

MARKET NEWS for pig meat



Market analysis

20 June 2016

Week 25

MARKET SITUATION

Europe: Trade in pork legs took place at increasing prices this week. Trade in shoulders and manufacturing meat also saw increasing prices, whereas trade in other cuts was at unchanged or slightly increasing prices.

UK: Trade in the UK bacon market remains stable.

Third countries: Stable demand from China and good demand from Japan is reported. As regards other markets, demand is more subdued.

SLAUGHTERINGS

	Week 21	Week 22	Week 23	Year to date 2016/15
Total	368,802	293,366	363,254	-2.0 %

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)	10.20	10.20
Sows (above 130 kg)	6.20	6.20

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Nominal prices		
Basic	393.55	340.78
SPF+Myc	398.55	345.78
SPF	402.55	349.78
Organic	1100.53	1033.23
Marked prices SPF region 1		
(PRRS negative)	360.00	315.00
(PRRS positive)	345.00	294.00
Market prices SPF region 2/3		
(PRRS negative)	360.00	315.00
(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	12.96	7.42	6.31	5.83	5.76

FUTURES PRICES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	17/6	10/6	Change	17/6	10/6	Change
2016						
Jun	-	82.28	-	1.51	1.48	+0.03
Jul	86.18	85.70	+0.48	1.41	1.41	0.00
Aug	89.18	86.63	+2.55	1.41	1.41	0.00
Sep	-	-	-	1.41	1.41	0.00
Oct	74.33	72.80	+1.53	1.41	1.41	0.00
Nov	-	-	-	1.41	1.41	0.00
Dec	66.43	66.95	-0.52	-	-	-
2017						
Jan	-	-	-	-	-	-
Feb	69.00	69.90	-0.90	-	-	-
Mar	-	-	-	-	-	-
Apr	71.53	72.45	-0.92	-	-	-
May	75.90	76.50	-0.60	-	-	-
Jun	79.00	80.00	-1.00	-	-	-
Jul	78.48	79.20	-0.72	-	-	-
Aug	78.00	78.00	0.00	-	-	-
Sep	-	-	-	-	-	-
Oct	66.45	67.80	-1.35	-	-	-
Nov	-	-	-	-	-	-
Dec	55.43	-	-	-	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = DKK 6.6076				Conversion factor: € = DKK 7.4362		

POLAND

African Swine Fever

Last week, the authorities reported a single new case of ASF in wild boar close to the border with Belarus.

SPAIN

Tönnies to invest in Spanish slaughterhouse

German meat group Tönnies is currently negotiating the acquisition of a Spanish slaughterhouse in Teruel in La Mata de los Olmos in eastern Spain.

Source: Alimarket

BRAZIL

Chinese influence on the grain market

According to local sources, the increasing presence of Chinese companies in the Brazilian grain market has boosted demand for Brazilian grain and contributed to the current shortage of maize.

An analysis of export data shows that last year, Asian trading houses, including the Chinese state-owned COFCO, purchased 45 per cent of Brazilian exports of maize, soya beans and soybean meal.

Source: Reuters



Denmark's pig meat exports (tonnes)

Jan-March 2016

	By-products	Live pigs	Processed canned	Bacon	Whole and half pigs/sows	Cuts	Sausages	Total	Per cent
Germany	6,410	47,170	2,520	63	20,738	58,550	689	136,140	28.7
Poland	272	32,031	1	3	10	31,117	10	63,444	13.4
UK	2,022	92	2,888	13,245	0	29,848	2,274	50,369	10.6
Italy	403	6,122	48	11	0	26,005	58	32,646	6.9
Holland	4,769	2,714	35	7	0	1,343	38	8,905	1.9
Sweden	2,156	4	488	339	17	4,502	1,192	8,699	1.8
France	596	184	226	62	0	3,545	224	4,837	1.0
Spain	27	804	382	313	0	1,422	420	3,367	0.7
Other EU countries	3,229	3,203	556	86	0	9,106	757	16,937	3.6
Total EU	19,883	92,324	7,144	14,128	20,765	165,439	5,662	325,345	68.5
China	48,202	0	0	0	0	27,693	0	75,895	16.0
Japan	460	4	1,134	38	0	26,794	423	28,853	6.1
Australia	190	0	0	118	0	15,032	0	15,340	3.2
USA	791	0	1,239	47	0	7,134	119	9,330	2.0
South Korea	394	3	679	0	0	2,986	60	4,121	0.9
Hong Kong	1,187	0	128	1	0	1,616	7	2,939	0.6
Taiwan	100	0	0	0	0	2,167	0	2,267	0.5
Singapore	385	0	16	12	0	423	140	976	0.2
Canada	69	0	0	0	0	850	0	920	0.2
Other 3rd countries	2,633	349	2,169	185	0	2,034	1,777	9,146	1.9
Total Third countries	54,412	356	5,364	400	3	86,729	2,525	149,789	31.5
Total	74,295	92,679	12,508	14,528	20,768	252,168	8,188	475,135	100

Jan-March 2015

	By-products	Live pigs	Processed canned	Bacon	Whole and half pigs/sows	Cuts	Sausages	Total	Per cent
Germany	13,035	55,650	2,471	76	17,903	74,461	646	164,242	31.9
Poland	429	33,074	16	4	0	35,108	0	68,631	13.3
UK	2,621	30	3,635	17,253	0	29,612	1,849	54,999	10.7
Italy	495	4,749	90	16	0	31,911	58	37,319	7.3
Sweden	2,287	4	546	309	0	4,617	933	8,696	1.7
Holland	4,416	1,535	59	4	0	2,429	38	8,481	1.6
France	969	337	169	61	0	4,716	268	6,519	1.3
Spain	22	610	285	188	0	2,278	353	3,737	0.7
Other EU countries	3,605	2,788	653	28	0	12,332	743	20,149	3.9
Total EU	27,879	98,776	7,924	17,938	17,903	197,464	4,889	372,774	72.5
China	47,828	0	0	0	0	11,090	0	58,919	11.5
Japan	481	1	953	37	0	25,939	426	27,836	5.4
Australia	262	0	10	66	0	15,673	25	16,036	3.1
USA	1,082	0	1,311	24	0	7,449	241	10,107	2.0
South Korea	425	0	573	0	0	5,351	59	6,409	1.2
Taiwan	533	0	0	0	0	3,493	4	4,030	0.8
Philippines	1,372	0	47	0	0	964	1	2,384	0.5
Hong Kong	1,228	0	127	9	0	614	11	1,989	0.4
New Zealand	0	0	0	0	0	1,872	0	1,872	0.4
Other 3rd countries	3,967	236	1,935	209	0	3,076	2,544	11,968	2.3
Total Third Countries	57,178	237	4,956	345	1	75,522	3,311	141,549	27.5
Total	85,057	99,013	12,881	18,283	17,904	272,986	8,200	514,323	100

 **CHINA**
Wens to expand pig production in Yunnan province

China's biggest livestock producer, Guangdong Wens Foodstuff Group, is expanding by setting up new pig production operations in the south-western province of Yunnan.

Wens has signed an agreement with the authorities in the city of Qujing in Yunnan province for the establishment of eight facilities that will produce 5 million pigs per year. In addition to the pig farms, plans also include a mill, [producing](#) 2m tonnes of feed, administration buildings and staff accommodation.

Back in April, Wens signed an agreement with the authorities in Honghe – also in Yunnan province – to establish facilities [producing](#) 3 million pigs per year. Along with a number of north-eastern provinces, Yunnan province and Guizhou province (also in the south-west) have been designated as areas with potential for increased pig production.

Last year, Wens produced 15.35m pigs, 744m chickens and 18.74m ducks. The company recently announced that its end goal was to produce 10 per cent of China's annual pig production of 500m pigs.

Source: Asian Agribusiness

 **USA**  **CHINA**
Significant potential for pig meat exports to China

At the recent World Pork Expo in Des Moines, Iowa, Professor Dermot Hayes forecast significant potential for increased US pig meat exports to China in the long-term, accounting for 30-40 per cent of the country's pig meat consumption.

China plans to move livestock production away from densely populated areas in the eastern part of the country to more remote areas in the west. However, this change will present a very difficult task given the current infrastructure and other factors in the short-term will mean a fall in Chinese pig meat production.

Source: Pig International

 **USA**
NPPC warns politicians against rejecting TPP free trade agreement

At a hearing of the Trade [Committee](#) of the US Congress, the President of the National Pork Producers Council (NPPC), John Weber, warned of the consequences of Congress rejecting the Trans Pacific Partnership (TPP), [recently](#) agreed among twelve countries around the Pacific.

According to Weber, the TPP agreement [represents](#) the biggest commercial opportunity ever for the US pig meat industry. The agreement will ensure access for US pig meat to a market of 500m people and increased exports will [create](#) more than [domestic](#) 10,000 jobs.

He pointed out that the EU and China are also negotiating free trade agreements in the region. TPP will set a precedent for other free trade agreements and if the US does not approve the proposed agreement,, the country will lose market share and other countries will decide on the framework for free trade regulations in the future.

Concern over antibiotic resistance in pig genes

[Concern](#) has been expressed at the news that the USDA has detected the MDR-1 gene in two samples [of](#) pig intestines. This gene produces resistance to the antibiotic colistin, which is the antibiotic of last resort in human medication, if bacteria have proved to be resistant to other antibiotics.

USDA has begun an investigation into the MDR 1 gene in samples from pigs, cattle and poultry after the gene was found in China last autumn but claims that, because 1,400 samples were tested, the findings are not normal. The fear is, however, that the bacteria [may](#) mutate causing resistance to all antibiotics.

Source: Agra Europe