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# Livestock and Fibre markets

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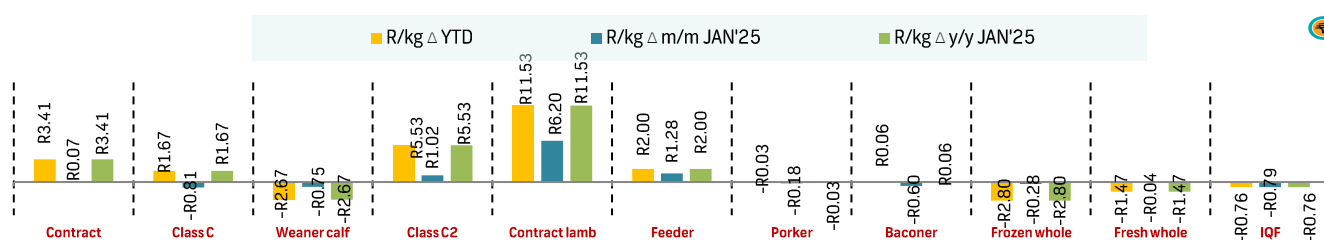
Paul Makube | Vhutshilo Mabela | Lerato Ramafoko | 29 JAN 2025

## UPDATE ON LIVESTOCK MARKETS

### Record high maize prices erode livestock feeding margins

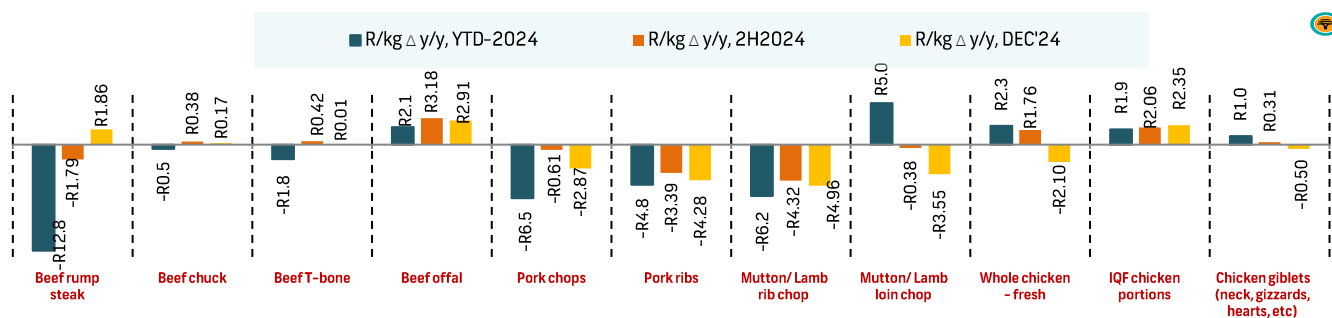
- Our review of price trends for raw livestock feed inputs shows a surge for yellow maize (YMAZ), a major ingredient in animal feed. A combination of a tight near-term domestic supply outlook and a wobbly start to the 2024/25 summer crop season underpinned the recent surge in maize prices.
- Average yellow maize prices for January 2025 jumped 7% from the December 2024 levels to R 5,606/t, up by a whopping 52% year-on-year (y/y). Similarly, average soybean prices increased by 5% month-on-month (m/m) and almost 15% y/y at R9,518/t. This has placed significant upward pressure on feed prices thus eroding profit margins for intensive livestock producers such as poultry and pork.
- The price trend remains upwards near-term, but the improved production outlook with a slight increase in maize planted area for 2025 and the recovery in seasonal rains poses downside risk to YMAZ prices from the second quarter of 2025.
- YMAZ futures for May-25 and Jul-25 delivery are already trending at R4,587/t and R4,556/t respectively, which is much lower than the Mar-25 contract's R5,578/t in recent trades. This augurs well for livestock producers in terms of a potential feed cost reduction if this trend continues.
- Meanwhile, the year started on a mixed note for livestock prices in January 2025 with poultry and pork weakening under pressure due to the downturn in seasonal demand post the December holidays. Beef carcass prices were mostly sideways, while the live market saw a decline for weaner calves. Lamb and mutton however were unseasonably firmer relative to 2024. See figure 1.
- On the inflation front, headline inflation advanced slightly higher, but still below expectations at 3% y/y in December 2024. Food inflation remained at a record low despite a marginal uptick to 1.7% y/y. Meat remained in deflationary territory for the second consecutive month at -0.4% y/y in December from -0.1% y/y in November, but the monthly pressure was 0.5%.

Figure 1: Changes in average livestock prices (R/kg  $\Delta$  y/y).



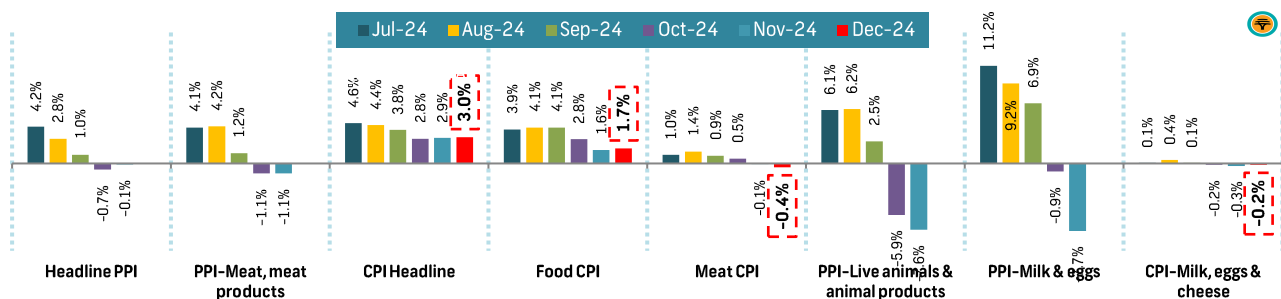
Source: FNB AgriComms

- At consumer level, average poultry prices were firmer in 2024 with fresh whole birds up 3.6% y/y (+R2.26/kg) y/y at R64.50/kg, individually quick frozen (IQF) were up 2.0% y/y (+R1.86/kg) at R94.09/kg, and the chicken giblets (neck, gizzards, hearts, etc) up 2.2% y/y (+R1.02/kg) at R47.22/kg (figure 2).
- Consumer prices for pork saw declines with pork chops falling by 6.7% (-R6.46/kg) at R90.12/kg and pork ribs down by 4.7% (-R4.85/kg) at R97.60/kg.
- Beef also saw declines at consumer level with beef rump steak falling by 7.4% (-R12.79/kg) y/y at R159.26/kg and beef chuck down 0.5% (-R0.50/kg) at R107.69/kg. However, beef offal increased by 4.3% y/y (+R2.10/kg) and averaged R51.19/kg.

Figure 2: Changes in average consumer prices (R/kg  $\Delta$  y/y).

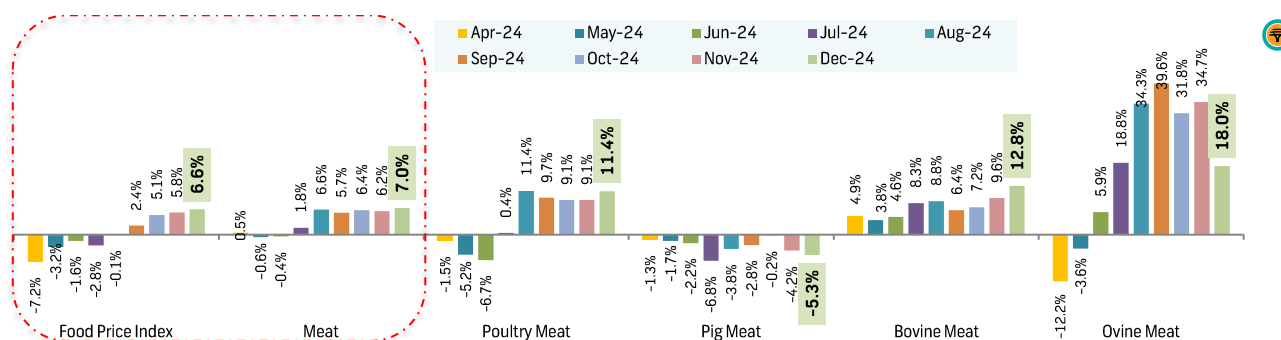
Source: Calculated from Stats SA data

- Although meat inflation declined for the second consecutive month by 0.4% y/y in December 2024, it was 0.8% y/y higher overall for 2024. Meanwhile, headline manufacturing PPI remained in deflationary mode for the second consecutive month, reaching a record low of -0.1% y/y while “meat and meat products” fell by 1.1% y/y in November 2024. The PPI for “live animals and animal products” declined by 7.6% y/y while that of “live animals” only was down 7.8% y/y (figure 3). Statistics South Africa (Stats SA) will release the December 2024 PPI update tomorrow, Thursday 30, 2025.

Figure 3: South Africa's consumer and producer price index trends (%  $\Delta$  y/y)

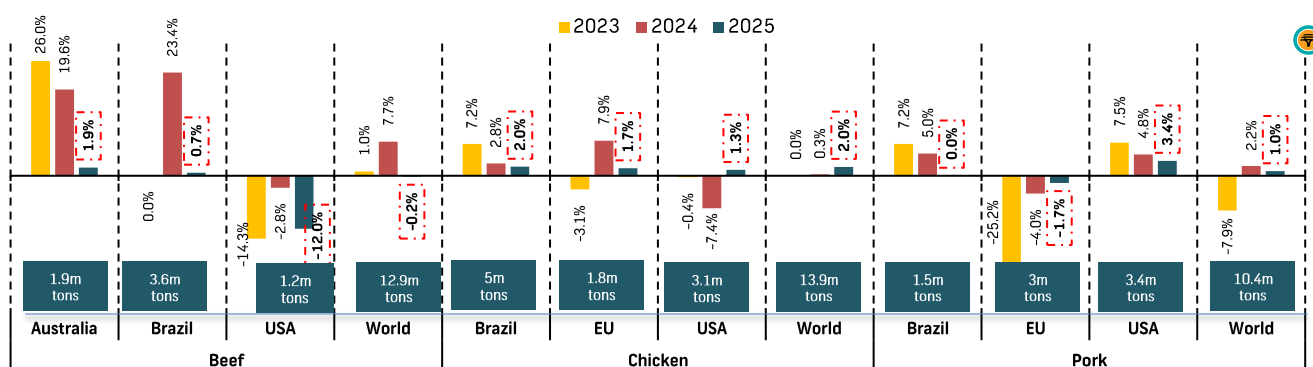
Source: FNB AgriComms

- In contrast, global food price inflation as measured by the United Nations Food and Agriculture Organization (FAO) was much higher at 6.9% y/y in December 2024 (figure 4).

Figure 4: Global food and meat inflation trends - FAO DEC 2024 update (%  $\Delta$  y/y)

Source: FAO

- Global meat inflation rebounded to 7.1% y/y as sharp gains in poultry (+11.4% y/y), bovine meat (+12.8% y/y), and ovine meat (+18% y/y) more than offset the 5.3% y/y decrease for pigmeat.
- On global exports, the United States Department of Agriculture's (USDA) December 2024 projections showed a marginal decline of 0.2% y/y in global beef exports to 12.94 million tons for 2025, a good rebound of 2% y/y for chicken meat to 13.85 million tons, and a slight acceleration of 1% y/y to 10.42 million tons for pork (table 1).
- However, pork production is expected decline by 0.8% y/y in 2025 weighed by losses of 2.2% and 1.6% in China and the EU respectively. China and the EU account for 48% and 18.2% of global pork production.

Figure 5: Annual changes in global beef, chicken, and pig meat exports – %  $\Delta$  y/y; million tons.

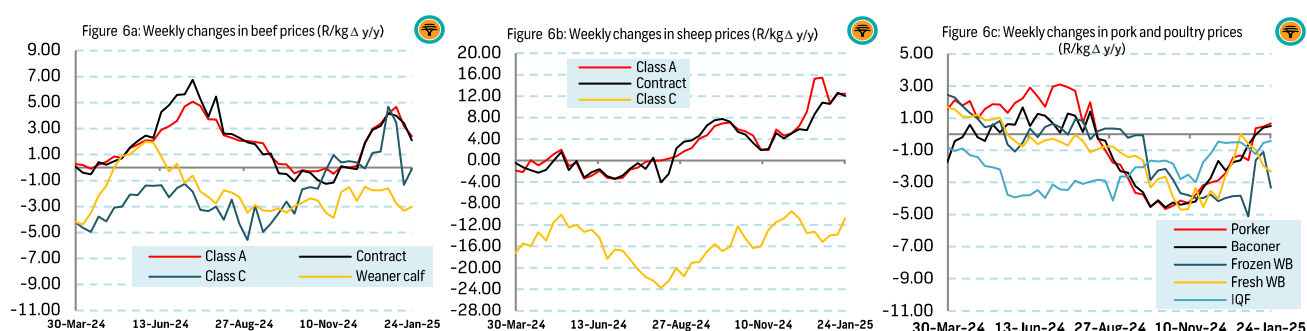
Source: USDA

Table 1: Annual changes in global meat production forecasts – %  $\Delta$  y/y; thousand tons

Meat, Beef and Veal				Meat, Chicken				Meat, Swine			
Country	2025	2024 % $\Delta$ y/y	2025 % $\Delta$ y/y	Country	2025	2024 % $\Delta$ y/y	2025 % $\Delta$ y/y	Country	2025	2024 % $\Delta$ y/y	2025 % $\Delta$ y/y
Argentina	3,175	-5.5%	2.4%	Argentina	2,545	2.0%	2.4%	Argentina	835	5.0%	4.4%
Australia	2,615	14.9%	2.3%	Australia	1,485	3.3%	1.7%	Australia	490	2.8%	2.1%
Brazil	11,750	8.2%	-0.8%	Brazil	15,100	0.7%	0.7%	Brazil	4,550	1.0%	1.2%
EU	6,500	2.2%	-1.5%	EU	11,530	2.7%	1.3%	EU	20,900	2.0%	-1.6%
USA	11,811	0.1%	-4.0%	USA	21,726	1.4%	1.6%	USA	12,941	2.4%	2.0%
World	60,895	2.4%	-0.8%	World	104,931	-0.8%	1.8%	World	115,130	-0.2%	-0.8%

Source: USDA

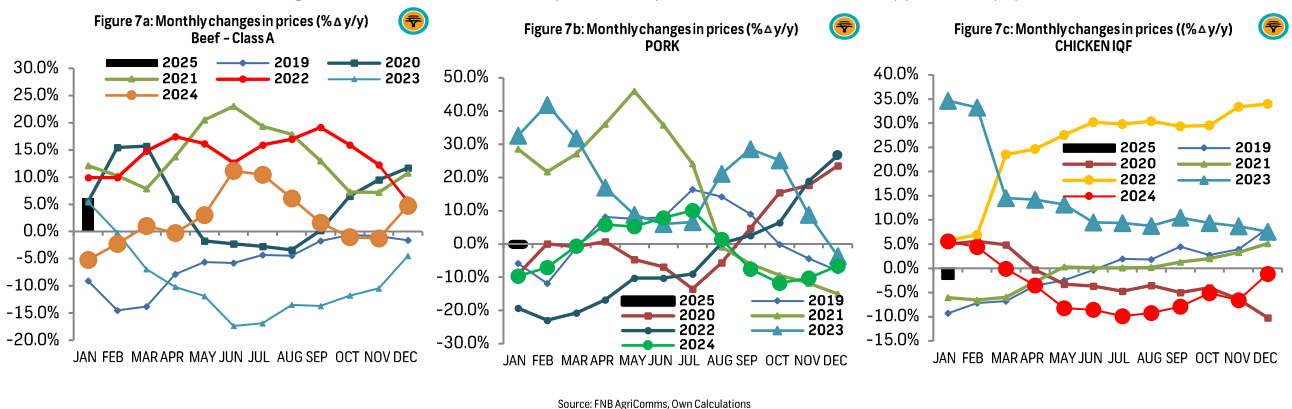
- Figures 7a, b, and c illustrate weekly changes in meat prices relative to last year for the various livestock categories that we track. For beef, weaner calf prices extended the trend in deflationary mode into 2025.
- Pork prices were in positive territory while chicken remained in deflationary mode (see figure 6c).

Figure 6: Changes in average weekly livestock prices (R/kg  $\Delta$  y/y).

Source: FNB AgriComms

## Annual growth trends for producer prices of various meat types

- Annual class A beef carcass price growth rebounded in December 2025, while pork and IQF improved but still in negative territory (figures 7a, 7b, and 7c).

Figure 7: Growth trends for producer prices of various meat types (%  $\Delta$  y/y)

### Higher maize plantings amid better seasonal conditions boosts the harvest outlook

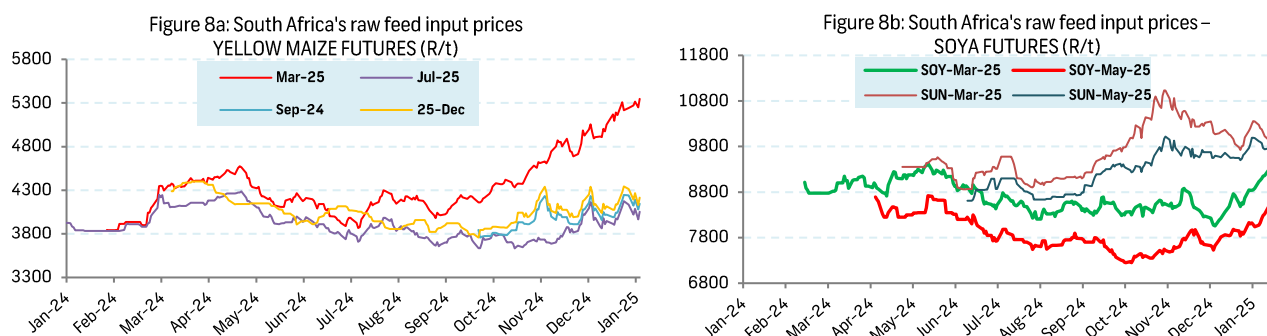
- The preliminary maize planted area estimate for the 2024/25 crop season shows a marginal increase of 0.4% y/y to 2.65 million hectares, according to the Crop Estimates Committee's (CEC) preliminary planted area report. This is the biggest area since the 2021/22 production season with a potential to yield a decent crop of between 14m to 16m tons.
- A higher crop harvest outlook poses downside risk to maize prices which augurs well for livestock feeders in terms of lowering feed costs. Farthest maize futures are already trending much lower than their frontal counterparts (table 2).
- Soybean planted area was shown at a 2-year low of 1.23m hectares, down 2.4% y/y. However, this is still the third record planted area with a likely yield of over 2.4m tons. Average soybean prices surged 5% m/m and 12.4% y/y so far in January 2025 at R9,518/t. However, the nearest Mar-25 futures prices traded way below this level at R9,230/t.
- In the case of sunflower, planted area rebounded by 4.4% y/y to 552,000 hectares with a potential harvest of over 700,000 tons. Average sunflower prices for January are so far down 2% from December but still above the R10,000/t level at R10,124/t. However, sunflower futures for Mar-25 and May-25 delivery dipped below the above levels in recent trades (table 2 and figure 8b).

Table 2: Raw feed inputs - Latest price trends in JSE grain and oilseed futures market (R/ton).

29 JAN 2025	WMAZ R/ton	% $\Delta$ m/m	YMAZ R/ton	% $\Delta$ m/m	SUNS R/ton	% $\Delta$ m/m	SOY R/ton	% $\Delta$ m/m
Mar-2025	R6,468	5.5%	R5,578	5.8%	R9,920	-1.4%	R9,230	8.9%
May-2025	R5,465	21.1%	R4,587	12.8%	R9,865	3.0%	-	-
Jul-2025	R5,305	24.3%	R4,556	13.3%	R10,011	3.0%	-	-
Sep-2025	R5,353	-	R4,652	12.8%	-	-	-	-

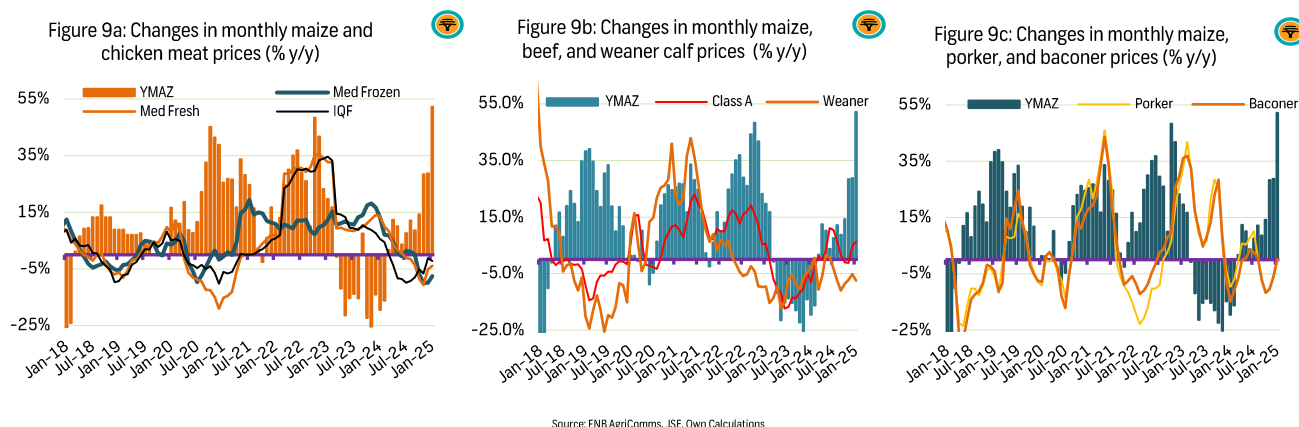
Source: JSE

Figure 8: Raw feed input prices - futures trends.



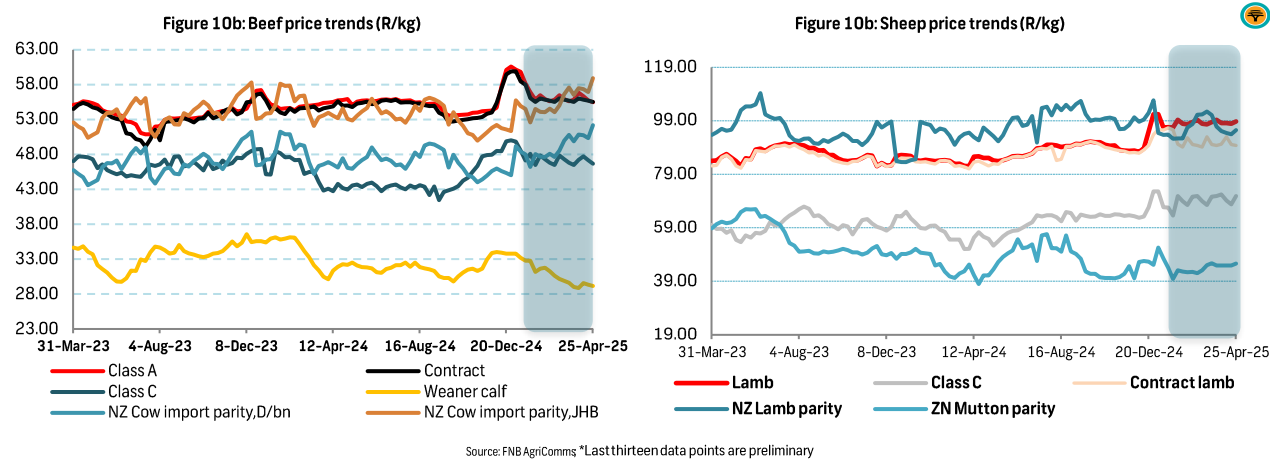
- Figure 9 (a, b, and c) illustrates the monthly changes in various meats and maize prices. Annual growth in prices of maize outpaces that of all meat types and is likely to constrain profit margin growth in the medium term.

Figure 9: Changes in maize prices in relation to various meat types.



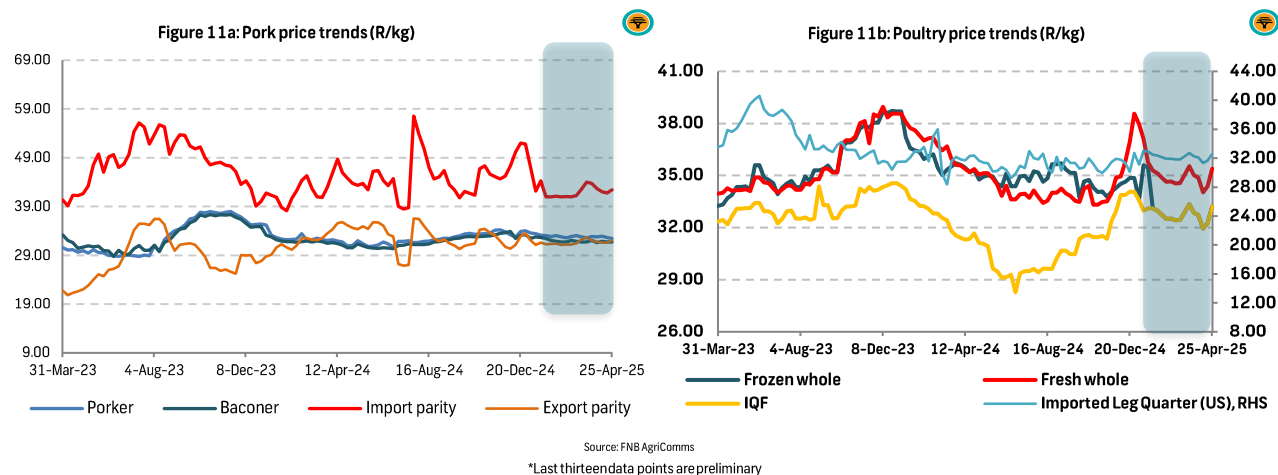
### AgroMetrics: Livestock Charts

Figure 10: Beef and sheep meat price trends.



- Beef prices were relatively sideways as weak seasonal demand limited further upside in January 2025. The weaner market however continued to post losses due to limited uptake and further pressure from surging maize prices.
- Mutton and lamb were unseasonably firmer despite the downside pressure on the meat complex. Weaner lamb availability was limited due to the improved production conditions.

Figure 11: Pork and poultry price trends.



- Sentiment on the poultry market is that the stock build-up and the seasonal downturn in demand constrained price growth so far in January.

- Elevated maize prices remain a big concern for the poultry industry in a weak economic growth environment. Nonetheless, further rate cuts in the outlooks bodes well for demand.
- The price trend in the pork market remains subdued with limited further upside in the near term. As with poultry, the renewed feed cost pressures continue to erode profit margins.

## OUTLOOK

- The meat demand outlook remains optimistic given the overall benign inflation, prospects of further rate cuts which should help improve the consumer's financial welfare, and the liquidity injection in the economy due to the two-pot retirement withdrawals.
- Seasonal production conditions have improved prospects of a decent harvest of summer crops. Consequently, raw feed input prices are expected to ease further as we approach the harvest period.
- As the year begins, the farmers should remain vigilant with biosecurity as disease outbreaks over the past few years have eroded profitability in the livestock sector.

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