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Livestock and Fibre markets

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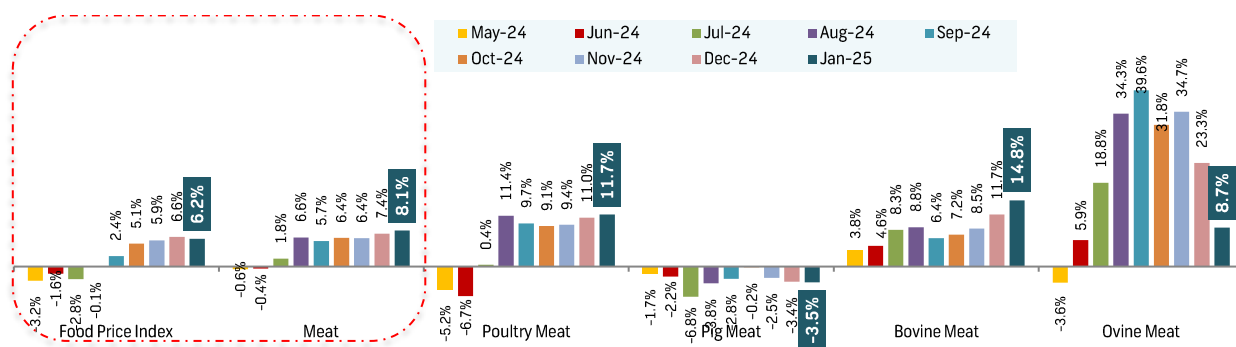
Paul Makube | Vhutshilo Mabela | Lerato Ramafoko | 13 FEB 2025

UPDATE ON LIVESTOCK MARKETS

Monthly global meat inflation cools m/m but still elevated y/y in January 2025

- The latest update on global meat inflation shows a slight monthly decline of 1.4% month-on-month (m/m) in January 2025 underpinned by decreases for ovine, pig and poultry meat prices due to the downturn in demand post December holidays, according to the United Nation's Food and Agriculture Organization (FAO).
- Ovine meat prices posted the biggest decrease of 6.8% m/m, followed by pork at -3.4% m/m as surging volumes weighed heavily on the market. The combination foot-and-mouth disease-induced import bans due to an outbreak in Germany and the supply bottlenecks emanating from abattoir closures during the winter recess underpinned the recent surplus in the pork market. Similarly, poultry prices weakened under pressure from abundant supplies with Brazil being the biggest supplier. The annual global meat inflation however bucked the trend of a seasonal decline in January by accelerating for the third consecutive month to 8.1% y/y in January 2025 with sharp increases for bovine (+14.8% y/y), followed by poultry (+11.7% y/y) and ovine meat (+8.7% y/y). This more than offset the decline in pork which remained in deflationary mode for the tenth consecutive month in January 2025.
- Meanwhile, the United States Department of Agriculture (USDA) raised the US beef production and exports forecasts for 2025 in its latest monthly World Agriculture Supply and Demand Estimates (WASDE) report. US beef production and exports are seen up 3% and 7.7% respectively from the January 2025 update but still 1.6% and 6.9% below the 2024 levels.
- The USDA's US pork and broiler meat production forecasts were almost unchanged from the January level but still 2.7% and 1.4% higher on year ago levels. On the export front, broiler meat exports were lowered by almost 2% on last year which reflects the tight global competition from the traditional suppliers that enjoy favourable feeding costs.

Figure 1: Global food and meat inflation trends - FAO JAN 2025 update (% Δ y/y)



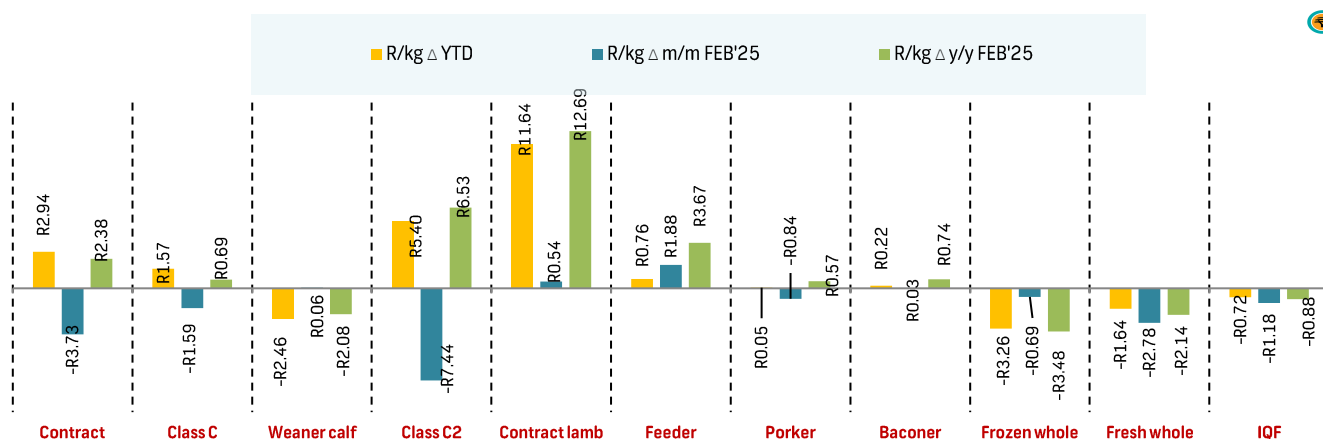
Source: FAO

- The US-Mexico tariff war seems to have cooled following the US Animal and Plant Health Inspection Service's (APHIS) announcement of the resumption of cattle imports from Mexico through approved facilities and newly implemented protocols to mitigate the spread of New World Screwworm.

Livestock prices start February on a softer note across the board on seasonal downturn in demand

- Beef:** Our analysis of trends in the beef market shows continued weakness with contract class A carcass prices falling by 6% (-R3.73/kg) m/m with class Cs down by 3.2% (-R1.59/kg) m/m early in February 2025 relative to the same period in previous month at R56.45/kg and R48.27/kg respectively (figure 2). The weaner market however were a bit firmer due to limited availability following recent rains that helped boosted pasture conditions.
- Sheep:** We saw a mixed trend in this market with lamb posting marginal gains on spillover strength from the January month end at R96.34/kg, while mutton fell sharply by 10% m/m to R65.18/kg. The weaner lamb market remained resilient as better seasonal conditions curtailed supplies. At R45.77/kg live weight (LW), weaner lambs were 4.3% (+R1.88/kg) higher m/m and up 8.7% (+R3.67/kg).
- Pork:** The downturn in the pork market continued as the subdued seasonal demand and increased availability weighed heavily on prices. Pork prices fell by 2.5% (-R0.8/kg) m/m at R32.76/kg but still 1.8% (+R0.57/kg) higher y/y. Baconers however moved sideways and still 2.3% (-R0.74/kg) above the 2024 levels at R32.51/kg.
- Poultry:** This market saw a post month end decline in prices across the board as retailers drive hard bargaining and demand remains subdued (figure 2).

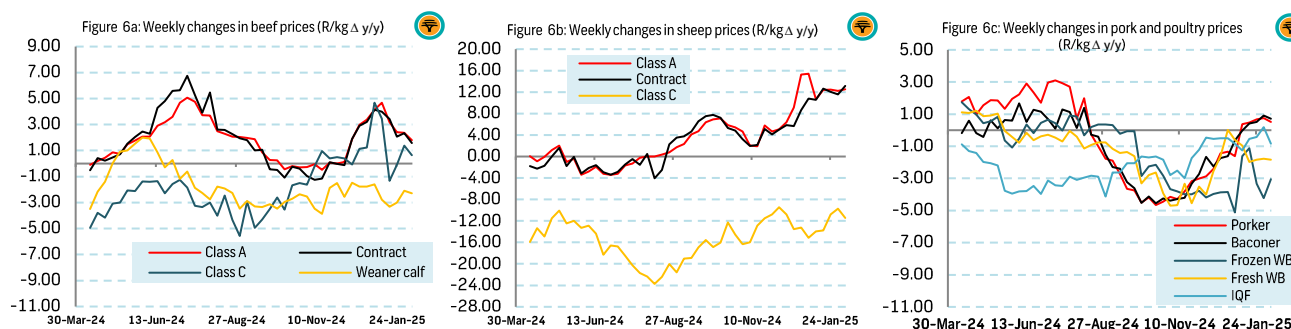
Figure 2: Changes in average livestock prices (R/kg Δ y/y) First week of February 2025.



Source: FNB AgriComms

- 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. Lamb shows positive growth while mutton remains in deflation relative to last year
- Pork prices were in positive territory while chicken remained in deflationary mode (see figure 6c).

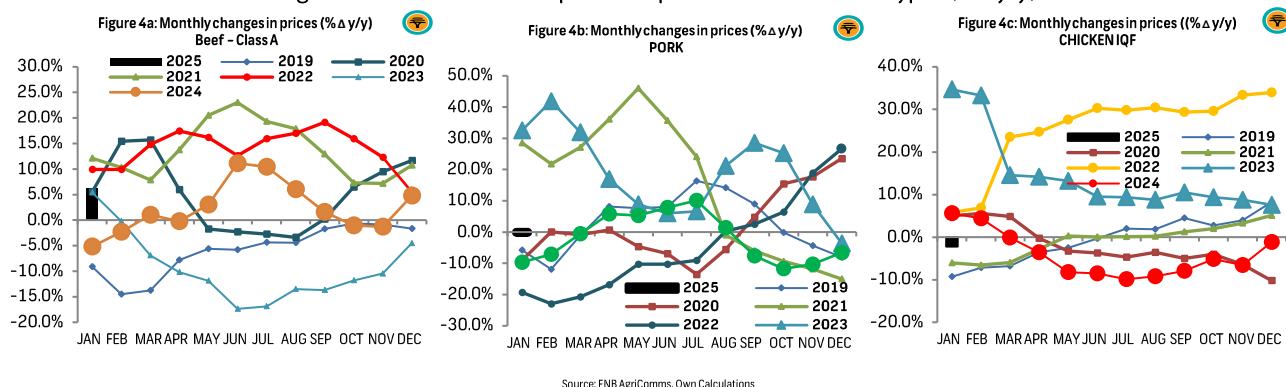
Figure 3: Changes in average weekly livestock prices (R/kg Δ y/y).



Source: FNB AgriComms

Annual growth trends for producer prices of various meat types

- Annual class A beef carcass price growth rebounded since December 2025, while pork and IQF improved but still in negative territory (figures 4a, 4b, and 4c).

Figure 4: Growth trends for producer prices of various meat types (% Δ y/y)

Maize prices ease from record highs on higher maize plantings and better seasonal conditions

- Recent trends in maize futures show a downturn from the recent record highs of over R5,500/t and R6,500/t for yellow and white maize respectively. Livestock feeders will breathe a sigh of relieve into the second half of 2025 if the current trend of maize futures drifting back to below the R4,000/t level.
- 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.
- A higher maize 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).
- Average sunflower planted area rebounded by 4.4% y/y to 552,000 hectares with a potential harvest of over 700,000 tons. Sunflower futures for Mar-25 and May-25 delivery dipped below the R10,000 above levels in recent trades (table 2).

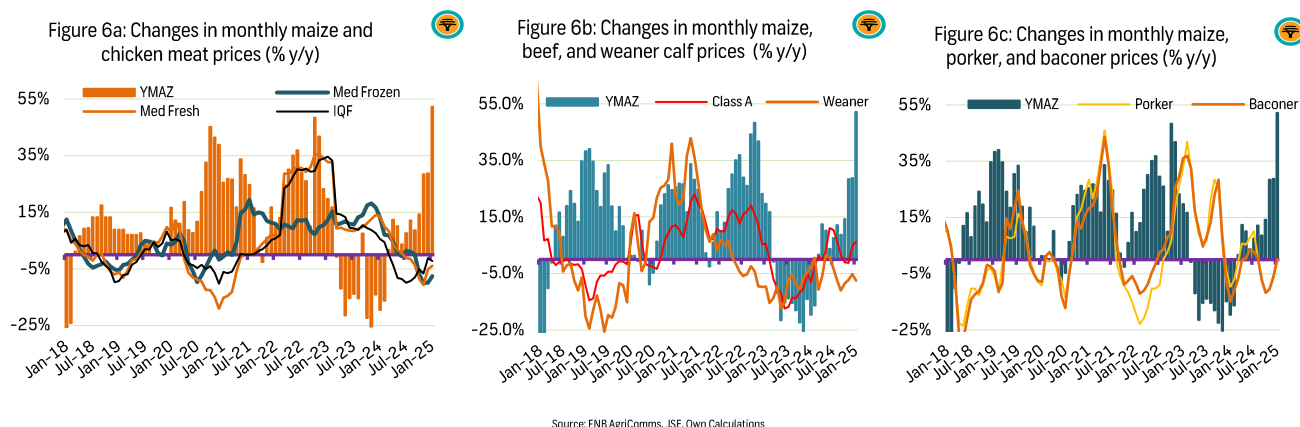
Table 1: Raw feed inputs – Latest price trends in JSE grain and oilseed futures market (R/ton).

13 FEB 2025	WMAZ R/ton	% Δ m/m	YMAZ R/ton	% Δ m/m	SUNS R/ton	% Δ m/m	SOY R/ton	% Δ m/m
May-2025	R4,772	-0.2%	R4,296	1.0%	R8,826	-9.7%	-	-
Jul-2025	R4,612	0.1%	R4,278	1.9%	R9,011	-8.9%	-	-
Sep-2025	R4,691	-	R4,374	2.4%	-	-	-	-
Dec-2025	R4,770	0.2%	R4,454	1.9%	-	-	-	-

Source: JSE

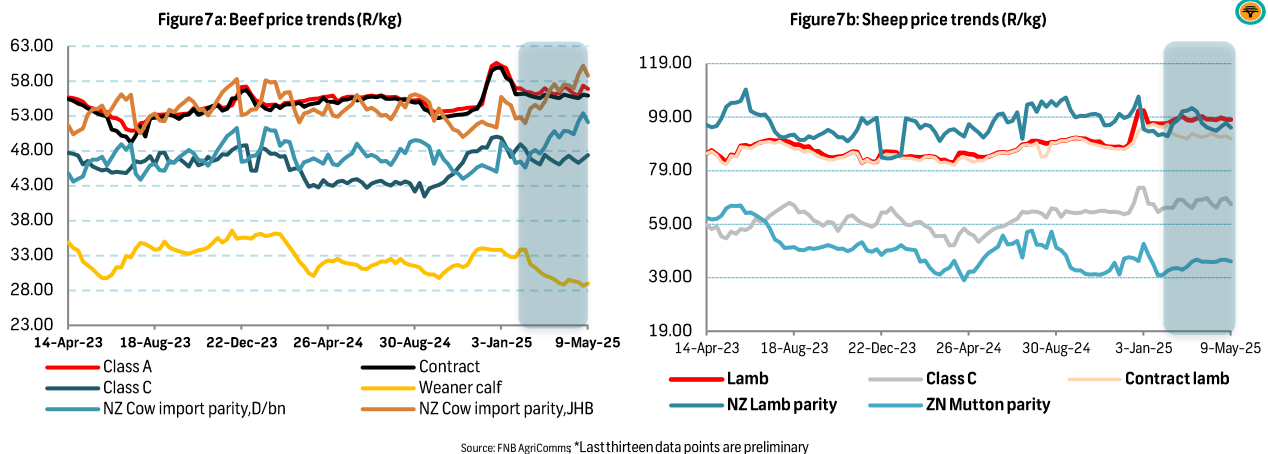
- Figure 6 (a, b, and c) illustrates the monthly changes in various meats and maize prices. Annual growth in prices of maize outpaces that of all meat types and is likely to constrain profit margin growth in the medium term.

Figure 5: Changes in maize prices in relation to various meat types.



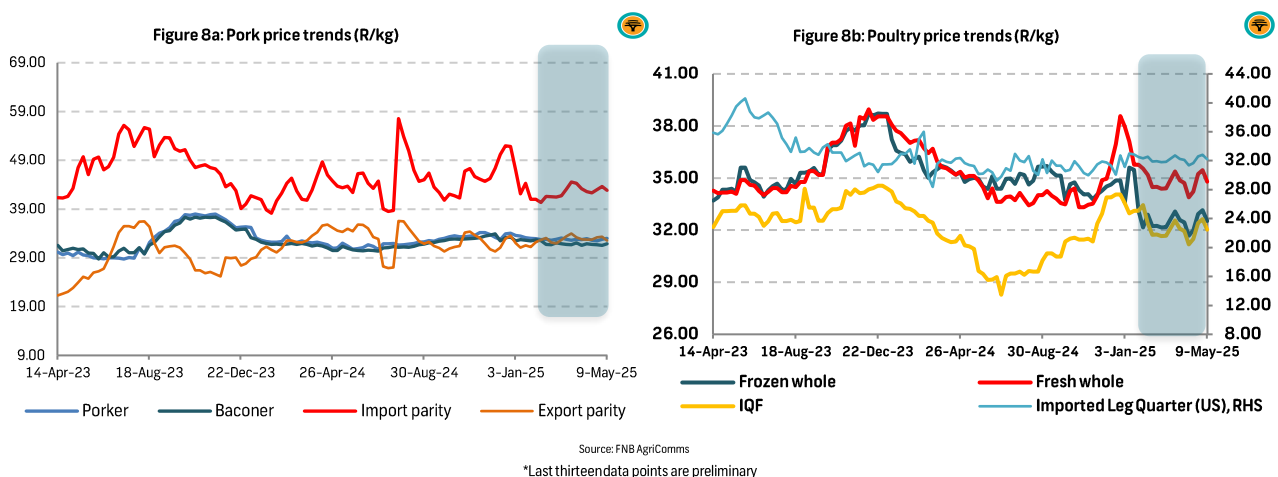
AgroMetrics: Livestock Charts

Figure 6: Beef and sheep meat price trends.



- Beef prices were relatively sideways as weak seasonal demand continues to limit further upside early in February 2025.
- 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 7: Pork and poultry price trends.



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

OUTLOOK

- Focus now turns to the next seasonal upswing in demand during the Easter period.
- 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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