

MARKET NEWS for pig meat



Market analysis

11 December 2023 Week 50

MARKET SITUATION

Europe: Legs are being traded at unchanged prices while prices are increasing for other cuts. This week is the last week of Christmas trading for the European processing industry.

UK: Sales are good.

China: Very quiet trading continues. **Japan and other Asian markets:** subdued demand.

Slaughtering in Denmark

Weekly slaughtering figures for pigs and sows as reported to the Danish Classification Control Service. The figures exclude culled pigs.

	Week 46	Week 47	Week 48	Weeks 1-48 2023:22
Carcass weight >110 kg	11,632	12,299	11,169	-31.8%
Carcass weight <110 kg	278,020	294,503	285,584	-18.3%
Total	289,652	306,802	296,753	-18.9%

USA

Futures

Chicago (\$ per 100 lbs carcass weight)	Lean Hog			Pork Cutout		
	8/12	1/12	Change	8/12	1/12	Change
Dec 2023	68.43	68.60	-0.17	82.35	81.65	0.70
Feb 2024	68.98	70.10	-1.12	82.70	81.80	0.90
Apr 2024	76.15	76.38	-0.23	84.45	82.50	1.95
May 2024	83.30	83.78	-0.48	91.70	89.90	1.80
June 2024	91.43	92.23	-0.80	98.03	97.75	0.28
July 2024	93.68	94.38	-0.70	100.10	99.83	0.27
Aug 2024	94.58	95.20	-0.62	99.73	99.15	0.58
Oct. 2024	82.08	82.10	-0.02	91.53	90.95	0.58
Dec 2024	74.93	74.65	0.28	87.65	87.08	0.57
Feb 2025	78.15	78.05	0.10	90.48	89.90	0.58
Apr 2025	81.50	81.20	0.30	96.33	95.75	0.58

Conversion factors:
1 lb = 0.4536 kg
1 \$ = DKK
6.9183

 **CHINA**
Futures

Dalian (Yuan per kg)	Pigs					
	13/11	20/11	27/11	4/12	11/12	Change 4/12-11/12
January 2024	15.78	15.90	15.55	13.91	14.13	0.22
March 2024	15.13	15.09	14.59	13.52	14.22	0.70
May 2024	15.74	15.60	15.18	14.60	15.25	0.65
July 2024	16.68	16.47	16.21	15.72	16.23	0.51
September 2024	17.69	17.58	17.31	16.94	17.29	0.35
November 2024				17.30	17.39	0.09

Conversion factors:
1 Y = DKK
0.9660 1 Y =
EUR 0.13

 **EU**
African Swine Fever

According to the EU Commission's reporting system for the outbreak of disease, outbreaks of ASF have been reported for the following countries, plus Serbia, Ukraine, Moldova, Bosnia-Herzegovina, Kosovo and North Macedonia.

Country	Period 27 Nov-2 Dec		Year to date 1 Jan - 2 Dec		2022		2021	
	Pigs	Wild boar	Pigs	Wild boar	Pigs	Wild boar	Pigs	Wild boar
Estonia		1	2	47		57	1	67
Latvia		24	8	671	6	913	2	338
Lithuania		14	3	385	16	302		238
Poland		39	30	2,566	14	2,152	124	3,023
Italy		30	17	903	4	277	1	14
Ukraine	1		34	7	7	2	13	3
Czech Republic				55		1		
Romania	2	1	723	266	329	465	1,648	1,019
Hungary		5		385		550		2,568
Bulgaria		17	3	259	2	387	6	318
Slovakia				523	5	550	11	1,622
Serbia	10	1	977	204	107	146	33	71
Moldova			19	6	14	3	1	
Bosnia-Herzegovina	9	5	1,486	16				
Croatia	1		1,123	10				
North Macedonia			13	35	30	9		
Kosovo			9	4				
Belgium								
Germany		9	1	872	3	1,628	4	2,431
Sweden		2		60				
Greece			6	2				
Total	23	148	4,454	7,276	537	7,442	1,844	11,712

 **CHINA**
Substantial losses for Chinese pig producers – problems set to continue in 2024

Chinese pig prices have been substantially below production costs for much of 2023, and judging from futures prices, pig producers' financial woes look set to continue in 2024.

China's Ministry of Agriculture has warned of the prospect of continued losses in the industry on several occasions and called on the major pig producers to reduce their production.

So far, the call from the authorities seems to have had little effect. One exception is, however, China's third largest pig producer, New Hope Liuhe, which sold off some production last year and has indicated that they want to sell more if possible.

Most recently, however, New Hope Liuhe announced plans for a share expansion of 7.35 billion yuan. According to the company, the capital raised will be used to upgrade the company's pig production, pay off bank debt and fund other projects.

Last month, another of the major pig producers, Tianbang Food, also announced plans for a major share expansion to expand their pig production.

 **EU**
EU Commission expects fall in production and consumption of pig meat until 2035

In its recently published medium-term outlook for EU agricultural markets, the EU Commission anticipates a fall in the EU's production and consumption of pig meat until 2035, while exports of pig meat are expected to stabilise.

The EU Commission expects pig meat production in the EU-27 to decline by the equivalent of 0.8 per cent per year until 2035.

According to the Commission, the fall in production is the result of continuing problems with African Swine Fever in the EU, growing public criticism of intensive pig production systems, more rigorous environmental requirements in a number of EU countries and falling export opportunities.

As regards pig meat exports, the Commission expects these to begin to stabilise towards 2035 – following a decline in 2023.

Pig meat consumption in the EU is expected to fall by the equivalent of 0.7 per cent per year until 2035. This is due to health, environmental and social reasons.

The table below shows the EU Commission's outlook for the EU's market balance for pig meat until 2035.

EU-27 pig meat market balance

Carcass weight, 1,000 tonnes	Average 21-23	2025	2030	2035
Net production	22,214	21,153	20,721	20,262
Imports of pig meat	105	93	88	81
Exports of pig meat	4,017	3,431	3,405	3,397
Consumption	18,321	17,815	17,403	16,945
Consumption per inhabitant (kg)	31.8	30.8	30.3	29.7



USA

Rise in U.S. pig meat exports to Mexico

The American U.S. Meat Export Federation (USMEF) reports continued, strong exports of pig meat to the U.S.'s largest export market, Mexico, in October.

The latest export figures show U.S. exports of pig meat to Mexico totalled 895,000 tonnes for the period January-October 2023. This is a rise of 13 per cent compared to the year before.

The positive trend in exports to Mexico is a strong contributory factor to U.S. exports for the first 10 months of the year being 9 per cent higher than the same period last year.

Exports of fresh/frozen pig meat to Mexico were record high in October at 87,000 tonnes. According to USMEF, this corresponds to as much as 10.7 per cent of the total U.S. pig meat production.

"At a time when the US pork industry needs to maximise revenue, I run out of superlatives when talking about the remarkable demand we are seeing in Mexico," said Dan Halstrom, USMEF President and CEO.



USA

Smithfield terminates contracts with 26 pig producers in Utah

Smithfield announced last Tuesday that the company is terminating contracts with 26 pig producers in Utah, reports Reuters.

"Our industry and company are experiencing historically challenging market conditions," said Smithfield CEO Shane Smith. "Smithfield needs such cutbacks to remain competitive," he added.

The company announcement cited oversupply of pig meat, weaker consumer demand and high feed prices as the challenges although futures prices for feed fell to their lowest level in almost three years last month.

In October, Smithfield announced that it was closing a small slaughterhouse in North Carolina. Earlier this year, the company stopped production at 35 pig production operations in Missouri.



VIETNAM

Rise in imports of by-products

Vietnam's imports of pig by-products (020649) increased by 62 per cent to 87,746 tonnes in the first nine months of 2023. By contrast, Vietnam's imports of fresh/frozen pig meat for the first nine months of the year fell by 4 per cent to 81,267 tonnes, reports international news media.

Imports of by-products originate primarily from the EU from where imports rose by 78 per cent to 58,000 tonnes. Of this, imports from Germany increased by 83 per cent to 28,439 tonnes, while imports from Poland doubled to 11,212 tonnes.

However, Vietnam's imports of fresh/frozen pig meat from the EU fell in 2023 due to increased imports from Russia and Brazil.



JAPAN

Development in pig meat storage

The table below shows the development in Japan's pig meat storage until the end of October 2023.

Tonnage	Own production		Imported volumes		Total storage
	Fresh	Frozen	Fresh	Frozen	
End January 20	451	21,023	7,099	180,639	209,212
End February 20	383	22,694	9,249	175,793	208,119
End March 20	403	24,659	7,991	177,084	210,137

End April 20	437	22,687	8,555	192,266	223,945
End May 20	393	20,465	8,663	206,221	235,742
End June 20	365	22,843	9,721	202,144	235,073
End July 20	374	21,004	10,289	193,785	225,452
End August 20	393	19,947	9,955	190,222	220,847
End September 20	361	19,324	9,658	183,728	213,071
End October 20	346	18,987	8,463	176,392	204,188
End November 20	466	18,945	10,867	164,711	194,989
End December 20	498	19,916	10,253	157,644	188,311
End January 21	368	22,065	8,872	151,259	182,564
End February 21	353	22,522	8,912	152,487	184,274
End March 21	444	23,660	11,726	146,154	181,984
End April 21	483	25,110	9,922	149,121	184,636
End May 21	415	25,437	9,863	149,760	185,475
End June 21	414	24,876	9,688	152,751	187,729
End July 21	428	23,498	11,381	149,262	184,569
End August 21	397	22,491	10,986	154,587	188,461
End September 21	433	21,495	11,242	154,249	187,419
End October 21	460	20,899	10,587	150,861	182,807
End November 21	428	21,176	11,010	143,741	176,355
End December 21	561	22,351	9,240	136,436	168,588
End January 22	463	22,763	11,477	142,569	177,272
End February 22	471	22,690	12,061	143,974	179,196
End March 22	623	23,378	12,410	143,684	180,095
End April 22	529	21,703	12,601	157,379	192,212
End May 22	390	22,052	8,210	168,749	199,401
End June 22	469	20,684	11,364	180,913	213,430
End July 22	500	20,479	10,554	189,497	221,300
End August 22	495	19,870	12,013	195,953	228,331
End September 22	351	19,020	10,493	193,979	223,843
End October 22	808	18,890	9,606	186,501	215,805
End November 22	1,015	17,736	13,653	181,903	214,307
End December 22	1,159	18,657	10,793	174,620	205,229
End January 23	814	17,724	11,067	177,599	207,204
End February 23	782	19,123	11,214	177,907	209,026
End March 23	1,016	19,216	12,909	176,663	209,804
End April 23	1,070	19,503	12,096	191,949	224,618
End May 23	1,047	19,146	14,590	209,312	244,095
End June 23	978	18,608	13,751	211,457	244,794
End July 23	969	19,789	11,542	208,525	240,825
End August 23	867	29,165	13,596	204,108	238,736
End September 23	1,045	20,407	9,463	194,014	224,929
End October 23	930	18,759	10,827	181,985	212,501