

MARKET NEWS for pig meat



Market analysis

25 April 2016

Week 17

MARKET SITUATION

Europe: Trade in pork legs and other cuts was sluggish this week and at largely unchanged price levels.

UK: Trade in the UK bacon market remains stable.

Third countries: Good trade is reported with China and Japan but quieter business in other markets.

PIG SLAUGHTERINGS

	Week 13	Week 14	Week 15	Week 1-15 2016/15
Total	325,218	369,446	372,017	-0.8

Source: Danish Classification Control Service

(representing around 98 per cent of all finished pigs and sows slaughtered, excluding culled pigs)

PIG PRICES WEEK 17

Finished pigs and sows

DKK/head	DC	Tican
Finished pigs (basic weight class and basic meat percentage)	8.70	8.70
Sows (above 130 kg)	5.10	5.10

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Nominal prices		
Basic	333.41	339.07
SPF+Myc	338.41	344.07
SPF	342.41	348.07
Organic	1033.81	1020.90
Market prices (SPF region 1)		
PRRS negative	355.00	316.00
PRRS positive	335.00	296.00
Market prices (SPF region 2/3)		
PRRS negative	355.00	316.00
PRRS positive	335.00	296.00

Weight adjustment:	0-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
DKK/head	10.24	8.48	5.34	5.38	5.24

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	22/4	15/4	Change	22/4	15/4	Change
2016						
Apr	-	-	-	-	1.30	-
May	75.70	74.40	+1.30	1.41	1.41	0.00
Jun	78.83	77.53	+1.30	1.41	1.41	0.00
Jul	79.48	78.10	+1.38	1.41	1.41	0.00
Aug	79.23	77.93	+1.30	1.41	1.41	0.00
Sep	-	-	-	1.41	1.41	0.00
Oct	68.63	67.88	+0.75	1.41	-	-
Nov	-	-	-	-	-	-
Dec	63.70	63.38	+0.32	-	-	-
2017						
Jan	-	-	-	-	-	-
Feb	66.58	66.38	+0.20	-	-	-
Mar	-	-	-	-	-	-
Apr	69.60	69.55	+0.05	-	-	-
May	73.80	73.48	+0.32	-	-	-
Jun	77.23	76.95	+0.28	-	-	-
Jul	76.33	76.53	-0.20	-	-	-
Aug	75.80	75.90	-0.10	-	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = DKK 6.5531 N.B. Exchange rates as at 21/4				Conversion factor: € = DKK 7.4411		

POLAND

African Swine Fever

In the past week, the authorities reported a single new case of ASF in wild boar in the eastern part of the country, on the border with Belarus.

LITHUANIA

African Swine Fever

In the past week, the authorities reported a single new case of ASF in wild boar in the central part of the country.

RUSSIA

African Swine Fever

The Russian veterinary service, Rosselkhoznadzor, announced that in the first quarter of 2016, there were 15 new cases of ASF in Russia. Nine cases were on pig farms. In the same period last year, there was a total of 18 cases recorded.

UKRAINE

Decline in pig population

According to the authorities, the country's pig population on 1st April 2016 stood at 7,285,300, a fall of 2.6 per cent compared to last year.

In its latest report on the meat market in Ukraine, the US Department of Agriculture (USDA) forecast a modest fall in the country's pig production in 2016.

 **GLOBAL**
Trade with China to support global markets

In their most recent quarterly review, Rabobank forecasts that high levels of pig meat imported to the Chinese market will support the global pig meat market in the second quarter of 2016.

The EU pig meat market is described as sluggish with exports to China the only bright spot currently. Release of pig meat from the EU Private Storage Scheme will suppress any seasonal price improvements in the second quarter. Instead of supporting the purchase of pig meat for storage, the report suggests that it would be better for the EU Commission to focus on the promotion of pig meat to reverse an otherwise negative trend for pig meat demand in the European market.

Prices in the Chinese market are forecast to increase further over the coming months. Pig and pig meat prices are expected to remain at a high level throughout 2016 and into 2017. Imports of pig meat and by-products will be at a higher level than last year and will reach 2 million tonnes in 2016.

A modest rise in US pig meat production in 2016, in the order of 1-2 per cent, is forecast. A continuation of low feed prices are expected to ensure modest profits for US pig producers in 2016.

The lower exchange rate has led to increased Brazilian exports of both pig meat and maize. While the former supports pig prices, maize exports have resulted in increasing feed costs for domestic producers. However, pig producers can expect good production economy in the second half year, when the year's second maize harvest arrives in June.

Source: Rabobank

 **HOLLAND**
Vion posts profit for the 2015 financial year

The Dutch meat company, Vion, exited the 2015 financial year with a small profit of €22 million. The company posted a loss of €21 million in 2014.

Source: Pig International

 **BRAZIL**
Removal of import duties on maize

The Brazilian government has decided to temporarily remove all import duties on maize imports from countries outside the Mercosur trading bloc.

The measure is an attempt to ensure adequate supplies of maize for the domestic market until the next harvest, which will be in late June. Pig producers have been complaining for some time about sharply increasing feed costs as a consequence of the lack of maize supplies to the domestic market.

In the first quarter of 2016, Brazil imported 137,000 tonnes of maize mainly from Paraguay and Argentina. It is expected that around 700,000 tonnes of maize will be imported up to the end of June, after which the local winter maize harvest will arrive on the market.

BRF acquires Argentinian pig meat company

BRF has acquired the Argentinian pig meat company, Campo Austral, from the previous Dutch owners, Eclipse. The acquisition means that BRF will also acquire Campo Austral's breeding and pig farms as well as slaughtering and processing companies, which produce around 3,000 tonnes pig meat products per month.

BRF already has companies in Argentina, and following the purchase, BRF will become the second largest pig meat company in the Argentinian market.



Pig meat exports

Exports by product category

Tonnes	Jan-Feb 2016	Jan-Feb 2015	% change 16:15
Live pigs	1,293	2,247	-42.5
Fresh/frozen	301,141	235,050	28.1
Bacon	5,819	5,132	13.4
Processed	21,196	23,546	-10.0
By-products	250,375	195,240	28.2
Total	579,824	461,215	25.7

Exports by country

Tonnes	Jan-Feb 2016	Jan-Feb 2015	% change 16:15
Germany	146,478	108,807	34.6
Spain	102,528	71,462	43.5
Denmark	93,668	88,409	5.9
Netherlands	43,663	36,463	19.7
France	41,579	31,782	30.8
Poland	31,060	20,238	53.5
UK	20,781	14,280	45.5
Ireland	15,740	11,173	40.9
Belgium	15,622	12,946	20.7
Italy	15,040	11,938	26.0
Hungary	12,505	11,022	13.5
Austria	6,449	7,277	-11.4
Others	34,711	35,418	-2.0
EU-28	579,824	461,215	25.7

Exports by country of destination

Tonnes	Jan-Feb 2016	Jan-Feb 2015	% change 16:15
China	238,186	136,338	74.7
Japan	58,536	46,501	25.9
Hong Kong	52,697	39,006	35.1
Philippines	37,941	29,005	30.8
South Korea	32,178	51,175	-37.1
USA	21,517	17,913	20.1
Australia	14,712	14,795	-0.6
Ukraine	13,490	8,573	57.4
Montenegro	4,171	4,378	-4.7
Angola	3,108	6,669	-53.4
Russia	1,208	3,426	-64.7
Belarus	21	43	-51.2
Other	102,060	103,393	-1.3
EU-28	579,824	461,215	25.7

Source: EU Commission

 **CHINA**
Pig meat imports

0203				
Fresh/frozen pig meat				
Tonnes	Jan - March 2014	Jan - March 2015	Jan - March 2016	% change 16:15
Germany	16,945	39,021	70,483	80.6
Spain	22,845	26,548	49,558	86.7
USA	33,174	26,153	35,932	37.4
Denmark	15,090	15,610	31,548	102.1
Canada	14,075	8,878	28,329	219.1
France	7,521	6,651	17,623	165.0
Netherlands	2,191	3,251	14,557	347.8
UK	6,712	6,619	9,980	50.8
Chile	6,404	6,627	8,685	31.1
Ireland	4,259	5,729	8,077	41.0
Hungary	-	4,039	4,759	17.8
Brazil	288	102	3,948	3770.6
Belgium	357	1,083	2,365	118.4
Poland	12,154	-	-	-
Others	-	-	249	-
Total	142,015	150,310	286,093	90.3

020649				
By-products - pigs				
Tonnes	Jan - March 2014	Jan - March 2015	Jan - March 2016	% change 16:15
USA	53,290	50,085	71,450	42.7
Denmark	36,087	33,168	50,901	53.5
Germany	10,689	35,426	46,094	30.1
Spain	15,916	18,188	24,182	33.0
Canada	16,581	9,174	23,130	152.1
Netherlands	3,449	14,338	18,639	30.0
France	13,559	10,349	12,890	24.6
UK	3,650	4,449	6,499	46.1
Chile	5,104	4,717	6,024	27.7
Ireland	3,034	4,383	5,216	19.0
Belgium	1,399	1,891	4,275	126.1
Hungary	-	4,518	3,105	-31.3
Poland	9,127	-	-	-
Other	-	29	232	700.0
Total	171,885	190,715	272,637	43.0

020641				
Pigs liver				
Tonnes	Jan - March 2014	Jan - March 2015	Jan - March 2016	% change 16:15
Spain	792	5	17	240.0
Canada	537	2	8	300.0
Denmark	1,891	1	3	200.0
Ireland	149	-	-	-
Chile	24	48	-	-
Total	3.393	56	28	-50.0

 **SOUTH KOREA**
Pig meat imports

0203				
Fresh/frozen pig meat				
Tonnes	Jan-March 2014	Jan-March 2015	Jan-March 2016	% change 16:15
USA	31,421	32,745	43,012	31.4
Germany	11,487	20,362	19,676	-3.4
Spain	5,909	17,698	16,463	-7.0
Canada	8,811	10,710	8,710	-18.7
Chile	6,061	6,248	8,612	37.8
Netherlands	2,182	4,055	3,934	-3.0
Austria	3,662	4,591	3,657	-20.3
Denmark	1,988	3,843	3,400	-11.5
Belgium	2,374	2,891	3,128	8.2
Mexico	2,031	2,008	2,332	16.1
France	2,421	2,514	1,730	-31.2
Ireland	498	2,512	1,207	-52.0
Hungary	1,664	1,307	782	-40.2
Finland	562	828	832	0.5
UK	366	412	593	43.9
Sweden	351	317	386	21.8
Australia	349	292	87	-70.2
Poland	3,472	22	-	-
Other	2	-	601	-
Total	85,611	113,355	119,142	5.1