

BPEX Export Bulletin – September 2011

The British Pig Executive's (BPEX) *Export Bulletin* for the first week of September 2011 reports pig industry trends from around the world.



Rising grain prices are causing some concern. The fact that US corn prices have doubled from a year ago, to more than US\$7 a bushel, is squeezing livestock feeders and forcing local pork prices higher. Some traders in Chicago have placed bets on a continued rally that may make current prices look like a relative bargain with call options in CME Group's corn market at strike prices of US\$11 and US\$12 a bushel. The number of such positions was up 15 per cent from a month earlier, an indication of growing concern that this year's harvest will fall short.

Denmark

Market

The European markets continue to be very stable as regards to legs, front parts and shoulders, and there is a fine demand for production meat and by-products. Loins and backs are selling well. There is a fine demand on the bacon market in the UK as well. Third-country markets are stable with a calm trade. (Sources, Danish Crown, Tican, Danish Agriculture & Food Council)

Positive feedback on Danish Crown's *all in – all out* project

Six livestock farms are testing the Danish Crown concept *all in – all out*. Erik Friis Moller from Vejle is one of the farmers. In week 29, he received 904 young pigs from SPF having an average weight of 28.5kg. Four weeks later, the two consultants, Jes Klausen and Soren Hojby, from Danish Crown visited the farm to make a follow up and to give advice. The results speak for themselves:

- Three pigs died during the period corresponding to 0.33 per cent of the total stock
- Lower feed consumption
- Improved health
- Not one single tail bite
- Better production results
- Generally lower work strain

For Mr Moller, the production of slaughter pigs has to be a profitable business and if he fails to obtain a margin of at least €13.30 per pig, he will set them out. But so far, the pigs are allowed to stay. Mr Hojby of Danish Crown, who is co-ordinator on the project 'All In – All Out' calculated a preliminary margin based on Mr Moller's approximately 900 pigs. The gross margin is €19.20 per pig and after business costs, the result is €16.50. However, although the 'all in – all out' concept gives a surplus in relation to time because it is quiet and there is a good health in the barn, it also requires an extra working effort during those periods when piglets are placed in the barn, when delivering slaughter pigs and during the following cleaning and disinfection of the barn. But when the challenges are overcome, it is possible to reap the benefits of the concept. Not until the testing is finalised the experience can be gathered and analysed. The results are expected to be ready by the end of October. At that time, it will be decided if the experiment 'all in – all out' will be made more permanent. (Source, Danish Crown)

Fine market for 'England pigs'

Sales of the so-called 'England pigs' are undergoing a positive development. This is why Danish Crown is increasing the premium for approved 'England pigs' by 1.5 Euro-cents per kg from the present level of 5.3 Eurocents per kg. As to 'England' stocks it still applies that all sows and gilts must be untethered from weaning until placed in the farrowing house. (Sources, Landbrugsavisen, Danish Crown)

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (70.0-86.9kg)	Euro 1.347	Euro 1.347
Difference to last week	Unchanged	Unchanged
Sows (above 129.9kg)	Euro 0,947	Euro 0,947
Difference to last week	+0.027	+0.027
Boars (above 109.9kg)	Euro 0.814	Euro 0.814
Difference to last week	+0.027	+0.027

France

Parma ham

According to the Parma ham Consortium, France is the second largest importer of Parma ham after the US with 408,079 hams imported in 2010 out of a total production of 9,255,638 hams.

Intermarché and competitor's own brands

Intermarché is different from all other French retailers as they own 60 factories in France and are today the 11th largest food processor in the country. On top of the main activity of supplier of own-brand products to Intermarché, these factories export but they also process charcuterie products for their main competitors, for example: dry ham for Auchan, andouilles and andouillettes (French specialties) for Casino, Carrefour and Dia, rillettes for Cora. New products will also be available for all French retailers such as mini dry saucissons and andouillettes.

Pork market

This time of the year is not very good for the business. After the promotions, the consumption slows down and the retailers and the slaughterers put pressure on prices. At "Marche du porc Breton" prices could decline slightly over the next few days, in particular if our European neighbours allow their prices to slow down due to the good production methods which preserve their attractiveness on the export market.

Cuts

Mid-September is very calm for the market. The last promotions have taken place this week. As every year, housekeepers should limit their purchases of meat over the next days. Retailers are very careful with their supply.

Pork prices Rungis, week commencing 5 September 2011	
Cut name	Price range (Euro/kg)
Back fat, rind-on	0.65
Trimmings	1.23
Leg	2.38
Loin including chump	2.89
Loin excluding chump	2.69
Belly extra without trimmings	2.41

Germany

Market

Orders of half carcasses continue to be satisfying and unexpectedly, purchase prices remained mainly unchanged. Also, sales prices remained stable. Sales of hams and collars were slightly more instable but demand for by-products and fat products was continuously good and prices remained unchanged. On sow meat, both German as well as imported half carcasses sold at 3.0 Eurocents per kg more than last

week.
(Source, AMI)

Meat sales increase

Despite poor weather conditions in summer and a strongly subdued barbecue season, sales of meat and cooked sausage have stabilised over the last month. Demand for meat increased by five per cent in volume and by nine per cent in value compared to 2010 figures. On cooked sausage, the volume decrease by two per cent while the value increased by 1.3 per cent.
(Source, fleischwirtschaft)

Retail figures

The German retail industry comprises of more than 39,000 branches, according to data published by the EHI Retail Institute in Cologne. With €45.3 billion the EDEKA group generated the highest revenue in Germany in 2010. With a revenue of €28.4 billion, the Schwarz group (LIDL) came second before ALDI with a revenue of €25.5 billion. The overall revenue of the German retail industry amounted to €128.4 billion, which accounted for 5.1 per cent of the gross domestic product.
(Source, Lebensmittel Praxis)

Pork prices, Hamburg, market week commencing 5 September 2011	
Cut Name	Price range (€/kg)
Round cut leg	2.15/2.35
Leg (boneless, rindless max fat level 3mm)	2.90/3.15
Boneless Shoulder	2.45/2.60
Picnic Shoulder	1.95/2.20
Collar	2.30/2.50
Belly (bone in, ex-breast)	2.30/2.50
Sheet Boned Belly (rindless)	2.20/2.40
Jowl	1.40/1.50
Half Pig Carcasses U class.	1.95/2.05

Netherlands

Fats prices 'on fire'

The value of imports of fats and fat derivatives for the first six months of the year has jumped from €2.13 billion to €3.41 billion according to the MVO organisation, a clear indication of the jump in oilseeds and animal fats prices. Imports of pork fat have risen from 53,000 to 78,000 tons and exports from 32,000 to 65,000 tons.
(Source, MVO)

Still more meat promotions

Despite the campaign against meat price stunts by Wakker Dier, meat price promotions increased their presence in supermarkets' folders by 10 per cent. Fresh meat is still the category most promoted, ahead of fruits & vegetables and bread.
(Source, Distrifood)

Spain

Stable prices expected

Spanish prices are following European prices more closely this year. They started the year below €1.30 per kg and peaked in early summer at €1.57 per kg. Since August, prices have declined slightly to

around €1.50 per kg but are expected to remain around this level until Christmas.
(Source, various)

Pork prices in Barcelona market, week commencing 5 September 2011	
Cut Name	Price range (€/kg)
Carcasses (secondary grade)	1,609/1,615
Gerona Loin Chops	2,46/2,49
Loin Eye Muscle	3,53/3,56
Spare Ribs	2,76/2,79
Fillets	5,83/5,86
Round Cut Legs	2,40/2,43
Cooked Ham	2,02/2,05
Rindless Picnic Shoulder	1,60/1,63
Belly	1,88/1,91
Smoked Belly with Spare Rib Section Cut off	2,31/2,34
Shoulder chap or Head Jowls	1,23/1,26
Back Fat, rindless	1,18/1,21

Russia

Several large-scale swine farms to be built in Rostov region

The Russian company, Russkaya Svinina, is planning the construction of several big modern pig farms (106,000 animals each) in Tselinsky and Yegorlyksky regions. The largest capacity pig farm (250,000 animals) is to be built in Chortkivsky region by the Stanytsya company. If the project is implemented, this pig farm will become the leading production facility in the region. According to forecasts by analysts at the Russian Ministry of Agriculture, the enterprises will reach their planned capacity by the end of 2013 or the beginning of 2014.

(Source, PigUA)

Ukraine

Pork prices expected to rise

On the Ukrainian markets, the prices for pork have recently been growing slightly but constantly. In August, prices on local markets have grown by US\$0.50-1.00 per kg. The predicted increase in prices for autumn is five to seven per cent. The highest retail price for pork now is UAH70 (US\$8.70). The main reason for the price increase is the reduction in the number of animals and the number of enterprises where pigs are raised, as well as an increase in the cost of production. Because of fluctuations in the purchasing price for pork and unpredictable changes in feed prices, farmers do not find it safe to invest in pig farms. Compared to 2010, the number of pigs in Ukraine decreased by 200,000. Today, the number of animals on pig farms in Ukraine totals slightly over eight million. Yet, according to the State Program for Pig Breeding Development, the plan is to increase the number of pigs to 12 million by 2015.

(Source, Meatinfo.ru)

Fat imports and exports

According to the Analytical Agency, AgriSurvey, 12,300 tons of pork fat have been imported into Ukraine, and 18,000 tons exported since the beginning of 2011. The main suppliers of pork fat are Poland, Germany and the Netherlands. As for exports, the Russian Federation is the only major foreign market and accounts for 98 per cent of exports of pork fat.

(Source, Meatinfo.ru)

Holiday dedicated to Ukrainian pork

On 15 October, the first holiday dedicated to Ukrainian pork will be held in the Poltavaska Oblast featuring 33 different pork dishes. After many years of selection, a new unique breed of pigs was produced – Mirgorodska Spotted – which is considered a quality standard of the Ukrainian pig.

Lithuania

Restrictions lifted

Restrictions imposed after the 1 June outbreak of Classical Swine Fever (CSF) have been lifted.

Trinidad

Disruptions

The country has declared a state of emergency until November, as authorities try to clamp down on crime. Some 1,200 people have been arrested of a total population of 1.2 million and many weapons have been seized. Obviously, the meat trade is affected and not many people visit restaurants.

US competition

The US Meat Export Federation (Liz Wunderlich) in partnership with the US Dairy Export Council (USDEC) is conducting seminars in Trinidad and Tobago for local supermarkets as well as on other islands. US exporters are currently aggressive on pork prices in the region.

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