

MARKET NEWS for pig meat



Market analysis

8 August 2016

Week 32

MARKET SITUATION

Europe: The holiday season continues to impact the market. Fresh legs and other cuts are being traded at unchanged prices.

UK: sales in the bacon market remain stable.

Third Countries: stable demand is reported for both China and Japan.

SLAUGHTERINGS

	Week 28	Week 29	Week 30	Week 1-30 2016/15
Total	330,712	335,694	333,626	-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	347.87
SPF+Myc	404.75	352.87
SPF	408.75	356.87
Organic	1116.24	1048.65
Market prices SPF region 1		
PRRS negative	390.00	323.00
PRRS positive	375.00	303.00
Market prices SPF region 2/3		
PRRS negative	390.00	323.00
PRRS positive	375.00	303.00

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)		
	5/8	29/7	Change	5/8	29/7	Change
2016						
Aug	67.45	68.98	-1.53	1.65	1.65	0.00
Sep	-	-	-	1.41	1.41	0.00
Oct	58.30	59.05	-0.75	1.41	1.41	0.00
Nov	-	-	-	1.41	1.41	0.00
Dec	54.08	54.75	-0.67	1.41	1.41	0.00
2017						
Jan	-	-	-	1.41	1.41	-
Feb	59.05	59.15	-0.10	-	-	-
Mar	-	-	-	-	-	-
Apr	65.03	63.93	-0.90	-	-	-
May	70.73	69.93	+0.80	-	-	-
Jun	75.33	74.13	+1.20	-	-	-
Jul	74.68	73.55	+1.13	-	-	-
Aug	73.65	73.00	+0.65	-	-	-
Sep	-	-	-	-	-	-
Oct	63.00	62.10	+0.90	-	-	-
Nov	-	-	-	-	-	-
Dec	60.65	59.50	+1.15	-	-	-
Conversion factors: lbs:kg = 0.4536 kg \$:€ = 6.6666				Conversion factor: €/kg = 7.4373		

 **RUSSIA****African Swine Fever**

Last week, the authorities reported 12 new cases of ASF. A large farm comprising 18,000 pigs and 11 smaller farms have been affected. The cases are in the western part of the country.

There was also one case of ASF in wild boar.

 **POLAND****African Swine Fever**

Last week, the authorities reported an outbreak of ASF at a pig farm of 540 pigs in the east of the country, not far from the border with Belarus.

 **UKRAINE****African Swine Fever**

Last week, the authorities reported five new cases of ASF at small pig farms across the country.

 **SOUTH AFRICA****African Swine Fever**

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

Pig census 1 July 2016

Statistics Denmark has published the results of July's pig census based on random samples of around 2,500 farms.

The results show that the pig population is 2.6% down on the year. The census for 1 April reported a fall of 0.5 per cent.

Breeding sows show a fall of 3.1 per cent compared to one year ago. April's census saw a fall of 3.7 per cent.

STATISTICS DENMARK'S PIG CENSUS AS AT 1 JULY 2016

1,000 head	July census			April census		
	1 July 2016	1 July 2015	% change 16:15	1 April 2016	1 April 2015	% change 16:15
Breeding boars	10	11	-9.1	11	11	-
Pregnant gilts	186	191	-2.6	186	191	-2.6
Other pregnant sows	574	593	-3.2	573	597	-4.0
Total breeding sows	760	784	-3.1	759	788	-3.7
Nursing sows	204	210	-2.9	206	210	-1.9
Dry sows	34	37	-8.1	35	37	-5.4
Sows and boars for slaughter	6	6	-	7	6	+16.7
Gilts >50 kg for breeding	218	217	+0.5	217	202	+7.4
Piglets with sows	2,460	2,613	-5.9	2,474	2,608	-5.1
Weaned sows <50 kg	5,718	5,777	-1.0	5,700	5,566	+2.4
Finished pigs >50 kg	2,903	2,990	-2.9	3,009	3,055	-1.5
Total pigs	12,313	12,645	-2.6	12,418	12,483	-0.5
Total pigs excluding finished pigs	9,410	9,655	-2.5	9,409	9,428	-0.2

CHINA

Significant earnings growth for pig production

Asian Agribusiness reports strong earnings growth for the Chinese pig producer, Muyuan Foods Co. Profits for the first half year 2016 amount to \$162 million against \$7.0 million the previous year.

Muyuan attributes the growth to strongly increasing pig prices (a 51% increase to \$2.90/kg)

In the first half year, Muyuan sold 830,000 finished pigs and 320,000 piglets. This year, annual production is predicted to range between 2.8-3.5 million pigs.

Floods may affect pig prices

As previously reported, some of China's important pig producing areas have been experiencing disastrous flooding. Five provinces, which account for 33 per cent of the country's pig production, have been affected.

It is still uncertain as to what extent the floods will affect pig production in the affected areas. However, according to The Pig Site, the floods could result in increased pig prices as many pigs in the flooded areas will be sent for slaughter before reaching their normal slaughter weight and some will have perished in the floods.

USA

Poor economic outlook for American livestock producers until the end of 2018

In its latest report entitled *Chickens, Cows, and Pigs... Oh My! Implications of Record U.S. Protein Expansion*, Rabobank expects American livestock producers to be subject to some financial pressure over the next two years.

Rabobank also forecasts that protein production in the US will grow at a rate of 2.5% annually until 2018, but American demand for protein will have difficulty keeping pace with the increase in supply. Consequently, Rabobank forecasts pressure on prices and earnings for American livestock producers, although prices and earnings are not expected to reach the levels of 2008 and 2009.

Aldi in US launch pig meat from antibiotic-free pig production

Aldi in the US has launched a new product line, Never Any, whose products (pig meat and poultry) originate from operations that are free from antibiotics, hormones and steroids. Vegetable feed is also used in production.

McDonald's in the US has also announced that they are phasing out chicken treated with antibiotics that are also used in human medicine.



USA

Exports of pig meat 1st half year

0203 Fresh/frozen pig meat				
Tonnes	Jan-June 2014	Jan-June 2015	Jan-June 2016	% change 16:15
Mexico	235,927	256,466	244,925	-4.5
Japan	240,598	210,221	179,936	-14.4
China	85,694	41,242	109,907	166.5
South Korea	67,997	100,207	65,700	-34.4
Canada	51,857	49,765	45,912	-7.7
Australia	30,467	25,760	29,927	16.2
Hong Kong	14,347	16,512	27,562	66.9
Colombia	22,634	19,245	15,289	-20.6
Others	87,617	64,086	64,767	1.1
Total	837,138	783,504	783,925	0.1

160249, 160241, 160242, 021012, 021019, 021011 Processed pig meat				
Tonnes	Jan-June 2014	Jan-June 2015	Jan-June 2016	% change 16:15
Canada	43,048	39,987	44,637	11.6
Mexico	20,090	23,024	19,509	-15.3
Japan	9,280	7,402	7,814	5.6
Philippines	3,503	2,295	3,643	58.7
Australia	2,058	3,978	2,847	-28.4
South Korea	2,164	1,994	2,358	18.3
Others	12,758	13,800	12,526	-9.2
Total	92,901	92,480	93,334	0.9

020649 By products				
Tonnes	Jan-June 2014	Jan-June 2015	Jan-June 2016	% change 16:15
China	57,163	36,401	66,080	81.5
Hong Kong	20,310	52,019	62,178	19.5
Mexico	47,598	41,216	45,601	10.6
Japan	4,897	4,754	5,021	5.6
Philippines	3,472	6,275	4,393	-30.0
South Korea	4,629	5,109	3,340	-34.6
Canada	3,976	3,747	3,074	-18.0
Taiwan	2,691	3,283	1,414	-56.9
Others	17,575	5,825	3,896	-33.1
Total	162,311	158,629	194,997	22.9


Imports of fresh/frozen pig meat

0203 Fresh/frozen pig meat					
Tonnes	2016 May	2015 May	2016 Jan-May	2015 Jan-May	% change 2016:15
USA	23,617	20,894	128,837	129,011	-0.1
Canada	15,418	13,322	86,436	80,556	7.3
Denmark	9,688	9,000	56,989	49,946	14.1
Spain	7,480	6,933	47,087	35,113	34.1
Mexico	6,456	5,800	36,890	34,077	8.3
Chile	2,642	1,775	14,293	10,799	32.4
Hungary	1,415	1,944	12,784	10,338	23.7
Holland	2,038	1,277	11,988	9,425	27.2
France	1,309	976	6,851	4,441	54.2
Italy	1,204	516	6,779	4,344	56.1
Austria	1,405	959	6,619	4,744	39.5
Germany	1,720	647	6,477	3,644	77.7
Ireland	719	96	4,068	602	575.9
Finland	148	147	764	688	11.0
Belgium	48	24	312	168	86.1
Australia	48	36	216	236	-8.1
Others	305	241	305	241	26.6
Total	75,660	64,586	428,793	380,191	12.8

Pig meat storage

Tonnage	Own production		Imported volumes		Total storage
	Fresh	Frozen	Fresh	Frozen	
End January 15	485	16,338	3,408	164,417	184,648
End February 15	357	17,536	4,432	157,018	179,343
End March 15	294	16,373	9,726	152,201	178,594
End April 15	325	16,401	10,026	161,157	187,909
End May 15	300	16,430	7,556	169,538	193,824
End June 15	266	15,018	5,741	167,676	188,701
End July 15	343	16,666	8,036	158,202	183,247
End August 15	227	16,675	7,823	153,957	178,682
End September 15	328	14,949	9,368	145,103	169,748
End October 15	283	15,693	8,813	139,170	163,959
End November 15	295	15,568	9,178	134,262	159,303
End December 15	511	15,638	6,167	131,661	153,977
End January 16	294	16,559	6,530	144,724	168,107
End February 16	313	16,839	7,088	144,023	168,263
End March 16	351	15,601	9,206	144,222	169,380
End April 16	611	17,479	7,843	147,530	173,463
End May 16	510	18,368	8,524	150,870	178,272

Japan's imports of sausage products

0210 Sausage products		
Tonnes	2016 Jan-June	% change 2016:15
China	4,366	-38.7
Taiwan	122	-7.3
Thailand	3,561	-21.5
Denmark	961	14.9
Canada	19	35.7
USA	4,490	-21.1
Brazil	1,841	5.7
Others	786	-20.4
Total	16,146	-23.3



AUSTRALIA

Imports of fresh/frozen pig meat 1st half year 2016

0203 Fresh/frozen pig meat				
Tonnes	Jan-June 2014	Jan-June 2015	Jan-June 2016	% change 16:15
Denmark	19,569	28,985	29,180	0.7
USA	31,045	24,450	29,113	19.1
Canada	11,709	17,097	9,555	-44.1
Holland	6,073	10,621	8,268	-22.2
Ireland	848	2,377	2,975	25.2
Belgium	426	1,122	1,901	69.4
Others	336	117	1,883	1.509.4
Total	70,006	84,769	82,875	-2.2