

MARKET NEWS for pig meat



Market analysis

7 August 2023

Week 32

MARKET SITUATION

Europe: Legs and other cuts are being traded at slightly falling prices this week.

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 28	Week 29	Week 30	Weeks 1-30 2023:22
Carcass weight >110 kg	9,246	8,943	8,728	-39.9%
Carcass weight <110 kg	242,710	247,135	247,553	-19.1%
Total	251,956	256,078	256,281	-20.0%

USA

Futures

Chicago (\$ per 100 lbs carcass weight)	Lean Hog			Pork Cutout		
	4/8	28/7	Change	4/8	28/7	Change
2023						
Aug	101.03	103.20	-2.17	109.48	109.88	-0.40
Oct	83.08	85.03	-1.95	93.05	95.25	-2.20
Dec	75.30	77.05	-1.75	84.88	86.10	-1.22
2024						
Feb	79.20	80.88	-1.68	87.80	89.00	-1.20
Apr	83.90	85.30	-1.40	91.68	91.70	-0.02
May	88.20	89.15	-0.95	95.90	96.98	-1.08
Jun	94.65	95.70	-1.05	101.25	102.20	-0.95
Jul	94.95	96.05	-1.10	102.13	103.08	-0.95
Aug	93.85	95.28	-1.43	103.43	104.38	-0.95
Oct	81.40	83.58	-2.18	95.23	96.18	-0.95
Dec	77.00	79.05	-2.05	91.35	92.30	-0.95

Conversion factors:
1 lb = 0.4536 kg
\$ = DKK 6.8074

 **China**
Futures

Dalian (Yuan per kg)	Pigs					
	19/6	17/7	24/7	31/7	7/8	Change 31/7-7/8
September 2023	15.91	15.02	15.85	17.14	16.98	-0.16
November 2023	16.96	16.09	16.72	17.81	17.43	-0.38
January 2024	17.74	16.77	17.34	17.72	17.30	-0.42
March 2024	15.99	15.62	15.75	15.96	15.88	-0.08
May 2024	16.60	16.24	16.30	16.44	16.38	-0.06
July 2024				16.84	16.77	-0.07

Conversion factors:
1 Y = DKK
0.947; 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 were reported for the following countries plus Serbia, Ukraine, Moldova, Bosnia-Herzegovina, Kosovo and North Macedonia.

Countries	Period 9 July - 22 July		Year to date 1 January - 22 July		2022		2021	
	Pigs	Wild boar	Pigs	Wild boar	Pigs	Wild boar	Pigs	Wild boar
Estonia	1	3	1	25		57	1	67
Latvia	4	87	5	290	6	913	2	338
Lithuania	1	15	3	215	16	302		238
Poland	6	58	16	1,994	14	2,152	124	3,023
Italy		27	6	736	4	277	1	14
Ukraine	3	1	6	6	7	2	13	3
Czech Republic		16		44		1		
Romania	113	6	259	223	329	465	1,648	1,019
Hungary		7		325		550		2,568
Bulgaria	1	1	1	121	2	387	6	318
Slovakia		12		490	5	550	11	1,622
Serbia	80	7	280	194	107	146	33	71
Moldova			15	6	14	3	1	
Bosnia-Herzegovina	163	1	186	1				
Croatia	81	2	112	3				
North Macedonia	2	5	4	21	30	9		
Kosovo	1	1	1	1				
Belgium								
Germany		12	1	748	3	1,628	4	2,431
Greece			6	2				
Total	456	261	902	5,445	537	7,442	1,844	11,712

 **DENMARK**
Pig population: 1 July 2023

On 7 August, Statistics Denmark published the results of the pig census carried out on 1 July 2023. The census, which appears in the table below, is based on a random sample comprising 1,460 farms.

The census reflects a decline in the Danish pig population when compared to the corresponding census last year. However, there was a slight increase when compared to the 1 April census.

The total pig population is 9.6 per cent lower compared to one year ago, but 2.6 per cent up on the census from 1 April. The category 'Finishers >50 kg' shows a substantial decline of 16.5 per cent compared to one year ago.

The breeding herd in the form of pregnant sows is 4.1 per cent lower compared to one year ago. When compared with the 1 April census, the pregnant sow population increased by 1.9 per cent.

The gradual increase in the breeding population is primarily due to high piglet prices and the significantly improved returns from piglet production since the start of the year.

'000 head	July census			April census		
	1 July 2023	1 July 2022	% change 23:22	1 April 2023	1 April 2022	% change 23:22
Breeding boars	10	10	-	10	10	-
Pregnant gilts	184	186	-1.1	173	185	-6.5
Other pregnant sows	520	548	-5.1	518	555	-6.7
Total pregnant sows	704	734	-4.1	691	740	-6.6
Nursing sows	187	201	-7.0	185	205	-9.8
Dry sows	30	33	-9.1	30	33	-9.1
Sows and boars for slaughtering	5	8	-37.5	5	7	-28.6
Gilts >50 kg for breeding	202	223	-9.4	197	213	-7.5
Piglets with sows	2,350	2,512	-6.4	2,333	2,569	-9.2
Weaned pigs <50 kg	5,187	5,664	-8.4	5,078	5,774	-12.1
Finishers >50 kg	2,332	2,794	-16.5	2,196	2,914	-24.6
Total pigs	11,007	12,179	-9.6	10,725	12,465	-14.0
Total pigs excl. finishers *	8,675	9,385	-7.6	8,529	9,551	-10.7

 **GERMANY**
AMI: Model calculation shows a profit for German finisher producers

A model calculation from AMI (Agricultural Market Information Company) in Germany shows that German finisher producers made a profit of EUR 20.30 per produced finisher in July.

After an extended period of losses, the last four months have shown a profit for German finisher producers.

In addition to a high price for finishers, the model calculation shows that falling feed costs have also had an impact on the improved earnings.

 **UK**

Margins improve for British pig producers

The British trade organisation, AHDB, has published the latest quarterly cost of production and margin estimates for pig producers for Q2 2023. Margins per pig are estimated at £22 per head.

Average production costs in British pig production are estimated at 196p/kg carcass weight for Q2 2023 against an average of 213 p/kg for the previous quarter. The fall is primarily due to lower feed costs.

Pig prices for Q2 are estimated at 221p/kg.

This is the first time in 10 quarters for British pig producers to show a profit. For Q1 of this year, costs and earnings broadly balanced with a calculated loss of £1 per pig.



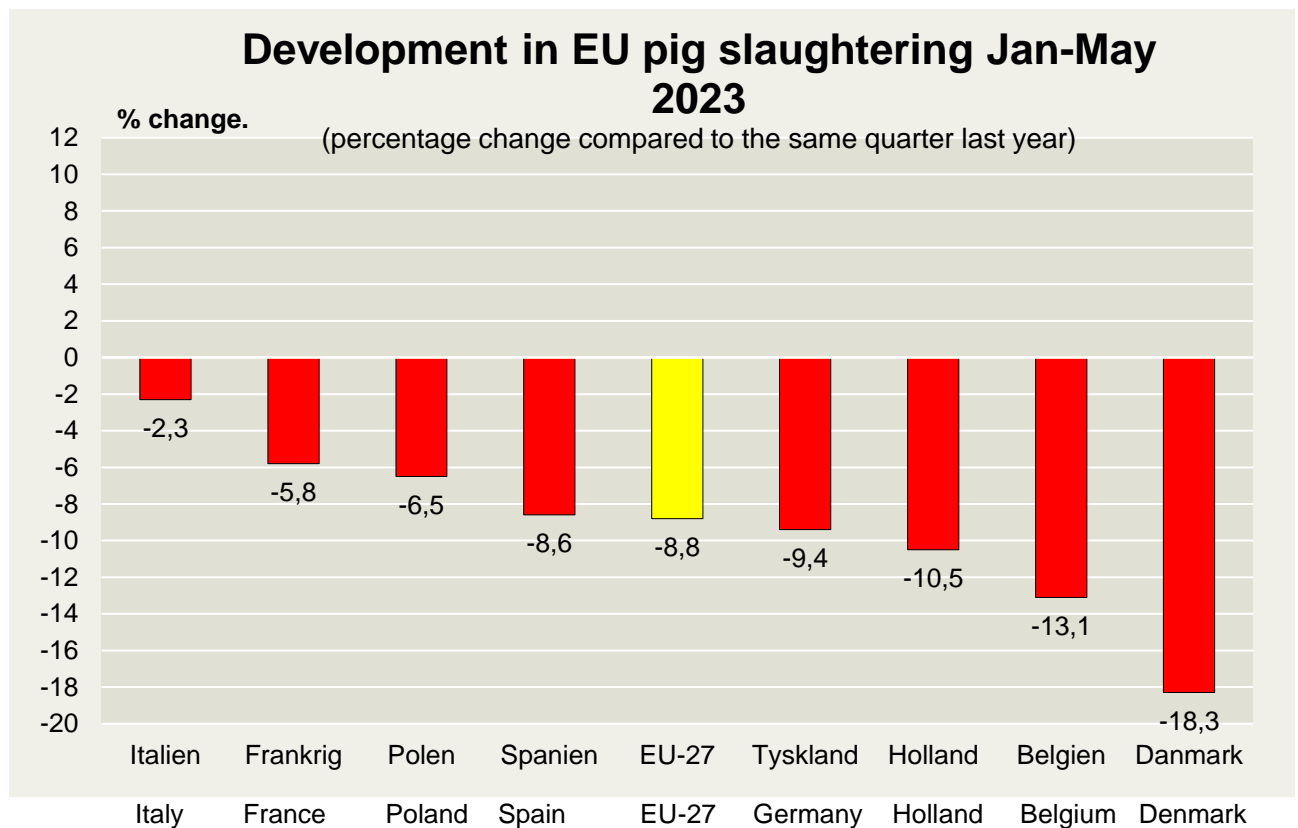
EU pig slaughtering down by 8.8 per cent for the period January-May 2023

EU pig slaughtering for the January-May period was 8.8 per cent lower compared to the same period last year. This is shown by the EU countries' preliminary reported slaughtering figures to Eurostat.

The trend towards a fall in EU slaughtering has thus intensified since Q1 when slaughtering was 7.7 per cent lower than the previous year.

In the first half year 2022, slaughtering was 3.4 per cent lower than the previous year while the second half of 2022 saw a 6.6 per cent fall. For 2022 as a whole, pig slaughtering in the EU fell by 5.0 per cent compared to 2021.

The development in EU slaughtering for the eight largest pig producing countries in the EU can be seen in the chart below.



Vietnam to export 2 million doses of African Swine Fever vaccine to the Philippines

Only a few weeks after approving the first two newly developed vaccines against African Swine Fever for commercial use, the authorities in Vietnam state that they expect to export two million doses of vaccine to the Philippines in October.

The vaccine for the Philippines is being produced by AVAC Vietnam.

According to the authorities, extensive tests among the country's pig producers have shown that the two vaccines are 95 per cent effective against the virus.

CHINA

Authorities summon major producers over potential breaches of competition legislation

Citing China's State Administration for Market Regulation, Reuters reports that the market regulator has summoned four large producers, Muyuan Foods, Wens Foodstuff Group, Twins Group and CP Food over potential breaches of competition rules.

The four producers have allegedly broken competition rules by having entered into an agreement not to poach employees from each other.

AUSTRALIA

Fall in pig meat imports from EU – but increasing imports from U.S. in H1 2023

The table below shows Australian imports of fresh/frozen pig meat by country for January-June 2023 compared to the same period for the previous two years.

As can be seen, there was a substantial decline in imports from the two major exporting countries, Denmark and Holland. However, imports from the two countries remain higher than in 2021.

By contrast, Australian imports of pig meat from the U.S. increased this year following a sharp decline in 2022.

0203				
Fresh/frozen pig meat				
Tonnes	Jan-June 2021	Jan-June 2022	Jan-June 2023	% change 23:22
U.S.	37,361	14,026	23,497	67.5
Denmark	14,716	36,773	20,049	-45.5
Holland	11,696	27,295	14,243	-47.8
Ireland	6,242	9,719	9,366	-3.6
Canada	2,954	4,356	5,413	24.3
UK	1,278	2,380	683	-71.3
Sweden		219	287	31.1
Spain		6	16	166.7
Others	201	98	79	-19.4
Total	74,448	94,872	73,633	-22.4

U.S.

Clemens Food against the new act which prevents Proposition 12

The major pig processor, Clemens Food, the fifth pork producer in the U.S., has said that it does not support the proposed Ending Agricultural Trade Suppression (EATS) Act.

The EATS bill was introduced by two Congressmen from Iowa at the beginning of July. It is intended to prevent states from introducing legislation that regulates other states' agricultural production. The legislation is thus intended to prevent the implementation of California's Higher Animal Welfare Act, the so-called Proposition 12.

In an interview with Reuters, Clemens COO Chris Carey said: "Clemens has invested capital and time upgrading facilities and training its farmers to comply with Proposition 12 legislation. We ultimately don't believe the EATS Act is aligned with progress in animal welfare."

"Smithfield Foods is also expanding its supply of Proposition 12-compliant pork. However, the company supports Congressional action to overturn the law," said Vice-President of Corporate Affairs Jim Monroe to Reuters.

Hormel Foods and Tyson Foods have not responded to enquiries from Reuters about the EATS Act.

According to the U.S. media, it is doubtful whether the bill can achieve a majority in Congress. Supporters of the bill hope that it will become part of the new agricultural legislation due for revision in September.

At the end of June, a judge at Sacramento County Superior Court decided that the implementation of California's higher welfare legislation, Proposition 12, would be postponed from July 1 to 31 December.



U.S.

High prices for bellies

US media is reporting sharply rising US prices for bellies (for bacon) this summer. Prices usually increase seasonally during the summer, but this time prices for bellies have increased much more than is usual for the season.

A contributory factor for the rise in prices is said to be the new Proposition 12 legislation in California.

In the spring, many buyers were cautious about buying new products as they were unsure about how the new legislation would be implemented, i.e. they were wary of purchasing products for storage that were not Prop 12 compatible.

However, after it was decided that the new legislation would only come into force at the turn of the year, many buyers have been in a hurry to buy bellies before the new legislation is implemented.



RUSSIA

Cherkizovo hopes to increase exports of meat products to Africa

Russia's largest meat producer, Cherkizovo Group, is intent on increasing exports to Africa, reports The Pig Site.

In connection with the Russia-Africa summit, Cherkizovo held a number of meetings with African trade representatives at which the opportunities of exporting Russian products to African were discussed.

According to a spokesperson from Cherkizovo, the company currently exports chicken and turkey to certain African countries, e.g. Ghana. In future, Cherkizovo would also like to export a number of processed products, sausages, hotdogs and nuggets, to Africa.



MEXICO

Sigma Alimentos sells its Italian operations

International news media report that the major Mexican meat company, Sigma Alimentos, has sold its Italian operations.

The sale involves the sale of Cesare Fiorucci and subsidiaries in Italy and Germany, including two production facilities in Rome and Parma. The buyer is Fiorucci Holding, which is owned by Navigator Capital and White Park Capital.

The divested businesses only accounted for approx. 2 per cent of Sigma's revenue in 2022.

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Sigma states that the deal is part of a comprehensive plan aimed at increasing profitability and growth in Europe. "The sale is a decisive step towards optimising Sigma's operations by focusing on core markets in Europe and increasing earnings in the region," says the company.

Sigma has owned the major Spanish meat processor, Campofrio Food Group, since 2013.