

MARKET NEWS for pig meat



Market analysis

2 September 2019

Week 36

MARKET SITUATION

Europe: Legs are being traded at unchanged prices. Other cuts are being traded at slightly increasing or unchanged prices.

UK: Sales are stable.

Stable sales are reported for **Japan** and **other Asian** markets. There is good demand from China.

Slaughterings in Denmark

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

	Week 32	Week 33	Week 34	Week 1-34 2019/2018
Total	289,400	286,043	298,229	-7.4 %

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)		
	30/8	23/8	Change
2019			
Oct	63.53	59.30	4.23
Nov	-	-	
Dec	63.38	58.76	4.62
2020			
Jan	-	-	
Feb	71.43	66.35	5.08
Mar	-	-	
Apr	77.08	72.20	4.88
May	83.20	78.50	4.70
Jun	87.78	82.70	5.08
Jul	87.35	83.33	4.02
Aug	86.10	82.73	3.37
Sep	-	-	
Oct	73.90	71.10	2.80
Nov	-	-	
Dec	69.83	68.00	1.83
2021			
Jan	-	-	
Feb	72.85	70.93	1.92
Conversion factors DKK/kg: 1 lb = 0.4536 kg \$ = DKK 6.7563			



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 between 1 January and 26 August.

Countries	Period 20 Aug - 26 Aug		Year to date 1 Jan – 26 August		2018	
	Pigs	Wild boar	Pigs	Wild boar	Pigs	Wild boar
Estonia		4		59		230
Latvia		9	1	225	10	685
Lithuania			15	333	51	1,443
Poland	3	37	44	1,602	109	2,438
Italy			1	26	10	64
Ukraine	1		33	10	105	41
Czech Republic						28
Romania	139	18	1,113	405	1,163	170
Hungary				847		138
Bulgaria		6	33	49	1	5
Slovakia	1	1	11	3		
Serbia			4			
Belgium				479		161
Total	144	75	1,255	4,038	1,449	5,403



May-June pig census

Eurostat has now published preliminary results for its May/June pig census for Austria (see table below). The results for five EU countries have now been published – Germany, Denmark (1 July census), Italy, Hungary and Austria. The results for Serbia have also been published.

Some 14 EU countries are expected to publish their figures for the development in their respective pig populations for May/June 2019 compared to the previous year. Figures for the other nine EU countries are expected to be published over the coming weeks.

1,000 head	Total population			Breeding sows			Pregnant sows		
	2019	2018	% change	2019	2018	% change	2019	2018	% change
Germany	25,913	26,898	-3.7	1,804	1,859	-3.0	1,299	1,362	-4.6
Spain		30,142			2,498			1,669	
France		13,050			985			701	
Denmark	12,551	12,878	-2.5	1,227	1,269	-3.3	768	793	-3.2
Holland		12,509			1,059			700	
Poland		11,828			871			584	
Italy	8,642	8,766	-1.4	579	588	-1.5	474	482	-1.7
Belgium		6,107			408			336	
UK		5,012			491			347	
Romania		4,129			280			176	
Hungary	2,840	2,859	-0.7	252	260	-3.1	161	174	-7.5
Austria	2,652	2,679	-1.0	223	228	-2.2	155	159	-2.5
Ireland		1,622			147			103	
Sweden		1,393			130			90	
EU (5)	52,598	54,080	-2.7	4,085	4,204	-2.8	2,857	2,970	-3.8
EU (14)		137,748			11,175			7,821	
Serbia	2,677	2,680	-0.1	410	413	-0.7	194	177	9.6



EU

Exports of pig meat

The tables below show the EU Commission's figures for the EU's exports of pig meat according to categories, exporters and importers for the period January-June.

According to categories

Tonnes	Jan-June 2019	Jan-June 2018	% change 19:18
Live pigs	6,482	9,578	-32,3
Fresh/frozen	1,182,870	1,009,960	17,1
Bacon	19,902	19,129	4,0
Processed	87,654	82,680	6,0
By-products	807,199	714,185	13,0
Total	2,104,106	1,835,532	14,6

Importers of pig meat from EU

Tonnes	Jan-June 2019	Jan-June 2018	% change 19:18
China	940,872	671,855	40.0
Japan	205,899	197,979	4.0
South Korea	147,099	161,116	-8.7
Philippines	130,749	136,194	-4.0
Hong Kong	107,061	113,949	-6.0
USA	69,641	83,098	-16.2
Australia	46,764	39,917	17.2
Ukraine	44,420	44,354	0.1
Vietnam	42,969	31,646	35.8
Serbia	24,304	35,397	-31.3
Belarus	3,899	376	937.0
Russia	874	1,309	-33.2
Others	323,187	299,075	8.1

EU-28	2,104,106	1,835,532	14.6
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Exporters of pig meat from EU

Tonnes	Jan-June 2019	Jan-June 2018	% change 19:18
Germany	480,989	414,906	15.9
Spain	506,500	407,263	24.4
Denmark	283,920	257,510	10.3
France	128,190	113,349	13.1
Holland	270,843	217,847	24.3
Poland	127,834	116,612	9.6
UK	80,253	67,352	19.2
Ireland	58,931	49,969	17.9
Belgium	23,060	43,173	-46.6
Italy	51,408	47,861	7.4
Hungary	8,747	26,024	-66.4
Austria	26,408	20,236	30.5
Others	57,023	53,430	6.7
EU-28	2,104,106	1,835,532	14.6



American agriculture welcomes new U.S.-Japan free trade agreement

In the wake of last week's G7 Summit, the U.S. and Japan have announced an agreement in principle for a new free trade agreement between the two countries. However, before the agreement can be implemented, it has to be ratified by the countries' two legislative assemblies.

The U.S. Secretary of Agriculture welcomes the agreement and stated: "This is a good day for U.S. agriculture. Removing the current barriers to our exports means that we will be able to export more for the Japanese market. At the same time, we will be in a better position to compete on the same terms as our competitors."

David Herring, President of the National Pork Producers Council (NPPC), said: "We're looking forward to rapid ratification of the agreement as our international competitors are currently taking market shares from us through their greater market access. We're therefore looking forward to competing again on the same conditions."



British farmers call for import tariffs in the event of a no-deal exit

According to the Pig Site, the National Farmers Union (NFU) has written to the Prime Minister Boris Johnson calling for import tariffs on agricultural products if the UK leaves the EU without an agreement.

British agricultural exports to the EU are expected to face tariffs under a no-deal exit, but under Prime Minister Theresa May the plan was to eliminate tariffs on many imports.

"There are no indications that such an arrangement will be reciprocated by the EU and there is nothing in practical terms to stop this trade becoming an open gateway for all EU goods entering the UK duty free," NFU President Minette Batters said in a statement.

Batters has therefore called on the UK Government to reconsider what import tariffs should be applied in the event of a no-deal exit so that damage to British agriculture is minimised.

 **RUSSIA**
Imports of pig meat in 1st half year 2019

The table below sets out Russia's imports of pig meat for the 1st half year 2019 compared to the same period last year.

Import developments are, of course, dependent on which countries have had access to the Russian market.

Tons	Fresh/frozen pig meat		By-products		Trim		Total		%change
	0203 fersk/frosset grisekød		020649+020641		020910		I alt		%æendr. 19:18
	Jan. - juni 2019	Jan. - juni 2018	Jan. - juni 2019	Jan. - juni 2018	Jan. - juni 2019	Jan. - juni 2018	Jan. - juni 2019	Jan. - juni 2018	
Brasilien	29.774	11.579	-	221	-	102	29.774	11.902	150,2
Chile	15.794	10.492	1.456	2.056	3.978	6.717	21.228	19.265	10,2
Argentina	6.414	1.338	292	263	415	535	7.121	2.136	233,4
Paraguay	1.495	1.139	155	260	363	308	2.013	1.707	17,9
Serbien	1.765	977	-	-	-	65	1.765	1.042	69,4
Hviderusland	1.080	410	145	313	563	1	1.788	724	147,0
Kasakhstan	212	89	90	16	-	1	302	106	184,9
Schweiz	-	-	-	60	-	-	-	60	-100,0
Andre lande	1		10		-	-	11		
I alt	56.535	26.023	2.148	3.188	5.319	7.729	64.002	36.940	73,3

Kilde: Global Trade Atlas

Brazil, Chile, Argentina, Paraguay, Serbia, Belarus, Kazakhstan, Switzerland, Other Countries, Total

 **RUSSIA**
Pig population as at 31 July

The Russian authorities have calculated the pig population in the country at 25.1 million as at 31 July 2019, which is a rise of 5.1 per cent compared to one year ago.

The cattle population and that for goats and sheep have fallen by 0.6 and 4.3 per cent respectively.

 **CHINA**
Strongly increasing pig prices

Strongly increasing pig prices have been reported in China in recent weeks due to a declining supply of pig meat in the market. According to international media, pig prices have now exceeded 2016 levels. This is putting pressure on the authorities who must try to keep rising (food price) inflation in check.

The Chinese Trade Ministry said last week that it will try to encourage increased pig meat imports. Stocks of frozen pig meat, beef and mutton will also be released from the government's reserves with the aim of increasing meat supplies.

According to Pan Chenjun, a market analyst at Rabobank, the authorities' attempts to support supplies in the market are no more than a political gesture. "The amount of product from the state's storage is insufficient to have any impact on the market," she said. "They may call for other players to follow them," referring to slaughterhouses or cold storage facilities with stocks of frozen pig meat.

 **CHINA**
Trade crisis with U.S. has no impact on supply of pig meat

Reuters reports that a spokesperson from China's Agriculture Ministry stated on China's State TV last week that the trade crisis with the U.S. has not impacted the supply of pig meat in the Chinese market.

The comment came before an additional 10 per cent in import tariffs was applied to American agricultural products with effect from 1 September.

The official spokesperson said that imported U.S. pig meat accounts for less than 0.2 per cent of the supply of pig meat in the Chinese market.

 **CHINA**
Imports of 4.2 million tonnes pig meat in 2020 expected

According to Reuters, the consultancy, FC Stone, announced at a conference in Sao Paulo that they expect China's pig meat imports to increase from 2.1 million tonnes in 2018 to 3.3 million tonnes in 2019 and to 4.2 million tonnes in 2020.

As regards the size of China's pig production, the company expects it to fall from 54 million tonnes in 2018 to 38 million tonnes in 2019. They also expect that it will take China up to seven years to return to an annual production of 50 million tonnes of pig meat per year.

 **CHINA**
Rabobank: It will take at least five years to restore China's pig meat production

Rabobank expects that it will take at least five years before production of pig meat in China returns to pre-African Swine Fever levels.

This is stated in Rabobank's latest report on the situation in Asia. The bank expects production of pig meat in China to fall by around 25 per cent this year. A fall of 10-15 per cent is expected for Vietnam.

China's imports of pig meat are set to rise further in the second half year 2019 after a 12 per cent rise in the first half year. For 2019 as a whole, the bank expects Chinese pig meat imports to total 3.2 million tonnes. This is expected to increase further to 4.0 million tonnes in 2020.

 **CHINA**
Sichuan province to lift restrictions on pig production

China's largest pig producing province of Sichuan will attempt to stabilise pig production in the province by lifting a number of restrictions on pig production, reports The Pig Site. The aim is maintain production at 40 million pigs or more. In 2017, the province produced 65 million pigs.

The province will support major businesses with more than 2 million pigs per year with integrated feed systems and slaughtering facilities. In addition, all impediments to ongoing projects will be removed and permission granted to complete them as quickly as possible.

The provincial authorities also plan to disregard land requirements for pig production and allow production in protected forest areas. The authorities also wish to prioritise the construction of new slaughterhouses and encourage mergers and the reorganisation of existing slaughtering and processing companies.

Finally, the authorities also want to encourage the introduction of breeding stock from abroad to increase production. Help will also be extended to smaller pig producers by increasing biosecurity in production.

 **BRAZIL**
BRF ready to increase pig meat production

The major Brazilian meat company, BRF, is ready to increase its pig meat production in response to increased demand for pig meat from China. This became apparent during an industry event in Sao Paolo, reports Reuters.

According to Lorival Luz, CEO of BRF, BRF accounts for 28 per cent of Brazil's supply of pig meat, which is around 4 million tonnes per year. Luz, however, gave no figures for how much BRF could increase its production.

Luz warned that any initiative to boost production must be carefully weighed and implemented. The current imbalance in the market caused by African Swine Fever is only temporary and will gradually be corrected.

"A company may need two years to effectively increase pork production, at which point the market could be oversupplied," warned Luz.

 **AUSTRALIA**
Increased pig meat imports

Australia's imports of fresh/frozen pig meat increased significantly in the first half year 2019 compared to the same period in previous years.

The increase should be seen against the backdrop of a decline in domestic production this year.

0203				
Fresh/frozen pig meat				
Tonnes	Jan-June	Jan-June	Jan-June	% change
	2017	2018	2019	19:18
USA	31,775	38,351	54,761	42.8
Denmark	25,422	22,851	29,716	30.0
Holland	14,103	13,505	12,532	-7.2
Canada	9,986	7,093	5,486	-22.7
Ireland	3,398	3,244	4,054	25.0
Belgium	2,017	995		-100.0
UK	164	466	1,050	125.3
Others	141	68	84	23.5
Total	87,006	86,573	107,683	24.4

 **DENMARK**
Slaughterings

2017	Pigs/sows	Sows etc.	Total
	50-110 kg	above 110 kg	
January	1,388,979	45,071	1,434,050
February	1,325,895	41,159	1,367,054
March*	1,659,600	51,456	1,711,056
April	1,080,045	40,805	1,120,850
May	1,165,283	48,312	1,213,595
Juni*	1,691,408	54,077	1,745,485
Juli	1,267,063	40,667	1,307,730
August	1,273,261	44,802	1,318,063
September*	1,635,135	49,357	1,684,492
Oktober	1,390,734	44,285	1,435,019
November	1,356,756	35,121	1,391,877
December*	1,679,724	56,588	1,736,312
Jan-Dec	16,913,883	551,700	17,465,583

2018	Pigs/sows	Sows etc.	Total
	50-110 kg	above 110 kg	
January	1,384,564	48,982	1,433,546
February	1,390,214	42,296	1,432,510
March*	1,602,989	49,004	1,651,993
April	1,330,704	46,252	1,376,956
May*	1,590,176	59,004	1,649,180
June	1,328,304	44,369	1,372,673
July	1,300,265	41,644	1,341,909
August*	1,634,399	50,063	1,684,462
September	1,366,922	44,925	1,411,847
October	1,442,388	50,702	1,493,090
November*	1,837,422	49,753	1,887,175
December	1,262,176	35,510	1,297,686
Jan-Dec 2018	17,470,523	562,504	18,033,027

2019	Pigs/sows	Sows etc	Total
	50-110 kg	above 110 kg	
January	1,588,261	52,742	1,641,003
February	1,329,198	41,879	1,371,077
March	1,356,477	43,969	1,400,446
April	1,323,430	41,740	1,365,170
May	1,291,387	45,402	1,336,789
June	1,155,191	41,112	1,196,303
July	1,420,592	45,375	1,465,967
August			
September			
October			
November			
December			
Jan-July 2019	9,464,536	312,219	9,776,755
Jan-July 2018	9,927,216	331,551	10,258,767
Change per head	-462,680	-19,332	-482,012
Change in per cent	-4.7	-5.8	-4.7

* = 5 weeks

 DENMARK

Exports of live pigs

2017	Piglets		Pigs/sows	Pigs/sows	Total
	0-15 kg	15-50 kg	50-135 kg	above 135 kg	
January	37,756	1,132,400	18,025	1,270	1,189,451
February	27,330	981,920	16,415	1,142	1,026,807
March	37,601	1,189,831	17,812	592	1,245,836
April	36,047	960,048	13,885	2,311	1,012,291
May	46,023	1,288,148	28,501	4,574	1,367,246
June	38,015	1,238,442	50,120	2,253	1,328,830
July	36,172	1,064,250	17,014	1,852	1,119,288
August	32,578	1,260,946	16,778	2,381	1,312,683
September	33,351	1,079,055	17,675	2,289	1,132,370
October	44,274	1,178,831	17,679	1,571	1,242,355
November	41,015	1,157,185	22,467	1,954	1,222,621
December	32,889	1,147,621	16,462	1,363	1,198,335
Jan-Dec	443,051	13,678,677	252,833	23,552	14,398,113

2018	Piglets		Pigs/sows	Pigs/sows	Total
	0-15 kg	15-50 kg	50-135 kg	above 135 kg	
January	36,440	1,142,852	14,798	3,812	1,197,902
February	30,271	1,089,062	15,883	2,507	1,137,723
March	29,057	1,264,848	17,783	3,047	1,314,735
April	30,268	1,161,152	20,695	3,501	1,215,616
May	37,352	1,305,241	26,451	4,144	1,373,188
June	27,004	1,158,207	23,134	4,235	1,212,580
July	30,738	1,142,607	18,882	3,966	1,196,193
August	27,087	1,204,026	21,533	4,732	1,257,378
September	27,496	1,019,587	23,569	3,895	1,074,547
October	34,713	1,350,273	20,972	8,547	1,414,505
November	24,760	1,174,336	14,561	4,816	1,218,473
December	31,882	1,016,093	15,952	3,104	1,067,031
Jan-Dec 2018	367,068	14,028,284	234,213	50,306	14,679,871

2019	Piglets		Pigs/sows	Pigs/sows above 135 kg	Total
	0-15 kg	15-50 kg	50-135 kg		
January	30,609	1,370,638	18,891	4,750	1,424,888
February*	30,000	1,100,000	20,000	3,000	1,153,000
March*	30,325	1,160,938	19,435	3,173	1,213,871
April	33,628	1,143,557	22,659	2,719	1,202,563
May	34,635	1,227,240	22,034	3,538	1,287,447
June	27,181	1,300,471	17,062	3,092	1,347,806
July	30,683	1,251,843	17,196	12,930	1,312,652
August					
September					
October					
November					
December					
Jan-July 2019	217,061	8,554,687	137,277	33,202	8,942,227
Jan-July 2018	221,130	8,263,969	137,626	25,212	8,647,937
Change per head	-4,069	290,718	-349	7,990	294,290
Change in per cent	-1.8	3.5	-0.3	31.7	3.4