

MARKET NEWS for pig meat



Market analysis

25 June 2018

Week 26

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 22	Week 23	Week 24	Week 1-24 2018/2017
Total	369,643	304,448	352,632	+4.2 %

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

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)		
	22/6	15/6	Change
2018			
Jul	79.83	81.73	-1.90
Aug	75.38	78.25	-2.87
Sep	-	-	-
Oct	61.30	64.28	-2.98
Nov	-	-	-
Dec	56.58	58.53	-1.95
2019			
Jan	-	-	-
Feb	61.68	63.10	-1.42
Apr	66.23	67.30	-1.07
May	71.00	72.18	-1.18
Jun	74.93	75.95	-1.02
Jul	74.48	75.83	-1.35
Aug	73.50	75.30	-1.80
Oct	62.13	64.73	-2.60
Dec	57.90	55.95	1.95
Conversion factors: 1 lb = 0.4536 kg \$ = DKK 6.3982			



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 17 June.

Countries	Period 11 June – 17 June		Year to date 1 Jan – 17 Jun	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		5		169
Latvia	1	16	1	363
Lithuania	2	14	7	958
Poland	7	31	20	1389
Italy			3	24
Ukraine	4	1	36	28
Czech Republic				28
Romania	32	2	39	3
Hungary		3		21

RUSSIA

African Swine Fever

Last week, Russia reported two cases of African Swine Fever at small pig farms.

Both cases were confirmed in Russia's Kaliningrad region, an enclave between Lithuania and Poland.

GERMANY/ POLAND

Joint efforts to control African Swine Fever

Germany and Poland have joined forces to control African Swine Fever, report the German media.

In the event of ASF affecting the border area between the two countries, it is important that the countries focus their efforts on protection zones.

Last week, Germany introduced new legislation on animal disease with the purpose of taking swift and effective action if the country is affected.



Increased slaughterings in Q1 2018

Individual EU countries' reported figures to Eurostat show that total slaughterings in the EU were 2.6 per cent higher in Q1 2018 compared to Q1 2017.

Among the major pig producing countries, there was a significant increase for Poland (+8 per cent), Holland (+6 per cent), Spain (+4 per cent) and Belgium (+4 per cent). For Germany and Denmark, the figures were unchanged while France saw a modest increase (+2 per cent).

The figures for Q1, however, are affected by Easter falling at the end of March/start of April whereas Easter in 2017 was at the end of April. Denmark's slaughtering figures for the year to date are approximately 5 per cent up on the same period last year.



Pig meat exports

The EU Commission has published figures for EU pig meat exports according to categories, exporters and importers for the period January-April.

Exports are calculated in product weight.

According to categories

Tonnes	Jan-April 2018	Jan-April 2017	% change 18:17
Live pigs	6,156	2,307	166.8
Fresh/frozen	693,403	678,663	2.2
Bacon	12,057	10,967	9.9
Processed	53,835	52,935	1.7
By-products	488,200	502,347	-2.8
Total	1,253,651	1,247,219	0.5

Exporters of pig meat from EU

Tonnes	Jan-April 2018	Jan-April 2017	% change 18:17
Germany	284,115	265,081	7.2
Spain	276,905	265,177	4.4
Denmark	174,036	179,191	-2.9
France	78,290	82,632	-5.3
Holland	146,827	149,905	-2.1
Poland	81,917	77,115	6.2
UK	44,194	46,133	-4.2
Ireland	33,720	33,364	1.1
Belgium	30,839	34,786	-11.3
Italy	30,689	32,314	-5.0
Hungary	23,439	31,857	-26.4
Austria	13,660	14,636	-6.7
Others	35,020	35,024	0.0
EU-28	1,253,651	1,247,215	0.5

Importers of pig meat from EU

Tonnes	Jan-April 2018	Jan-April 2017	% change 18:17
China	459,239	482,200	-4.8
Hong Kong	89,697	121,795	-26.4
Japan	132,169	123,569	7.0
Philippines	91,482	78,950	15.9
South Korea	113,762	91,378	24.5
USA	57,196	46,826	22.1
Ukraine	28,518	20,855	36.7
Australia	30,414	31,522	-3.5
Montenegro	7,739	6,116	26.5
Angola	9,878	9,367	5.5
Russia	869	1,896	-54.2
Belarus	151	35	331.4
Others	232,538	232,713	-0.1
EU-28	1,253,651	1,247,215	0.5



China imposes additional tariffs on U.S. pig meat

As previously announced, as a retaliatory measure against President Trump's new U.S. import restrictions on Chinese products, with effect from 6 July, China is to impose import tariffs of 25 per cent on 500 American agricultural products, including a large number of U.S. pig meat products.

China's new list contains the same U.S. pig meat products that already carry a 25% import tariff that was imposed in April. There was initially some uncertainty as to whether the new tariff was to be added to the previously announced tariff, or whether it was simply a repetition of previously announced import tariffs on a range of pig meat products.

It now appears that the new tariff is in addition to the previously announced tariff. This means that, from 6 July, a range of U.S. pig meat products to China will be subject to a further 25 per cent import tariff in addition to the 25 per cent that was imposed in April.



Decline in pig population

The Pig Site reports that the authorities in China have stated that the pig population in May was 2.0 per cent down on the year. Moreover, the sow population saw a decline of 3.9 per cent compared to last year.

Previous figures from the authorities show that pig slaughterings in Q1 2018 rose by 1.9 per cent to 199.8 million. Production totalled 15.43 tonnes for Q1, an increase of 2.1 per cent compared to Q1 2017.

The currently low pig prices mean that Chinese pig producers are, on average, losing more than \$30 per pig.



Slaughterhouses losing money

The U.S. media report that U.S. pig slaughterhouses are now losing money for the first time since May 2015.

The cause is linked to strongly rising U.S. pig prices over the past three months while sales prices from slaughterhouses are stagnating.

Three months ago, U.S. pig prices were more than DKK 3 below Europe's. Since then, European pig prices have stagnated while U.S. pig prices have risen sharply to a level above prices in Europe.

The rising pig prices in the U.S. mean that producers are starting to earn money again. However, unless exports of pig meat increase dramatically, the outlook for U.S. pig prices appears rather grim.



NPPC calls for more migrant workers in the labour market

The National Pork Producers Council (NPPC) is calling on the U.S. Government to fill available jobs in the pig meat sector with migrant workers.

According to the NPPC, record low unemployment means that there are many job vacancies in the U.S. pig industry.



Pig meat storage as at 31 May

U.S. stocks of frozen pig meat on 31 May were 6 per cent higher compared to one year ago. Compared to one month before, however, this represents a decline in storage of 2 per cent, which is linked to record exports of U.S. pig meat in April.

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The table below shows pig meat storage at the end of May compared to the previous month and compared to one year ago.

1,000 lbs	31 May 2017	30 April 2018	31 May 2018
Picnics	7,741	10,094	10,098
Legs	143,641	112,143	139,212
Bellies	31,589	64,563	61,188
Loins	40,357	39,828	36,432
Ribs	114,460	143,719	118,632
Trimmings	37,308	57,490	55,627
Butts	19,862	20,904	15,308
By-products	141,234	127,201	126,708
Other	52,024	58,778	58,531
Total pig meat	588,216	634,720	621,736
Beef	411,498	470,984	465,387
Poultry	1,318,105	1,364,974	1,415,655



UK

Shortage of CO2 for stunning at slaughterhouses

The UK is experiencing a sudden and acute shortage of CO2 for stunning animals for slaughter.

Agra Europe reports that a number of UK slaughterhouses are in danger of having to suspend slaughtering because of the shortage.

It is still unclear exactly what has caused the situation.



IRELAND/ CHINA

New companies approved for export to China

Agra Europe reports that three beef plants and one pig meat plant in Ireland have been approved for export to China. This follows approval of several other production facilities in May.

To date, six beef plants and five pig meat plants have been approved for export to China.



FRANCE

Aveltis and Prestor merge to form Evel'up

The French media report that Aveltis and Prestor have merged their pig respective businesses under the name of Evel'up.

Evel'up will have a total production of 4.2 million pigs supplied by 1,000 producers. The company will employ a workforce of 800.



AUSTRALIA

Unprecedented crisis among Australian pig producers

Australia's agricultural media are reporting an unprecedented crisis among Australian pig producers.

Prices for producers are currently quoted at AUS\$ 2.45 which is AUS\$ 0.30 below production cost.

The low prices are primarily due to a significant increase in domestic production, which is 6 per cent up on the year.

The Australian pig producers' organisation, SA Pork, is calling on Australian consumers to help pig producers by buying more Australian pork.

THAILAND

Pig producers call for lower imports

The Swine Raisers Association of Thailand (SRAT) has called on the Thai authorities to restrict imports of pig meat over the next three months to ease the financial crisis currently experienced by the country's pig producers.

According to SRAT, the current pig price is USD 1.67 per kg whereas pig production costs amount to USD 1.92 per kg.

Last week, the authorities, pig producers, exporters and the retail trade met together to discuss the crisis, reports Asian Agribusiness

At the meeting, the authorities encouraged pig producers with more than 5,000 sows to reduce their production. Moreover, retailers were called upon to purchase more pig meat at a fair price. In return, the authorities pledged to help local producers export more pig meat to Cambodia, Myanmar, Laos and China.

Please note!

Market News will not be published for the next three weeks because of summer holidays.

The next Market News will be published in week beginning July 23rd.