

MARKET PROSPECTS

13TH FEBRUARY 2015

I. Summary per Member State:

1. Portugal

In Portugal the production is foreseen to remain stable in 2015. The price has recover in the last couple of weeks at the slaughterhouse. Retailers didn't accept increase of prices. Experts foreseen a reduction of the number of sows that should be compensated by an increase of productivity and therefore production is expected to remain stable. Below you can find the forecast for the price:

Price (€/100kg)	2014	2015	Variation (compared to the same quarter of last year)
1st quarter	154	135	- 14%
2nd quarter	174	155	- 12%
3rd quarter	194	170	- 14%
4th quarter	177	150	- 18%

Table 1. Prices in 2014 and forecast for 2015 in Portugal

2. Spain

In 2014 the exports increased by 12% and the production and the number of sows also increased. In Spain a decrease of production and price is foreseen in the second semester.

- indigenous production 1er semester: 21,37 millions of pigs
- indigenous production 2nd semester: 20,85 millions of pigs
- price 1er semester: 1,57 €/kg carcass weight
- price 2nd semester: 1,45 €/kg carcass weight

3. France

In France the situation is very difficult and breeders are mobilizing to maintain the prices. In 2015 it's foreseen an decrease of production compared to the previous year (reduction of slaughtering by 2%). Regarding the price experts foreseen in 2015 a decrease by 16% when compared to the same period of 2014.

4. Austria

In 2014, the production decreased by 4% when compared to 2013. Experts foreseen a similar reduction in pig population in 2015 when compared to 2014.

In 2014, the price decreased by 8% when compared to 2013 (around €10-12 per pig). This reduction was accentuated in the second half of the year, especially among fatteners.

In 2015, following a seasonal reduction in January the price has recovered in the last two weeks, but they similar to the 2011 prices. The only good news has been the reduction of feed costs and maintenance of consumption levels.

In 2015 is foreseen has a difficult year but not catastrophic, as consumption is expected to increase due to the expected reduction of supermarket prices (around 1€/kg).

5. The Netherlands

In the last three years the number of sows and pigs has been increasing. The same is expected in 2015.

	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Sows</u>	<u>866</u>	<u>911</u>	<u>869</u>
<u>Young Sows</u>	<u>222</u>	<u>190</u>	<u>245</u>
<u>Total</u>	<u>1.088</u>	<u>1.101</u>	<u>1.114</u>

Table 2. number of sows in 2012,2013 and 2014 in the Netherlands

6. Germany

- Number of slaughtered pigs 58,8 Mio (+ 0,1 %) (2014; 58,7 Mio. Heads)
- Average price for pigs 1,40 – 1,50/1,55 (source AMI) and 1,55 (DRV) the same level as 2014.

7. Denmark

Experts estimate that the closure Russian market in 2014 had a negative price impact of 2-2,5 DKK/kg in 2014. With Russia opened the average price in 2014 would have been around 12.75 DKK/kg instead of 10.35 DKK/kg. With a production of around 20 million slaughter pigs, the price of the Russian crisis have been around 600 - 700 million Euro's for the Danish pig producers. On European level Denmark delegate predicts that the production will fall with -2 to -3 % in the second half of 2015, which is also why APS right now would be very beneficial to stimulate prices upwards.

	2014 price in DKK/kg	2015 price in DKK/kg (forecast)	% change 2014/15	2014 production in million heads	2015 production in million heads (forecast)
1st quarter	10.52	8.75	-16.8	7,392	7,700
2nd quarter	10.72	9.00	-16.0	7,344	7,400
3rd quarter	10.65	9.50	-10.7	7,200	
4th quarter	9.52	8.75	-7.7	7,450	
Year	10.35	9.00	-13.0	29,386	

Table 3. Prices in 2014 and forecast for 2015 in Denmark

8. Sweden

The Swedish pigmarket in the autumn of 2015 performed well. It didn't decrease in price as most of rest of EU did. (see below)

- Forecast 1st and 2nd semester – stabilization of prices and maintenance of strong market.
- Production – slight decrease on production in production. The insemination of sows decreased 2014 with 5 %. In principle, the efficient progress in production on pig/sow will make a smaller decrease in production.

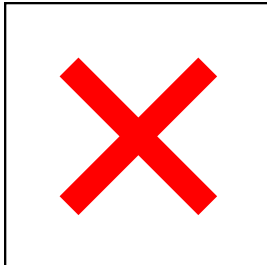


Fig 1. Prices in Sweden (Blue Line) in 2014 and first 5 weeks of 2015

9. Poland

In Poland the situation of pig (and dairy) farmers is dramatic. There has been big producers demonstrations

10. UK

UK prices are expected to continue falling over the next few weeks. They may then stabilise and possibly even increase modestly through the spring (when they would normally a rise). After that the direction is less certain and, to some extent, will depend on how EU prices and exchange rates develop. However, it seems likely that prices will remain under pressure and we could see further price falls over the summer and autumn.

					2014	2015				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
Production	212	207	215	228	862	218	213	222	234	887
Imports	228	236	235	244	943	228	236	237	246	947
Exports	60	59	61	58	239	60	60	60	65	245
Total Consumption	380	384	388	414	1.566	386	389	399	415	1.589

Table 4. Production in 2014 and forecast for 2015 in the UK

11. Forecast of Pig Production 2015 in EU and some major players (Source: Gira, Rabobank and Danish delegate own estimates).

EU	Increase 1. half (+2-3%) / Decrease 2. half (-2-3%)
US	+5 % (PEDv?)
Canada	+3 %

Brazil	+5 %
China	? (Drop in sows but increase in productivity)
Japan	+1 %
South Korea	-2 %
Mexico	+2 % (PEDv?)
Russia	+4 %
Ukraine	-5 %

12. Background Documents

VP(14)7852 (rev.1) – Presentation : Forecast Group on Pigs, 14 October 2014

PR(14)7651 (rev.1) – Working document EU Market Disturbances

O(14)7836 (rev.1) – meat products affected by Russian import restrictions

O(14)7833 (rev.1) – EU Meat market A brief overview and some statistical data

STAT(14)7618 (rev.1) – Pig farming in the European Union: considerable variations from one Member State to another

CAT(14)2894 (rev.1) – Highlights Commodities and Trade, the outlook for EU agricultural markets in 2014 – April 2014

COM(14)7453 (rev.1) – Short-term outlook for arable crops, meat and dairy markets in 2014 and 2015 - (Autumn 2014)

COM(14)7454 (rev.1) – Short-term outlook for arable crops, meat and dairy markets in 2014 and 2015 (Autumn 2014) : EU balance sheets and production details by Member State