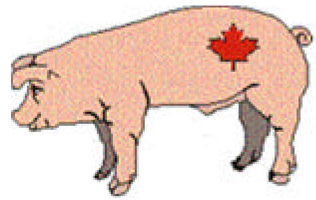
Agriculture and Agri-Food Canada Agriculture et Agroalimentaire Canada

Quarterly Pork Report

January- March 2006



Manitoba Regional Office

Issue #29 March, 2006

World Market Overview

The forecast estimates for 2006 world pork production indicate an increase of 3% to 97.2 million tonnes. Pork exports by major traders are estimated at 5.1 million tonnes for 2006 compared to 5.0 million tonnes in 2005. Production gains by the Chinese, EU and the U.S. are being forecasted to be consumed domestically resulting in the relatively flat trading levels.

China continues to dominate estimated pork production accounting for 53.5% at 52 million tonnes. Chinese exports of pork are expected to drop to 300,000 metric tonnes in 2006 compared to 331,000 in 2005 due to strong domestic demand and the fears of Avian Influenza (AI).

EU pork production for 2006 is estimated at 21.5 million tonnes compared to 21.2 million tonnes for 2005. The gains in production are being attributed to industry gains in Germany and Poland. Lower feed costs and AI have contributed to the increase in the supply for pork in Europe. EU pork exports to Japan are expected to drop due to the lack of price competitiveness in relation to low U.S. pork prices. This expected export shortfall could be made up with increased exports to Russia resulting in no significant change in EU pork exports.

U.S. forecasted 2006 pork production figure is 9,632,000 tonnes a slight increase over the 2005 figure of 9,392,000 tonnes. Exports of U.S. pork are expected to be around 1.3 million tonnes accounting for 12.9% of estimated production. The value of the U.S. dollar is making U.S. pork attractive to overseas buyers.

Canadian pork production is expected to drop slightly from 1,915,000 tonnes in 2005 to 1,910,000 metric for 2006. Canadian 2006 pork export estimates show an increase over 2% to 1,110,000 tonnes. With exports over 1.0 million tonnes, the ever-rising export volumes mean that the domestic consumption market will have less of an impact on Canadian pork production levels. Canadian importation of pork is expected to increase over 15% in 2006.

Table 1 World Pork Production, 2001-2006, 000's tonnes

Country	2001	2002	2003	2004	2005 (p)[1]	2006 (f)[2]
			000s of tonnes			
China	41,845	43,266	45,186	47,016	49,685	52,000
European Union[3]	20,427	20,938	21,150	21,192	21,200	21,520
United States	8,691	8,929	9,056	9,312	9,392	9,632
Brazil	2,230	2,565	2,560	2,600	2,800	2,775
Canada	1,731	1,854	1,882	1,936	1,915	1,910
Russia Federation	1,560	1,630	1,710	1,725	1,755	1,785
Japan	1,245	1,236	1,260	1,272	1,250	1,260
Mexico	1,065	1,085	1,100	1,150	1,195	1,200
Philippines	1,064	1,095	1,145	1,145	1,100	1,122
Korea, South	1,077	1,153	1,149	1,100	1,036	1,055
Taiwan	962	935	893	898	920	935
Others	1,984	2,116	2,140	2,047	1,954	2,013
Total	**83,881**	**86,802**	**89,231**	**91,393**	**94,202**	**97,207**

Source: USDA -FAS Livestock and Poultry: World Markets and Trade, March 2006

Table 2 World Pork Consumption, 2001-2006, 000's tonnes

Country	2001	2002	2003	2004	2005 (p)	2006 (f)
			000s of tonnes			
China	41,829	43,238	45,098	46,725	49,395	51,750
European Union	19,317	19,746	20,043	19,773	19,839	20,085
United States	8,389	8,685	8,816	8,817	8,671	8,826
Japan	2,268	2,377	2,373	2,562	2,512	2,500
Russia Federation	2,076	2,453	2,420	2,337	2,429	2,484
Brazil	1,919	1,975	1,957	1,979	2,039	2,140
Mexico	1,298	1,349	1,423	1,556	1,556	1,585
Korea, South	1,158	1,199	1,294	1,331	1,282	1,297
Philippines	1,085	1,137	1,167	1,170	1,130	1,152
Taiwan	977	967	947	959	959	973
Canada	1,082	1,072	1,004	1,072	978	958
Others	2,332	2,481	2,555	2,548	2,464	2,459
Total	**83,730**	**86,679**	**89,097**	**90,829**	**93,254**	**96,209**

Source: USDA –FAS Livestock and Poultry: World Markets and Trade, March 2006

[1] (p) preliminary data
[2] (f) forecast data
[3] EU data includes 25 member states

Table 3 World Pork Imports, 2001-2006, 000's tonnes

Country	*2001*	*2002*	*2003*	*2004*	*2005 (p)*	*2006 (f)*
			000s of tonnes			
Japan	1,068	1,162	1,133	1,302	1,339	1,200
Russia Federation	528	834	725	629	675	700
United States	431	486	538	499	464	454
Mexico	294	325	371	458	420	450
Hong Kong	260	275	302	332	305	313
Korea, South	123	155	153	220	328	235
Romania	63	106	133	179	185	180
Canada	91	91	91	105	139	160
Australia	38	55	67	77	99	99
Ukraine	2	2	10	52	75	60
China	123	188	194	92	41	50
Others	121	138	165	139	126	123
Total	**3,142**	**3,817**	**3,882**	**4,084**	**4,196**	**4,024**

Source: USDA –FAS Livestock and Poultry: World Markets and Trade, March 2006

Table 4 World Pork Exports, 2001-2006, 000's tonnes

Country	*2001*	*2002*	*2003*	*2004*	*2005 (p)*	*2006 (f)*
			000s of tonnes			
European Union	1,135	1,158	1,234	1,463	1,380	1,450
United States	707	731	779	989	1,207	1,250
Canada	728	864	975	972	1,083	1,110
Brazil	337	590	603	621	761	625
China	139	216	282	383	331	300
Chile	32	59	80	102	129	174
Mexico	61	61	48	52	59	65
Australia	67	78	74	59	53	55
Korea, South	42	16	17	10	5	10
Ukraine	2	1	12	8	6	10
Romania	0	0	0	5	2	3
Others	15	13	15	17	1	1
Total	**3,265**	**3,787**	**4,119**	**4,681**	**5,017**	**5,053**

Source: USDA –FAS Livestock and Poultry: World Markets and Trade, March 2006

China

Over production of live hogs and a fall in pork demand continue to depress hog prices. Feed prices have remained stable, but overproduction has resulted in lower hog prices. Farmers have been retaining hogs and increasing the weight of hogs held as inventory. Those farmers unable to cope with rising costs will undersell their inventories adding further pressure to hog prices. The numbers of large commercial farms have been steadily increasing resulting in better production efficiencies. About 70 percent of China's pigs are still raised in backyard farms where it is difficult to coordinate and monitor production. These backyard farms also present challenges in disease and residue control.

Hog supplies will continue to outpace demand during March, and will continue into the next quarter. Excess low cost pork supplies may flow into the pork export markets. Importers of pork products will feel the pain of China's excess supply in the form of reduced import quotas. Importers would benefit from excess supplies but, low import quotas may prevent them from seizing the opportunity.

Table 5 Weekly Transacted Prices of Live Hogs in China

Weekly transacted prices of live hogs in China

Region	Province	Lowest price as of Mar 20 (RMB/kg)	Highest price as of Mar 20 (RMB/kg)	Average price (RMB/kg)	Lowest price as of Mar 13 (RMB/kg)	Highest price as of Mar 13 (RMB/kg)	Average price (RMB/kg)	Average change (RMB/kg)
North China	Hebei	5.80	6.40	6.30	5.80	6.60	6.30	-
	Henan	5.60	6.20	5.90	5.60	6.30	5.90	-
	Shandong	5.80	6.60	6.35	6.00	6.60	6.40	-0.05
Central China	Hubei	6.20	6.80	6.50	6.40	7.00	6.70	-0.20
	Hunan	6.20	6.80	6.65	6.20	7.00	6.90	-0.25
East China	Jiangsu	5.60	6.80	6.55	5.80	7.00	6.75	-0.20
South China	Guangxi	6.60	7.40	7.20	6.60	7.50	7.20	-
	Guangdong	6.60	8.15	7.75	6.80	8.20	7.75	-
South-west China	Sichuan	5.20	6.80	6.10	5.50	7.00	6.30	-0.20

Note: Sichuan, Hunan, Henan, Shandong, Hebei, Guangxi, Guangdong, Hubei and Jiangsu are the main hog production regions in China, accounting for 63 percent of the annual local production.

Source: sFeedLink March 21st 2006

Currency Conversion: $1 CDN = 6.90931 RMB or 1 RMB = $0.14473 CDN

During the month of February, China joined Taiwan South Korea, and Japan in suspending the importation of pork products from the Netherlands, Belgium and Germany. The suspension was the result of the confirmation of illegal dioxin levels found on several pig farms. Contaminated feed has been blamed for the illegal dioxin levels. The suspension has damaged the EU's food safety image, and has opened up opportunities for competitors in the China and Asian markets.

European Union

According to the Foreign Agricultural Service, pig production is forecast to increase compared to 2005. Swine exports are expected to remain at a high level. EU pig slaughter is forecast to increase by about one percent in 2006, with the main increases expected in Germany, Poland, Portugal and Spain. Slaughter decreases are expected in France, Italy, the Czech Republic and Hungary. Hungarian producers are planning to build a new slaughter house with the capacity of 1.5 million head. Large supplies of cheap feed grains will give countries like Hungary and the Czech Republic a competitive advantage in feed costs.

Table 6 Pig Crop Production (Top 5 EU-25 member states) 2004-06, 000's head

Country	***2004***	***2005***	***2006 (f)***[4]
Germany	43,195	44,490	44,835
Spain	39,538	39,940	40,000
Benelux[5]	32,800	33,000	33,000
Denmark	26,498	27,183	27,250
France	26,199	25,850	25,760

Source: USDA Foreign Agricultural Service EU Offices

Table 7 Swine Slaughter (Top 5 EU-25 member states) 2004-06, 000's head

Country	***2004***	***2005***	***2006 (f)***
Germany	46,321	48,500	49,000
Spain	37,835	37,900	38,100
Benelux	25,597	25,500	25,500
Denmark	25,542	25,150	25,000
France	23,228	23,080	24,400

Source: USDA Foreign Agricultural Service EU Offices

Table 8 Pig Meat Exports (Top 5 EU-25 member states) 2004-06, 000's tonnes

Country	***2004***	***2005***	***2006 (f)***
Denmark	507	525	525
Germany	224	270	290
Poland	140	140	150
Benelux	139	115	115
France	**115**	**107**	**90**

Source: USDA Foreign Agricultural Service EU Offices

A recent finding of illegal levels of dioxins in the Netherlands, Germany, and Belgium had resulted in the quarantine of over 600 hundred farms and the suspension of pork exports to China, Taiwan, South Korea and Japan. The dioxins were traced to a Dutch animal feed mill. More recently, there have been reports of Swine Fever outbreaks in North Rhine Westfalia Germany. These events could have a significant impact on the future production and export of pork from Western Europe.

EU pork imports are forecasted to decrease with increasing domestic production. EU pork exports to Russia will increase as a result of Russia decreasing imports from Brazil due to FMD situation and the ban on Polish meat and plant products in mid-November 2005. In the beginning of 2006, French pork exporters have launched several promotional activities in Japan with the goal of increasing French pork exports to 25,000 MT annually. Keen competition will come from

[4] (f) forecast
[5] Benelux; Belgium, Netherlands, and Luxembourg

Poland as Japan opened up its markets to Polish pork imports in mid February. Polish pork imports could reach as high as 50,000 MT this year.

United States

Pork production forecasts for Q1 of 2006 remain unchanged. Q1 prices of live equivalent 51-52 percent lean hogs are expected to average between $42 and $43 per cwt. U.S. pork exports for January 2006 were more than 20 percent larger than January 2005. Mexico, Russia and South Korea were strong markets for U.S. pork. Exports to Japan in 2006 are expected to slow after Japan imported a large number of U.S. pork products in 2005 resulting in a surplus in the Japanese market for 2006.

Higher U.S. pork exports in 2006 will be largely attributable to attractive U.S. pork prices and to a fairly sharp drop-off in the value of the U.S. dollar, making prices to customers even more attractive.

US Hog Inventories

U.S. hog producers intend to have 2.88 million sows farrowing in the December 2005 to February 2006 quarter, up one percent from the actual farrowings during the same period in both 2005 and 2004. Intended farrowings for March to May 2006, at 2.89 million sows, are up slightly from 2005 and up one percent from 2004.

Table 9 U.S. Hogs and Pigs on Farms, December 1, 2003 to 2005

	2003	***2004***	***2005***	***Change % 2005/2004***
Total Hogs & Pigs on Farms		***000's of head***		
Total Number	60,444	60,975	61,197	**0.4**
Kept for Breeding	5,938	5,962	6,011	**0.8**
Market Hogs	54,434	55,005	55,186	**0.3**
Market Hogs by Weight		***000's of head***		
< 60 lbs	19,778	19,980	19,955	**- 0.1**
60-119 lbs	13,238	13,439	13,552	**0.8**
120-179 lbs	11,109	11,186	11,266	**0.7**
180+ lbs	13,311	10,401	10,414	**0.1**
	2004	***2005***	***2006***	
Farrowing Intentions		***000's of head (sows farrowing)***		
Dec – Feb	2,836	2,835	2,877	**1.5**
Mar – May	2,870	2,870	2.890	**0.7**
Dec – May	5,706	5,705	5,776	**1.2**
Jun – Aug	2,905	2,898		
Sept – Nov	2,888	2,888		
Jun – Nov	5,793	5,786		

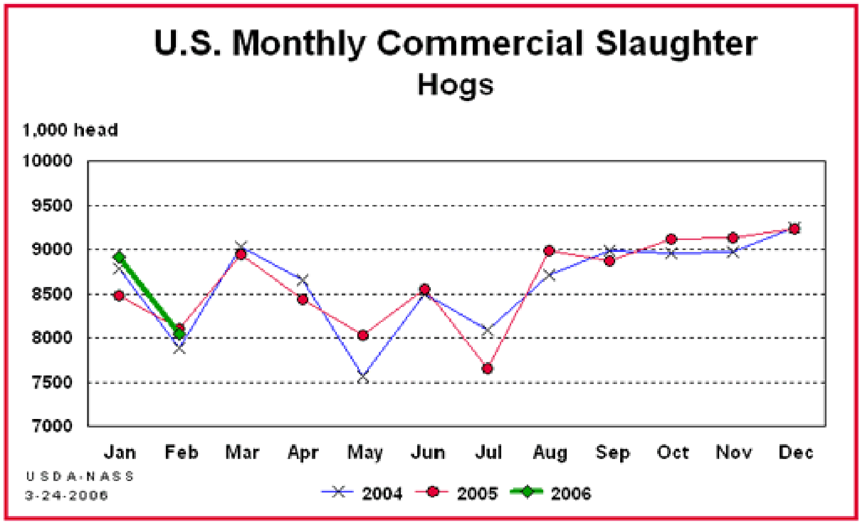
Source: National Agricultural Statistics Service

The USDA estimated hog slaughter in January was 8.84 million head (figure 1), or 2.1 million head per week, with estimated live weights at 273 pounds per head (figure 2) are almost 3 pounds over January 2005 numbers. The heavy weights have been attributed to ideal growing conditions in the Corn Belt.

Hog slaughter in February 2006 dropped off to just over 8 million head (figure 1), with live weights coming in at 272 pounds per head (figure 2). Slaughter figures for March should improve to about 9 million head.

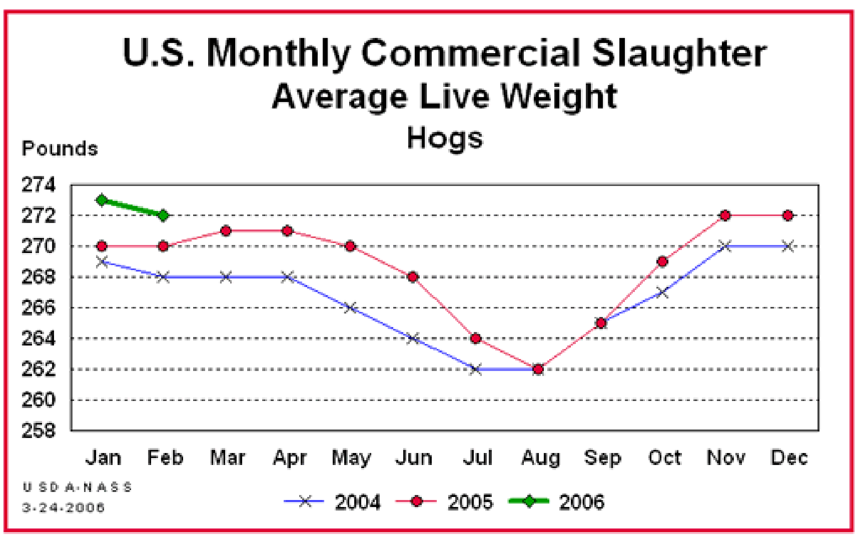
Foreign demand shows few signs of neither relenting nor declining, with the USDA forecasting another year-over-year increase in U.S. pork exports for the 16th year in a row.

Figure 1



Source: National Agricultural Statistics Service

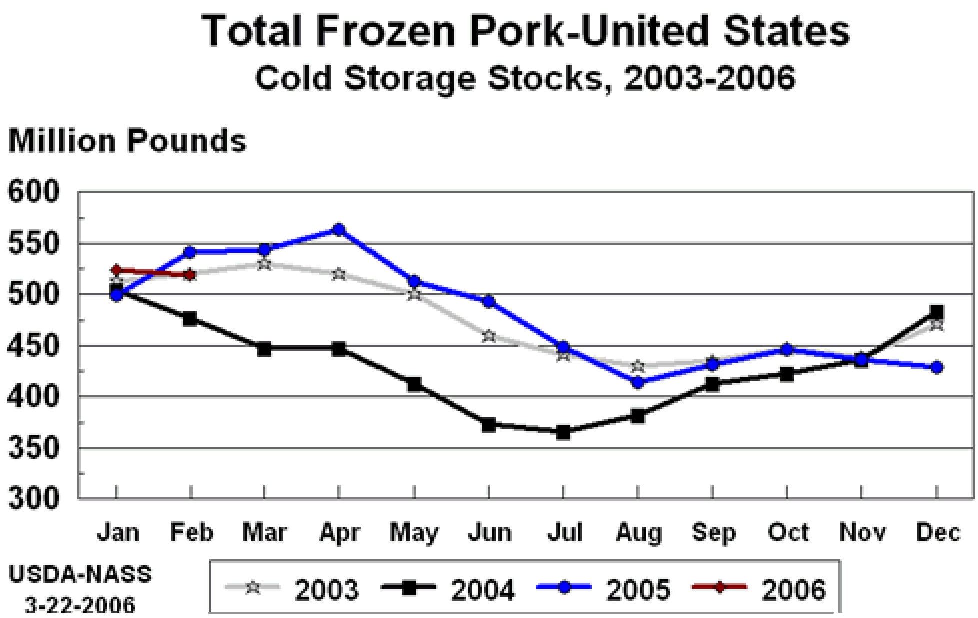
Figure 2



Source: National Agricultural Statistics Service

Cold storage stocks (figure 3) have remained around 2003 levels due to unusually high export demands in Q1 of 2006 and moderate to low domestic consumption. Market analysts are showing concern about domestic pork demand as attractively priced poultry abounds.

Figure 3



Source: National Agricultural Statistics Service

The key market dynamic of the past 2 years has been the extraordinary jump in hog prices that began in the first half of 2004, and the subsequent price reduction from August 2004 through January 2006. USDA's 2006 hog price forecast ranges (Table 10) between $42 to $45 per cwt, for 51 – 52 percent lean, live equivalent hogs; anticipates above break-even prices for most producers this year.

Table 10 Pork Prices and Trade Actual and Projected Values, 2001 - 2006

	Barrows & Gilts	***Pork exports***	***Pork imports***	***Live Hog imports***
Period	***National base price, I.e. $/cwt***	***Millions of lbs***	***Millions of lbs***	***Millions of lbs***
yr 2001	45.81	1,560	951	5,338
yr 2002	34.92	1,611	1,070	5,741
yr 2003	39.45	1,717	1,185	7,438
yr 2004	52.51	2,179	1,099	8,505
yr 2005	50.05	2,658	1,002	8,202
Q1 2006	42-44	640	245	2,100
Q2 2006	45-47	725	240	2,200
Q3 2006	43-47	665	260	2,200
Q4 2006	38-42	725	255	2,200
yr 2006	**42-45**	**2,755**	**1,000**	**8,700**

Source: USDA, Economic Research Service, Red Meat & Poultry Forecast

U.S. pork imports at 86.4 million pounds in January 2006 were about 2.5 percent higher than January of 2005. Eighty percent of January imports were of Canadian origin, 11 percent came from Denmark, with the balance coming from other EU nations, mainly the Netherlands and Poland.

U.S. buyers imported 719,881 head of Canadian swine into the U.S. in January, more than 7 percent above January 2005 imports. The feeder pig component of January imports was 67 percent, versus 65 percent last year.[6] The U.S. is expected to import 8.6 million head of Canadian swine this year, about 68 percent of which are expected to be feeder/weanling/isoweanling animals.

Canada

Canadian Hog Inventories

Table 11 shows that Manitoba's inventories continue to grow despite a declining total inventory for all of Canada. Ontario figures may continue to decline due to high mortality rates (10 to 12 percent) from PCVII (Porcine circovirus). Since the end of 2004, the virus has become more problematic as PCVII had been confined to hogs 6 to 10 weeks old; however the virus is now showing up in hogs aged 10 to 15 weeks.

The Chicago Mercantile Exchange released a report[7] that the Canadian swine breeding herd had a negative year-over-year number. The herd was estimated to be down only 0.2 percent in January and marks the first quarter since April 1996 that the Canadian breeding herd was smaller than the one earlier. Farrowing intentions are expected to raise levels for 2006 producing pig crop numbers close to 2005 levels.

Table 11 January 1st Hog Inventories, 2005-06, 000's head

Province	*BC*	*AB*	*SK*	*MB*	*ONT*	*QUE*	*Canada*
Total Hogs & Pigs on Farms					***Thousands of head***		
2005	167.0	2,010.0	1,335.0	2,859.0	3,630.0	4,305.0	**14,665.0**
2006	167.0	2,020.0	1,315.0	2,900.0	3,560.0	4,200.0	**14,496.0**
% change	**nc**	**0.5%**	**-1.5%**	**1.4%**	**-1.9%**	**-2.4%**	**-1.1%**
Female Breeding Herd					***Thousands of head***		
2005	20.6	216.3	128.9	367.0	432.1	410.8	**1,607.8**
2006	21.6	219.3	130.8	372.0	427.0	414.1	**1,643.5**
% change	**4.9%**	**1.4%**	**1.5%**	**1.4%**	**-1.2%**	**0.8%**	**2.2%**
Market Hogs					***Thousands of head***		
2005	145.7	1,817.1	1,245.8	2,537.8	3,277.3	3,938.4	**13,267.9**
2006	145.4	1,800.7	1,179.9	2,522.8	3,122.5	3,780.1	**12,852.5**
% change	**-0.2%**	**-0.9%**	**-5.3%**	**-0.6%**	**-4.7%**	**-4.0%**	**-3.1%**
Farrowing Intentions					***Thousands of head***		
Jan. – Mar. 2006	9.4	110.5	69.0	219	239.0	202.5	**866.0**
Apr. – June 2006	9.5	111.0	68.2	222	240.0	204.0	**871.0**
% change	**1.1%**	**0.5%**	**-1.2%**	**1.4%**	**0.4%**	**0.7%**	**0.6%**

Source: Statistics Canada, Agriculture Division

[6] U.S. Commerce Department
[7] CME Daily Livestock Report, Volume 4, Number 37, Steve Meyer and Len Steiner

Canadian Hog Slaughter

The volume of slaughter in federal plants is down 4.3%. Provincial plant slaughter is up 8.0%.

Table 12 Canadian Hog Slaughter, January to March 2005-06

Province	***Federal***		***Provincial***		***% Change 2005 -06***	
	2005	***2006***	***2005***	***2006***	***Federal***	***Provincial***
British Columbia	80,715	80,711	27,203	25,201	0.0	-7.0
Alberta	631,010	706,607	25,025	28,341	12.0	13.0
Saskatchewan	245,070	175,526	8,376	7,783	-28.4	-7.0
Manitoba	962,434	896,520	23,710	23,347	-6.8	-2.0
Ontario	920,600	889,868	91,217	85,672	-3.3	-6.0
Quebec	1,850,317	1,740,420	8,662	10,633	-5.9	23.0
Atlantic	96,688	90,751	3,775	3,470	-6.1	-8.0
Canada	**4,786,834**	**4,580,403**	**187,968**	**203,023**	**-4.3**	**8.0**

Source: Agriculture and Agri-Food Canada, Red Meat Section, Weekly Hog Statistics, March 18th, 2006

Table 13 Canadian Hog Slaughtered by Province of Origin January to March 2005-06

Province	***2005***	***2006***	***% Change***
British Columbia	49,898	44,651	-10.5
Alberta	750,161	839,986	11.8
Saskatchewan	301,076	233,381	-22.5
Manitoba	902,408	828,018	-8.2
Ontario	1,151,355	1,137,665	-1.2
Quebec	1,701,162	1,586,687	-6.7
New Brunswick	33,163	28,550	-13.9
Nova Scotia	38,425	42,942	11.8
Prince Edward island	47,154	42,546	-9.8
Canada	**4,974,802**	**4,783,426**	**-3.8**

Source: Agriculture and Agri-Food Canada, Red Meat Section, Weekly Hog Statistics, March 18th, 2006

Canadian Exports

The actual numbers of live hogs exported in 2005 are down compared to 2004. Conversely, the value of the shipments has risen along with Canadian dollar. This trend is expected to continue and stabilize during 2006 when the Canadian dollar is forecasted to peak at 90 cents USD.
The hog price forecast (table 16) indicates that prices for producers could be higher in Q3 and remain stable throughout Q4.

Table 14 Canadian Live Hog Exports, 000's and number of head

Item	***2004***	***2005***	***2006-Jan***
Hogs < 50 kg			
Value (000's)	245,888	290,972	26,931
Number	*5,634,543*	*5,437,689*	*480,377*
Hogs >= 50 kg			
Value (000's)	401,938	418,160	30,454
Number	*2,656,185*	*2,696,098*	*233,569*
Purebred Breeding stock			
Value (000's)	51,564	24,808	1,740
Number	*220,135*	*81,196*	*6,372*

Source: Statistics Canada CATS database

Canadian hog producers will be looking to Ottawa regarding the U.S. corn tariff and the impact it will have on the hog producing industry in Canada. Canadian corn producers say U.S. corn is unfairly subsidized and sold below cost into Canada. Preliminary duties of $1.65 USD per bushel are currently being assessed. These duties could become permanent if the Canadian International Trade Tribunal finds the imports injure the Canadian corn industry. A ruling on that is expected this spring. The duties automatically make livestock feed more expensive. Hog producers say their average costs have risen by $20 an animal.

The Canadian pork industry broke export records in 2005, shipping 1.029 million tonnes valued at $2.84 billion Canadian. Canada has successfully diversified its export markets while sales to the U.S. have been in decline over the past few years and now represent less than 40 percent of Canada's pork exports.

Japan remains Canada's second largest customer acquiring 266,000 tonnes of pork at a cost of $1.01 billion, a rise of 30 per cent in both volume and dollar amount.
Australia continues to be the third largest market, buying 35,000 tonnes in 2005, for $126 million. South Korea, Mexico, China/Hong Kong and Romania were also strong markets for Canadian pork, with purchases valued at over $50 million for each country.
South Korean imports leaped 80 per cent over 2004 totals, to 60,000 tonnes and a staggering 133 per cent in value to $100 million. Sales to Mexico declined slightly to 63,000 tonnes totalling $88 million. Exports to China/Hong Kong amounted to 53,000 tonnes and $64 million, while those to Romania rose considerably in 2005 to reach 28,000 tonnes and $57 million.
Sales to Russia, Taiwan, New Zealand, Cuba and the Philippines also each exceeded $10 million.

Table 15 Canadian Pork Exports, 000's and Tonnes

Item	***2004***	***2005***	***2006-Jan***
Chilled			
Value	1,127,261,188	1,122,936,993	79,850,047
Tonnage	333,589	353,604	28,204
	$3,379/tonne	**$3,175/tonne**	**$2,831/tonne**
Frozen			
Value	950,009,833	1,187,979,583	77,716,971
Tonnage	338,895	418,990	30,296
	$2,803/tonne	**$2,835/tonne**	**$2,565/tonne**
Offal			
Value	143,139,869	172,619,378	10,130,921
Tonnage	124,763	133,484	8,082
	$1,147/tonne	**$1,218/tonne**	**$1,017/tonne**
Fat			
Value	48,269,015	60,388,144	5,680,409
Tonnage	44,433	49,541	5,584
	$1,086/tonne	**$1218/tonne**	**$1,017/tonne**
Processed			
Value	385,766,449	295,835,392	20,966,998
Tonnage	89,538	73,385	5,302
	4,308/tonne	**$4,031/tonne**	**$3,954/tonne**
Total			
Value	**1,704,436,521**	**1,651,779,907**	**116,628,375**
Tonnage	**931,218**	**1,029,004**	**77,467**

Source: Statistics Canada CATS Database

Table 16 Average Hog Price Forecasts for Selected Provinces

Period	*Ontario C$/100kg*	*Alberta C$/100kg*
May 2006	135-140	130-135
June 2006	135-140	130-135
July 2006	135-140	130-135
Q 3 2006	145-150	140-145
Q4 2006	145-150	140-145

Source: George Morris Centre, Canadian Pork Market Review, March 17th, 2006

Manitoba

Table 17 Comparison on Manitoba Hog Numbers on Farms, 000's of Head

Category (000's) head	*Jan 1 2004*	*Jan 1 2005*	*Jan 1 2006*	*% Change 05/06*
Sows & Gilts for Breeding	351.0	368.0	372.0	1%
Boars	6.7	5.3	5.2	-2%
Total Market Hogs	2494.3	2496.7	2522.8	1%
<20 kg	964.7	1002.5	928.0	-7%
20-60 kg	790.7	760.3	906.6	19%
>60 kg	738.9	733.9	688.2	-6%
Total hogs	**2,852.0**	**2,870.0**	**2,900.0**	**1%**

Source: Statistics Canada, Agriculture Division

Table 18 Manitoba Pork Exports

	Value $ 000's			*Quantity # of head*		
	2005	*Nov 04 Jan 05*	*Nov 05 Jan 06*	*2005*	*Nov 04 Jan 05*	*Nov 05 Jan 06*
Hogs < 50 kg	194,245	47,879	50,226	3,634,475	908,225	918,672
Hogs > 50 kg	213,146	49,321	51,370	1,245,674	314,657	349,806
Purebred	10,828	4,510	2,035	34,192	15,422	7,481
Total Live Hogs	418,219	101,710	103,631	4,914,341	1,238,304	1,275,959
				Quantity Metric tonnes		
Chilled Pork	222,250	56,467	56,162	67,733	14,989	17,941
Frozen Pork	185,329	38,455	38,104	56,966	12,279	11,756
Offal	40,554	8,101	8,701	33,757	9,647	6,758
Fat	12,678	3,091	3,183	12,464	2,649	3,054
Processed Pork	9,195	1,752	2,133	2,670	760	655
Total Pork	470,006	107,866	108,283	173,590	40,324	40,164

Source: Statistics Canada CATS Database

News Headlines

South Korea to promote premium quality meat

SOUTH KOREA - The South Korean government said today (10 February) that it will help local livestock producers compete with cheap imports by designating 80 beef and pork brands as premium quality.
The move is an attempt to prepare the South Korean agricultural sector for increased competition that would arise from foreign imports if the World Trade Organisation were to approve its Doha round talks and the US free trade agreement were to go through.

Canadian pig exports may soar due to duties

By Rod Smith

The Canadian Trade Tribunal's decision to impose antidumping and countervailing duties on US corn totalling $1.65/bushel likely will prompt fairly significant increase in feeder animals – especially baby and feeder pigs – shipped south into the U.S.

CPC calls for elimination of retaliatory duty on live US hogs, Feb 13th ,2006

With the United States government's pending repeal of the Byrd Amendment, the Canadian Pork Council is calling on Ottawa to remove a 15 percent retaliatory duty on live hogs entering Canada from the US.
The Continued Dumping and Subsidy Offset Act, commonly referred to as the Byrd Amendment, was passed in 2000 and authorizes paying anti-dumping and countervailing duties collected on imported products to be turned over to the US companies that initiated the trade actions. The WTO has already declared the 5 year old law illegal. The U.S. will not repeal the law until 2007.

Foot-and-mouth disease hits Argentina

ARGENTINA - Argentina has discovered a foot-and-mouth disease outbreak in its northern Corrientes province, prompting neighboring South American countries to tighten border controls.
Jorge Amaya, head of the Argentine National Service for Food Safety and Quality, confirmed Wednesday that they had found 70 animals with foot-and-mouth disease in the town of San Luis del Palmar, Corrientes, some 960 km northeast of Buenos Aires.
Since the outbreak was detected on Saturday, Argentine authorities have cordoned off a 20-km area and ordered the slaughter of more than 3,000 animals in Corrientes, which borders Uruguay and Brazil. Amaya said Argentina had officially reported the outbreak to the World Organization for Animal Health and health officials of the Common Market of the South (Mercosur), which groups Brazil, Argentina, Paraguay and Uruguay, with Chile and Bolivia as associate states.

Higher incidence of hog circovirus raises concerns in US

US - There have been increased concerns recently about reports of higher incidence of the swine disease post-weaning multi-systemic wasting syndrome, commonly known as PMWS, caused by a circovirus in the U.S., with some of the cases reportedly resulting in significant death losses within certain production units.

CLIA to release draft traceability documents

Canada - The Canadian Livestock Identification Agency is preparing to circulate to its members, for feedback, three draft documents which outline the structure and operation of a proposed a national multi-species traceability system in Canada.

Hog slaughter continues to run above expectations

US Weekly Hog Outlook, 3rd February 2006 - Weekly review of the US hog industry, written by Glenn Grimes and Ron Plain.

The last four weeks slaughter has been about 3% above a year earlier based on preliminary data. On top of the 3% increase in number slaughtered weights have averaged about 1.5% heavier than 12 months earlier.
We have been extremely concerned about the demand for live hogs so far this year. However, when one considers we have produced around 4.5% more pork in the past four weeks, with the extremely inelastic demand we have had for the past 10 years, we can explain most of the weakness in hog prices to supply.

Documents and Events

For the latest market reports and listing of events, please refer to AAFC's website at
http://ats.agr.ca/info/mkinfo-e.htm http://ats.agr.ca/region/bulletin_e.htm
http://ats.agr.ca/events/events-e.htm
This site is updated monthly.

Web Sites

There tends to be some confusion as to what Manitoba Agriculture Food and Rural Initiatives produces in terms of information and data and what Agriculture and Agri-Food Canada prepares. Manitoba Agriculture Food and Rural Initiatives has on its web site production economics (cost of production information), livestock sector profiles, trade information and the Weekly Market Report. Very useful information for both the generalist as well as the specialist!
Manitoba Agriculture Food and Rural Initiatives http://www.gov.mb.ca/agriculture/index.shtml

Agriculture Canada–Red Meat Section www.agr.ca/redmeat

Other web sites of value:
The Canadian Swine Exporters Association at http://www.canadianswine.com/

Manitoba Pork at www.manitobapork.com
Canada Pork International at www.canadapork.com
Canada Pork Council at www.cpc-ccp.com
The US National Pork Producers site is http://www.nppc.org/
Good general website to connect to all universities, governments and industry associations is at: http://www.umanitoba.ca/afs/animal_science/links.html

For the latest on Foot and Mouth Disease, go to the Canadian Food Inspection Agency site at: http://www.cfia-acia.agr.ca/english/toce.shtml

Export information can be found at the following sites: http://ats.agr.ca
http://www.itcan-cican.gc.ca/menu-en.asp
http://exportsource.gc.ca

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Should you know of a person, company or other organization who would like to subscribe to this report (no charge), please have them contact:

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