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Global Pork Markets



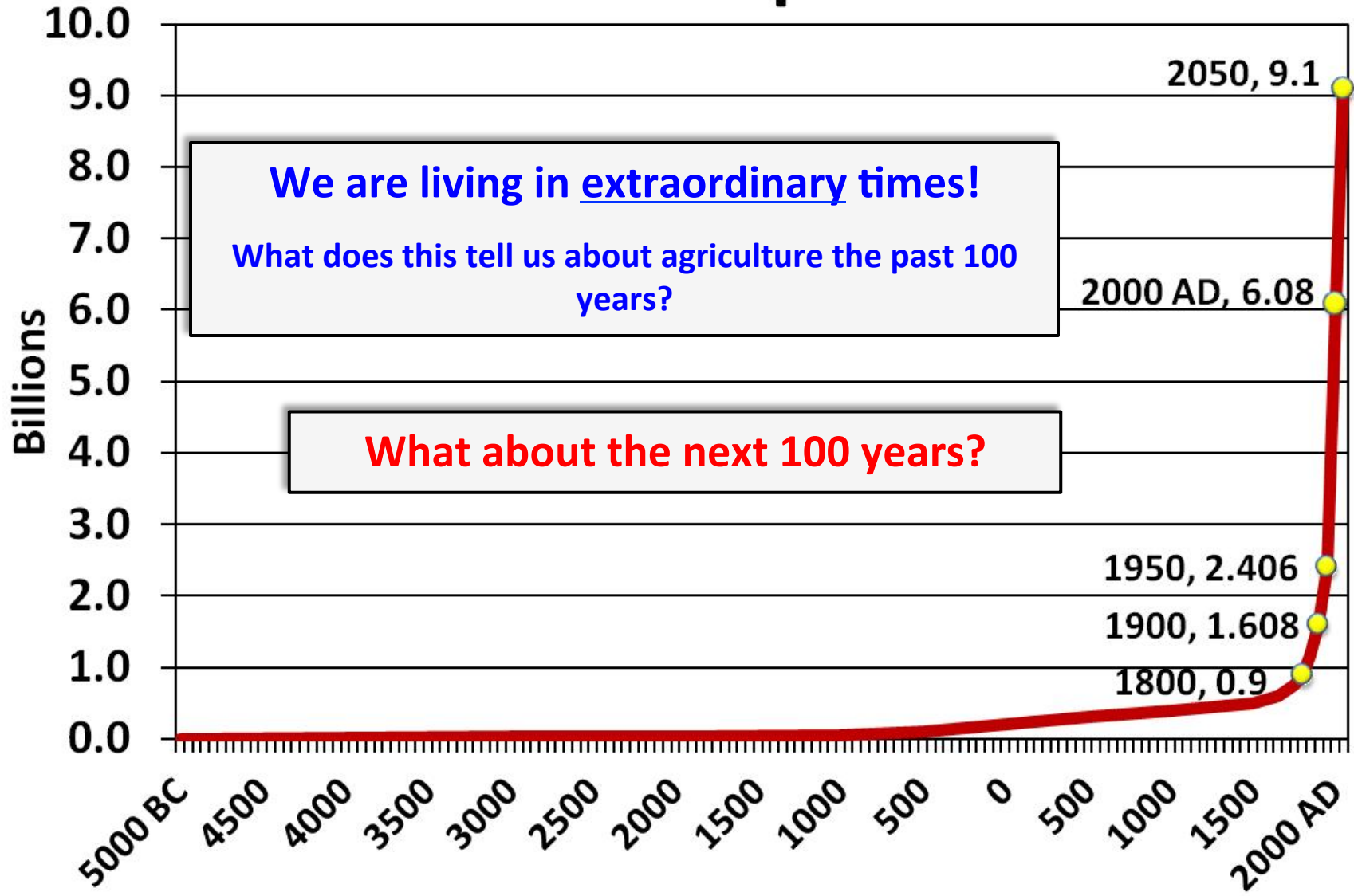
Brett Stuart

July 2012

Outline

- Global Pork Trade
- Markets and Opportunities
- Outlook

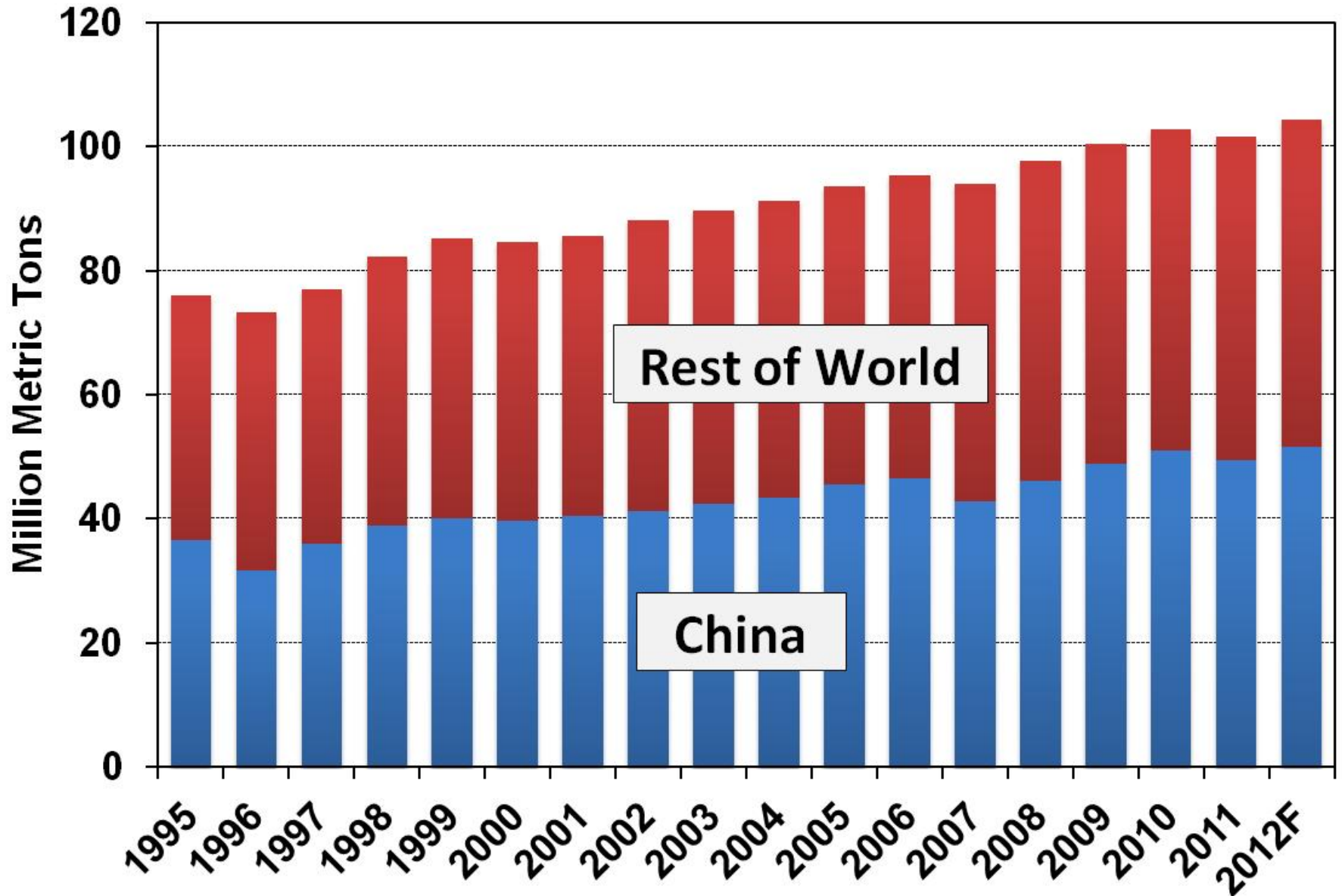
World Population



Source: US Department of Commerce, plus other published estimates

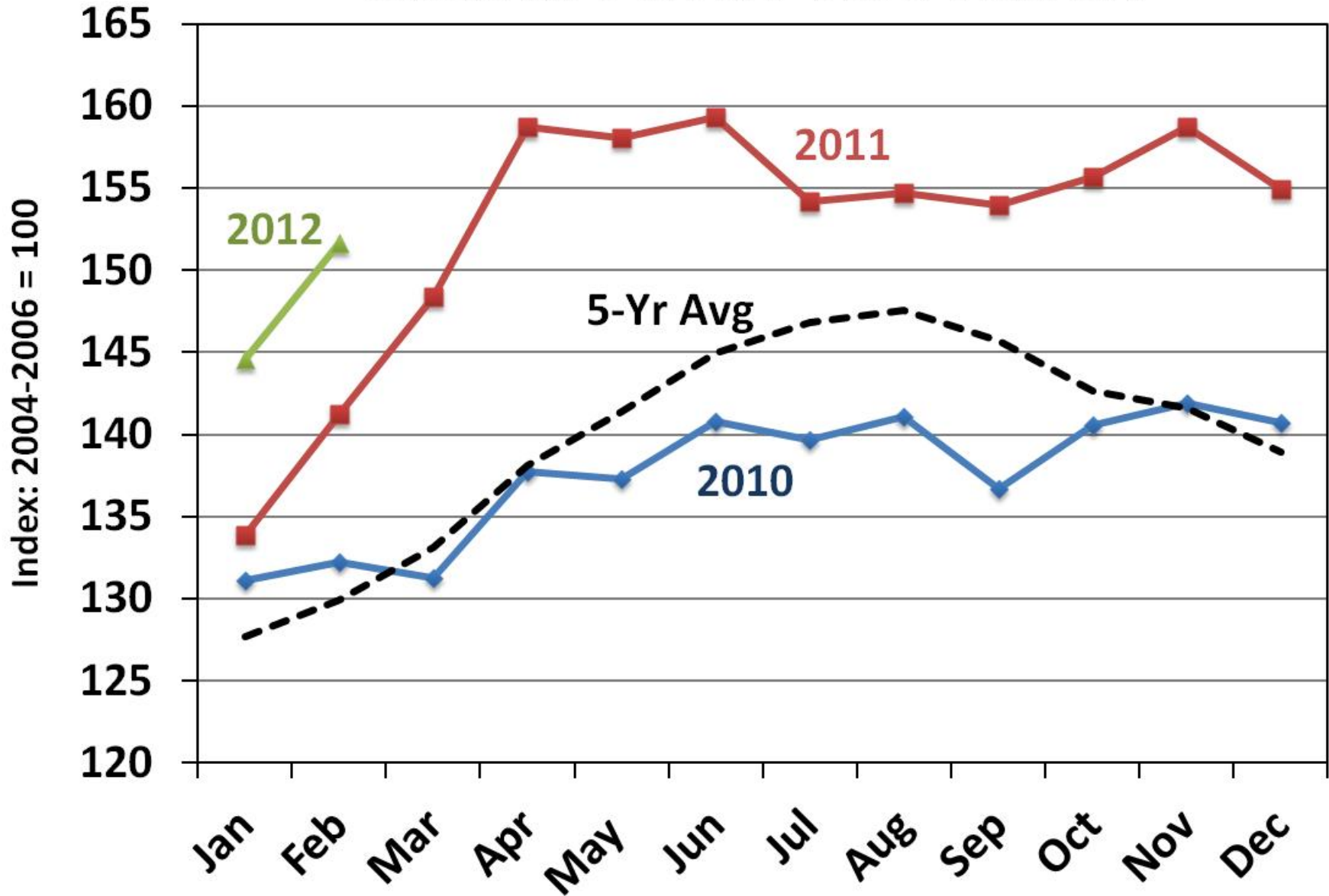
GLOBAL PORK PRODUCTION AND EXPORTS

World Pork Production



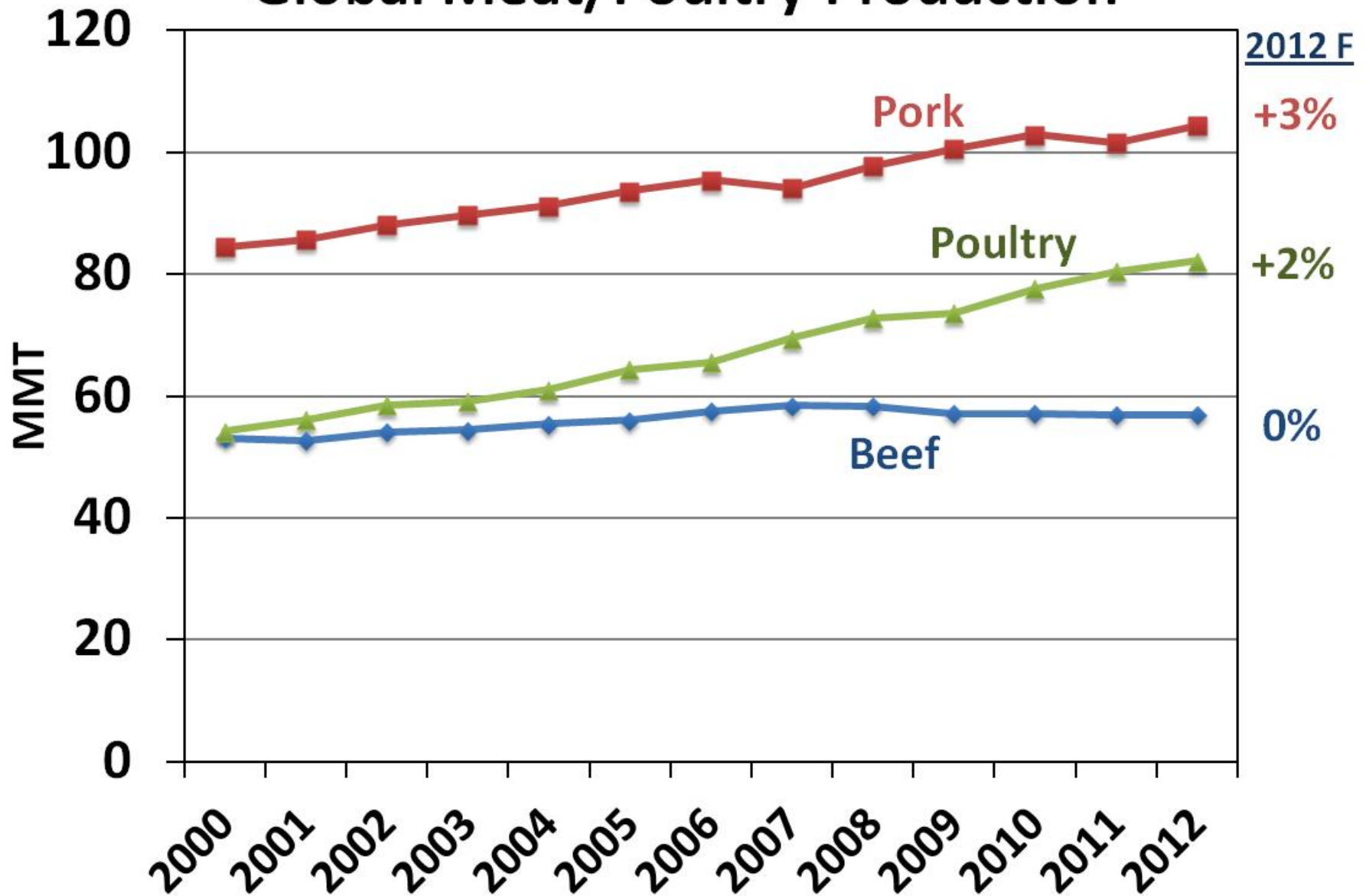
Source: USDA/FAS

Global Pork Price Index



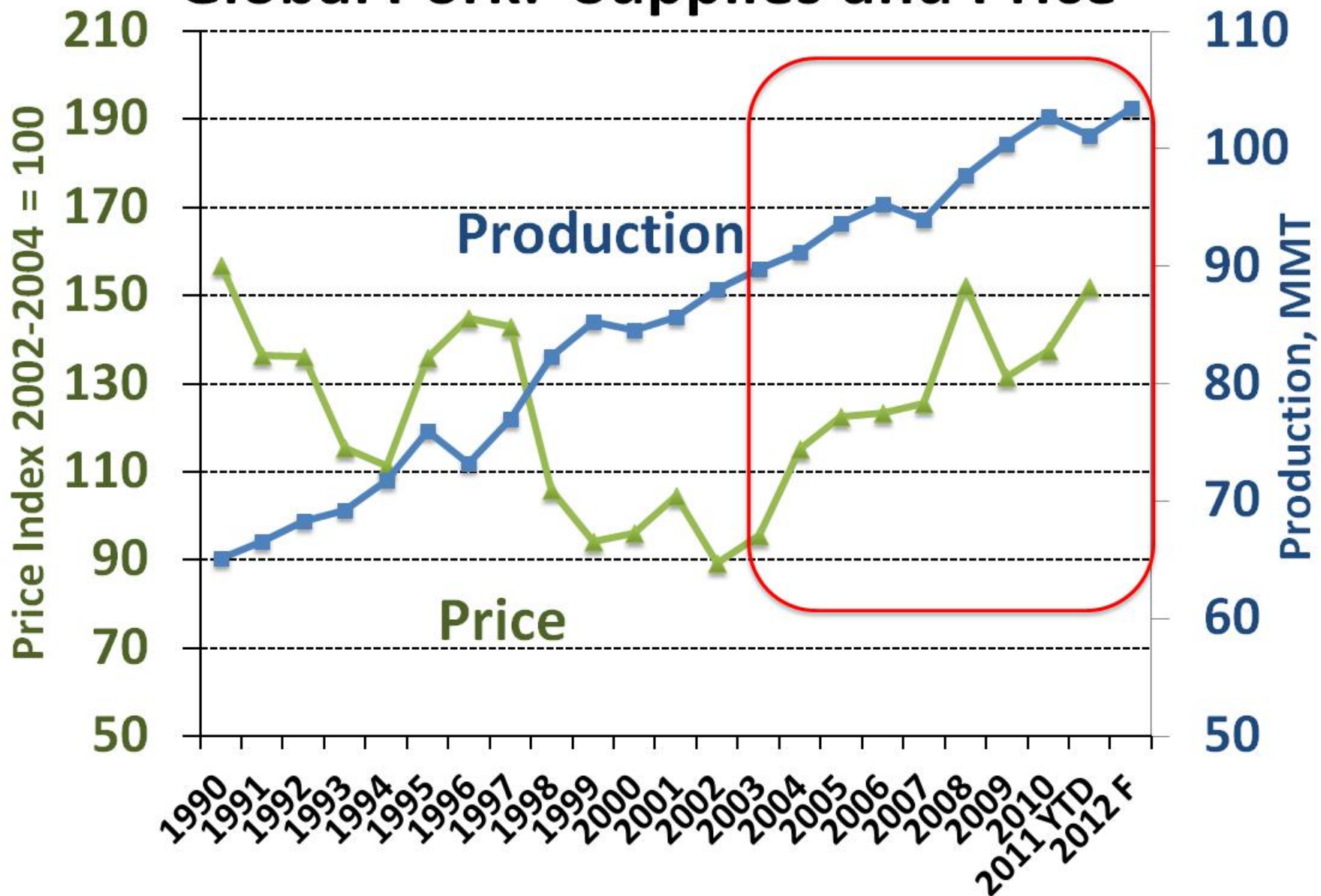
Source: UN/FAO

Global Meat/Poultry Production



Source: USDA/FAS

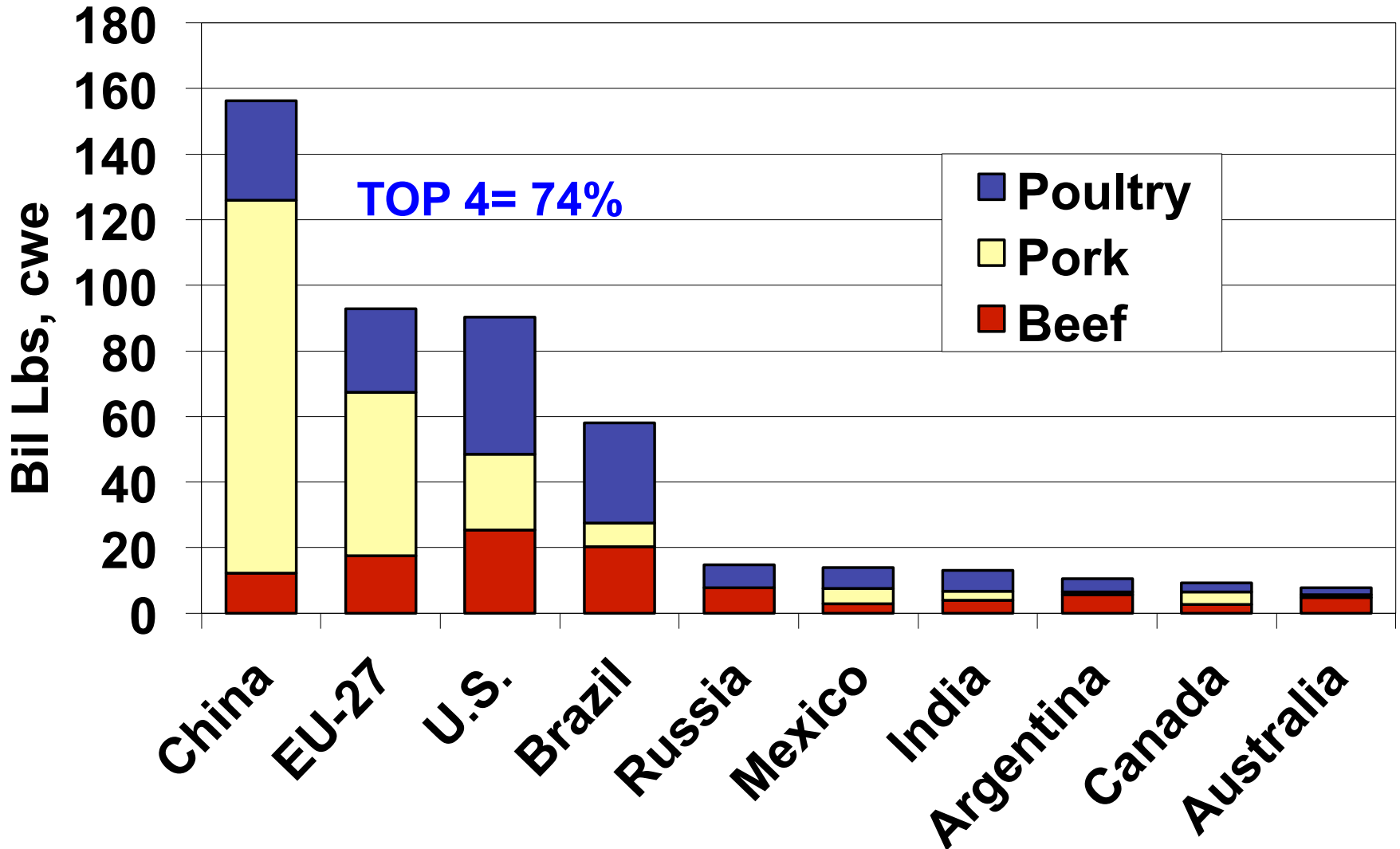
Global Pork: Supplies and Price



Source: USDA/FAS, UN/FAO

Global Meat PRODUCERS

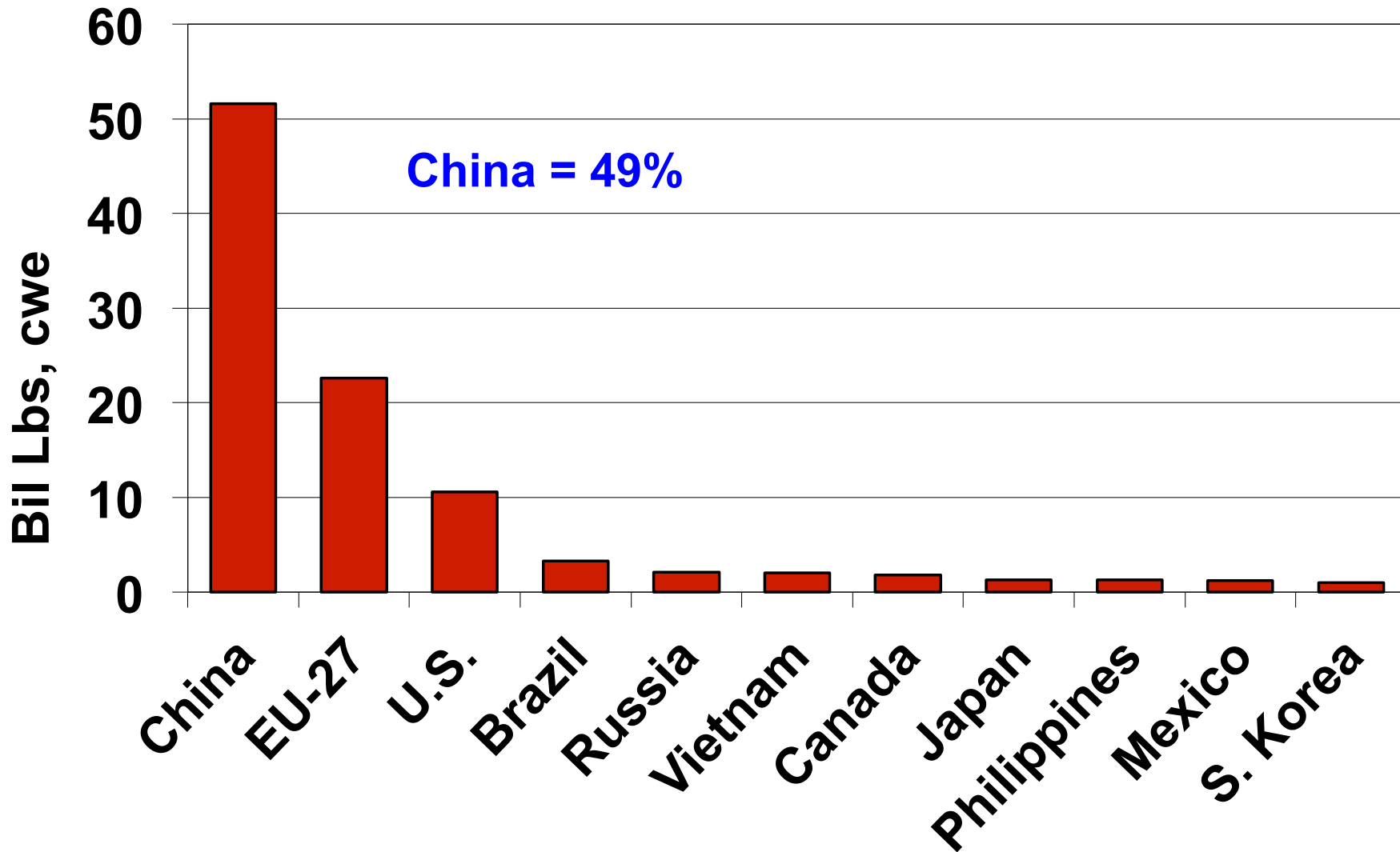
- 2012 F -



Source: USDA/FAS

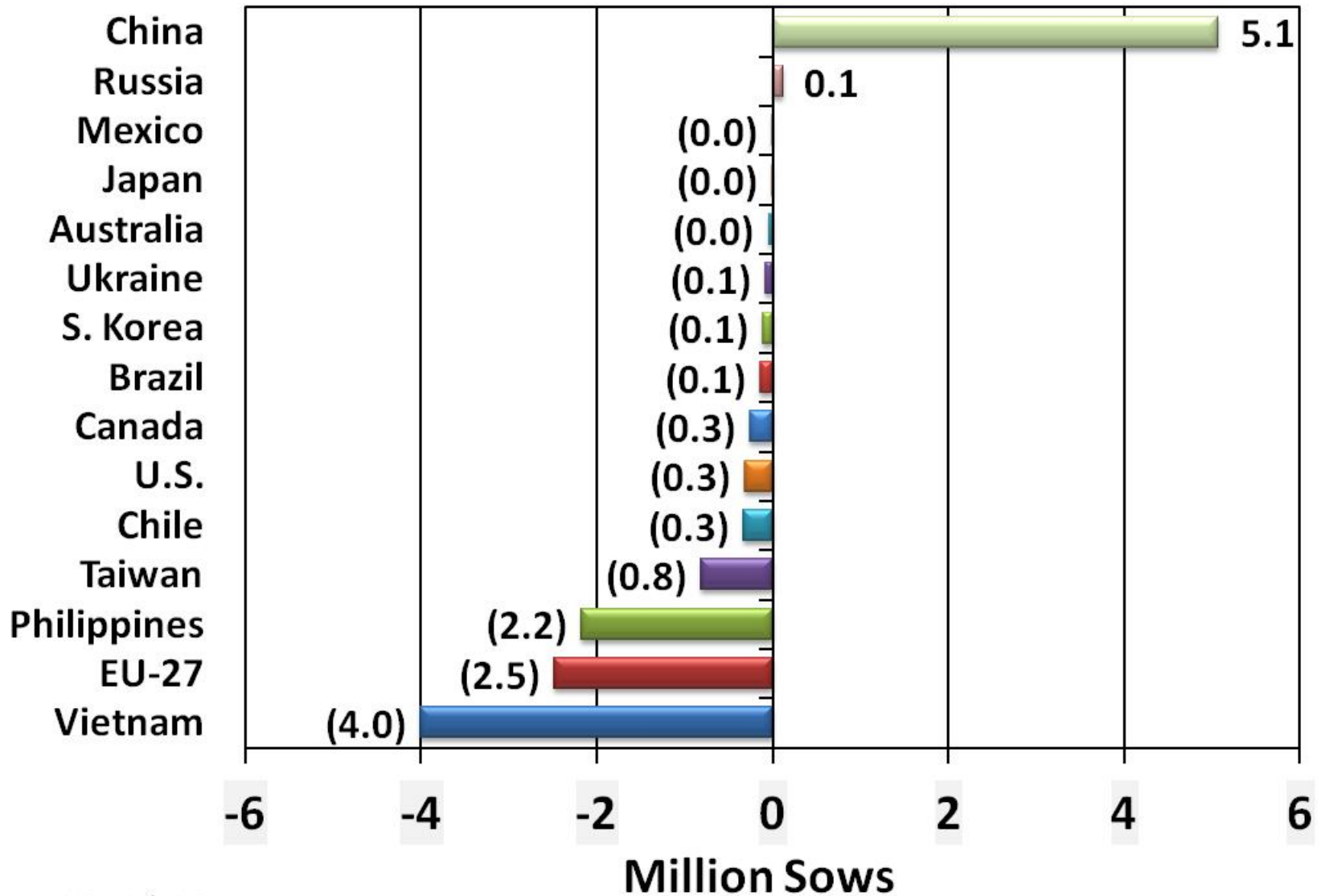
Global Pork PRODUCERS

- 2012 -



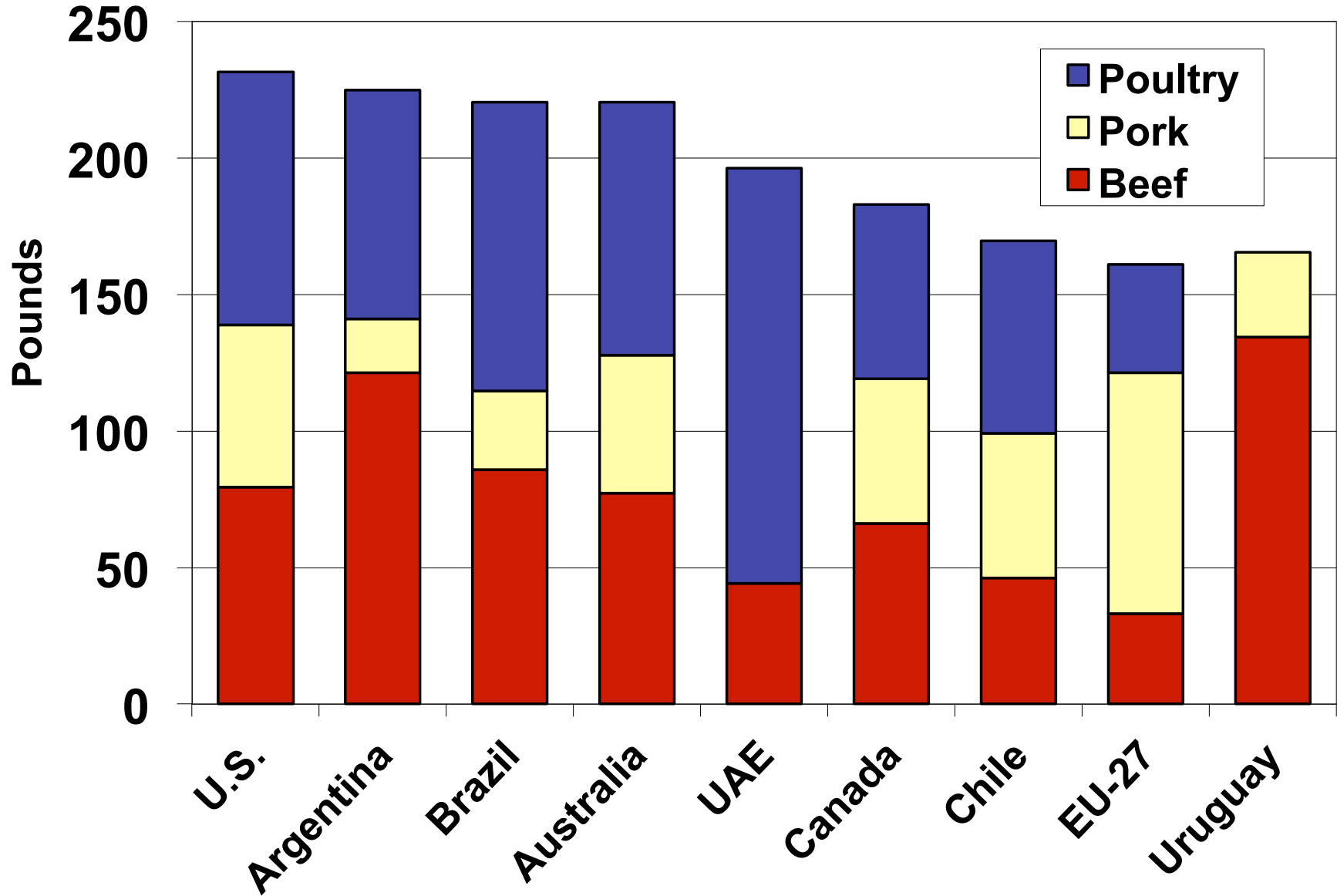
Source: USDA/FAS

Sow Numbers: 2012 vs. 2007



Source: USDA/FAS

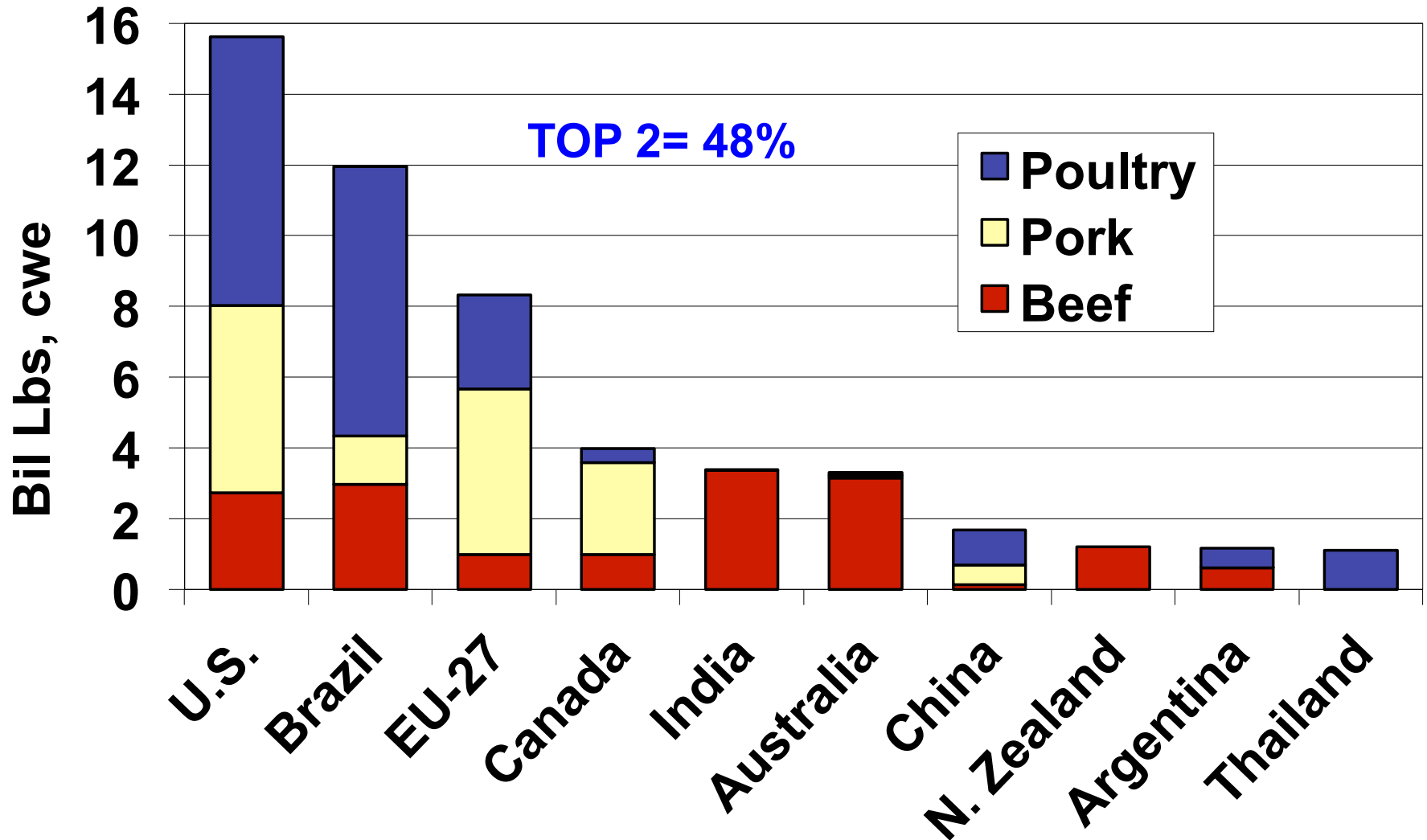
Global Meat CONSUMERS: PER CAPITA



Source: 2012 F, USDA/FAS, carc wt equiv.

Global Meat EXPORTERS

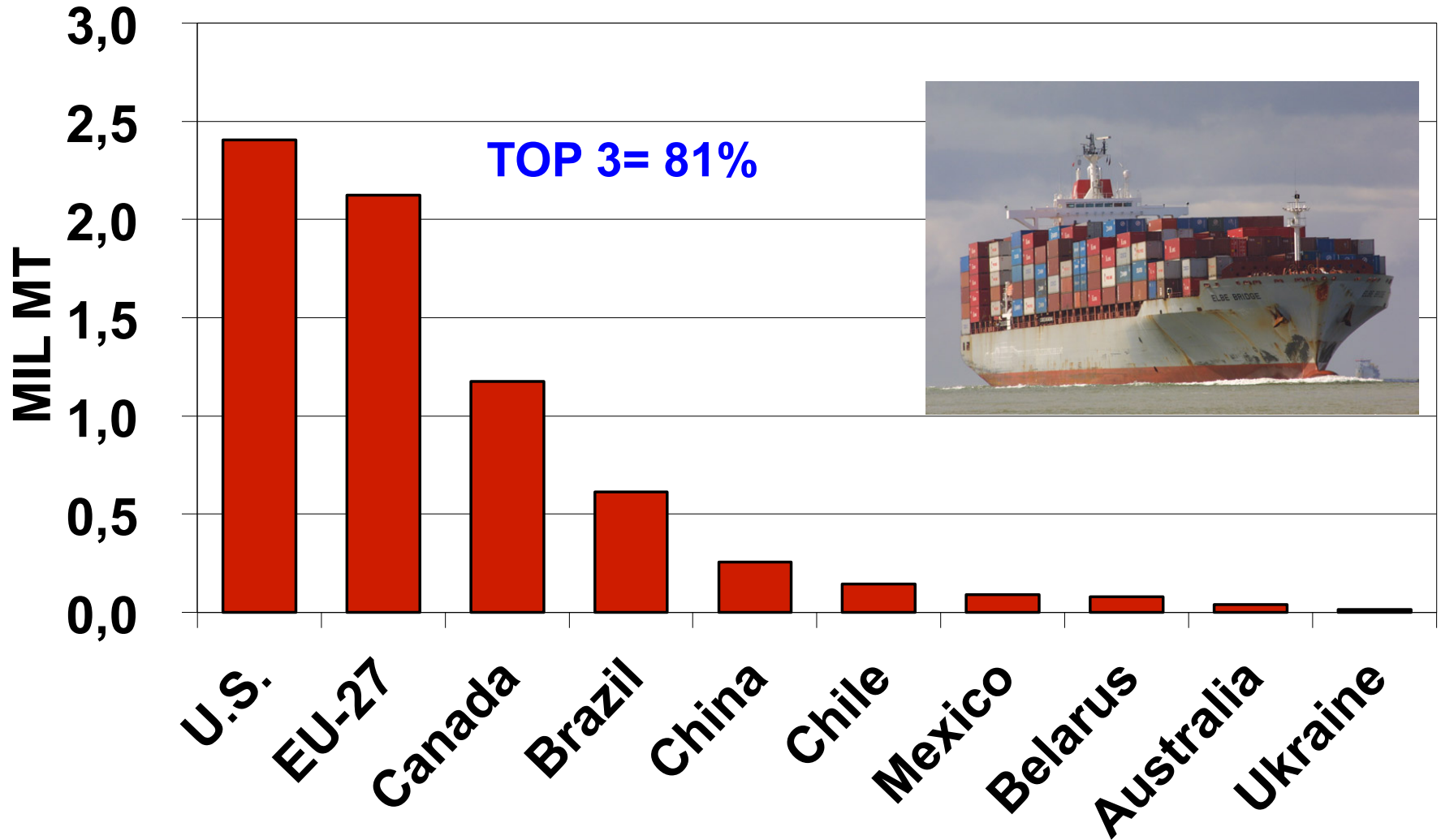
- 2012 F -



Source: USDA/FAS

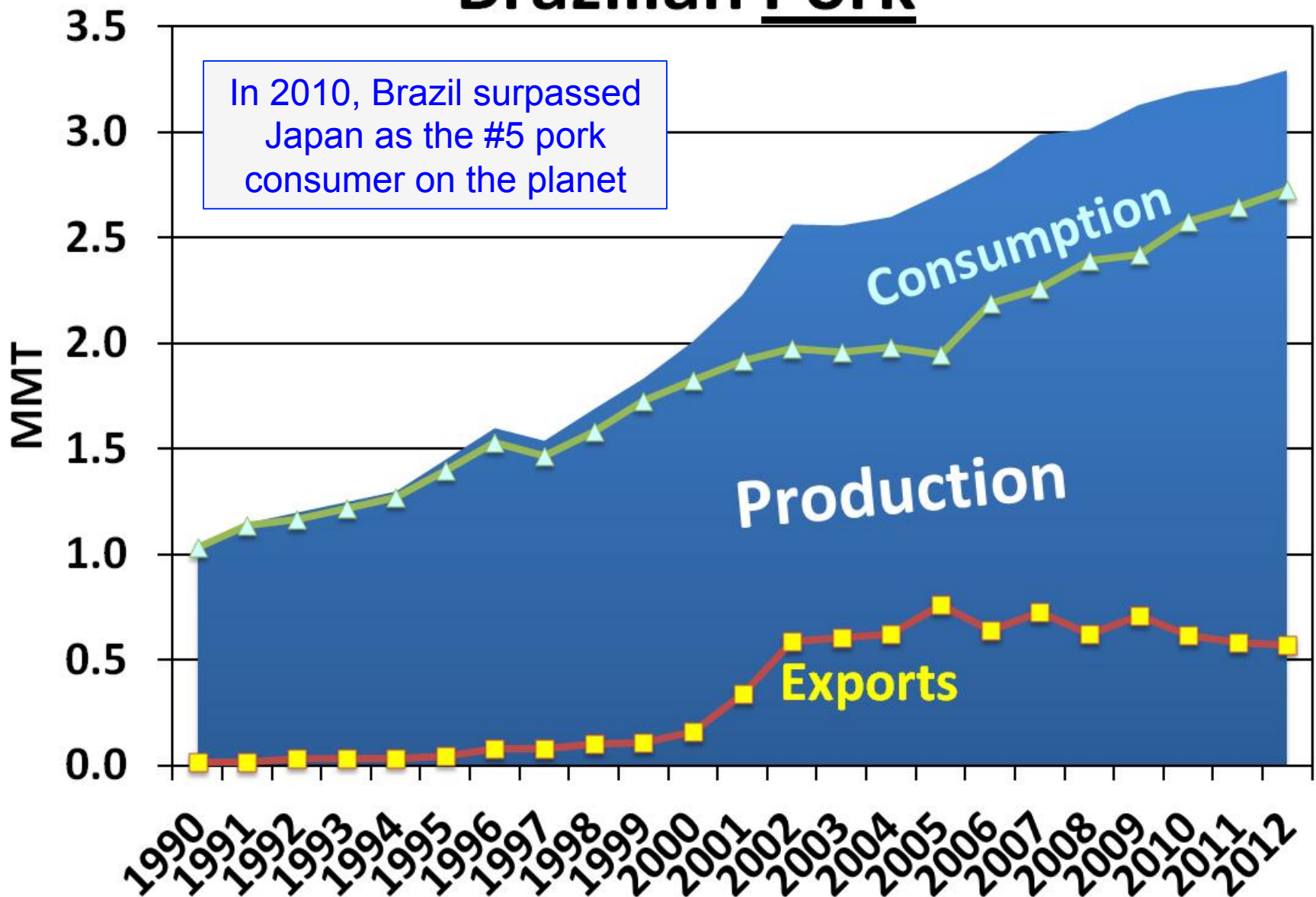
Global Pork EXPORTERS

- 2012 F -



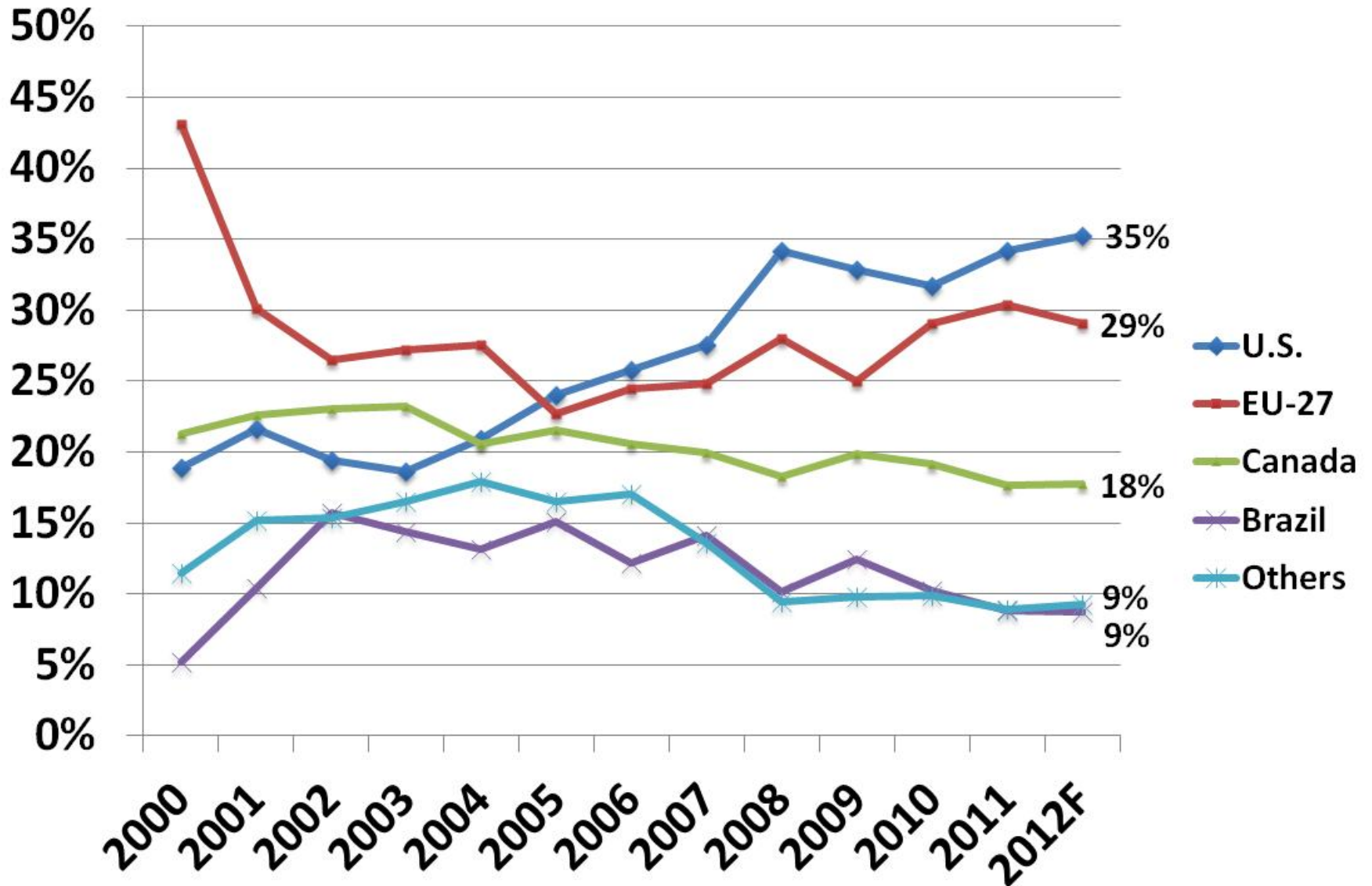
Source: USDA/FAS

Brazilian Pork



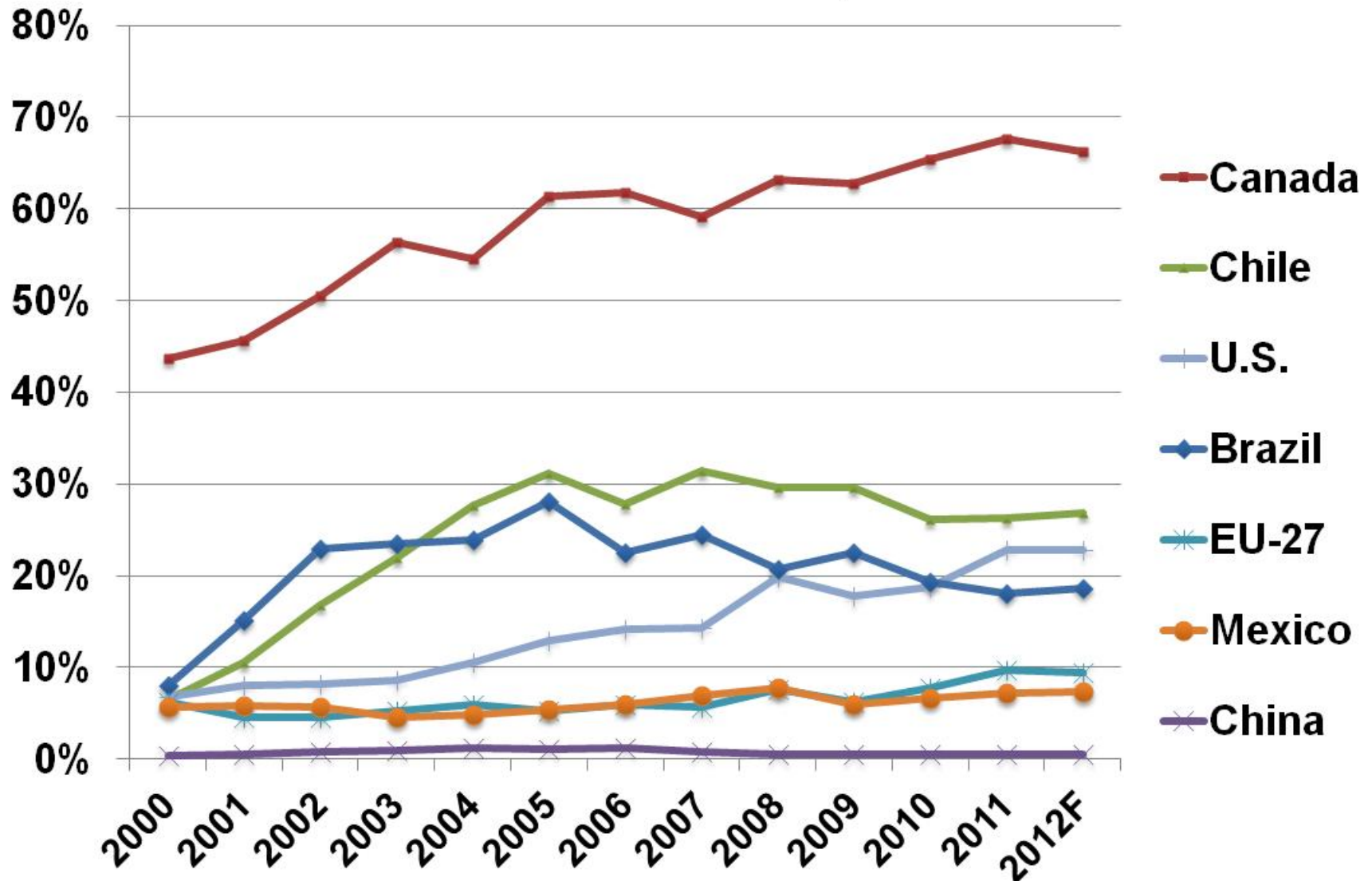
Source: USDA/FAS

Global Pork Exporters

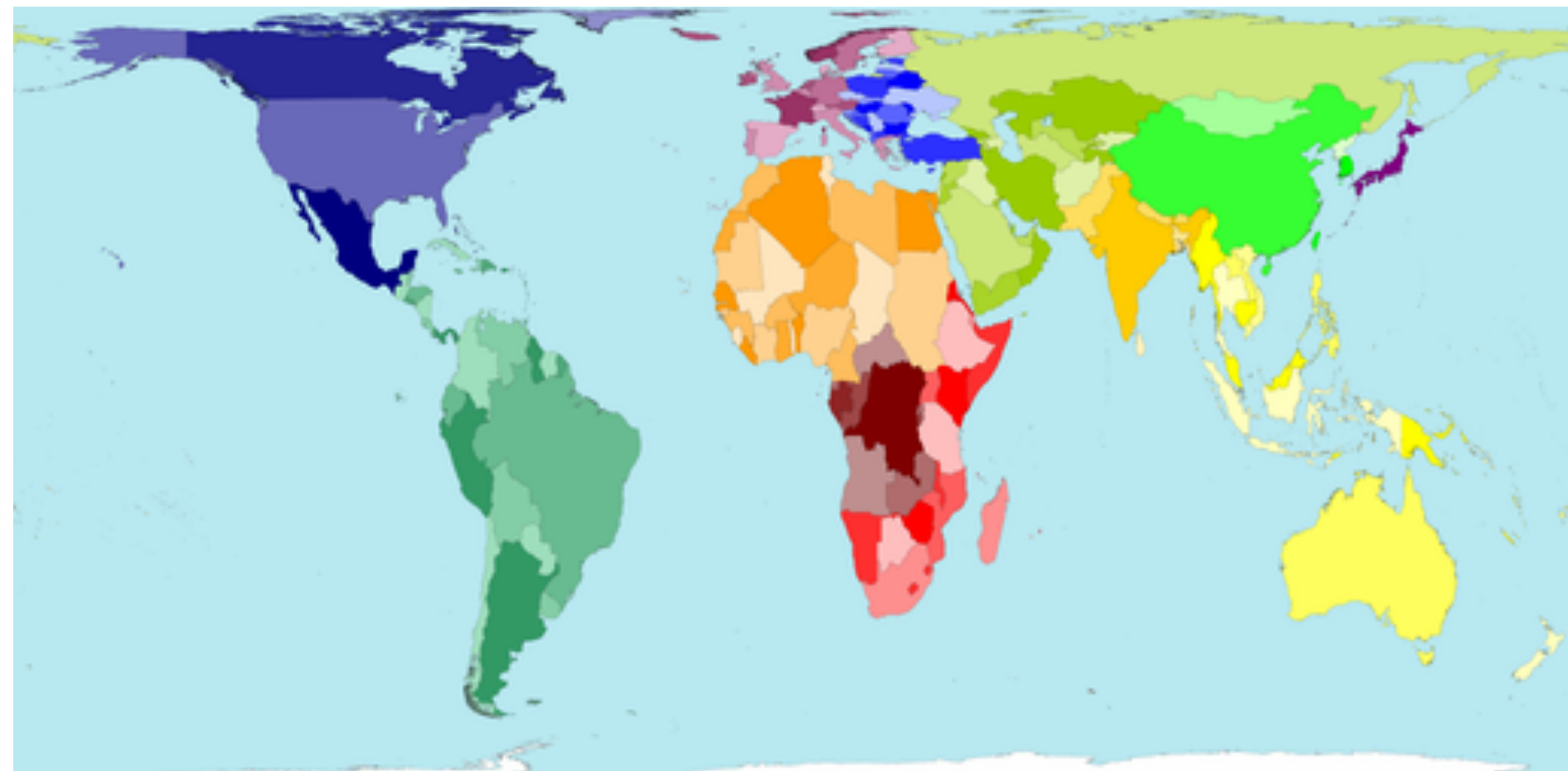


Source: USDA/FAS (Key Exporting Countries)

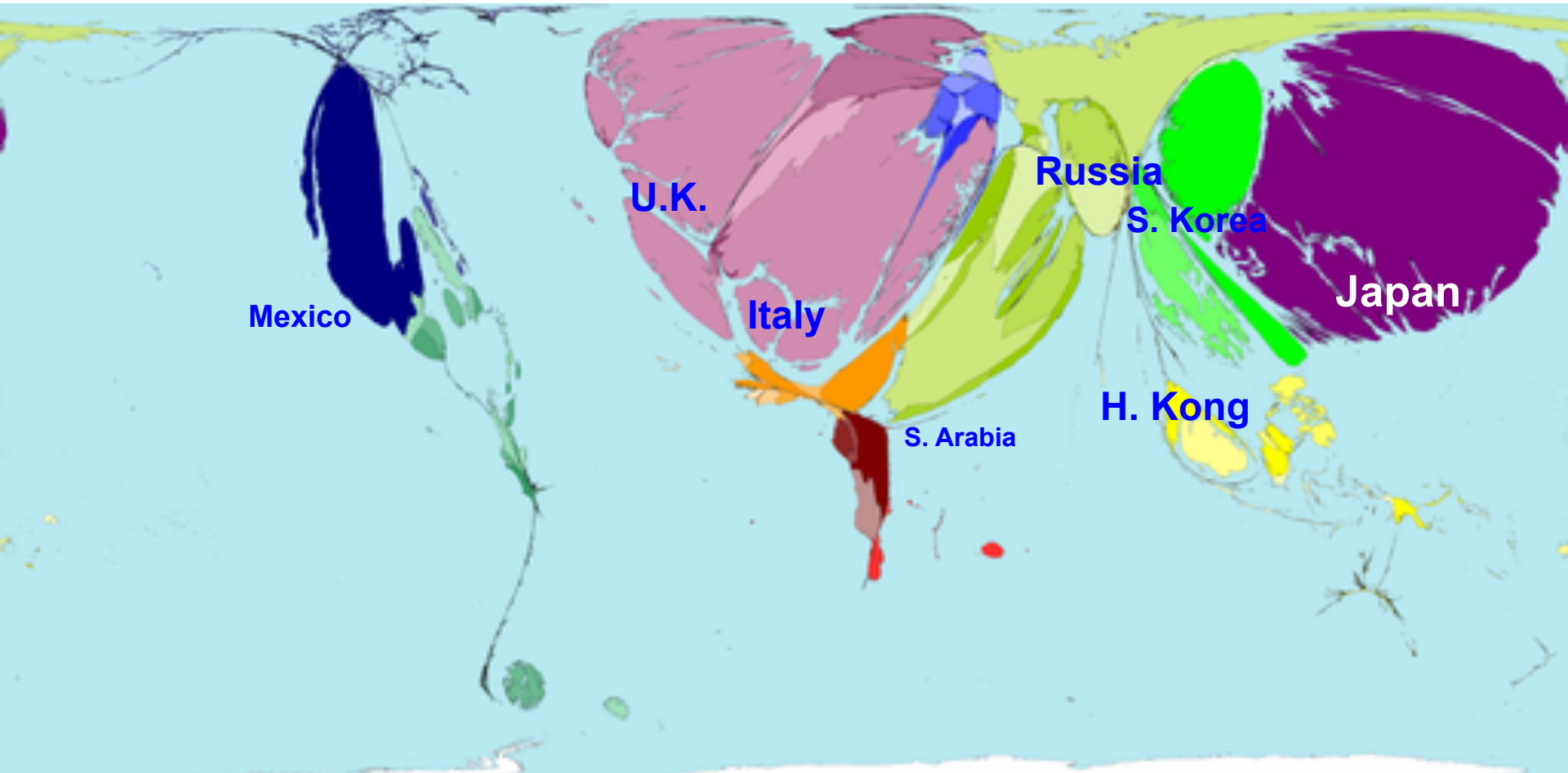
Pork Exports: % of Production Exported



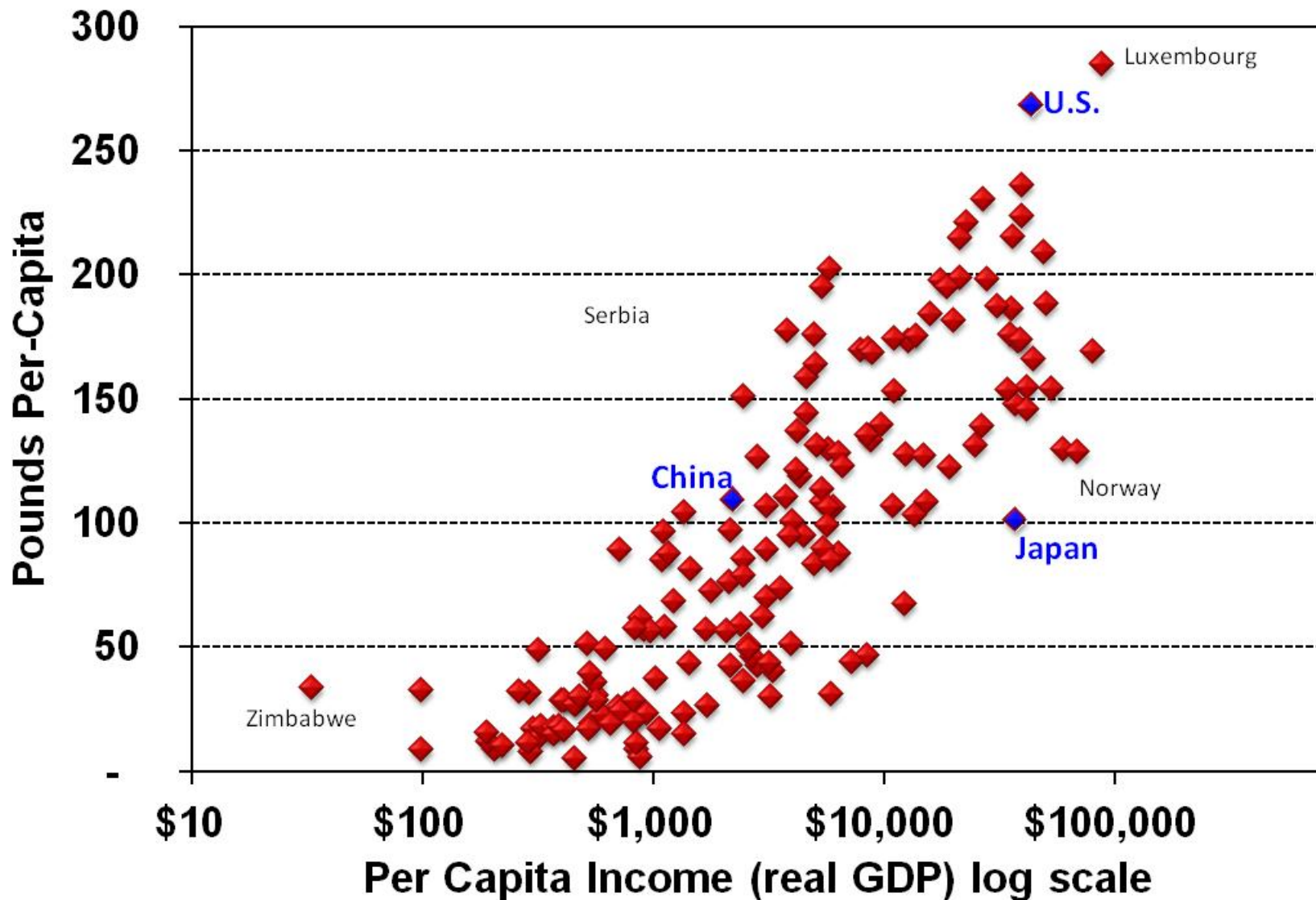
Source: USDA/FAS



Net Meat Imports

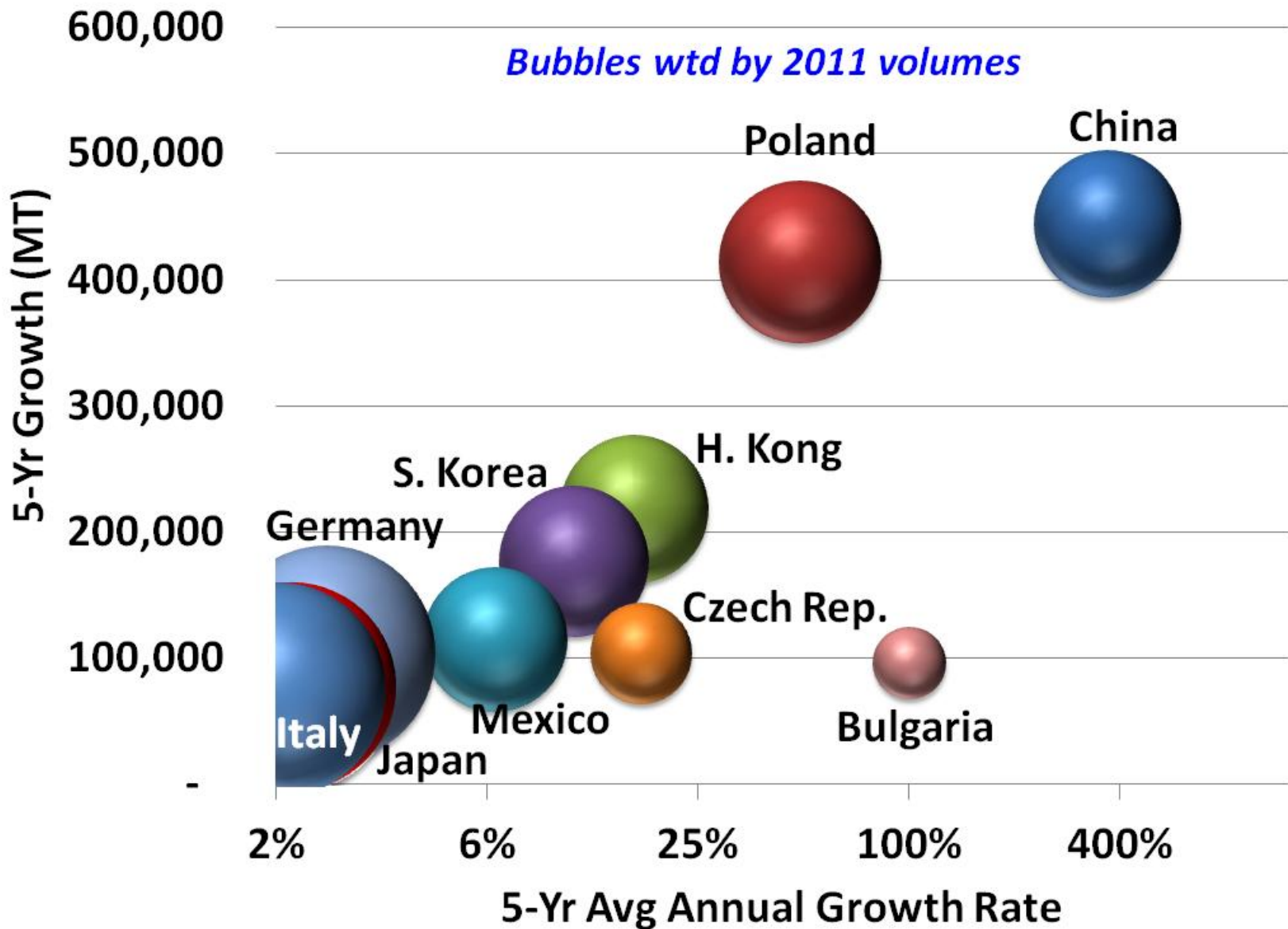


Meat Consumption and Per-Capita Income



Source: FAO, USDA, 2007 data, includes beef, pork, and poultry, cwe

Global Pork Imports - 5 Yr Growth Markets



Source: Various Customs Agencies, GTIS



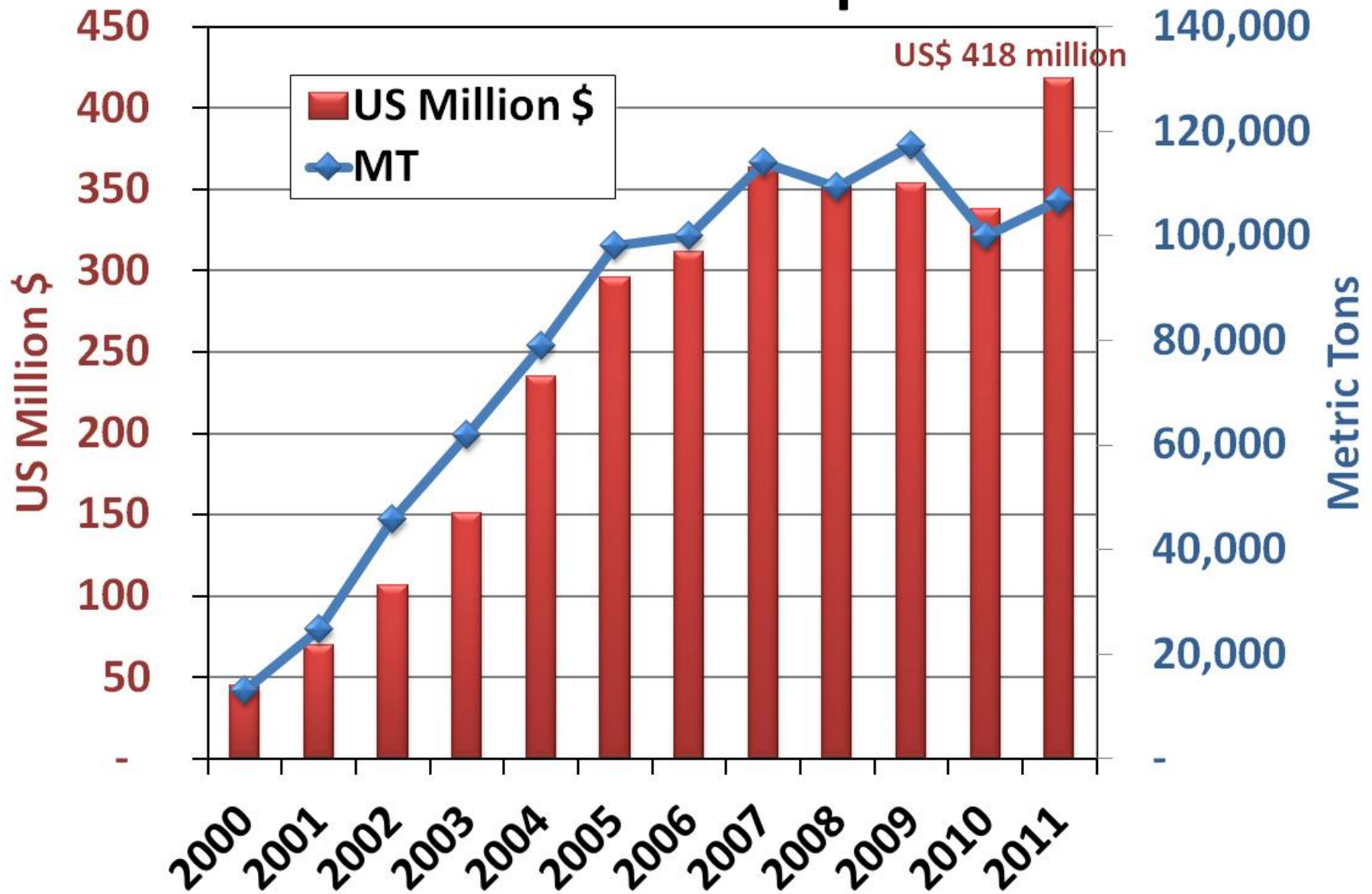
Pork Imports: 5 Yr change and growth rates

	5 Yr Chg	5-Yr Avg Growth	2011 MT
China	443,872	371%	467,783
Poland	413,808	49%	582,227
H. Kong	217,660	16%	481,495
S. Korea	176,267	11%	491,939
Mexico	113,992	7%	456,974
Czech Rep.	103,382	17%	222,484
Germany	102,661	2%	1,037,912
Bulgaria	95,457	101%	114,343
Japan	76,967	2%	964,645
Italy	74,847	2%	1,011,131
Philippines	57,635	63%	76,065
Hungary	56,626	15%	132,287
Australia	50,596	12%	134,649
Canada	45,009	8%	156,896
Austria	39,537	6%	164,917
Russia	38,905	1%	681,591
France	37,960	2%	421,776
Lithuania	31,387	19%	64,404
Slovakia	30,511	10%	92,309
Sweden	26,949	7%	99,917

Source: Various countries' customs data, GTIS

GLOBAL PORK MARKETS AND OPPORTUNITIES

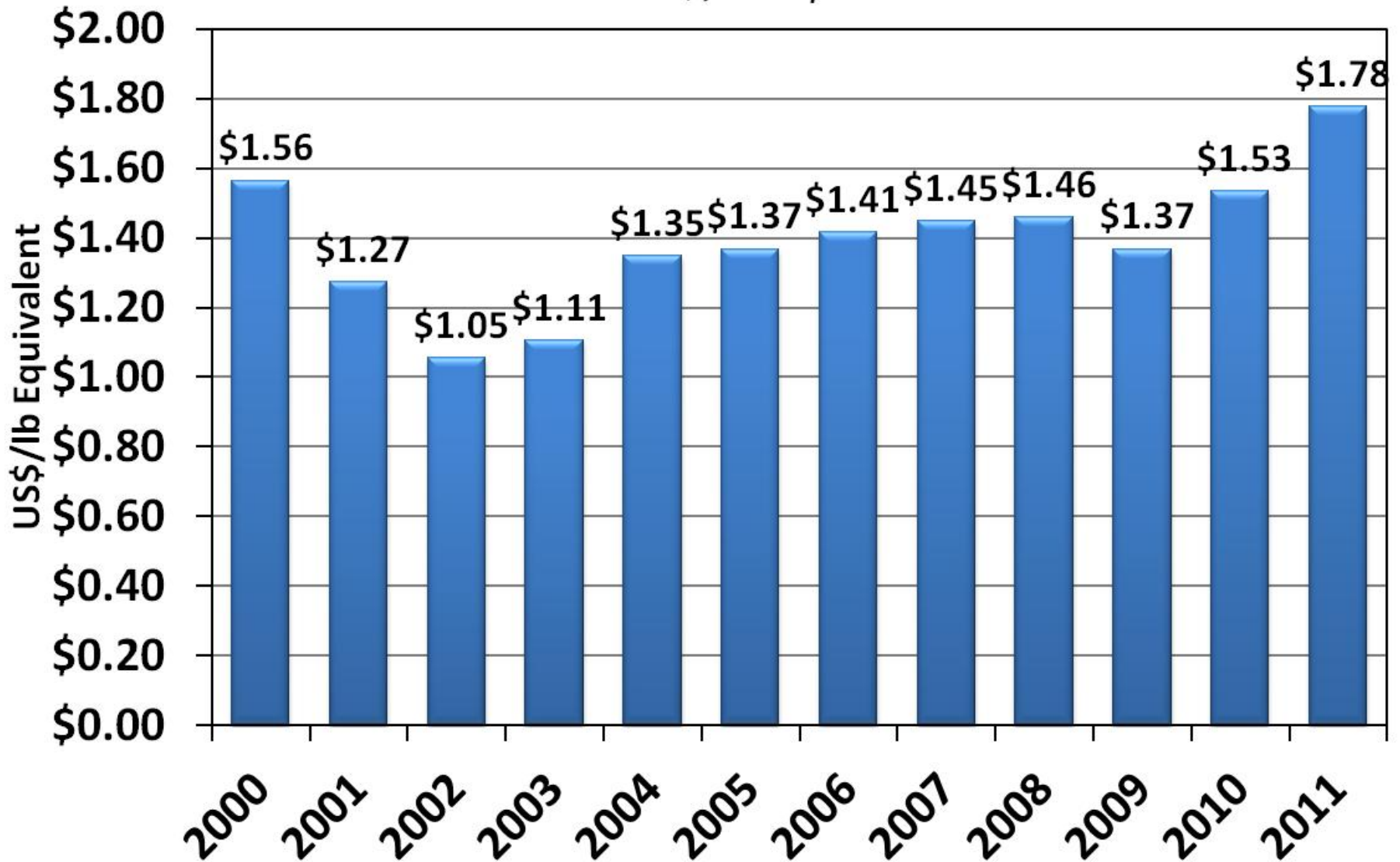
Chilean Pork Exports



Source: Chilean Customs

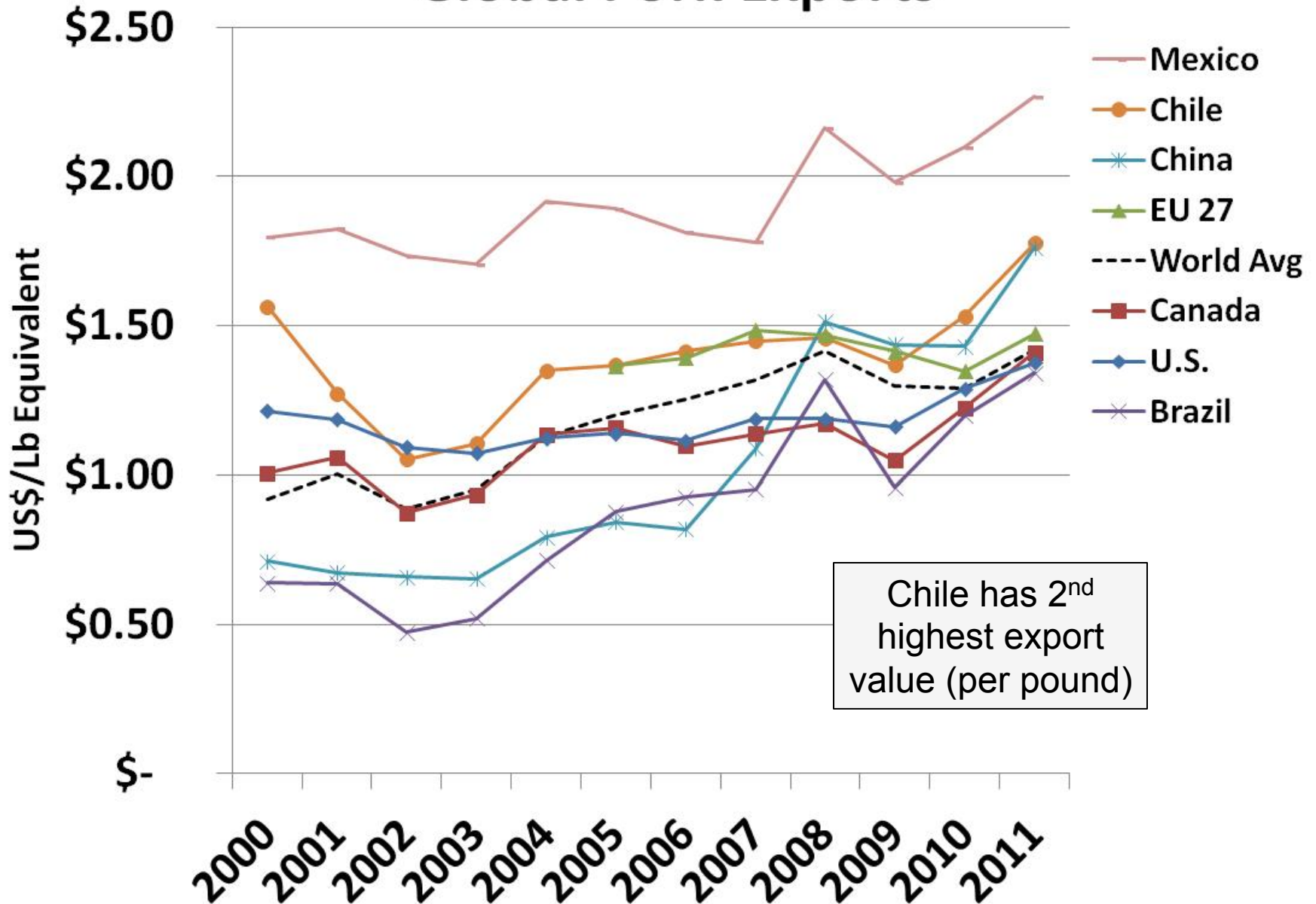
Chilean Pork Exports

US\$/lb equivalent



Source: Chilean Customs

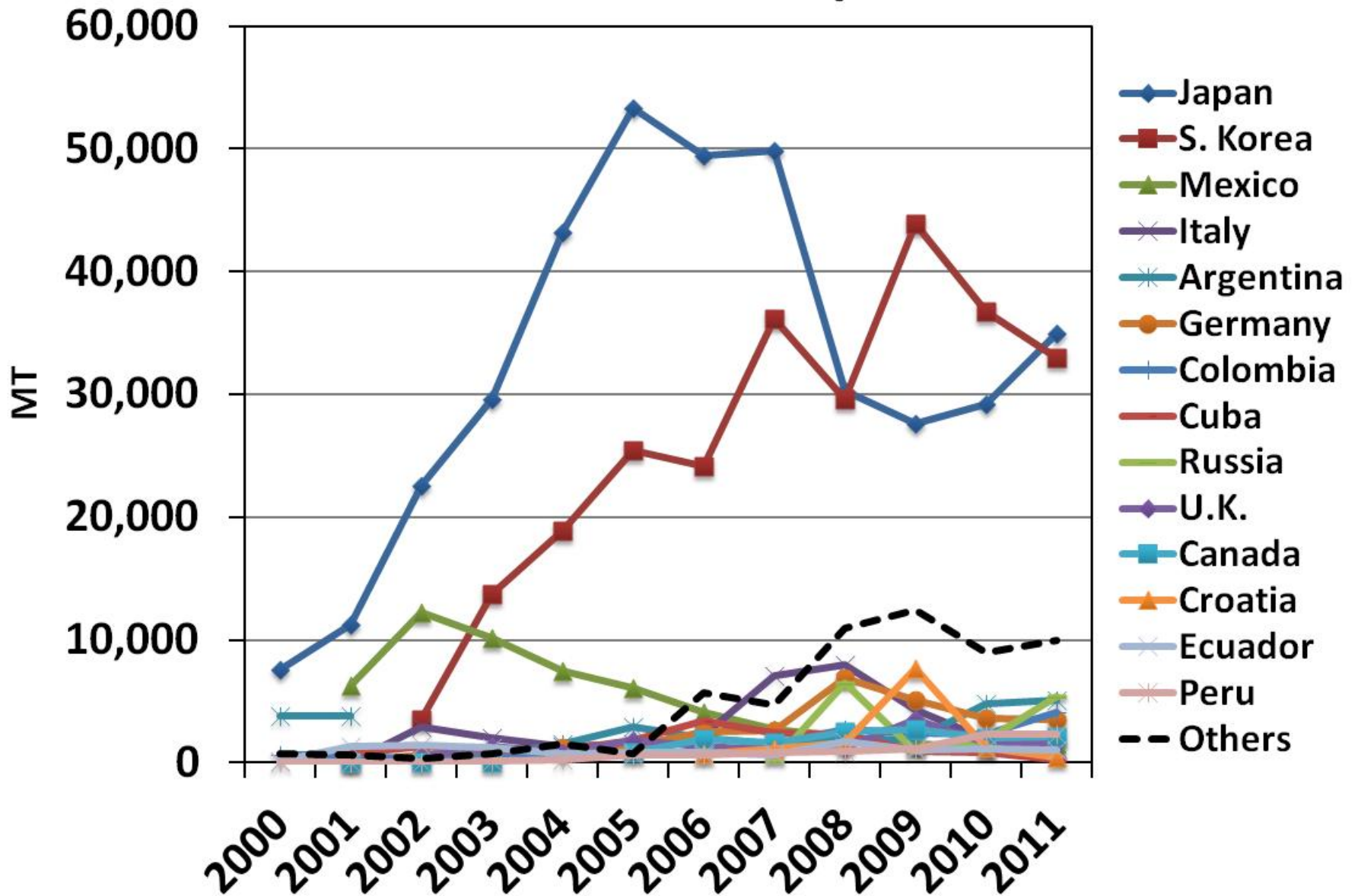
Global Pork Exports



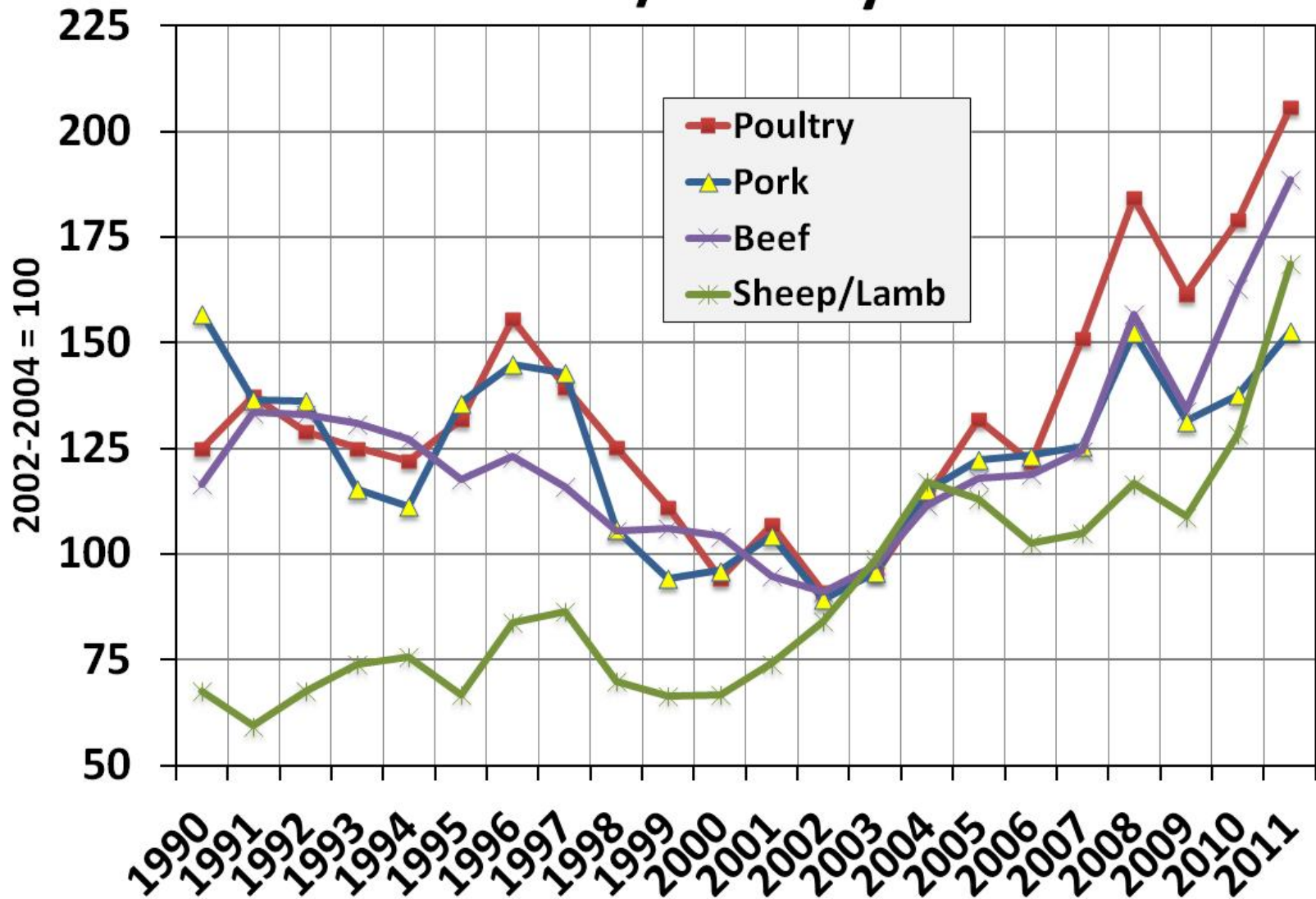
Chile has 2nd highest export value (per pound)

Source: Various Customs Agencies, GTIS

Chilean Pork Exports



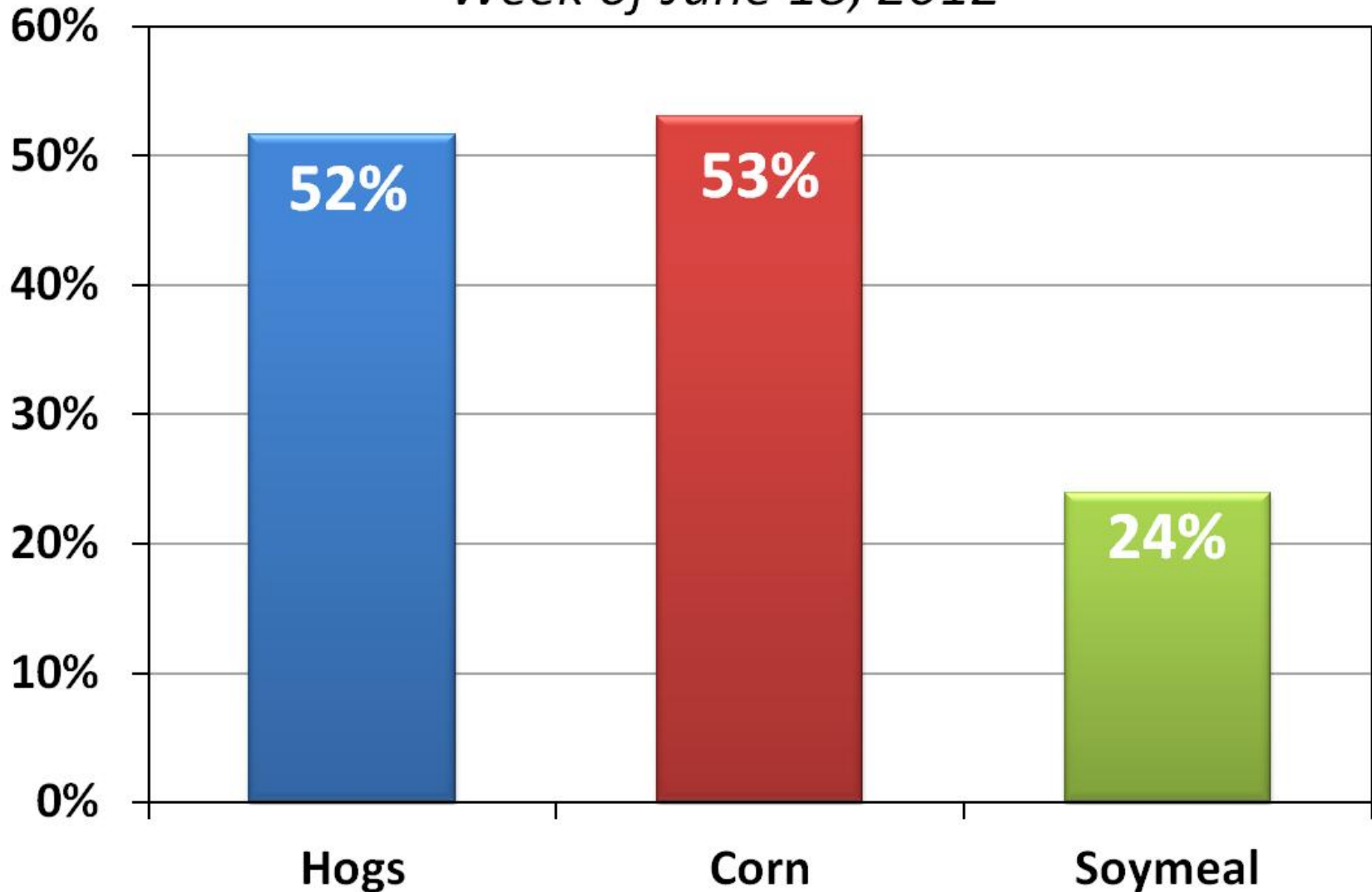
Global Meat/Poultry Inflation



Source: UN/FAO

China Prices vs. U.S.

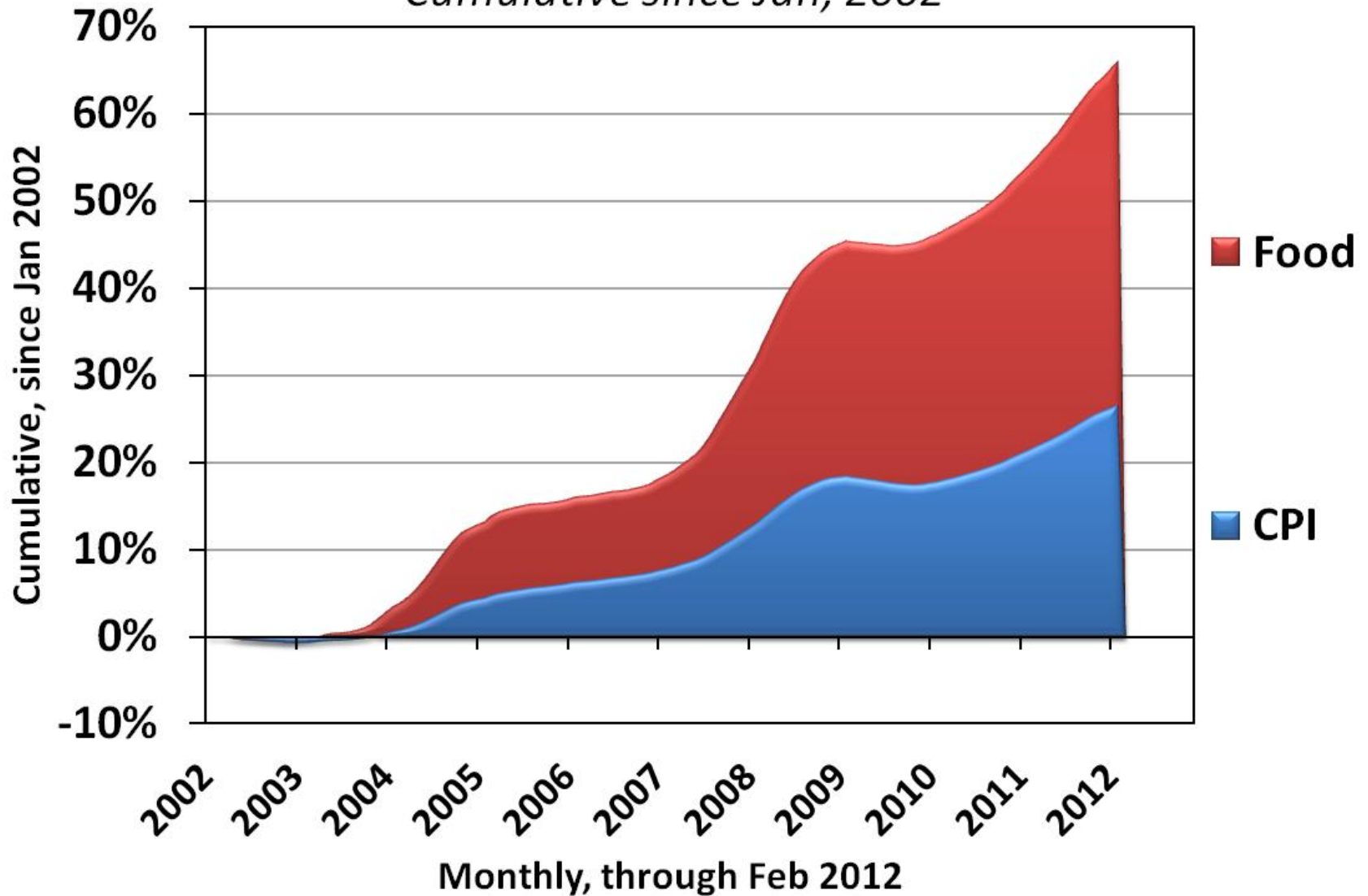
Week of June 18, 2012



Source: Weekly average of Chinese regional markets, USDA

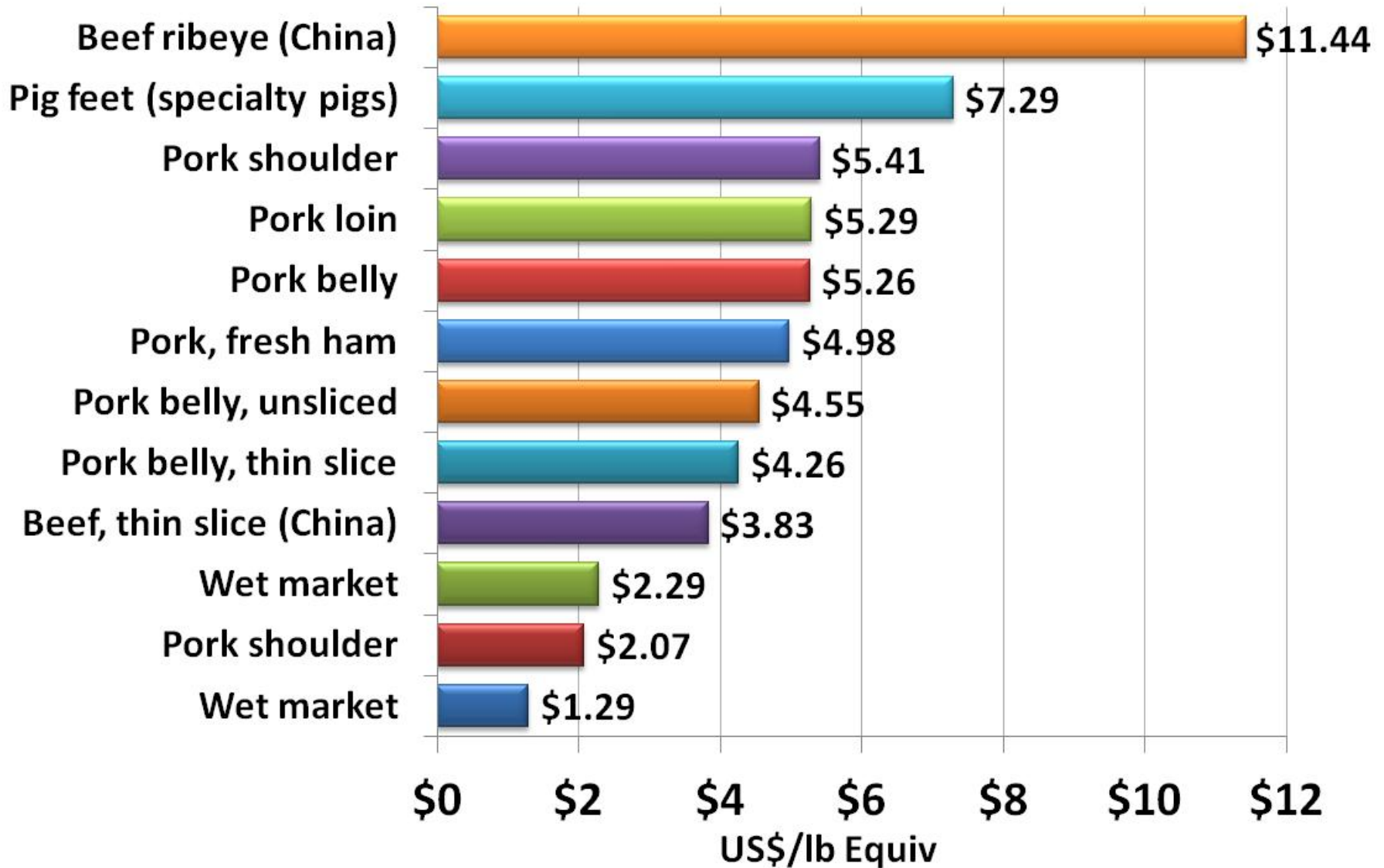
Chinese Inflation

Cumulative since Jan, 2002



Source: China National Bureau of Statistics

Chinese Retail Pork Prices



Source: ALIC, USDA

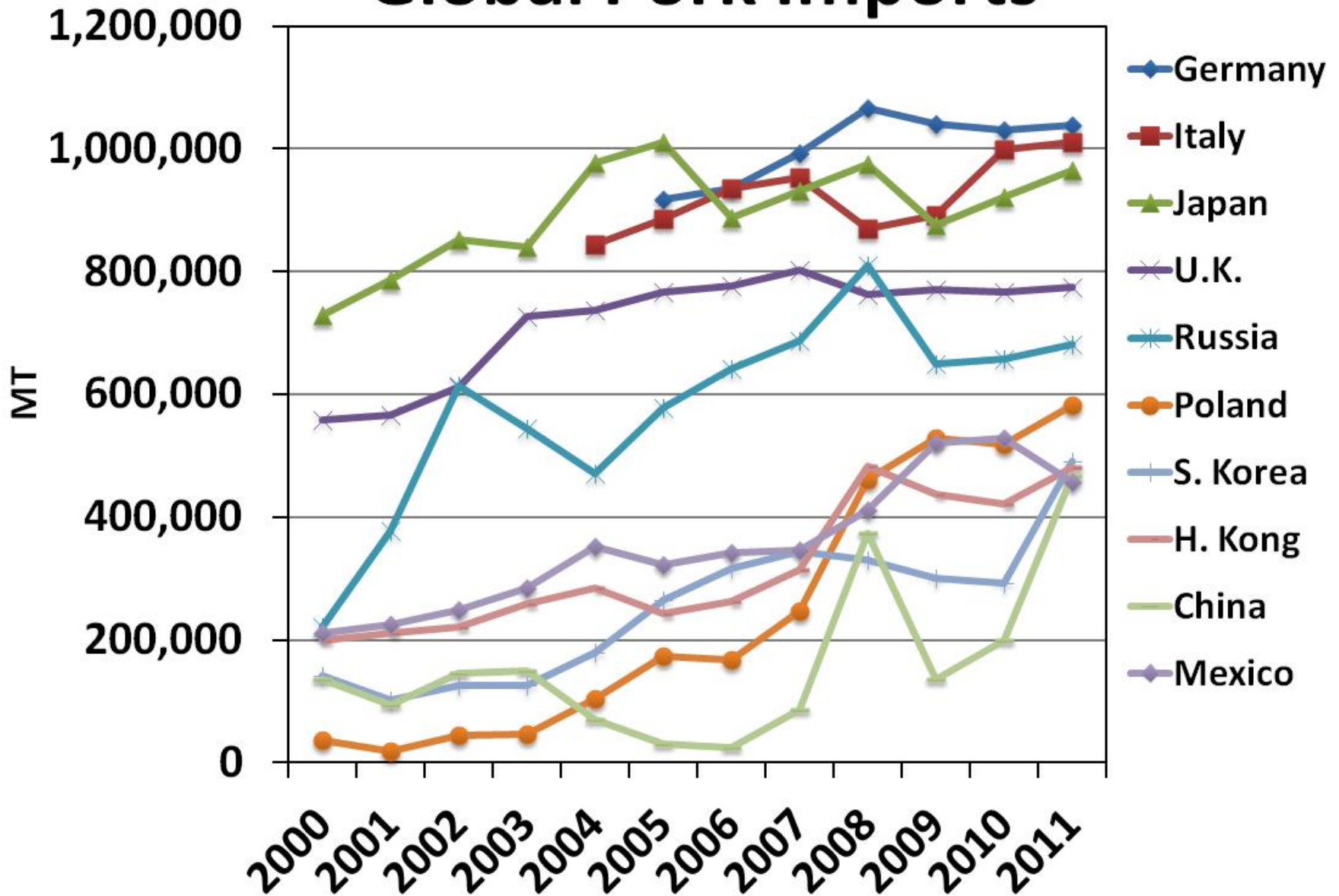
CHINA PORK PRICES

With per-capita income doubling every 6 years (over the past 18 years), consumers can effectively pay twice as much for pork every 6 years without affecting their income...

... but averages assume classes are equal in China...

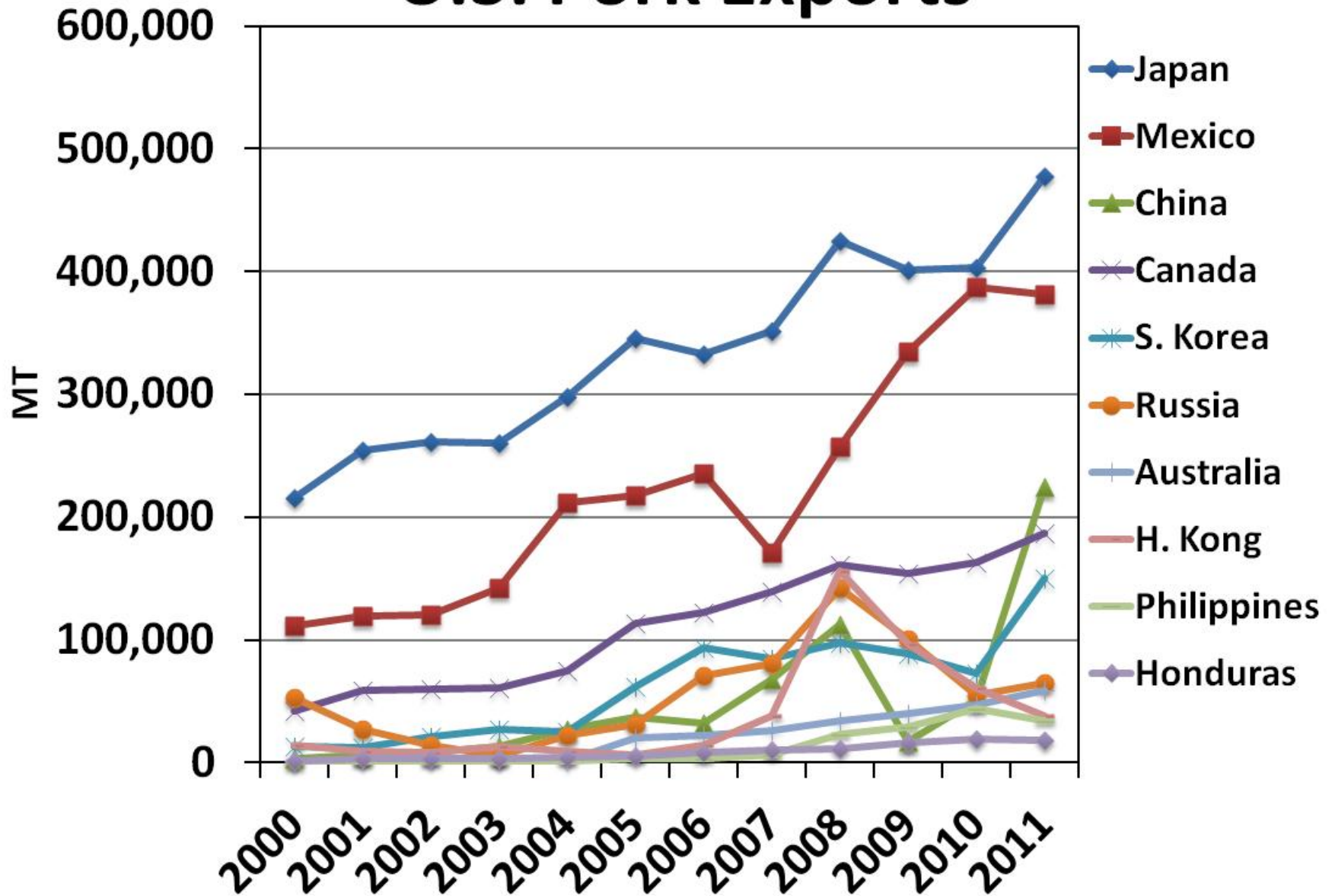


Global Pork Imports



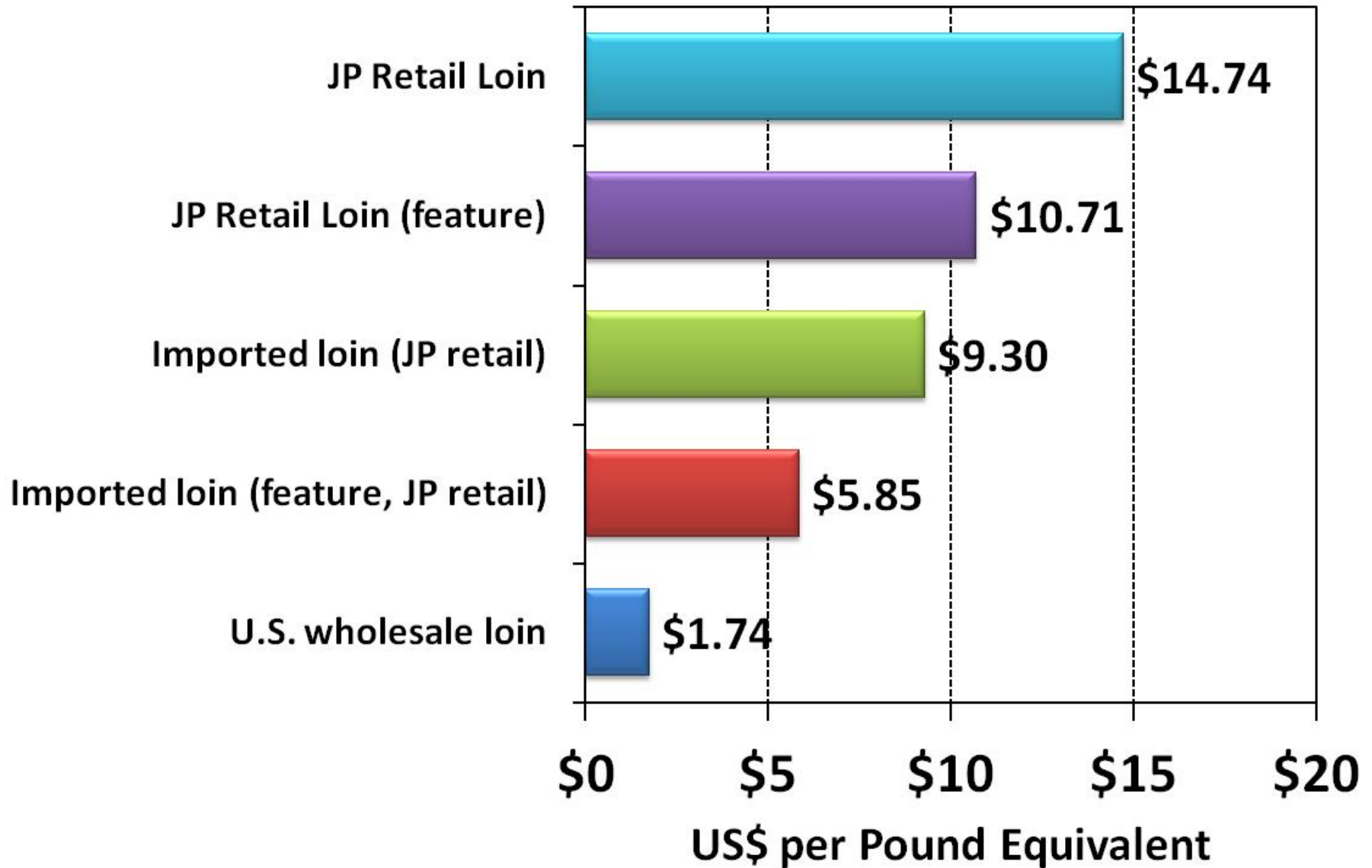
Source: Global Trade Information Services

U.S. Pork Exports



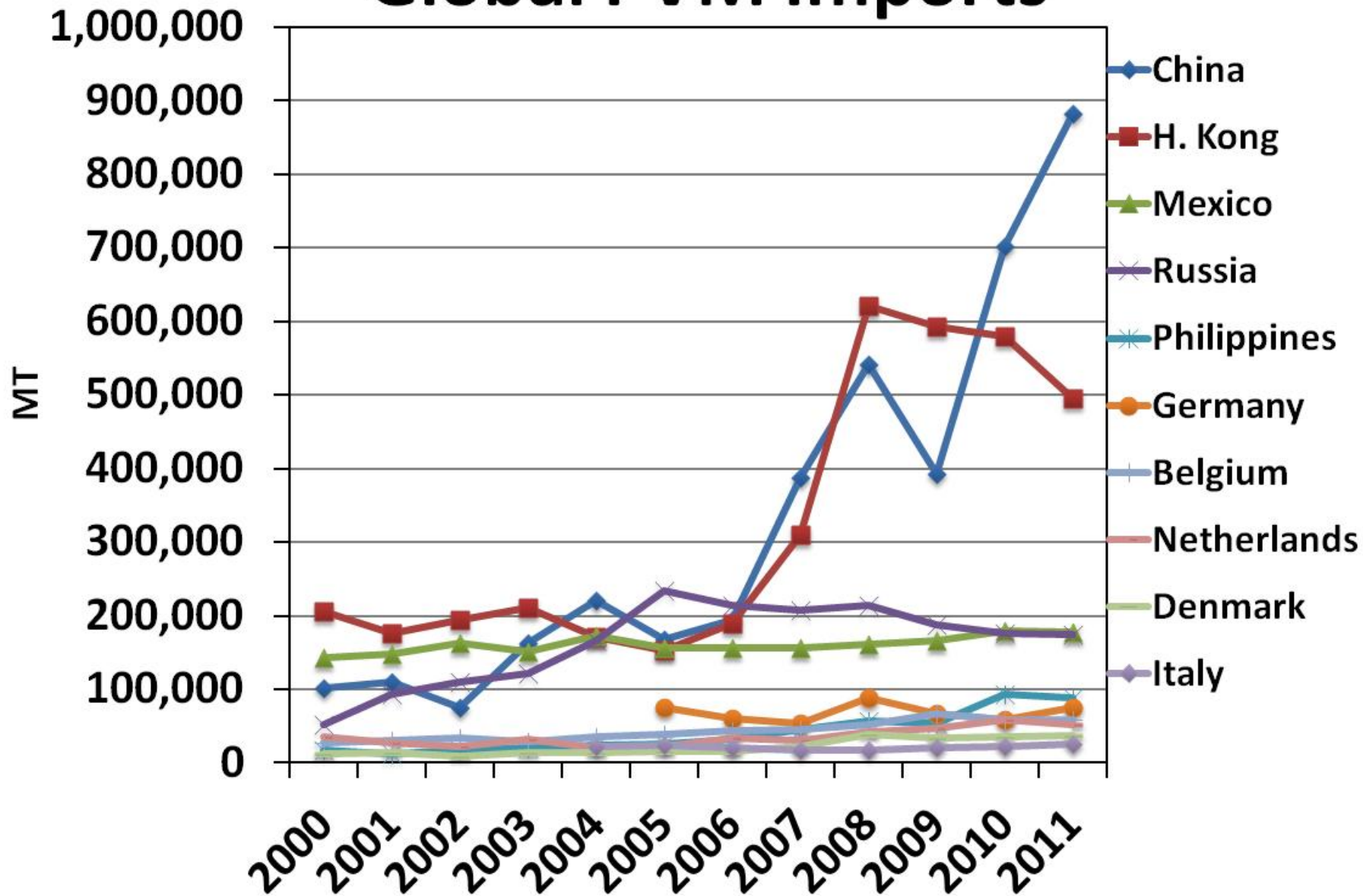
Source: U.S. Customs

Japan Loin Prices - November 2011



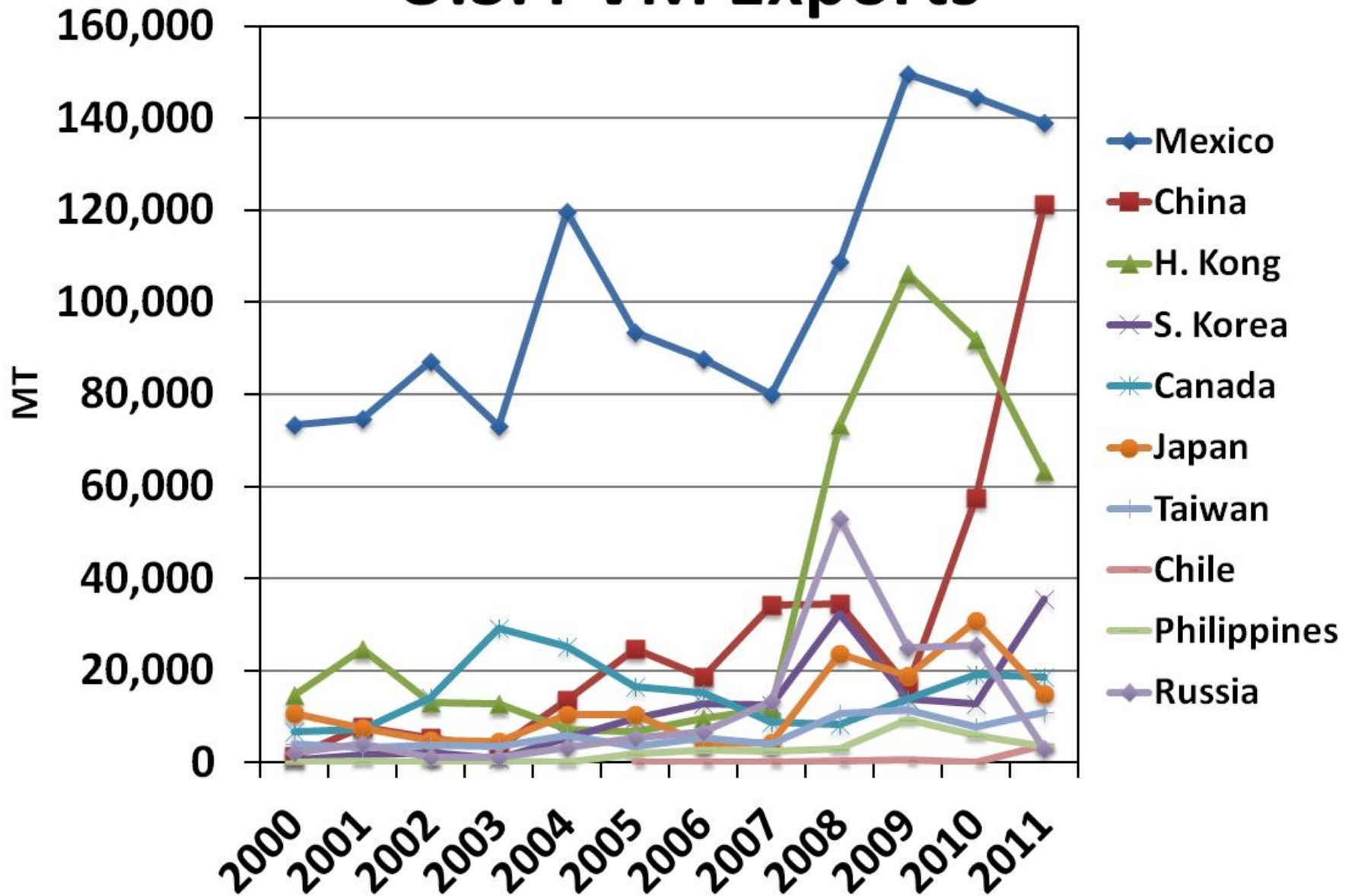
Source: ALIC, USDA

Global PVM Imports



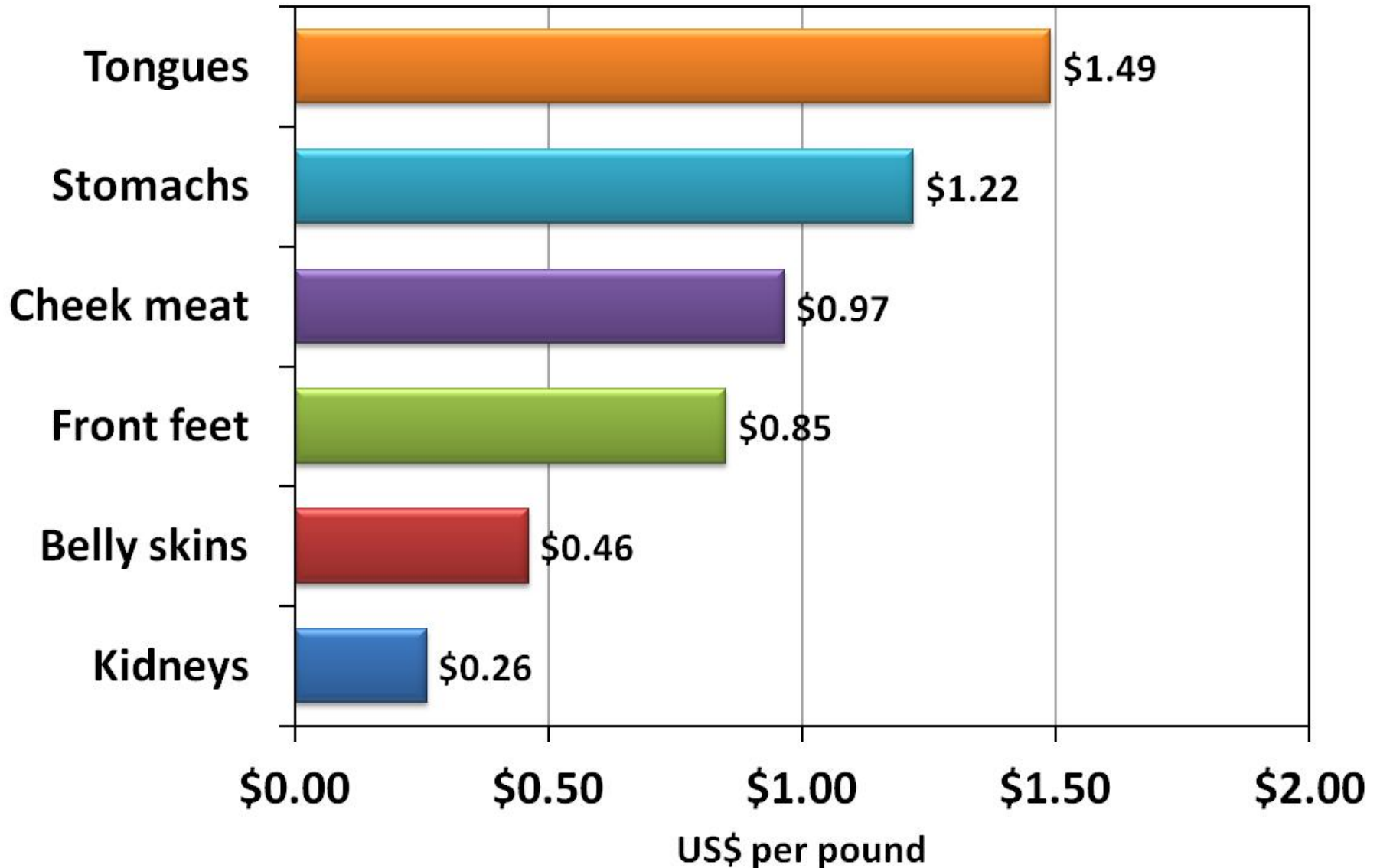
Source: Global Trade Information Services

U.S. PVM Exports



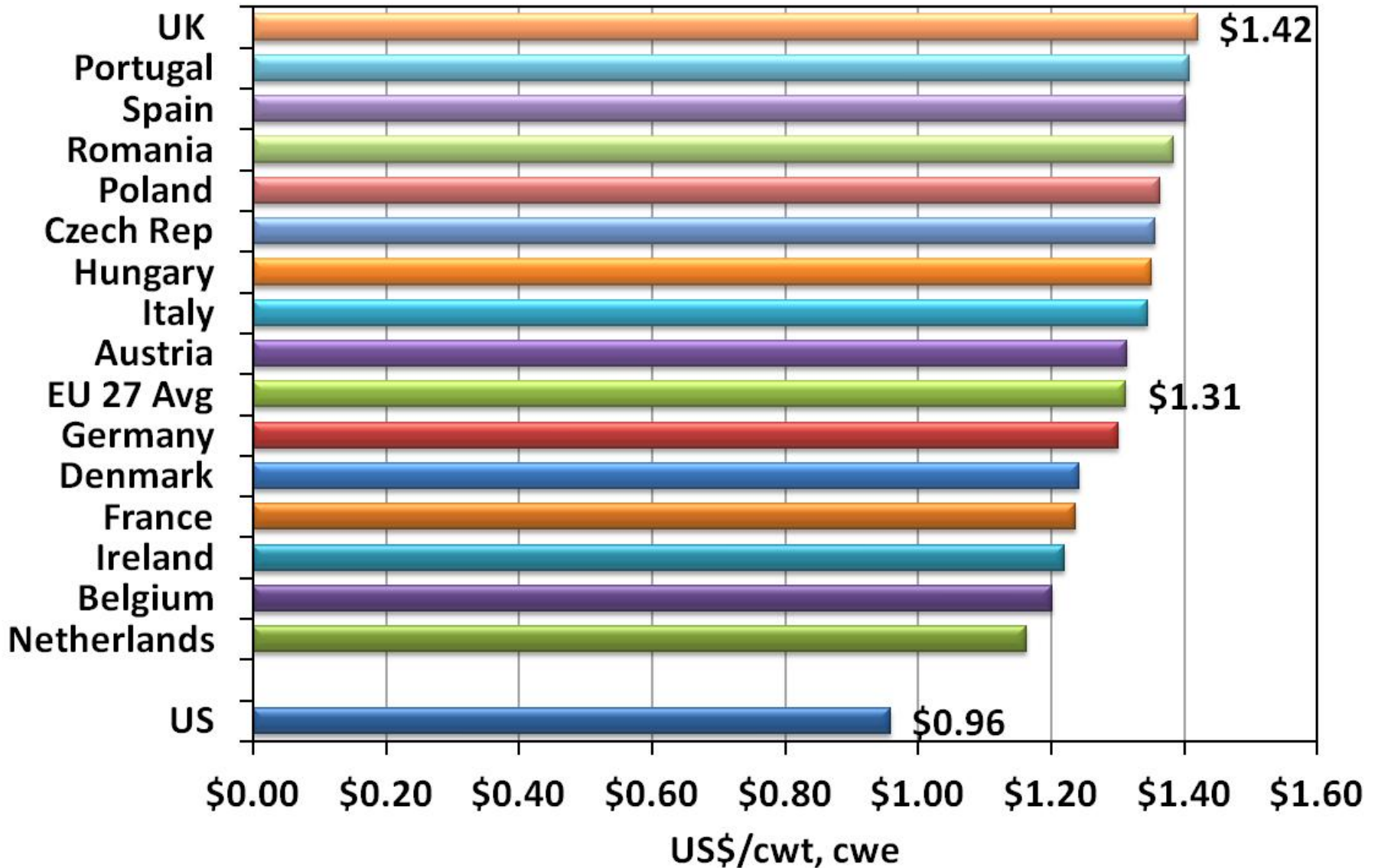
Source: U.S. Customs

U.S. Pork Variety Meat Prices



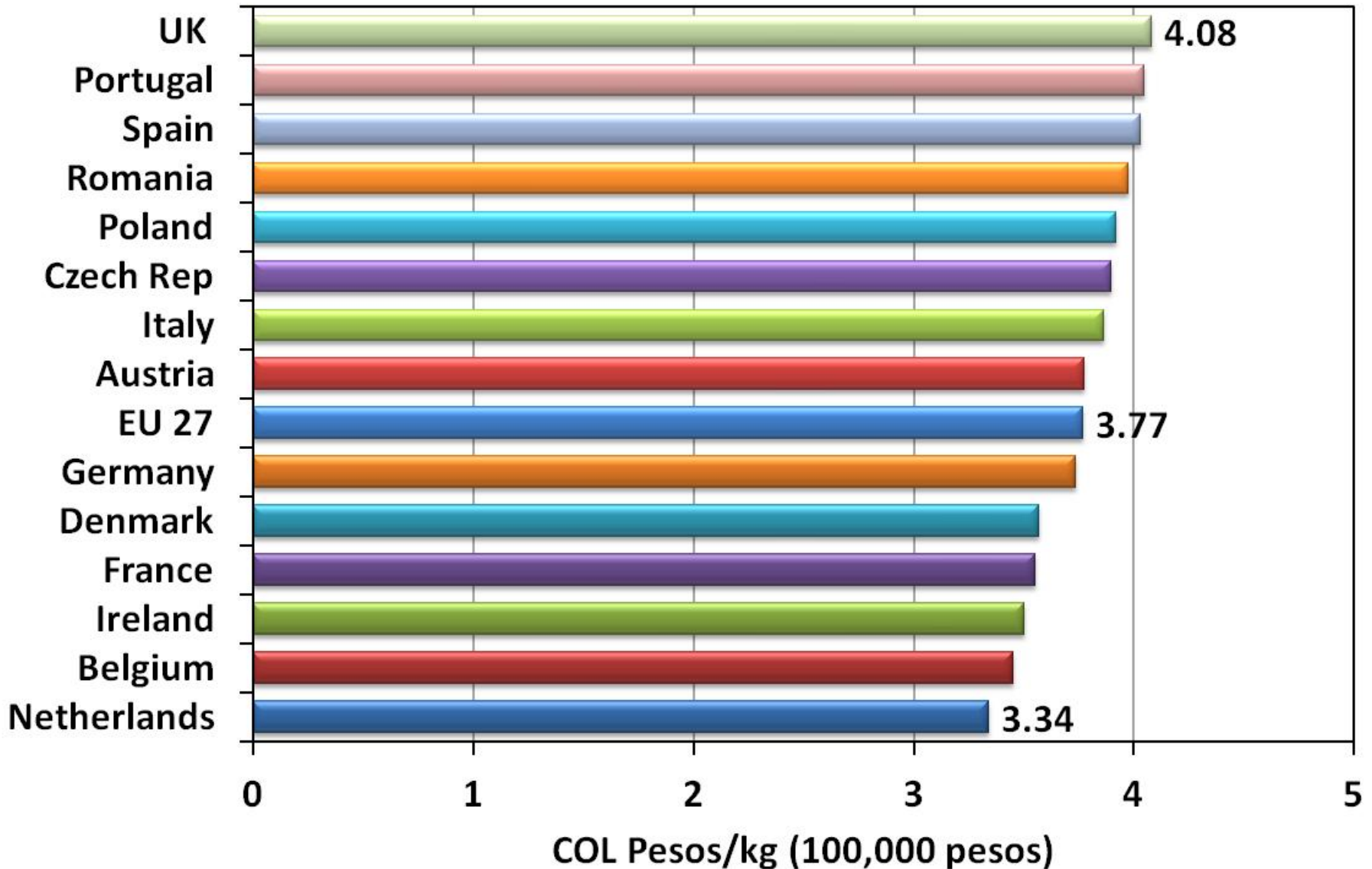
Source: USDA

EU Pig Prices



Source: BPEX, June 23, 2012, USDA

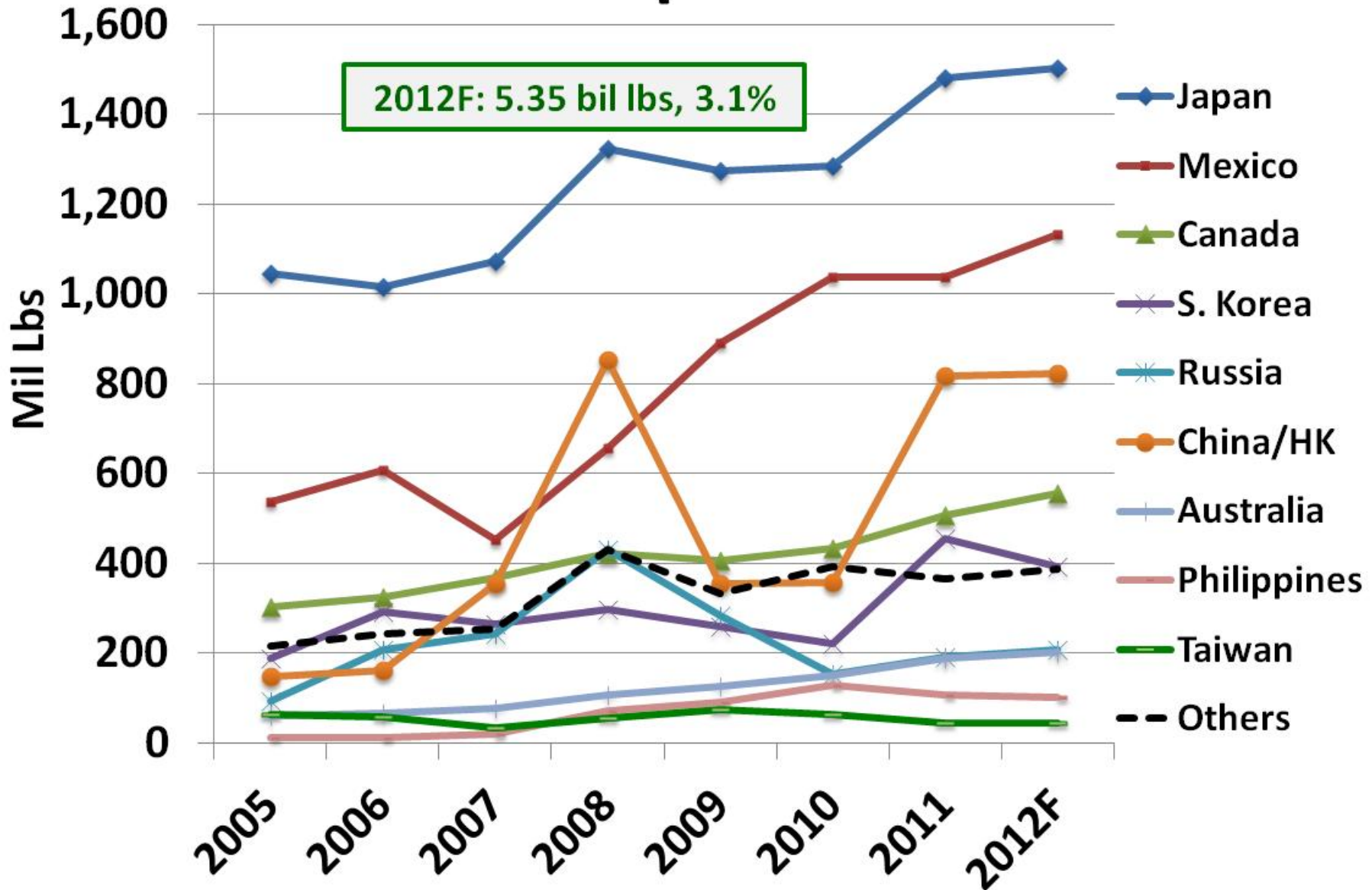
EU Pig Prices



Source: BPEX, June 23, 2012, USDA

OUTLOOK

U.S. Pork Export Forecasts



Source: USDA/ERS, GAT Forecasts

BPEX Report

- **“a major impact on the EU pig meat market”**
- Pig production is likely to fall by between **5-10%** and processors and retailers are likely to face substantial price increases
- Similar animal welfare legislation in the laying hens industry which came into force on 1 Jan. 2012 caused serious disruption to the egg industry where the price of shell eggs **75%** higher than a year ago
- The EU Commission had made it clear **there will be no derogation granted**
- Only **3 (Lux/Swd/UK)** Member States have told the Commission they are already compliant with the new legislation; **9** Member States have indicated they expect to be compliant by the end of this year; **12** countries have not been able to assure the Commission they will be fully compliant by 1 January 2013; **3** countries have not replied to the Commission’s request for such information

EU Sow-Stall Ban

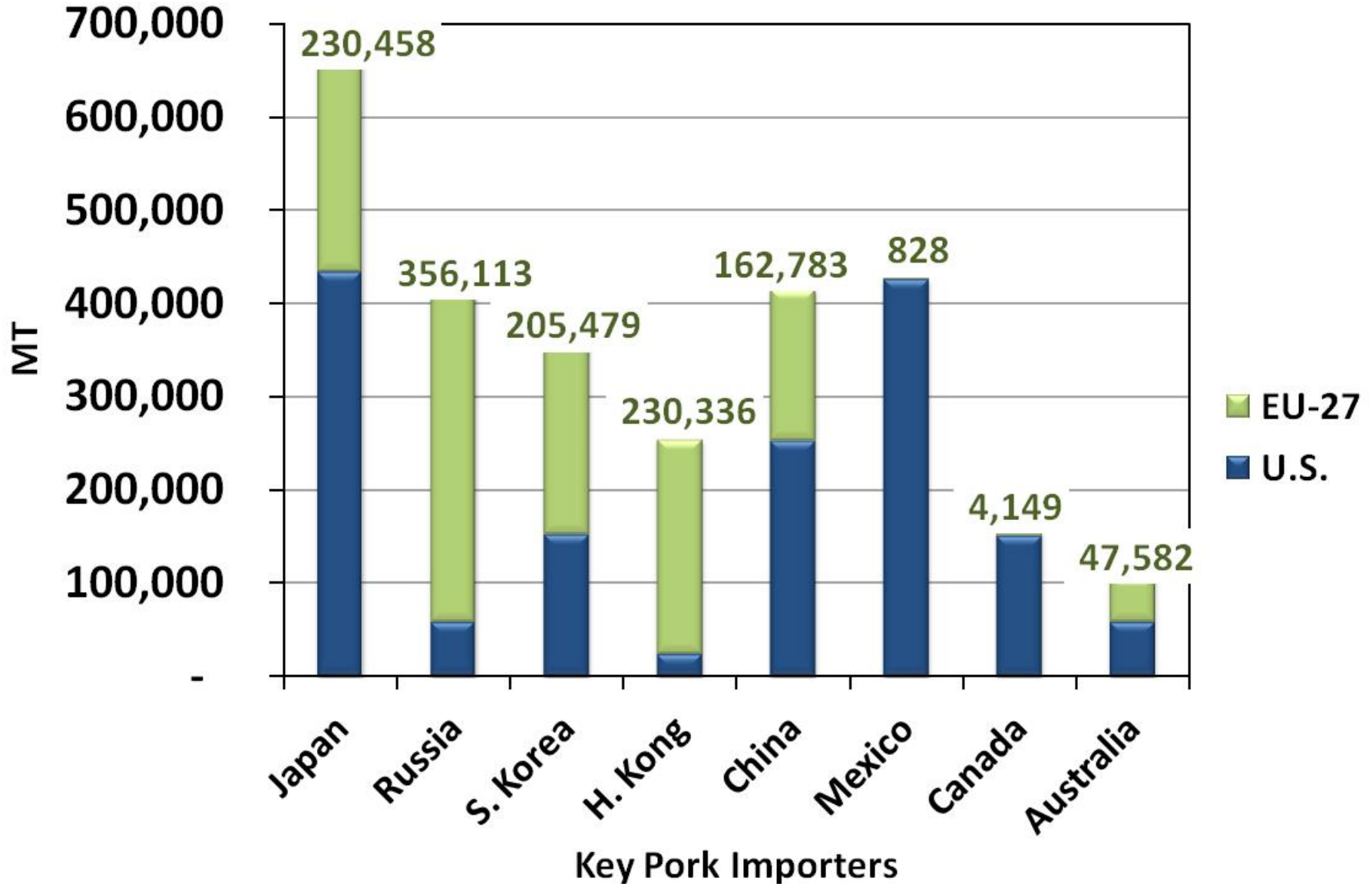
Three Scenarios:

- **Most Likely:** Prod falls 5-10%, 10%+ price increase, further integration
- **Rigorous Enforcement:** Prod falls 10%+ (real shortages at 10%+ price increase, further integration, inflation) (inflation)
- **Fundamental Commitment:** Regional shift, more breeders in NW EU selling piglets to feeders in S, E, EU

Brussels cuts EU beef and pork export refunds

23-Apr-2012

EU-27 Pork Exports to Key Markets



Source: Various Countries' customs agencies

2012 Watchlist

- Chinese pork diseases, inflation, prices
- EU Sow-Stall Ban – (5-10% EU pork decline?)
- Mexican complaints about U.S. pork imports
- Corn prices will remain volatile on weather/China
- Russia WTO Accession – duty reduction for pork
- Japan beef agreement? Mid-year?
- **Market Access:**
 - TPP: talks by Fall 2012?

UN/FAO Projections

- **Global food production will need to increase 40% by 2030 and 70% by 2050; beef and dairy production will need to DOUBLE by 2050**
- **Farming in 2050 will occupy only 13% more land than is used in 2008**

Information Is POWER

- Global markets are interrelated and complicated
- Sanitary requirements (food policies) vary from country to country
- Tariffs, import licensing, and other gov't requirements
- What cuts go where? Pricing information is critical



S. Korea Pork Imports



JANUARY 2011

Prepared Exclusively for

Current Situation

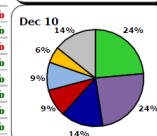
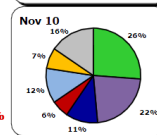
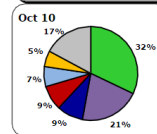
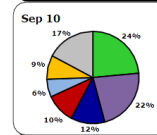
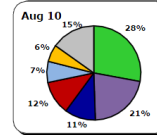
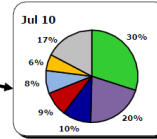
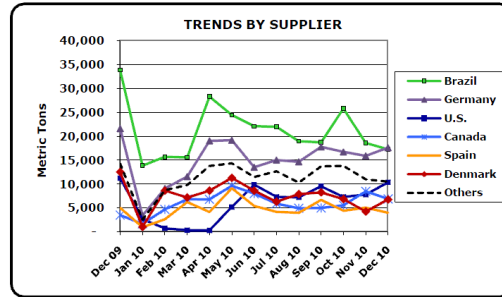
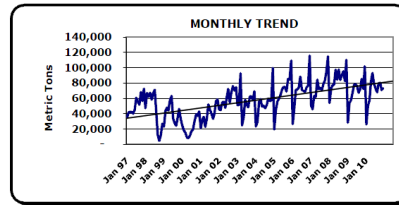
S. Korea's December pork/pvm imports v... For the year ending December 31st, pork import imports from the U.S. jumped 15% (YTD U.S. so in November likely fueled increased purchases,

Current FMD Situation

FMD culling has now claimed 23% of Kor SKYROCKETING just ahead of the Lunar New reached a record 8,000 won/kg (US\$3.25/lb). R retailer just gave up on their promotion of pork b won/kg (US\$8.90/lb) from 12,000 won/kg (US\$

RUSSIA PORK IMPORTS -- BY COUNTRY -- Pork-only, no offal/variety meats

Page 1



TOTAL PORK IMPORTS, BY SUPPLIER - METRIC TONS

	Dec 09	Dec 10	Chg	%	2009 (1-12)	2010 (1-12)	Chg	%
TOTAL	101,984	73,307	-28,677	-28%	837,245	832,302	-4,943	-1%
Brazil	33,861	17,262	-16,599	-49%	260,158	241,242	-18,916	-7%
Germany	21,588	17,601	-3,987	-18%	153,955	173,357	19,403	13%
U.S.	11,231	10,359	-872	-8%	136,390	68,574	-67,816	-50%
Denmark	3,493	6,871	3,378	97%	77,186	85,595	8,408	11%
Canada	5,013	3,969	-1,044	-21%	50,841	74,286	23,445	46%
Spain	12,517	6,762	-5,755	-46%	47,536	56,713	9,177	19%
France	6,409	2,530	-3,880	-61%	38,701	43,009	4,308	11%
Others	7,871	7,953	82	1%	72,478	89,526	17,048	24%

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- # Other reports:
- Japan
 - China/HK
 - S. Korea
 - Australia
 - Mexico
 - Russia
 - Denmark and Canada (exports)

The logo for Global AgriTrends features a blue curved line above the text. 'Global' is in blue and 'AgriTrends' is in green.

Global AgriTrends

Denver, Colorado

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