

MARKET NEWS for pig meat



Market analysis

8 August 2017

Week 32

MARKET SITUATION

The market situation is unchanged from last week.

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

UK: Trading is subdued.

Sluggish demand for cuts is reported for China, but exports of by-products are reported as good but at low prices. Stable trading is reported for Japan

SLAUGHTERINGS DENMARK

	Week 28	Week 29	Week 30	Week 1-30 2017/2016
Total	318,587	319,253	310,190	-6.2 %

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

PRICES

Finished pigs and sows

DKK/kg	DC	Tican
Finished pigs (basic weight class and basic meat percentage)	11.00	11.00
Sows (above 130 kg)	7.10	7.10

Nominal prices for piglets (30 kg)

DKK/head	Current	52 wk av
Basic	424.43	406.75
SPF+Myc	429.43	411.75
SPF	433.43	415.75
Organic	1012.09	1054.90
Market prices SPF region 1		
PRRS negative	485.00	472.00
PRRS positive	465.00	456.00
Market prices SPF region 2/3		
PRRS negative	485.00	472.00
PRRS positive	465.00	456.00

Weight adjustment:	7-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
	11.60 kr/kg	8.12 kr/kg	7.40 kr/kg	5.95 kr/kg	5.99 kr/kg

FUTURES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex ((€/kg slaughter weight))		
	28/7	28/7	Change	28/7	28/7	Change
2017						
Aug	83.23	81.40	+1.83	1.75	1.75	0.00
Sep	-	-	-	1.75	1.75	0.00
Oct	66.78	66.50	+0.28	1.75	1.75	0.00
Nov	-	-	-	1.70	1.70	0.00
Dec	61.45	61.05	+0.40	1.65	1.65	0.00
2018						
Jan	-	-	-	1.65	1.65	0.00
Feb	65.90	66.18	-0.28	-	-	-
Mar	-	-	-	-	-	-
Apr	70.40	70.05	+0.35	-	-	-
May	75.45	75.40	+0.05	-	-	-
Jun	79.08	79.00	+0.08	-	-	-
Jul	78.78	78.05	+0.73	-	-	-
Aug	77.70	76.83	+0.87	-	-	-
Sep	-	-	-	-	-	-
Oct	65.95	65.65	+0.30	-	-	-
Nov	-	-	-	-	-	-
Dec	61.23	61.65	-0.42	-	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = €6.2679				Conversion factor DKK/kg: € = 7.4388		



EU

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 EU countries and the Ukraine:

Countries	Period		Year to date	
	24 July – 30 July		1 January – 30 July	
	Pigs	Wild boar	Pigs	Wild boar
Estonia		22	2	439
Latvia		51	4	501
Lithuania		56	10	399
Poland	6	11	42	267
Italy	1		16	28
Ukraine		2	76	11
Czech Republic		11	0	72



ROMANIA

African Swine Fever

Last week, Romania reported its first case of ASF, which infected a smallholding of four pigs not far from the border with Hungary and Ukraine. A neighbouring farm with three pigs was subsequently affected.



RUSSIA

African Swine Fever

Last week, Russia reported 24 cases of ASF: one farm comprising 4,500 pigs was affected while the other cases were at small farms and among wild boar.

 **GERMANY**
Vion acquires German sausage company

Vion has acquired the German meat and sausage company, Otto Nocker in Bayern, following the insolvency of the previous owner, Lutz Fleischwaren. Vion disposed of Otto Nocker in 2014.

The company is also taking over six meat markets in Germaringen, Bavaria.

 **USA**
Clemens Food opens new slaughterhouse in Michigan

At the end of July, the US pork producer, Clemens Food, celebrated the ground breaking of a new pork processing facility in Coldwater, Michigan. It is set to slaughter and process 3.8 million pigs per year, corresponding to 11,000 pigs per day.

Construction costs are put at USD 277 million and up to 830 jobs are expected to be created.

Over half the pigs are expected to be sourced from Michigan and others are expected to come from farms in Ohio, Indiana and Iowa.

Clemens Foods new slaughterhouse is just one of a number of planned new pork processing facilities in the US.

Next year, Seaboard Triumph Foods expects to open its new plant in Sioux City, which will slaughter 6 million pigs per year. Prestage Foods also expects to open a new plant in Wright County, Iowa, to process 10,000 pigs per day. In April this year, the Minnesota billionaire, Glen Taylor, and three investors opened a pig processing business, Prime Food, in Minnesota, with plans to slaughter 6,000 pigs per day.

 **CANADA**
Manitoba Pork expects to eradicate PEDv

The management of Manitoba Pork has announced that they expect to be able to eradicate PEDv from the Canadian province even though the task will not be easy.

Since the end of April, there have been 60 cases of the disease although in the last three weeks, no new cases have occurred.

Manitoba is Canada's main piglet-producing province with a large percentage being exported to the US.

 **BRAZIL**
JBS to dispose of Moy Park

Reuters reports that JBS is selling Moy Park Ltd with the help of BNP Paribas.

Companies that have expressed an interest in purchasing the business include China's WH Group, the UK's CapVest Partners LLP, the French companies Louis Dreyfus Co and Groupe Bigard Group as well as the Two Sisters Food Group.

JBS acquired Moy Park from Brazil's Marfrig Global Foods SA for USD 1.5 billion.

Since agreeing to pay a 10.3 billion Real (approx. USD 3.2 billion) leniency fine in May, the owners of JBS, the Batista brothers, have refinanced debt and sold a number of companies. Last week, JBS's sale of a number of meat businesses in Argentina to Minerva SA was finally approved. The sales price was reported at USD 300 million and also includes sales of facilities in Uruguay and Paraguay.

Last week, JBS was also fined 40 million Real (approx. USD 13 million) for failing to comply with legislation in connection with the leasing of a number of meat companies.

 **HONG KONG**
Imports of pig meat January-June

The table below shows Hong Kong's imports of fresh/frozen pig meat and by-products for the first half year.

The rise in imports from Germany is probably due to the fact that from mid-February to May Tönnies was banned from exporting to China.

The decline for countries such as Canada and Spain (by-products) is due to increased exports from the two countries directly to China (see Market News Week 31). A number of Spanish meat companies were approved for export to China in the autumn of 2016.

0203				
Fresh/frozen pig meat				
Tonnes	Jan-June 2015	Jan-June 2016	Jan-June 2017	% change 17:16
Brazil	32,072	69,417	46,221	-33.4
USA	9,155	29,589	33,380	12.8
China	34,788	21,070	25,503	21.0
Germany	10,034	13,245	21,568	62.8
Poland	5,238	6,418	13,188	105.5
Holland	7,485	8,983	12,401	38.0
Spain	3,470	7,848	8,704	10.9
Vietnam	4,242	5,544	8,292	49.6
Italy	501	1,873	2,445	30.6
Belgium	1,102	1,888	1,768	-6.3
UK	551	2,171	1,767	-18.6
France	1,453	1,826	1,676	-8.2
Canada	4089	2,649	1,631	-38.4
Denmark	340	735	775	5.4
Others	2,271	3,504	4,282	22.2
Total	116,792	176,759	183,601	3.9

020649				
By-products - pigs				
Tonnes	Jan-June 2015	Jan-June 2016	Jan-June 2017	% change 17:16
USA	59,454	61,587	62,866	2.1
Germany	32,819	32,314	41,354	28.0
Brazil	19,233	26,936	23,651	-12.2
Spain	11,097	22,865	19,468	-14.9
Poland	18,696	25,447	18,440	-27.5
Holland	17,385	20,956	18,142	-13.4
Italy	4,878	11,307	7,985	-29.4
UK	8,417	9,803	7,808	-20.4
Belgium	5,779	7,510	5,606	-25.3
France	2,614	3,503	4,258	21.6
Russia	100	1,217	1,763	44.9
Australia	964	1,861	1,758	-5.5
Denmark	1,680	998	1,279	28.2
Sweden	928	1,059	1,118	5.6
Argentina	830	780	1,043	33.7
Canada	12,055	7,410	949	-87.2
Others	4,686	7,523	6,345	-15.7
Total	201,614	243,074	223,833	-7.9

 **PHILIPPINES****Ban on imports of Brazilian meat may increase local prices**

Asian Agribusiness reports that a recent ban on meat shipments from Brazil may increase prices for processed meat in the Philippine market by as much as 15%.

The Chairman of the Philippine Association of Meat Processors, Rex Agarrado, said that the ban would hike prices of raw materials such as mechanically deboned meat, which is used for meat loaf, beef loaf and luncheon meat. He has appealed to the authorities to reconsider their position.

The ban follows the US zero-tolerance policy for salmonella in raw meat. Some shipments of Brazilian beef failed to meet US requirements.

The Philippine Agriculture Minister is despatching a food safety team to Brazil this month to inspect 25 Brazilian export companies that normally export meat to the Philippines.

 **COLOMBIA****Foot and mouth disease**

Last week, the authorities in Colombia reported one outbreak of foot and mouth disease. Some 195 head of cattle have been affected.

 **NAMIBIA****Foot and mouth disease**

Last week, the authorities in Namibia reported one outbreak of foot and mouth disease. Some 500 head of cattle have been affected.

 **GHANA****African Swine Fever**

One outbreak of ASF has been reported in the Brong Ahafo region in Ghana.