

- *Stability prevails on the pork market*
- *Polish pork production in free fall*
- *Major importer of British foods in receivership in Spain*
- *Smithfield Foods suffers heavy losses*



DENMARK

Market data

On the European market legs are sold at slightly increasing prices. The prices for other cuts remain unchanged. Sales to third countries market are unchanged with some improvement expected in China and Japan. Some positive moves to the quote in Southern Europe and Germany seem to provide a little optimism to the market.

Eastern Europe is still very difficult because of the present economic climate. Despite the drastically decreasing supply of domestic pigs and reduced stocks, weak economy and demand are the main factors.

It seems that political support is on its way to the Danish slaughterhouses in order to solve the problems that export credits cannot be obtained. The Danish government is planning a support package, which enhances the possibilities to guarantee exports to Eastern Europe.

(Sources, Danish Crown, Tican, Danish Bacon and Meat Council)

General

New prognosis for pig quote

According to the Danish Meat Association, in 2009, the pig quote will be 1.256 €/kg and thus it is lower than last year where the quote ended at 1.273 €/kg. The prognosis is downgrading the quote by approximately 8 Eurocent compared to the last forecast made in December. The new forecast envisages 1.233 €/kg in the second quarter and at 1.333 €/kg

in the last six months of the year. Demand for pig meat is falling, informs Karsten Flemin, market analyst of DMA.

(Source, Danish Meat Association)

Export support wanted

The European pig meat sector has been in crisis for the past 18 months. Now Copa-Cogeca urges the EU Commission to introduce immediate export support for pig meat states Pekka Pesonen, general secretary of Copa-Cogeca. Russia closed its market for imports from the EU and export support is much needed to keep the export up on other important export markets such as Japan and Hong Kong, is his point of view.

(Source, Landbrugsavisen)

Private abattoir raises quote

This week Danish Crown is going to raise the quote by 2.7 Eurocent per kg pig meat but the private abattoir in Brorup, which is owned by Tönnies from Germany, finds that it is not enough. Thus its suppliers can expect a quote which increases by 7.3 Eurocent. At the moment, the pig producers are under pressure and Brorup Slaughterhouse decided to take in advance the increase that originally was expected during spring, general manager of Brorup Slaughterhouse A/S, Gert Kjeldsen informs. Brorup slaughters 13,000 pigs weekly but it expects to expand the slaughtering to 19,000 pigs weekly during the year.

(Source, Landbrugsavisen)

Danish Crown must make cost savings

Danish Crown is scrutinizing its business to find cost savings. Next steps will be revealed in the plan called "DC Future". Niels Mikkelsen, President, explains that he cannot reveal the plans at the moment. Danish Crown informs that tradition, culture or history will not be sacred when going through the company. Focus will be on increasing the synergy between the parent company and the subsidiaries. Last week the company informed its employees of no increase of wages for all administrative personnel. It was also mentioned that white collar employees would be dismissed.

(Source, Danish Crown)

Danish Slaughterhouses - payments for 2009 Week 13

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (67.0 –81.9 kg Danish Crown and (67.0 - 80.9 kg Tican)	Euro 1.120*	Euro 1.080
Difference to last week	+ 0.027	+ 0.027

Sows (Above 129.9 kg)	Euro 0.934*	Euro 0.867
Difference to last week	+ 0.027	+ 0.027
Boars (Above 109.9 kg)	Euro 0.801*	Euro 0.734
Difference to last week	+ 0.027	+ 0.027

*A change in payments according to meat percentage and payments for transport to the Danish Crown slaughterhouses have had the impact that the quotes increased by Euro 0.040 for slaughter pigs and by Euro 0.067 for sows and boars. Accordingly the Danish Crown quotes are higher than the ones from Tican.



FRANCE

Increasing pressure

The pressure exerted by pig producers in Brittany is increasing. Between 300 and 400 producers in Brittany are in very serious difficulties. Producers are now asking to abattoirs to accept to lose a bit for a few weeks and pass on the production price increase to charcuterie manufacturers. Obviously things are not that simple and the pig price is not driven by abattoirs but by the market which is severely handicapped by the reduced activity on exports. Once again unions will ask the French Minister of Agriculture to call for the return of restitutions at the next EU Agriculture Council.

The future of Madrange ?

A question mark is now permanently associated to the name of Madrange. Monique Piffault of Holding Turenne-Lafayette, owners of Paul Predault is now completely silent, this could be interpreted as a manoeuvre to push the price down, but it could also be due to some difficulties to finance the acquisition, or to the presence of a competitor or even to the rumours around the departure of the present General Director of Paul Predault.

Market data for week 12

Pigs :

The french market for pigs stabilized last week. If the offers for live animals are measured, the demand tailed off too. It is necessary to say that the consumption is not good at the moment, household purchases slowed down in the second part of the month. In this context, and considering margins are down, slaughtering for cuts matched offers to orders and limited purchases. This tendency should continue over the next days. However, the

return of the firmness on the German market at the end of week 11 could reverse this tendency.



GERMANY

Market

Some slight increase of activity on the home and exports market is reported. Preoccupation with the situation in Central Europe is taking centre stage as reports of further collapse of pork product emerge. However, trade remains difficult due the decline of credit ratings of importers.

(www.afz.de)

Meat machinery exports

Germany leads the world with the sales of meat processing equipment with more than a third of global sales. However, exports are down 57% year on year as investment has been slashed all over the world. Home sales are stable.

(Source: AFZ)

Butchers

The latest census shows that there are still 27,000 butchers in Germany employing 153,000 people; they are increasingly organised independent regional chains.

(Source: AFZ – DFV)

ZMP forecasts

The organisation is forecasting a fall of EU third countries pork exports this year with shipments to Russia 5% lower. Russia is an important importer of pork fat and offal and this could have implications for these commodities.

(Source: ZMP)



BELGIUM

Sparkling export performance

Belgium pork exports broke another record in 2008 with 627,000 tonnes, 50% of which are sold on the German market. Exports rose to most destinations.



THE NETHERLANDS

Pig farmers revenue is up

The Agrovision farm recording data for 2008 has been published and shows an increase of gross margin of € 93 to € 311. Productivity is up one finished pig per sow per year to 26.5, which is an excellent performance. For finishers, gross margins rose by € 3 to € 68 per pig. FCR rose to 2.75, GR fell 5 g to 775 g/day. Feed costs rose from € 0.587 /kg growth to 0.716.

(Source: Agrarisch Dagblad)

Integration initiative

De Heus Voeders, a feed mill, has started an integrated system, involving small piglet producers with 500-750 sows and finishers with 500-1,500 places.

(Source: Agrarisch Dagblad)

Virtual farm tour

Users of the pig sector Internet site www.varkensnet.nl can now make a virtual visit to a pig farm.



SPAIN

Major importer of British Food folds

European Food Supplies, the largest importer of British food to Spain with a turnover of € 50 m. and a wide array of prestigious brands is now in receivership. The company ran out of liquidity faced with a VAT bill reported worth € 3 m. The company employed some 110 people, mainly on the coast and the islands.

(Source: AHDBms)

Mercadona on the offensive

Spain's largest grocer will invest € 600 m. this year and open 71 new supermarkets. The chain operated 1,210 stores at the end of 2008. Turnover rose by 10% in 2008 to € 15.4 bn. but net profits fell by 5% to € 320 m.

(Source: Mercadona)

Japan push

A Japanese Delegation has visited the Central Market facilities of Madrid in order to develop possible future activities in this area. Moreover, the Spanish Ministry of Environment, Rural Development and Fisheries (MARM) organised an International Seminary about Commercial Distribution in Japan on 23-24 March in Tokyo. This Seminary included a guided tour to several important distribution companies of Japan.

(Source, Eurocarne)

FIMA

The 9th edition the international livestock show FIMA, taking place from 24-27 March 2009, with 810 companies coming from Asia, America, Europe and Oceania taking part. Moreover, there will be 150 potential importers from Egypt, Hungary, Jordan, Lebanon, Russia or Tunisia will attend.

(Source: Eurocarne)

Aujesky

The Spanish Government has passed a new Royal Decree setting new basis for Aujesky disease eradication. There will be tighter criteria for moving animals between provinces, or for sending animals coming from positive farms to the slaughterhouse. Also, new vaccination rules are set for farms within 3 km from infected farms, including farms of wild boar specie 'Sus scrofa'.

(Source, agrocope)

Prices

Slaughterhouse	Lleida 19.03.09	Zamora 25.03.09
Piglet 20 kg	41 €/Unit (+0.00)	45.0 €/Unit (-3.00)
Live fattened pig	1.127 €/kg (+0.000)	-



PORTUGAL

Prices

Slaughterhouse	Lisbon 09.03.09
Fattened pig – Carcass E 57%	1.500 €/kg (+0.030)

PORTUGAL



CZECH REPUBLIC

Meat safety stays a top priority

The 2007 data for zoonoses makes grim reading for this smallish country. In that year, there were 24,252 cases of capylobacteriosis, 17,910 cases of salmonellosis, 576 cases of yersiniosis and 51 of listeriosis, more per capita than any other EU country. However, carcase and meat contamination by salmonella is less than the European average of 10% with 5.8%.



LITHUANIA

Polish meat as Lithuanian

Employees of the State Veterinary Service found that Polish meat and poultry was sold under the guise of higher price Lithuanian products. Most of these violations identified in the markets in Vilnius and Kaunas, said Delfi. It with reference to the Lithuanian radio. Only at Vilnius markets in January veterinarians revealed 1,300 kg of Polish meat. The veterinary Service, together with the customs officials established mobile teams who establish strict control over the quality of imported products and inspect documents on the importation of goods. In Poland rate of 5 percent VAT is used, while in Lithuania, it is 19 per cent.



POLAND

Polish production in free fall

The pig herd in Poland has fallen to its lowest since 1970, writes Michal Kolesnikow, analyst at the BGZ Bank. No recovery in terms of numbers is expected before the end of this year although prices and margins are improving.

As a result, pig meat production in Poland this year may be eight to ten per cent down on the previous year which in turn already had been ten per cent down on 2007. Many abattoirs will have enormous problems sourcing pigs. Meat processors will also face great problems. Due to recent strong depreciation of the Polish zloty against the Euro, imported raw meat from Denmark, Germany or Netherlands has become very expensive. The processors will have limited capability to pass through the cost increases as consumer confidence is dwindling and retailers are looking to keep the prices as low as possible. That will squeeze already insignificant margins in the meat industry. A record high number of bankruptcies are likely.

On the other hand the pig producers' situation will improve considerably. Although some increase in feed prices is expected, farm-gate prices of slaughter pigs will hit a record high. Through most of the year prices will fluctuate at around 25 to 30 per cent above the five-year average price and in the third quarter may for the first time in history exceed 5 zloty/kg lw.



SWEDEN

New Danish Crown plant

The new cutting and packing plant in Jönköping is dedicated to Axfoods supermarkets (Willy – Hemköp, the second largest Swedish retailer). It has a surface of 102,000 sqm and employs 112 people.



RUSSIA

Russia lifts meat import bans from ones and places a ban on others

Russian Agricultural Surveillance Agency (RosSelkhozNadzor) lifted the ban from imports of several companies from Belarus, Poland, France and Latvia. Particularly, the lucky companies in Belarus were Gomel and Grodno Meat packing facilities, and OJSC Belovezhskiy. Among Polish companies we could see PL 30063801 WE, French company was FR 29 097 01 CE, and a Latvian one was A001975. At the same time bans were placed on Belarusian Pruzhansk, Kobrino, Molodechensk, Narochansk and Chausskiy companies for the import of both meat and milk. Among the EU companies which are now banned from Russian market are Hungarian HU 176 EK and Spanish meat processing plant ES-10.04425/GE CE.



JAPAN

Strong US presence at FoodEx

The US Meat Exporters' Federation booked 16 booths at FoodEx, the major food exhibition in Makuhari. This forms as part of an aggressive campaign "to increase presence on the market and to alleviate customers' concerns on quality, availability and safety" said Greg Hanes, USMEF Japan Director.



BRAZIL

Overhang of stock

Overproduction is certainly contributing to the current crisis. Some 50,000 tonnes of pork which should have been exported are overhanging in the system and, operators such as

Sadia, Perdigão and Aurora are currently running down excessive stocks and have enforced mandatory vacations. However, pork exports in February recovered strongly to 40,500 tonnes.



USA

Smithfield deficit

The US Smithfield is losing a lot of money in particular on the primary pig production and must note a deficit of US\$ 103.1 million during its third quarter ending by 31 January. Prices of feed were high and contributed to increased costs, but also expenses to close down six out of forty slaughterhouse plants and restructuring contribute to the bad result. The restructuring in itself is planned to lead to a profit of US\$ 55 m. next year and US\$ 125 million in 2011. While earnings in the primary production were negative, processing and sales of pig meat were profitable, informs the company. The turnover was \$ 3.3 billion over the period. Smithfield decreased its production of slaughter pigs by 10 percent. The impact will be 100,000 fewer sows and a decrease in the production of slaughter pigs next year of 2 m. Further, the group bought part of a Brazilian company within production of beef and also bought five percent of the shares of the Chinese company Cofco.

(Source, Landbrugsavisen)

More disinformation

Dr. Barry Popkin, the University of North Carolina nutrition professor who repeatedly blamed meat producers yesterday for contributing more to climate change than transportation, is ignoring Environmental Protection Agency data that directly contradict his claims, the nonprofit Center for Consumer Freedom claimed today. In an editorial published in the Archives of Internal Medicine, Popkin argued that Americans should reduce their meat consumption in part because a 2006 United Nations report suggests "livestock are responsible for 18% of greenhouse gas emissions, far greater than that of transportation." CCF said today that the EPA has characterized greenhouse-gas emissions related to the entire US agriculture sector - including meat, grain, fruit, vegetable, and fiber producers - as just one-third (454.1 teragrams of CO₂ equivalent, 6% of total with meat contributing to 2.58%) of what Popkin attributes to meat production alone.

PRICES



Pork Prices ex-Hamburg Fleischgroßmarkt (Cuts from 75–85 kg pigs)

Week commencing 02 March 2009 *Unchanged from previous week

	Cut Name	ClosestExport Manual Code No.	Price Range (Euro / kg)
1.	Round cut leg	51121	2.00/2.20
2.	Leg (boneless, rindless max fat level 3mm)	51121	2.90/3.15
3.	Boneless Shoulder	56200	2.10/2.25*
4.	Picnic Shoulder	56120	1.65/1.85*
5.	Collar	56130	2.15/2.30*
6.	Belly (bone in, ex-breast)	55100	1.85/2.10
7.	Sheet Boned Belly (rindless)	55210	1.45/1.70
8.	Jowl	50230	1.30/1.50*
9.	Sow Carcasses	60100	Ø 1.66
10.	Half Pig Carcasses	U Classification	Ø 1.86*



Barcelona Market Information - Week commencing 02 March 2009

Carcasses (secondary grade)	Euros / kg	1.483/1.489*
Gerona Loin Chops	Euros / kg	2.25/2.28*
Loin Eye Muscle	Euros / kg	3.23/3.26*
Spare Ribs	Euros / kg	1.98/2.01*
Fillets	Euros / kg	5.33/5.36*
Collar	Euros / kg	2.43/2.46*
Round Cut Legs	Euros / kg	2.21/2.24*
Cooked Ham	Euros / kg	1.83/1.86*
Rindless Picnic Shoulder	Euros / kg	1.39/1.42*
Belly	Euros / kg	1.89/1.92*
Smoked Belly with Spare Rib Section Cut Off	Euros / kg	2.32/2.35*
Shoulder Chap or Head Jowls	Euros / kg	1.28/1.31*
Back Fat, Rindless	Euros / kg	0.83/0.86*

