



Retail and Business Banking
Sector Economics
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Agri Trends: Livestock Report

Local prices show month-on-month declines.

Beef: The U.S. beef carcass prices remain firm despite lower feed costs and improving weather. This is driving demand for feeder cattle. Locally, Class A carcass prices traded sideways both month on month and year on year. Class C prices, in turn, decreased reflecting the historical trend of waning post-festive demand by 1.9% month on month and were 3.3% lower compared to a year ago. Our outlook for carcass prices is to continue trading sideways over the coming months.

Mutton: Dry weather in the Oceania region has led to an increased number of lamb slaughtering and export sales, weighing on global sheep prices. Import demand from China remained sluggish, further weighing on prices. Both slaughter lamb and mutton prices lost momentum month-on-month, decreasing by 2.6% and 1.5% respectively. Local carcass prices are likely to remain under pressure over the coming months, with the potential for modest increases in the easter weeks.

Pork: The U.S. pork market gained momentum on increased herd liquidation leading to reduced supply and increased prices by 3.7% week-on-week and by 4.8% month-on-month. Local porker prices increased week on week by 5.2% and traded sideways month on month while baconer prices traded sideways both week on week and month on month. Historical price trends suggest that prices are expected to decrease over the coming months. Lower poultry prices also pose a downward price risk.

Poultry: Lower grain and oilseed prices in the U.S. have presented the poultry industry with a cost advantage by substantially decreasing feed costs and with poultry being the predominant protein of choice, the higher demand has led to increased prices. Poultry prices traded sideways week on week but continued to follow a decreasing trend monthly, decreasing by 3.9% for Individually quick frozen chicken and by 2.0% for fresh whole bird. Prices are expected to continue on a decreasing trend as supply is replenished.

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Beef market trends

International beef market.

The U.S. beef prices remain firm despite lower feed costs and improving weather, driving demand for feeder cattle. Prices of feeder cattle saw strong support from the steep decline in corn prices underpinned by hefty US and global supplies that continue to weigh over the market. Weaner calves demand increased as producers can utilize grass fields for grazing and weaner cattle relatively cheaper. The placement of feeders/weaner calves in US feedlots was reported to have increased by 0.37% year-on-year in February. The supply of weaners remains tight due to the drought-induced supply reduction, supporting beef prices.

	R/USD	R/NZD	US beef carcass equivalent USD/cwt	AMIE carcass import parity price for beef trimmings (R/kg)
Price	19.34	12.0	416	No trade
w/w	2.3%	3.2%	0.5%	-%
m/m	1.8%	3.2%	-0.8%	-%
y/y	5.8%	6.1%	15.6%	-%

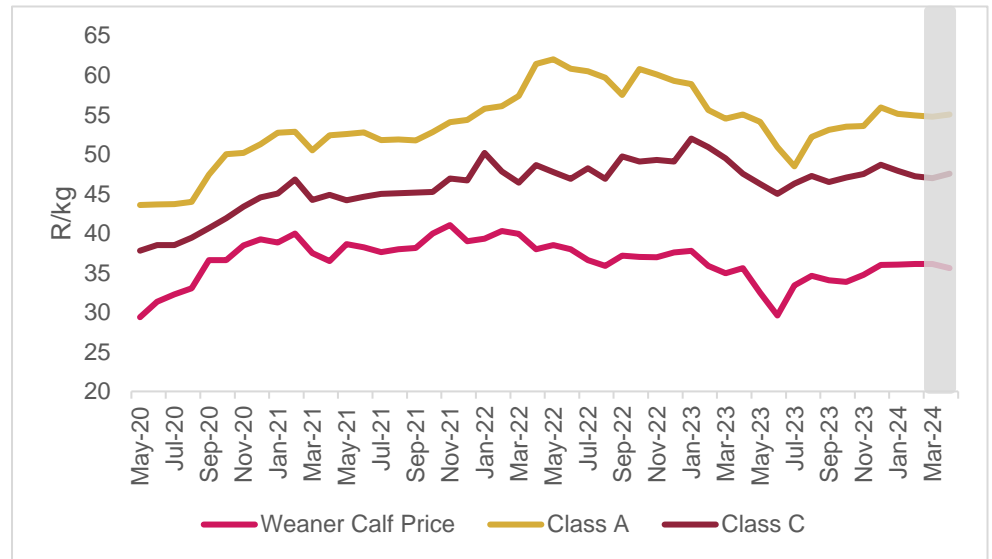
Local beef market

Class A carcass prices traded sideways around the R54.80 per kg mark month on month and they also traded around this mark when compared to last year. Class C prices, in turn, decreased reflecting the historical trend of waning post-festive demand by 1.9% month on month and were 3.3% lower compared to a year ago. Weaner calf prices traded sideways both in weekly and monthly terms reflecting stable weaner demand. Profitability as measured by the beef to maize ratio followed a decreasing trend since the end of January, decreasing by 6.0% week on week and by 7.0% compared to a month ago weighed by higher yellow maize prices.

	Class A (R/kg)	Class C (R/kg)	Beef contract price (includes hides) (R/kg)	Weaner calf (R/kg)
Price	54.8	47.0	54.8	36.1
w/w	-0.5%	-1.1%	-0.5%	0.0%
m/m	0.4%	-1.9%	0.4%	-0.6%
y/y	-0.7%	-3.3%	-1.6%	1.7%

Outlook

Our outlook for carcass prices is to continue trading sideways over the coming months. Certain weeks in April could however see a slight uptick in prices due to increased Easter demand. Persistent hot and dry conditions present an upside price risk however consumers' inability to absorb significant price increases, leads us to expect that meat prices will trend sideways.

Figure 1: Local beef and weaner calf prices

*Area in grey represents Absa AgriBusiness forecasts

Sheep market trends

International sheepmeat market

Dry weather in the Oceania region has led to an increased number of lamb slaughtering. As a result, New Zealand lamb prices decreased by 2.1% month-on-month, and they were down 11.0% year-on-year. Import demand from China remained sluggish, further weighing on prices.

	R/NZD	NZ lamb price (NZD/kg)	NZ ewe price (NZD/kg)	Import parity NZ lamb (R/kg)
Price	12.0	6.08	2.50	70.4
w/w	3.2%	0.8%	2.0%	-0.5%
m/m	3.2%	-2.1%	6.1%	-3.3%
y/y	6.1%	-11.0%	-26.8%	-8.7%

Local sheepmeat market

Both slaughter lamb and mutton prices lost momentum month-on-month, decreasing by 2.6% and 1.5% respectively. Historical seasonal trends indicate that prices typically decrease post-festive. In yearly terms, prices decreased by 2.3% for slaughter lambs and more notably by 9.2% for mutton, reflecting the economic strain on consumers.

	Class A2/A3 (R/kg)	Class C (R/kg)	Feeder lamb (R/kg)	Dorper skin (R/skin)	Merino skin (R/skin)
Price	82.8	57.4	38.3	37.9	46.6
w/w	0.0%	1.6%	0.0%	9.1%	4.8%
m/m	-2.6%	-1.5%	-4.5%	80.5%	23.5%
y/y	-2.3%	-9.2%	4.8%	-41.7%	-19.1%

Outlook

Local carcass prices are likely to remain under pressure over the coming months, with the potential for modest increases in the easter weeks. Subdued consumer spending continues to weigh on the market therefore, increases are expected to be less pronounced compared to a year ago.

Figure 2: Local sheep and feeder lamb prices



*Area in grey represents Absa AgriBusiness forecasts

Pork market trends

International pork market

The U.S. pork market gained momentum on increased herd liquidation leading to reduced supply. Pork carcass prices increased by 3.7% week-on-week and by 4.8% month-on-month. While the demand for pork may not be as robust as that for poultry, it has begun to gain momentum, providing upward support for prices. The US pork carcass price increased by 13.4% compared to a year ago.

	R/USD	US pork carcass price (USD/cwt)	US import parity rib (R/kg)	US import parity ham (R/kg)
Price	19.34	90.8	70.0	39.7
w/w	2.3%	3.7%	1.6%	7.8%
m/m	1.8%	4.8%	19.1%	14.5%
y/y	5.8%	13.4%	28.5%	16.1%

Local pork market

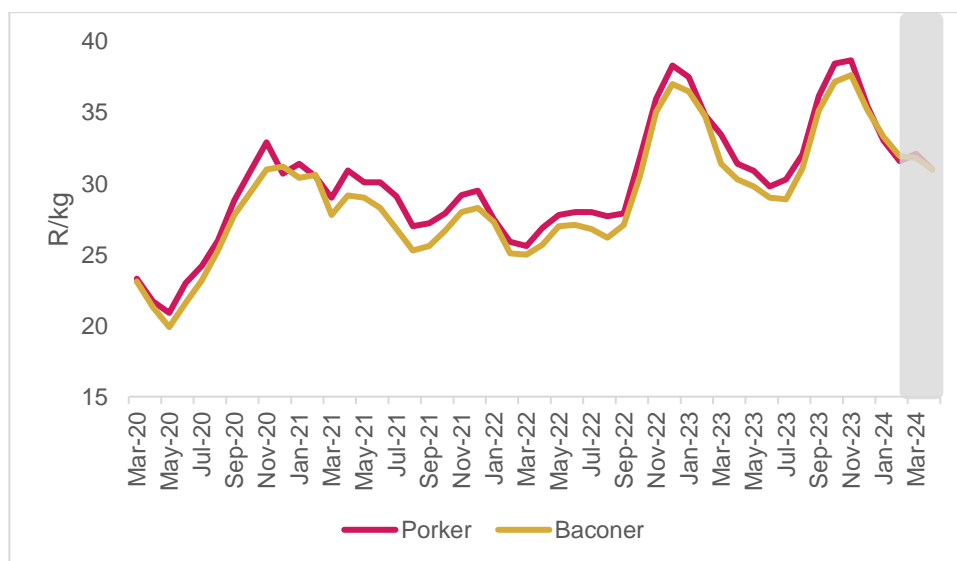
Local porker prices increased week on week by 5.2% and traded sideways month on month. Baconer prices traded sideways both week on week and month on month. Prices were lower compared to a year ago, with porker prices decreasing by 8.5% and bacon prices decreasing by 8.1%. Profitability as measured by the pork-to-maize ratio decreased by 7.4% compared to a month ago due to higher yellow maize prices.

	Porker (R/kg)	Baconer (R/kg)
Price	32.1	31.8
w/w	5.2%	-0.2%
m/m	0.0%	-0.7%
y/y	-8.5%	-8.1%

Outlook

Lower poultry prices are likely to also weigh on price prospects for pork. This, combined with historical seasonal trends leads us to expect a steady downward trend over the coming weeks. Higher feed costs present an upward price risk.

Figure 3: Local porker and baconer prices



*Area in grey represents Absa AgriBusiness forecasts

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Poultry market trends

International poultry markets

Lower grain and oilseed prices in the U.S. have presented the poultry industry with a cost advantage by substantially decreasing feed costs. Persistent inflationary pressure has led to consumers trading down from beef to more affordable poultry products. As a result, chicken prices increased by 1.1% compared to a month ago in the U.S. but remain notably low compared to a year ago weighed by ample exportable supplies.

	R/USD	US MDM fresh (USD/lb.)	AMIE EU leg quarters (R/kg)
Price	19.34	26.2	No Trade
w/w	2.3%	1.3%	-
m/m	1.8%	1.1%	-
y/y	5.8%	-13.9%	-

Local poultry market

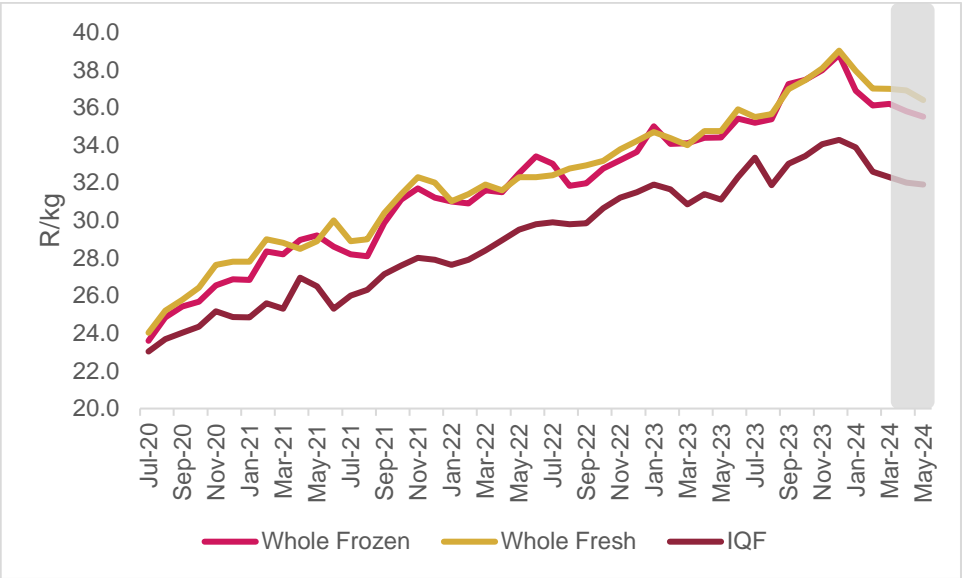
Poultry prices traded sideways week on week but continued to follow a decreasing trend monthly, decreasing by 3.9% for Individually quick-frozen chicken and by 2.0% for fresh whole bird. The poultry industry is in its recovery stage, replenishing supply after the major losses caused by the extensive avian flu outbreak in 2023. As a result, prices remain higher compared to last year. Individually quick-frozen chicken prices increased by 1.8% compared to last year and fresh whole birds increased by 8.0%.

	SA whole bird, frozen (R/kg)	SA whole bird, fresh (R/kg)	SA individually quick frozen (R/kg)
Price	36.2	37.0	32.3
w/w	0.4%	0.3%	-0.9%
m/m	-0.8%	-2.0%	-3.9%
y/y	7.0%	8.0%	1.8%

Outlook

Increased feed prices on the back of higher yellow maize prices put pressure on the recovering industry. Prices are expected to continue on a decreasing trend as supply is replenished.

Figure 4: Local chicken prices



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