

Global pork quarterly Q3 2024

Positive factors support confidence building in pork supply chains, but risks remain



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July 2024
RaboResearch Food & Agribusiness



A photograph of a pig in a farm setting, partially obscured by a semi-transparent white overlay on the right side of the page. The pig is in the foreground, looking towards the right. The background shows other pigs and farm equipment in a dimly lit, warm-toned environment.

Global pork quarterly Q3 2024

Better cost environment and resilient demand support the outlook, but trade vulnerabilities and disease pressures remain risk factors

Top global issues for 2H 2024

- **Global trade is facing challenges from geopolitical dynamics.** China's launch of an antidumping probe into EU pork imports is raising concerns about the vulnerability of global trade. The US-China trade war that started in 2018 has changed part of the global pork trade. The upcoming US presidential election could bring changes in US trade policy and uncertainty to global trade patterns over the coming years, adding complexity to the global market.
- **Pork supply-demand balance will vary in different regions in 2H.** Some countries, such as China, Vietnam, and Philippines, will see tight pork supply in 2H due to disease outbreaks, while other regions, including the EU and the US, will likely see pork supply increase slightly. Sow herd recovery will likely be faster than expected, especially in the EU and China. Productivity gains will continue despite recurrent disease issues in some regions.
- **Lower feed costs will support farming expansion.** We expect ample global supplies of grains and oilseeds to pressure feed prices in 2H. This will continue to benefit producers and encourage herd expansion.
- **Pork demand is resilient.** Pork consumption in 2H will improve due to seasonal demand. In addition, easing pork prices in the EU and weak prices in the US should support pork consumption in these regions.

What to watch in Q3 2024 and beyond

- Sow herd replenishment in key producing regions may slow down, impacting the supply situation and supporting profitability in 2025.
- The strength of the forthcoming La Niña climate pattern could influence crop conditions and price forecasts in 2H. The current view still supports relatively favorable weather and lower feed prices.
- China's antidumping probe into EU pork will be watched closely in the coming months, including whether China imposes provisional duties, whether the investigation supports additional duties, and the level of duties.
- Biosecurity remains a top concern as disease outbreaks persist in most regions.
- Economic performance, interest rate cuts, and consumer confidence across the globe will impact pork demand, market prices, investment decisions, and global trade.

Global pork market summary

Market balance remains weak in most countries and regions, but should improve as costs ease and demand remains resilient

North America

- Excess supply weighs on market as favorable weather has driven rapid growth.
- Producer returns are disappointing despite lower raising costs on larger global grain and oilseed supplies.

Europe

- The market is relatively in balance with slightly higher supply.
- Exports remain under pressure, but volumes to some Asian markets have increased.

China

- Hog prices rose in Q2 due to tight supply.
- Second fattening may disrupt supply.
- Imports remained low but are expected to rebound in the coming months.

Brazil

- Even with the drop in shipments to China, export volumes remained at a record level in 1H.
- Feed prices appreciated in Q2, but for 1H, they were still down 17% YOY.

Southeast Asia

- Vietnamese hog prices may rise further driven by tight supply, while imports are set to increase.
- The Filipino herd is recovering slowly, supporting prices at relatively high levels.

Japan

- Household consumption remains flat given inflationary pressures.
- Demand for imported chilled pork is expected to increase due to elevated domestic pork prices.

Global outlook

Global trade vulnerable to geopolitical tensions, impacting key exporting countries

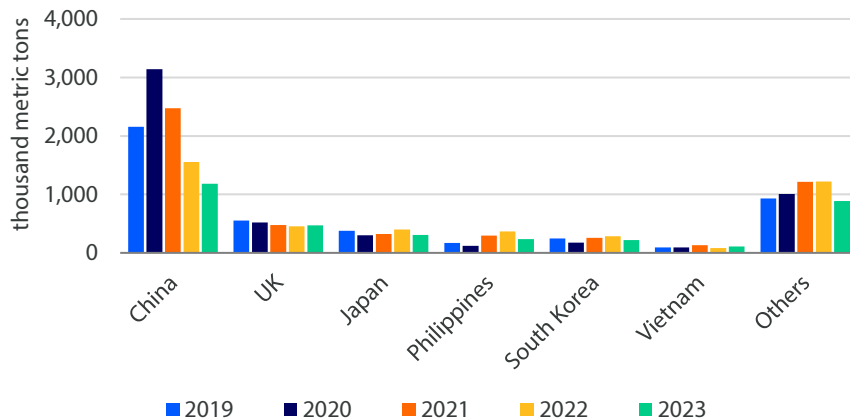
Global trade vulnerable to geopolitical tensions

On June 17, [China launched an antidumping probe into EU pork imports](#). As China is the world's largest pork importer and the most important destination for EU pork (see figure 1), the outcome could impact the EU market and have a ripple effect across the global market.

A suspension of EU exports or a very high tariff could mean global pork trade flows are rerouted as China finds new origins and EU exports flow to other regions. Key EU exporters would face direct and negative impacts, as they may have difficulty finding alternative markets, especially for offal. This may result in EU pork production declining and local prices rising as EU exporters rebalance the carcass.

If EU exporters offer discounts to capture new markets, importing countries may need to support and protect local producers. This is also not positive news for other exporting countries, as they may find their traditional trade partners shift to cheaper EU pork products. Although they may increase exports to China, the gap left by EU suppliers would not be fully covered due to different quality or specifications from other countries, and it takes time for end users to adjust to the new products.

Figure 1: China is the EU's main export destination for pork



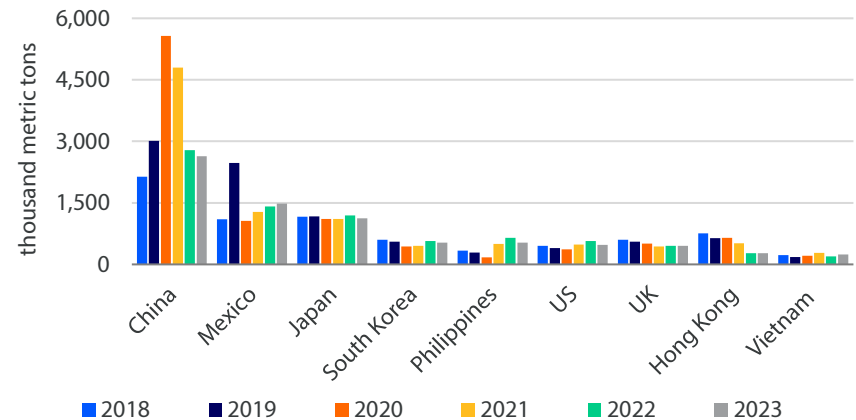
Source: USDA, Trade Data Monitor, RaboResearch 2024

Trade patterns are being reshaped

China's recent probe exemplifies the complex market situation for global pork trade. In 2018, the US and China increased tariffs on a number of commodities, and trade patterns changed. US pork exports to the world increased more slowly than other countries' pork exports, as the US lost competitiveness in trade with China due to its higher tariffs. Brazil has been the largest beneficiary, increasing its exports by 90% between 2018 and 2023, while US exports rose 20% over the same period, mostly on substantial increases within the North America free-trade zone.

With rising concerns over trade disruptions given geopolitical complexities, improvements in domestic production have been supported by many governments to increase self-sufficiency and reduce reliance on imports (see figure 2). Technology adoption enables productivity improvements and the scaling up of production in traditional importing countries. Thus, global trade could be trending toward more fragmentation rather than more concentration, as exporters and importers alike diversify sourcing to better manage the potential risks of trade disruption.

Figure 2: Most countries have reduced pork imports in recent years



Global outlook

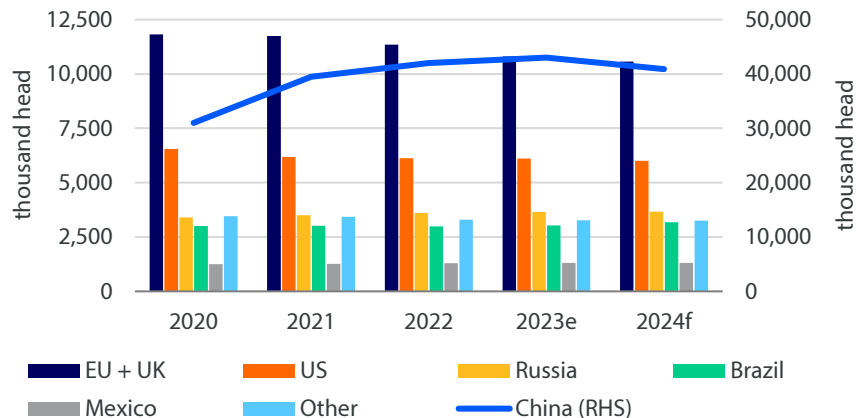
Pork production rebound varies as diseases and demand continue to pressure supply chains

Production rebound faster than previously expected

After several months of decline, the global sow herd showed signs of stabilizing and even rebounded in some regions, though at a slow pace (see figure 3). Earlier supply contraction and lower feed costs in most regions have improved farming profitability, along with productivity gains. Producers in some regions have started to rebuild sow herds, anticipating declining feed prices and growing demand. The weather still supports lower feed costs in 2H 2024, though there is some unpredictability, such as how strong La Niña could become.

Pork production rebound varies from region to region. Where disease outbreaks continue to impact recovery, such as Vietnam, the Philippines and Korea, production may recover slowly in 2H 2024 and stay below last year's level. China's production will likely drop only slightly in 2H, staying higher than expected, as weight gains partially offset the effect of smaller slaughter numbers. We expect continuous production growth in Brazil, the US, and some European countries. The sow herd will likely drop further in the US in 2H 2024 but production will increase due to herd liquidation and higher weights.

Figure 3: Global sow herd rebound is slow



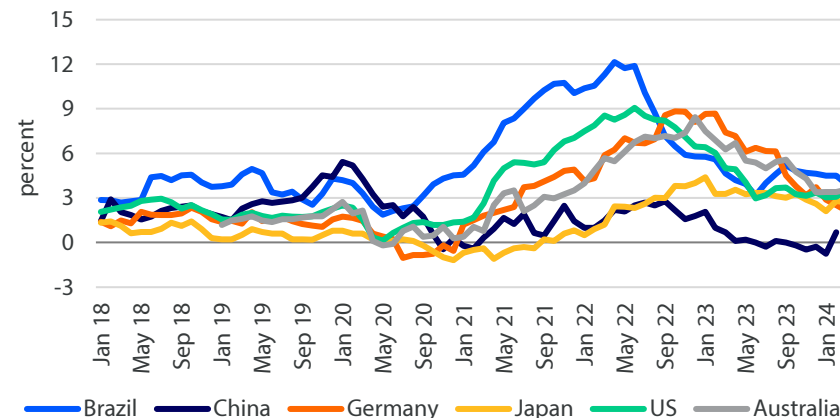
Source: International Monetary Fund, Trade Data Monitor, RaboResearch 2024

Supply chain remains pressured by diseases and soft demand

Disease remains a key concern for producers in some regions. The recent wave of African swine fever outbreaks in Germany and South Korea, and ongoing outbreaks in Vietnam, the Philippines, and China, have caused culling and price volatility in local markets. Producers are cautious with sow replenishment and continuously invest in biosecurity and herd health. There is still a lack of effective solutions to prevent diseases, despite efforts such as vaccination programs in some countries. High biosecurity standards remain critically important.

Consumer demand is relatively resilient across the globe, driven by a mixture of factors, including easing inflationary pressure, slower economic growth, competitively priced proteins, and seasonal changes. The EU saw sticky service inflation, while the US June CPI was 3%, the lowest in over three years. We expect consumption in these regions to remain stable with higher supply likely weighing on the market in 2H. Demand in northeast Asia and China will remain stable and move up slightly in 2H along with seasonal consumption, while Southeast Asia will see faster growth, subject to how tight supply could be and how fast elevated prices come down.

Figure 4: Inflationary pressures easing in most regions



Global outlook: Macroeconomic dashboard

Foreign exchange and GDP forecasts, shipping costs, and consumer confidence

Figure 5: Indexed FX forecast for the next 12 months

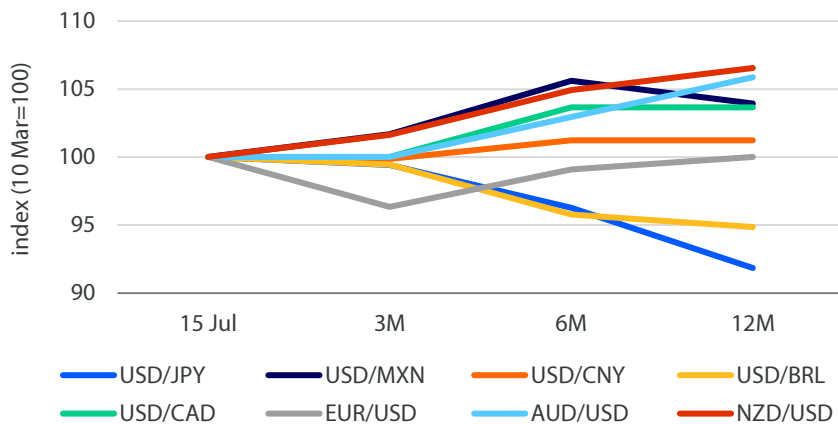


Figure 6: GDP growth outlook of selected countries, 2023-2025f

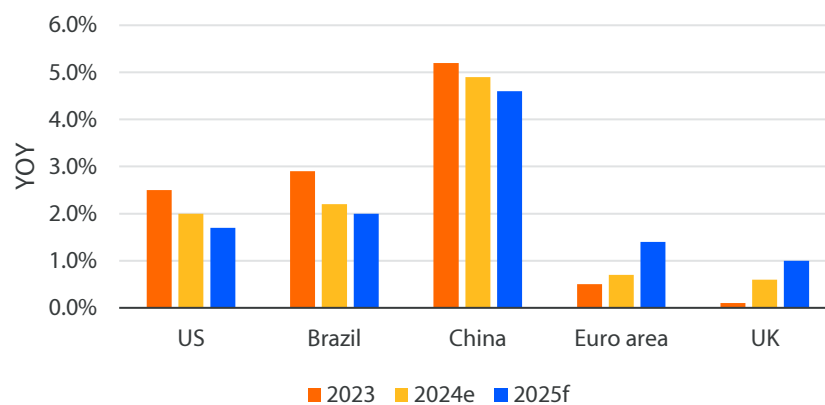


Figure 7: FAO Global Meat Price Indices, Mar 2018-May 2024

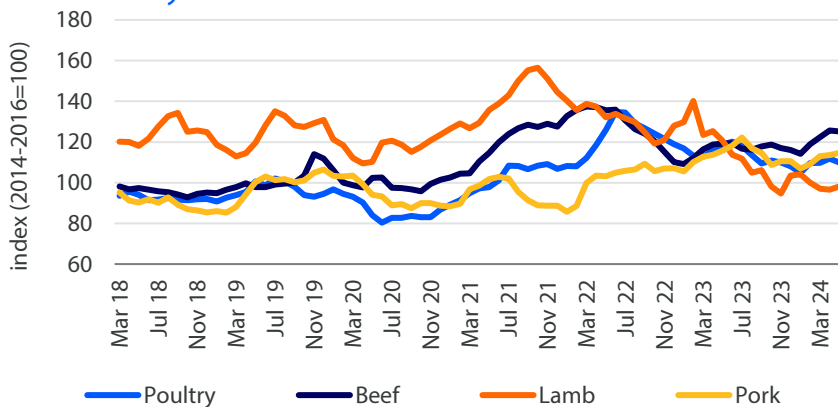
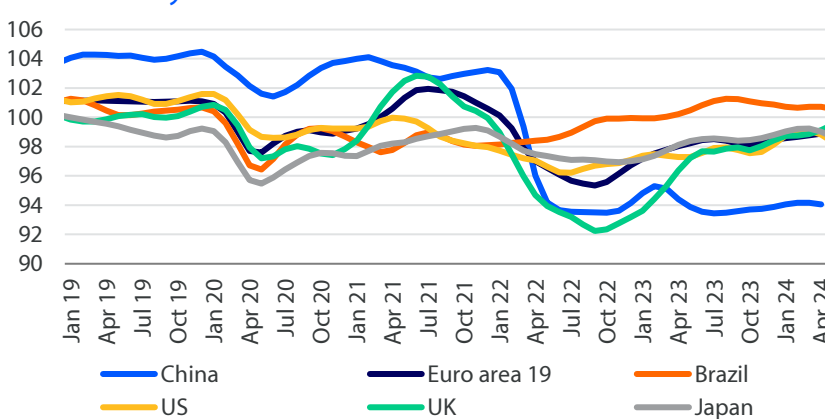


Figure 8: Consumer confidence in selected regions, Jan 2019-May 2024



Source: Macrobond, OECD, FAO, RaboResearch Global Economics & Markets, RaboResearch 2024



US Supply overwhelming domestic market, weaker near-term returns

US sow herd steady, further declines ahead

Hog inventories of 74.5m head were up 1.3% YOY in the June USDA *Hogs and Pigs* report, with fewer-than-expected sows kept for breeding (-3.2% YOY) partially offset by increases in productivity (+1.7% YOY) (see figure 9). Our outlook for weaker 2H 2024 returns should contribute to additional herd liquidation. Productivity gains are also expected to moderate in 2H 2024 as the industry laps prior year increases.

Pork production exceeded year-ago levels through June, up 0.9% YOY to 12.6bn pounds. Since late May, however, production has exceeded expectations and is currently up 4.5% YOY. Cooler weather early this summer and lower costs of gain drove heavier carcass weights, while slaughter levels also ran slightly ahead of expectations (+0.8% YOY). Larger pork supplies are weighing on the 2H 2024 outlook for hog and pork markets. As summer temperatures rise and weights normalize, however, we expect markets to improve. Based on our current outlook, RaboResearch is maintaining its outlook for 1.8% YOY growth in 2024 production.

Pork values disappoint

The pork cutout continued to disappoint following the summer holidays, down 12% YOY to USD 95 per hundredweight. Bellies and hams both contributed to the weakness, down 17% YOY and 10% YOY, respectively. While in line with the five-year average, current prices are below expectations. As mentioned, larger pork production to start the summer has weighed on prices, despite relatively low cold storage inventories. Slower sales in California in response to higher pork prices after the full implementation of Proposition 12 are also having an impact.

Exports slow in May

Pork and pork variety meat exports fell 4% in May, to 242,000 metric tons (see figure 10). Sales to most top markets moved lower, with a 6% YOY decline in sales to Mexico, an 18% drop in shipments to China, and a 4% reduction to Japan. South Korea, Colombia, and the Philippines all moved higher, as exporters continue to develop alternative markets for US pork. RaboResearch expects 5% growth in US pork exports in 2024, with a boost to 2H 2024 demand from Asia.

Source: USDA, Trade Data Monitor, RaboResearch 2024

Figure 9: Productivity gains outpace sow herd decline

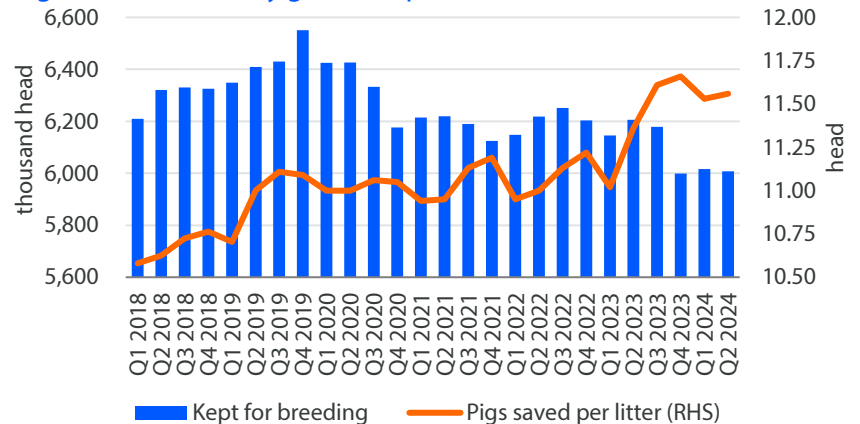
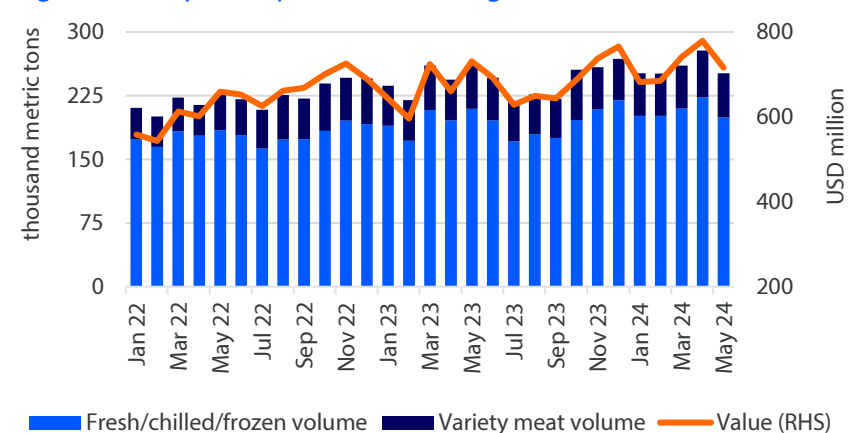


Figure 10: US pork exports off to strong start in 2024



Mexico

Limited live hog availability leads to price correction

Production challenges cause live hog shortage

Hog prices moved sharply higher at the end of Q2 2024 and are currently at MXN 45.23 per kg, which is approaching the all-time high of Q3 2022 (see figure 11). This is a 27.8% increase since April and 22.1% higher YOY. The carcass price has seen the same upward movement and is currently MXN 79.86/kg, a 28.0% increase YOY, and a 19.11% increase since April. This increase reflects a decline in domestic hog availability tied to productivity challenges that have created a supply hole, primarily concentrated in central Mexico. Processors with vertically integrated supply chains are experiencing the same hog shortage, creating additional upward movement in prices as they look to procure supplies on the open market.

Imports should remain strong despite peso devaluation

The Mexican peso has weakened 7.8% due to post-election volatility and is currently MXN 18.20 per USD, despite a modest recovery in recent weeks. Imports through April 2024 were 510,000 metric tons, 7.4% above the same period a year ago. US imports were up 11.8%, while trade with Canada and Spain was also higher. Only shipments from Brazil moved lower (-16% YOY). Currency headwinds likely slowed imports later in Q2 2024 and may remain a headwind until the new Sheinbaum administration takes office in October. However, tight domestic markets (and high prices) will likely keep import volumes above historical averages.

Wholesale markets are starting to receive price support

The tight availability of live hogs is also starting to impact pork prices. Ham prices surpassed 2023 levels for the first time in Q2 of this year and are currently MXN 75/kg, a 13.6% increase above year-ago levels (see figure 12). Mexico produces about half of the pork consumed in country, with the remainder sourced from imports (primarily from the US), which helps moderate prices. RaboResearch expects lower US ham (and pork) values to drive continued strength in imports, helping to offset tight domestic supplies. Smaller US turkey imports due to trade restrictions and high prices following recent outbreaks of avian influenza are also likely to bolster domestic ham prices as turkey is commonly used in local ham production.

Source: Grupo Consultor de Mercados Agrícolas, Trade Data Monitor, RaboResearch 2024

Figure 11: Hog prices move higher on tight supplies

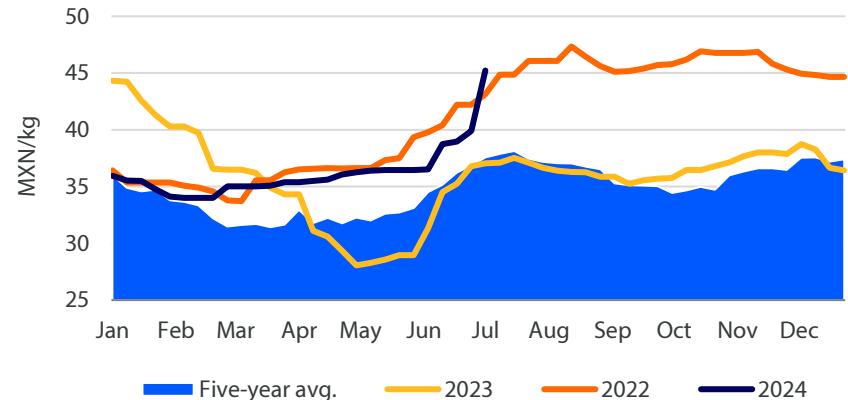
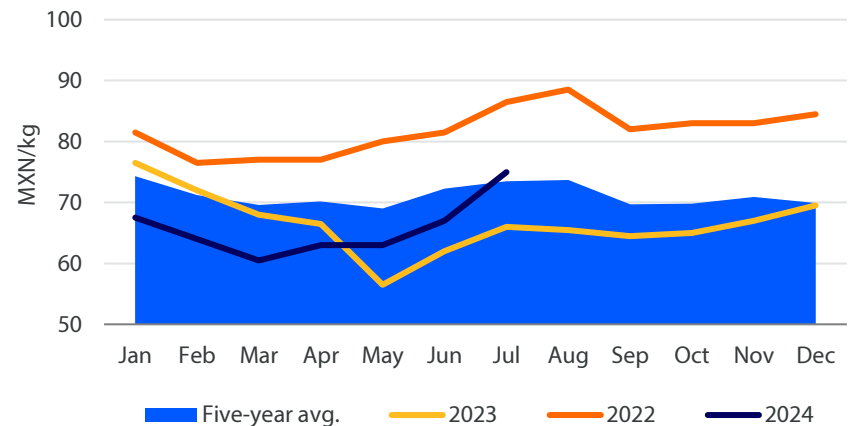


Figure 12: Ham price supported by constrained production





Canada

Production scales back to adjust for capacity reduction

Pork production lower on industry contraction

Year-to-date pork production is down 2.1% YOY to 1.1m metric tons. The drop reflects a 4.4% YOY decline in slaughter, which was partially offset by a 2.4% YOY increase in hog weights. The sharpest drop in slaughter was noted in the east (-6.2% YOY), as the full impact of reduced slaughter capacity is only recently being recognized. We expect a continued decline in slaughter in the east over the balance of the year. Recent plant closures have also resulted in an increase in sales of market hogs to the US, with year-to-date live exports up 19.4% YOY. Year-to-date feeder pig exports are flat versus year-ago, and they should remain steady over the balance of the year. Conversely, cull sow shipments to the US may decline in 2H 2024 as newly opened Canadian capacity will keep a larger share of cull sows in Canada going forward. RaboResearch is currently projecting a 1.7% YOY decline in Canadian pork production in 2024.

Hog prices moving higher seasonally; pork values follow

Hog prices continued to improve through Q2 2024 as smaller supplies and good packer demand remained supportive. Current prices are 13.3% above year-ago levels on average (see figure 13). Prices are up 15.8% YOY in Ontario and 5.4% in Manitoba, while the price formula in Québec is up 10.8% versus year-ago levels. These higher prices along with lower feed costs boosted producer returns after a challenging 18 months of equity drains. Despite this, continued industry restructuring is expected to continue driving a decline in the sow herd. Pork prices are also moving higher seasonally, tracking US markets and reflecting steady domestic demand despite softer export volumes.

Pork exports slow in May

Canadian pork and variety meat export volumes were down 11% YOY in May, to 97,000 metric tons, yet remain up 10% YTD after a very strong spring (see figure 14). The total value of exports was flat in May. Sharply lower exports to China (-42% YOY) and the Philippines (-44%) drove the decline, despite sharply higher shipments to Japan (+24%) and steady 4% growth in shipments to the US. Canada has been a big beneficiary of weaker EU pork exports, particularly early in the quarter.

Source: Statistics Canada, Trade Data Monitor, RaboResearch 2024

Figure 13: Hog prices higher, incremental gains slow

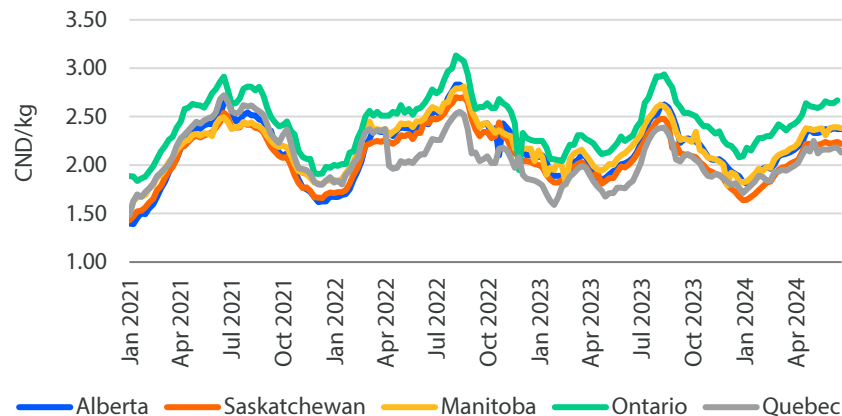
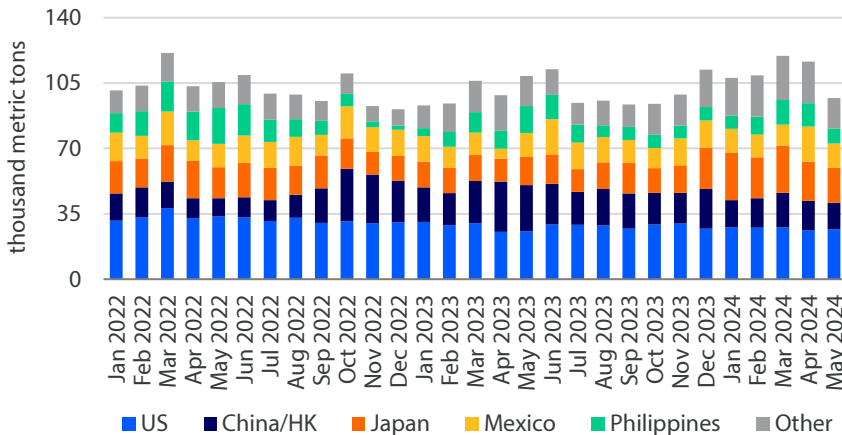


Figure 14: Pork exports slowed in May





South Korea

Producers remain cautious after latest ASF outbreaks

Production growth to slow in 2H 2024

Pork production increased 5.1% YOY in May, but growth slowed in recent weeks. Slaughter moved lower as the impact of a smaller sow herd is felt, despite continued improvements in productivity acting as an offset. RaboResearch expects production growth to moderate through 2H 2024 due to limited growth in the breeding herd and an increase in African swine fever (ASF) outbreaks. Producers reported four new ASF cases entering Q3, leading to localized culling and restricted movement. Although the affected numbers are limited, the risk remains high given the large number of small-scale operators and frequent animal movements. Hog prices rose in June and now sit up 7% YOY. While we expect 2024 production to be flat versus the prior year, tighter 2H 2024 hog supplies are expected to remain supportive to pork prices and imports in the coming months.

Pork prices rebound on smaller supplies

Pork prices moved up after a slow start to the quarter. Recent declines in domestic supplies supported prices, driving carcass values to KRW 6,092, up 13% YOY in July (see figure 15). Overall economic conditions remain challenging, but they appear to be stabilizing and should remain supportive to pork consumption. RaboResearch expects pork prices to moderate seasonally during 2H 2024.

Pork imports higher on smaller domestic supply

Korea's pork import volumes were up 19.6% YOY in May at 61,000 metric tons, driven by a 52% increase in shipments from the US. Imports from Canada and most EU countries are less competitive on price, resulting in double-digit percentage declines in May. Of the EU countries, only Germany, which recently restored trade access, gained share. Imports from Brazil were also higher, despite facing a 25% duty on frozen pork imports. Year-to-date import volumes are up 18% to 276,000 metric tons and up 17% in value (see figure 16). RaboResearch expects imports to slow in 2H 2024 given higher frozen inventories, but overall volume to remain above year-ago on tighter domestic supplies and the relative value of imported product.

Source: Korea Meat Trade Association, TradeData Monitor, RaboResearch 2024

Figure 15: Pork prices rebound after a slow start to the year

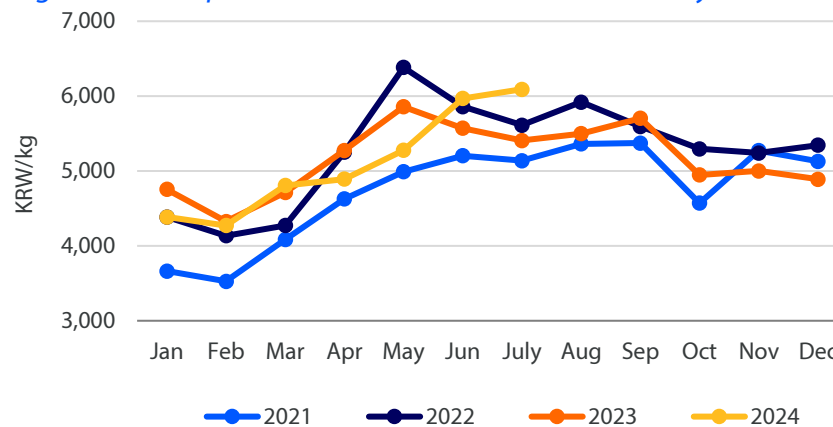
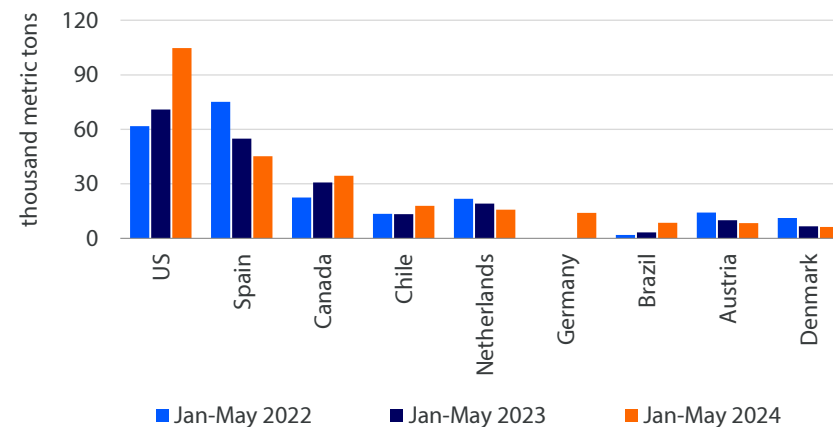


Figure 16: Strong pork imports from North America; EU imports lower





China

Pork prices expected to stay around current levels in Q3 2024

Pork prices rebounded strongly

Hog prices have rebounded strongly since June 2024 due to tight supply. Herd liquidation in the previous months and producers' delaying slaughter to chase weight gains contributed to the tight supply of fresh meat. Meanwhile, the high frozen meat stock has slowly declined. Live hog prices increased from an average of CNY 14.5/kg in Q1 to CNY 18.5/kg in June (see figure 17), up 30% YOY. Farming profits turned from deep losses in Q1 to a margin of CNY 350 per head in June. The good earnings momentum is expected to carry into 2H 2024, as piglet supplies will be tight due to the large sow liquidation in Q4 2023. However, second fattening activities, which target short-term gains and have disrupted supply in the past, will also play a role, causing price volatility in the coming months. We expect pork production to decline slightly in 2H, as higher weights partially offset the decline in slaughter numbers.

The sow inventory was down 6.2% YOY May, based on official data. It has been reported that the sow herd started to move up in June driven by the market prospects of rising prices. We believe sow replenishment is slow and mainly driven by large-scale companies, while smallholders and medium-scale producers continue to focus on short-term fattening activities.

Pork imports subject to policy change

Pork imports declined 29% YOY in the first five months of 2024, with muscle meat down 50% and variety meat up slightly at 2% (see figure 18), attributed mainly to weak local prices and large frozen inventories of imported products.

The antidumping probe launched by China on EU pork imports has had limited impact on the local market so far but may cause a preemptive increase in imports in the coming months, before declining if tariffs are imposed. Some end users started to build stock following the announcement, moving frozen products from import warehouses to end user storage. Importers' financial stress has eased to some extent, enabling them to place new orders to prepare for rising demand in the next few months. However, importers are also cautious about imports from the EU, as the timing of any policy change is not clear. China may impose provisional duties before the probe result is finalized, adding to the uncertainty in import decisions.

Source: Ministry of Agriculture and Rural Affairs (MARA), China Customs, National Bureau of Statistics of China, RaboResearch 2024

Figure 17: Piglet prices increasing faster than hog prices

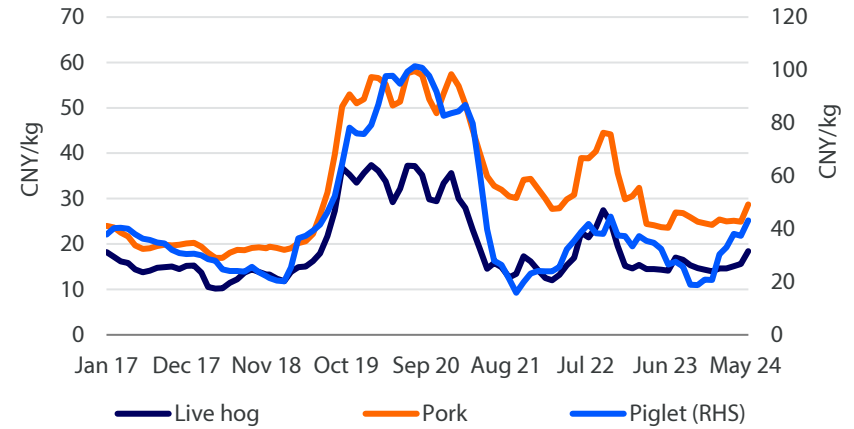
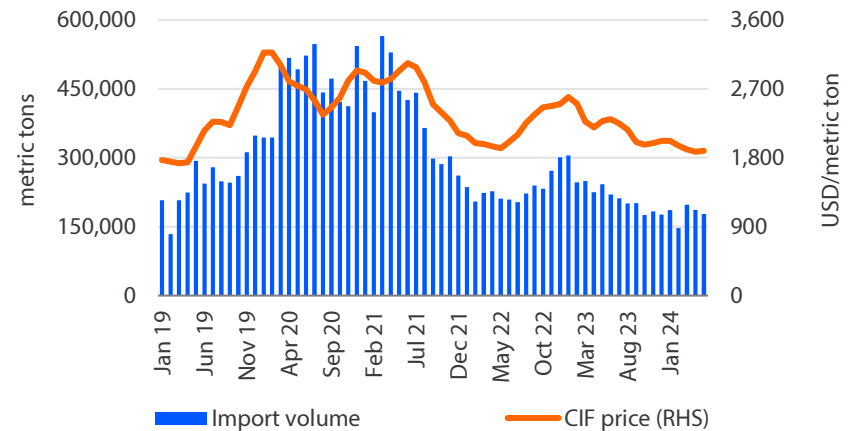


Figure 18: Imports expected to pick up slowly in 2H



Japan

Demand for imported pork will likely increase

Household pork consumption to remain flat

For the first four months of 2024, pork household consumption was up slightly at 0.7% YOY, as were chicken (+4.6%) and eggs (+5.0%), while beef eased (-4.9%). Stronger consumption of chicken and eggs should continue in Q3 due to competitive pricing. Demand for excursions and outdoor activities will likely be as low as the same period of last year as the temperatures during Q3 are forecast to be as high as last year, and consumer confidence remains weak due to inflationary pressures.

Pork production to fall slightly

Slaughter numbers this summer have leveled off compared to last summer, which experienced the same extreme hot weather. Q3 is usually the period with the lowest slaughter of the year, and production will likely fall slightly, year-on-year, due to the high temperatures forecast this summer and sporadic infections of classical swine fever (CSF), which will impact productivity. Wholesale pork prices were higher, year-on-year, at JPY 600 to JPY 800/kg due to the seasonal demand increase in April and May 2024. They are expected to rise further in Q3 driven by tight supply and are expected to move higher to JPY 700 to JPY 900/kg until October.

Demand for imported chilled pork to rise

The last peak of estimated imported pork ending stocks was 225,000 metric tons in June 2023. It has since decreased to 199,000 metric tons in May 2024, a 12.5% decline. The supply and demand balance is becoming tighter, but total import volume will be flat because the stock is still equivalent to 2.4 months' consumption. Although retail market demand for imported chilled pork such as picnic and belly was strong, the supply of these products was limited because import volume growth has been restricted by the weak currency. In terms of intermediate wholesale prices, price differences between domestic and imported pork have become smaller. As domestic pork prices will rise and stay high until October due to lower slaughter numbers, demand for imported chilled pork from Canada and Mexico should be stronger.

Source: Ministry of Internal Affairs and Communications, ALIC, RaboResearch 2024

Figure 19: Pork imports trending lower to start 2024

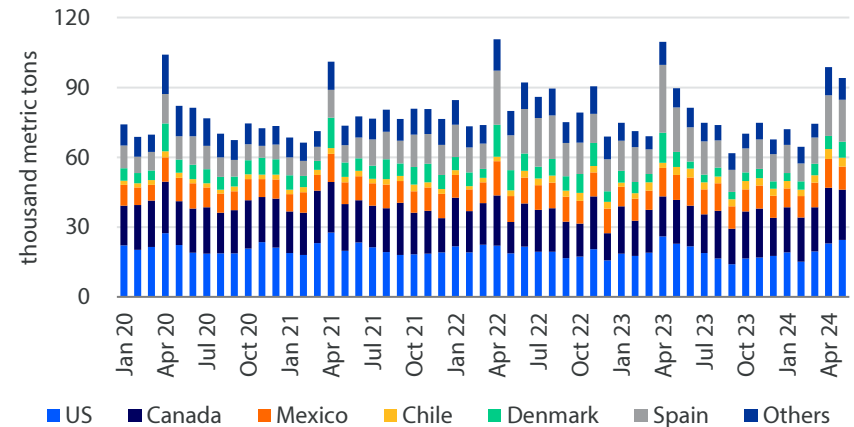
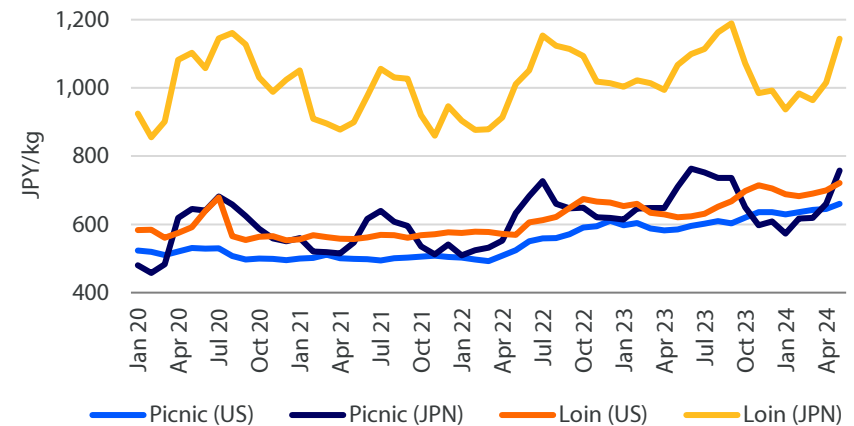


Figure 20: Intermediate wholesale prices of chilled pork



Southeast Asia

Pork prices in Vietnam continue to improve; Filipino pork production slowly recovers from ASF outbreaks

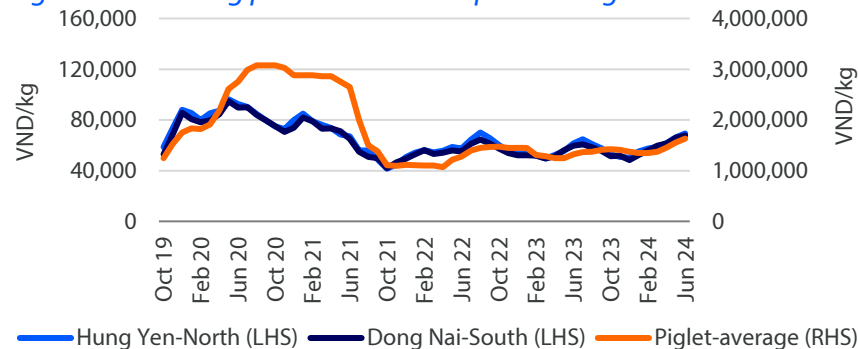
Vietnam: Hog prices rise further

Vietnamese hog prices continued on an upward trend in Q2, reaching VND 69,000 in June in the north and VND 65,000 in the south, up 13% to 15% YOY (see figure 21). Piglet prices reacted more slowly, but finally moved up, reflecting a tight supply and a slow recovery in producer confidence.

The upward price trend is driven by both tight supply and demand growth. Vietnam achieved rapid growth in Q2, with GDP expanding 6.9%, faster than the 5.9% seen in Q1. Exports benefited from global demand recovery, rising 14.5% YOY in 1H 2024. The positive economic growth should continue in 2H but with challenges. Inflation remains a major concern, as consumer prices rose 4.32% YOY in June, close to the government's target ceiling of 4.5%, hindering consumption growth. Moreover, ASF outbreaks are being reported in the country, with culling in various districts. The challenging disease situation will delay the herd recovery and support prices in 2H.

Vietnam's pork meat and offal imports rose strongly in Q1 2024, up 44% YOY. The largest supplying country remains Brazil, followed by Germany, Canada, and Poland. Canada saw the fastest growth, with shipments more than double compared to the same period last year. We expect imports to increase in 2H 2024 due to ongoing tight domestic supply and demand growth.

Figure 21: Live hog prices in Vietnam performing well



Source: Avona Feed, Philippine Statistics Authority, RaboResearch 2024

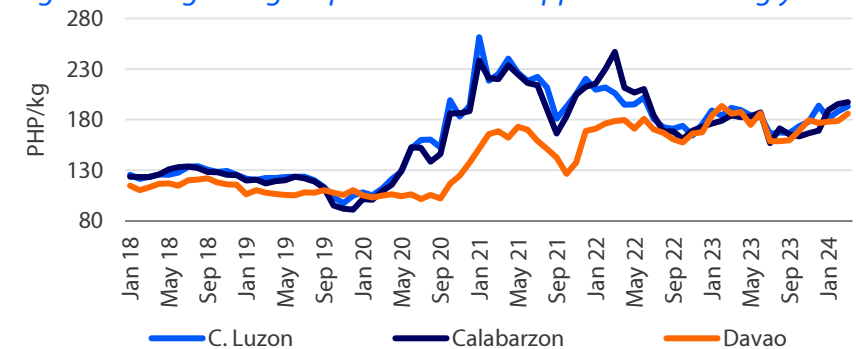
The Philippines: Pork production recovery remains slow

Farmgate prices in the Philippines increased strongly in Q1 2024 (see figure 22), on tight supply due to ongoing ASF outbreaks. The herd inventory in April 2024 was lower, year-on-year, down 2.5% to 9.96m head. Commercial farms have seen deeper declines in their herds than smallholders. The country's farming structure remains fragmented, and biosecurity is a shared challenge for large and small producers alike. The government is implementing a modified swine repopulation program that prioritizes eligible beneficiary farms in ASF-free areas.

Given the persistent disease situation and the difficulty of prevention, we expect production recovery to be bumpy in 2H 2024, with prices likely staying high. Demand is expected to increase slowly as inflationary pressure remains. The CPI dropped slightly to 3.8% in June from 3.9% in May. However, food CPI was stronger, at 7.2% YOY in June, up from 2.7% the previous month, due to higher prices for cereals, vegetables, and meats.

Pork imports in Q1 2024 increased 11.9% YOY, reaching 128,000 metric tons, driven by tight supply in the local market. Local frozen pork inventories dropped 13.5% YOY in Q1, suggesting potential for more imports. The government aims to lower imports by 60,000 metric tons for the whole year by supporting local production. Still, imports are expected to increase further in 2H due to the need to curb local prices.

Figure 22: Hog farmgate prices in the Philippines rose strongly





Europe

Market relatively stable with slightly higher supply

Higher production, but structural expansion not expected

EU-27+UK pork production increased 4% YOY in the period between January and April 2024. This increase reflects a recovery from negative producer margins, but a structural expansion of the bloc's sow herd is not expected. Recent herd data shows that the sow herd remained flat in Germany (May 2024 versus November 2023) and Denmark (April 2024 compared to January 2024).

Poland recorded the highest relative increase in production in the first four months of 2024, up 11% YOY, largely due to a higher number of animals slaughtered. In Denmark, production was up by 2% YOY as slaughter weights increased by 6%, while the number of animals slaughtered dropped by 4%. Production in Germany, Spain, France, and the Netherlands was up by 3% YOY, resulting from a combination of increased numbers of animals slaughtered and increased slaughter weights compared to the same period last year.

EU pig prices have been relatively stable

The EU pork market appears to be in balance, with little movement in pig prices in recent months. The average pig carcass price was down 11% YOY in week 25, however the price continues to trend above the five-year average. Prices are expected to track sideways in Q3, with potential downward pressure due to marginally higher supply and seasonally declining piglet prices.

EU-27+UK pork exports down, but not to all destinations

EU-27+UK pork exports were down by 7% YOY in the first four months of 2024. Volumes to China and Japan were down by 18% and 10% YOY, respectively. However, exports increased to the Philippines (+13%), South Korea (+19%), Vietnam (+62%), and the US (+30%). Tight supply in the Philippines and Vietnam is expected to support strong exports to these destinations in Q3 2024.

Although the EU's reliance on the Chinese market has substantially declined compared to 2020, when exports to China peaked, [China's antidumping investigations into EU pork imports](#) could potentially disrupt the market.

Source: Trade Data Monitor, European Commission, RaboResearch 2024

Figure 23: China represents about 30% of total EU-27 pork exports

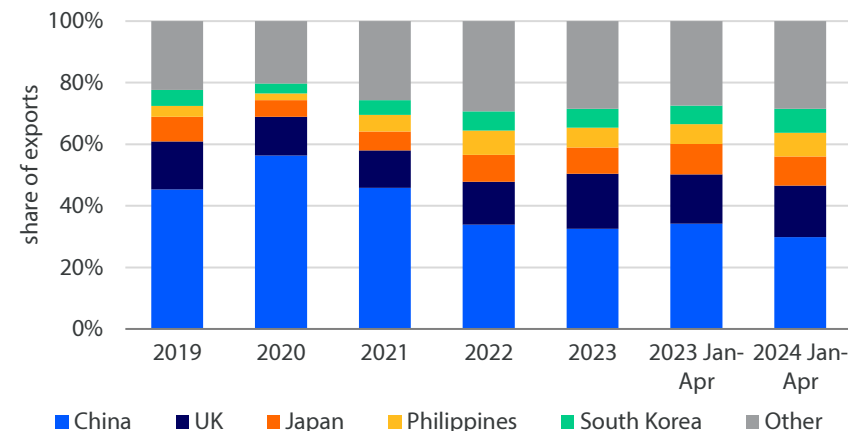
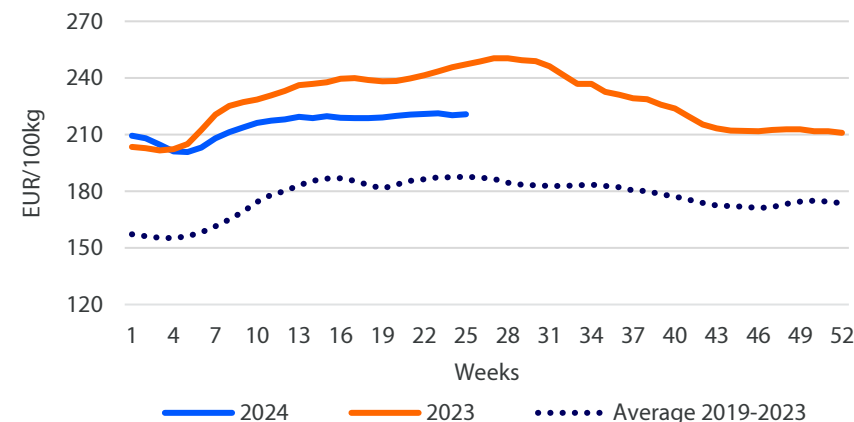


Figure 24: EU average pig prices down 11% YOY in week 25, 2024





Brazil

Improvement in domestic and export demand raises live hog and pork prices to the highest levels seen this year

Pork exports to China dropped to their lowest level since 2019

Shipments to China have continued to drop. In 1H 2024, export volumes registered the lowest level seen since 2019, when sales to China began to increase due to ASF. In June 2024, 16,500 metric tons were exported to China, the lowest volume since March 2019. The expectation of an improved pork supply-demand balance in 2H 2024 could raise Chinese demand in the international market, although any increase in China's import demand in this period is likely to be modest.

On the other hand, even with the drop in exports to Brazil's leading destination (China currently represents 22% of the total volume traded), total shipments in June 2024 were 2% higher in volume, year-to-date (despite a 10% drop in value in the same period, as a result of lower feed costs) (see figure 25). This is because the Philippines, Chile, Singapore, and Japan have strongly increased purchases from Brazil by 54%, 22%, 19%, and 107% YTD, respectively. As a result, the Philippines and Chile are currently the second- and third-largest importers of Brazilian pork. RaboResearch projects a new export record with an increase of 3% to 5% YOY in volumes shipped in 2024.

Seasonal improvement in demand increases hog prices

With the arrival of the colder seasons, domestic consumption has risen. This, plus increased external demand, has led processors to increase purchases of extra batches of hogs for slaughter. Therefore, live hog prices have appreciated in the main producing regions, especially for independent operators, up 15% YOY in June. Pork prices in the local market are following a similar pattern, with a 12% YOY increase in June 2024 (see figure 26).

Better organization in the production sector has allowed for a greater balance between supply and demand, even with improved margins. Expectations of pressured feed prices in Q3, especially for corn, should sustain margins and may encourage expansion among breeding herds.

Figure 25: Even with a drop in sales to China, exports continue to rise

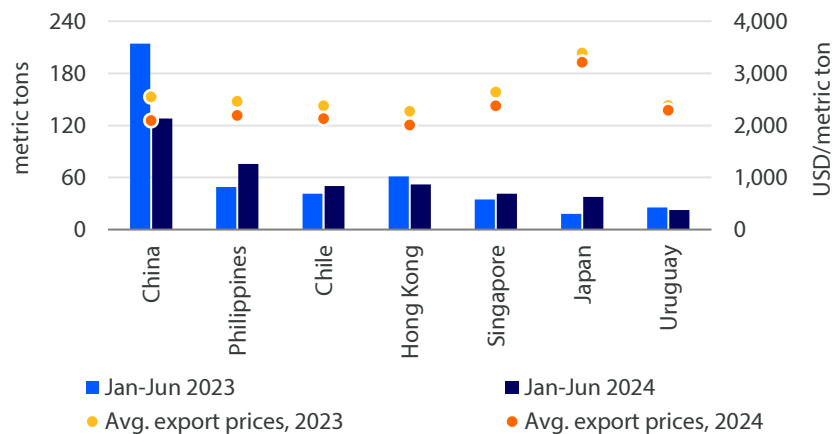
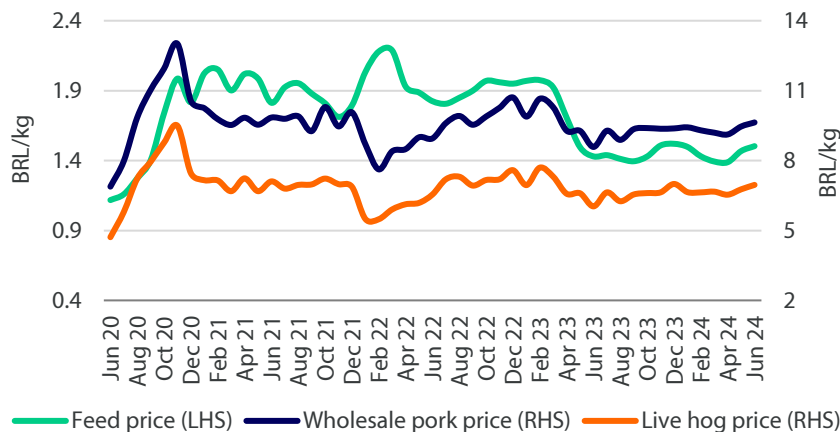


Figure 26: Lower feed costs improve production margins



Source: Secex, Cepea, Brazilian Institute of Geography and Statistics (IBGE), RaboResearch 2024



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Global pork quarterly

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