

MARKET NEWS for pig meat



Market analysis

6 June 2016

Week 23

MARKET SITUATION

Europe: Good trade in pork legs was reported this week at unchanged prices. Other cuts were also traded at unchanged prices.

UK: Trade in the UK bacon market remains stable.

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

SLAUGHTERINGS

	Week 19	Week 20	Week 21	Week 1-21 2016/15
Total	373,955	296,852	368,802	-2.7 %

Source: Danish Classification Control Service – representing around 98% of all finished pigs and sows slaughtered, excluding culled pigs.

PIG PRICES FOR WEEK 23

Finished pigs and sows

DKK/head	DC	Tican
Finished pigs (basic weight class and basic meat percentage)	10.00	10.00
Sows (above 130 kg)	6.00	6.00

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av.
Nominal prices		
Basic	385.17	339.63
SPF+Myc	390.17	344.63
SPF	394.17	348.63
Organic	1093.29	1030.18
Market prices SPF region 1		
(PRRS negative)	360.00	314.00
(PRRS positive)	345.00	294.00
Market prices SPF region 2/3		
(PRRS negative)	360.00	314.00
(PRRS positive)	345.00	294.00

Weight adjustment:	0-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
DKK/head	12.57	7.46	6.17	5.76	5.69

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	3/6	27/5	Change.	3/6	27/5	Change.
2016						
Jun	82.30	80.53	+1.77	1.43	1.41	+0.02
Jul	85.98	81.08	+4.90	1.41	1.41	0.00
Aug	85.88	80.73	+5.15	1.41	1.41	0.00
Sep	-	-	-	1.41	1.41	0.00
Oct	70.58	68.53	+2.05	1.41	1.41	0.00
Nov	-	-	-	1.41	1.41	-
Dec	65.05	63.65	+1.40	-	-	-
2017						
Jan	-	-	-	-	-	-
Feb	68.13	66.78	+1.35	-	-	-
Mar	-	-	-	-	-	-
Apr	71.00	69.88	+1.12	-	-	-
May	75.83	74.48	+1.35	-	-	-
Jun	78.60	77.88	+0.72	-	-	-
Jul	78.50	78.03	+0.47	-	-	-
Aug	77.38	77.15	+0.23	-	-	-
Sep	-	-	-	-	-	-
Oct	71.00	71.00	0.00	-	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = DKK 6.6686				Conversion factor: € = DKK 7.4382		

 **RUSSIA**
African Swine Fever

In the past week, the authorities reported a single new case of ASF at a small farm in the south western part of the country, close to the border with Ukraine.

Negotiations with Canada

The Russian veterinary service, Rosselkhoznadzor, reports that recent talks in Paris centred on the possibility of Russia exporting pig meat products to Canada, as well as resumption of Canadian exports to the Russian market.

New investments

The local administration of the Kamchatka region of Russia has announced plans to establish two new pig breeding and pork processing complexes in the region that will cover 90 per cent of local demand for pig meat.

Construction is expected to begin this month and the total investment is expected to amount to RUB 1.8 billion.

 DENMARK

Slaughterings

2014	Pigs/sows 50-110 kg	Pigs/sows > 110 kg	Total
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 50-110 kg	Pigs/sows > 110 kg	Total
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 50-110 kg	Pigs/sows > 110 kg	Total
January	1,542,173	47,537	1,589,710
February	1,441,786	44,695	1,486,481
March	1,594,992	47,847	1,642,839
April*	1,372,150	45,300	1,417,450
May	0	0	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
Jan-April	5,951,101	185,379	6,136,480

* = Preliminary figures

Exports of live pigs

2014	Piglets		Pigs/sows 50-135 kg	Pigs/sows > 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 > 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 > 135 kg	Total
	0-15 kg	15-50 kg			
January	43,054	1,158,001	16,967	4,426	1,222,448
February	35,503	888,783	21,095	3,649	949,030
March	45,142	1,105,620	17,922	6,327	1,175,011
April*	43,235	1,065,916	22,476	4,476	1,136,103
May	0	0	0	0	0
June	0	0	0	0	0
July	0	0	0	0	0
August	0	0	0	0	0
September	0	0	0	0	0
October	0	0	0	0	0
November	0	0	0	0	0
December	0	0	0	0	0
Jan-April	166,934	4,218,320	78,460	18,878	4,482,592

* = Preliminary figures

 **BRAZIL**
Higher sow slaughterings

Sow slaughterings in a number of Brazilian states as a result of high feed prices and sow inseminations fell by between 10-15 per cent.

Source: National Pork Producers Association

 **CHINA**
Record pig prices

Figures from the agricultural authorities show that pig prices reached a new record last week, as they continued to rise, despite efforts by the authorities to calm the market by releasing pig meat from the country's strategic stocks.

Prices for the past week were 14 per cent higher than at the start of the year and 40 per cent higher than one year ago.

The April sow inventory totalled 37.1 million, which represents a decline of 5.3 per cent compared to a year ago. Annual pig production fell from 735 million in 2014 to 669 million head in 2015. This year, production is expected to total 641 million.

Restocking has started, albeit slowly, and the authorities expect production to rise to 720 million head by 2020.

Producer to expand

The country's largest livestock producer, Wens Foodstuff Group in Guangdong, is planning to increase its annual pig production by 10 per cent to achieve its target of 10 per cent of China's annual pig production of 500 million.

The project, which will increase pig production in the north-eastern part of China, will require investment of \$ 176 million.

Last year, the company produced 15.35 million pigs, 744 million chickens and 18.74 million ducks.

Source: Asian Agribusiness

 **VIETNAM**
Reorganisation of slaughterhouses

The authorities in Ho Chi Minh City have plans to upgrade and centralise all slaughterhouses in the city by the end of 2017. The aim is to improve food safety and traceability.

Unlicensed slaughterhouses, manually operated as well as small and medium-sized slaughterhouses, will be closed and existing slaughterhouses in the city will be replaced by six modern facilities with a total capacity for 10,000-15,000 pigs per day. The new facilities will be established in the districts of Hoc Mon and Cu Chi.

Source: Asian Agribusiness

 **FINLAND**
Atria to invest

The Finnish meat group, Atria, has announced that they are planning to invest around €36 million in the upgrading of their cutting plant in Nurmo. The project is expected to be completed by the end of 2017.

Increased automation is expected to lead to a reduction of 80 employees and savings of €80 million per year. .

 **EU/MEXICO**
Trade agreement negotiations

EU and Mexico have begun negotiating a new free trade agreement. This emerged after a meeting last week between the EU's Trade Commissioner Cecilia Malmström and the Mexican Finance Minister Guajardo Villarreal.

Since the EU and Mexico signed a preliminary free trade agreement back in 1999, trade between the two countries has tripled. The EU is now Mexico's third largest trading partner after the US and China. Mexico is the EU's 15th largest trading partner.

With imports of around 1 million tonnes, Mexico is one of the world's largest pig meat importers. Around 85 per cent of Mexican pig meat imports currently come from the US. The other major exporter of pig meat to Mexico is Canada. Hams are Mexico's main pig meat import.

 **THAILAND**
Thailand ready to join TPP

During a visit to Tokyo, Thailand's Deputy Prime Minister said that his country is ready to join the Trans Pacific Partnership as soon as possible. Before joining, the country will hold a public consultation at which various interest groups will be able to give their views on TPP membership.

Agricultural organisations in Thailand are expected to oppose membership because of competition from US agricultural products.

 **GLOBAL**
Foot & Mouth vaccine

Five countries, USA, Canada, Mexico, Australia and New Zealand, have signed an agreement to share Foot & Mouth vaccine in the event of an outbreak of the disease.

The agreement has come into being after the US pig producers' organisation, National Pork Producers Council (NPPC), recently criticised the authorities for inadequate contingency plans in the event of an outbreak of the disease.