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Report Name: Pork and Poultry Update

Country: Philippines

Post: Manila

Report Category: Livestock and Products, Poultry and Products

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Report Highlights:

Post's forecast for Philippine pork production in 2021 turns negative as ASF continues to discourage commercial operations from reinvesting in the sector, which in turn has led to spiking consumer pork prices. Meanwhile, Post's poultry production forecast for 2021 remains unchanged, while import demand, specifically for mechanically deboned meat, continues to replace raw pork materials in processed meats in order to accommodate restrictive local government policies on the entry and sale of pork-containing products.

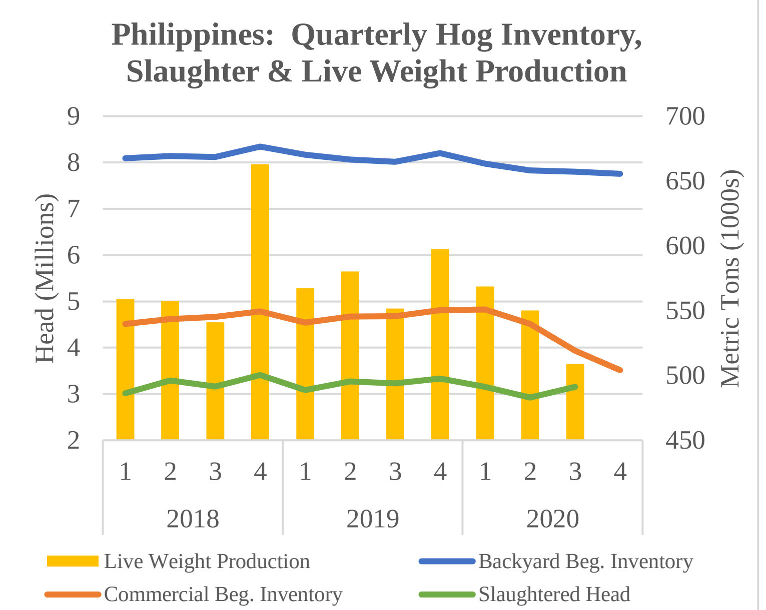
PORK

Meat, Swine	2019		2020		2021	
Market Year Begins	Jan 2019		Jan 2020		Jan 2021	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT CWE)	0	0	0	0	0	0
Production (1000 MT CWE)	1585	1585	1275	1115	1350	1000
Total Imports (1000 MT CWE)	222	222	150	150	200	225
Total Supply (1000 MT CWE)	1807	1807	1425	1265	1550	1225
Total Exports (1000 MT CWE)	1	1	1	1	1	1
Human Dom. Cons. (1000 MT CWE)	1806	1806	1424	1264	1549	1224
Other Use, Losses (1000 MT CWE)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT CWE)	1806	1806	1424	1264	1549	1224
Ending Stocks (1000 MT CWE)	0	0	0	0	0	0
Total Distribution (1000 MT CWE)	1807	1807	1425	1265	1550	1224

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

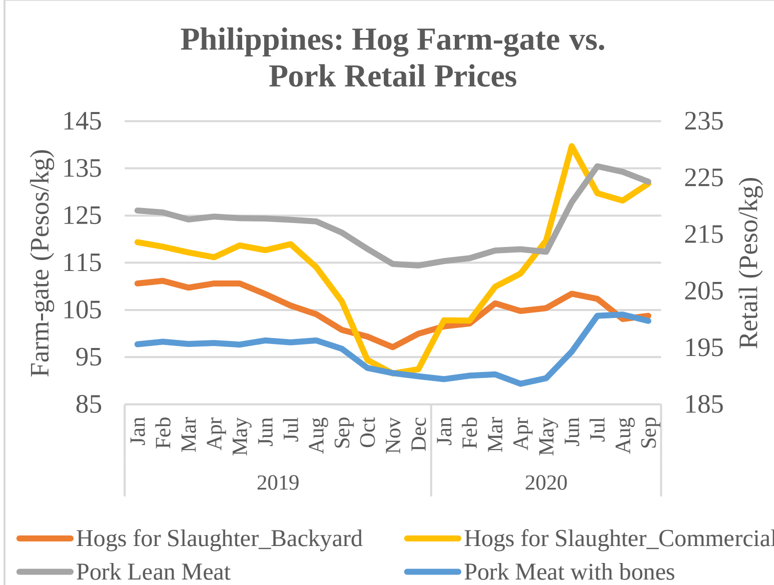
Production

Post no longer sees a rebound in Philippine pork production likely in 2021, as commercial operations have yet to regain confidence that they can safely produce and be permitted to market their pork products throughout the country so long as ASF and ASF-related restrictions remain widespread. As such, 2021 swine inventories and production are expected to continue falling. Some estimates already put the commercial herd below three million heads.



Source: Philippine Statistics Authority (Production, Inventory, Slaughtered)

While Post acknowledges official data from the Philippines Statistical Authority is more or less consistent with industry estimates, official estimates of backyard inventories and production remain highly suspect. As of October 1, PSA estimated commercial farm inventories were down 27 percent year-over-year but only down five (5) percent at backyard farms, particularly considering backyard producers were widely understood to be the most affected. According to PSA, backyard producers have historically represented near two-thirds of swine inventory. Yet, while backyard producers are widely understood to use compound feed, losses in feed production would indicate deeper losses as would the recent magnitude of pork price increases, which PSA reflects at retail and commercial farm-gate though not backyard farm-gate. Meanwhile, the Department of Agriculture has asked pork producers to maintain farmgate prices around P180-185/kg (live weight) after they reached P200/kg in some Luzon provinces in November. In short, high prices along with the continued threat of ASF are increasingly encouraging producers to liquidate sows and smaller hogs rather than restock.

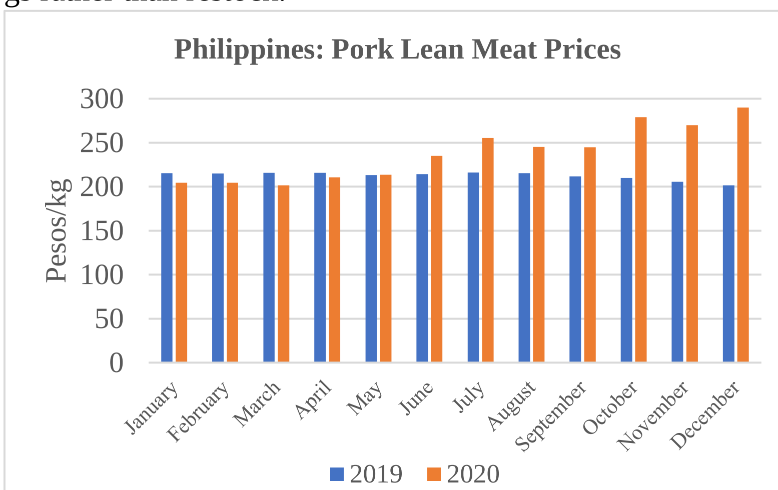


Source: Philippine Statistics Authority (B_FarmGate, C_FarmGate, Retail)

Consumption:

Per capita consumption of pork will continue to be further constricted as retail prices continue to rise.

Retail pork prices continue their steady rise, 36 percent year-to-date. The DA earlier raised the Suggested Retail Price to P250 in July via Administrative Circular No. 10 and to P280 in October via Administrative Circular No. 14.



Source: PSA (thru Sep 2020); Department of Agriculture (Oct-Dec 2020)

Trade:

Post forecasts 2021 imports to only partially offset further reductions in production given higher local prices and global competition for pork supplies.

Despite a strong downturn in 2020 pork production, intra-Philippine trade restrictions on processed meat products containing pork have largely reduced pork demand nationwide, and in turn, also reduced demand for pork imports.

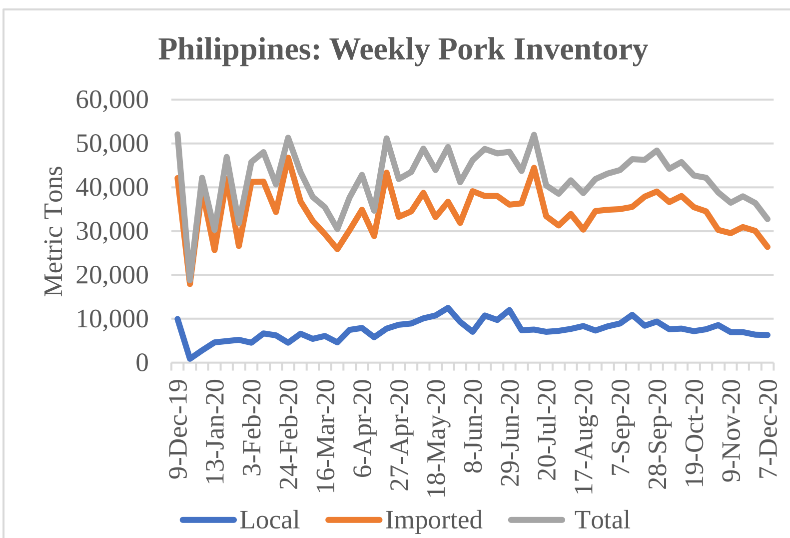
Pork Imports (MT) by Country, January to November 2020												
	AUS	**BRA**	**CAN**	**DEN**	**FRA**	**IRE**	**NETH**	**SPA**	**U.K.**	**USA**	**OTH**	**Total**
Bellies	0	1,080	5,039	2,094	10,184	30	4,388	5,733	885	3,505	251	33,159
Deboned	0		25									25
Fats	136		7,382		7,727	999	3,296	19,909	227	767	450	40,892
Offal	2,032	4,049	6,250	2,278	7,527	1,895	12,242	30,506	5,016	13,883	129	85,806
Pork Cuts	654	2,251	18,984	1,381	137	401	1,125	3,876	617	20,671		50,096
Rind/Skin	781	29	3,265	211	1,296	595	1,821	11,352	911	121	780	21,162
TOTAL	**3,604**	**7,409**	**40,944**	**5,963**	**26,870**	**3,920**	**22,872**	**71,376**	**7,657**	**38,946**	**1,579**	**231,140**

Source: Bureau of Animal Industry, DA

Global Exports to Philippines Commodity: PSD-Meat, Swine,							
Reporter	**Unit**	**Calendar Year**			**January-September**		
		2017	**2018**	**2019**	**2019**	**2020**	**%Δ 2020/19**
_Total	CWE	238,762	282,648	221,603	177,951	112,397	-36.84
EU28	CWE	137,829	154,522	119,940	102,222	51,119	-49.99
Canada	CWE	4,4,217	50,628	52,077	35,571	26,464	-25.60
United States	CWE	34,529	38,408	36,942	28,241	30,235	7.06
China	CWE	17,556	22,146	4,982	4,982	34	-99.32
Brazil	CWE	1,239	12,038	4,351	3,932	3,483	-11.42
Australia	CWE	3,307	4,790	2,704	2,435	607	-75.07
Other	CWE	76	108	606	567	447	-21.16

Source: Trade Data Monitor

Stocks:
Reflecting rising prices, as of December 7, 2020, pork inventories have reached their lowest level since COVID-19 briefly disrupted international supply chains in Spring 2020. Low inventories during the country's peak consumptoin period is also out of step with the norm.



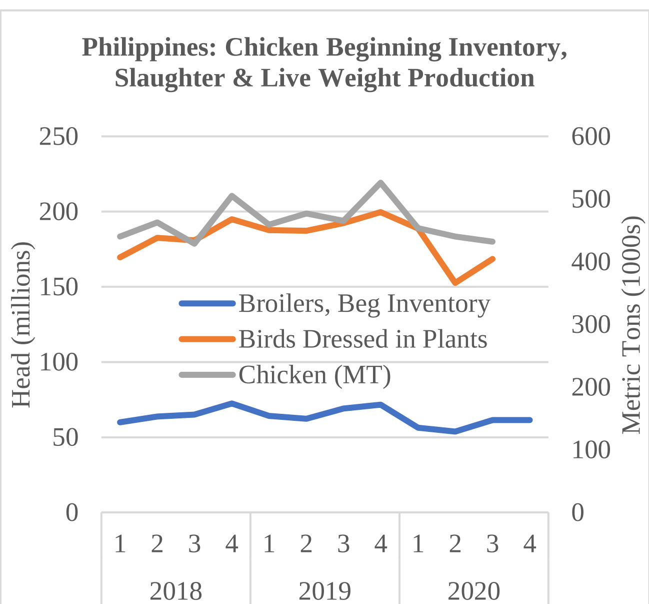
Source: DA/National Meat Inspection Service Weekly Inventory Report

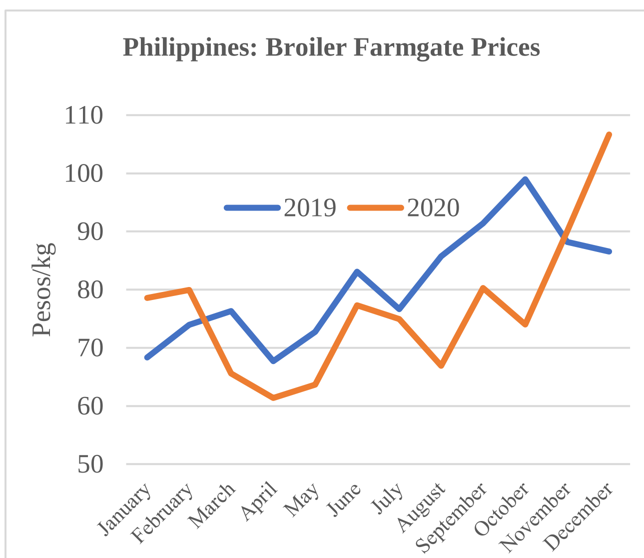
CHICKEN MEAT

Post has no changes to production but increases consumption to reflect trade-to-date in 2020, driven by even larger than anticipated demand for processed meat products using mechanically deboned meat.

Meat, Chicken	**2019**		**2020**		**2021**	
Market Year Begins	**Jan 2019**		**Jan 2020**		**Jan 2021**	
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)	1450	1450	1250	1250	1375	1375
Total Imports (1000 MT)	366	366	375	410	375	400
Total Supply (1000 MT)	1816	1816	1625	1660	1750	1775
Total Exports (1000 MT)	0	0	0	0	0	0
Human Cons. (1000 MT)	1816	1816	1625	1660	1750	1775
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	1816	1816	1625	1660	1750	1775
Total Use (1000 MT)	1816	1816	1625	1660	1750	1775
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	1816	1816	1625	1660	1750	1775

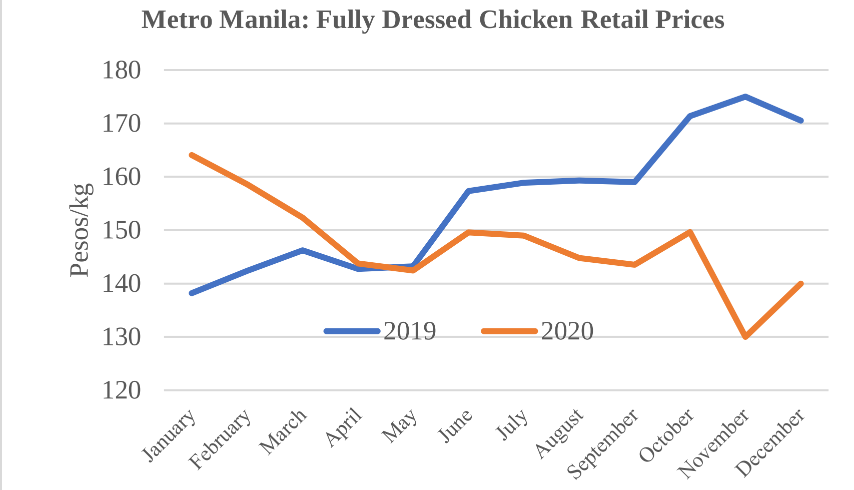
Production:
Increasing farm-gate chicken prices supports the currently expected rebound in 2021 production. For 2020, while PSA reports production through three quarters down only five (5) percent, Post maintains an estimate closer in line with industry contacts and producer prices that indicate a steeper drop may have taken place.





Source: PSA; United Broiler Raisers Association (Oct-Dec 2020)

Consumption:
Metro Manila retail and Philippine farm-gate prices have effectively been moving in divergent directions in the second half of the year. At the same time, declining retail prices have also coincided with declining inventories of non-MDM chicken meat while also remaining below 2019 retail prices – a disconnect of normal market dynamics at least in part due to stronger enforcement efforts of DA's Suggested Retail Price for whole chicken, currently set at P130/kg.



Source: PSA and DA Price Monitoring

Trade:
Imports in 2021 have been raised but now lower compared to 2020 as some 2021 demand for MDM has been pulled forward as meat processors hedge against the increasingly likely scenario that tariffs will jump from five (5) to 40 percent on January 1, 2021. That said, one headwind for 2021 has been relieved, when on December 14, 2020, the Philippines removed the ban on Brazilian poultry. Nevertheless, the Philippines continues to reject Sanitary-Phytosanitary Import Clearance applications from importers wishing to buy whole birds, including from the United States, in order to protect local producer prices.

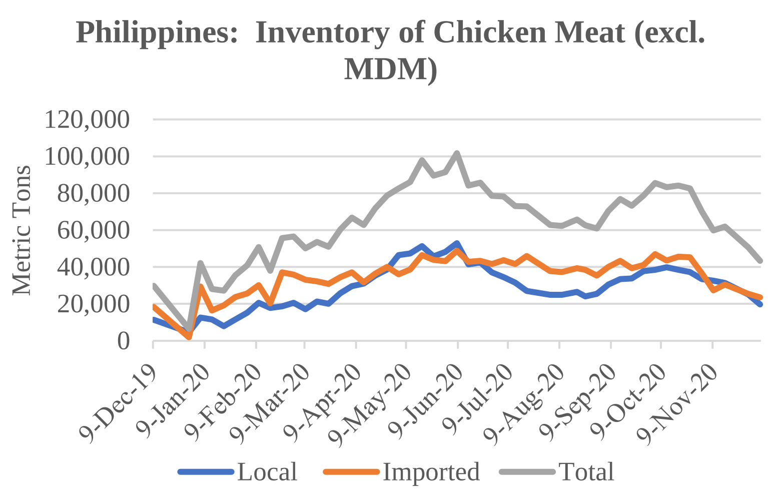
Chicken Imports 2020 January – November (MT)						
	Brazil	**Canada**	**USA**	**EU-28**	**Others**	**Total**
Chicken Cuts	10,741	5,696	3,589	16,387	103	36,515
Chicken Leg Quarters	3,775	368	69,369	55	-	73,567
Deboned	56,058	13,926	16,746	165,979	983	253,691
Fats	5,407	-	-	-	1	5,408
Offal	1,868	-	24	1,231	88	3,210
Rind/Skin	540	196	98	190	-	1,024
Whole Chicken	-	-	476	120	28	624
TOTAL	78,389	20,187	90,301	183,960	1,203	374,040

Source: DA Bureau of Animal Industry

Global Exports to Philippines Commodity: PSD-Meat, Chicken,							
Reporter	**Unit**	**Calendar Year**			**January-September**		
		2017	**2018**	**2019**	**2019**	**2020**	**%Δ 2020/19**
_Total	T	266,422	320,644	365,903	240,648	268,100	11.38
EU 28	T	91,930	126,040	173,617	125,806	128,215	1.91
United States	T	104,789	113,894	98,002	51,600	54,606	5.83
Brazil	T	35,531	52,455	63,360	42,459	59,773	40.78
Canada	T	28,746	21,295	24,713	16,492	13,179	-20.09
Turkey	T	28	2,209	3,299	1,747	9,636	451.57
Other	T	5,397	4,751	2,913	2,544	2,634	1.04

Source: Trade Data Monitor

Stocks:
As of December 7, 2020, inventories of chicken meat, excluding MDM, continue to tighten though remain above 2019 levels.



Source: DA/National Meat Inspection Service Weekly Inventory Report

Attachments:

No Attachments.