## Rabobank Pork Quarterly Q1: Searching for the New Normal after PEDv and the Russian Ban

**The global pork market has experienced a mixed 2014, with the porcine epidimic dhiarhea virus (PEDv) driving prices to all-time highs in the Americas and parts of Southeast Asia, and the Russian ban inducing an oversupply environment in the EU, not to mention continued weakness in China.**

**In 2015, turbulence will remain with uncertainty about the possible remergence of PEDv, the developments regarding African swine fever (ASF), the Russian ban and exchange rate developments across the globe.**

“Driven by production growth after PEDv, Rabobank expects a further cooling down of markets and resulting price pressure in Q1 2015” says Albert Vernooij, Animal Protein analyst, Rabobank.

* In the US and Mexico, the size of recovery after PEDv will dictate local markets with recovering production and further declining prices. Especially in the US, the increased price competitiveness will be partly offset by the strengthening US dollar. However, with declining feed costs the outlook for producer profitability remains positive
* EU prospects remain weak for 1Q 2015, with continuing pressured consumption. The only positive signs are the drop of the value of the euro and the resuming negotiations of Russia with individual EU countries to partly reopen the market, both of which would support exports.
* Brazil and China will experience a positive Q1. The Brazilian industry will be supported by positive domestic and export demand. In China, the declining sow herd will only be partly compensated by increasing sow productivity, resulting in pressured production which will support prices.

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