



Brief

12 PAGE ISSUE!

KEY STATISTICS ON THE GLOBAL PIG INDUSTRY

US hogs & pigs - 1 Danish performance - 2 Global Price Cycle - 3 Chinese industry - 4 Polish pigmeat trade - 6 Asian imports - 10 Price Monitor - 12

DATE: 07/04/11

ISSUE NUMBER: 195

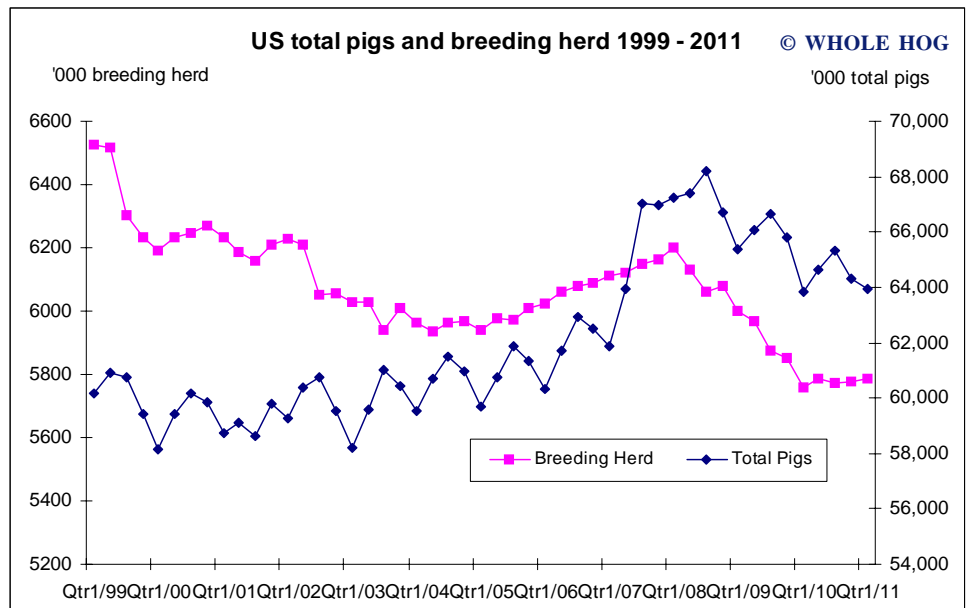
US breeding herd crawls along the bottom

The US March 1 hogs and pigs inventory offers the possibility that the US herd has now reached the end of its adjustment. The latest census reports a slight increase in the total hogs inventory (+0.6%) and a slight increase in the breeding herd (+0.5%). The US inventory of all hogs and pigs was 63.96 million head. The breeding herd was reported to be 5.79 million head and the market hog inventory was 58.18 million head. Our chart clearly shows the effect of the most recent changes in the US herd - a levelling out of the breeding stock numbers over time.

Sows farrowing during Q1 2011 were recorded as 2.86 million head, down 1% from 2010 and down 5% from 2009. The average pigs saved per litter was a record high 9.80 for the December 2010-February 2011 period, compared to 9.61 last year - so productivity continues to increase especially in the larger operations. Pigs saved per litter by size of operation ranged from 7.50 for operations with 1-99 hogs and pigs to 9.90 for operations with more than 5,000 hogs and pigs.

In the intentions survey US hog producers reported that they intend to have 2.85 million sows farrowing during the March 2011-May 2011 quarter. This is a fall of 3% from the actual farrowings seen in the same period in 2010 and down 5% from 2009. Intended farrowings for June-August 2011 are forecast to be 2.87 million sows and this represents a drop of 3% on 2010 and down 3% from 2009.

The concentration of the industry increased in Q1 2011 as the total number of hogs under contract owned by operations with over 5,000 head, but raised by contractees, accounted for 46% of the total US hog inventory. This is up from 44% last year.



US hogs and pigs March 2011

'000 head	2011	2010	2009	% change
March Census 11/10				
All Hogs and Pigs	63,964	63,568	65,819	0.6
Breeding herd	5,788	5,760	5,991	0.5
Market Pigs	58,176	57,808	59,828	0.6
December Census 10/09				
All Hogs and Pigs		64,625	65,807	-1.8
Breeding herd		5,778	5,850	-1.2
Market Pigs		58,847	59,957	-1.9
September Census				
All Hogs and Pigs		65,971	66,826	-1.3
Breeding herd		5,770	5,875	-1.8
Market Pigs		60,201	60,952	-1.2

Source: NASS, USDA



Danes report progress - and room for improvement

The Danish Pig Research Centre (PRC) has released its annual report for 2010 and it contains several nuggets of information about how the Danish pig industry is performing, and where the emphasis of new research will be placed. There is much to read in the 60 page document and this article reproduces some of the key performance factors discussed in PRC's report.

The report describes the structure of the Danish pig industry and provides details of the range of performance in the sector. For example, the top 25% of breeding herds wean 5 pigs more than the bottom 25%. Those top 25% are hitting very high targets for several key metrics. Their sows eat less, have a higher number of liveborn/litter, have a higher number of piglets weaned/litter (+14% better than the bottom quartile) and have a higher number of pigs weaned/sow/year (+21%). Since 2003 the Danish sow herd has increased its productivity by 0.5 pig/year and now averages 27.6 pigs weaned/sow/year.

Weaner producers show similar significant variation between the top and bottom quartiles. The number of pigs produced/year is 30% higher in the best group, the daily liveweight gain is nearly 24% higher and the feed conversion rate is lower; mortality is lower and the amount of meat sold/pig kg is higher. The top 25% of weaner producers have a production value that is 39% higher than producers in the bottom quartile. Over the last 7 years the FCR of weaner producers has improved by 0.05 feed units/kg and daily gain by 37 g. Danish finishers also have a solid record of improvement and since 2003 their FCR has gone up by 0.06 feed units/kg and daily gain by 61 g. Again, the range of achievement across all farmers is quite wide; pigs produced/year are almost 30% higher in the top group, daily gain is nearly 20% higher and the average slaughter weight is up. The mortality rate is almost double for the bottom quartile of producers.

The chart illustrates how the key performance indicators measured by PRC have changed over time. This is a solid track record but the range of performance described by PRC indicates where future effort would pay large dividends. A lot of progress has been made through time and the Danish industry's structure is changing to one of larger sow and finishing farms - and this may result in less variation in performance across all farms. The proportion of farms with more than 500 sows increased to 67.7% in 2009 (61.6% in 2008) and farms with more than 5000 finishers increased to 44.3% of the total in 2009 (up from 41.8% in 2008).

www.porkinfo.com

Danish sows

Sows	Top 25%	50% quantile	Bottom 25%
Sows/year	660	588	477
Feed units per sow/year	1,522	1,532	1,529
1st parity litters, %	23.4	23.9	24.6
Liveborn/litter	14.8	14.2	13.6
Weaned/litter	13.0	12.2	11.4
Weaned per sow/year	29.9	27.6	24.8
Farrowing rate	89.1	86.8	82.8

Source: PRC

Danish weaners

Weaners	Top 25%	50% quantile	Bottom 25%
Pigs produced/year	16,008	14,829	12,324
Daily gain, g	512	460	413
FCR/kg gain, feed units	1.79	1.93	2.10
Mortality	2.1	2.5	2.9
Weight/ sold pig, kg	32.1	31.5	31.0

Source: PRC

Danish finishers

Finishers	Top 25%	50% quantile	Bottom 25%
Pigs produced/year	7,034	6,542	5,427
Daily gain, g	974	902	812
FCR/kg gain, feed units	2.68	2.82	3.05
Av. slaughter weight	82.2	81.4	80.7
Av. lean meat %	60.2	60.3	60.1
Mortality	2.7	3.6	5.3
Rejected, %	0.3	0.3	0.4

Source: PRC

PRC's report provides insight into another aspect of the Danish industry's performance through its description of the growth of export sales of purebred and hybrid females. The export of purebred females is up nearly

10% in 2009/10 (July) to 12,880 animals. For hybrid females the rate of export growth is up almost 15% to 134,344 animals in the 2009/10 period.



Price cycle passes one peak - and aims higher

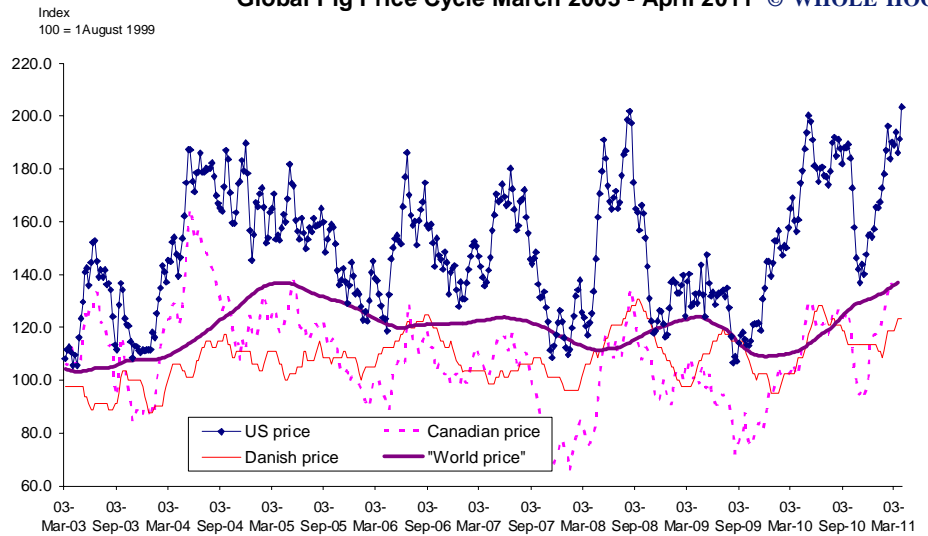
Last month we forecast that the global pig price cycle would exceed its early 2005 peak value before Easter. This month we can report that it has done just that. As the charts alongside illustrate we are now in price territory that was last explored in late 2001/2002 and before then in late 1997. These are heady times.

Not only has the global pig price cycle data powered past the 2005 peak value but it has done so with increasing force - our calculated week to week percentage changes are still positive and a long way from negative or even small positive numbers. No sign of a weakening in the price change metrics. Furthermore, the late March and early April data not yet incorporated into the smoothed series look like they will add even more energy to the cycle in the next 4 weeks. There is no sign of price resistance from consumers or a supply side response from producers that would weaken the cycle's upward phase. It now seems that the late 2001/early 2002 peak is now within the grasp of the current price upswing and if that happened it would mean we have a new 10 year peak value for the price cycle. Only one record stands to be broken after that - the 1997 price peak that was driven by supply shortages created by a combination of swine vesicular disease in the Netherlands and foot and mouth disease in Taiwan. And in the last few weeks we had notification of a FMD outbreak on Taiwan's main island. How spooky is that?

And yet pig producers are making protests about their margins or nursing debts from previous expansion periods. When input prices and credit terms are against you - even a breakout beyond a global price cycle peak is not enough good news.

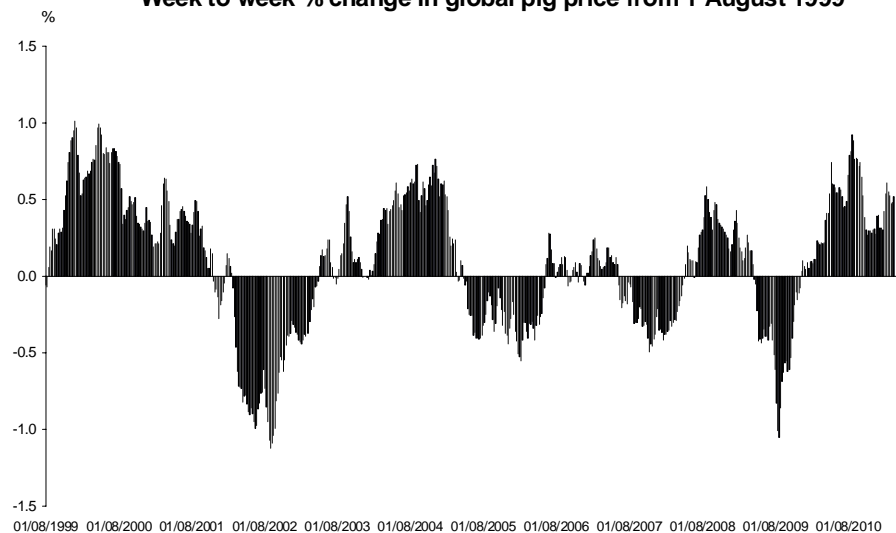
If we stick with the time series behaviour (and leave aside speculation about where the next disease outbreak might be) then the cycle's upward phase has some way to run yet. Whole Hog's forecast is that 2011 will see a new 10 year peak for the global pig price cycle and, if feed prices restrain producers' inclinations until the northern hemisphere cereal harvest is in, the die is cast. 2011 will be the best year for pig producers' prices since 1997. You heard it here first.

Global Pig Price Cycle March 2003 - April 2011 © WHOLE HOG



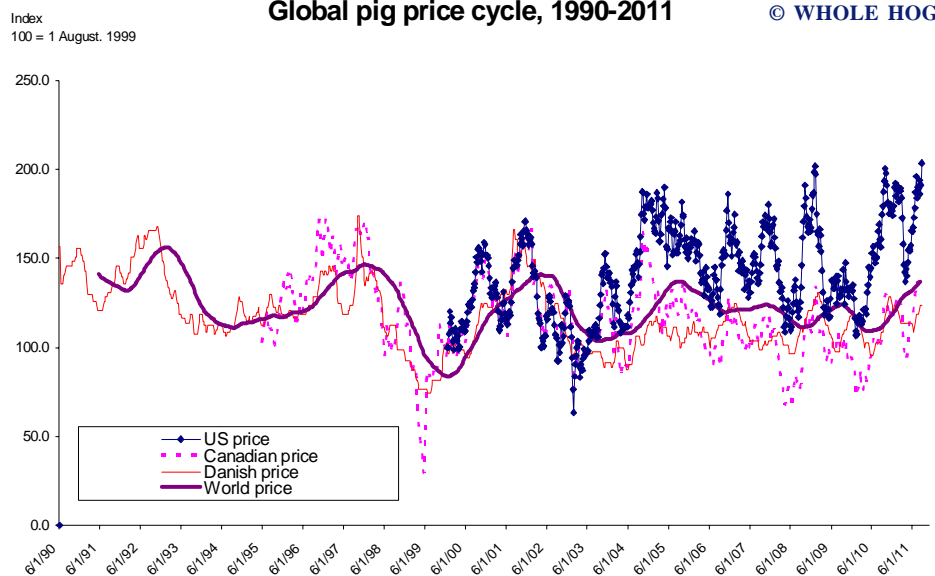
© WHOLE HOG

Week to week % change in global pig price from 1 August 1999



Global pig price cycle, 1990-2011

© WHOLE HOG



© WHOLE HOG



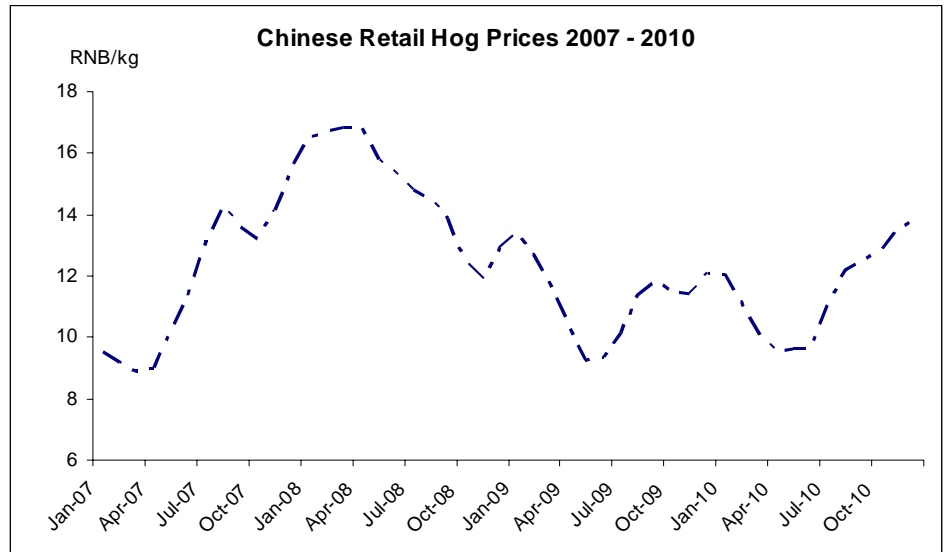
Chinese industry poised for radical change

China's pig industry is the largest in the world based upon measuring pigs and pork volumes - around 670 million head and 50 million MT of pork. But with a human population of 1.4 billion and - most importantly - a growing national and personal income that drives meat consumption it will need every pig it produces now and a lot more. Whole Hog was in China recently to begin the process of reporting on the changes that we can expect to see in China's farming and processing sectors in the next 5 years.

The USDA's compilation of Chinese Ministry of Agriculture pig industry data sets the scene. According to the most recent GAIN report the Chinese pig crop is expected to be relatively unchanged at 668 million animals in 2011 - a 0.5% increase on 2010. Pork production, with increased slaughter efficiencies is estimated to be 3% up in 2011 to 52.5 million MT. The sow herd is estimated to be 47.5 million head and 3% down on 2010 at the beginning of 2011. The higher pig crop from a smaller breeding herd gives a clue to some of the changes that are already occurring in China. Better feeding systems, improved genetics and an increasing number of larger commercial hog operations are having an effect on productivity.

Apart from the policies of the Chinese Government - the USDA reports that subsidies have been switched from smaller farms to high quality breeding sows on commercial farms - the influence of major agribusiness operations like the New Hope Group (NHG) in Sichuan Province is now of importance. NHG is one of the largest agribusiness firms in China with an annual turnover of c. £800 million and stated ambitions to drive this to over £1 billion in the next few years. In the last 4 years NHG has experienced an annual growth rate of 15% in animal feed, pig production and processing, poultry and dairy enterprises. It also has activities in real estate and finance. With c. 70,000 employees and ownership or JVs with 400 sites in China, the Philippines, Bangladesh and Indonesia NHG is a major player in the Chinese pig industry. Current annual animal feed production for NHG is c. 20 million MT and current pork production is 8.5 million MT.

China's pricing system for hogs is complex. Farmers are supposed to be able to access a cost+ mechanism for their price calculation or a market-based system which reflects demand and supply without any direct relationship to costs of production at any one time. However, it seems that the Chinese Government's decision to reduce hog subsidies in 2010 and the impact of local FMD and Blue Ear (PRRS) outbreaks resulted in a reduction in supplies last year. There is now a race between the contraction of the backyard producers and the expansion of commercial operations and associated productivity improvements and the outcome of these con-



Source: Chinese Ministry of Agriculture

NEW HOPE GROUP



trary forces will determine China's ability to meet its stated ambition to reach pork production targets. Imports of genetic stock and pork cuts and pork products will be a key commercial driver in the years ahead. The USDA expects pork imports (including offal) to grow by 20% in 2011 to over 1 million MT. Live imports are all breeding stock and are forecast to increase by 30% in 2011 to 9,000 head. Until the USA industry can meet animal health requirements for these genetic

purchases live imports will be entirely from the EU and Canada. A crucial question for all of the changes that are forecast for the Chinese pig industry and one that Whole Hog will try to answer in future issues is the extent to which the "soft technology" of management systems needed to make the "hard technology" of genetics, nutrition, production and processing management can be adopted in China. Unlike the electronics industry, pork production is not "plug and play".



Europe's pig prices go through the roof

The arrival of Easter and better weather traditionally heralds an improvement in meat prices in Europe. This year, the market appears to be ahead of itself with double digit year on year price changes being seen across the board long before anyone has received an Easter card. As our charts show the March 2011 performance is remarkable. Only the UK is out of step - every other pig producing country shown here has shared in this pattern of positive price movements.

Danish pig producers do not expect to see much variability in their prices from month to month and year to year but in the reported March data they share, with France, the distinction of experiencing a 13.9% uplift on prices compared with last year. This is extraordinary - and French farmers were protesting about poor prices in the same month - albeit making the link between feed prices and their margins.

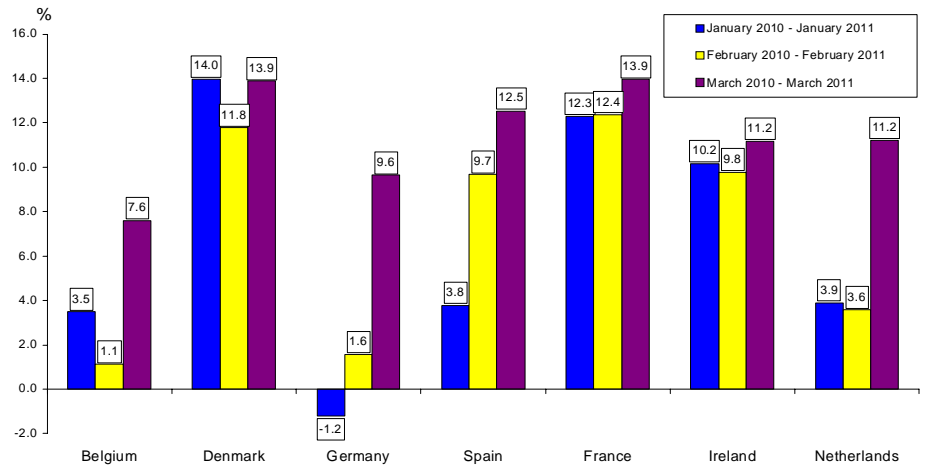
Spanish prices are up 12.5%. Irish and Dutch prices have jumped 11.2% and German prices are up 9.6%. The Belgian price shows the lowest change amongst the euro zone countries but still shows a healthy 7.6% increase.

Amongst the non-euro zone countries pig prices have also moved on up for all producers except those in the UK. Slovenian prices have jumped by 11.8%. In Poland, a growing force in the European pig industry, prices are up 11.3%, Hungarian prices are up 7.4% and the Czech Republic managed to show a 2.6% increase. As noted above, the UK's pig producers have not shared in this general price movement. And this poor comparative price performance was

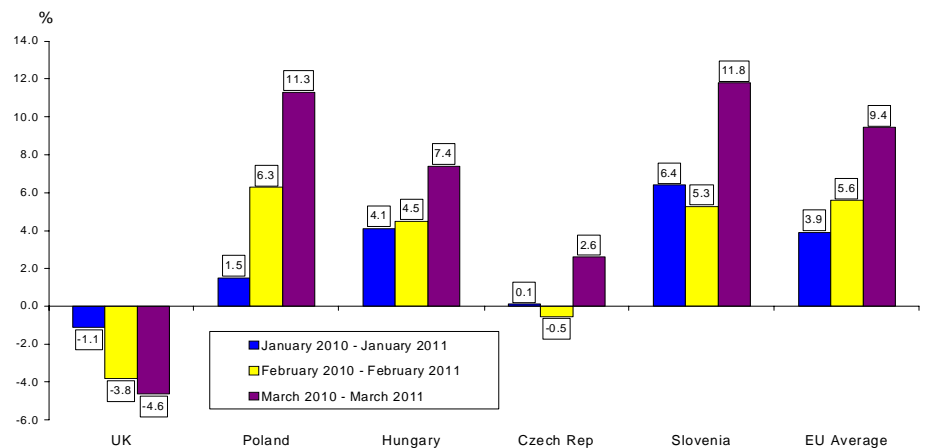
not known at the time of their recent demonstrations in London and before their attack on the UK supermarkets.

It remains to be seen just where the energy is coming from to drive European pig prices up so far and so fast. Supplies have been tight but not to this extent and there was no obvious disease impact or supply bottleneck in Europe in March - indeed the opposite could be claimed as the impact of the German dioxin scandal on the supply chain unwound. On the demand side, German consumers' confidence in pork recovered from the dioxin scare last month and there may have been an export effect as Japanese/South Korean events have fed market expectations. But export demand makes up a small proportion of the total market. Whatever the source of these upward price pressures these March price data will feed food price inflation worries for the policymakers - especially if they understand that European farmers are generally not satisfied that these higher prices are sufficient to balance higher input costs..

Annual % change in EU pig producer prices (in Euro) © WHOLE HOG

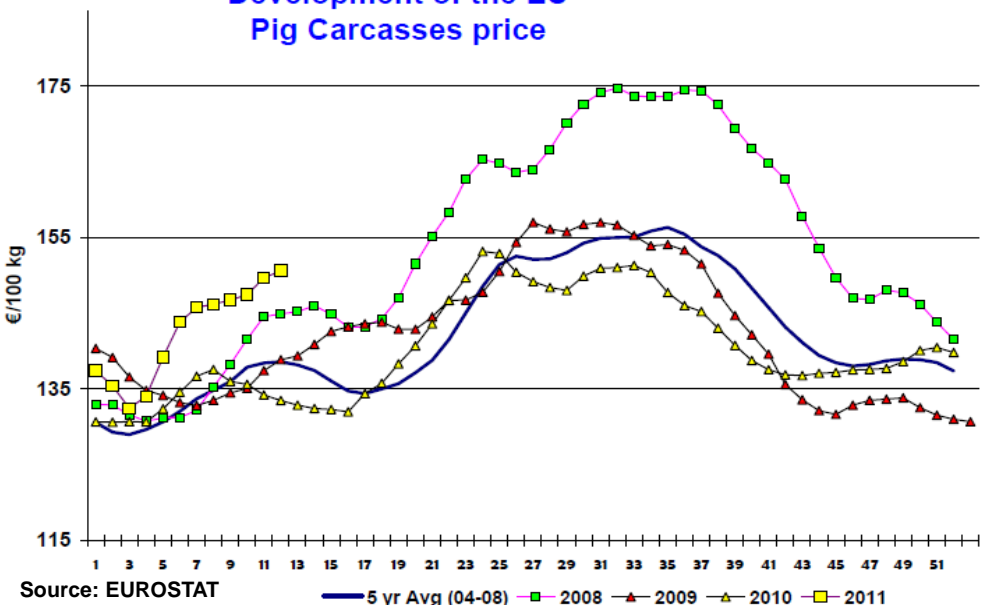


Annual % change in EU pig producer prices (national currencies) © WHOLE HOG



*EU Average is constructed from % change in Euro and national currencies

Development of the EU Pig Carcasses price





Polish export trade shows strong growth in 2010

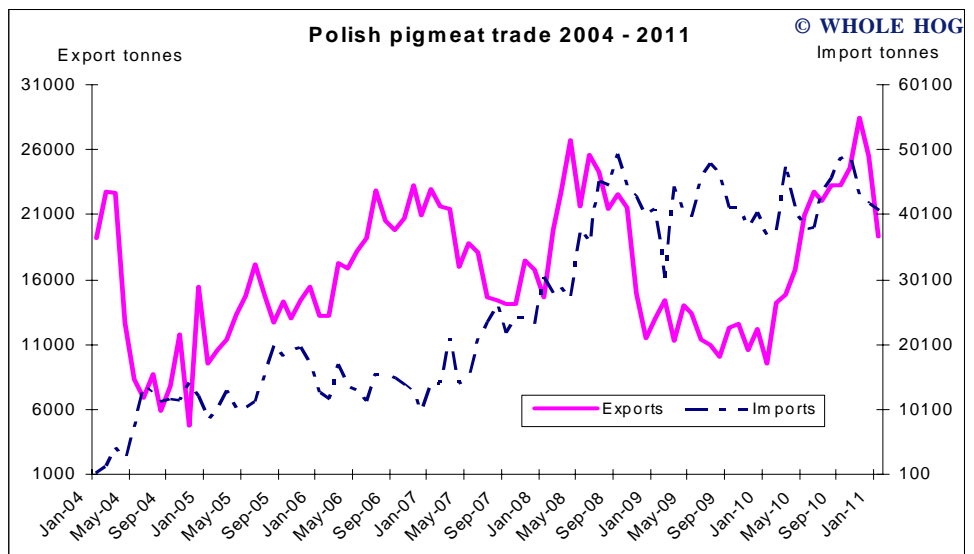
Polish pork exports increased significantly in 2010. According to the preliminary trade data from the Polish Agricultural Ministry, pigmeat exports amounted to 246,199 MT in 2010 compared to 150,070 MT sold in 2009, which is a 64% rise in volumes. The main reason for this remarkable performance was the huge increase in sales to Belarus - this is now Poland's major export customer for pigmeat. In 2010 Belarus imported 48,281 MT of Polish pork and ham which is a 502% growth rate on 2009. A large increase in export sales was also seen in the Hungarian market with purchases by Hungarian buyers of 19,302 MT which is a gain of over 700%. Hungary is now the fourth largest export customer for Polish exporters. According to the Polish Ministry of Agriculture the Ukraine is traditionally one of the largest markets for Polish pigmeat with imports nearly double the volume of pigmeat sold to the Czech Republic (31,904 MT versus 18,739 MT) but, in value terms, the Ukraine is less important because it tends to purchase the lowest price cuts. The average price of Polish pigmeat sold to the Ukraine is 1.13 Euro/kg whilst the Czech Republic buyers pay an average price of 2.97 Euro/kg. Higher quality cuts of pork and ham products are also exported to the USA, Ireland, Japan, the Netherlands and the UK. Significantly, that high quality market, Japan, has seen its purchases of Polish pork double in 2010. The only major market to show a significant fall in Polish exports is the UK - down 28% and, perhaps, a reflection of the large numbers of Polish workers who have returned to Poland as a result of the UK's economic downturn last year.

On the flip side of the trade coin Polish purchases of imported pigmeat have fallen back slightly in 2010. Overall, import volumes are down 2% in 2010 to 511,295 MT. The two major foreign suppliers to the Polish market in 2009 were Germany and Denmark and this hasn't changed in 2010. The German suppliers have lost ground slightly but still sold 183,021 MT to Polish consumers - that's more than one third of all the foreign pork and ham consumed in Poland (36%). The Danes sold just under a third: 31% of all overseas supplies to Poland. The Dutch lost market share in 2010 - down to c. 43,000 MT and 8% of the market. Belgium-based suppliers grew their sales by 6% to 57,081 MT.

Polish pigmeat exports Jan-Dec 2010, Jan 2011

(metric tonnes)	2010	2009	% change on 2009	January 2011	January 2010	% change on 2010
Belarus	48,281	8,019	502.1	1,604	86	1765.1
Czech Republic	18,739	17,103	9.6	1,534	1,345	14.1
Ukraine	31,904	30,685	3.9	1,093	861	26.9
Hungary	19,302	2,405	702.6	3,192	177	1703.4
Lithuania	14,554	14,018	3.8	1,223	658	85.9
Slovakia	13,917	11,037	26.1	1,186	880	34.8
Japan	8,698	4,112	111.5	1,165	424	174.8
Germany	14,884	13,917	6.9	1,490	533	179.5
Latvia	7,134	4,305	65.7	713	382	86.6
UK	5,128	7,063	-27.4	360	296	21.6
Others	63,658	37,406	70.2	5760	2,816	104.5
Total	246,199	150,070	64.1	19,266	8,458	127.8

Source: Polish Ministry of Agriculture



Polish pigmeat imports Jan-Dec 2010, Jan 2011

(metric tonnes)	2010	2009	% change on 2009	January 2011	January 2010	% change on 2010
Germany	183,021	185,705	-1.4	13,327	12,870	3.6
Denmark	156,327	154,242	1.4	13,889	12,749	8.9
Belgium	57,081	53,814	6.1	5,295	4,176	26.8
UK	24,198	24,614	-1.7	452	1,506	-69.9
Netherlands	42,868	49,687	-13.7	4,279	3,046	40.5
Spain	19,375	18,896	2.5	1,765	1,173	50.5
France	9,093	11,684	-22.2	744	523	42.3
Hungary	5,474	6,870	-20.3	386	500	-22.8
Cyprus	2,553	3,009	-15.2	92	486	-81.1
Austria	1,973	2,899	-31.9	146	166	-12.0
Others	9,332	10,545	-11.5	304	390	-22.1
Total	511,295	521,965	-2.0	40,679	37,585	8.2

Source: Polish Ministry of Agriculture



Canadian exports off to slow start in 2011

The trade data for the first month of 2011 do not show Canadian exporters in their best light - total sales are down 6% in January 2011. 81,104 MT of Canadian pork were sold overseas in January 2011. There are another eleven months in 2011 but it's not a good start to the year for the Canucks. Meanwhile, live hog exports are flatlining - although stability in the live hog trade is probably what the domestic slaughter industry needs and what analysts can expect for some years yet. A return to a buoyant live export trade is not likely whilst Canadian restructuring/COOL/credit issues/exchange rate impacts work their way through the system. Canadian exporting companies lost ground in their two major markets - the USA and Japan - and whilst they have been able to take advantage of the South Korean industry's difficulties with FMD they have not been able to capitalize on the Korean market as much as their US competitors, as recent comments from CPI have highlighted.

Individual markets had varying performances: the USA market was down 4.5% to 24,652 MT and the Japanese market was down 15.6% in January with 17,595 MT sold. Mexico was also down, 4.7% to 4,257 MT; Mainland China was up c. 600% to 5,491 MT (reflecting importation difficulties last year); Russian buyers bought 6,343 MT or 19% more than in the same month last year; the Philippines market dropped back to 3,920 MT and this market was down 10%. The Australian market declined by 16% to 2,744MT and Hong Kong dropped by 72% to 1,846 MT. The South Korean demand for Canadian pork has now taken off (in line with other exporters' sales) and was up by 34% to 5,901 MT. The table alongside presents these data.

Total Canadian pork production for the YTD week ending 26 March 2011 is down 3.6%. Live hog exports of feeder pigs are down 3% on a YTD basis ending 19 March 2011.

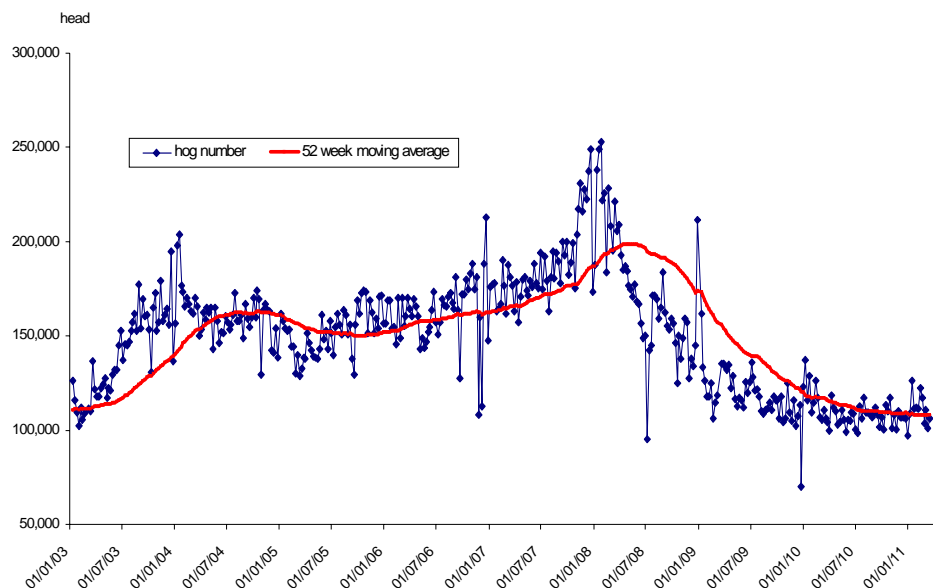
Canadian pigmeat imports in the year to date ending 19 March 2011 were 31,516 MT in total and this is down slightly on the same period last year (-1.5%). Fresh and frozen pigmeat imports from the USA were 22,688 MT, and this is an 9.4% increase on a year to year comparison. Imports of processed pigmeat from the USA were down by around 22% in the YTD and were recorded at 8,705 MT. Pigmeat imports from the US make up over 99% of total Canadian imports.

Canadian pork exports, year to 31 January, 2011

(metric tonnes)	2011	2010	% change on 2010
USA	24,652	25,827	-4.5
Japan	17,595	20,839	-15.6
Australia	2,744	3,277	-16.3
Russia	6,343	5,316	19.3
Mexico	4,257	4,465	-4.7
S. Korea	5,901	4,389	34.4
China	5,491	775	608.5
Taiwan	2,749	2,511	9.5
Cuba	218	387	-43.7
New Zealand	876	521	68.1
Hong Kong	1,846	6,656	-72.3
Philippines	3,920	4,359	-10.1
Others	4,512	7,089	-36.4
Total	81,104	86,411	-6.1

Source: Statistics Canada

Canadian weekly live hog exports to US, actual and moving average 2003 - 2011 © WHOLE HOG





US exports start 2011 with a bang in Japan/Korea

Recent export data released by USDA and USMEF show total pork sales overseas exports increasing by 15% compared with January 2011. The January 2011 sales performance is remarkable albeit explicable by the direct and indirect effects of FMD in South Korea. Sales of pork cuts and variety meats in the month of January were 162,366 MT. Within this total fresh, chilled exports in January 2011 were 46,034 MT and are down 2.4% compared with January 2010. Frozen exports were 63,696 MT in January and this is up 42% from January 2010. Pork variety meats were recorded at 36,894 MT in January and this is an increase of 11.2% on January 2010. Total sales in January 2011 were 162,366 MT.

Exports to Japan in January 2011 were up 28% and in South Korea sales were up 128%. Japan imported 35,765 MT of US pigmeat in the first month of 2011. In comparison, 13,168 MT of pork were exported to South Korea in the same month..

US exporters saw pork sales decline in their biggest market, Mexico (-7% and 49,179 MT) and were treading water in Canada (-0.7% and 13,000 MT). In Hong Kong, US exports fell 38% (10,869 MT) and the mainland Chinese market registered zero sales. The various other markets that are reported together in the export trade table were also down 12% (17,052 MT).

January 2011 pork imports to the USA were 27,026 MT and this is a drop of 2% on January 2010. Fresh and chilled pigmeat imports

US pigmeat exports, January 2011

(metric tonnes)	Pork cuts	Variety meats	YTD 2011	YTD 2010	% Change
Japan	34,340	1,425	35,765	27,935	28.0
Mexico	36,316	12,863	49,179	52,902	-7.0
Canada	11,169	1,831	13,000	13,090	-0.7
South Korea	11,647	1,521	13,168	5,772	128.1
China	9,719	8,068	17,788	0	---
Taiwan	1,547	1,095	2,641	4,241	-37.7
Russia	2,166	740	2,906	119	2341.8
Hong Kong	2,794	8,075	10,869	17,577	-38.2
Others	15,775	1,276	17,052	19,290	-11.6
Total	125,473	36,894	162,366	140,926	15.2

Source: US FAS

were c. 12% less than in January 2010 - to 15,258 MT. Frozen pork imports were up c. 12% - to 7,461 MT in January.

Pigmeat imports from Canada were 22,269 MT - a 5% drop on the January 2010 figure. Denmark exported 2,159 MT of pigmeat to

the US in January 2011 and this is a decline of 12% from one year earlier. However, all other sources of pigmeat imports into the USA were up 49% in January 2011 to 2,597 MT.

US pigmeat imports, January 2011

(metric tonnes)	Total Pork	YTD 2011	YTD 2010	% Change
Canada	22,269	22,269	23,385	-4.8
Denmark	2,159	2,159	2,439	-11.5
Others	2,597	2,597	1,749	48.5
Total	27,026	27,026	27,573	-2.0

Source: US FAS

The next issue of Whole Hog Brief will be available on the 4th May 2011



Turnaround in Australian trade is clearly evident

Australian pigmeat exports January 2011

If you are Australian and concerned about the balance of trade in pigmeat the lines on our chart are moving in the right direction. The January 2011 data confirm the trends - and a narrowing gap - for import and export data. The good news extends to the domestic slaughter numbers which show a positive trend that has now passed the 12 month mark. Having said this, the trade gap is too large ever to be reduced to the levels seen a few years ago and, objectively, it may be that the domestic industry is now reacting to the competitive spur that imports have generated.

Cumulative imports increased by 3% on the MAT trend from January last year but exports increased by 4.1%. Domestic production grew by 4.5%. The year to year January data comparisons show a c. 14% decline in import volumes and total year on year export volumes show a c. 17% increase.

In January 2011 Australia exported 2,909 tonnes SW (Shipped Weight) of pigmeat. This was worth A\$8.8 million. That's 1.4% more in value terms than January 2010. The trend in total volume was 36,191 tonnes SW. The Moving Average Total for the value of these exports was reported as A\$115.2 million, which is an 8.6% fall on the 2010 total. The average price in January was A\$3.04/kg, a 13.1% drop over the year.

The trend line of slaughter pigs is showing another increase - by 3.2%. The monthly slaughtering numbers have also moved up (+2.1%) and slaughter weights are up 1.3%. The domestic production level in January was 24,315 tonnes, up 3%.

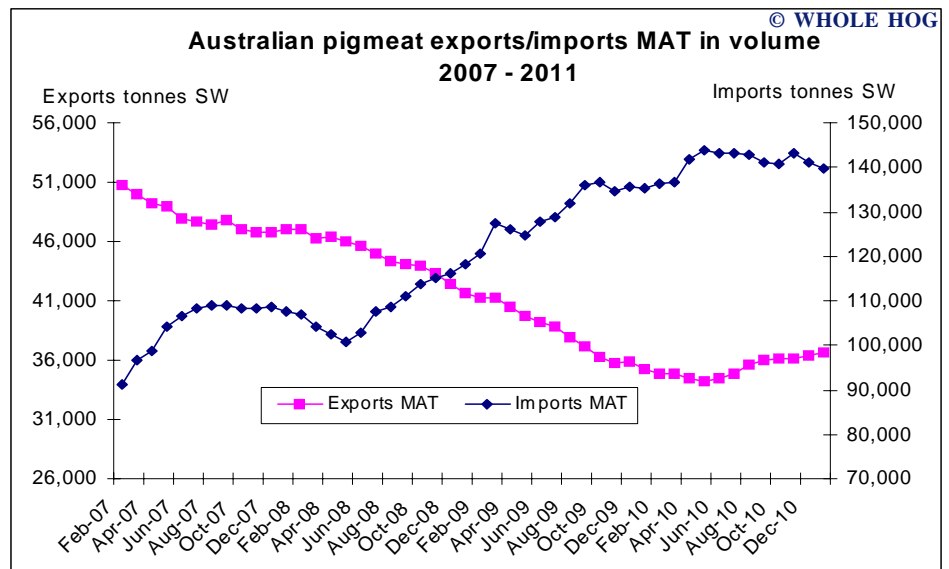
Export volumes to the important Singapore market are up (+17.6%) in comparison with last year but are c. 5% down on the MAT trend. The sales value of exports to the Singapore market has increased by c. 4% compared with the same month last year but the MAT trend is down by c. 11%. Singapore is reported to be 43% of the Australian export market in January 2011 (by volume). The January trade with New Zealand was down by 44% and sales to Hong Kong were up 69%.

Imports of pigmeat into Australia in January were 9,350 tonnes SW which is a 13.7% decrease on January 2010. The trend in import volumes went up by 3% and was reported at 139,641 tonnes SW. The MAT trend in value was A\$473.1 million, a 3.9% drop year on year. The January import bill for foreign pigmeat was A\$30.9 million.

Canada exported 2,157 tonnes SW of pigmeat to Australia in January 2011. This is a 25% fall on the same month a year ago. The 12 month trend in import volumes from Canada is reported at 40,426 tonnes SW, a 15.2% decrease on the 12 months since January 2009 and the trend in value also fell by 15% and totalled A\$126.6 million.

	Total		Singapore		New Zealand		Hong Kong	
	Volume Tonnes SW	Value \$AUD (million)	Volume Tonnes SW	Value \$AUD (million)	Volume Tonnes SW	Value \$AUD (million)	Volume Tonnes SW	Value \$AUD (million)
MAT January - 11	36,617	115.2	15,753	65.1	6,562	20.8	2,878	6.2
MAT January - 10	35,166	126.0	16,597	72.8	7,235	27.3	3,041	6.8
% change	4.1	-8.6	-5.1	-10.5	-9.3	-23.8	-5.3	-9.3
January - 11	2,909	8.8	1,487	5.9	306	0.8	256	0.53
January -10	2,493	8.7	1,264	5.6	548	1.5	152	0.38
% change	16.7	1.4	17.6	4.1	-44.1	-43.7	68.6	38.7

Source : ABS



Australian pigmeat imports January 2011

	Total		Canada		Denmark		USA	
	Volume Tonnes SW	Value \$AUD (million)	Volume Tonnes SW	Value \$AUD (million)	Volume Tonnes SW	Value \$AUD (million)	Volume Tonnes SW	Value \$AUD (million)
MAT January - 11	139,641	473.1	40,426	126.6	48,070	176.9	49,765	157.6
MAT January - 10	135,541	492.1	47,658	149.2	43,379	208.4	43,890	129.9
% Change	3.0	-3.9	-15.2	-15.1	10.8	-15.1	13.4	21.3
January - 11	9,350	30.9	2,157	7.0	3,708	12.5	3,324	10.3
January - 10	10,837	35.8	2,859	7.9	5,051	20.1	2,866	7.0
% Change	-13.7	-13.7	-24.5	-11.5	-26.6	-37.8	16.0	47.5

Source : ABS

Exports from Denmark to Australia fell sharply in January 2011. Denmark exported 3,708 tonnes SW of pigmeat to Australia in that month and this is a decline of 26.6% from January 2010. The trend in Danish import volumes is recorded at 48,070 tonnes SW and this is up by 10.8% while the trend in total value fell by 15.1% and equalled A\$176.9 million.

US exports to Australia in January 2011 increased to 3,324 tonnes SW and this was equivalent to a 16% increase on January 2010. The trend in total volume was 49,765 tonnes SW which is a 13.4% increase on January 2009. The trend in total value is reported at A\$17.6 million and this is about 21% more than the trend value for last year.



Strong demand for Imported pork In Japanese market

The December 2010 pork trade data for Japan provide a view of the full year's trade performance. Whilst the USA remains the largest source of supply the Danes have shown the highest growth rate over the period at +8.7%. All three major exporters, Canada included, have achieved significant growth rates in 2010 - the USA marked up a 3.3% gain and Canada had a 3.7% growth rate. Overall, the Japanese market was up 7.1% in volume terms for the full twelve months of 2010.

Exports to Japan were 752,546 MT compared with 702,445 MT in 2009. Frozen pigmeat was up by 11.2% for the full year (but down 9.4% from December 2009) and fresh & chilled declined by 1% (but up 13.7% over December 2009).

The Danes increased their exports to Japan in 2010 by 8.7%: 133,586 MT this year against 122,916 MT in 2009. Canada increased its YTD sales by 3.7% and its sales volume for 2010 was 178,548 MT. The USA, still Japan's #1 source for pork imports, saw an increase of 3.3% in its sales compared with 2009. Total sales from the USA amounted to 298,198 MT compared with 288,562 MT in the same period a year earlier.

Pigmeat imports from the USA were 24,436 MT in December, a c. 6% increase when compared with December 2009. Canadian ex-

Japan's pigmeat imports, December 2010

(metric tonnes)	December 2010	YTD 2010	YTD 2009	YTD % change
Fresh & chilled pigmeat	21,267	231,214	233,616	-1.0
Frozen pigmeat	38,637	521,172	468,779	11.2
US	24,436	298,198	288,562	3.3
Denmark	9,646	133,586	122,916	8.7
Canada	14,671	178,548	172,253	3.7
Total Pigmeat	59,929	752,546	702,445	7.1

Source: Japan's Agriculture & Livestock Industries Corporation

ports in December 2010 to the Japanese market were 11.3% lower than in December 2009. 14,671 MT of pigmeat to Japan were imported from Canada during December 2010. In the same month Japan imported 9,646 MT of pigmeat from Denmark.

Total stocks of pork in Japan in December 2010 were up slightly on a year to year comparison: at the end of December Japan's pork stocks were 168,003 MT. Imported pork stocks equaled 141,531 MT - an increase of 3% on the same month in 2009. Domestic pork stocks are reported as 26,472 MT, 10% down on 2009.

Total pork sales in Japan in December were down by 1.1% on the same month last year (148,782 MT). The sales of imported pigmeat were 67,481 MT - and this is about 3% higher than at the same time in 2009. Domestic pigmeat sales fell by c. 4% on 2009's figures and were recorded at 81,301 MT.

All of the above data cover a period before the effects of the Japanese earthquake/tsunami and nuclear disaster were felt. It remains to be seen just which way the Japanese consumer will jump re. domestic supplies of farm produce and general spending patterns.

FMD woes create import boom in S Korea

South Korea's demand for imported pork has now moved into overdrive. Pork import trade data for February 2011 show a year on year demand uplift of 31% in volume terms. Most of this demand has been satisfied by US exports - which are up 90% on last year. Chilean-sourced pork, the third largest supplier, is down 11% from the same month last year whilst Canadian exports are up 10%.

In February South Korea imported 27,466 MT of pigmeat - that's 31.3% more than February 2010. US exports to South Korea in February 2010 were 10,774 MT and 61.9% more than the YTD period 2010. Canadian exports increased by 11.8% in the YTD comparison. Exports from Chile in February were down 11% on a year to year comparison and down 2.3% on a YTD comparison. European-sourced exports to South Korea have risen from all countries on a YTD basis. YTD Spanish exports in February 2011 increased by c. 25% (to 3,430 MT), Belgium exports increased by c. 30% (to 2,536 MT), and French-sourced imports were markedly up by 17% (to 2,579 MT).

South Korea's pigmeat imports, February 2011

	Feb 2011	YTD 2011	YTD 2010	%Change 11/10
United States	10,774	21,035	12,995	61.9
Canada	4,588	10,672	9,542	11.8
Chile	3,159	7,580	7,758	-2.3
Spain	1,318	3,430	2,743	25.0
Belgium	811	2,536	1,948	30.2
France	966	2,579	2,214	16.5
Total	27,466	61,557	46,559	32.2

Source: Korea International Trade Association

With only two months' export sales to report, it looks like the South Korean market will be lucky to maintain its growth over the full year. The new mix of prices and costs

plus the likelihood of a change in commodity prices means that producers will need perudaing before they rush to expand their herds.



News in short...News in short...News

China

A major investigation into food safety and specifically the illegal use of clenbuterol in pig production has been launched by the national government in China. This follows the initial discovery of the growth promoter in pigs in Henan Province. Reports in the Chinese press indicate that 300,000 pigs had been tested in the Province and that 134 of them tested positive for the presence of the growth promoter - which is illegal in China. 12 officials were immediately named as involved in the incident but a subsequent press report claims that Chinese prosecutors have placed official charges against 16 officials for dereliction of duty. Ji Yuan Shuanghui Food Co Ltd, a supplier of the country's largest meat processor apologized publicly for any involvement it may have had, as did the parent company, the Shuanghui Group.

EU

Discussions between the European Parliament and the Council of the EU have failed to find a way to update the Novel Foods Regulation. The Council has rejected the Parliament's proposal to ban food from cloned animals and their descendants entering the food chain and the current Novel Foods Regulation, adopted in 1997, will therefore remain in force.

UK

Pigs can fly - if they are part of JSR's first shipment to Guangzhou Animal Husbandry Company (GZAH) in Guangzhou province. JSR's pigs have been flown into China and will stock a new breeding Nucleus farm. The pigs were JSR Genepacker GGP Gilts and JSR Geneconverter GGP Boars. "This is a great success for JSR and the start of a long business relationship with GZAH and follows from the signing of the contract in Beijing in November 2010," said Paul Anderson, International Sales Director, JSR.

France

The French pork industry is launching a new logo which will enable consumers to identify French pork products. The French origin of pork and pork will be notified by the new VPF logo which is expected to become the unique identifier of the French origin of pork.

Denmark

Danish Crown has published its "green accounts". The coop owned by Danish farmers produced 1.38 million tons of pork, beef and veal in 2009/10 in its 13 factories. Under the requirements of Danish environmental regulations DC is obliged to publish green accounts each year which report on its impact on the environment.

Australia

The USDA has published its forecast of livestock production, inventory and trade for Australia. The USDA notes, "Very harsh economic conditions experienced by Australian pig meat producers have caused significant restructure in recent times. Despite greatly improved economic conditions, the industry continues to recover at a slower pace than previously forecast." The closing inventory for hogs in 2011 is forecast by USDA to expand to 2.4 million head as improved feed grain supplies and strong meat prices allow the Australian pig herd to expand. The USDA quotes industry sources as, "hopeful that the calendar year 2011 forecast has signified the end to the long term decline of the Australian pig meat industry". Improved seasonal conditions in 2010 have seen winter cereal production increase to record or near record levels. Furthermore, heavy rainfall at the time of harvest caused much downgrading of grain to feed quality, dramatically increasing domestic supplies of feed grain. Total hog slaughter for CY 2011 is forecast at 4.7 million head, up on the revised estimate of 4.64 million head for the previous year. Total pig meat production for CY 2011 is forecast by at 350 TMT, up on the revised estimate of 340 TMT for the previous year. Increased slaughter numbers together with a slight increase in carcass weight means that USDA expects to see total pig meat exports increase slightly to 41 TMT, up slightly on the revised estimate for CY 2010. Total pig meat imports for CY 2011 are forecast to decline slightly to 170 TMT as local production begins to recover and displaces, at least partially, imports of pig meat

UK

The British Pig Executive (BPEX) has published its latest annual survey of producer confidence. British pig farmers' confidence is at an all-time low" - even worse than in 2008 when farmers demonstrated in their thousands in London and across the UK. The ma-

majority of pig farmers said it was not lack of access to finance that was the inhibiting factor but uncertainty about the returns. "The survey underlines the crisis as a result of the gap between cost of production and pig prices. The volatility of feed prices looks set to continue for at least the rest of this year and therefore something has to change in the attitude and behaviour of the supply chain if producer confidence is to be restored," said BPEX head of Communications Andrew Knowles.

Russia

A new outbreak of African Swine Fever (ASF) has been reported by the State Veterinary Service in Russia (Rosselkhoz nadzor). The ASF virus has been found in pigs in the territory of the agricultural and animal breeding complex "Kedr" located 2.5 km from the village of Krasnoye, Voznesenskoye settlement, Labinsky Rayon, Krasnodar Krai. The outbreak is located 25 km from Novoalexeyevskaya village, Kurganinsky Rayon where an ASF outbreak was reported in February 2011.

Denmark

The Danish Parliament has put meat and dairy products in the same category as cigarettes and alcohol by voting to introduce a tax on saturated fat. The Danish Government has admitted that the main purpose of the tax is to finance agreed general tax cuts. Danish sources say that it is doubtful if the tax will be levied on imported products thus raising questions about legality and competitiveness for the Danish meat and dairy sectors. The tax is to be imposed on meat, meat products, oils and processed foods containing saturated fats and dairy products.

Taiwan

Food and mouth disease (FMD) has been found in pigs on the way to an abattoir from a pig farm in Penghu Island and, most recently in Tainan City in the south of the main island. In both cases the pigs have been destroyed. In the Tainan City case lesions on fifteen pigs' feet were found on pigs in the auction market of Tainan City. The authorities traced the origin of the pigs to a farm where a further 15 pigs were infected. Thirty pigs in all have been culled and movement restrictions have been implemented.



Company News

The Cherkizovo Group has announced its full-year audited financial results for the period ended 31 December 2010. The report shows that sales increased 17% to \$1,188.2 million from \$1,019.2 million for 2010, and increased 12% on a rouble currency basis. Gross profit increased 15% to \$323.9 million from \$281.6 million for 2010, and increased 10% on a rouble currency basis. The Group gross margin was 27% whilst net income increased 21% to \$144.4 million from \$119.4 million for 2010, and increased 16% on a rouble currency basis. "The pork division has enjoyed significant growth and we anticipate this will be further supported in 2011 by the full integration of two new farms. We have increased our market share and positioned ourselves among the top three producers in the Russian market. By the end of 2012 our production volumes will have grown to over 150,000 tonnes, further strengthening our market leadership in this high-margin business and positively affecting our overall performance," said Sergey Mikhailov, Chief Executive Officer of the Group. "The outlook for 2011 is challenging. The operational impact of steep rises in grain and other feedstock input costs will largely be felt in the coming months, and we anticipate that these will only be partially offset by higher pricing."

Cranswick, the value-added UK meat group, has reported its preliminary results for the year ending 31 March 2011. The results were, "broadly in line with expectations". Like-for-like sales for the year to 31 March 2011 increased by 4%: volumes were ahead by 6%. However in Q4 underlying sales were only in line with those of the previous year. The Deeside cooked meat business was transferred into the Farmers Boy (Deeside) Limited joint venture on 9 July 2010 and from this date onwards sales are excluded from Group total sales. This impacts the comparison of total sales which for the full year were just 2 percent ahead of last year and in the fourth quarter were 6 percent lower. Operating margin was, "in line with management's expectations". The company's view of 2011/12 was low key, noting, "difficulties facing the UK consumer and the dynamics of the competitive UK market" and that the next 12 months may be, "more demanding than usual".

The UK's **Hilton Food Group** has released preliminary results for 2010 (52 weeks ending 2 January 2011) and show a volume growth of 9% with sales revenues up 4.6% to \$1.38 billion. The operating profit was up 7.3% to \$37 million and the profit before tax

PRODUCER PRICES FOR PIGMEAT FROM AROUND THE WORLD

WHOLE HOG Price Monitor Date: 07 April 2011

	National currency	% Change previous week	UK £ (pence/kg dw)	US \$ (cent/kg dw)	Euro (euro/kg dw)	Week ending
European Union						
Belgium	1.35	-1.0	119.38	192.71	1.35	25-Mar-11
Denmark	10.26	2.1	121.76	196.56	1.38	25-Mar-11
France	1.45	-0.5	128.32	207.14	1.45	25-Mar-11
Germany	1.54	0.7	136.30	220.03	1.54	25-Mar-11
Ireland	1.38	-0.2	122.51	197.77	1.38	25-Mar-11
Italy	1.57	0.3	139.25	224.79	1.57	25-Mar-11
Netherlands	1.38	0.0	122.22	197.30	1.38	25-Mar-11
Spain	1.66	0.0	147.10	237.46	1.66	25-Mar-11
Hungary	400.00	3.7	131.50	212.27	1.49	25-Mar-11
Poland	5.85	2.2	128.34	207.17	1.45	25-Mar-11
Czech Republic	36.07	2.1	130.41	210.51	1.47	25-Mar-11
United Kingdom	1.35	-0.3	134.70	216.87	1.52	25-Mar-11
The Americas						
USA	1.71	6.3	106.47	171.42	1.20	1-Apr-11
Canada	1.73	0.0	111.61	180.21	1.26	25-Mar-11
Mexico	19.78	0.0	103.51	166.78	1.17	1-Apr-11
Brazil	4.18	0.2	160.15	258.02	1.81	1-Apr-11
Australasia						
Australia	2.69	-0.4	173.55	280.21	1.96	18-Mar-11

Source: Whole Hog (www.porkinfo.com)

Exchange Rates 04 April 2011

	per US\$	per UK£	per Euro
Australian \$	0.96	1.55	1.37
UK £	0.62	1	0.88
Canadian \$	0.96	1.55	1.37
Japanese Yen	84.11	135.54	119.72
US\$	1	1.61	1.42
Euro	0.7	1.13	1
Danish Kroner	5.24	8.44	7.46

was \$35 million (+10.7%). Strong growth is reported in Hilton's statement from its activities in Central Europe with Ahold, Tesco and Rimi. Cash generation remains high and has enabled investment in equipment and facilities to continue including capital expenditure of \$29 million including \$16 million on the new Danish facility which is on schedule for the start of production in April

2011. Net debt has been reduced and no bank re-financing has been necessary. The Hilton Food Group plc is a specialist meat-packing business supplying major international food retailers and it is the largest dedicated packer of red meat in Europe (based on revenue). It employs around 1500 people and has sites in the UK, Ireland, the Netherlands, Sweden, Poland and Denmark.