



Retail and Business Banking  
Sector Economics  
12 December 2024



## Agri Trends: Livestock Report

### Beef prices increase due to festive season demand and emerging momentum in exports

**Beef:** We expect beef prices to follow an upward trend in 2025Q1. This is supported by an expectation of higher demand as interest rates decline and exports gain further momentum. High feed prices can also provide price support up to March when the new summer grain marketing season starts.

**Mutton:** We expect prices to follow a modest upward trend during the first months of 2025. Global ovine market conditions are supportive of higher prices but the effect of this is likely to be offset, at least in part, by a stronger ZAR. Currency dynamics will therefore be key in given local lamb and mutton prices direction over the coming months.

**Pork:** Seasonal trends suggest that pork prices can come under pressure during the first quarter of next year. Profit margins could, however, recover beyond this with the possibility that grain prices trend lower beyond 2025Q1

**Poultry:** We expect chicken prices to ease over the coming months as ZAR strengthens and global prices also ease. Further into 2025, lower trending grain prices could provide further scope for lower prices.

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**This is the last AgriTrends – Livestock Report for 2024. Reporting will commence in the second week of January**

Disclaimer: Although everything has been done to ensure the accuracy of the information, Absa Bank takes no responsibility for actions or losses that might occur due to the use of this information.

## Beef market trends

### International beef market.

The FAO food price index for November notes that average prices have been trading in a close band over the past month. Diverging trends in different markets, however, underpinned this. Brazilian beef prices recorded solid growth in the past month, while Australian prices, in contrast, were under pressure. It is expected that Australian prices will remain under pressure due to firm supply. This could offset increasing prices in other regions, resulting in average global prices trading sideways, well into 2025.

	R/USD	R/NZD	US beef carcass equivalent USD/cwt	AMIE carcass import parity price for beef trimmings (R/kg)
Price	17.88	10.25	425.9	No trade
w/w	-1.5%	-2.5%	-1.5%	-%
m/m	2.6%	-3.9%	-3.9%	-%
y/y	-4.0%	-11.7%	6.5%	-%

### Local beef market

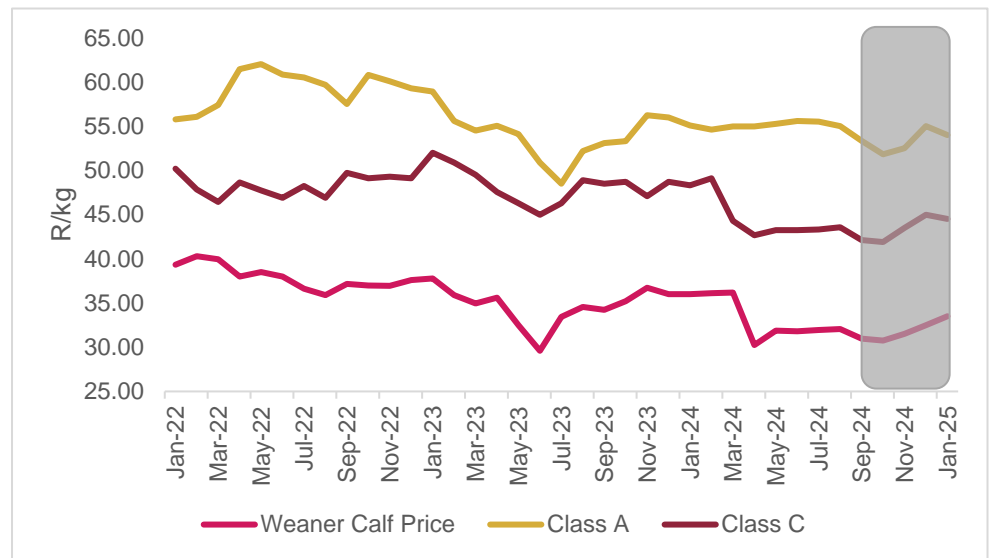
Local beef carcass prices increased notably over the past week as festive season demand gained momentum. Prices are however still relatively flat compared to the corresponding time last year. Analysts note that beef export volumes followed an increasing trend during 2024. This, combined with high feed prices, resulting in tighter margins during 2025Q1, are likely to provide further price support over the coming months.

	Class A (R/kg)	Class C (R/kg)	Beef contract price (includes hides) (R/kg)	Weaner calf (R/kg)
Price	57.20	48.50	57.18	32.50
w/w	3.5%	10.6%	2.9%	0.3%
m/m	7.4%	2.5%	6.7%	0.0%
y/y	2.4%	-0.2%	1.5%	-9.7%

### Outlook

We expect beef prices to follow an upward trend in 2025Q1. This is supported by an expectation of higher demand as interest rates decline and exports gain further momentum. High feed prices are also likely to provide price support up to March, when the new summer grain marketing season starts.

Figure 1: Local beef and weaner calf prices



\*Area in grey represents Absa AgriBusiness forecasts

## Sheep market trends

### International sheep meat market

Analysts note that ovine slaughterings out of Oceania are 24% below the corresponding time last year. This has allowed prices to rebound from the low levels apparent during late 2023 and early 2024 and is further supported by robust global demand. The largest price increases have been for Mutton with a monthly price increase of 4.6%. Lamb prices, in turn, are up only 0.6% month on month.

	R/NZD	NZ lamb price (NZD/kg)	NZ ewe price (NZD/kg)	Import parity NZ lamb (R/kg)
Price	10.25	8.05	4.13	82.54
w/w	-2.5%	-0.4%	1.2%	-2.9%
m/m	-3.9%	0.6%	4.6%	-3.3%
y/y	-11.7%	28.8%	66.5%	13.2%

### Local sheep meat market

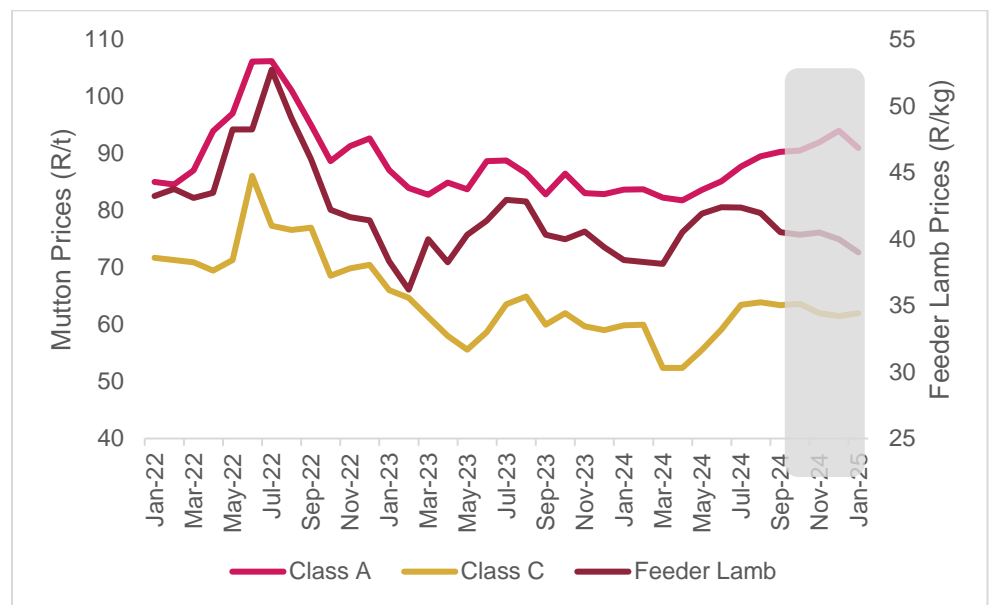
Lamb and mutton carcass prices have reacted modestly, in comparison to beef, to increased festive season demand. In our view global price dynamics, specifically relating to a stronger ZAR, are limiting the expected local price increases associated with firmer festive season demand.

	Class A2/A3 (R/kg)	Class C (R/kg)	Feeder lamb (R/kg)	Dorper skin (R/skin)	Merino skin (R/skin)
Price	87.46	62.98	40.80	27.33	43.63
w/w	1.3%	1.2%	0.2%	0.0%	0.0%
m/m	0.3%	0.4%	-1.1%	-3.5%	0.0%
y/y	6.9%	6.5%	7.4%	-15.0%	-1.3%

## Outlook

We expect prices to follow a modest upward trend during the first months of 2025. Global ovine market conditions are supportive of higher prices but the effect of this is likely to be offset, at least in part, by a stronger ZAR. Currency dynamics will be key in giving local lamb and mutton prices direction over the coming months.

**Figure 2: Local sheep prices**



\*Area in grey represents Absa AgriBusiness forecasts

## Pork market trends

### International pork market

The FAO food price index shows that average global pork prices have declined for the past 5 months. This is due to strong supply, particularly in the EU. Chinese demand also remains weak. In contrast to this, Brazilian pork prices firmed over the past month. Southern American demand for pork has been strong and has resulted in a firming price trend in this region.

	R/USD	US pork carcass price (USD/cwt)	US import parity rib (R/kg)	US import parity ham (R/kg)
Price	17.88	91.20	63.3	49.05
w/w	-1.5%	1.6%	-6.7%	19.1%
m/m	2.6%	-8.3%	-11.6%	25.1%
y/y	-4.0%	8.7%	20.2%	29.4%

### Local pork market

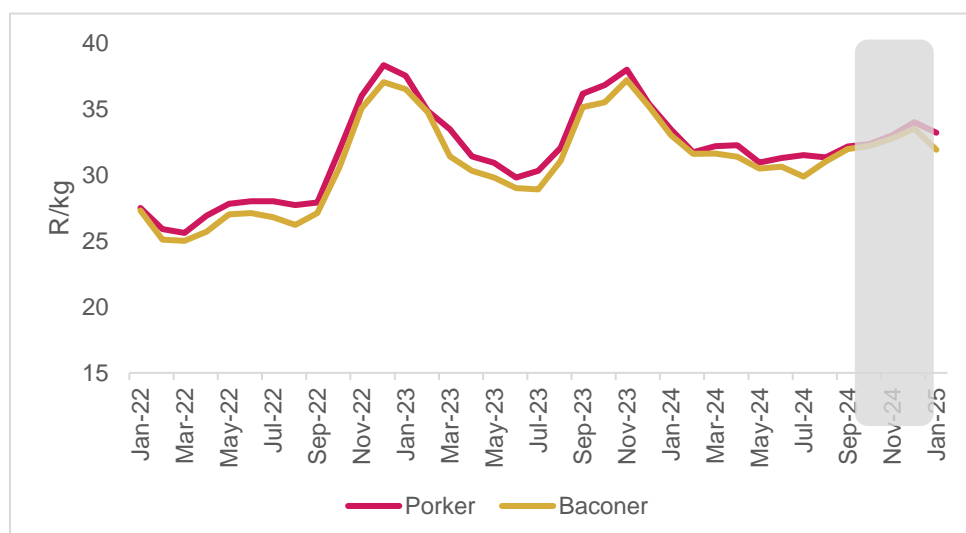
Pork prices remained subdued during November underpinned by solid supply. The notable increases seen in beef and IQF chicken have not transmitted into pork markets suggesting that supply is outstripping demand. Given current high feed prices, margin pressures could be supporting liquidation sentiments in the industry

	Porker (R/kg)	Baconer (R/kg)
Price	32.69	32.21
w/w	-0.7%	-1.0%
m/m	0.1%	-0.8%
y/y	-10.0%	-10.0%

### Outlook

Seasonal trends suggest that pork prices will remain under pressure during the first quarter of the year. Profit margins could however recover with the possibility that grain prices could trend lower beyond 2025Q1.

**Figure 3: Local porker and baconer prices**



\*Area in grey represents Absa AgriBusiness forecasts

## Poultry market trends

### International poultry markets

Average global poultry prices followed a modest downward trend over the past month, underpinned by strong production from key exporting regions. The effect on parity prices was offset by an appreciation in the ZAR during the first weeks of December.

	R/USD	US MDM fresh (USD/lb.)	AMIE EU leg quarters (R/kg)
Price	17.88	24.73	No Trade
w/w	-1.5%	-3.3%	-
m/m	2.6%	-1.2%	-
y/y	-4.0%	-4.1%	-

### Local poultry market

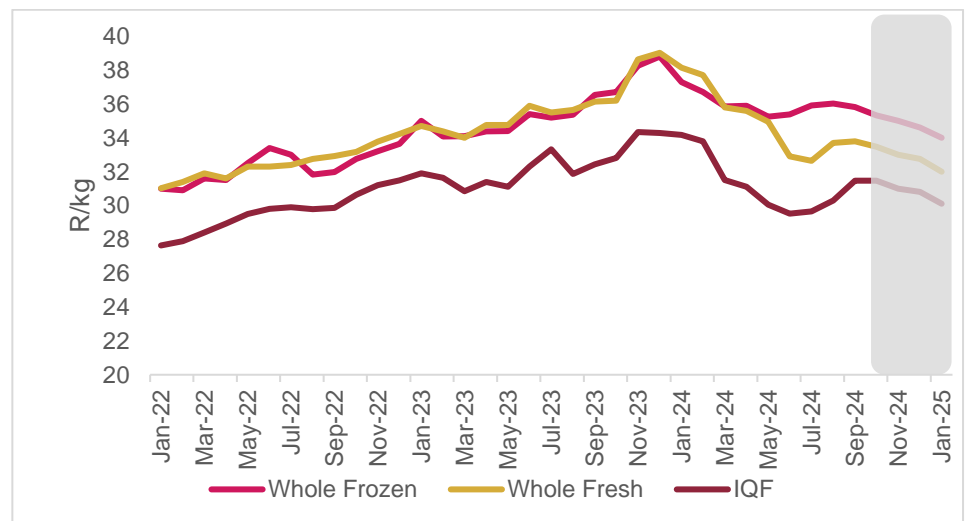
Whole bird poultry prices traded in a tight band over the past month. In contrast to this Individually Quick Frozen (IQF) pieces recorded a notable increase. This is a combination of increased seasonal demand and the weak exchange rate levels during November. For most of November, the ZAR traded above R18.00 to the USD.

	SA whole bird, frozen (R/kg)	SA whole bird, fresh (R/kg)	SA individually quick frozen (R/kg)
Price	34.46	34.55	32.47
w/w	0.0%	0.0%	0.0%
m/m	0.3%	1.1%	4.1%
y/y	-11.9%	-12.0%	-5.5%

### Outlook

We expect chicken prices to ease over the coming months as ZAR strengthens and global prices also ease. Further into 2025, lower trending grain prices could provide further scope for lower prices.

Figure 4: Local chicken prices



\*Area in grey represents Absa AgriBusiness forecasts