The top pork producers are China, the EU and the US, with the leading exporters being the EU, the US and Canada. Seasonal variations in pork supply are less pronounced now than they were 15 to 20 years ago. Sow farrowing is more evenly distributed throughout the year; however, there is still enough monthly variation in farrowing to bring significant seasonal changes in pork production levels. Consumer demand for retail pork cuts and products also varies from one period in a year to another, depending on weather events and the availability of alternative meats.
**Pork cut price analysis**

**Seasonal analysis:**

Demand for pork cuts typically increases during festive periods and is largely determined by weather patterns. Ham demand tends to be high before the Christmas, Easter holidays and in the summer months. Pork legs are used for ham production. Changes in consumer demand for fresh and processed pork cuts also cause seasonal price variation. Demand for some processed pork cuts such as shoulder, legs, ribs, belly and chops is typically firm in late spring and summer as these cuts are used for barbecues. Also, pork processors procure a high volume of pork belly and shoulder before summer for processing into sausages, which are widely consumed at barbecues. Pork processors either place pork into cold storage or reduce inventories, impacting pork cut prices. Pig slaughter and its processing into cuts generally increases during late autumn and winter and remain at the highest level during Q4 of the calendar year. Pork cuts are often stored in cold storage during winter or early spring when pig supplies are large, and pork prices are below the yearly average. In the late spring and summer, processors bring the stored pork cuts into the market when prices increase.

**Regional analysis:**

Prices of pork cuts differ from region to region due to differences in pork production costs that are influenced by variation in prices of inputs and production efficiencies. Pork rib prices in Brazil are lower than prices in the EU due to low labour rates and lesser feed costs. Furthermore, ribs in the US are more price competitive than in Brazil due to operational efficiency and mass-scale production.
COVID-19 impact analysis on pork cuts

Rising cases of COVID-19 amongst the workers at the meat processing plants continues to disrupt the meat supply chain in the US and Canadian markets. Since the start of the pandemic, workers in meatpacking plants, grocery stores, and restaurants have been impacted severely because of COVID-19 outbreaks. As a result, pork cut supplies have tightened amid factory workers shortage and subsequent slowdown of slaughter rate at processing plants. The effect of the supply tightness is reflected in specific pork cut prices. For example, the Mintec price for pork rib (OY61) reached USD 8.4/lbs, up 4% q-o-q and 7% y-o-y at the end of December 2021. Meanwhile, demand from the domestic and international markets continues to increase.

The price of beef is approximately 30% higher than that of pork in the US as domestic consumers prefer the taste of beef and are willing to pay the premium. The shortage of labour in the processing sector has forced meat processors to move available workers to process high-value meat such as beef. Consequently, the US slaughtered 2,407,000 hogs in the second week of January 2022; 237,000 less than the number of hogs slaughtered in the same week in 2021.

Another issue faced by the North American meat industry is the shortage of truck drivers. In January, the Canadian government enacted a law that all truckers entering Canada must be vaccinated for COVID. This affects both Canadian and US truckers. It is estimated that out of the total number of trucker drivers in the respective countries, approximately 15% of Canadian truckers and 40% of US truckers are not vaccinated. This will affect the meat supply chain, including hog and pork supplies. A combined effect of lower processing rate and further disruptions across the supply chain is likely to lead to product shortage at the retail end leading to firmer pork prices in the short to medium term.

In the UK, a shortage of workers across the meat supply chain, including butchers, drivers and packhouse workers, is currently seen. Healthy pigs are being culled on UK farms as a drastic shortage of skilled butchery workers has led to a backlog in abattoirs, leading to a disruption in the meat supply chain. A combination of COVID and Brexit has led to a shortage of skilled labour in the meat processing sector. Most pork cut prices in the UK are projected to be weak in Q1 2022; however, prices could strengthen in Q2 or early Q3 with disruptions in the processing sector and mass culling of pigs on farms.

Source: Mintec Analytics

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Mintec pork cut insights

Vietnam reduced tariff on US pork imports

In mid-November 2021, Vietnam declared it intention to lower tariff on imported US frozen pork to 10% from 15%, which is likely to boost US pork exports. Vietnam imports a large volume of frozen pork, ham and shoulder from the global market. The reduction is expected to be implemented on 1st July 2022 to curb the rising inflation in Vietnam. While the reduction of the tariff will support US pork shipments to Vietnam, the US pork industry remains at a competitive disadvantage, as the US does not have a free trade agreement with Vietnam. The pork-supplying countries, including the EU, Russia and nations in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, are paying only a 7.5 % tariff on frozen pork exported to Vietnam.

A seasonal demand increase for pork legs in the EU and UK

EU pork leg and belly prices showed an upward movement in early December 2021, with a seasonal rise in demand for cured products such as gammon joints (derived from pork legs) and streaky bacon (derived from pork belly). Furthermore, several gammon curers are already sold out as many traditional curers in the EU went out of business due to low profitability and poor returns in 2020. The Mintec price for pork leg in Italy (GD05) reached EUR 3.2/kg, up 5.7% y-o-y in December 2021. Similarly, the price of streaky bacon (VN42) in the UK was GBP 4/kg, up 10.9% q-o-q and 1.2% y-o-y during the same period. However, UK pork leg prices are expected to fall in January 2022 as demand begins to decline post Christmas. 21% of total pork consumed in the UK is bought in December compared to other months of the year. This shows

China increases import tariff on pork and pork products

China had lowered its tariffs on frozen pork and pork products in 2020 from 12% to 8% as the country faced soaring domestic meat prices in the aftermath of a devastating disease outbreak. In December 2021, China declared its intention to raise import tariffs on frozen pork products in 2022, after the world’s top producer rapidly expanded domestic production and reduced its needs for imports. Taxes for most favoured nations will rise from 8% to 12% from 1st January 2022. The higher rates will further slow imports from top exporters like the US and Spain. According to Chinese customs, October pork arrivals fell by 40% on the previous year to 200,000 tonnes, though total imports between January and October only dropped by 8% y-o-y to 3.34 million tonnes.

US ham prices continue to trend upwards

US primal ham price (GD05) surged to USD 1.6/kg on 19th January 2022, up 11.3% m-o-m and 9.7% q-o-q amid high retail demand pushing futures prices higher. Pork supplies have tightened due to COVID-19 related slaughter plant slowdowns. Rising inflationary pressures, such as increased feed costs and elevated electricity prices, are expected to support lean hog futures and thus pork cut prices.

China imports lower volumes of fresh, chilled and muscle pork cuts from the US

US pork exports were 580 million pounds in November 2021, more than 8% lower than a year ago, primarily due to China’s reduced demand for US pork. Shipments to China-Hong Kong totalled 47 million pounds, 72% lower than shipments in November 2020. China mainly imports fresh, chilled or frozen muscle cuts of US pork. It is important to note that China is buying less pork, not only from the US but also from other pork suppliers. China buying less pork not only hampers US pork exports to China but also means that other countries that were exporting to China are now looking for alternative markets to sell their pork and are thus competing with US pork exports.

EU pork prices to rise in Q2 2022

Shortage of meat processing labour across the EU due to rising COVID infections is likely to hamper the EU pork output in Q2 2022. Supplies of some of the pork cuts, such as pork belly and ribs (which are labour intensive cuts) could be hampered in the short term. According to market participants, pork prices are currently weak but are likely to gain strength from March or April 2022 as fewer pigs have been planned to be processed in Denmark & Belgium. Also, pig farmers in the EU are worried about depleting...
profit margins due to an increase in the cost of production amid high feed prices since late 2020. This could force farmers to breed a lesser number of pigs in 2022.

**UK pork leg and belly prices fell in mid-January 2022**

The UK pork leg price (**VN11**) decreased by 5.3% y-o-y and 5.2% m-o-m in mid-January 2022 to reach GBP 1.8/kg with weak demand for gammon. Similarly, the UK belly price (**MW26**) reached GBP 3.3/kg, down 10.7% y-o-y and 4.3% m-o-m during the same period with diminishing demand for bacon. Prices for these pork cuts remain low post-Christmas as buyers, particularly from the retail end, demand less during this time of the year. However, prices are also trending low y-o-y with a large backlog of pigs (to be slaughtered) being held at various UK farms.

**Record pork exports from Brazil in 2021**

Brazilian 2021 pork exports totalled 1.13 million tonnes, the highest result ever reached in a single year and 11% above the volume shipped in 2020 (the previous record). In December alone, export volumes rose by 7.3% from the same month of 2020 to 89,700 tonnes. In 2021, the most pork cuts shipped from Brazil in addition to pork carcase were pork shoulder, leg, loin, belly, and spareribs. Asia continues to be the main purchasing region for Brazilian pork and is expected to remain the main destination for pork in 2022. Following Asia, countries such as Chile, Vietnam, Argentina were the top countries importing pork from Brazil in 2021. According to the Brazilian Association of Animal Protein, Brazilian pork exports could reach a record level in 2022, with Russia resuming imports from Brazil.

Despite rising exports, the price of pork rib (**ZG33**) in Brazil continues to trend lower 2.1% y-o-y at BRL 15.9/kg due to the bearish global pork market.

**Pulled pork popularity in Japan could support US pork shoulder exports**

The foodservice sector in Japan has been showing a growing interest in pulled pork, particularly derived from high-value cuts such as US shoulder and tenderloin. The United States Meat Export Federation (USMEF) introduced pulled pork using US pork butt and tenderloin to Japanese traders in 2013 and has since conducted many educational and promotional programs for pulled pork. With funding from the National Pork Board and USDA’s Agricultural Trade Program, USMEF recently concluded a US pulled pork menu promotion that featured a consumer prize campaign and included the culinary collaborations of six Tokyo restaurants. All six restaurants expressed continued interest in offering pulled pork, and three restaurants kept pulled pork on their menus, including pulled pork hamburger, pulled Japanese pork kakuni-style (stewed pork block) and pulled pork risotto even after the promotion ended. The USMEF’s effort could drive Japanese demand for pulled pork and thus cuts such as pork shoulders. The Mintec price for US pork shoulder (**OY56**) reached USD 9.1/lb in December 2021, up 6.8% q-o-q and 8.9% y-o-y.