

MARKET NEWS for pig meat



Market analysis

1 August 2016

Week 31

MARKET SITUATION

Europe: The holiday season remains in full swing. Fresh legs and shoulders are seeing sluggish trade and at unchanged or slightly falling prices as a result of the holiday period in Southern Europe. Other cuts are experiencing sluggish trade and largely unchanged prices.

UK: sales in the bacon market remain stable.

Third Countries: Slower demand from both China and Japan.

SLAUGHTERINGS

	Week 27	Week 28	Week 29	Week 1-29 2016
Total	330,564	330,712	335,694	-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)	10.40	10.40
Sows (above 130 kg)	6.60	6.60

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Nominal prices		
Basic	399.75	346.70
SPF+Myc	404.75	351.70
SPF	408.75	355.70
Organic	1116.24	1046.73
Market prices SPF region 1		
PRRS negative	390.00	322.00
PRRS positive	375.00	301.00
Market prices SPF region 2/3		
PRRS negative	390.00	322.00
PRRS positive	375.00	301.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	11.25 kr/kg	7.99 kr/kg	6.76 kr/kg	5.88 kr/kg	5.93 kr/kg

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	29/7	22/7	Change	29/7	22/7	Change
2016						
Aug	68.98	75.28	-6.30	1.65	1.61	0.04
Sep	-	-	-	1.41	1.41	0.00
Oct	59.05	63.90	-4.85	1.41	1.41	0.00
Nov	-	-	-	1.41	1.41	0.00
Dec	54.75	58.48	-3.73	1.41	1.41	0.00
2017						
Jan	-	-	-	1.41	-	-
Feb	59.15	62.98	-3.83	-	-	-
Mar	-	-	-	-	-	-
Apr	63.93	67.38	-3.45	-	-	-
May	69.93	72.40	-2.47	-	-	-
Jun	74.13	76.13	-2.00	-	-	-
Jul	73.55	75.15	-1.60	-	-	-
Aug	73.00	73.90	-0.90	-	-	-
Sep	-	-	-	-	-	-
Oct	62.10	63.00	-0.90	-	-	-
Nov	-	-	-	-	-	-
Dec	59.50	60.70	-1.20	-	-	-
Conversion factors: lbs:kg = 0.4536 \$:€ = 6.6925				Conversion factor: €/kg = 7.4374		

LITHUANIA

African Swine Fever

The authorities reported 26 new cases of ASF in wild boar throughout the country.

POLAND

African Swine Fever

Last week, the authorities reported one case of ASF in wild boar in the east of the country, close to the border with Belarus.

UKRAINE

African Swine Fever

Last week, the authorities in Ukraine reported one new case of ASF at a small pig farm in the centre of the country.

MONGOLIA

Foot and Mouth disease

One case of Foot and Mouth disease was reported in a herd of cattle in the centre of the country.

 **USA**
Fall in pig prices

As shown on page 2, US pig prices and futures saw sharp falls last week. This follows declining prices over the past three weeks, due to increased U.S. pig production and weaker export forecasts.

Pig slaughterings in the US are still higher than at the same time last year and are expected remain above last year's levels moving forward. At the same time, slaughter weight has not fallen as would usually be the case during the summer. A large maize harvest is expected to result in lower feed costs and thus a continuing high slaughter weight for pigs, cattle and poultry.

Exports to both China and Mexico were down in July compared to the two previous months.

 **EU**
Ractopamine on the free trade agreement agenda

Agra Europe reports that the use of ractopamine in livestock production will be an issue in the EU's free trade agreement negotiations with the USA.

Last week, the EU's Trade Commissioner, Cecilia Malmström, stated that the EU's ban on ractopamine and a number of hormones and growth promoters was non-negotiable in discussions with the US about a new free trade agreement.

A number of US agricultural organisations have called on American negotiators to stand by the fact that the EU ban on ractopamine is not supported by any scientific evidence. However, US pig meat exporters have been developing systems to ensure increased production of ractopamine-free pig meat in order to address Chinese import requirements.

Ractopamine is a beta-agonist used in livestock production in countries like USA, Canada and Brazil.

As is the case in North America, Brazil has also started production of ractopamine-free pig meat for export. The EU does not believe, however, that the Brazilian system is sufficiently secure to allow imports of pig meat from the Brazilian state of Santa Catarina, which has been declared free of foot and mouth disease.

 **MEXICO/ SPAIN**
Spanish hopes for major exports of pig meat to Mexico

Agra Europe reports that Spain hopes to see large scale exports of pig meat to Mexico going forward. Their optimism is based on a recent veterinary agreement between the two countries resulting in a number of Spanish companies being approved for export to Mexico.

A total of 12 Spanish facilities will have access to the Mexican market from September. According to Agra Europe, representatives from the Spanish Ministry of Agriculture in Mexico believe that annual Spanish exports of pig meat to Mexico may soon reach 100,000 tonnes.

There is no doubt that Mexico is a very interesting market. With annual imports of around 800,000 tonnes, Mexico is one of the largest importers of pig meat in the world. While EU and Mexico are currently re-negotiating a free trade agreement, pig meat from the EU (and thus also from Spain) is subject to an import levy whereas NAFTA (North American Free Trade Agreement) means that pig meat from the US and Canada can enter the Mexican market with no import duties.

If Spanish hopes are to become a reality, a trading solution between the EU and Mexico is probably necessary. This will provide EU pig meat with the same access to the Mexican market as American and Canadian product.

 **RUSSIA**
Strong increase in pig meat production

According to figures from the Russian Ministry of Agriculture, Russia's pig meat production for the 1st half year 2016 rose by 12.1 per cent to 1.98 million tonnes.

As stated in last week's Market News, the Russian pig producers' organisation has warned the Russian government against the risk of over-production of pig meat in the Russian market.

Russia to open its market to Turkish agricultural products

Agra Europe reports that Russian officials are currently in Turkey to discuss a gradual lifting of import restrictions on Turkish agricultural products.

Russian import restrictions for Turkey were enforced at the start of the year following the shooting down of a Russian fighter jet on the Turkish/Syrian border. Following President Erdogan's apology for the incident, relations between the two countries have improved. Presidents Putin and Erdogan will meet next week when it is expected that the lifting of Russian import restrictions will be on the agenda.

 **GERMANY/**
 **RUSSIA**
German Agriculture Minister to meet Russian counterpart in Moscow

Weekly Tribune reports that the German Agriculture Minister is in Moscow to meet his Russian counterpart and other representatives from the Russian government.

According to the German Minister of Agriculture, Christian Schmidt, the purpose of the visit is to persuade the Russians to gradually lift the import embargo. The Minister does not believe that the embargo serves Russian interests, but rather helps to reinforce the crisis in the country.

 **GERMANY**
Westfleisch acquires slaughterhouse

AHDB Pork reports that Westfleisch has acquired the Gelsenkirchen abattoir from Reinhard Hoffmann, who purchased it from the town in 1989. The plant kills around 10,000 pigs per week and has 350 employees.

New pig meat product gains Protected Geographical Indication status

Agra Europe reports that the German Flönz sausage has been added to the EU Commission's Protected Geographical Indication list. The PGI list now contains more than 1,350 products.

 **FRANCE**
Cooperl under pressure from producers

France's largest pig slaughtering operation, Cooperl, has come under pressure from its pig producers following the 2 eurocent cut in its pig price in July. This coincided with an increase in the pig price at July's Brittany auction. Last August, Cooperl decided to opt out of the auction and set its own pig price.

Country of Origin labelling for processed products from 1 January 2017

Agreement from France's Council of State gives the final go-ahead from 1 January 2017 for the start of a two-year trial period for country of origin labelling for milk and meat used in a number of processed products, reports Agra Europe.

Following sustained pressure from France, the EU Commission has given an undertaking that France can begin trialling country of origin labelling. The Commission had previously rejected the request on the grounds that it would increase costs for the industry and is doubtful whether consumers would be prepared to pay such extra costs.

 **SERBIA**
Fall in pig population

The Serbian authorities have reported the following statistics to Eurostat, which show strong falls both in the Serbian pig population and in the breeding herd. (The figures are based on the May/June 2016 pig census).

The census indicates a significant fall in Serbia's pig production in 2016.

'000 head.	2016 May/June	2015 May/June	% change 2016:15
Piglets 0 - 20 kg	1,074	1,375	-21.9
Pigs 20 - 50 kg	669	647	3.4
Finishers > 50 kg	750	750	0.0
Breeding boars	78	76	2.6
Breeding sows	444	465	-4.5
Of which pregnant sows	201	233	-13.7
Total	3,015	3,313	-9.0

 **SOUTH KOREA**
Imports of pig meat

0203 Fersk/frosset svinekød				
Tons	jan.-juni 2014	jan.-juni 2015	jan.-juni 2016	%ændr. 16:15
USA	61.751	74.519	80.774	8,4
Tyskland	25.534	39.488	38.811	-1,7
Spanien	12.404	29.741	30.843	3,7
Canada	16.975	22.559	17.868	-20,8
Chile	12.618	14.626	17.338	18,5
Østrig	7.480	9.128	7.819	-14,3
Holland	3.904	7.434	7.526	1,2
Belgien	4.763	5.481	6.701	22,2
Danmark	3.731	7.195	5.830	-19,0
Mexico	4.278	4.621	5.818	25,9
Frankrig	4.673	4.810	3.079	-36,0
Irland	875	4.076	1.867	-54,2
Ungarn	2.763	2.460	1.833	-25,5
Finland	1.411	1.486	1.691	13,8
UK	670	782	1.063	35,9
Sverige	557	521	706	35,5
Australien	569	475	189	-60,1
Polen	4.762	22	-	-
Andre	-	-	-	-
I alt	169.717	229.425	229.756	0,1

Key to above chart:

Fersk/frosset svinekød – Fresh/frozen pig meat

USA, Germany, Spain, Canada, Chile, Austria, Holland, Belgium, Denmark, Mexico, France, Ireland, Hungary, Finland, UK, Sweden, Australia, Poland Other, Total

%-ændr. - % change

 **CHINA**
Imports of pig meat**Key to first chart below:****Fersk/frosset svinekød** – Fresh/frozen pig meat

% ændr. - % change

Germany, Spain, US, Denmark, Canada, Holland, France, Brazil, UK, Ireland, Chile, Hungary, Belgium, Rumania, Poland, Others, Total

Key to second chart below:**Biprodukter – svin** – By-products – pigs

% ændr. - % change

USA, Denmark, Germany, Canada, Spain, Holland, France, UK, Chile, Ireland, Belgium, Hungary, Rumania, Poland, Others, Total

Key to third chart below:**Svinelever** – Pigs liver

% ændr. - % change

Spain, Holland, Denmark, Canada, Others, Total

0203			
Fersk/frosset svinekød			
Tons	jan. - juni 2014	jan. - juni 2015	jan. - ju 20
Tyskland	41.406	83.392	153.5
Spanien	46.306	57.322	135.9
USA	78.731	54.037	108.6
Danmark	30.996	32.833	83.0
Canada	27.599	19.549	80.3
Holland	3.697	7.936	51.8
Frankrig	15.077	14.329	43.1
Brasilien	572	145	26.2
UK	13.991	14.742	21.2
Irland	9.400	12.159	19.6
Chile	13.068	14.217	19.0
Ungarn	-	7.029	12.3
Belgien	999	2.201	6.0
Rumænien	-	-	1.2
Polen	15.555	-	-
Andre	-	-	-
I alt	297.398	319.891	762.3

020649			
Biprodukter - svin			
Tons	jan. - juni 2014	jan. - juni 2015	jan. - ju 20
USA	127.753	79.691	179.0
Danmark	75.003	76.419	111.8
Tyskland	33.357	70.921	102.7
Canada	33.761	19.379	54.8
Spanien	33.489	41.073	53.0
Holland	8.255	30.952	43.3
Frankrig	26.866	21.683	26.3
UK	7.588	9.079	13.8
Chile	10.580	12.068	12.1
Irland	6.714	8.509	10.8
Belgien	2.686	4.283	9.5
Ungarn	-	7.426	5.4
Rumænien	-	-	6
Polen	11.835	-	-
Andre	-	27	-
I alt	377.887	381.510	623.8

020641			
Svinelever			
Tons	jan. - juni 2014	jan. - juni 2015	jan. - ju 20
Spanien	862	26	9
Holland	-	-	5
Danmark	3.242	2	4
Canada	558	2	2
Andre	688	146	8
I alt	5.350	176	2.9

Imports of pig meat

Fresh/frozen pig meat				
Tonnes	Jan-June 2014	Jan-June 2015	Jan-June 2016	% change 16:15
Brazil	38,133	32,072	69,417	116.4
USA	6,883	9,155	29,589	223.2
China	30,961	34,788	21,071	-39.4
Germany	18,794	10,034	13,245	32.0
Holland	8,877	7,485	8,983	20.0
Spain	2,960	3,470	7,848	126.2
Poland	1,439	5,238	6,418	22.5
Vietnam	3,587	4,242	5,544	30.7
Canada	2,974	4,089	2,649	-35.2
UK	1,277	551	2,171	294.0
Belgium	1,226	1,102	1,888	71.3
Italy	49	501	1,873	273.9
France	1,080	1,453	1,826	25.7
Denmark	775	340	735	116.2
Others	2,165	2,272	3,502	54.1
Total	121,180	116,792	176,759	51.3

By-products - pigs				
Tonnes	Jan-June 2014	Jan-June 2015	Jan-June 2016	% change 16:15
USA	28,493	59,454	61,587	3.6
Germany	62,536	32,819	32,314	-1.5
Brazil	20,407	19,233	26,936	40.1
Poland	11,290	18,696	25,447	36.1
Spain	9,328	11,097	22,865	106.0
Holland	27,146	17,385	20,956	20.5
Italy	6,213	4,878	11,307	131.8
UK	9,375	8,417	9,809	16.5
Belgium	7,634	5,779	7,510	30.0
Canada	4,738	12,055	7,410	-38.5
France	2,192	2,614	3,503	34.0
Australia	1,620	964	1,861	93.0
Austria	569	244	1,271	420.9
Russia	2,026	100	1,217	1117.0
Hungary	400	25	1,193	4672.0
Sweden	1,157	928	1,059	14.1
Denmark	3,176	1,680	998	-40.6
Irland	1,029	628	945	50.5
Portugal	254	257	859	234.2
Argentina	1,549	830	780	-6.0
Andre	2,684	3,532	3,247	-8.1
Total	203,816	201,615	243,074	20.6