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Heightened Uncertainty as the Spread of African Swine Fever Raises the Stakes

RaboResearch

Food & Agribusiness
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Global pork markets are on edge as African Swine Fever (ASF) disrupts traditional trade flows and heightens biosecurity concerns.

The rapid spread of ASF in ten geographically-dispersed provinces in China since August, underscores the challenges in controlling this highly virulent pork disease, but it also highlights the vulnerability of the industry to disease-related disruption. New ASF discoveries in Europe raise new concerns of more serious trade interruptions and the potential for greater herd losses. The difficulty in controlling the spread is likely to drive dislocations in supply, with potential for sizable shifts in trade flows in the months ahead. The entire industry is reassessing its vulnerabilities, while evaluating how best to capitalise on regional trade disruptions.

China: A tale of two regions

Market disruption following the discovery of ASF in early August has been significant. Transport bans have made it difficult for affected provinces to move hog inventories. The inability to slaughter hogs in affected regions is impacting prices and will force liquidation. Product shortages in consumer-heavy regions without production, on the other hand, are experiencing extreme price inflation. This imbalance highlights a challenge with the long-term restructuring of production – imports will be needed to fill regional supply gaps.

EU: On edge after ASF discovery

Tensions are high after some 80 cases of ASF were discovered in feral pigs in Belgium in mid-September. A quarantine of the region and stepped up efforts to eradicate potential ASF sources have thus far been successful. Sixteen countries have banned trade with Belgium in response, but neighbouring pork-producing countries have been largely unaffected.

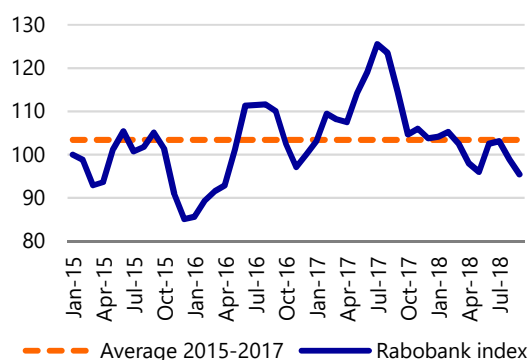
US: Oversupply overhang

Regional supply disruptions following Hurricane Florence and trade barriers with China and Mexico have compounded an already difficult market for US packers and producers. Record protein supplies are weighing on prices, resulting in steep losses. The market rebound in recent weeks has curbed those losses and improved prospects for 2019. Producers are focused on eliminating any risks of local ASF outbreaks.

Brazil: Chinese exports help cushion the blow

After months of losses, returns in Brazil have finally turned positive. Stronger exports to China (+220% YOY) and Hong Kong have helped stabilise prices and are expected to remain an important driver in 2019. Producers remain cautious, however, as key historic markets, including Russia, remain closed and the country remains heavily dependent on exports.

Figure 1: Rabobank Five-Nation Hog Price Index 2014-2018 (Jan 2015 = 100)



Source: national statistics, Rabobank 2018

Figure 2: Rabobank currency forecasts to Oct 2019

	Oct 12	3M	6M	12M
EUR/USD	1.16	1.14	1.13	1.13
USD/JPY	112.3	113	113	115
USD/CAD	1.30	1.32	1.32	1.3
USD/BRL	3.78	3.8	3.75	3.9
USD/MXN	18.9	19	19.5	19.0
USD/CNY	6.92	6.85	6.95	6.95

Source: Rabobank 2018

Feature Story: ASF and Trade Disruption Dominate Outlook

The spread of African Swine Fever (ASF) throughout China has the potential to severely disrupt local production and result in larger import needs by early 2019. Further spread of the disease in Eastern Europe and, more recently into Belgium, raises further concerns of production-dislocation and potential trade disruption. With an eye toward large potential losses, both exporters and importers are re-evaluating 2019 production needs. Trade tensions between the US and China remain high, yet progress on NAFTA 2.0 (now referred to as USMCA) and movement on other alliances should help support trade flows in 2019.

ASF in China: A potential game changer

ASF could devastate the Chinese pork industry and add further weight to the structural shift in production. While the official number of animals culled to date is small, relative to the country's total production, the possibility of a radical change in hog supply over the coming months could impact the international market. Local supply shortages are already seen following the ban on live hog transportation from affected regions (*see Figure 3*). Price pressure in the affected regions is leading some small farmers to exit the market. Government figures show that the country's sow herd declined 4.8% YOY in August. While we believe this drop may be overestimated, we agree the reduction is larger than expected. Liquidation can largely be attributed to the farmers' response to disease outbreaks.

China's pork imports in the first eight months of 2018 are also surprisingly higher than expected, as they were only 0.6% lower than the same period of last year. Imports in August increased 10% YOY and are perhaps

more indicative of the near-term regional imbalances. China's pork imports are expected to increase steadily over the balance of the year, subject to the price gap between the international and local markets, biosecurity requirements for imports, and Chinese importers' financial strength. We now expect 2018 imports to exceed 2017. We also expect another step-up in 2019 of pork imports, driven by the possible supply gap in the Chinese market.

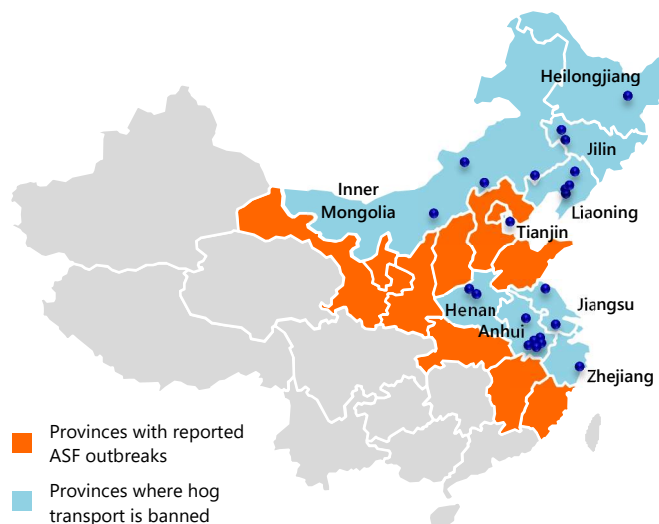
European outlook harder to estimate

The outbreak of ASF in Belgium has major consequences for local exporters, but (fortunately) has little impact at the European level (*see Figure 4*). Belgium contributes only 2.5% of EU pork exports, and trade restrictions are likely to have little-to-no impact. We recognise, however, that the spread of ASF to neighbouring countries, like the Netherlands or Germany, would clearly have greater consequences. At present, the effect of this outbreak has been a marked drop in local prices, and a mood of extreme caution in the industry.

Trade tensions ease for North America

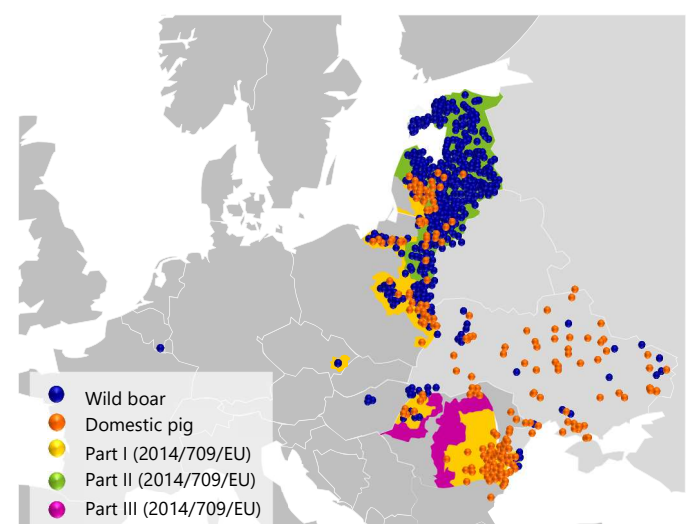
With no cases of ASF detected in North America, the US, Mexico, and Canada are focused on the potential upside of trade gains. The successful renegotiation of NAFTA (now referred to as USMCA), lays the groundwork for duty-free trade between the US, Canada, and Mexico, but does nothing to eliminate the existing Section 232 retaliatory tariffs on steel (and therefore US pork shipments to Mexico). This stalemate will continue to weigh on US ham values in the near-term, but should ultimately be resolved. Progress on US-Japan free trade discussions and finalisation of the US - Korea Free Trade Agreement (KORUS) should help ease trade tensions in the longer term.

Figure 3: ASF outbreaks China by 15 October



Source: OIE, FLI, Rabobank 2018

Figure 4: ASF outbreaks Europe by 10 October



Source: FLI, Rabobank, 2018

Dashboard

Legend and units

Production	Exports	Imports	Hog price	Piglet/feeder price	Feed price
1,000 tonnes carcass weight equivalent (CWE)			kg CWE	head	tonne

Δ = year-on-year change

All prices in local currencies EU = Euro, China = RMB, US = USD, Canada = CND, Brazil = BRL

EU: Market in motion amid external and internal influences

Production	Exports	Class E price	Piglet price	Feed price
Down	Rising	Under pressure	Declining	Rising
Jun 2018: 0.1867 Δ -1.4%	Jul 2018: 29.9 Δ +2.2%	Aug 2018: 1.49 Δ -12.6%	Aug 2018: 36.91 Δ -24.1%	Sep 2018: 256 Δ +9.9%
YTD: 12,004 Δ +3.4%	YTD: 218 Δ -0.6%	YTD: 1.43 Δ -12.9%	YTD: 45.3 Δ +1.1%	YTD: 246 Δ +5.6%

China: Supplies falling on disease pressure and price uncertainty

Herd	Pork meat imports	Hog price	Piglet price	Corn price
Falling	Expected to increase	Falling	Falling	Rising
Aug Hogs: 411 Δ -0.67%	Aug: 92.6 Δ +10.8%	Sept: 14.1 Δ -6%	Sept: 24 Δ -31%	Sept: 1.8 Δ +6.2%
Sows: 40.98 Δ -2.56%	Jan-Aug: 829 Δ -0.6%	Jan-Sept: 12.4 Δ -20%	Jan-Sept: 26.4 Δ -30%	Jul-Sept: 1.78 Δ +5.5%

US: Ample pork supplies weigh on prices; outlook stronger on ASF-related export hopes

Production	Exports	Hog price	Sow price	Feed price
Expansion	Expected to rebound on ASF	Declining	Falling	Falling
Aug 2018: 1,045 Δ +4.2%	Jul 2018: 193 Δ +8.9%	Sep 2018: 0.79 Δ -18%	Sep 2018: 0.62 Δ -33.5%	Sep 2018: 0.92 Δ -17.8%
YTD: 7,796 Δ +3.4%	YTD: 1,569 Δ +6.5%	YTD: 1.03 Δ -10.8%	YTD: 0.86 Δ -11.7%	YTD: 0.87 Δ -7.6%

Canada: Nearby weakness on heavy pork supplies

Production	Exports	Hog price	Feeder Price	Feed price
Increasing	Declining	Declining	Rising	Falling
Sep 2018: 157 Δ +2.3%	Mar 2018: 111 Δ -12%	Jun 2018: 2.06 Δ -9.6%	Jun 2018: 1.55 Δ +5%	Jun 2018: 0.91 Δ -16%
YTD: 859 Δ +4.7%	YTD: 314 Δ -4%	YTD: 1.80 Δ -9.3%	YTD: 1.93 Δ +5%	YTD: 0.92 Δ -6%

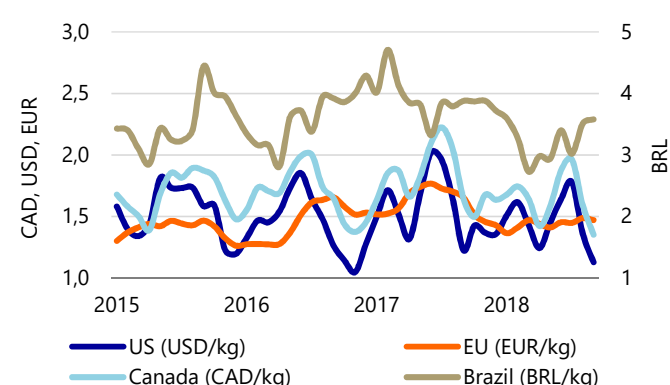
Brazil: Pork exports expected to increase during Q4 2018

Production	Exports	Pork price	Hog price	Feed price*
Increasing	Falling	Declining	Falling	Stabilizing
Jun 2018: 369.1 Δ +12.4%	Aug 2018: 62.9 Δ -6.1%	Sept 2018: 5.84 Δ -5.7%	Sep 2018: 3.64 Δ -9.0%	Sep 2018: 0.91 Δ +36.3%
Jan-Jun 2018: 1,936.0 Δ +4.6%	Jan-Aug 2018: 405.4 Δ -11.6%	Jan-Sept 2018: 5.26 Δ -17.3%	Jan-Sept 2018: 3.33 Δ -19.2%	Jan-Sept 2018: 0.88 Δ +37.5%

* Brazilian Feed Price = 60% corn + 40% soymeal; Live hog prices in the state of São Paulo

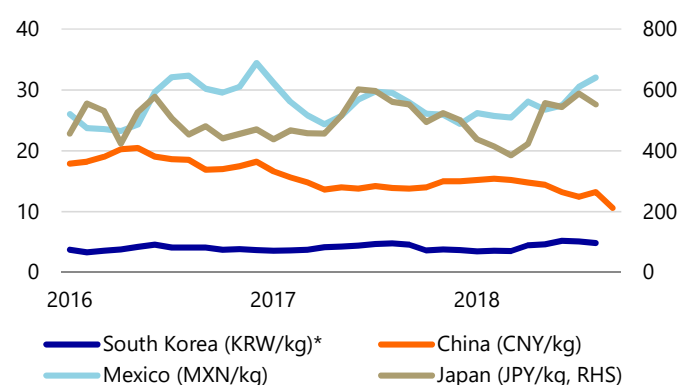
Source: EU Commission, WUR, MoA China, USDA, Statistics Canada, Canada Pork Council, Ministry of Agriculture Brazil, Rabobank 2018

Figure 5: Pork prices in exporting countries, Jan 2015-Sept 2018



Source: Bloomberg, European Commission, Agriculture and Agri-Food Canada, Rabobank 2018

Figure 6: Pork prices in importing countries, Jan 2015-Sept 2018



*Note: For display purposes, the South Korean won has been divided by 1,000.
Source: Bloomberg, European Commission, ALIC, Rabobank 2018

Regional Outlooks

China

Since the first African Swine Fever (ASF) case was reported on 3 August, over 30 separate cases have been reported in eight provinces. Given the severity of the outbreak, the government has imposed control measures. Live hog transportation is banned in provinces with disease outbreaks and neighbouring provinces. Some affected provinces are key hog production areas, and important suppliers to Southern and Eastern China. As a consequence, regional price differences have widened (see Figure 7).

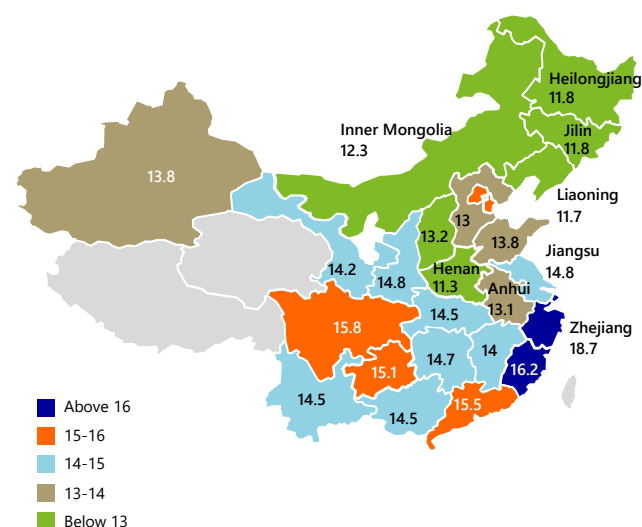
While live hog prices fell below breakeven in some northern and northeast provinces, prices in hog-deficit coastal provinces, like Zhejiang and Fujian, have increased 40% in just a month. The price difference between hog surplus and deficit regions has reached a historic high. With transport restrictions expected to continue, smaller farmers in affected regions may liquidate sows and exit the market.

Larger farms are likely able to withstand the near-term pressures without reducing herds. We do not, however, expect expansion. While slaughterhouses in affected regions may benefit from lower hog prices, the glut of pork is likely to weigh on local prices. Limited storage capacity restricts their ability to amass inventories. We currently expect tight hog supplies in the coming months, but recognise it is difficult for local players to capitalise on this.

In addition to short-term market volatility, we expect ASF to accelerate the industry's structural adjustment. China's hog industry is fragmented, with 40% of hogs coming from small producers. Biosecurity has been a weakness of this segment, and most reported ASF cases come from farms with less than 500 hogs, commonly using kitchen waste to feed hogs. Conversely, large-scale farms have very strict biosecurity, with standardised feed and have, so far, largely been unaffected by ASF. We expect ASF to catalyse widespread industry consolidation, with many small farmers becoming uncompetitive in the new market conditions.

Moreover, increasing live hog transport costs mean slaughter capacity will need to relocate, closer to farming.

Figure 7: Live hog price (25 Sep), RMB/kg



Source: Boyar, BOABC, Rabobank 2018

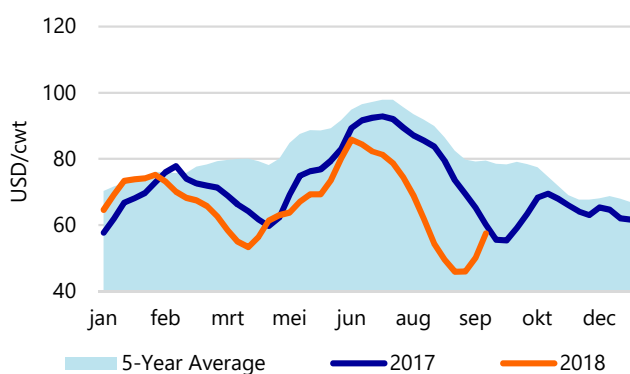
US

US pork production in 2H 2018 is expected to be 4% larger than year-ago levels and slightly below earlier expectations. Smaller-than-expected production gains (up 1.5% YOY) in Q3, should drive slightly larger-than-expected Q4 production (up 6.3% YOY). Lower Q3 production primarily reflected lighter weights (flat YOY) after very hot summer/early fall weather limited gains and hurricane-delayed slaughter. Hurricane Florence-related disruptions at two of the industry's largest East Coast facilities cut slaughter rates in mid-September, which will force higher kills for most of Q4.

Hog weights should rebound in the coming weeks on cooler weather and new crop feed supplies. A sharp rebound in hog prices since the August outbreak of ASF in China has also shifted the financial incentives for producers (see Figure 8). With the recent rebound in hog prices, we expect limited herd reductions and a shift in producer sentiment in 2019. New volumes from the second shift at the Seaboard-Triumph plant, which began this month, should also boost slaughter rates and be supportive to market prices. The USDA's September Hogs & Pigs report was in line with our earlier expectations, with 3% growth in the sow herd, supporting our outlook for continued herd growth in 2019 and increased pork supplies.

Trade barriers have weighed on US pork export values (esp. hams), but trade volumes were relatively healthy in July (up 2% YOY). Strong shipments to South Korea (up 63% YOY) and Japan (up 10% YOY), more than offset slightly weaker volumes to Mexico (down 4% YOY) and China/Hong Kong (down 31% YOY). Volumes are up 2% YTD, while the value of pork exports is up 3%. We see no immediate change in trade flows to Mexico (despite the revised USMCA) or China, but acknowledge that ASF-related losses and trade disruptions should remain supportive to stronger exports in the months ahead.

Figure 8: Lean hog price (CME), 2016-2018



Source: CME Group, Rabobank, 2018

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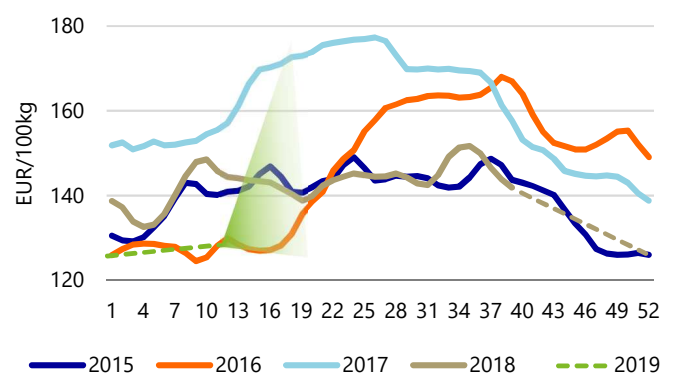
The EU pig market has rarely faced as much uncertainty as it does today. Based on growing disruption in European and global hog populations and international trade tensions, the price of pork is expected to be quite volatile in the coming months. Pork prices are likely to be under pressure through Q1 2019 and then rebound later in the year (see Figure 9). At present, there are just too many unknowns to pinpoint the magnitude of the price swing. We are currently assuming there will be no additional cases of ASF in western European countries – if this changes, everything about the outlook changes.

Pork prices have been under pressure in recent weeks, mainly as a result of increasing supply and expectations that international demand may fall in the coming months. Pig prices are expected to remain weak as fears of the potential spread of ASF keep producers from expanding. Packers have also been reluctant to store pork, fearing trade could be restricted at any moment. At the same time, a growing consensus that China will import large quantities of pork next year has left room for markets to move higher in the coming weeks. Prices of competing proteins have thus far been unaffected, but should pork prices escalate we would expect poultry and beef markets to move higher.

EU pork supplies will remain high in 2019. Based on the latest EU pig population data, production is expected to stabilize in 2019. In 2018, pork supplies will increase between 2.5% to 3%. The herd reduction in Germany is offset by increases in Denmark and Spain, in particular.

EU pork export volumes are nearly flat YOY, but prices are on average 9% lower, depending on the destination. Based on our current outlook, export demand is expected to increase in 2019, particularly from China.

Figure 9: EU pork prices, 2015-2018



Source: European Commission, 2018

Russia

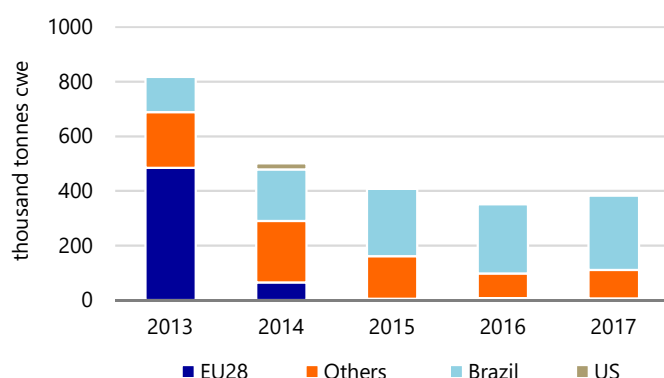
Russia is not currently exporting to neighbouring ASF-infected countries, including China, as it remains focused on supplying its domestic needs. Rabobank believes, however, that if losses in China are sizable and require larger pork volumes in coming months, this relationship may be re-evaluated. We also believe that as Russia becomes self-sufficient, pork exports will become a critical driver of future profitability. Asian and African markets seems to be the best suited for exports given geography and price.

Russian pork production continues to steadily increase. Domestic supplies are expected to grow between 3% and 5% in 2018, and should see further increases in 2019. The major integrators have more than offset the production disappearance of many backyard and small farms in recent years. In 2017, the 20 largest companies accounted for 62% of national production. Several of the country's largest producers have ambitious expansion plans in the next five years (until 2022) – several are set to double their production. The rapid growth of larger players and the slow fade of smaller farms will lead to an acceleration in production growth in the next three to five years.

Many Russian pork industry operations continue to benefit from the subsidised import-replacement programme. Russia's pork imports have fallen sharply, from over 1m tonnes in 2012 to less than 100,000 tonnes in 2018. Since 2014, EU, US and Canadian pork exports to Russia were blocked due to political reasons. Brazil lost access in December 2017 (see Figure 10).

Russian pig prices ensured good profitability of the integrators in recent years, partly thanks to the disappearance of imports. In Q3 2018, local Russian pig prices reached record levels compared to the last four years.

Figure 10: Russian pork imports, 2013-2017



Source: Trademap, Rabobank 2018

Mexico

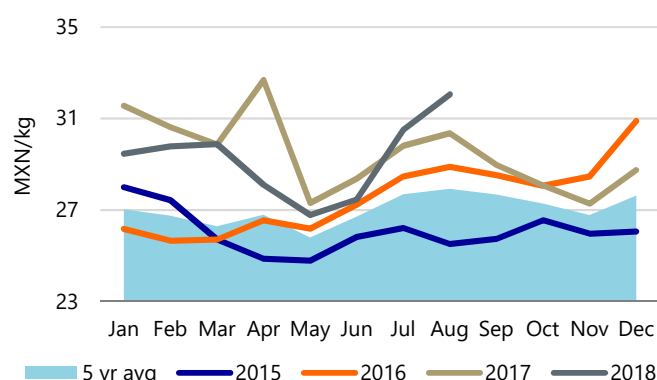
Pork production domestically continues to run higher than last year, with 1H 2018 production up 3.8% on the same period in 2017. In the second half of the year, pork production is expected to expand as demand increases. Federally-inspected slaughter is up 6.5% in the first half. The second part of the year is expected to see this increase by another 4.9m head, reaching a total of 9.7m head slaughtered at federally-inspected facilities.

Domestic consumption of pork remains strong – growing by 6.6% in 2018 compared to 2017. Per capita consumption in 2018 is expected to reach 18.5kg per person. In 2019, we expect further production increases in pork, beef, and poultry. Based on consumption growth we see big gains in chicken and pork as they fight for a share of Mexicans' dinner plate.

In terms of the new agreement reached by US, Mexico and Canada, it is still unknown if Mexico will remove the tariff on US pork imports, as no comments have been made regarding the US removal of steel and aluminium tariffs. Imports from the US remain strong, which reflects strong internal demand. January-to-June pork imports from the US were 4.3% higher than same period last year. Total imports for the year 2018 are expected to reach 1.2m tonnes (CWE).

National average hog prices are 2% higher compared to last year as demand for hogs in Mexico increases, helping support hog domestic prices (see Figure 11). Pork carcass prices, however, are 4% higher than the same period last year (Jan-Sept), despite higher production and higher imports.

Figure 11: Mexican hog prices, 2015-2018



Source: Porcimex, Rabobank 2018

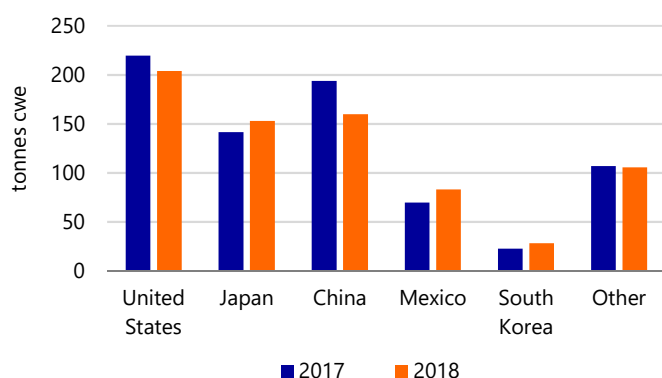
Canada

Canadian pork production growth remains flat, at 2.1m tonnes. Challenging operating conditions in the spring/summer drove out a few producers in the colonies, while new packing capacity has attracted some new barns in Manitoba and Quebec. Producers continue to struggle, yet prospects have improved as prices rebounded in the US (the two markets trade in tandem) following the outbreak of ASF in China. The industry has also seen better export demand for its feeder pigs following the rebound in the US hog market.

We expect a modest pick-up in pork production 2H 2018, as cooler weather boosts weights, and better returns encourage strong packer demand. We do not expect any significant change in near-term production plans given the lack of visibility on trade and disease. Based on improved herd health, improved packer demand, and the potential for better export demand, we are expecting modest production growth in 2019. After two years of no measurable growth, the 1.25m sow herd in Canada should see a 1%-2% increase in the coming year and a similar gain in total production.

The recently announced USMCA (formerly NAFTA) should have little to no impact on Canadian pork trade with the US or Mexico, as Canada had seen very little benefit from the Mexico-US dispute (*see Figure 12*). There is also expected to be very little benefit to Canadian pork from the CPTPP agreement in 2019, although we acknowledge that improved access to Vietnam and Japan (especially as Canada secured a contract for all pork to Costco Japan) should remain supportive to exports in the long run. We look forward to the outcome of the Canadian trade mission to China in mid-November 2018, given the evolving situation.

Figure 12: Canadian pork exports July, by volume



Source: Statistics Canada, 2018

Japan

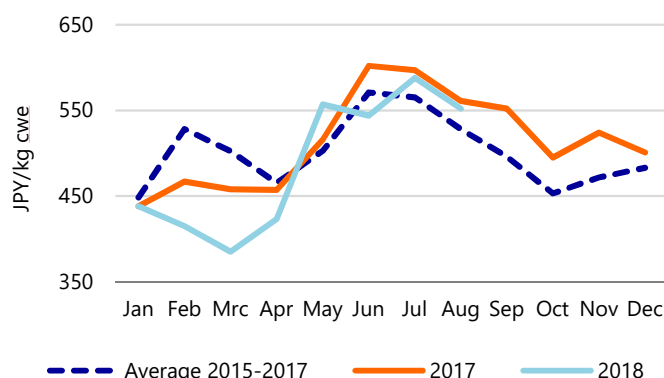
Pork markets in Japan are volatile as they respond to global trade developments and the outbreak of ASF in China, while the recent discovery of two cases of Classical Swine Fever (CSF) in Japan's own herd in early September further disrupted market conditions.

Based on the latest developments, and part of a longer term trend, the Japanese hog production sector continues to transition to larger, more specialised farms. Succession challenges play a driving factor in this change. Based on the latest data, only Japanese farms with more than 2,000 animals have reported any growth. In 2018, there were 1,030 of these large-scale farms (25% of all farms), while the number of small farms continues to shrink. More than 80% of all farms have an integrated business model with their own farrowing and finishing divisions.

In September, the centre of the country was hit by an outbreak of Classical Swine Fever (not African Swine Fever). This was the first occurrence of the disease in 26 years and it is unclear how it was spread. CSF can spread more quickly than ASF as it is airborne and can spread to neighbouring farms. As the discovery was not in the primary pig growing region, it is not expected to materially impact production. The industry is still recovering from the 2013-2016 outbreak of PED and its commercial operations will remain vigilant.

Domestic markets have generally been very strong, supported by stable growth in consumption. Prices had been strong, but fell 6.1% in August compared to the seasonal peak of 588 JPY/kg in July (*see Figure 13*). Annual pork imports of about 1,435 thousand tonnes (2018) are expected to grow given limitations on domestic production and are expected to grow nearly 2% annually in the next two years.

Figure 13: Japanese pork prices, wholesale market Tokyo



Source: ALIC, Rabobank 2018

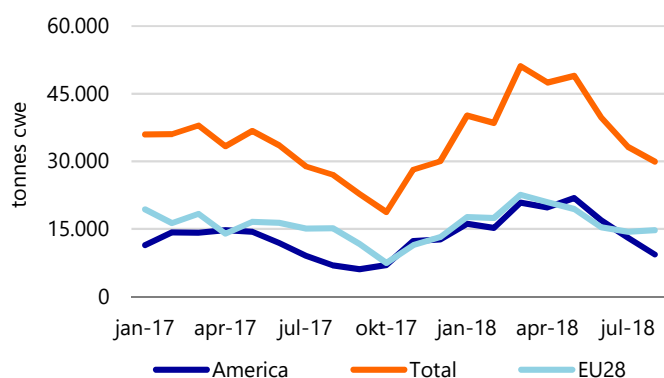
South Korea

The South Korean hog production sector is on high alert given the relatively high threat of bringing in African Swine Fever from China. At the end of August, Korean government officials confirmed that travellers had attempted to bring meat products infected with ASF from China. Measures have been taken at airports to prevent 'imports' of meat products. The country has also banned imports of pork from Belgium in response to the outbreak there. This stream will be replaced quickly by other suppliers as it involves only small quantities (less than 10,000 tonnes of unprocessed meat in 2017).

Prices have had a strong seasonal spike but producers remain cautious given the potential risk of disease. The sector has not yet reacted to the jump in prices, and markets remain volatile. December Hog Futures (HOGZ8 KOFEX) dropped more than 20% within one week between 14 September (5,735 KRW) and 21 September (4,535 KRW).

Imports of pork meat in August are 10.6% above August 2017. Year-to-date figures are even higher, with imports 22.3% above same period 2017 (see Figure 14). With the Korea-US free trade agreement finalised, ensuring duty-free access, we expect strong shipments from the US to continue. We also believe local importers have started building pork inventories anticipating higher prices and greater competition in the months ahead.

Figure 14: South Korean pork imports, by origin



Source: Korean Meat Trade Association, 2018

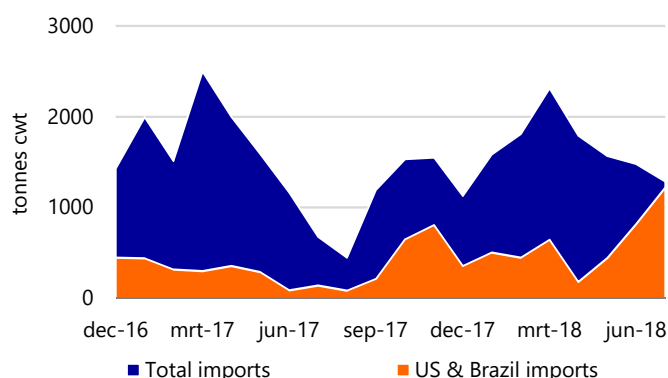
Vietnam

There have not been any reported cases of ASF in Vietnam YTD, but various precautions have been undertaken. Integrated farms have strengthened biosecurity measures; while border inspections have also been tightened (approximately 49% of Vietnam's pig population is concentrated in the North). The transportation, trading, and slaughtering of pigs/pig products without clear origin is now banned. This would have put an end to the grey channel arbitrage, despite rising prices in China. Since 20 September, Vietnam stopped pork imports from Poland and Hungary due to ASF risk.

At the end of September 2018, finished hog prices continued to gain strength: VND 52,500/kg live weight in the south and VND 51,500/kg live weight in the north – compared to VND 46,000 and VND 48,000, respectively, at the end of June 2018. Production margins should therefore continue to benefit from the current price strength. In Q3 2018, feed raw materials (corn and soybean meal) costs in USD terms have sequentially increased, reflecting higher settled prices in the previous quarter. Since peaking in May 2018, both corn and soybean meal prices have dropped. Rabobank expects pig production margins to remain well-supported in Q4 2018, as higher piglet prices in recent months will be offset by lower landed feed raw material costs.

Higher pork prices in Vietnam have prompted increased demand for chicken. Live broiler prices remained remarkably steady YTD, even though preliminary data revealed a 32% YOY jump in imported frozen chicken cuts in first half 2018. Over the same period, Vietnam pork import volumes remained stable at 10,500 tonnes swt (vs. first half 2017: 10,700 tonnes swt); but the origination had swung from the EU to Brazil and US – which jumped by 70% YOY (see Figure 15).

Figure 15: Vietnamese pork imports



Source: USDA 2018

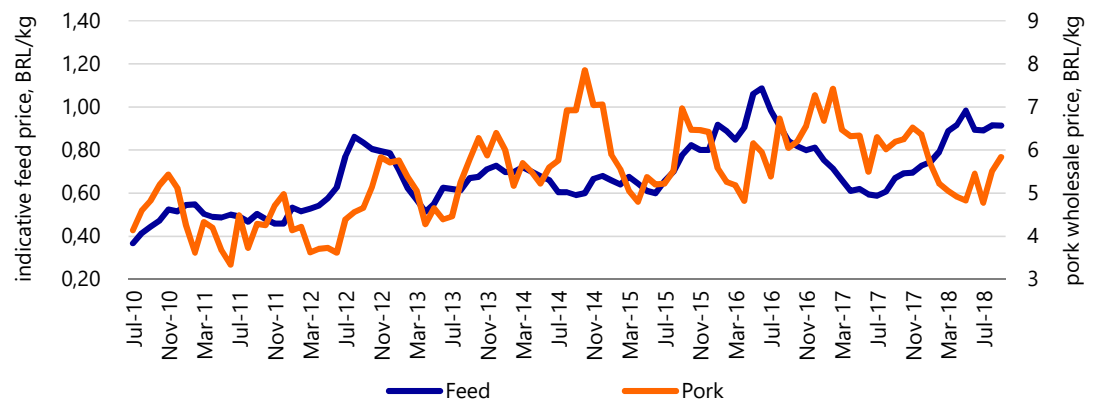
Brazil

Brazilian pork export volumes declined by nearly 12% YTD (through August), as the country continues to face restrictive trade barriers in several key markets. Trade with Russia – historically responsible for up to 40% of total exports – remains closed. Stronger exports to China (+220% YOY) and Hong Kong (+14% YOY) have helped offset the loss. In combination, China and Hong Kong accounted for more than half of Brazilian pork exports from January through August 2018. In order to reduce trade dependency, Brazil is targeting new markets. Recently, Brazil got permission to start pork exports to South Korea and India, for instance, and Mexico is also an export target.

Despite several challenges, including the trade landscape, high production costs, and the national truckers' strike in late May, Brazilian pork supplies increased strongly during 1H 2018. According to IBGE (The Brazilian Institute of Geography and Statistics), pork production increased by 4.6% in 1H 2018, compared to 1H 2017. We expect production growth to slow in 2H 2018 and finish the year closer to 2017 levels, as the industry responds to negative margins reported in 1H.

Responding to stronger world markets, domestic pork prices rose 9% MOM in September, but were still 8% below year-ago levels. At the same time, feed prices have been relatively stable during Q3 2018 (see Figure 16). As a result, after being negative for several months, margins have improved and are likely to see further gains in the coming weeks. If Brazilian pork exports see any material improvement from the spread of ASF in China and/or Europe we expect the industry to show healthy profits in 2019. Since being declared ASF-free in 1984, local authorities have intensified biosecurity protocols and are intent on keeping the virus from entering the country. On 9 October, Brazilian authorities confirmed a case of Classical Swine Fever on a smallholder farm in the remote northeast. There are no short-term consequences expected but the coming months will show if authorities are effective in containing this outbreak.

Figure 16: Brazilian pork prices and feed costs



Source: Rabobank 2018

Imprint

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