

***German quotes cause unrest on European markets***



**DENMARK**

## **Market**

On the European market fresh legs are sold at unchanged prices. The market for shoulders, production meat and collars is stable and prices remain unchanged, but the demand for loins is slightly lower than supplies. In general the situation on the British bacon market remains unchanged. The unusual developments in the German quote during the latest weeks, which is one of the decisive price indicators on the European market, caused some unrest in the market and of course a certain speculative tendency. The lack of supplies of pigs in Germany impacted that the slaughterhouses have tried to increase supplies of slaughter pigs through a higher quote. Afterwards the markets have not demanded sufficient quantities to justify the increase in the quote and accordingly it went down again. The Russian market is starting to move in spite of the continuing financial crisis in Russia. So the Danish slaughterhouses have noted increasing sales and a considerable reduction in stocks of products for the Russian market as well. On the markets in the Far East prices are falling in China. A decreasing Chinese export and higher imports are the reason for it, but at the same time it is estimated that it is just a temporary phenomenon. Japan is still contributing positively, however, with respect to volume it is below the level of last year. (Sources, Danish Crown, Tican, Danish Bacon and Meat Council)

## **General**

### **Statistics for 2008 published**

The statistic statements for 2008 prepared by Danish Bacon and Meat Council were just published.

Here is some of the information from the statement:

In 2008, Denmark had approximately 5,800 farms with pig production. The farms produced a total of 27.4 mill pigs. The co-operatively owned slaughterhouses slaughtered 19 mill pigs (19.6 mill in 2007). Danish Crown slaughtered approximately 17.2 mill pigs and Tican 1.8 mill. Private slaughterhouses slaughtered 2.1 mill pigs (1.8 mill in 2007).

6.3 mill (4.9 in 2007) pigs were exported alive: 1 mill slaughter pigs and sows and 5.3 (3.8 mill in 2007) baby pigs. Exports were 1.9 mill t. The value of pork exports were € 3.85 bill.

Pork represented 4.9 percent of the total Danish exports. The EU countries bought 72 percent of the Danish pig meat export and third countries the remaining approximately 28 percent. The largest markets for Danish pig meat (quantities) are Germany, the UK, Poland, Japan, Italy, Russia and China. (Source, Danish Meat Association)

### **Research in new crossings of pigs**

A new project to determine whether crossing of traditional Danish pig with other breeds of pigs could be the basis for a special production of gourmet pork. At present Danish sows are being crossed with Mangalitza pigs and black foot Iberian pigs so that in spring meat will be ready for examination. The meat from the new pigs must be evaluated both as fresh meat and in various processed products. (Source, Danish Meat Association)

### **Danish Slaughterhouses - payments for 2009 Week 25**

| Slaughterhouse  | Danish Crown | Tican      |
|---|--------------|------------|
| Slaughter pigs (67.0 –81.9 kg Danish Crown and (67.0 - 80.9 kg Tican) | Euro 1.282*  | Euro 1.242 |
| Difference to last week   | Unchanged    | Unchanged  |
| Sows (Above 129.9 kg)   | Euro 0,961*  | Euro 0.894 |
| Difference to last week   | Unchanged    | Unchanged  |
| Boars (Above 109.9 kg)  | Euro 0.828*  | Euro 0.761 |
| Difference to last week   | Unchanged    | Unchanged  |

\*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**

### **Union Prestor – Cecab**

The first general meeting of the above group took place on 15<sup>th</sup> May in Quimper (Brittany). The group produced 2, 17 mill pigs in 2008 the decrease of the number of sows is balanced by an increased productivity and improved technical results in general. The trade of piglets is severely hit by rationalisation of the production but the sale of genetics is stable with over 23 000 young sows sold last year. Technicians of the group completed over 10 000 visits in 2008 and over 700 producers participated to the 48 training meetings organised by UPC. The group was chaired by Guillaume Roué who is leaving the Presidency but remains a member of the Board.

### **Dry saucissons market**

The leader Aoste is re-focusing its strategy on the three brands Cochonou, Justin Bridou and Aoste which represent 22% of the saucissons market in France. New products include organic saucissons and new flavours (walnut). The national market represents 39 555 tonnes and decreased by 1.2% compared with last year the product segmentation is as follows: short saucissons : 35% of the market, straight saucissons 25.4%, curved saucissons: 19.3%, chorizo: 13.2%, snacking bites: 3.6% and mini straight saucissons: 3.8%.

### **Market data for week 24**

#### **Pigs**

The meat market was very dynamic last week. Due to the Whitsun Monday, sales were concentrated over four days, demands coming from wholesalers increased due to the start of the month. Nice weather will also contribute to the consumption of pig meat.

A situation the most favourable to the long-awaited recovery of the margins

If this tendency continues in the short term, a slow down is possible in the second part of the month. As every year, the approach of the summer holidays slows down the requirements of farming collectives. The household purchases are also slowing down before starting up again in holiday resort areas in the middle of July.

**For more information, please contact AHDB France on 00 33 1 60 71 04 49**



## GERMANY

### **Pig meat exports developing well**

Export figures are promising: While Germany's total exports have decreased by 21 % in the first quarter of 2009, food and agricultural products remained mostly stable in comparison to last year's figures. The first figures for 2009 show a stable development of the export of food and agricultural products with pig meat recording the biggest growth having increased by 43.4 % to a total value of 42 mill Euros. (Source, schweine.net)

### **H1N1: No effect on pig prices**

Different to the first impression at the end of April, the news about the H1N1 virus that was at first incorrectly called swine flu did not put the market for slaughter pigs under pressure. In fact, last Friday's prices increased to 1.51 Euro/kg. (Source, afz)



## SPAIN

### **Exports**

A new model of Croatian exportation certificates has been sent from Croatia Authorities to the Spanish Ministry of Environment, Rural Development and Fisheries of Spain. These new certificates (ASE-96 for pig meat and ASE-548 for live pigs) have been developed because of legal changes taking place in Croatia for coming member of the EU. (Source, Agrodigital)

### **Imports, Aftose fever**

The Spanish Association of Farmers and Stockbreeders 'COAG' in 'Castilla La Mancha', has asked the Spanish Ministry of Environment, Rural Development and Fisheries for closing the border with France, to prevent the Aftose fever transmission to Spain. The EU forbade last 12<sup>th</sup> June the output of pigs from France or the imports coming from Argentina due to the Aftose fever cases appearing in both countries. (Source, Infocarne)

## General

The Spanish Association of Young Farmers 'ASAJA' in the 'Balear Islands' has declared that pig market situation in the archipelago is absolutely worrying and near to 80% of pig producers could disappear in the next months, if Balear Autonomous Government does not react quickly. Some weeks ago, piglets were valued in 40 €, and now they are next to 28 €. The continuous price increase in raw materials for feeds makes this situation worse (Source, Infocarne)

The Company 'Embutidos Cordón' producing pig products, has achieved two new food safety international standards, the British Retail Consortium (BRC) and the International Food Standard (IFS) certificates. This certification includes cooked products, plus stuffed products and natural production of the Spanish company. The BRC certificate is that standard requested by British large companies and the IFS one by those in Germany, France or Italy. (Source, Infocarne)

The Galician company 'Torres de Núñez' producing cured hams is now selling its products in Latin America and Caribbean countries. This company is present in several European markets, like Germany, France, Portugal or United Kingdom, and exported by 3% of total turnover in 2008. They expect exports to increase up to 10% in 2011. (Source, Elgranjamon)

## Prices

| <b>Slaughterhouse</b> | <b>Lleida 11.06.09</b> | <b>Zamora 16.06.09</b> |
|-----------------------|------------------------|------------------------|
| Piglet 20 kg          | 26.5 €/Unit (-2.50)    | 35.0 €/Unit (+0.00)    |
| Live fattened pig     | 1.173 €/kg (+0.022)    | -                      |



## PORTUGAL

### Prices

| <b>Slaughterhouse</b>        | <b>Lisbon 08.06.09</b> |
|------------------------------|------------------------|
| Fattened pig – Carcass E 57% | 1.540 €/kg (+0.000)    |



## THE NETHERLANDS

### **Pigure Group result**

The co-operative lost € 2.7 m. in 2008 on a turnover of € 84 m. In 2008, AI centres KI Brabant, KI Limburg and VAC merged under the name Varkens KI Nederlands.

Topigs activities in Italy and Canada have suffered heavy losses. In 2009, new Director Martin Bijl plans more focus on Germany, Spain and France, with Eastern Europe and the Far East also in the mire (Source: Agrarisch Dagblad). Meanwhile, Hypor has introduced a new health concept.

### **Cehave on sustainability**

The huge Dutch co-operative will make more efforts towards sustainable activities in meat, milk and eggs production said Ruud Tijssens, CEO.

### **New sustainable soya programme for pork**

Pork fed sustainable soya from Copafi in Brazil is now sold in Keurslager through *Milieukeur* de Hoeve.



## RUSSIA

### **Pig and pork imports from Italy resumed**

The Russian Agricultural Surveillance Committee (RosSelkhozNadzor) reinstated the imports of pigs and pork from Lombardy region in Italy starting from June 3, 2009 thus canceling the document which banned this area back in 2007.

### **Meat imports are down**

The Russian Customs Committee reported that during January-April 2009 Russia decreased imports of fresh and frozen meat by 34.1% vs. January - April 2008 down to 284,100 t.

**For reference:** Russian meat imports during the period in review are estimated to equal US \$ 933.6 millions.

### **WTO suggest Russia to play a fair game**

During the recent Russian WTO accession talks in Geneva the issue of banned pork imports from USA became a stumbling block. The ban was placed by Russia back in May under the pretext of the H1N1 virus caused the WTO to ask Russia to bring their phytosanitary and sanitary inspection practices in line with WTO rules before and not after accession.



**UKRAINE**

### **Slaughter houses source raw materials from private farms and integrators 50/50**

Ukrainian Statistics Committee reported that the total live weight of animals and poultry during January – May 2009 Ukrainian farmers sold to the abattoirs was above 1 million tons (1,078,600 to be exact) where large agricultural enterprises account for 529,000 t and small individual farmers account for another 548,900 t.



**USA**

### **Smithfield in the red**

Smithfield Foods lost \$78.8 million, or 55 cents per share, in the three months ended May 3, in contrast to a profit of \$2.4 million, or 2 cents per share, a year ago. The loss was smaller than the 60 cents per share loss analysts polled by Thomson Reuters had expected. The hog production segment lost \$170.8 million alone in the quarter. Losses should not be surprising. The US hog industry in general has been losing money since late 2007 due to high feed costs and slow pork sales. More corn going to ethanol has helped keep corn prices high, while the recession here and overseas has slowed pork sales. Smithfield has warned that its hog unit, the nation's largest, would likely lose money for much of the current fiscal year, which began in May. To cope, the company has reduced its sow herd by 10 percent, closed plants, restructured operations and negotiated new debt agreements. The smaller herd should mean about two million fewer market hogs over the next year.

## **US meat industry**

America's meat and poultry industry, comprised of packers and processors, wholesalers and retailers, directly and indirectly contributes \$832.4 billion dollars to the US economy annually, roughly 5.8 percent of total GDP, according to a new Economic Impact Study unveiled today by the American Meat Institute. The analysis of direct, supplier and induced impact also illustrates the industry provides nearly 6.2 million jobs, generating almost \$200 billion in wages and benefits. According to the study, the meat and poultry industry directly employs 1.8 million people, paying \$45.5 billion in wages and benefits. An estimated 524,000 people have jobs in production and packing, importing operations, sales, packaging and direct distribution of meat and poultry products. Wholesaling directly employs an estimated 63,000 individuals in every state in the country, and 1,227,600 employees' retail jobs depend on the sale of meat and poultry products to the public. In addition to the direct economic impact, the study also captures the economic impact of suppliers to the industry and the total induced impact, or multiplier effect, on the economy of spending by employees of the direct industry and supplier firms. The complete study can be found at [www.MeatFuelsAmerica.com](http://www.MeatFuelsAmerica.com)

## **US exports holding**

Mexico continues to be the pacesetter for US pork exports in 2009, with April exports climbing 61% in volume and 50% in value compared to last year. For the first four months of the year, pork export volume to Mexico is up 71% to 177,164 metric tonnes (390.6 million pounds) and the value has increased 62% to \$265 million. April export results, however, reflect only a partial-month impact from A-H1N1 Influenza.

Perennially the leading market for US pork exports, Japan is performing well again in 2009 with export volume for the first four months of the year increasing 9% to 158,265 metric tonnes (348.9 million pounds) and value up 24% to \$571 million. While Japan's April export volume was down slightly due to higher inventories and lower domestic pork prices, exports still increased in value by nearly 19%. Other markets performing well in April included the Caribbean, where pork exports increased by 60% in volume and nearly 50% in value over last year. For January-April, pork exports to this region have climbed 70% in volume and 66% in value over 2008. April exports to Taiwan increased 46% in volume and 43% in value compared to April 2008, and in the first four months of the year have more than doubled in both volume and value over last year's totals. (Source, USMEF)



## **CHINA**

### **Chinese pig price difficulties**

The Chinese government has begun buying frozen pork to in an attempt to stabilise prices and support producers, the Ministry of Commerce said over the weekend. Many Chinese pig farmers are currently struggling in the face of low prices, which are barely sufficient to cover production costs. Yao Jian, the ministry's spokesman, said mid-May if the price ratio between pork and grains remains below 6-to-5.5 for four consecutive weeks, the ministry would start pork purchases, according to a Xinhua report. Since then, prices have continued to fall on concerns over the A/H1N1 flu pandemic.



## **BRAZIL**

### **A new name to remember**

Brazil Foods, the merged Sadia and Perdigão company, is the largest meat company in the world, the third largest Brazilian exporter and the largest employer with 110,000 staff. It is present in 110 countries in the world. It will process 1.7 bn. chicken and 10 m. pigs. Major shareholders the Furlan, Fontana families and Previ will remain involved. The company plans a right issue of US\$ 1.94 bn. to clear Sadia debt.