

MARKET NEWS for pig meat



Market analysis

25 July 2016

Week 30

MARKET SITUATION

Europe: The holiday season is in full swing. Fresh legs were traded at unchanged or slightly falling prices. Other cuts saw sluggish trade and largely unchanged price levels.

UK: Sales in the bacon market remain stable

Third countries: Slower trade to China while demand from Japan remains good.

SLAUGHTERINGS

	Week 26	Week 27	Week 28	Week 1-28 2016/15
Total	335,984	330,564	330,712	-2.8 %

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)	6.60	6.60

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av.
Nominal prices		
Basic	408.38	345.68
SPF+Myc	413.38	350.68
SPF	417.38	354.68
Organic	1141.92	1044.67
Market prices SPF region 1		
PRRS negative	390.00	320.00
PRRS positive	375.00	300.00
Market prices SPF region 2/3		
PRRS negative	390.00	320.00
PRRS positive	375.00	300.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
DKK/head	11.52 kr./kg	8.02 kr./kg	6.89 kr./kg	5.94 kr./kg	6.00 kr./kg

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	22/7	15/7	Change	22/7	15/7	Change
2016						
Aug	75.28	77.93	-2.65	1.61	1.61	0.00
Sep	-	-	-	1.41	1.41	0.00
Oct	63.90	66.00	-2.10	1.41	1.41	0.00
Nov	-	-	-	1.41	1.41	0.00
Dec	58.48	59.58	-1.10	1.41	1.41	0.00
2017						
Jan	-	-	-	-	-	-
Feb	62.98	63.63	-0.65	-	-	-
Mar	-	-	-	-	-	-
Apr	67.38	68.25	-0.87	-	-	-
May	72.40	73.83	-1.43	-	-	-
Jun	76.13	77.03	-0.90	-	-	-
Jul	75.15	76.55	-1.40	-	-	-
Aug	73.90	75.85	-1.95	-	-	-
Sep	-	-	-	-	-	-
Oct	63.00	65.15	-2.15	-	-	-
Nov	-	-	-	-	-	-
Dec	60.70	57.88	+2.82	-	-	-
Conversion factors: lbs:kg = 0.4536 kg \$:€ = 6.7541				Conversion factor: €/kg = 7.4390		

UKRAINE

African Swine Fever

Last week, the authorities reported one new case of ASF at a small farm of 56 pigs in the north of the country near the Russian border.

RUSSIA

African Swine Fever

In the past week, the authorities reported 15 new cases of ASF; 5 in wild boar and 20 at small pig farms.

Pig producers warn against over production of pig meat

In an open letter to the Russian government, the Russian Union of Pig Producers (RUPP) has warned against the risk of over-production of pig meat in the Russian market, reports PigProgress.

According to RUPP, growth in Russian pig production over the next few years should be limited to 3-5 per cent. Should the increases continue, RUPP warns of possible imbalances since domestic consumption is falling while exports are failing to rise. RUPP has called on the government not to continue to provide financial support for new pig projects.



Pig meat exports

According to categories

Tonnes	Jan-May 2016	Jan-May 2015	% change 16:15
Live pigs	5,318	8,197	-35.1
Fresh/frozen	857,368	544,146	57.6
Bacon	12,912	11,891	8.6
Processed	63,995	68,742	-6.9
By products	667,335	517,255	29.0
Total	1,606,928	1,150,231	39.7

Exporters of pig meat from EU

Tonnes	Jan-May 2016	Jan-May 2015	% change 16:15
Germany	413,508	288,527	43.3
Spain	312,529	182,250	71.5
Denmark	255,020	218,229	16.9
Holland	145,314	98,030	48.2
France	110,711	78,696	40.7
Poland	82,082	52,991	54.9
UK	58,895	34,567	70.4
Ireland	47,329	29,850	58.6
Belgium	43,376	34,179	26.9
Italy	40,228	31,940	25.9
Hungary	32,622	29,812	9.4
Austria	19,683	17,818	10.5
Others	45,631	53,342	-14.5
EU-28	1,606,928	1,150,231	39.7

Importers of pig meat from EU

Tonnes	Jan-May 2016	Jan-May 2015	%-change 16:15
China	751,301	369,544	103.3
Hong Kong	148,163	98,140	51.0
Japan	129,798	109,321	18.7
Philippines	94,237	71,102	32.5
South Korea	84,195	102,793	-18.1
USA	47,370	36,682	29.1
Australia	32,251	29,311	10.0
Ukraine	31,879	28,428	12.1
Angola	11,581	20,535	-43.6
Montenegro	8,523	8,462	0.7
Russia	2,911	5,587	-47.9
Belarus	76	120	-36.7
Others	264,643	270,206	-2.1
EU-28	1,606,928	1,150,231	39.7


**Denmark's exports of pig meat,
tonnes**
Jan-April 2016

	By-products	Live pigs	Processed Canned	Bacon	Whole and half pigs/sows	Cuts	Sausages	Total	Per cent
Germany	8,022	61,703	3,163	82	27,604	76,764	904	178,241	27.9
Poland	431	42,613	2	3	9	40,582	10	83,650	13.1
UK	2,660	107	4,266	17,560	0	40,291	3,125	68,009	10.7
Italy	606	8,119	102	18	0	34,091	86	43,022	6.7
Holland	6,834	3,819	47	11	0	1,840	58	12,609	2.0
Sweden	2,957	5	691	454	17	6,197	1,526	11,847	1.9
France	799	233	313	91	0	4,689	301	6,425	1.0
Spain	28	1,226	524	396	0	2,101	507	4,781	0.7
Other EU countries	4,225	3,961	838	121	0	12,175	1,027	22,347	3.5
Total EU	26,562	121,786	9,946	18,735	27,630	218,730	7,543	430,931	67.5
China	64,310	48	0	0	0	43,647	0	108,005	16.9
Japan	706	4	1,470	38	0	36,761	541	39,520	6.2
Australia	238	0	10	165	0	19,143	0	19,556	3.1
USA	952	0	1,522	47	0	9,254	204	11,979	1.9
South Korea	416	3	854	0	0	4,171	80	5,524	0.9
Hong Kong	1,970	0	140	10	0	2,312	10	4,442	0.7
Taiwan	175	0	0	0	0	3,018	0	3,193	0.5
Singapore	92	0	17	0	0	1,125	0	1,234	0.2
Canada	460	0	31	35	0	526	167	1,220	0.2
Other Third Countries	3,349	486	2,849	238	0	3,089	2,543	12,553	2.0
Third Countries, total	72,668	540	6,893	533	3	123,047	3,545	207,230	32.5
Exports, total	99,230	122,326	16,839	19,267	27,633	341,777	11,088	638,161	100

Jan-April 2015

	By-products	Live pigs	Processed Canned	Bacon	Whole and half pigs/sows	Cuts	Sausages	Total	Per cent
Germany	17,895	74,148	3,301	97	23,678	95,228	855	215,202	32.0
Poland	519	44,875	16	7	0	45,094	0	90,511	13.4
UK	3,674	54	4,774	22,286	0	38,718	2,503	72,009	10.7
Italy	643	6,594	95	23	0	42,205	82	49,641	7.4
Sweden	3,194	4	769	459	0	6,236	1,327	11,990	1.8
Holland	5,652	2,171	68	4	0	3,034	42	10,971	1.6
France	1,348	363	260	80	0	5,920	362	8,334	1.2
Spain	22	1,123	400	257	0	2,671	414	4,887	0.7
Other EU countries	4,770	3,968	824	45	0	16,142	985	26,733	4.0
Total EU	37,717	133,299	10,507	23,258	23,678	255,248	6,570	490,278	72.8
China	62,223	0	0	0	25	14,457	0	76,705	11.4
Japan	653	1	1,302	37	0	34,236	494	36,723	5.5
Australia	333	0	62	66	0	19,103	25	19,590	2.9
USA	1,439	0	1,361	24	0	9,799	282	12,906	1.9
South Korea	448	0	767	0	0	6,360	79	7,654	1.1
Taiwan	779	0	0	0	0	4,642	4	5,425	0.8
Philippines	1,608	0	111	0	0	964	1	2,684	0.4
Hong Kong	0	0	2	0	0	2,235	0	2,237	0.3
New Zealand	1,280	0	140	9	0	785	14	2,227	0.3
Other Third Countries	5,601	348	2,648	270	1	4,369	3,438	16,674	2.5
Third Countries, total	74,365	349	6,394	405	25	96,951	4,337	182,825	27.2
Exports total	112,082	133,648	16,901	23,663	23,703	352,199	10,907	673,103	100

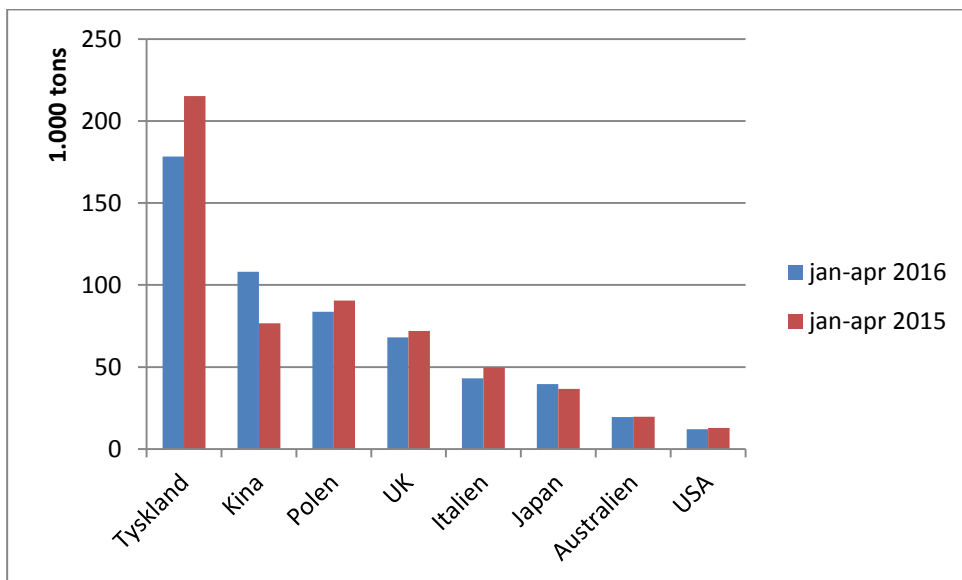
DENMARK

Export trends for key markets

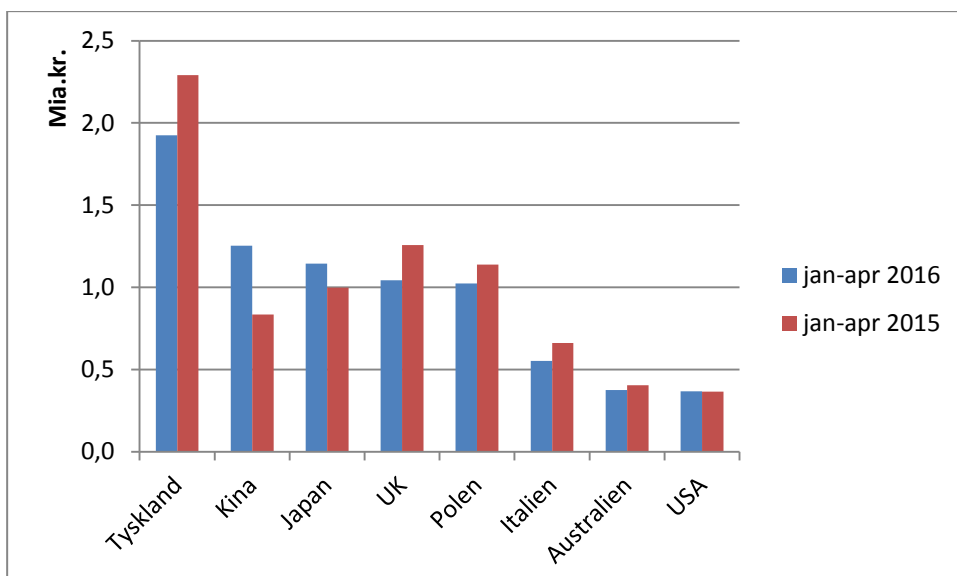
The charts below show the development in Danish pig meat exports and the value for the period January-April 2016 compared to the same period in 2015.

As is evident from the charts, there has been an uplift in exports to China and Japan in both volume and value, while exports to the major European markets were down on the previous year.

China (excluding Hong Kong) is now the second largest export market for Danish pig meat after Germany.



Key to above:- Germany, China, Poland, UK, Italy, Japan, Australia, USA



Mia. Kr – DKK billion

Source: Based on figures from Statistics Denmark.



SLOVAKIA

Danish pig producers account for 50 per cent of production

Pig Progress reports that pig slaughterings in Slovakia have declined from 1.5 million head in 2001 to less than 500,000 in 2015.

The biggest pig producers in Slovakia are three Danish producers who together account for almost 50 per cent of Slovakia's production of finished pigs.

The producers are:

Dan-Slovakia Agrar has 6,700 sows, 5,700 ha. of farming land for feed production and their own feed mill. Around 200 people are employed by the company, of which 50 work in pig production.

Polnovakia has 5,300 sows and produces 125,000 finished pigs per year. The enterprise owns 6,000 ha of land divided over four locations.

Pigagro Group has 4,200 sows, produces 90,000 finished pigs and 30,000 piglets per year. In addition to four pig farms, the company specialises in crop production. Its 3,000 ha of land are cultivated to provide animal feed.



CHINA

Reduction of 3.9% in pig meat production fell in the first half year

China's National Bureau of Statistics reports that Chinese pig meat production in the first half of 2016 totalled 24.73 tonnes, a fall of 3.9 per cent year-on-year.

Pig slaughterings for the same period totalled 319.59 million head, a fall of 4.4% compared to the same period the previous year.

Source: Asian Agribusiness

Flooding in provinces of Hebei and Henan

International media reported extensive flooding in Hebei and Henan provinces last week. These are among the biggest pig producing provinces in the country, although the impact on pig production is still uncertain.

Some weeks ago, flooding also affected southern and central China, including Hubei province.



VIETNAM

Fall in exports of pigs/pig meat to China

Asian Agribusiness reports significant falls in Vietnamese pig prices as a result of a downturn in Chinese demand. Prices have fallen by 23% from USD 2.41- USD 2.49 per kg for live pigs in April to USD 1.87 - USD 1.92 in July.

Good Chinese demand in the spring encouraged Vietnamese pig producers to increase production of the heavier pigs preferred by Chinese buyers. Now that Chinese demand is falling off, the concern is that many Vietnamese pig producers will suffer losses because the Vietnamese market favours lighter pigs.



USA

Pig prices on the decline

US pork prices and futures prices for pigs have declined over the past two weeks. The fall is linked to the fact that pig slaughterings have increased in recent weeks, and it is expected that they will be above last year's levels for the period ahead. Slaughterings in June amounted to 9.57 million head, an increase of 1.5 per cent compared to June 2015.

Calculations from Iowa State University show average earnings for pig producers of \$32.95 per pig in June. This was the fifth consecutive month of positive earnings for pig producers and the best monthly earnings since November 2014.

Prestage Foods finds site for new slaughterhouse in Iowa

Prestage Foods has announced that Wright County will be the site of their new pig slaughterhouse. This follows the refusal by the local authorities in Mason City to grant planning permission.

Plans are for the slaughterhouse to become operational in 2018 and to slaughter around 10,000 pigs per day, delivering 600 million lbs pig meat per year.

Prestage Farms is currently the USA's seventh largest pig producer with 170,000 sows. According to Ron Prestage, the construction is a logical step towards more vertical integration. However, the company expects to purchase 40% of the pigs for slaughter from independent pig producers.

Increased slaughter capacity may increase pig prices

According to Reuters Bureau, forecast increased slaughter capacity in the USA may mean higher pig prices for US pig producers over the longer term.

In addition to Prestage Foods, Seaboard Foods and Triumph Foods also have plans to increase slaughtering capacity over the next two years. This is against a background of improved exports to China.



CANADA

Meat industry welcomes free trade agreement with Ukraine

The President of the Canadian Meat Council, Joe Reda, has welcomed the recent trade agreement between Canada and Ukraine.

According to Joe Reda, there is a long-term interest on the part of Canada in meat exports to Ukraine – not only because of Ukraine's 45 million inhabitants but also because of Ukraine's future membership of the EU and the country's established trade with a number of eastern European countries.

Canada and Ukraine will now embark on the process of ratifying the agreement in their respective countries. Once implemented, the free trade agreement means that Canada will gain duty-free access for beef and veal and for an annual 20,000 tonnes of frozen pig meat, as well as full access for fresh/chilled pig meat, reports The Pig Site.

 **BRAZIL**
Strong rise in pig meat exports

The latest figures for Brazil's exports of pig meat for the first half of 2016 show strong increases:-

Pig meat exports - January-June

Pig meat exports '000 tonnes	Jan-June 2016	Jan-June 2015	% change 2016/15
Total fresh/frozen	301.2	193.6	55.6
of which to:			
Russia	114.4	95.2	20.2
Hong Kong	58.5	36.7	59.4
China	41.1	0.3	13600.0
Singapore	17.1	13.7	24.8
Uruguay	12.4	9.0	37.8

Source: AHDB Pork

The increases should be seen against a backdrop of the serious economic crisis in the country at the moment, a situation that has weakened domestic demand and led to strong falls in the Brazilian currency.

In addition, an increasing number of Brazilian companies in 2016 were approved for pig meat exports to Russia and a small but increasing number of companies have been approved for export to China for the first time. According to AHDB pork, the increase in Brazilian export value is far below the increase in volume. The value of pig meat exports is reported to have only increased by 15% for the first half year.