

MARKET NEWS for pig meat



Market analysis

11 June 2018

Week 24

MARKET SITUATION

Europe: Trading in fresh legs and other cuts is at unchanged prices.

UK: Sales remain stable.

Sales are reported as sluggish for China and stable for Japan.

Slaughterings in Denmark

	Week 20	Week 21	Week 22	Week 1-22 2018/2017
Total	371,516	311,691	369,643	+4.8 %

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

FUTURES

	Chicago (\$ per100 lbs slaughter weight)		
	8/6	1/6	Change
2018			
Jun	79.88	77.60	2.28
Jul	80.73	78.80	1.93
Aug	77.13	77.53	-0.40
Sep	-	-	-
Oct	64.48	63.25	1.23
Nov	-	-	-
Dec	59.78	57.58	2.22
2019			
Jan	-	-	-
Feb	64.63	62.40	2.23
Apr	68.53	67.13	1.40
May	73.23	71.88	1.35
Jun	77.10	75.88	1.22
Jul	76.63	75.48	1.15
Aug	76.50	75.33	1.17
Oct	68.83	65.80	3.03
Conversion factors: 1 lb = 0.4536 kg \$ = € 6.3362			



African Swine Fever

According to the EU Commission's reporting system for the outbreak of disease, the following outbreaks of ASF were reported for the following countries and Ukraine up to and including 3 June.

Countries	Period 28 May – 3 June		Year to date 1 Jan – 3 June	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		1		157
Latvia		4		335
Lithuania		10		928
Poland		31	8	1310
Italy	1		3	24
Ukraine	1		32	27
Czech Republic				28
Romania		1	3	1
Hungary		6		14

HUNGARY

Cost of African Swine Fever

Since the first case of ASF in April, Hungary has confirmed a further 16 cases among wild boar.

In a comment to Reuters, Hungary's Chief Veterinarian, Lajos Bognar, has estimated that the cost of ASF for the country amounts to approximately 11 billion forint (approx. GBP 26 million) to date.

Although no pig farms have been affected by the disease, ten countries – first and foremost in Asia – have introduced restrictions on imports of pig meat from Hungary.

A Hungarian pig producer has commented that the pig price has declined by 10 per cent since the first outbreak.

MEXICO/ USA

Mexico imposes import tariffs on U.S. pig meat

In response to President Trump's decision to add tariffs to steel and aluminium, the Mexican authorities have introduced higher tariffs for a number of U.S. pig meat products exported to Mexico. Initially, the tariff has been set at 10 per cent and will increase to 20 per cent on 5 July.

Mexico, however, has also introduced a tariff-free import quota of 350,000 tonnes of pig meat products which will be in force until 31 December. This quota applies to all countries that export pig meat products to Mexico, i.e. U.S., Canada, Chile and a number of EU countries.

The new Mexican import tariffs for U.S. pig meat are not expected to seriously impact Mexican pig meat imports because the tariff-free quota covers a large proportion of normal U.S. exports to Mexico.

The U.S. exports around 900,000 tonnes of pig meat to Mexico on an annual basis. Some 600,000 tonnes are now subject to tariffs but can be exported under the tariff-free quota of 350,000 tonnes until the end of the year.

The new element is that countries outside the North American Free Trade Agreement can now also export to Mexico with zero tariffs through the tariff-free import quota of 350,000 tonnes.

 **GERMANY**
Tönnies exports its first shipment of pig meat to Mexico

Tönnies has announced exports of 27 tonnes of pig meat to Mexico - its first shipment from Germany.

A number of EU countries was granted permission to export pig meat to Mexico in 2016. However, German companies have only recently succeeded in getting on the approved-for-export list.

 **USA**
Chief negotiator: some way to go before agreement can be concluded with China

At the World Pork Expo in Des Moines, the U.S. Chief Agriculture Negotiator, Gregg Doudd, said that there is still some way to go before an agreement can be reached with China.

“We have a long list to go through with the Chinese. Last time I saw it, there were 12 closely written pages.”

Mr Doudd also commented on other trade negotiations. With regard to the Japanese market, he confirmed that competition for U.S. pig meat will increase next year when Canada, EU and Australia gain access to lower import tariffs.

On the other hand, he believed that there was potential for U.S. agriculture ahead of a forthcoming trade agreement with the UK. He expected that the U.S. will play an important role as a supplier to the UK market when the UK leaves the EU.

 **USA**
USDA: support for U.S. farmers

Greg Ibach, Under Secretary for Marketing and Regulatory Programmes at the U.S. Department of Agriculture, commented during the World Pork Expo in Des Moines that the U.S. government is working hard on behalf of U.S. farmers to gain access to international markets.

Ibach said that the government understands U.S. farmers' concerns about trading conflicts and that the government is working to solve them.

With a view to supporting U.S. farmers in the short-term, the government has launched Section 32 to purchase a variety of high quality food to support public catering in schools, prisons, etc.

Ibach, who is himself a farmer, also touched on biotechnology. He said that he believed there were great opportunities for farmers willing to embrace technology. He sees great potential in producing disease-free animals that do not need antibiotics.

 **USA**
Record exports of pig meat in April

Preliminary figures for U.S. exports of pig meat in April show record exports of 230,000 tonnes. This is a rise of 13 per cent compared to the previous record from November 2016.

Exports in April account for almost 30 per cent of U.S. pig meat production, which is an increase from 28.4 per cent for the same month last year.

Exports to Mexico saw a significant increase in April and totalled 79,000 tonnes. This is 34 per cent up on the same month last year.

 **BRAZIL**
Lorry drivers' strike has resulted in significant costs for the country's pig industry

The Brazilian Animal Protein Association (ABPA) reports that the lorry drivers' strike has resulted in substantial costs for the entire Brazilian meat industry, including the pig meat sector.

It is reported that more than 70 million chickens perished as a result of feed shortages. ABPA estimates that the total cost for producers and exporters of pig meat, poultry, eggs and breeding stock amount to 3.15 billion Brazilian reais (US \$ 5.2 billion).

Normal production volumes for the pig sector are expected to be resumed a few months from now. ABPA is concerned that production costs will be higher because of increased transport costs and consequently higher feed costs.

ABPA also stated that the strike meant that 135,000 tonnes poultry and pig meat and 40,000 tonnes beef were not exported.

 **BRAZIL**
Strongly increasing pig prices in the past week

Agra Europe reported strongly increasing pig and chicken prices in Brazil last week.

The increase is largely the result of a limited supply of pig meat due to the lorry drivers' strike.

 **HOLLAND**
Increasing exports of piglets to Spain

Germany's AMI reports that a significant rise – almost 25% - in Dutch exports of piglets to Spain has been recorded for the first four months of the year compared to the same period last year.

Overall, there has been a 10 per cent rise in Dutch piglet exports.

	Jan-April 2018	Jan-April 2017	% change 17:16
Germany	1,444,012	1,463,836	-1.4
Belgium/Luxembourg	315,172	285,828	10.3
Spain	423,722	106,384	298.3
Hungary	4,217	72,264	-94.2
Romania	30,094	47,744	-37.0
Poland	38,420	37,008	3.8
Others	93,306	115,045	-18.9
Total	2,348,943	2,128,109	10.4

 **RUSSIA**
Pig population as at 30 April

The Russian authorities have calculated the country's pig population at 24.4 million as at 30 April. This is a year-on-year rise of 5.1 per cent.

The cattle population totals 19.5 million and is 0.2 per cent down on last year. The population of sheep and goats at 26.4 million is 1.5 per cent down on last year.

 **JAPAN**

Development in pig meat storage

Tonnage	Own production		Imported volumes		Total storage
	Fresh	Frozen	Fresh	Frozen	
End January 17	442	16,843	7,780	150,579	175,644
End February 17	1,454	16,149	7,443	146,058	171,104
End March 17	417	15,433	9,556	152,113	177,519
End April 17	505	16,360	8,921	148,234	174,020
End May 17	456	17,341	8,794	155,611	182,202
End June 17	407	15,974	7,435	157,400	181,216
End July 17	691	13,767	6,408	155,203	176,069
End August 17	585	15,058	9,288	152,135	177,066
End September 17	984	14,244	6,267	149,558	171,053
End October 17	573	14,305	6,642	145,497	167,017
End November 17	725	14,897	11,574	142,430	169,626
End December 17	817	16,129	11,516	142,364	170,826
End January 18	744	15,805	9,278	150,931	176,758
End February 18	626	16,485	8,398	156,307	181,816
End March 18	963	19,511	7,334	153,166	180,974
End April 18	670	18,083	6,542	152,671	177,966