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Report Name: Livestock and Poultry Update

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Post: Manila

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Report Highlights:

FAS Manila raises 2022 pork production by 25,000 MT to 1.025 million MT, as some commercial hog raisers report herd rebuilding efforts. Significant repopulation remains constrained, however, by continued African Swine Fever (ASF) cases and the lack of a vaccine. Pork imports in 2022 are left unchanged at 375,000 MT, based on the scheduled expiration of market access next year, while 2021 imports are lowered by 8 percent to 460,000 MT due to logistical delays and meat labeling disruptions. Post maintains its previous forecasts of 2022 and 2021 chicken meat imports, which are 140,000 MT and 110,000 MT lower than the Official USDA statistics, respectively, because of global logistical issues and Highly Pathogenic Avian Influenza resurging in major supplying countries in Europe.

PORK

Production, Supply, and Distribution (PS&D)

Table 1

Meat, Swine	**2020**		**2021**		**2022**	
Market Year Begins	**Jan 2020**		**Jan 2021**		**Jan 2022**	
Philippines	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Slaughter (Reference) (1000 HEAD)	0	0	0	0	0	0
Beginning Stocks (1000 MT CWE)	0	0	0	0	0	0
Production (1000 MT CWE)	1115	1115	1000	1000	1000	1025
Total Imports (1000 MT CWE)	167	167	500	460	375	375
Total Supply (1000 MT CWE)	1282	1282	1500	1460	1375	1400
Total Exports (1000 MT CWE)	1	1	1	1	1	1
Human Dom. Consumption (1000 MT CWE)	1281	1281	1499	1459	1374	1399
Other Use, Losses (1000 MT CWE)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT CWE)	1281	1281	1499	1459	1374	1399
Ending Stocks (1000 MT CWE)	0	0	0	0	0	0
Total Distribution (1000 MT CWE)	1282	1282	1500	1459	1375	1400
(1000 HEAD), (1000 MT CWE)						

Note: PSD numbers do not include pork offal, fat, and rind.

Production

Post revises 2022 pork production up 25,000 MT to 1.025 million MT because of increased herd repopulation efforts. African Swine Fever (ASF) remains the primary constraint in the hog sector, as repopulation prospects remain limited without a commercially available vaccine. New ASF outbreaks, such as Cotabato in southern Philippines, will also dampen recovery efforts. Post maintains 2021 pork production at 1.0 million MT, in line with current Philippine Statistics Authority (PSA) data.

The latest report by PSA notes that total pork production declined 23.4 percent from January to October 2021 compared to the same period in 2020 (872,153 MT CWE and 1,139,317 MT CWE, respectively). Regions with the largest production during the quarter were Central Visayas, Northern Mindanao, and Western Visayas. Both Visayan regions are ASF free, while Northern Mindanao's infected areas are limited. Central Luzon, historically the Philippines's top pork producer, plunged 71 percent. CALARBAZON, previously the second largest producing region, dropped 49 percent. Both regions have been heavily affected by ASF, as seen in the figure and table below.

Figure 1. African Swine Fever Zoning Status as of November 19, 2021

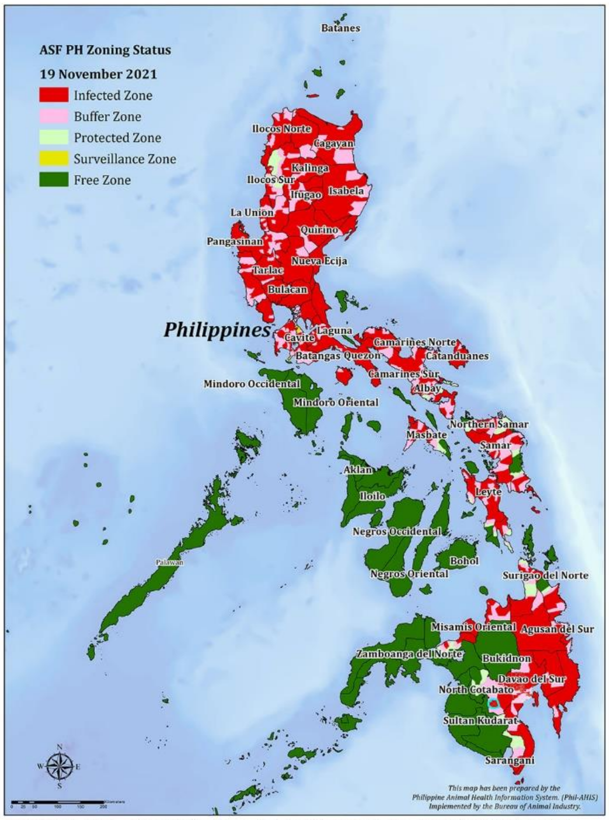


FIGURE 1. Map of the Philippines showing Zoning Status per City / Municipality

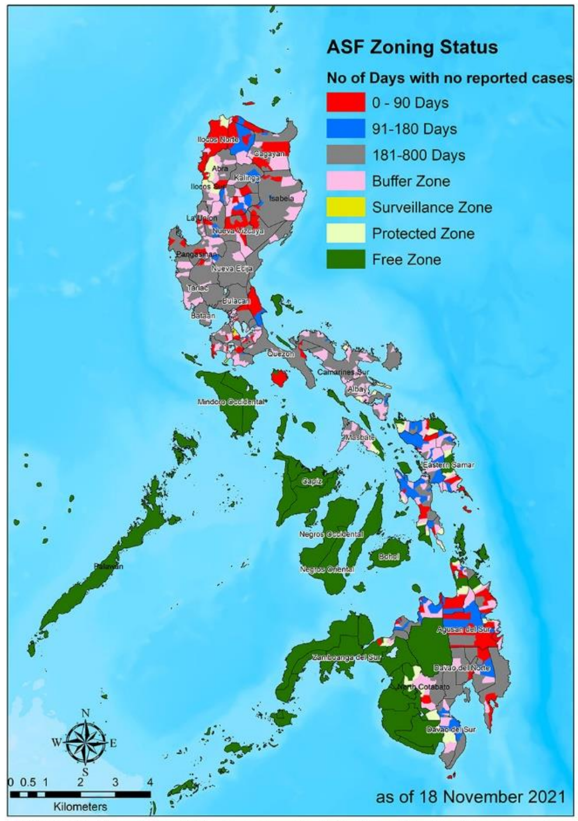
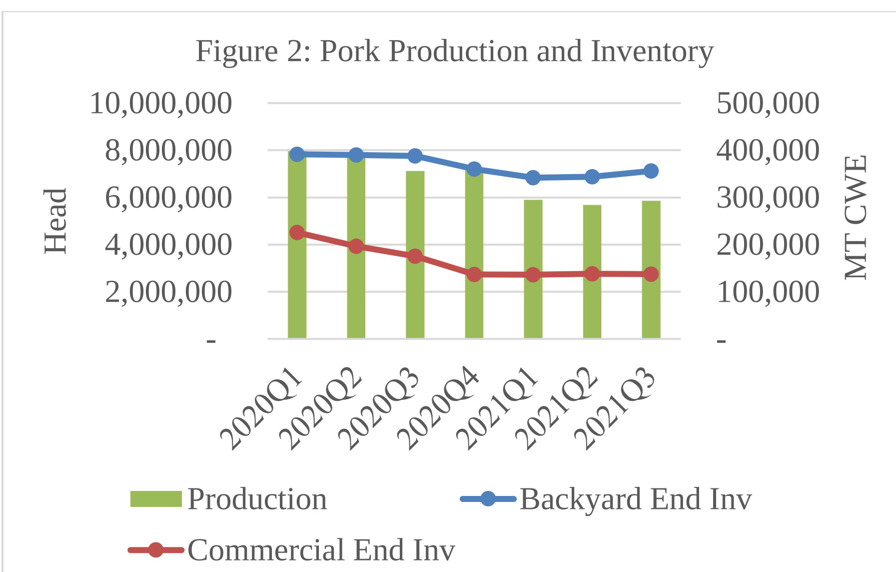


FIGURE 2. Map of the Philippines showing City / Municipality with no reported ASF case for ≤ 90 days (Red), 91 to 180 days (Blue) and ≥ 181 days (Grey).

Source: Department of Agriculture-Bureau of Animal Industry

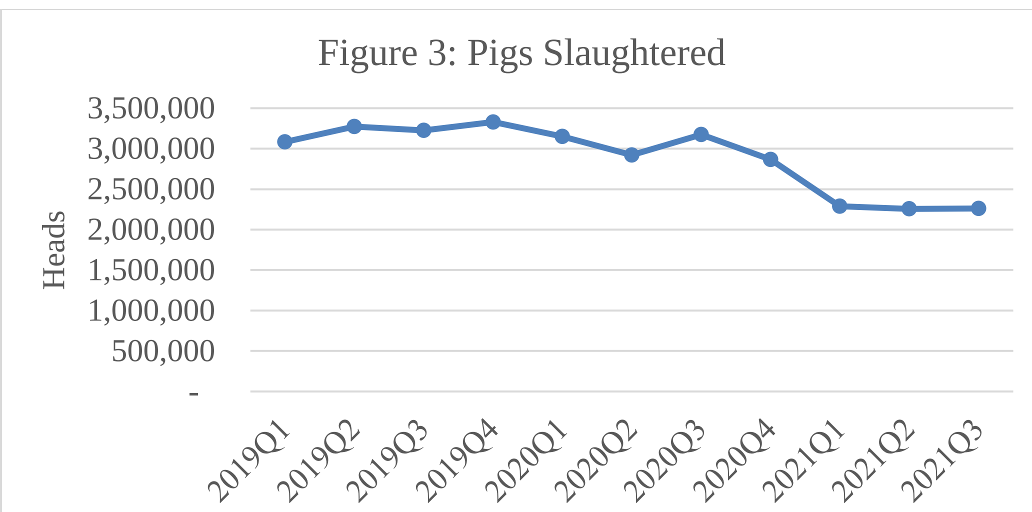


Source: Philippine Statistics Authority

Table 2: Philippine Pork Production by Region January - October, Live Weight MT			
Region	**2020**	**2021**	**%Δ 2021/20**
Philippines	**1,627,596**	**1,245,933**	**-23%**
NCR	-	165	-
CAR	19,116	16,848	-12%
Ilocos Region	72,701	43,339	-40%
Cagayan Valley	54,329	31,975	-41%
Central Luzon	272,952	77,810	-71%
CALABARZON	266,495	136,481	-49%
MIMAROPA	58,989	68,292	16%
Bicol Region	91,001	75,156	-17%
Western Visayas	144,234	147,089	2%
Central Visayas	140,007	158,537	13%
Eastern Visayas	57,417	51,926	-10%
Zamboanga Peninsula	59,592	60,613	2%
Northern Mindanao	152,013	155,434	2%
Davao Region	111,055	97,740	-12%
SOCCSKSARGEN	92,592	92,718	0%
Caraga	27,387	23,688	-14%
ARMM	7,716	8,125	5%

Source: Philippine Statistics Authority, Department of Agriculture-Bureau of Animal Industry

Note: Highlighted regions have at least one prefecture with ASF



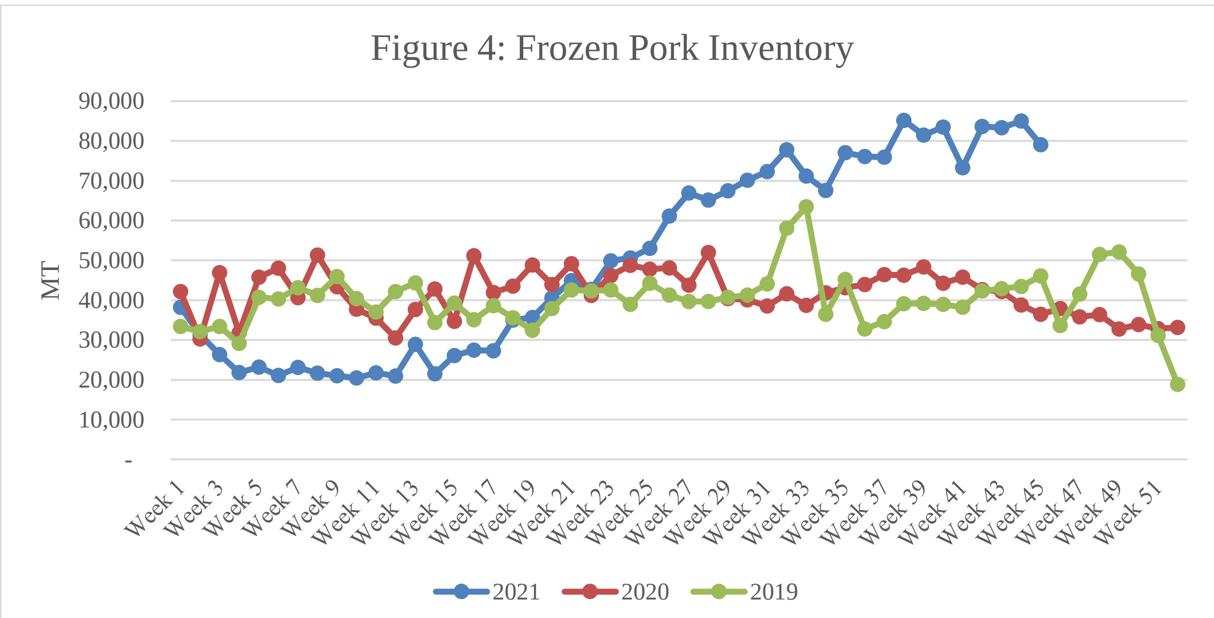
Source: Philippine Statistics Authority

Inventory

Frozen pork inventory in accredited cold storages has reached historically high levels in 2021, peaking at 85,198 MT in mid-September. The DA National Meat Inspection Service in late July issued

Memorandum Circular 18, which emphasized the strict enforcement of meat labeling requirements and delayed the release of some products. With labeling flexibilities extended indefinitely (until policies are reviewed and revised) and with consumption set to increase during the holidays, Post expects frozen pork inventory to trend downward. Based on the Philippine government's computation of national daily pork requirement of 4,434 MT, the inventory at its highest would have lasted 19.2 days.

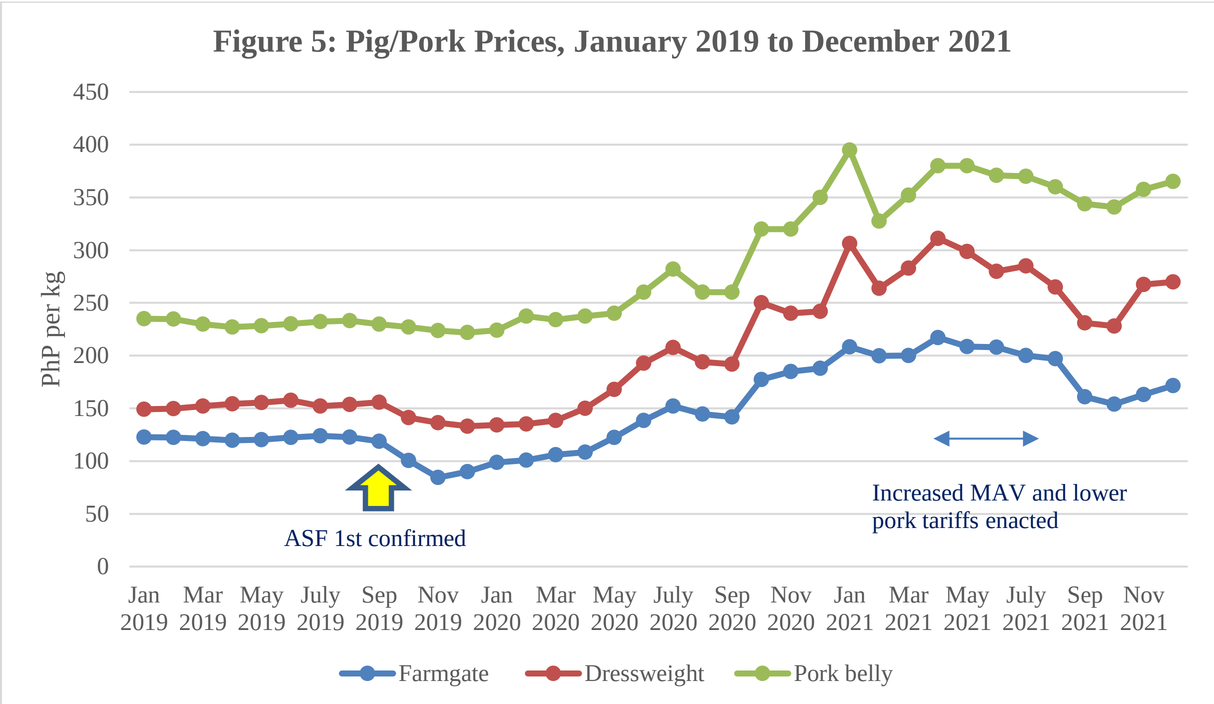
The DA National Livestock Program is providing P45 million ($900,000) in grants for wet market operators (via local government units) to install cold chain equipment, which should facilitate the movement of pork from cold storages to traditional markets. With Memorandum Circular 24, DA issued the implementing guidelines for the Kadiwa cold chain project for chilled and frozen meat. The project's goal is to modernize the food distribution system in traditional wet markets, a key constraint cited by meat importers and traders, to ensure the availability of safe and affordable pork to the public.



Source: Department of Agriculture-National Meat Inspection Service

Prices

In response to the government increasing the pork Minimum Access Volume allocation and lowering tariff rates, pork belly prices started to decline from May to October 2021. By October 2021, pork prices were at a recent low of P341 ($6.82) per kg. By November, however, pork prices started to increase. This rise can be attributed to several factors: 1) high gasoline prices; 2) increasing demand towards the Christmas holiday season; and 3) policies that prevented the full utilization of pork MAV and disruptive meat labeling requirements.



Source: DA-AMAS (Metro Manila wholesale and retail prices); ProPork (farm gate prices)

Consumption

Post raises 2022 pork consumption by 25,000 MT to reflect the revised production forecast. The economic boost of the country reopening in 2022 will be tempered by the currently scheduled to expire pork market access (MAV and tariffs) pushing prices and constraining supply. The COVID situation in the country continues to improve, with positive cases around 500 per day in recent weeks, compared to over 20,000 per day during the August 2021 peak. The National Capital Region is at Alert Level 2, the second least restrictive, with hotels, restaurants, and cafes allowed to operate closer to full capacity. Although still closed to international tourists, domestic tourism is allowed. Selected schools nationwide have started to pilot face-to-face classes, another indicator of the Philippines beginning to emerge from the pandemic.

Trade

Post maintains the 2022 pork import forecast at 375,000 MT, in line with current trade flows and the Philippine policies on MAV and tariffs scheduled to expire in 2022. Imports for 2021, however, are lowered from 500,000 MT to 460,000 MT. Factors include high prices from underutilized MAV, sea freight and logistical costs and delays, and the above-mentioned meat labeling disruptions. From January to September 2021, Post projects that pork imports reached 386,000 MT, up 244 percent year-over-year but slowing from the pace of trade of earlier months.

Table 3: Global Pork Exports to the Philippines Metric Tons Carcass Weight Equivalent				
Reporter	**Calendar Year**	**January to September**		
	2020	**2020**	**2021**	**%Δ 2021/20**
Total	**167,485**	**112,335**	**386,208**	244
European Union	69,044	49,139	170,104*	246
Canada	45,996	26,350	101,130	284
United States	42,829	30,105	74,695	148
Brazil	5,021	3,483	21,946	530
United Kingdom	2,869	1,981	13,388	576
Australia	1,115	607	3,421	464
Other	613	490	1,524	211

Source: Trade Data Monitor, LLC

* FAS Manila projection

Table 4: Philippines Pork and Related Imports January to August, 2020-2021 (Metric Tons)					
		Jan to Mar	**Apr to Jun**	**Jul to Sep**	**Total**
Pork					
2021	Bellies	10,325	16,456	16,490	43,271
	Deboned	30	142	212	384
	Fats	13,264	18,166	18,436	49,866
	Offals	41,478	51,652	48,492	141,622
	Pork Cuts	27,865	80,279	69,195	177,339
	Rind/Skin	8,502	9,681	8,445	26,628
	Whole Pork	34	38	131	203
	Total	**101,498**	**176,414**	**161,402**	**439,314**
2020	Bellies	4,499	8,509	9,593	22,601
	Deboned	0	0	25	25
	Fats	8,572	8,874	12,831	30,277
	Offals	19,510	24,239	20,851	64,600
	Pork Cuts	6,221	9,652	18,406	34,279
	Rind/Skin	5,242	5,428	5,689	16,359
	Whole Pork	0	0	0	0
	Total	**44,043**	**56,703**	**67,395**	**168,141**

Source: Department of Agriculture-Bureau of Animal Industry

CHICKEN

Production, Supply, and Distribution (PSD)

Table 5

Meat, Chicken	**2020**		**2021**		**2022**	
Market Year Begins	**Jan 2020**		**Jan 2021**		**Jan 2022**	
Philippines	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	1305	1305	1330	1330	1360	1360
Total Imports (1000 MT)	335	335	530	420	540	400
Total Supply (1000 MT)	1640	1640	1860	1750	1900	1760
Total Exports (1000 MT)	0	0	0	0	0	0
Human Consumption (1000 MT)	1640	1640	1860	1750	1900	1760
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	1640	1640	1860	1750	1900	1760
Total Use (1000 MT)	1640	1640	1860	1750	1900	1760
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	1640	1640	1860	1750	1900	1760
(1000 MT)						

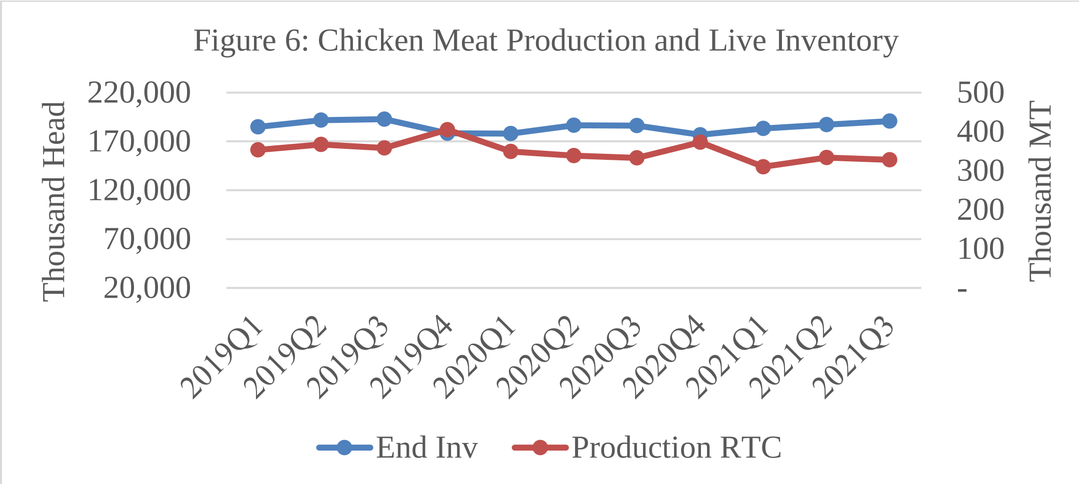
Note: PSD includes skins and mechanically deboned meat (MDM).

Production

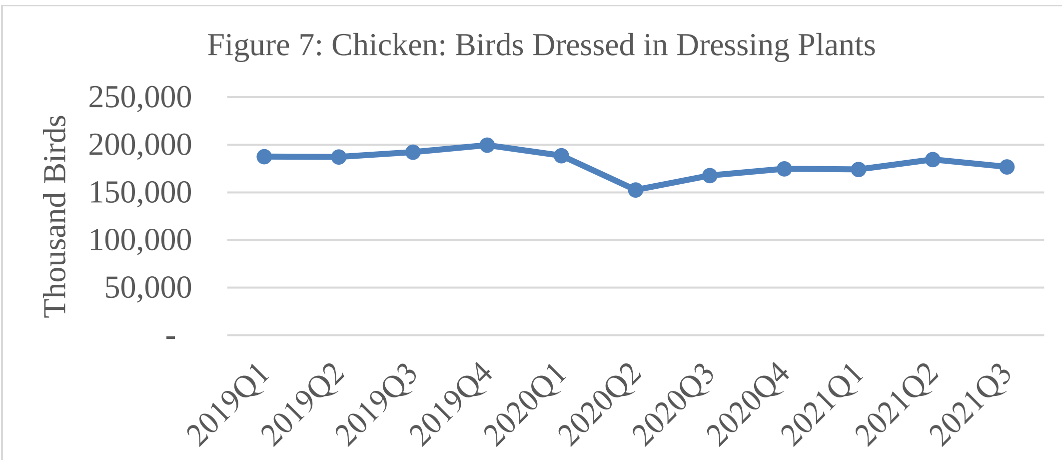
Post maintains both its 2022 and 2021 chicken meat production forecasts of 1.36 million MT and 1.33 million MT, respectively. A local association representing the broiler sector recently wrote that rising input costs were a major issue, with prices for soybean meal, corn, and day-old-chicks pushing the cost of chicken production to P92/kg, the highest in recent memory. According to the latest PSA report, production was 4.8 percent lower year-over-year from January to October 2021 as compared to the previous year (971,565 MT vs. 1,020,626 MT, respectively).

Inventory

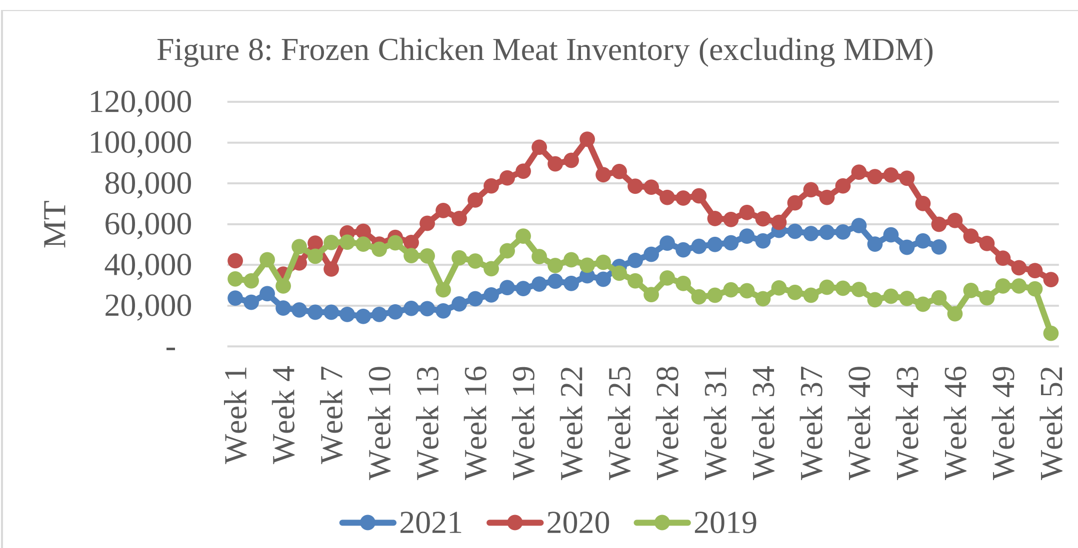
Frozen chicken meat in accredited cold storages, which excludes mechanically deboned meat, is not as large as in 2020 but remains above pre-pandemic levels. From a high of 59,276 MT in week 40, chicken inventory declined to 48,780 MT by week 45, as demand grows during the holiday season. Although the previously mentioned labeling requirements did not affect poultry to the same extent as red meat, some exporters of chicken products reported withholding shipments due to the uncertain trade environment.



Source: Philippine Statistics Authority



Source: Philippine Statistics Authority

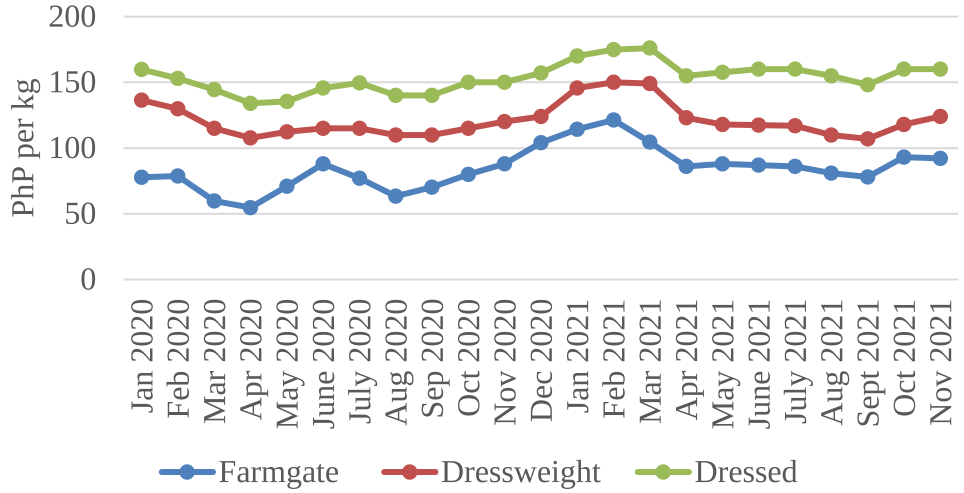


Source: Department of Agriculture-National Meat Inspection Service

Prices

From their peak in March, chicken prices began falling from June to September 2021 before rising again in October and November. This could be attributed to several factors, including increasing gasoline prices, rising feed ingredient costs (most notably soybean meal), and the traditional bump in demand leading up to the Christmas holidays. The economy has also started to reopen in response to the declining number of COVID-19 cases. This augurs well for hotels, restaurants, and institutions that sell chicken products but will also exert upward pressure on chicken prices.

Figure 9: Chicken Prices, January 2020 to November 2021



Source: DA-AMAS (Metro Manila wholesale and retail prices); UBRA (farm gate prices)

Consumption

Chicken consumption is expected to increase slightly in 2022 with the further opening of the economy, bolstered by the resumption of local tourism and opening of hotels, restaurants, and institutions. Lower chicken shipments from major supplying countries due to Highly Pathogenic Avian Influenza (see next section) will limit overall consumption, however.

Trade

Post maintains its 2022 chicken meat import forecast of 400,000 MT, which is 140,000 MT lower than the current USDA Official estimate, based on the trade slowdown in recent months and the resurgence of HPAI in the European Union. The EU is historically the largest source of Philippine chicken imports, with bans on EU members such as the Netherlands and Poland reflected in the nearly 60 percent drop in 2021 exports year-over-year. Overall chicken exports to the Philippines in 2021 through September are 353,000 MT, 31 percent higher than last year's level. Post also maintains its 2021 import forecast of 420,000 MT, 110,000 MT lower than USDA Official, because of HPAI-related concerns in Europe and trade disruptions following the issue in poultry labeling requirements from late July to early November this year.

Table 6: Philippines Chicken Meat Imports January to September, 2020-2021 (Metric Tons)					
		Jan to Mar	**Apr to June**	**July to Sep**	**Total**
Chicken					
2021	Chicken Cuts	5,044	15,549	11,022	31,615
	CLQ	20,568	43,459	30,293	94,320
	Deboned	36,620	58,753	70,733	166,106
	Fats	691	1,682	2,268	4,641
	Offals	531	999	1,113	2,643
	Rind/Skin	434	1,213	1,245	2,892
	Whole Chicken	0	0	0	0
	Total	63,887	121,658	116,675	302,220
2020	Chicken Cuts	13,900	11,527	6,360	31,787
	CLQ	34,046	12,594	7,863	54,503
	Deboned	63,436	64,278	80,494	208,208
	Fats	785	1,165	2,572	4,522
	Offals	777	629	806	2,212
	Rind/Skin	349	262	278	889
	Whole Chicken	545	0	79	624
	Total	113,837	90,455	98,451	302,743

Source: Department of Agriculture-Bureau of Animal Industry

Table 7: Global Chicken Meat Exports to the Philippines January to September (Metric Tons)					
Reporter	**Calendar Year**		**January-September**		
	2019	**2020**	**2020**	**2021**	**%Δ 2021/20**
Total	**365,716**	**335,762**	**268,368**	**353,045**	**31.55**
European Union	160,971	143,689	119,393	48,730*	-59.19
United States	97,815	77,767	54,619	129,341	136.81
Brazil	63,360	59,799	59,773	132,640	121.91
Canada	24,713	22,716	13,446	24,015	78.6
Turkey	3,299	13,189	9,636	4,169	-56.74
United Kingdom	12,645	12,936	8,866	649	-92.68
China	110	4,087	1,334	6,897	417.02
Other	2,803	1,579	1,300	6,604	408

Source: Trade Data Monitor, LLC

* FAS Manila projection

Note: In this report, Post incorporated the use of @Risk 8.2 (Palisade Corp., Ithaca, New York) to do a Monte Carlo simulation of 1,000 iterations (events) to calculate the probability of forecasts. It is used to model phenomena with significant uncertainty in inputs, such as the calculation of risk in business.

Attachments:

No Attachments.