bought Texas Farm with 25,000 sows and with the capacity to expand to 40,000 sows. Seaboard has announced plans for further acquisitions in the near future.

Clemens Food Group is planning to open a new slaughterhouse in Michigan in September 2017, which has resulted in expansions in pig production in this area. In 2019, Prestage Foods is planning to open a new slaughterhouse in Iowa with a slaughtering capacity for 10,000 pigs per day. Prestage Foods expects to buy around 40% of its pigs for slaughter from other producers.

At 3,776 million sows, the 35 largest U.S. pig producers account for 63% of the U.S.'s total sow population of 6,016 million sows according to the latest pig census from 1 September 2016.



In addition to the 35 largest pig producers in the U.S., Successful Farming magazine also publishes a list of the five largest pig producers (measured according to the number of sows) in Canada.

5 largest pig producers in Canada

Sows	Producer	2016	2015	% change 2016:15
1	HyLife	73,000	72,000	1.4
2	Maple Leaf Agri-Farms	67,000	65,000	3.1
3	Olymel	56,000	46,500	20.4
4	The Progressive Group	38,500	33,500	14.9
5	ProVista Agriculture	36,500	40,000	-8.8
Total		271,000	257,000	5.4



NPPC to ask Trump to abolish animal welfare regulations in organic pig production

The American pig producers' organisation, National Pork Producers Council (NPPC), is to ask Donald Trump to abolish the new animal welfare regulations for organic pig production, reports Agra Europe.

A statement from NPPC says that it will initially call on the USDA to withdraw the new animal welfare regulations which are planned for organic pig producers. However, if the regulations are introduced before 20 January, the NPPC will subsequently ask Trump to abolish the regulations.

Smithfield to cut 25% of its CO2 emissions over eight years

Smithfield has announced plans to reduce CO2 emissions by 25% over eight years.

Smithfield will cut down on fertiliser for fields where the feed is used for pig production. Greater use will be made of biogas from existing slurry lagoons.

According to Smithfield's CEO Ken Sullivan, the initiative will help to reduce costs while improving the company's reputation with supermarkets, restaurants etc.



Vietnam gives up zero tolerance following US pressure

Agra Europe reports that following US pressure, Vietnam has given up operating a zero tolerance policy for a number of veterinary medicines including ractopamine.

Last month, Vietnam informed the WTO that it expected to create a list of a number of veterinary medicines where zero tolerance would be enforced. The list included certain medicines that are widely used in US livestock production but banned in the EU.

The list led to fierce criticism from the United States. Now Vietnam has announced that it will remove 28 of the original 40 medicines from the list - including all those that were most problematic for U.S. exporters.

Instead, Vietnam will now introduce import-tolerance values for these medications.



JBS plans for U.S. listing

International news media report that JBS is planning to be listed on the U.S. Stock Exchange with effect from the first half year 2017 with shares in its new subsidiary, JBS Foods International. However, following the Stock Exchange launch, JBS wishes to maintain control of the new subsidiary.

The plan is for the new JBS Foods International to be located in the current European headquarters in Holland and to have control of all JBS international activities.

The parent company, JBS SA, will continue to be responsible for all beef activities in Brazil.



Hilton Food Group to establish new slaughterhouse in Queensland

According to Agra Europe, Hilton Food Group is planning to establish a new slaughterhouse in Queensland at a cost of AUS \$115 (€80 million).

According to plans, the new slaughterhouse will be ready in 2020 and will supply Australia's largest supermarket chain, Woolworths with processed meat products from cattle, lamb and pigs.



Stable developments in export, consumption and production of pig meat up to 2026

According to the EU Commission's new Medium-Term Outlook, stable development can be expected in the EU's export, consumption and production of pig meat up to 2026.

The coming years are expected to see a slight fall in the EU's pig meat exports. From a record level in 2016 of 2.7 million tonnes, exports are expected to fall to just over 2.5 million tonnes before recovering to 2.8 million tonnes in 2026. It is expected that China will continue to be the dominating import market in the years ahead albeit at a slightly lower level than this year. Overall global demand for pig meat is expected to increase more modestly towards 2026 than has been the case in the previous decade.

Pig meat per capita consumption in the EU is expected to fall marginally towards 2026. However, a slight population growth will mean an expected modest rise in overall pig meat consumption in the EU in 2026.

Pig meat production in the EU is only expected to rise marginally by 2026. Environmental and social considerations are expected to curb production.



Tönnies invests in Spain

Citing Eurocarne, AHDB Pork reports that Tönnies has acquired the Spanish slaughterhouse, Agroalimentaria de Teruel.

Agroalimentaria de Teruel currently slaughters around 2,600 pigs per week, which are sent to Tönnies Rheda plant in Germany for cutting. In the short term, Tönnies' aim is to increase slaughtering capacity at the Spanish slaughterhouse.



Debra-Meat and Goosens Group merge

Debra-Meat in Tielt and Goosens Group in Waregem have announced that they plan to merge their two companies. The purpose is to strengthen their position in the Belgian market and to improve their competitiveness in the international market.

The merged company will be called Debra-Meat and be based in Tielt. The Tielt facility was recently upgraded and will be able to slaughter 2 million pigs per year. Providing approval from the competition authorities is forthcoming, the new merger will take effect on 30 June 2017.

Source: ADHB Pork

Please Note!

Next week, Market News will be published on Tuesday 20th December in Denmark, which means that it will be circulated in the UK on Wednesday 21st.