**Rabobank Global Pork Quarterly Q4:** Exchange Rates Increasingly Dominate the Market

**After the rather disappointing development in Q3, the global pork market will continue its slow recovery in Q4. Main driver of the limited growth in the global market were the adverse exchange rates, which limited global pork trade. This resulted in a clearly visible mismatch between supply and demand across the globe, with elevated price levels in one group of countries and stable/pressured prices in the other countries, according to the Rabobank Global Pork Quarterly Q4 report.**

The recovery of the global market in Q2 contracted unexpectedly in July, followed by a slow recovery in the months thereafter. Depreciating currencies in main import markets pushed up prices of imported pork, which hampered import growth in the first part of Q3. This was largely compensated by rising Chinese imports in the second part of the quarter. Combined with the decline in domestic production in these countries, rising pork prices were the result.

“The global pork market shows a clear mismatch between supply and demand across the globe, with elevated price levels in one group of countries and stable/pressured prices in the other countries,” says Rabobank Animal Protein analyst Albert Vernooij.

Supply growth in the main exporting regions (the US, EU and, to a lesser extent, Canada) was not able to reach the demanding markets in Asia. As a result, the Rabobank five-nation hog price index declined into Q3, followed by some recovery towards the end of the quarter. The global pork market will slowly improve towards the end of 2015 and into 2016. Trade is expected to continue to rise, but exchange rate developments will impact both the volumes and returns in key export markets.

In the longer term, the main question is how large the growth of pork production will be in importing countries and how this will impact global pork trade. This is an issue, as herd developments in the exporting countries show that production is expected to increase further.

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