MARKET NEWS for pig meat

Market analysis 20 December 2016 Week 51

MARKET SITUATION

Europe: Trading in fresh legs and other cuts is taking place at falling prices this week.

UK: Trading is stable.

Trading remains stable for Japan and China.

SLAUGHTERINGS DENMARK

	Week 48	Week 49	Week 50	Week 1-50 2016/15
Total	360,391	365,537	367,202	-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)	10.30	10.30
Sows (above 130 kg.)	7.50	7.50

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	392.84	369.01
SPF+Myc	397.84	374.01
SPF	401.84	378.01
Organic	1054.06	1066.63
Market prices SPF region 1		
PRRS negative	435.00	372.00
PRRS positive	410.00	353.00
Market prices SPF region 2/3		
PRRS negative	435.00	372.00
PRRS positive	410.00	353.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	11.21 kr/kg	7.26 kr/kg	6.73 kr/kg	5.84 kr/kg	5.86 kr/kg

FUTURES

	Chicago ($ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	16/12	9/12	Change	16/12	9/12	Change.
2016						
Dec	57.59	56.73	+0.86	-	1.56	-
2017						
Jan	-	-	-	1.48	1.41	+0.07
Feb	64.70	61.55	+3.15	1.50	1.41	+0.09
Mar	-	-	-	1.53	1.41	+0.12
Apr	68.30	65.95	+2.35	1.54	1.41	+0.13
May	73.90	71.93	+1.97	1.53	1.41	+0.12
Jun	77.95	76.58	+1.37	1.53	-	-
Jul	77.63	76.65	+0.98	-	-	-
Aug	77.95	77.03	+0.92	-	-	-
Sep	-	-	-	-	-	-
Oct	66.68	65.80	+0.88	-	-	-
Nov	-	-	-	-	-	-
Dec	61.10	60.33	+0.77	-	-	-
2018						
Jan	-	-	-	-	-	-
Feb	64.10	63.30	+0.80	-	-	-
Mar	67.28	66.68	+0.60	-	-	-
Apr	73.28	-	-	-	-	-
May	77.28	-	-	-	-	-
Conversion factors: 1 lb = 0.4536 kg $:€ = 7.1214				Conversion factor DKK/kg: € = DKK 7. 4340		

AFRICAN SWINE FEVER

RUSSIA: 11 outbreaks were reported last week: 8 among wild boar and 3 at small pig farms. All were found in the west of the country.

UKRAINE: Four new outbreaks were reported last week: 1 case among wild boar, while the remaining three were found in pig farms, one comprising 5,600 pigs.

RUSSIA

Foot and Mouth disease
In the past week, the authorities in Russia have reported one new case of Foot & Mouth disease: 871 cattle, 164 sheep and 235 pigs have been affected. The outbreak occurred in the south-eastern Russian territory of Zabaykalsky Krai, which borders China and Mongolia.

UKRAINE

Fall in pig population
According to the authorities, the country's pig population as at 1 December 2016 totalled 7,141,400 – a fall of 5.5% compared to one year ago

EU

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

EU-28 pig meat exports

Slaughter weight, tonnes	Jan - Oct 2016	Jan - Oct 2015	% change
China	1,584,928	903,060	75.5
Japan	324,313	295,786	9.6
Hong Kong	303,335	232,289	30.6
Philippines	182,721	155,754	17.3
South Korea	201,376	201,817	-0.2
USA	98,773	84,451	17.0
Other	752,709	855,791	-12.0
Total	**3,448,155**	**2,728,948**	**26.4**

USA

Record pig slaughterings continue
U.S. pig slaughterings continue to set new records. Last week, slaughterings totalled 2,544 million pigs, 1,000 up on the previous record set just two weeks earlier. This is also the fifth time in the past nine weeks that slaughterings have topped 2.5 million.

Substantial pig meat exports in October
Figures from the USDA (U.S. Department of Agriculture) show that U.S. pig meat exports in October (201,936 tonnes excluding by-products etc) were 14% up on October 2015, the largest monthly figure since March 2014.

For the period January to October 2016, pig meat exports were 6% higher than the same period last year. Exports total 25% of the U.S.'s total pig meat production.

A rise in exports to Mexico and Japan are reported for October 2016, i.e. exports of 65,271 tonnes and 30,987 tonnes, representing rises of 9% and 4% respectively. For the year to date, exports to the two markets total 576,008 tonnes and 320,491 tonnes respectively – 2% higher and 7% lower than the previous year.

There was a slowdown in pig meat exports to China in October compared to previous months this year, but this was counterbalanced by substantial exports of by-products.

GLOBAL

Rabobank forecasts stable Chinese pig meat imports in 2017
Rabobank expects pig meat imports to China in 2017 to remain at the same level as 2016. However, increases are expected for beef and poultry. Thus China will continue to exert influence on global meat markets in 2017.

The above outlook appears in Rabobank's annual report, Prices Under Pressure in a Supply-Driven Market: Global Outlook for Animal Protein in 2017. The report also predicts that global meat prices will come under pressure and fall in 2017. This, according to Rabobank, is due to continuing increased productivity in meat production and increased competition in international export markets.

As regards the USA, Rabobank forecasts that increasing pig production, a strong dollar and uncertainty about future U.S. exports to China and Mexico will create a "potential headwind" for U.S. pig producers.

Source: PigProgress

CHINA

German pig meat to China by rail
According to Feedinfo, German pig meat has arrived by rail to the city of Chengdu in China for the first time. Chengdu is the capital of the south-western Chinese province of Sichuan. The consignment comprises 21.9 tonnes German pig meat which took 13 days to get from Nuremburg in Germany – a distance of 12,000 km.

Chinese officials who were interviewed by Chinese TV believe that the shipment marks a new era for European-Asian transport. In order to speed up the process, the Chinese authorities changed the quarantine procedures so that the consignment was inspected and checked at Chengdu.

Joint venture between New Hope Liuhe and Cooperl
New Hope Liuhe and Cooperl Arc Atlantique have announced that the next step in their partnership is the establishment of a joint venture for the production and sale of meat products in China.

The new 50:50 joint venture is to focus on the production of western quality pig meat products such as bacon, sausages, ham, etc. The new factory is expected to have a capacity of 20,000 tonnes.

Rise in import of breeding stock
Citing China Animal Husbandry Group, Asian agribusiness reports that Chinese imports of breeding stock in 2016 increased by 30% to 5,746.

The stock was despatched in 13 consignments: 7 were supplied from the breeding company, Genesus, which was also responsible for the biggest consignment of 998 animals to Cofco Meats' facility in Jiangsu. The other companies that supplied stock include Hypor, DanAvl, Nucleus and PIC.

USA/ CHINA

Wal-Mart to use blockchain technology for traceability of pig meat in China
According to the U.S. media, Wal-Mart is to trial blockchain technology with a view to increasing the traceability of pig meat products in China. Blockchain technology is a database comprising documented transactions which can be used for improving traceability methods.

According to the Vice-President for Food Safety at Wal-Mart and the head of the blockchain project, Frank Yiannas, a four-month trial project is being planned to start in Q1 in partnership with IBM and Tsinghua University in Beijing which will evaluate the results. Wal-Mart believes that the project will extend the potential for traceabiity not only within pig meat trading in China but also for pig meat production in the U.S.

MEXICO/ CHINA

Mexico to export by-products to China
International news media report that Mexico is planning to get exports of by-products to China underway.

Negotiations between officials from the two countries are already taking place with regard to the demands that will be imposed on Mexican exporters.

BRAZIL

Forecasts rise in both production and export of pig meat
The trade organisation, Brazilian Association of Animal Proteins (ABPA) expects Brazilian production and export of pig meat to increase in 2017. ABPA anticipates that Brazilian production of pig meat in 2017 will increase by 2% - corresponding to 2016.

Pig meat exports are expected to rise 5% in 2017. More plants are expected to gain access to China and an opening of the market in South Korea and greater access to South Africa are expected to contribute to increasing exports.

As regards 2016, ABPA forecasts that pig meat exports will increase by 30% from 555,000 tonnes in 2015 to 720,000 tonnes in 2016. The rise is largely a consequence of increased exports to Hong Kong/China where exports have increased from 113,000 tonnes to 235,000 tonnes.

However, sales of pig meat in the Brazilian domestic market fell this year.

FINLAND

HK Scan dismisses its management team in the Baltic
The Finnish meat group, HK Scan, has announced that following an internal investigation, four senior executives from the Baltic department have been dismissed.

The move follows an internal investigation that revealed that HK Scan Estonia has purchased goods and services from companies that were owned by the management or their close family members. The purchases amount to €28 million over three years.

HK Scan has integrated production facilities for pigs and poultry in Estonia and Latvia and marketing activities in Lithuania. HK Scan’s turnover in the Baltic in 2015 was €173.6 million out of a total turnover for the group of €1.9 billion.