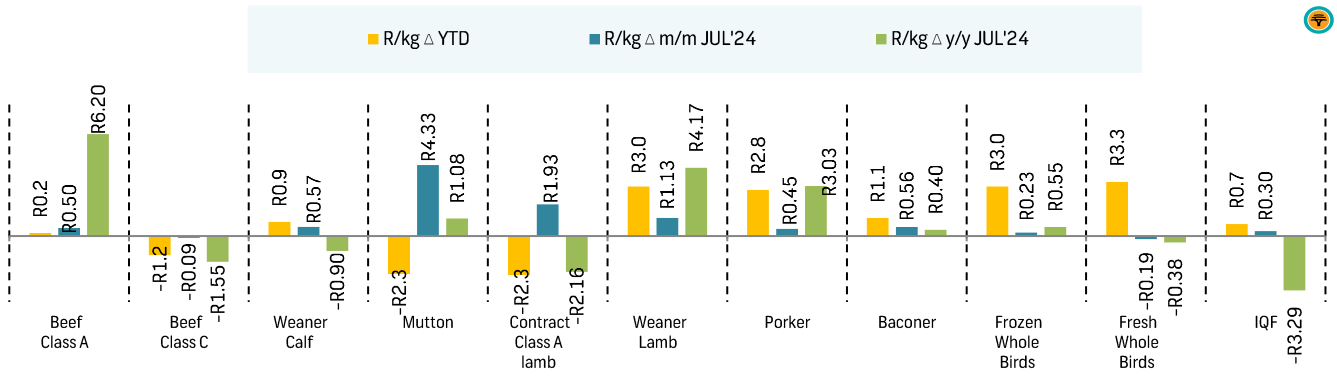
Paul Makube | Vhutshilo Mabela | 19 JULY 2024

UPDATE ON LIVESTOCK MARKETS

The weaner market remains relatively depressed but expert a rebound in the medium term.

- Weaner calf prices have been relatively depressed since the onset of the winter months due to the combination of the seasonal increase in supplies and falling demand.
- Average weaner calf prices so far for July 2024 have fallen by almost 12% (-R4.19/kg live weight) from the 2024 peak of R36.15/kg live weight (LW) recorded early in the year at R31.97/kg LW. However, average weaner calf prices for the YTD are 2.6% (+R0.85/kg LW) higher relative to the same period in 2023.
- In contrast, class A beef carcass prices have been a bit resilient with the average for July up marginally by 0.9% (+R0.50/kg) m/m and 12.5% (+R6.20/kg) y/y at R5.78/kg. Class C's however saw a marginal decline of 0.2% (-R0.09/kg) m/m and 3.4% (-R1.55/kg) y/y at R43.64/kg as seasonal volume pressure and demand downturn weighed heavily on the market.
- In the sheep market, the trend is mixed with class A lamb prices weakening relative to the 2023 levels under pressure from lower demand while mutton trended on the upside so far in July. Average contract class A lamb prices were down by (2.4% (-R2.16/kg) y/y at R87.56/kg, while mutton prices advanced by 1.8% (+R1.08/kg) y/y at R62.34/kg. In the live market, weaner lambs have risen by 10% (+R4.17/kg LW) y/y at R45.68/kg LW in July and surged by 7.4% (+R3.03/kg LW) y/y for the YTD.
- We saw an unseasonal upswing in prices in the pig market with average porker and baconer prices so far for July increasing by 10.5% (+R3.03/kg) and 1.3% (+R0.40/kg) y/y respectively at R31.86/kg and R31.06/kg. For the YTD, average porker prices increased by 8.9% (+R2.82/kg) relative to the same period in 2023 while baconers were up 3.4% (+R1.11/kg).

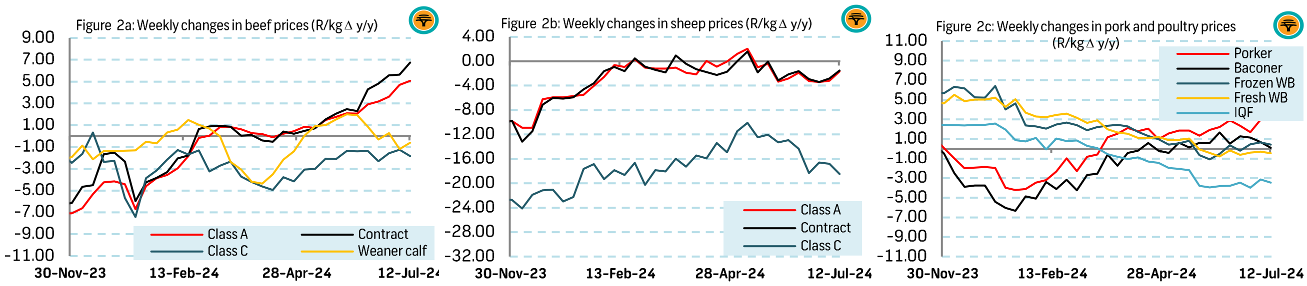
Figure 1: Changes in average vegetable prices on South Africa's major Fresh Produce Markets – JULY 2024 (first 2 weeks)



Source: FNB AgriComms

- Similarly, the poultry market has seen some good monthly gains across the various meat cuts. IQF prices advanced by 1% (+R0.30/kg) m/m but still down 10% (-R3.29/kg) y/y at R29.44/kg. Nonetheless, the average IQF prices for the YTD rose by 2.2% (+R0.72/kg) relative to the 2023 levels. The lower value category continued to enjoy strong price growth due to the high seasonal demand. In the whole bird category, the trend was mixed with frozen birds strengthening while the fresh weakened.
- A slowdown in poultry imports have provided some breather for the local market with volumes for May coming in down by 17% m/m at 37,523 tons mainly chicken (96%) while the average FOB price increased by almost 8%. The higher rand value of imported product improves the competitiveness of domestic product.

Figure 2: Changes in average weekly livestock prices (R/kg △ y/y).

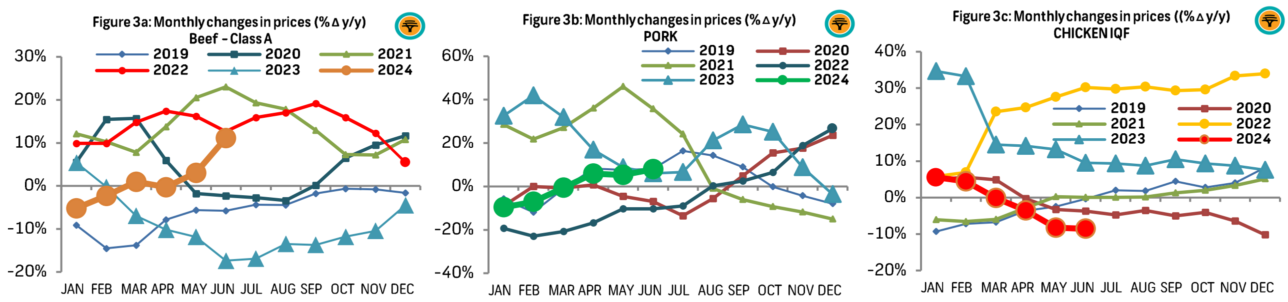


Source: FNB AgriComms

Growth trends for producer prices of various meat types

- Annual beef price growth continued to surprise on the upside and trended in positive territory in June 2024 (figure 4a).
- Similarly, annual growth in pork prices continued to trend on the upside signalling a better season than last year (figure 4b). Chicken IQF prices however continued in a deflationary mode with annual growth trend remaining deep in negative territory in June 2024 (figures 4c).

Figure 3: Growth trends for producer prices of various meat types (% △ y/y)



Source: FNB AgriComms, Own Calculations

A potential upside for feeding costs following a slight bump-up in yellow maize prices above R4,000/t

- Near term YMAZ futures nudged above R4,000/t in recent trades on rand support and strong demand as regional supplies have tightened after a poor crop season.
- However, the farthest contracts extended losses below R4,000/t and have a potential to fall even further as we approach the 2024/25 planting season. The combination of a bullish weather outlook with La Niña in the forecasts, lower fertilizer prices, and strong commodity prices will encourage farmers to increase production in the next crop season (table 1).

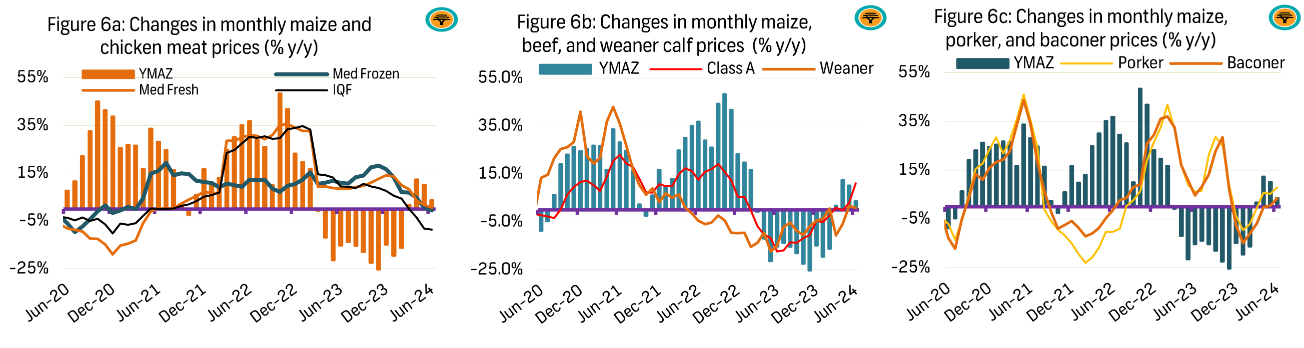
Table 1: Raw feed inputs - Latest price trends in JSE grain and oilseed futures market (R/ton)

18 JULY 2023	WMAZ R/ton	% Δ m/m	YMAZ R/ton	% Δ m/m	SUNS R/ton	% Δ m/m	SOY R/ton	% Δ m/m
Sep-2024	R5,368	6.3%	R4,095	1.6%	R9,358	4.5%	R8,682	-3.9%
Dec-2024	R5,436	6.1%	R4,195	2.4%	R9,585	3.9%	R8,855	-3.9%
Mar-2025	R5,016	5.8%	R4,128	1.1%	R9,308	2.3%	R8,430	-6.3%
May-2025	R4,200	-2.4%	R3,948	-0.2%	R8,865	-	R7,720	-7.1%
Jul-2025	R4,083	-1.6%	R3,874	-0.2%	-	-	-	-

Source: JSE

- Figure 6 (a, b, and c) illustrates the monthly changes in various meats and maize prices. Annual growth in prices of maize now outpaces that of all meat types and is likely to constrain margin growth in the medium term.

Figure 4: Changes in maize prices in relation to various meat types



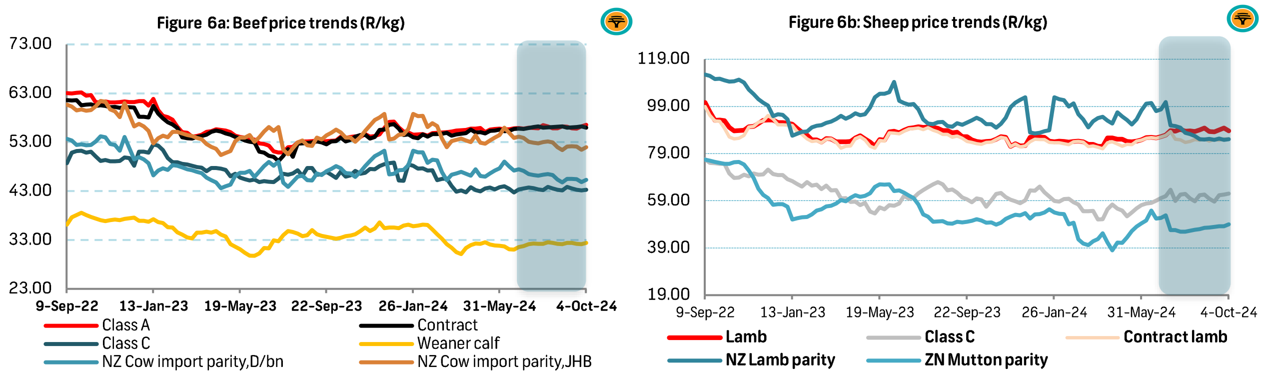
Source: FNB AgriComms, JSE, Own Calculations

OUTLOOK

- Meat prices are expected to lift slightly in the medium term as warmer weather conditions return in over a month's time.
- A renewed rand depreciation will improve the competitiveness of imported meat such as poultry and pork as it limits the volumes of imports.

AgroMetrics: Livestock Charts

Figure 5: Beef and sheep meat price trends



Source: FNB AgriComms; *Last thirteen data points are preliminary

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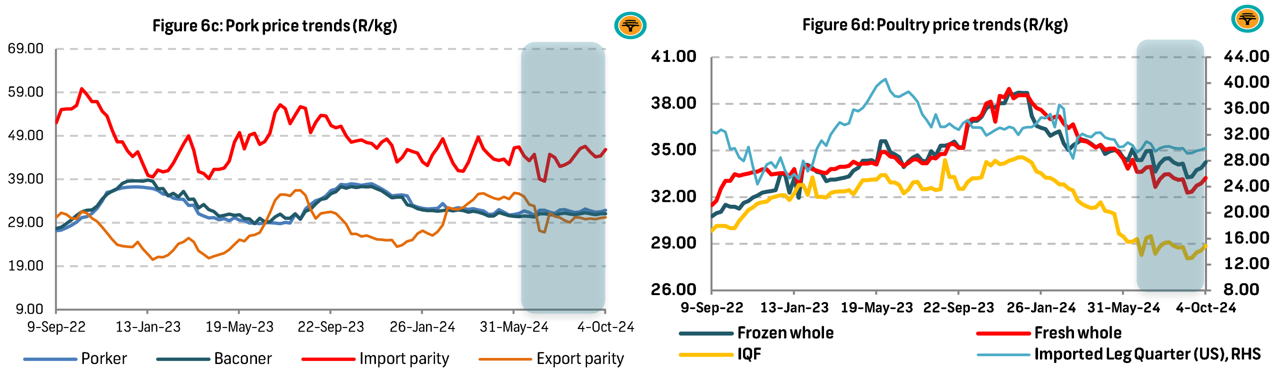
Figure 6: Pork and poultry price trends



Source: FNB AgriComms
*Last thirteen data points are preliminary

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