



Agri Trends: Livestock Report

Local red meat prices remain notably lower year on year.

Beef: The U.S. beef production remains under pressure, driving prices to historical highs. Prices remain under pressure in Asian markets and the Southern Hemisphere owing to high stocks and increased production. Locally, class A carcass prices continue to trade sideways while Class C prices increased by 1.6% month-on-month. Prices remain notably lower compared to the same time last year reflecting the pressured consumers. Our outlook for carcass prices follows a slightly increasing trend in the later weeks of December. The increasing bouts of load-shedding present downward price risks.

Mutton: Dry weather in Australia continues to put a strain on the extensive sheep production system, leading to an increase in slaughter numbers and export sales. The oversupply of sheep meat on the global market continues to exert downward pressure on prices. Locally, both slaughter lamb and mutton prices lost momentum month-on-month, decreasing by 1.6% and 2.6% respectively. Year-on-year, prices were significantly lower, decreasing by 10.9% for slaughter lamb and by 15.5% for mutton. Feeder lamb prices increased to levels seen last year and were firming by 3.8% over the past month.

Pork: The U.S. pork carcass price decreased by 2.6% month-on-month and by 6.3% compared to a year ago. Local porker prices increased week-on-week by 1.7% but decreased month-on-month by 3.3%. Baconer prices followed a decreasing price trend weekly and monthly by 1.3% and 2.6% respectively.

Poultry: The Highly pathogenic H5N1 avian influenza outbreaks persist globally, affecting global poultry meat supplies. Locally, in comparison to the previous month, frozen whole bird prices rose by 1.3%, while fresh whole birds saw a 1.7% increase. Individually quick frozen (IQF) pieces, on the other hand, remained steady, due to ample local stocks. While supply concerns persist, there are ongoing efforts to replenish the domestic chicken flock. The expectation is for chicken prices to stay strong in the upcoming months, supported by constrained domestic supply and robust demand during the festive season.

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Beef market trends

International beef market.

US beef prices have been trading at historically high prices amid contracting U.S. beef production coupled with persistently high consumer demand. Demand has however started to weaken in the U.S., causing prices to trade sideways both week-on-week and month-on-month. In Asian markets, however, sluggish demand combined with high inventory levels continue to put pressure on prices. Increased supply by key Southern Hemisphere producers, such as Brazil and Australia, has also weighed on global beef prices amid weak import demand.

	R/USD	R/NZD	US beef carcass equivalent USD/cwt	AMIE carcass import parity price for beef trimmings (R/kg)
Price	18.71	11.42	403.9	No trade
w/w	1.8%	3.6%	0.4%	-
m/m	1.4%	4.3%	-0.3%	-
y/y	9.5%	6.8%	35.7%	-

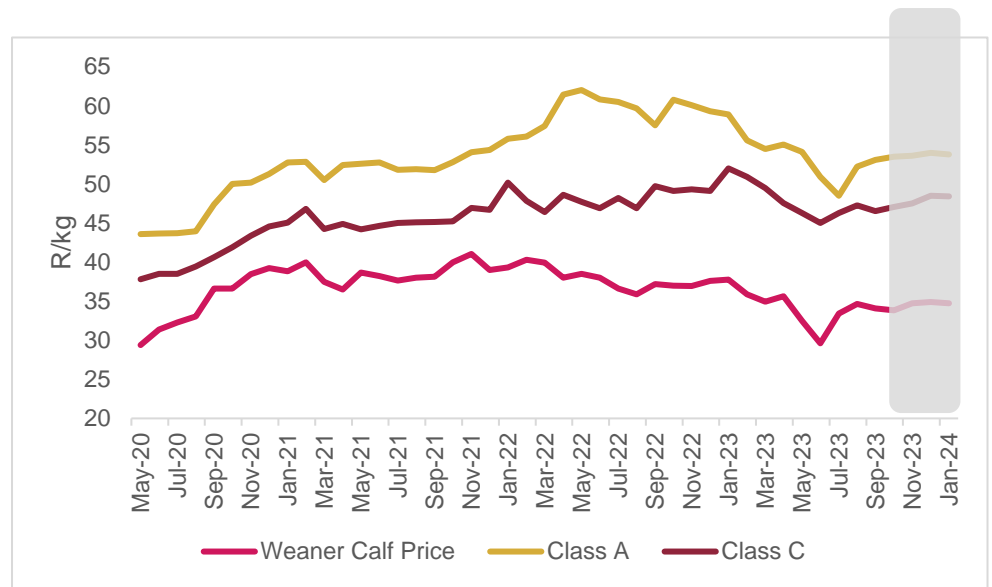
Local beef market

Class A carcass prices continue to trade sideways around the R53 per kg mark as increased festive demand is met with increased supply. Class C prices, in turn, have increased modestly over the past month by 1.6%, at the back of increased demand for more affordable meat options. Weaner calf prices remain firm, increasing by 4.4% month-on-month. Prices remain notably lower compared to the same time last year reflecting the pressured consumers. The average beef-to-maize price ratio decreased by 9.7% month-on-month, to 13.0 due to yellow maize prices increasing by over 10% compared to a month ago when dry weather conditions caused delays in planting.

	Class A (R/kg)	Class C (R/kg)	Beef contract price (includes hides) (R/kg)	Weaner calf (R/kg)
Price	53.5	47.4	54.0	36.3
w/w	-0.1%	-0.1%	-0.1%	1.6%
m/m	0.0%	1.6%	0.0%	4.4%
y/y	-10.8%	-5.5%	-10.9%	-2.9%

Outlook

Beef carcass prices have held steady for the past three months, with Class A trading around the R53 per kg mark and Class C trading around the R46.8 per kg mark. Our outlook for carcass prices follows a slightly increasing trend in the concluding weeks of December. The increasing bouts of load-shedding present downward price risks. Persistent hot and dry conditions could further weigh on carcass prices.

Figure 1: Local beef and weaner calf prices

*Area in grey represents Absa AgriBusiness forecasts

Sheep market trends

International sheepmeat market

Australia is experiencing lower-than-average rainfall due to the El Niño weather phenomenon, leading to the aggressive rebuilding of their sheep herd to decrease. Despite three years of favourable rains facilitating the rebuilding process, the current conditions have disrupted this momentum. The dry weather has strained the extensive sheep production system, leading to an increase in slaughter numbers and export sales, which continues to exert downward pressure on global sheep prices.

	R/NZD	NZ lamb price (NZD/kg)	NZ ewe price (NZD/kg)	Import parity NZ lamb (R/kg)
Price	11.42	6.38	2.50	72.86
w/w	3.6%	0.6%	-3.1%	4.3%
m/m	4.3%	-5.5%	-16.1%	-1.4%
y/y	6.8%	-24.3%	-48.1%	-19.1%

Local sheepmeat market

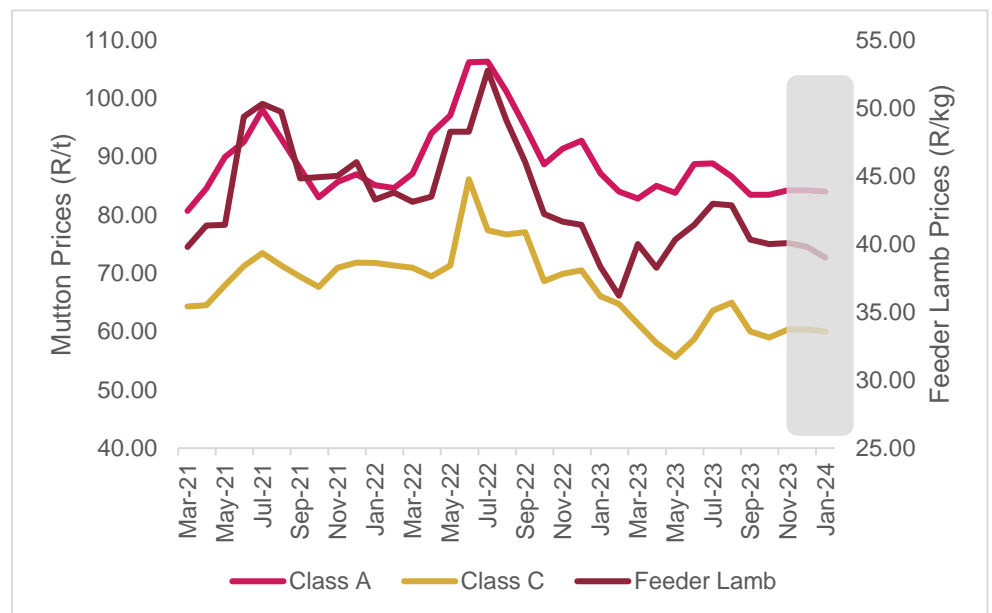
Both slaughter lamb and mutton prices lost momentum month-on-month, decreasing by 1.6% and 2.6% respectively. Historical seasonal trends indicate that prices typically increase during the festive season. However, the current resistance in prices reflects the economic strain on consumers. In yearly terms, prices are significantly lower, decreasing by 10.9% for slaughter lamb and by 15.5% for mutton following decreased global prices. Feeder lambs increased to levels seen last year, firming by 3.8% over the past month to R41.60 per kg.

	Class A2/A3 (R/kg)	Class C (R/kg)	Feeder lamb (R/kg)	Dorper skin (R/skin)	Merino skin (R/skin)
Price	82.8	58.8	41.6	34.3	45.1
w/w	1.0%	-1.1%	4.0%	-4.0%	-2.5%
m/m	-1.6%	-2.6%	3.8%	0.0%	1.5%
y/y	-10.9%	-15.5%	0.3%	-37.4%	-24.0%

Outlook

Local carcass prices are likely to remain under pressure over the coming months, with the potential for modest increases in the latter weeks of December. Local producers held back stock anticipating higher prices in December based on historical trends. However, subdued demand, both locally and internationally, remains a factor in dampening prices. The combination of elevated local stock levels and hot weather conditions presents a substantial downward price risk.

Figure 2: Local sheep and feeder lamb prices



*Area in grey represents Absa AgriBusiness forecasts

Pork market trends

International pork market

The US pork carcass price decreased by 2.6% month-on-month and by 6.3% compared to a year ago. In China, farmers accelerated herd liquidation in recent weeks with demand now in a downturn causing their hog prices to fall.

	R/USD	US pork carcass price (USD/cwt)	US import parity rib (R/kg)	US import parity ham (R/kg)
Price	18.71	83.8	53.3	38.12
w/w	1.8%	-0.9%	-3.1%	4.7%
m/m	1.4%	-2.6%	3.9%	-0.6%
y/y	9.5%	-6.3%	2.0%	-8.4%

Local pork market

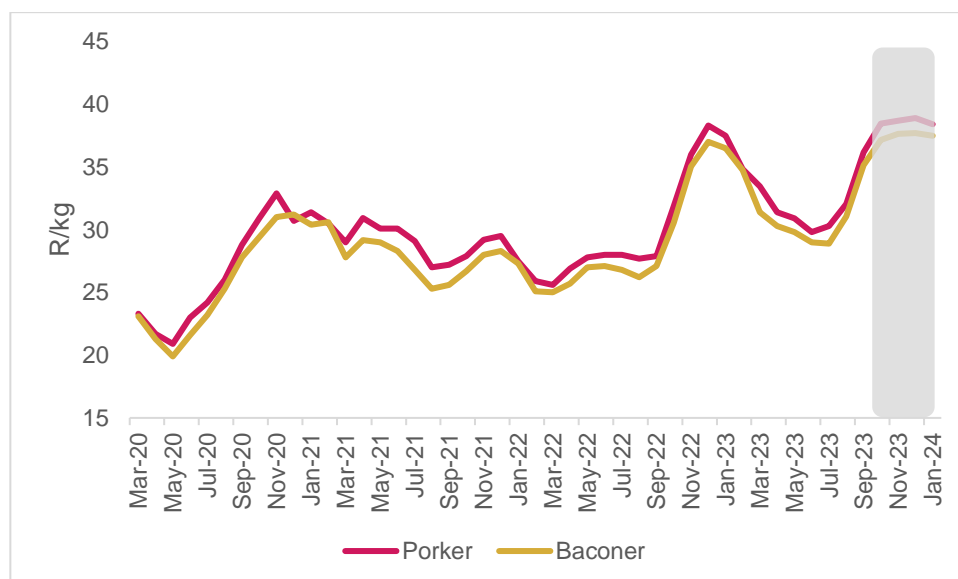
Local porker prices increased week-on-week by 1.7% but decreased month-on-month by 3.3%. Baconer prices decreased both weekly and monthly by 1.3% and 2.6% respectively. Profitability as measured by the pork-to-maize ratio decreased by 12.7% compared to a month ago due to higher yellow maize prices.

	Porker (R/kg)	Baconer (R/kg)
Price	37.4	36.7
w/w	1.7%	-1.3%
m/m	-3.3%	-2.6%
y/y	2.2%	1.3%

Outlook

We expect porker prices to hold steady around the R38 per kg mark for the remainder of December and baconer around the R37 per kg mark whereafter prices are expected to ease post-festive.

Figure 3: Local porker and baconer prices



*Area in grey represents Absa AgriBusiness forecasts

Poultry market trends

International poultry markets

Highly pathogenic H5N1 avian influenza outbreaks persist globally, affecting poultry meat supplies in locations like Belgium. In the United States, there's sufficient bird supply to meet ongoing demand, along with ample frozen stocks. Consequently, prices for fresh birds have remained relatively stable monthly and have experienced a 3.1% decrease week-on-week.

	R/USD	US MDM fresh (USD/lb.)	AMIE EU leg quarters (R/kg)
Price	18.71	25.7	No Trade
w/w	1.8%	-3.1%	-%
m/m	1.4%	0.8%	-%
y/y	9.5%	-14.9	-%

Local poultry market

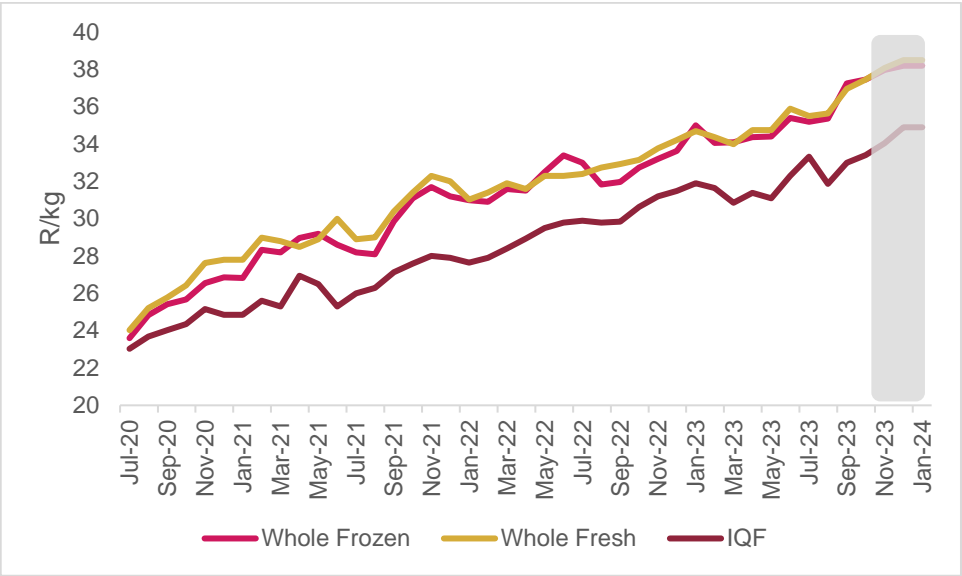
Locally, prices have maintained stability week-on-week but followed an upward trend monthly for both fresh and frozen whole birds. In comparison to the previous month, frozen whole bird prices rose by 1.3%, while fresh whole birds saw a 1.7% increase. Individually quick frozen (IQF) pieces, on the other hand, remained steady, due to ample local stocks. In an effort to replenish the domestic chicken flock, some producers are importing fertilized eggs to address supply gaps in the market, aiming to mitigate potential long-term price risks.

	SA whole bird, frozen (R/kg)	SA whole bird, fresh (R/kg)	SA individually quick frozen (R/kg)
Price	38.47	38.7	34.0
w/w	0.4%	0.2%	-1.8%
m/m	1.3%	1.7%	0.0%
y/y	16.7%	15.1%	9.7%

Outlook

The expectation is for chicken prices to stay strong in the upcoming months, supported by constrained domestic supply and robust demand during the festive season. While historical seasonal price trends indicate a potential decline in chicken prices entering the new year, the ongoing recovery of the industry is only likely to start to bear fruit in terms of mitigating higher prices during the first half of 2024.

Figure 4: Local chicken prices



*Area in grey represents Absa AgriBusiness forecasts