

Global Pork Market Context (SYN)

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Extracts from Gira Meat Club published in January 2022

Verbally updated

for European Commission Pigmeat Working Group

28th March 2022

Overview of global meat market situation

Extraordinary volatility and uncertainties Inflation ... and caution

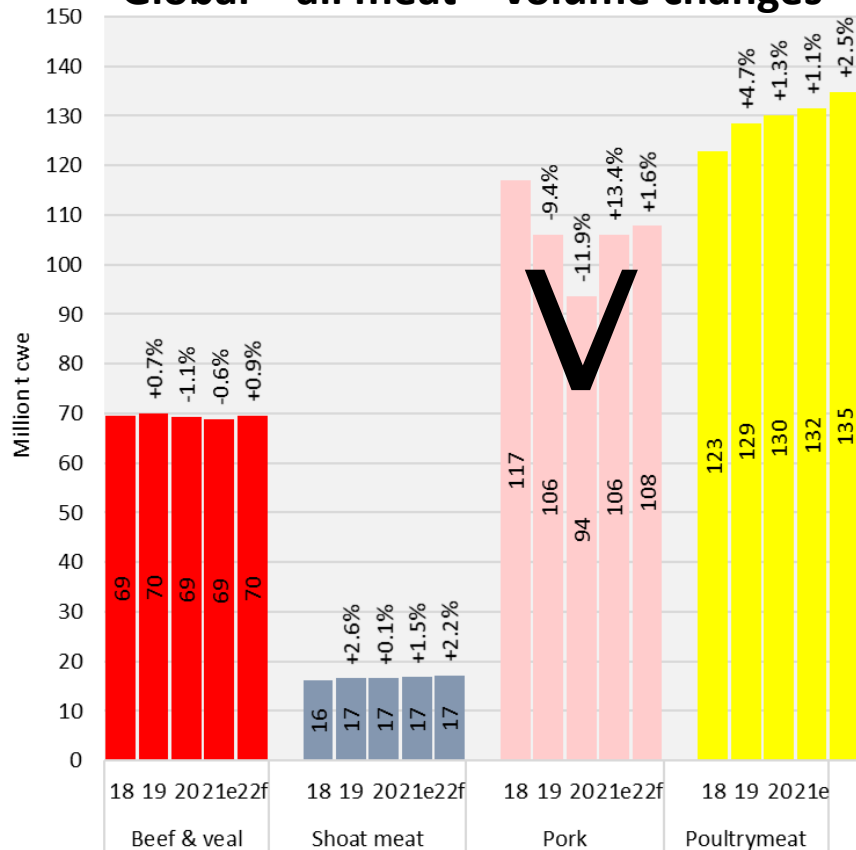


A large, bold, black graphic of the letters 'IC' in a sans-serif font. The 'I' is a simple vertical bar, and the 'C' is a thick, rounded shape with a slight opening on the right side.

World meat production, 2018-22f

V-shape Pk recovery? Gira not so confident for 2022

Global – all meat – volume changes



Source: Gira compilations

ASF 'slammed' pork production

- High speed CN recovery ... apparently
- Despite continued spread, worst seems behind

Poultry growth recovering (mainly broiler)

- Slowed down by profitability issues ← C-19 in 2020 and high input costs in 2021 ...
- Growth rate to rise in 2022
 - Caution due to feed costs

Ruminant sector slow growth

- Poor return on investment & long lead-time
- Marked cattle/beef cycles; N. & S. Am desynchronised
- Added impact of climatic conditions

Overview of global pigmeat market situation

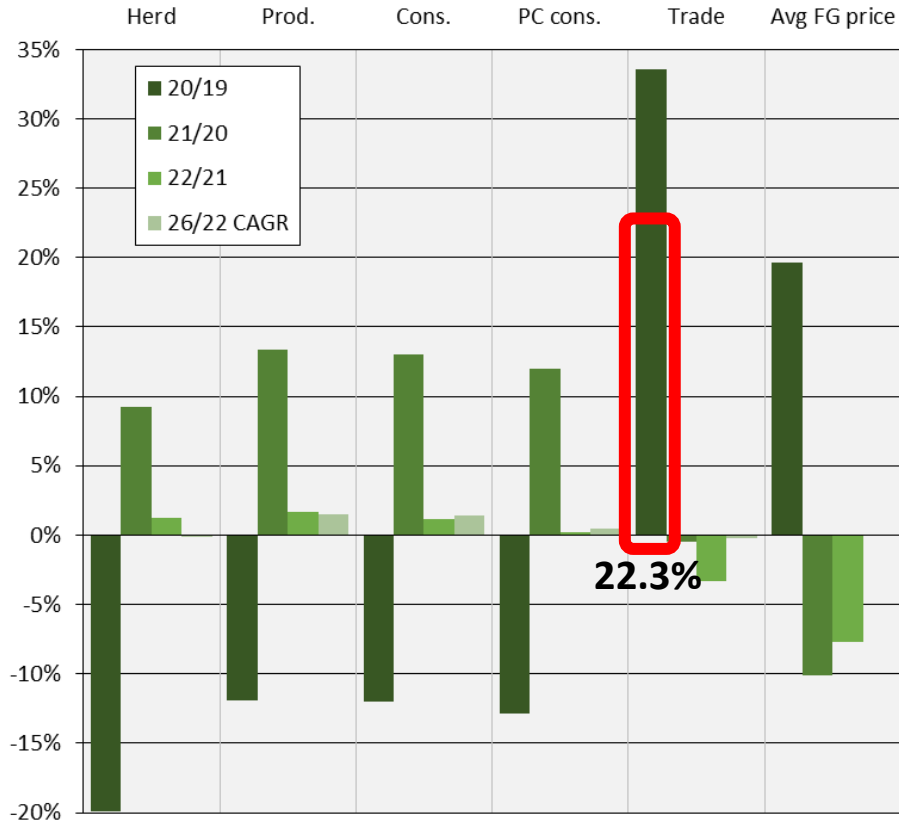
ASF 2021-22 situation (Feb)

Serious: Asia mostly in domestic pigs, Europe mostly in wild boars ...



2021-22f-26f Pork headlines

Global pork market metrics massively influenced by China's recovery



Source: Gira forecasts. No n+5 FG (farmgate) price forecasts

Herd

- **Sharp CN recovery:** huge investments, industrialisation and vertical integration
- Exact numbers?

Production

- **Ditto...** but recovery with more efficiency
- EU stands out with a declining trend

Trade

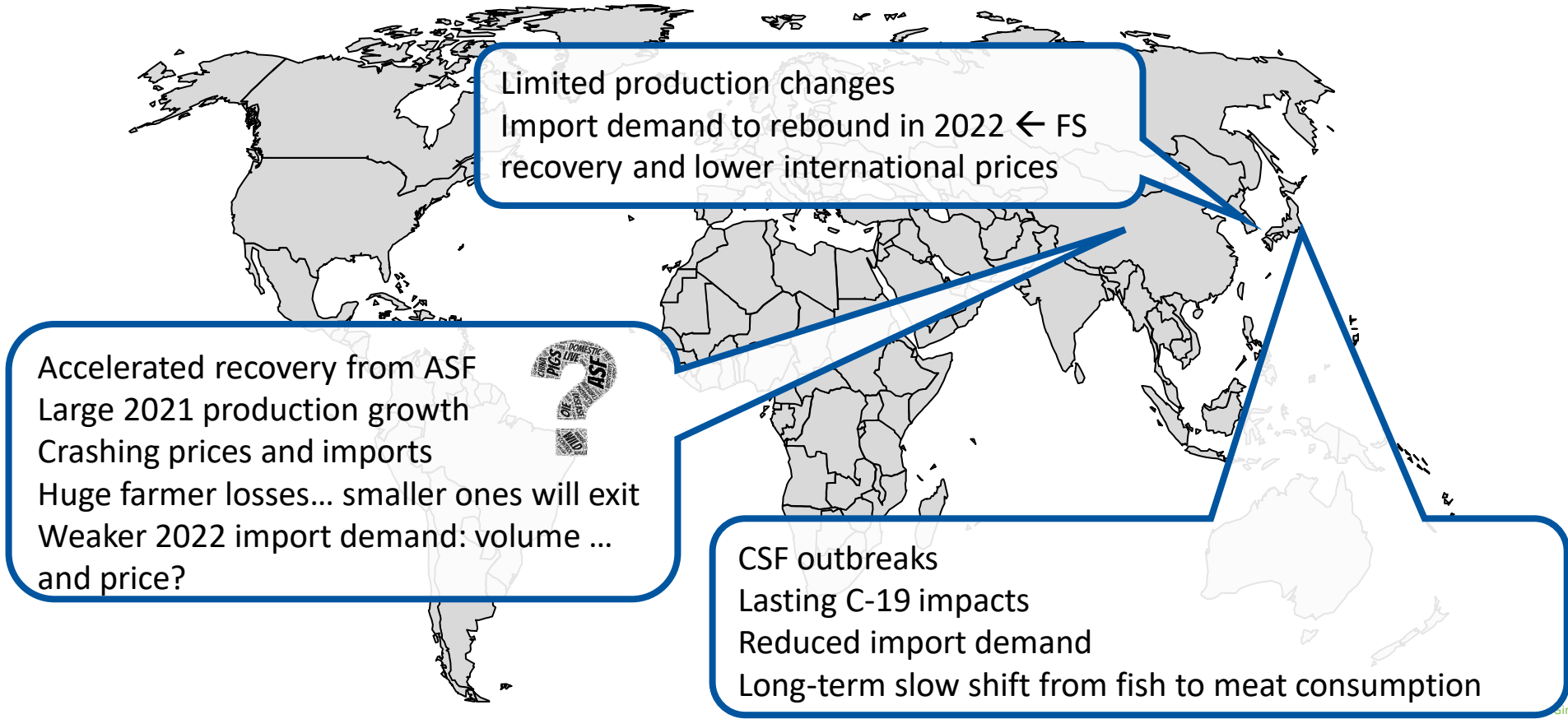
- **Limited 2021 decline**
- Sharper 2022... even more in values

Consumption

- **Boosted** by rising supplies ... and low prices
- Avg farmgate **price: falling from peak**
- Falling... after 2 years of very sharp increases
- Weight of CN... + EU

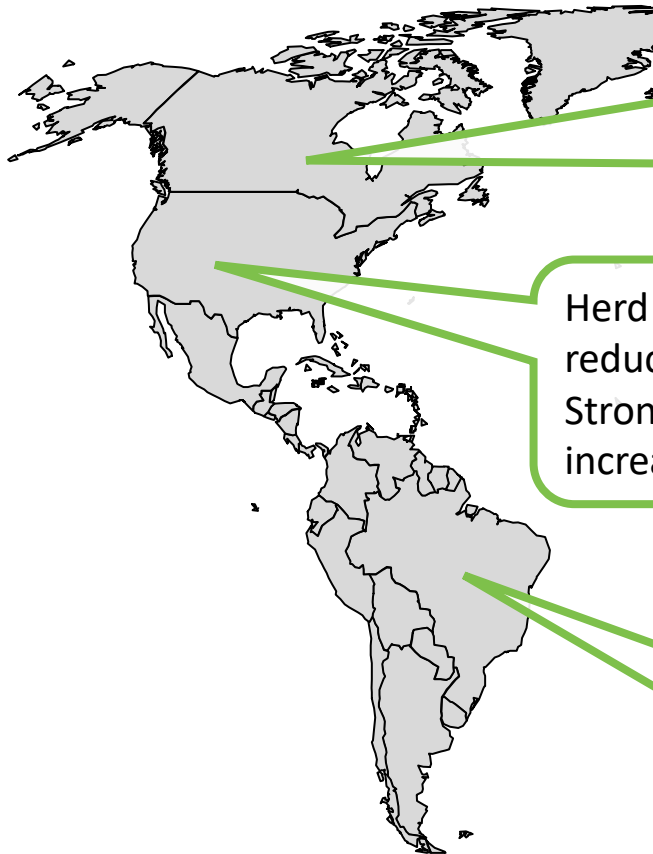
Headlines – Demand countries

The big Asian importers have different import demand needs



Headlines – Supply countries (America's)

The major exporters face varied supply challenges



Labour shortages + Olymel strike → 2021 higher live exports and lower output. 2022 return to more normal Firm exp. DD limits dom. supplies but 2022 consumption recovery. Impact of US price mts

Herd contraction in 2020 ← poor prices and losses, → output reduction extending into 2022
Strong demand and larger exports → 2021 huge price increase boosting profits and marginal drop only in 2022

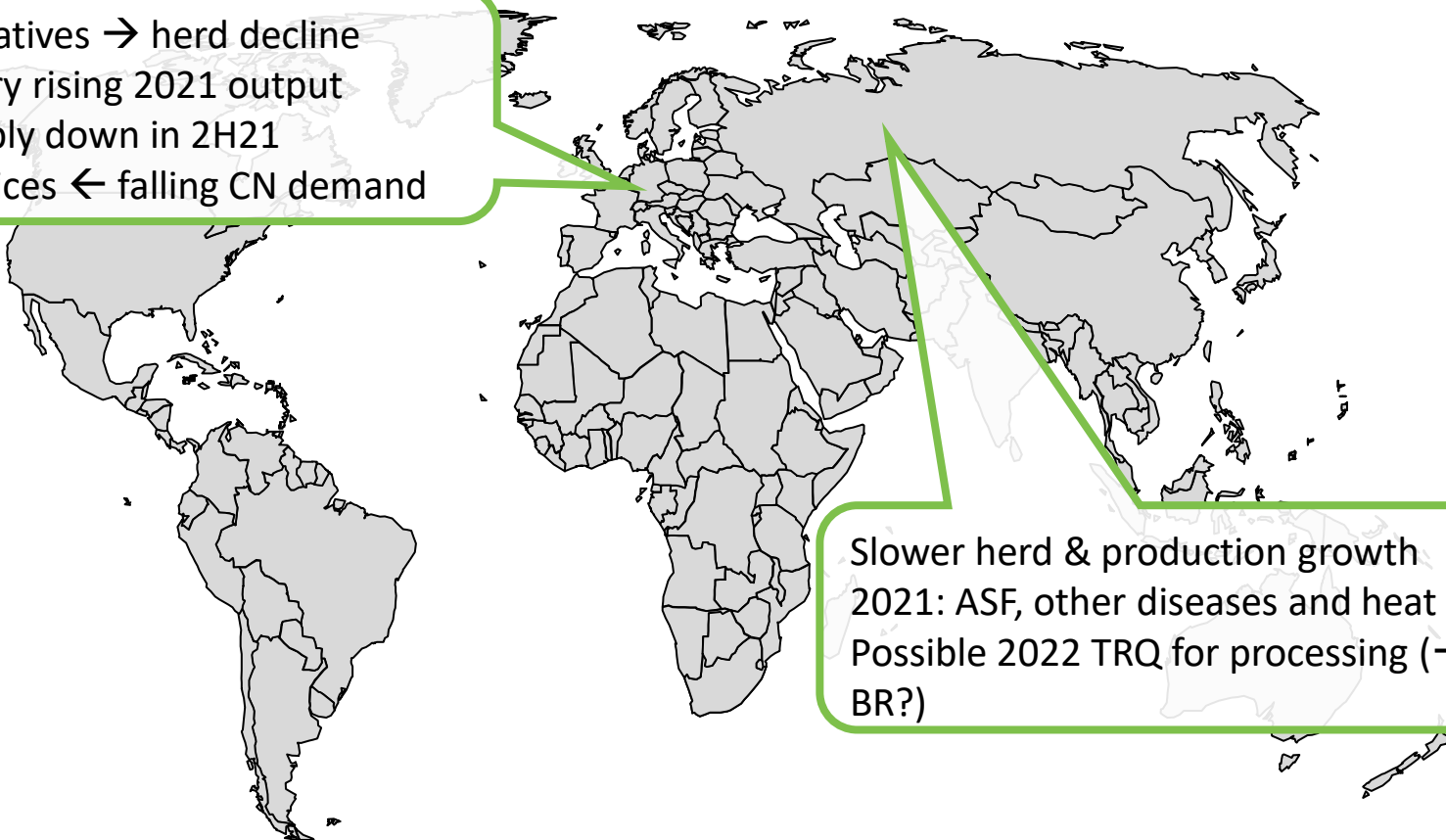
Strong export pull + firm domestic DD
Need to widen export portfolio
Poor 2021 profitability ← huge feed cost increase

Headlines – Supply countries (European)

Difficult times, made worse by ASF ... and other factors

Series of negatives → herd decline
But temporary rising 2021 output
Exports sharply down in 2H21
Collapsing prices ← falling CN demand

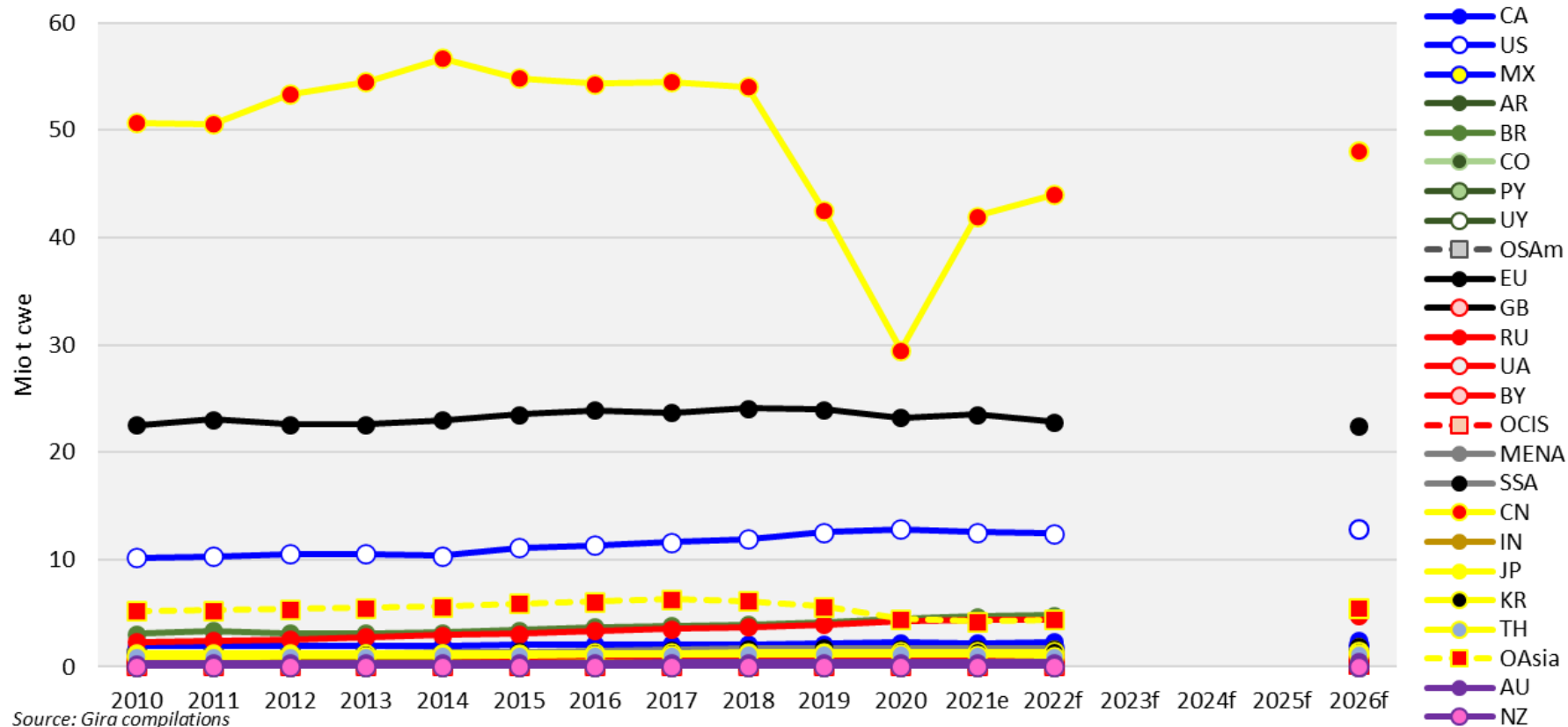
Slower herd & production growth
2021: ASF, other diseases and heat wave
Possible 2022 TRQ for processing (→ BR?)



Pork production developments, 2010-22f&26f

Dramatic 2021 CN 'bounce' followed by further industrial growth

Net pork production changes in selected countries

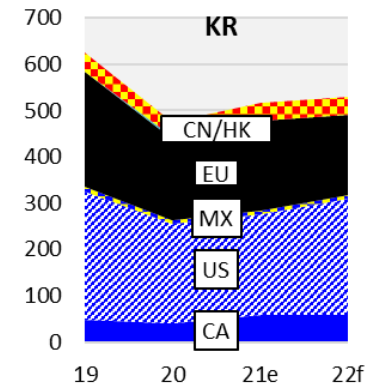
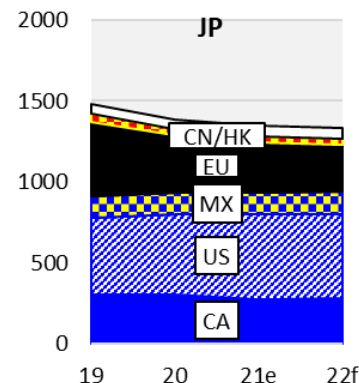
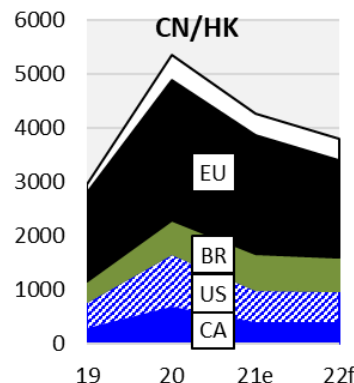
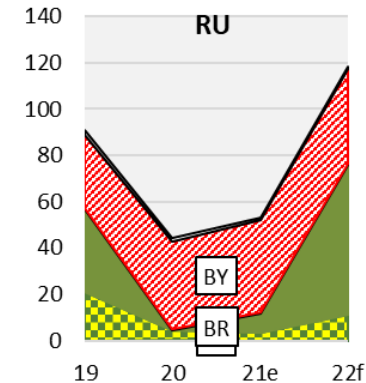
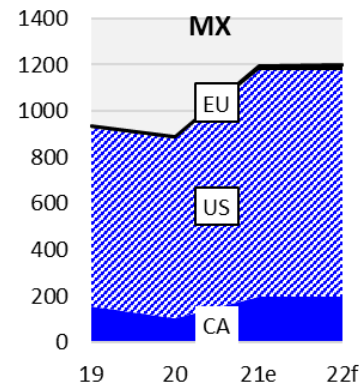
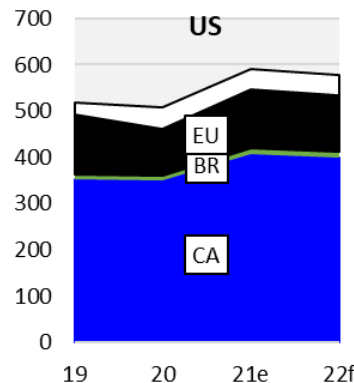
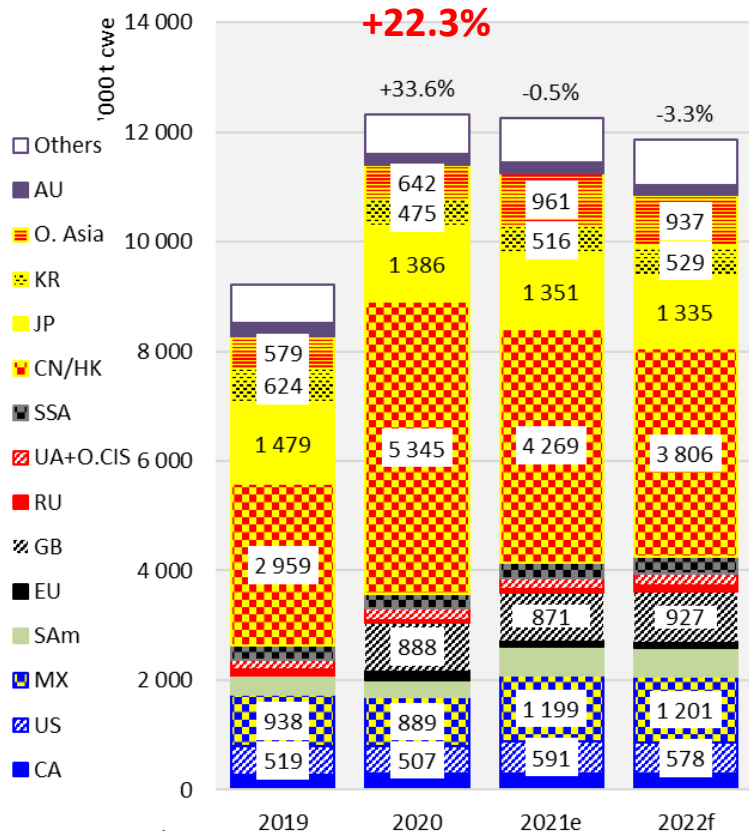


Global pork imports, 2019-22f

Sharp fall to CN... mostly offset by renewed shipments to other markets

Global pork imports and:

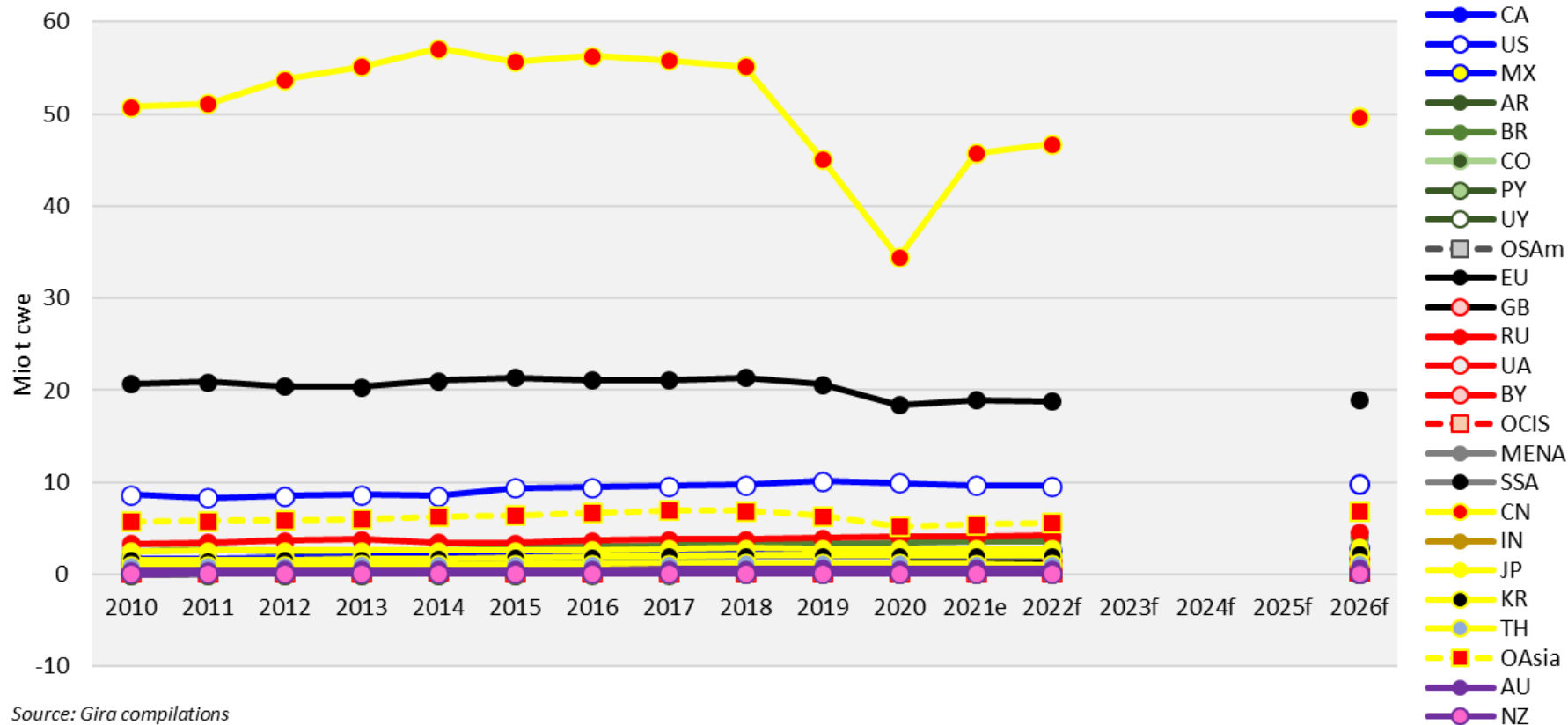
the origin of their imports, '000t cwe



Pork consumption developments, 2010-22f&26f

Long term recovery from ASF and Covid disruptions

Global pork consumption, mio t cwe

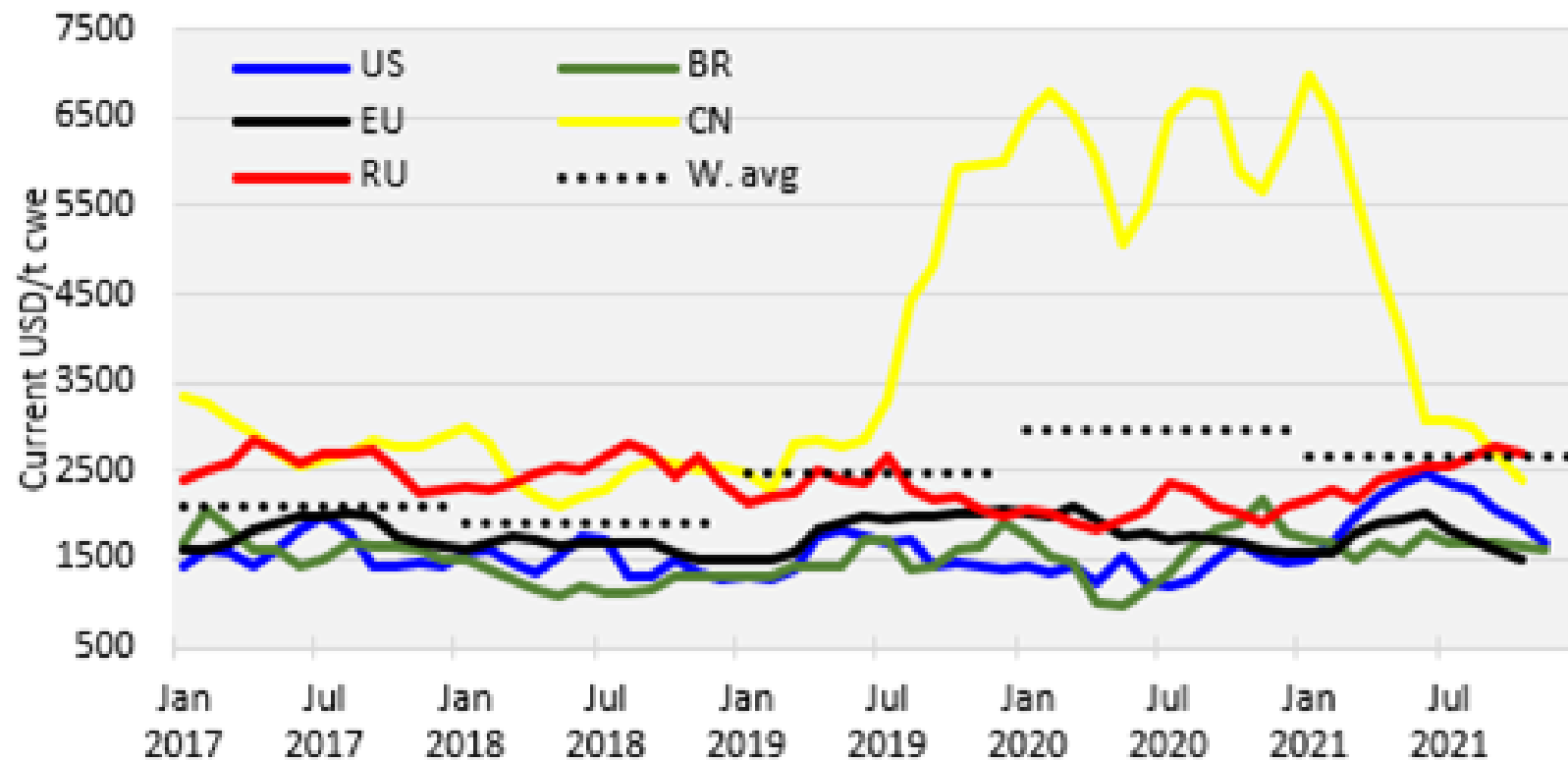


Source: Gira compilations

Pork producer prices (USD/t cwe), monthly Jan. 2017 - end 21

Dramatic CN price decline undermines producer prices in most of RoW

Monthly Pig Producer Prices, selected countries, Jan 2017- end 2021



Source: Gira compilations

EU27 pigmeat reflection, impacted by UA war

The 6 biggest threats for EU Pk in the coming months / years

Major problems 'on the horizon' after this volatile period ... before UA



Expansion of ASF outbreaks across EU

- 3rd country import bans + intra-EU issues with meat and live animals
- Lower prices and Higher costs

Sharply rising feed + other costs: energy, pharma, wages ...

Severe loss making & price distortions ... in every dimension

- Belgium, Germany ... and IT, compared to ASF free countries
- China approved companies compared to not approved companies
- Price relationships & margins: producer vs. abattoir vs. further processor vs. retail

Brexit impact

- Cost of trade friction ... and more competition

Social pressures are rising fast ... adding to costs, and a threat to demand

- High costs, impact on consumption, more vegetarians
- Climate change activism
- Increasingly fierce opposition (L214 etc.)

The “after China” syndrome

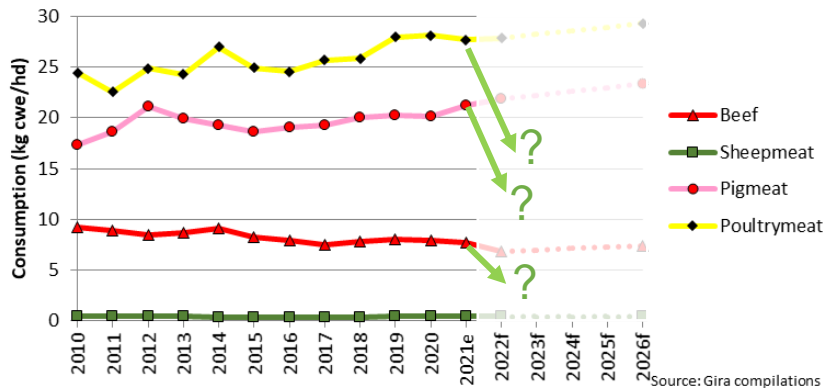
- Companies search for more reliable (export) clientele ... but international competition



Ukraine - Meat Market Impact

Hugely negative impact on consumption and exports

Per Capita Consumption and Exports, 2010-26



Pork – Production stalls and falls

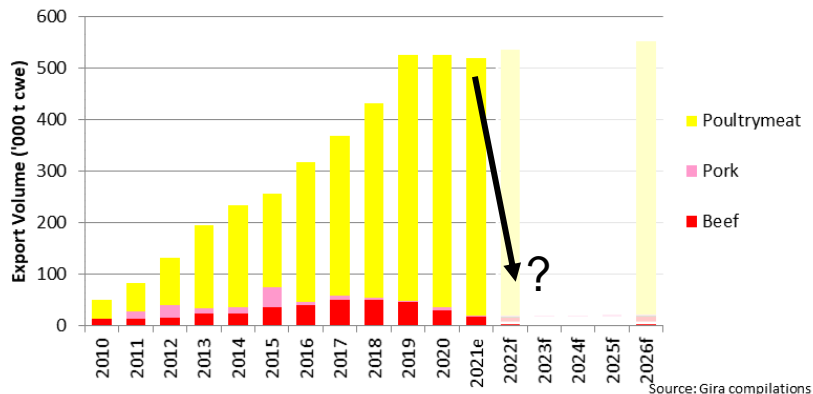
- Pigs killed early by both sides to feed armies
- Little restocking as cash flow falters
- No effective Pk export due to ASF
- Imports drop: supplied by EU and RU

Poultry – Production plummets

- Disrupted supply chains limits restocking
- Energy - power cuts: freezers, incubators
- Slaughterhouses disrupted
- Consumption supported by lost export volume

Key issues: Staff, infrastructure, inputs, cash flow, market, theft...

Consumption will be heavily impacted



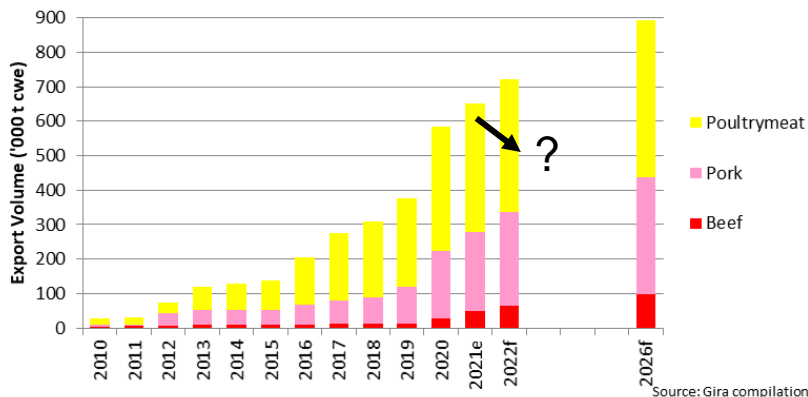
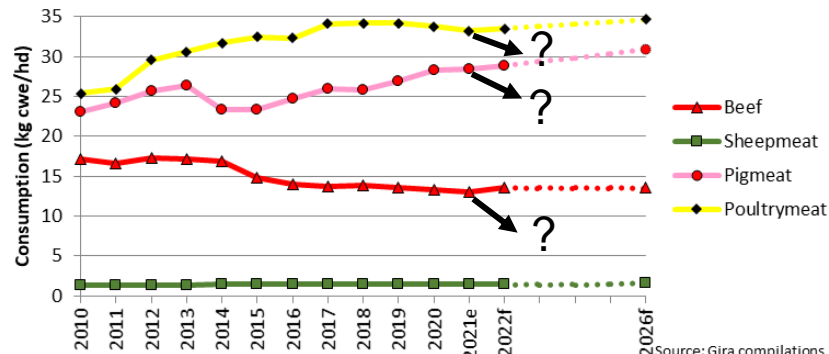


Russia - Meat Market Impact

Imports restricted, and now unaffordable



Per Capita Consumption and Exports, 2010-26



Negative impact on consumption, cushioned by several factors:

- RU has only a modest importer of meat
 - Belarus is one of its main suppliers
 - Brazil, due to lower prices
- Like during Covid-19, RU consumers largely stuck in RU will buy more food... and many of them are happy to buy RU products
- Affordability challenge – tripple ‘whammy’:
 - Many poorer consumers – falling incomes
 - Rising production costs
 - Can’t afford to import (Bf) + sanctions

RU was exporting: now limited

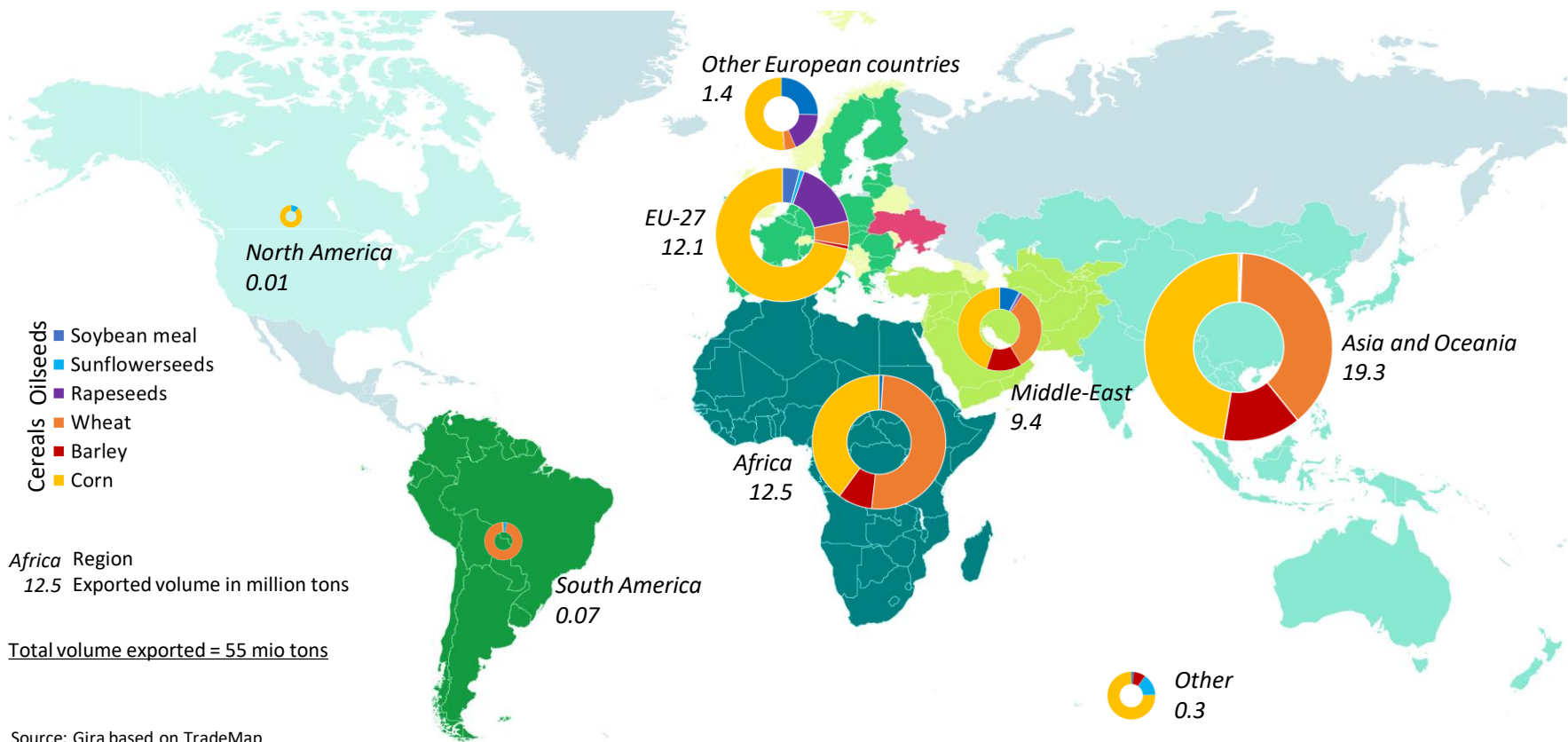
- Py to CN (41% in 2021) and KZ (15%)
- Pk to VN (34%), KZ (20%) and UA (19%)

UA Cereals and Oilseeds Exports

UA was top 5 exporter for: corn, wheat, barley & rapeseeds



Main UA Cereal and Oilseed Exports by Major region, 2020 (mio t)



Source: Gira based on TradeMap

Thank you for your attention

The GMC data and forecasts were prepared at the time Omicron C-19 variant emerged and before the Russian invasion of Ukraine. Both have a profound effect on the meat industry which is not reflected in this slide deck. The slide deck was used as a platform to provide verbal updates and opinion, which we continuously refine and update. For more information contact:

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