

Voluntary Report – Voluntary - Public Distribution

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Country: Philippines

Post: Manila

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Report Highlights:

Post expects a larger drop in pork production of 20 percent in 2020 as African Swine Fever remains a major concern in Luzon and parts of Mindanao. Chicken production is also likely to decline by 15 percent this year, reversing the initially bullish outlook. Demand for beef, pork, and chicken remains weak due to limited operations of the food service sector and other COVID-19 quarantine restrictions. Although shipments of chicken leg quarters and pork have slowed significantly, imports of mechanically deboned chicken meat remain strong due to the growing demand for processed meat products during the pandemic. Farm gate prices of meat and poultry continue to increase, but retail prices have remained relatively stable as a result of the Philippine Price Act. Beef and pork imports are forecast up in 2021, while chicken imports are expected to maintain their current level, as demand recovers and quarantine restrictions are loosened.

PORK

Production: Post sees production dropping by 20 percent in 2020 (compared to its previous forecast of a 15 percent decline) as African Swine Fever (ASF) continues to affect the main hog producing areas in Luzon. According to the latest Philippine Department of Agriculture (DA) report to the World Organization for Animal Health, over 300,000 animals or about three percent of total swine inventory have been culled due to ASF. Feed demand has reportedly dropped by about the same volume. Inventory numbers for the first half (H1) of the year are down eight percent, while slaughter numbers are down five percent, which explains the decline in pork production of three percent for H1 reported by the Philippine Statistics Authority (PSA). Industry sources likewise report a projected decline in 2020 of 20-30 percent in total numbers and a significant drop in sows, indicating that this supply problem may persist until 2021 despite some hog producers reporting the start of repopulation efforts, including with support from the DA. Production recovery in 2021 is likely to be gradual and not reach 2019 levels, as parts of the country continue to deal with the challenges of ASF.

Volume of Swine Meat Production, MT live weight January-June, 2019-2020			
	2019	2020	%Δ 2020/19
PHILIPPINES	1,147,529.00	1,118,689.90	-3%
..CAR	12,561.00	11,815.07	-6%
..Ilocos Region	49,714.00	49,724.04	0%
..Cagayan Valley	35,209.00	35,626.07	1%
..Central Luzon	217,606.00	217,005.84	0%
..CALABARZON	195,704.00	175,607.77	-10%
..MIMAROPA Region	41,098.00	40,148.14	-2%
..Bicol Region	67,981.00	61,026.81	-10%
..Western Visayas	95,793.00	96,009.73	0%
..Central Visayas	93,474.00	94,850.87	1%
..Eastern Visayas	35,843.00	37,967.58	6%
..Zamboanga Peninsula	42,960.00	40,723.35	-5%
..Northern Mindanao	98,994.00	101,911.97	3%
..Davao Region	77,317.00	74,409.23	-4%
..SOCCSKSARGEN	59,625.00	58,295.88	-2%
..Caraga	18,077.00	18,064.07	0%
..ARMM	5,573.00	5,503.48	-1%

Source: Philippine Statistics Authority (PSA)

Note: highlighted regions have at least one infected zone as of the [August 18, 2020 update on ASF Zoning Status of Regions](#).

Swine Inventory by Farm Type, 2019-2020					
	2019		2020		%Δ 2020/19
	Quarter 1	Quarter 2	Quarter 1	Quarter 2	
TOTAL PHILIPPINES	12,732,213	12,699,991	12,342,023	11,739,184	-7.56%
Backyard	8,060,102	8,018,171	7,829,782	7,802,902	-2.68%
Commercial	4,672,111	4,681,820	4,512,241	3,936,282	-15.92%

Source: Philippine Statistics Authority (PSA)

Swine Slaughtered in Slaughterhouses, 2019-2020P						
2019			2020			%Δ 2020/19
Quarter 1	Quarter 2	Semi-annual 1	Quarter 1	Quarter 2	Semi-annual 1	
3,082,231	3,272,040	6,354,271	3,149,634	2,911,251	6,060,885	-4.6%

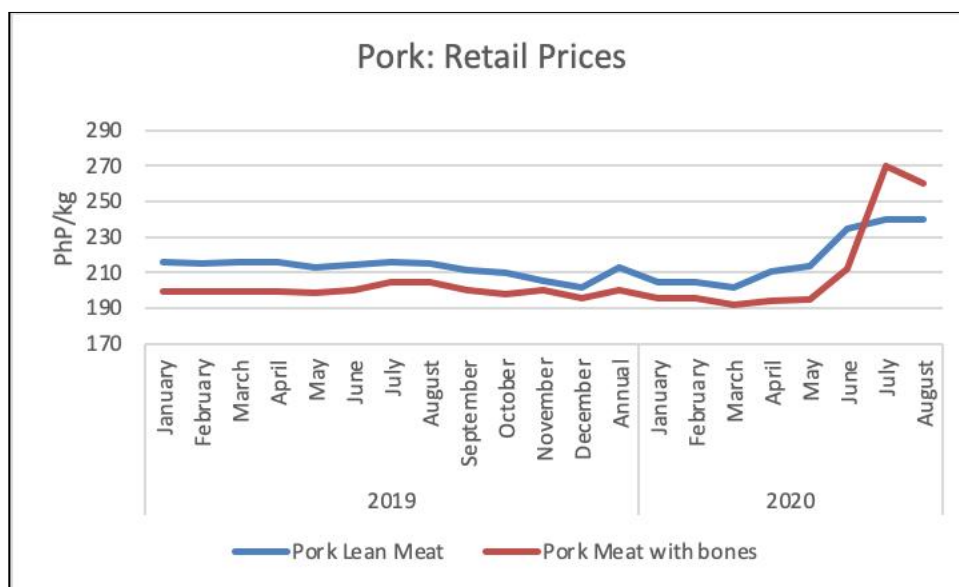
Source: Philippine Statistics Authority (PSA)

2020 Farm Gate Prices from Pork Producers (pesos/kg)									
	Jan	Feb	Mar	Apr	May	Jun	15-Jul	4-Aug	26-Aug
..REGION I (ILOCOS REGION)				-	130	
..REGION II (CAGAYAN VALLEY)	100	120	116.00	120	125	128	
..REGION III (CENTRAL LUZON)	100.75	109.75	115	115	133	137	168	160	156
.... Bulacan	106	114	118	115	140	150	170	155	155
.... Nueva Ecija	97	105	108	115	125	125	155	155	144
.... Pampanga	100	110	117	115	128	128	170	-	160
.... Tarlac	100	110	117	115	140	145	175	170	165
..REGION IV-A (CALABARZON)	97	97	108	112	130	136	160	158	146
.... Batangas	90	90	105	109	133	145	170	170	150
.... Cavite	100	100	109	113	135	135	160	155	145
.... Laguna	99	100	111	114	125	140	150	150	150
.... Quezon	100	100	111	113	132	137	155	155	135
.... Rizal	95	96	104	110	125	125	165	160	150
..MIMAROPA REGION	94	98	106	98	100	100	110	..	105
..REGION V (BICOL REGION)	115	115	113	110	120	120	135	130	130
..REGION VI (WESTERN VISAYAS)	100	106	116	115	115	115	115	115	130
..REGION VII (CENTRAL VISAYAS)	105	107	112	113	121	118	107	107	110
..REGION IX (ZAMBOANGA PENINSULA)	107	107	116	115	120	120	120	120	120
..REGION X (NORTHERN MINDANAO)	100	97	100	100	100	100	102	102	106
..REGION XII (SOCCSKSARGEN)	97	97	93	89	98	98	105	105	102
..REGION XIII (CARAGA)	100	100	100	105	100	100	105	105	105

Source: PROPORK and PSA

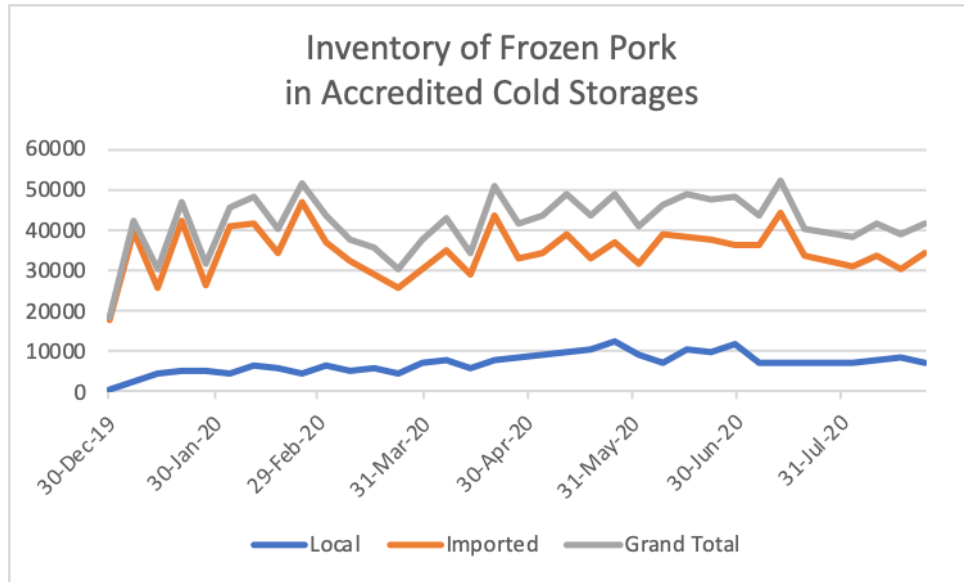
Farm gate prices (live weight) reached a high of P170/kg in some Luzon provinces in July/August, but have since come down. Above average prices are encouraging producers to sell old sows and smaller hogs, which may further contribute to the contraction of pork production this year and slower recovery in 2021.

Retail prices of pork have likewise increased but at a slower rate as the Philippine Price Act (RA7581) gives the DA the power to set Suggested Retail Prices for sensitive agricultural products, which includes pork and chicken. See Administrative Circular No. 10 Series of 2020: https://www.da.gov.ph/wp-content/uploads/2020/08/ac10_s2020.pdf. The SRP for kasim (pork shoulder) and pigue (back leg) is P230/kg and liempo (belly) is P250/kg.



Note: The last two months are prices monitoring reports from DA and not PSA
<https://www.da.gov.ph/price-monitoring/>

Trade: Pork imports have dropped significantly in 2020 but will likely pick up in the second half (H2) of the year to offset the expected bigger drop in local pork output. High global pork prices due to tight pork supplies, however, may temper this rise in imports. Prices may face additional upward pressure with the recent ASF case in Germany, a major global supplier. In addition, cold storage capacity has returned to normal levels, which may have initially caused some traders to delay purchases from abroad. Imports of pork will likely start ramping up in the third quarter in time for the holiday season, which is traditionally the heaviest consumption period. Post forecasts a rise in imports for 2021 as demand for meat and other food products improves and as any rebound in local pork production is expected to be cautiously slow.



Source: National Meat Inspection Service

Monthly Pork Imports Jan-Jun 2020 (Kg)							
Origin	Jan	Feb	Mar	Apr	May	Jun	Grand Total
Australia	276,773	442,000	293,000	342,000	227,000	267,000	1,847,773
Austria	46,757			70,000	52,000		168,757
Brazil	397,028	683,000	401,000	434,000	375,992	420,000	2,711,020
Canada	5,616,941	2,886,809	1,724,854	3,030,053	3,922,165	4,951,739	22,132,559
Denmark	136,143	137,000	304,000	843,000	451,900	343,000	2,215,043
France	1,654,372	1,078,500	836,000	2,313,200	3,115,700	964,000	9,961,772
Ireland	127,850	134,000	78,000	239,000	275,000	133,000	986,850
Italy	24,966	77,000	50,000	28,000	93,000	25,000	297,966
Netherlands	1,325,666	440,000	1,477,000	1,642,500	2,326,000	639,000	7,850,166
Spain	5,726,300	4,393,140	5,907,000	6,983,900	9,321,374	3,470,800	35,802,514
U.S.A.	1,893,606	2,254,654	1,843,119	2,042,555	3,926,439	1,715,163	13,675,536
United Kingdom	596,804	360,000	420,000	647,500	774,000	297,000	3,095,304
Total	17,823,207	12,886,103	13,333,973	18,615,708	24,860,569	13,225,702	100,745,261

Source: Bureau of Animal Industry, DA

Global Exports to Philippines Commodity: PSD-Meat, Swine, Calendar Year: 2017-2019 and January-June: 2019, 2020							
Reporter	Unit	Calendar Year			January-June		
		2017	2018	2019	2019	2020	%Δ 2020/19
Total	CWE	238,759	282,646	221,575	111,373	60,802	-45%
EU 28 External Trade	CWE	137,829	154,522	119,915	69,124	27,660	-60%
Canada	CWE	44,217	50,628	52,077	16,249	16,648	2%
United States	CWE	34,529	38,408	36,942	17,000	14,448	-15%
China	CWE	17,556	22,146	4,982	4,982	0	-100%
Brazil	CWE	1,239	12,038	4,351	2,091	1,385	-34%
Australia	CWE	3,307	4,790	2,704	1,626	455	-72%
South Korea	CWE	39	47	375	97	153	58%
Hong Kong	CWE	0	0	177	175	7	-96%
Taiwan	CWE	23	49	29	19	35	84%
Switzerland	CWE	5	5	13	7	0	-100%
Singapore	CWE	2	6	8	5	0	-100%
Russia	CWE	4	0	1	0	3	0%

Source: Trade Data Monitor

Demand: According to industry contacts, consumption has dropped by about 20-30 percent, but will likely improve in the second half of the year. Much of the country outside Manila has moved to a Modified General Community Quarantine, which has fewer restrictions placed on restaurants. The National Capital Region is under General Community Quarantine, which limits dine-in to 50 percent capacity. Both quarantine levels are reduced from what they were in the earlier stages of COVID-19, when demand was slashed due to restaurants being limited to delivery and many people were without jobs. Unemployment has improved with the loosening of COVID-19 restrictions and is now at around 10 percent, would should contribute to improved demand in H2 of 2020.

Meat, Swine Market Year Begins Philippines	2019		2020		2021	
	Jan 2019		Jan 2020		Jan 2021	
	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)	1585	1585	1350	1270	0	1350
Total Imports (1000 MT CWE)	222	222	250	150	0	175
Total Supply (1000 MT CWE)	1807	1807	1600	1420	0	1525
Total Exports (1000 MT CWE)	1	1	1	1	0	1
Human Dom. Consumption (1000 MT CWE)	1806	1806	1599	1419	0	1524
Other Use, Losses (1000 MT CWE)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT CWE)	1806	1806	1599	1419	0	1524
Ending Stocks (1000 MT CWE)	0	0	0	0	0	0
Total Distribution (1000 MT CWE)	1807	1807	1600	1420	0	1525
(1000 HEAD) ,(1000 MT CWE)						

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

BEEF

Production: Based on PSA data, 2020 H1 beef production is down 16 percent due to weak demand. Beef is generally considered a luxury in the Philippines due to high prices relative to income. Local beef production has dropped significantly, with slaughter rates down by 21 percent and inventory up 1 percent. Beef production and imports in 2021 are likely to increase slightly as demand for beef improves, particularly as restaurants increase their dine-in capacity and the tourism sector begins its recovery.

Carabao (Water Buffalo) & Cattle Production in MT, 2019-2020							
	2019			2020			%Δ 20/19
	Quarter 1	Quarter 2	Semi-annual 1	Quarter 1	Quarter 2	Semi-annual 1	
Carabao	30,398	37,671	68,069	29,805	27,674	57,479	-16%
Cattle	61,305	65,198	126,503	60,619	45,995	106,614	-16%

Source: PSA

Carabao & Cattle Slaughtered in Slaughterhouses, 2019-2020							
	2019			2020			%Δ 20/19
	Quarter 1	Quarter 2	Semi-annual 1	Quarter 1	Quarter 2	Semi-annual 1	
Carabao	62,240	60,556	122,796	58,675	31,903	90,578	-26%
Cattle	136,409	145,121	281,530	137,580	92,770	230,350	-18%
Total	198,649	205,677	404,326	196,255	124,673	320,928	-21%

Source: PSA

Carabao & Cattle Inventory, by Farm Type, and by Quarter, 2019-2020P						
		2019		2020		%Δ 20/19
		January 1	July 1	January 1	July 1	
Carabao	PHILIPPINES	2,873,561	2,868,628	2,865,715	2,897,764	1%
	Backyard	2,863,210	2,858,115	2,855,087	2,887,754	1%
	Commercial	10,351	10,513	10,628	10,010	-5%
Cattle	PHILIPPINES	2,535,414	2,560,858	2,541,959	2,595,938	1%
	Backyard	2,385,335	2,406,926	2,391,723	2,440,417	1%
	Commercial	150,079	153,932	150,236	155,521	1%

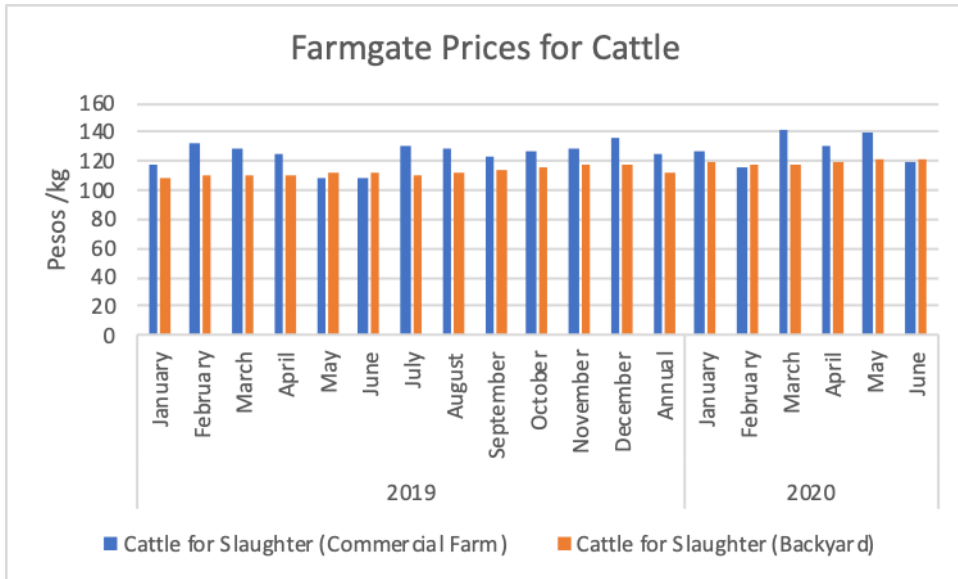
Source: PSA

Trade: January to May 2020 data from Trade Data Monitor shows a 1 percent increase in exports to the Philippines, boosted by beef shipments for the meat processing sector. Traders are hoping for a strong fourth quarter, when imports in the run-up to the holidays are typically high. FAS Manila sees 2020 imports reaching about the same level as 2019, or approximately 185,000 MT in Carcass Weight Equivalent (CWE). Post forecasts 2021 beef imports growing nearly 3 percent to 190,000 MT, driven by the Philippine economic recovery and reduced quarantine restrictions.

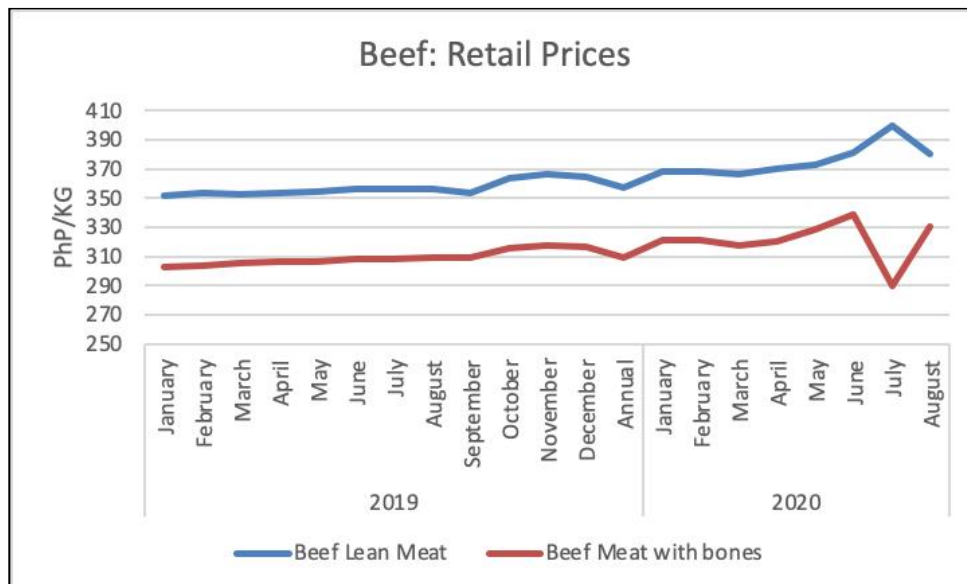
Global Exports to Philippines Commodity: PSD-Meat, Beef and Veal, Calendar Year: 2015-2019 and January-May: 2019, 2020							
Reporter	Unit	Calendar Year			January-May		
		2017	2018	2019	2019	2020	%Δ 2020/19
Total	CWE	162,485	187,256	185,175	74,279	74,988	1%
Brazil	CWE	13,421	37,388	47,923	17,872	19,970	11.74
India	CWE	59,435	60,957	43,483	21,017	15,117	-28.07
Australia	CWE	47,473	51,733	42,601	15,811	18,545	17.29
EU 28 External Trade	CWE	19,305	11,800	27,406	9,308	12,302	32.17
United States	CWE	12,500	16,464	18,786	7,597	6,324	-16.76
New Zealand	CWE	7,576	7,710	4310	2,273	2,339	2.90
Canada	CWE	433	734	314	186	301	61.83
China	CWE	84	166	223	156	0	-100
Japan	CWE	25	28	46	23	55	139.13
Hong Kong	CWE	0	0	36	14	0	-100
Taiwan	CWE	0	0	23	12	1	-91.67
Singapore	CWE	9	3	9	4	2	-50
South Africa	CWE	0	0	7	0	0	0
Malaysia	CWE	4	9	4	3	29	866.67
South Korea	CWE	2	3	3	1	3	200

Source: Trade Data Monitor

Prices: The Philippine cattle sector is categorized as being 94 percent backyard, which PSA defines as a farm with fewer than 20 adult animals; fewer than 40 young animals; or fewer than 10 adult animals and 22 young animals. Farm gate prices for backyard operations and retail prices in the National Capital Region (NCR) for beef remain high due to tight supply, even with the decline in demand from the closure of restaurants and other COVID-19 restrictions.



Source: PSA



Source: PSA and DA Price Monitoring

Note: prices are solely from the National Capital Region

Meat, Beef and Veal Market Year Begins Philippines	2019		2020		2021	
	Jan 2019		Jan 2020		Jan 2021	
	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)	202	202	205	180	0	195
Total Imports (1000 MT CWE)	185	185	155	185	0	190
Total Supply (1000 MT CWE)	387	387	360	365	0	385
Total Exports (1000 MT CWE)	1	1	1	1	0	1
Human Dom. Consumption (1000 MT CWE)	386	386	359	364	0	384
Other Use, Losses (1000 MT CWE)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT CWE)	386	386	359	364	0	384
Ending Stocks (1000 MT CWE)	0	0	0	0	0	0
Total Distribution (1000 MT CWE)	387	387	360	365	0	385
(1000 HEAD) ,(1000 MT CWE)						

CHICKEN MEAT

Production: The situation for chicken meat has changed considerably, with industry contacts now projecting a production drop of 15-30 percent in contrast to their initially bullish growth forecasts. Broiler production in the first half of the year registered a five percent decline, with slaughter numbers in dressing plants down nine percent. The six-month lockdown in the Philippines has heavily affected the hotel, restaurant, and institutional industry, where it is estimated that one third of all chicken is consumed. Job losses and work closures have also contributed to lower consumer spending, particularly for food consumed outside the home. Broiler integrators have reportedly cut down or delayed their production cycles to reflect this weak poultry demand. Prices of day-old-chicks have been very volatile, reinforcing the slowdown in demand for this main production input. Chicken meat production will likely decline by 15 percent in 2020, with a slight recovery seen in 2021 as the economy continues to reopen and demand improves. Although the food service sector is gearing back up with the loosening of quarantine restrictions, they are still operating at reduced capacity and their customers are feeling the effects of the economic downturn.

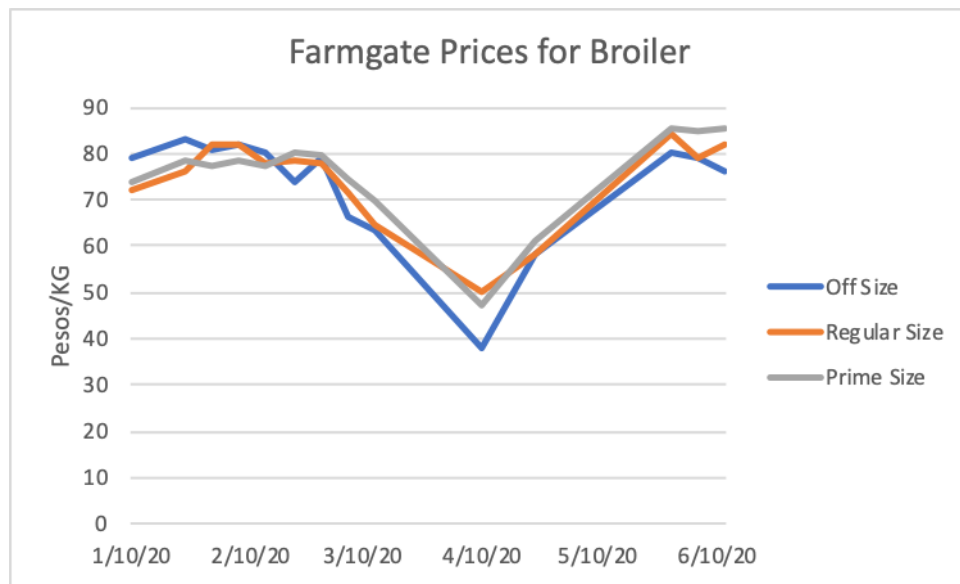
Volume of Chicken Production (MT) by Region, 2000-2020							
	2019			2020			%Δ
	Quarter 1	Quarter 2	Semi-annual 1	Quarter 1	Quarter 2	Semi-annual 1	
PHILIPPINES	459,060	477,113	936,172	453,723	439,996	893,719	-5%
..CAR	1,601	1,381	2,982	1,511	1,248	2,759	-7%
..Ilocos Region	20,708	21,564	42,272	21,903	21,909	43,812	4%
..Cagayan Valley	14,348	13,038	27,386	12,483	12,533	25,015	-9%
..Central Luzon	166,544	179,285	345,829	155,158	155,052	310,211	10%
..CALABARZON	77,325	80,541	157,866	80,703	82,443	163,146	3%
..MIMAROPA Region	2,691	2,296	4,987	2,702	2,091	4,793	-4%
..Bicol Region	12,079	15,141	27,221	10,940	10,008	20,948	23%
..Western Visayas	28,421	27,929	56,350	28,992	28,853	57,845	3%
..Central Visayas	30,883	28,523	59,406	31,368	24,002	55,370	-7%
..Eastern Visayas	13,829	17,335	31,164	14,259	14,038	28,297	-9%
..Zamboanga Peninsula	7,611	10,508	18,118	8,174	9,366	17,540	-3%
..Northern Mindanao	41,936	37,754	79,690	44,106	39,811	83,917	5%
..Davao Region	19,428	20,843	40,271	18,272	17,502	35,773	11%
..SOCCSKSARGEN	16,389	16,021	32,410	17,661	16,250	33,911	5%
..Caraga	3,774	3,988	7,762	3,783	3,682	7,464	-4%
..ARMM	1,492	967	2,459	1,708	1,208	2,916	19%

Source: PSA

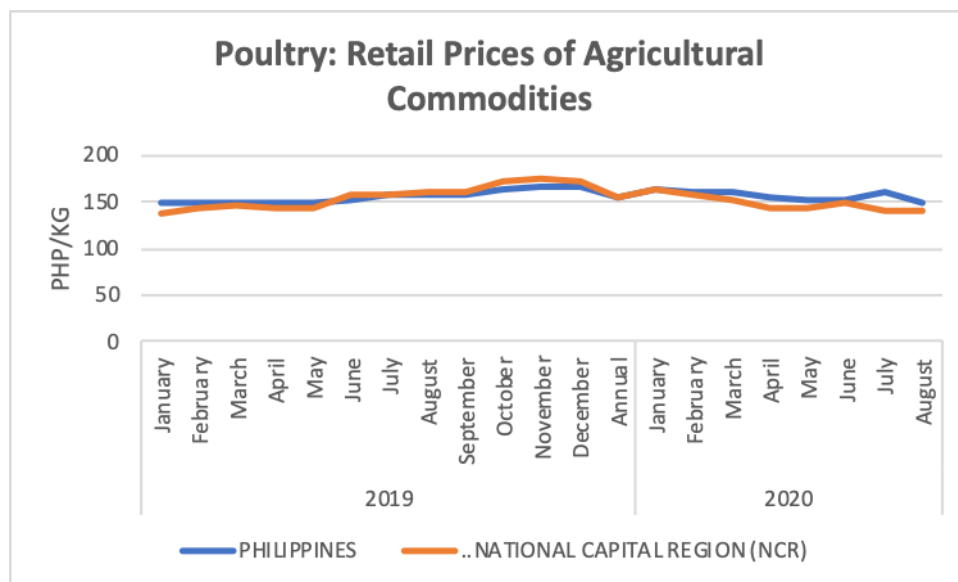
Chicken: Birds Dressed in Dressing Plants, 2019-2020P						
2019			2020			
Quarter 1	Quarter 2	Semi-annual 1	Quarter 1	Quarter 2	Semi-annual 1	%Δ
187,749,434	187,150,817	374,900,251	188,766,601	152,881,426	341,648,027	-9%

Source: PSA

Prices: Farm gate prices have recovered to normal levels after experiencing record lows in April-May, indicating a reduction in local output. Retail prices of chicken have remained steady, however, likely as a result of the DA Suggested Retail Price as mandated by the Price Act. The SRP for whole chicken is P130/kilo.



Source: United Broiler Raisers Association



Source: PSA and DA Price monitoring

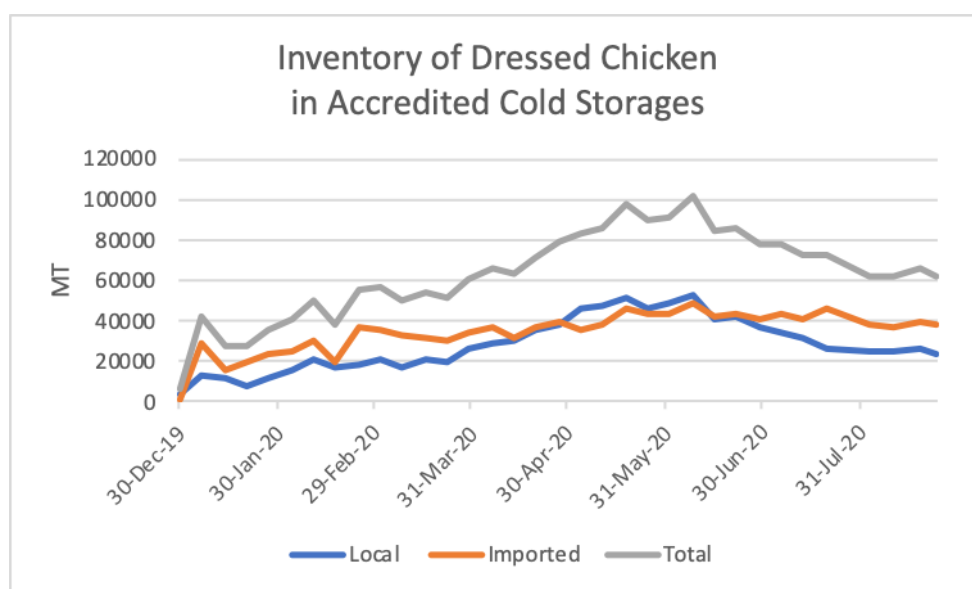
Trade: Philippine import data shows an increase in chicken imports, namely mechanically deboned meat (MDM), which goes to processed meat production and has proved during the pandemic to be a pantry staple and emergency relief item. Imports of chicken leg quarters and other chicken cuts declined significantly in H1 due to the closures or partial openings of QSRs and casual dining places. Due to increased availability of cold storage space as inventory returned to normal levels, the gradual reopening of the economy, and the coming increase in holiday season demand, traders are looking to import more in the second half of the year. Imports in 2021 are expected to reach a similar level as 2020, supplementing local production that will recover partially but not reach 2019's level.

Monthly Chicken Imports 2020 January – June (Kg)							
Description	Jan	Feb	Mar	Apr	May	Jun	Grand Total
Chicken Cuts (wings)	4,470,796	4,482,551	4,945,702	4,768,159	4,274,126	2,540,726	25,482,059
Chicken Leg Quarters	12,146,396	13,955,262	7,944,986	4,351,968	5,047,101	3,194,791	46,640,504
Deboned	24,948,143	19,920,938	18,567,032	21,415,895	23,576,896	19,228,895	127,657,799
Fats	427,680	81,030	275,550	270,000	459,000	436,200	1,949,460
Offals	293,162	284,000	200,000	138,000	146,000	345,000	1,406,162
Rind/Skin	183,604	81,500	82,800		50,500	210,500	608,904
Whole Chicken	175,968	229,438	140,000				545,406
Total	42,645,749	39,034,719	32,156,070	30,944,021	33,553,622	25,956,113	204,290,294

Source: Bureau of Animal Industry, DA

Global Exports to Philippines Commodity: PSD-Meat, Chicken, Calendar Year: 2015-2019 and January-June: 2019, 2020							
Reporter	Unit	Calendar Year			January-June		
		2017	2018	2019	2019	2020	%Δ 2020/19
Total	T	266,421	320,644	365,901	139,092	174,694	25%
EU 28 External Trade	T	91930	126040	173617	74627	84810	14%
United States Consumption	T	104789	113894	98002	26273	32408	23%
Brazil	T	35531	52455	63360	25352	43817	73%
Canada	T	28746	21295	24713	10168	8215	-19%
Turkey	T	27	2208	3297	398	4451	1018%
Australia	T	4878	3849	1941	1641	489	-70%
Thailand	T	364	450	486	223	331	48%
Hong Kong	T	47	292	233	195	47	-76%
China	T	47	76	110	110	65	-41%
Malaysia	T	51	38	73	47	31	-34%
New Zealand	T	0	0	50	50	22	-56%
South Korea	T	9	17	18	7	8	14%
Singapore	T	1	29	2	0	0	0

Source: Trade Data Monitor



Source: National Meat Inspection Service

Meat, Chicken	2019	2020	2021
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Market Year Begins	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Philippines						
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	1450	1450	1500	1250	0	1375
Total Imports (1000 MT)	366	366	350	375	0	375
Total Supply (1000 MT)	1816	1816	1850	1625	0	1750
Total Exports (1000 MT)	0	0	0	0	0	0
Human Consumption (1000 MT)	1816	1816	1850	1625	0	1750
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	1816	1816	1850	1625	0	1750
Total Use (1000 MT)	1816	1816	1850	1625	0	1750
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	1816	1816	1850	1625	0	1750
(1000 MT)						

Attachments:

No Attachments.