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Livestock and Products

Pork and Beef Prices Jump in September

2003

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Report Highlights: Following a period of relative stability, beef and pork prices followed poultry prices by significantly increasing in September 2003. Poultry prices also continue to grow, though not as fast as during the summer months.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Moscow [RS1]
[RS]

According to the latest price report of the Russian Institute for Agricultural Market Studies (IKAR), prices on domestic beef and pork each jumped by 18 percent in the month of September. The main reason is that importers shipped large volumes of pork and beef after the announcement of the introduction of TRQs in January 2003, but before implementation in April, and that buffer stock is becoming depleted. At the same time, Russian framers slaughtered a higher than usual number of cattle due to the feed shortage, which also increased short term supply in late spring and early summer. Warehouses were full of both imported and local beef and pork products during this period. These stocks are now beginning to be reduced and the price is rising as a result. The traditional autumn increase in meat consumption is helping to add to the increasing price trend.

Domestic producers now do not have enough pigs and cattle for slaughter to cover the gap between consumption and supply due to low cattle numbers and constraints in terms of production increases. In an open market, imports would make up the difference. However, importers can't increase importation of red meat due to the TRQs. Therefore, prices are expected to continue to rise in the near future.

On the poultry side, prices increased moderately in September, by approximately two percent for domestic and imported leg quarters. Since January, leg quarter prices have increased by about 30 percent. However, breast meat has rocketed up by 86 percent for domestic meat and 94 percent for imported. One of the trends becoming clearer is the pricing strategy taken by domestic producers. It appears that they are trying to maintain the same price ratio with imported poultry meat as before the quota, matching the rising imported price with a price rise of their own. For example, domestic leg quarters maintained a 35 percent premium over imported leg quarters in January, while the September premium was 34 percent.

Table 1. Moscow Wholesale Poultry Meat Prices, January – August 2003

Date	Exchange Rate, ruble/\$	Domestic chicken			Imported chicken		
		Frozen carcasses	Frozen breasts, boneless	Frozen leg quarters	Frozen carcasses	Breast, boneless	Frozen leg Quarters
30.01.2003	31.80	42.81	58.28	47.05	38.55	55.47	34.69
28.02.2003	31.58	42.32	56.28	41.16	40.81	54.89	35.04
30.03.2003	31.38	41.68	55.17	42.27	42.15	54.15	34.92
30.04.2003	31.10	41.77	55.67	44.50	41.90	56.38	34.42
30.05.2003	30.67	43.93	57.62	45.00	43.76	62.17	39.55
30.06.2003	30.35	49.07	59.32	49.50	48.27	73.08	39.77
30.07.2003	30.25	53.55	78.00	50.83	55.78	81.69	41.76
30.08.2003	30.50	59.04	99.67	59.62	59.09	101.00	44.81
30.09.2003	30.61	59.96	108.00	61.09	58.58	107.77	45.45

Source: Russian Institute for Agricultural Market Studies (IKAR)
Prices are in rubles per kilogram.

Table 2. Wholesale Prices for Domestic and Imported Products, Offer Price

Date	Exchange rate, ruble/\$	Domestic beef	Imported beef	Domestic pork	Imported pork
30.01.2003	31.80	50.17	48.40	48.75	45.50
28.02.2003	31.57	51.17	49.95	44.75	46.14
30.03.2003	31.38	48.67	48.01	40.37	44.90
30.04.2003	31.10	48.00	46.35	40.25	44.62
30.05.2003	30.66	48.00	48.52	41.02	48.45
30.06.2003	30.34	47.00	49.45	42.51	49.00
30.07.2003	30.24	49.00	49.30	42.39	49.11
30.08.2003	30.50	49.00	49.57	43.50	51.83
30.09.2003	30.61	58,00	52.75	51,33	61,60

Source: Russian Institute for Agricultural Market Studies (IKAR)
Prices are in rubles per kilogram.