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Livestock and Fibre markets

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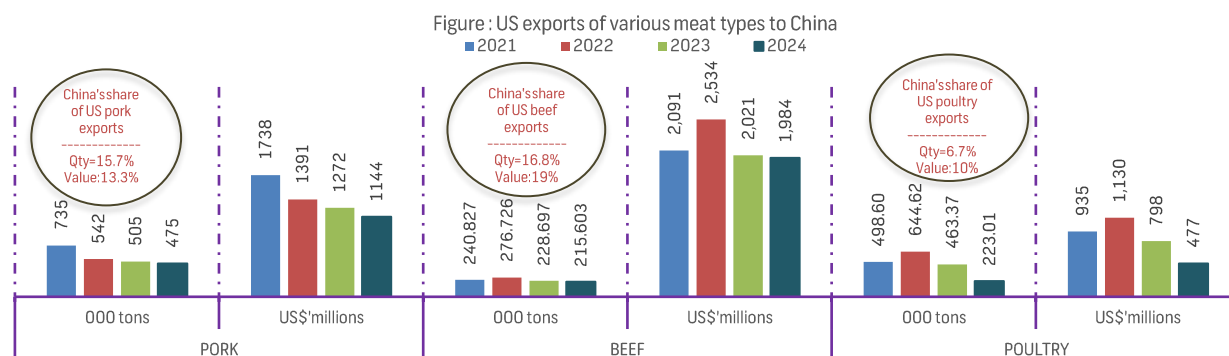
Paul Makube | Vhutshilo Mabela | Lerato Ramafoko | 06 MAR 2025

UPDATE ON LIVESTOCK MARKETS

The US tariff onslaught in 2025 is likely to rejig global meat trade flows

- US President Donald Trump escalated global trade tensions as he delivered on his campaign promises of slapping trading partners with tariffs on imported goods into the US. No one is spared with Canada, Mexico, the EU, and China being the most prominent countries facing punitive tariffs on goods heading for the US market.
- Recently, China countered with new tariffs of 10% and 15% on US agriculture produce valued at an estimated US\$21 billion. This is likely to render the US agriculture products uncompetitive in the Chinese market due to higher prices thus encouraging China to switch to alternative sources of supply for meat, grains, and oilseeds.
- In the meat complex, pork and poultry are the critical Chinese imports and accounted for 16% and 6.7% respectively of total US exports at US\$1,144 million and US\$476,85 million in 2024 (figure 1), according to the US Meat Export Forum (USMEF) data.
- However, China has for several years reduced its dependence on US pork imports as it embarked on a massive herd rebuilding through importation of better genetics and technology to increase internal capacity. After peaking at 35% of total US pork exports in 2020, China's share of US shipments slowed considerably to 16% in 2024. We saw a similar trend for poultry whose share of US exports were halved from 16% in 2020 to 7% in 2024 in volume terms, according to the Trade Map data.
- Total Chinese beef import volumes from the US were valued at US\$1,984 million and accounted for 17% of the total US shipments. However, beef also showed a declining trend with total volumes for 2023 and 2024 falling by 17% and 6% y/y respectively.

Figure 1: US exports of various meat types to China



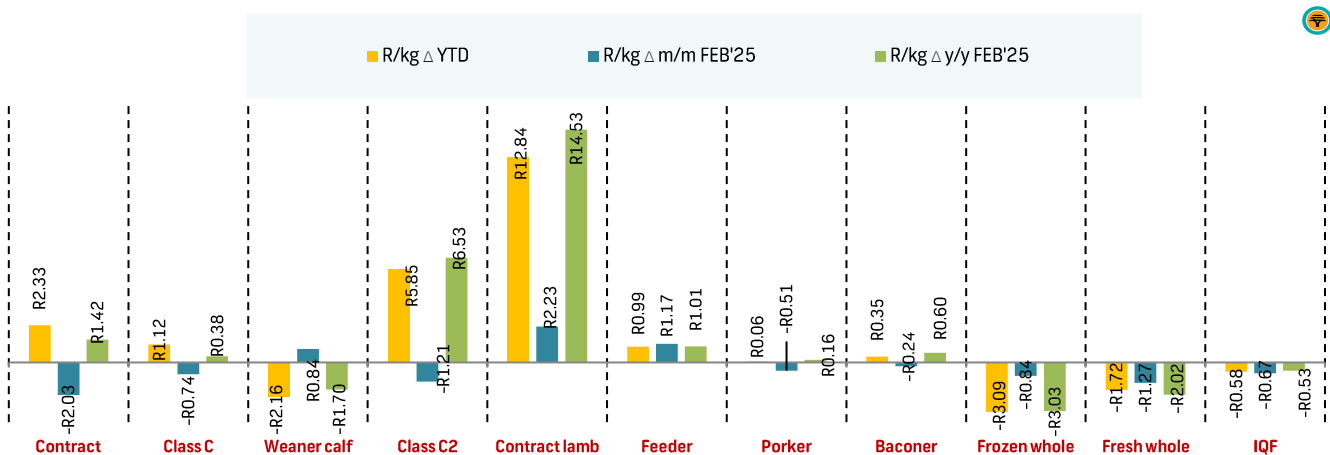
Sources: USMEF, Trade Map (*Poultry: Product: 0207 Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and...)

- In the case of soybeans, a critical raw feed ingredient for livestock, a potential reduction of Chinese import demand for the US product poses downside risk to global prices. The US accounted for 21% and 27% respectively for global soybean meal and soybean exports of which 52% was taken up by China in 2024. Consequently, the Brazilian crop will play a huge role in price direction as adverse weather conditions may constrain output thus intensifying export competition.
- Does this development create an opportunity for South Africa to ramp up its meat exports? Definitely! However, a lot depends on the speed at which the necessary protocols can be negotiated.

Monthly livestock prices moved sideways to lower in February 2025

- Beef:** Our analysis of monthly trends in the beef market shows an extended downtrend but still up on the previous year. The weaner market faltered on limited uptake.
- Sheep:** Lamb and mutton were the exception, posting good gains on supply tightness. Favourable production conditions encouraged producers to retain their stock.
- Pork:** Weak seasonal demand continued to limit further upside for prices in this market.
- Poultry:** Bargaining continues amid softer consumer demand. Prices remained on the downside across the board in February.
- Meanwhile, the latest inflation update shows the meat CPI still in negative territory for the third consecutive month at -0.5% y/y in February 2025.

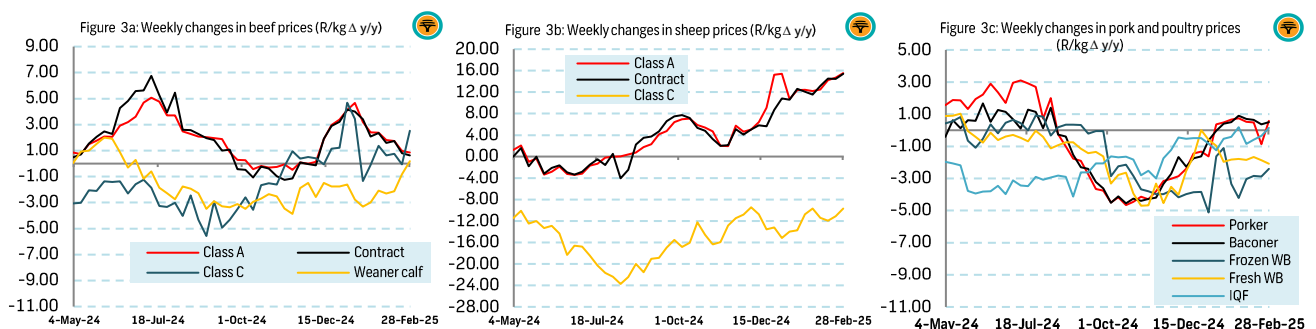
Figure 2: Changes in average livestock prices (R/kg Δ y/y) First week of February 2025.



Source: FNB AgriComms

- Figures 3a, 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 showed some recovery although still in deflation. Lamb and mutton showed growth while weaner lambs remained in deflation mode.
- Weekly pork and poultry prices still showed limited upside (see figure 3c).

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

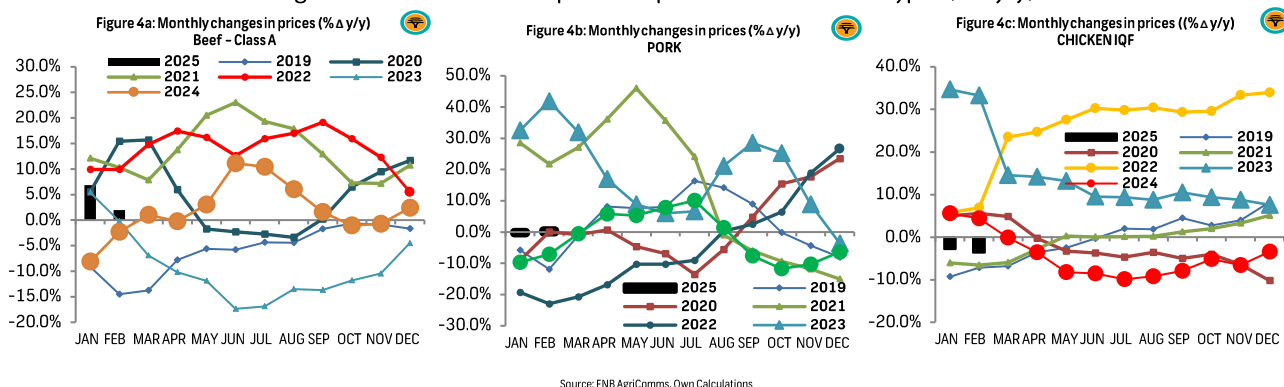


Source: FNB AgriComms

Annual growth trends for producer prices of various meat types

- Annual class A beef carcass price growth rebounded since December 2024, 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)



Good news for livestock feeders as maize prices ease from record highs

- The bullish production outlook continued to pose downside risk to raw feed input prices. Yellow maize prices are now trading at a discount over their white counterparts and gradually drifting back to closer to the R4,000/t level.
- Although maize production is not back at its best levels of over 15 million tons, the harvest outlook indicates an improved situation relative to last year with the expected output above the normal country consumption of 11.8 million tons at 13.91 million tons.

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

06 MAR 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	R4,540	-7.5%	R4,140	-6.0%	R8,920	-5.6%	-	-
Jul-2025	R4,379	-7.9%	R4,123	-5.9%	R9,169	-4.3%	-	-
Sep-2025	R4,475	-8.2%	R4,212	-5.5%	-	-	-	-
Dec-2025	R4,559	-7.0%	R4,296	-4.9%	-	-	-	-

Source: JSE

- 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).
- An analysis of the first production estimate data shows that yields are much better than the 20-year average at 5.33t/ha for maize but still way below the 5-year average by 7.2% (table 2). The soybean crops shows a sharp rebound of almost 26% y/y with yields 4% above the long-term average of 1.94t/ha at 2.02t/ha.
- Sunflower is also expected to realize a 14% y/y increase in production, and together with the higher soybeans crop will ensure adequate supply of oilcake necessary for livestock feeding.

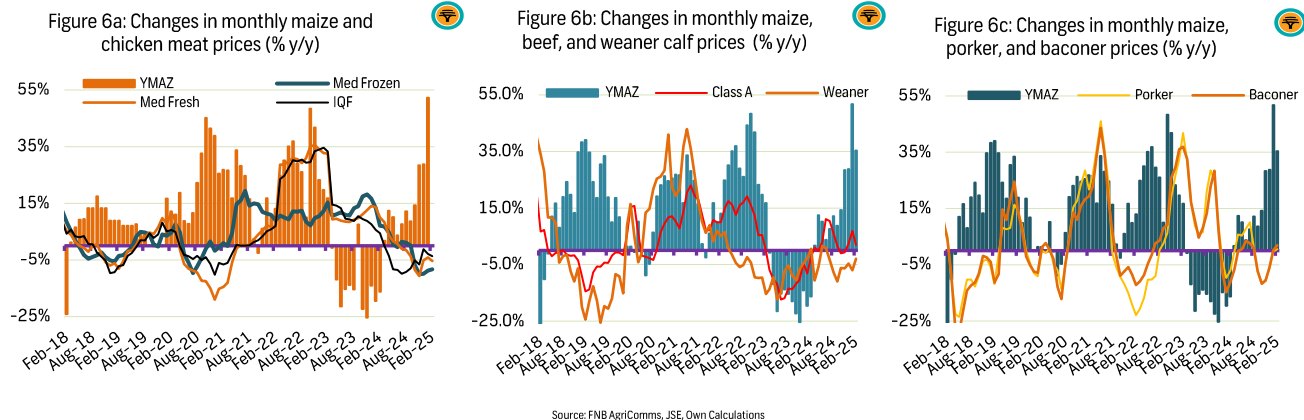
Table 2: Analysis of the 2024/25 summer crops production forecasts

	2025 1st Production Estimate	% Δ y/y (ha)	Δ y/y (ha)	% Δ 1st ha fcast	% Δ y/y (tons)	Avg yield/ ton, 2024/25 Season	LT Avg yield - 10yr (ton/ha)	2024/25 t/ha vs. 10yr AVG	LT Avg yield - 5yr (ton/ha)	2024/25 t/ha vs. 5yr AVG
MAIZE	13.911	-1.5%	-39,550	-1.9%	8.3%	5.36	5.33	0.5%	5.77	-7.2%
SUNFLOWER	0.720	5.0%	26,700	0.7%	13.9%	1.30	1.31	-0.9%	1.35	-4.1%
SOYBEANS	2.325	0.0%	500	2.5%	25.8%	2.02	1.94	4.3%	2.10	-3.6%
GROUNDNUTS	0.065	16.8%	6,925	4.2%	25.7%	1.36	1.26	8.2%	1.41	-4.0%
SORGHUM	0.130	-4.0%	-1,700	2.3%	32.3%	3.21	2.92	9.8%	3.19	0.5%
DRY BEANS	0.076	14.8%	5,870	-0.2%	50.4%	1.67				
TOTAL	17.227	-0.03%		-0.3%	10.9%					

Sources: CEC, SAGIS, Own calculations

- Figure 5 (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.

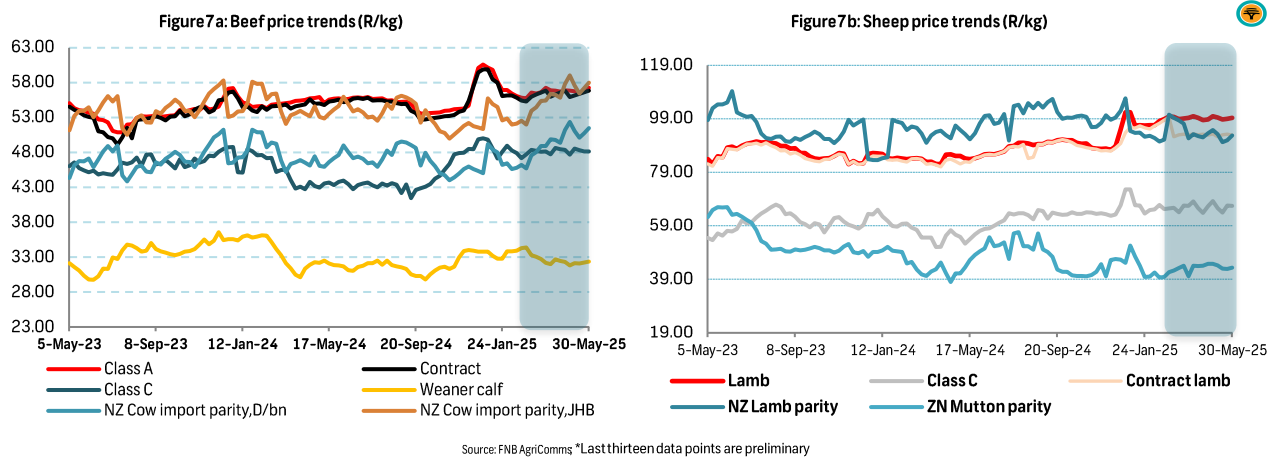
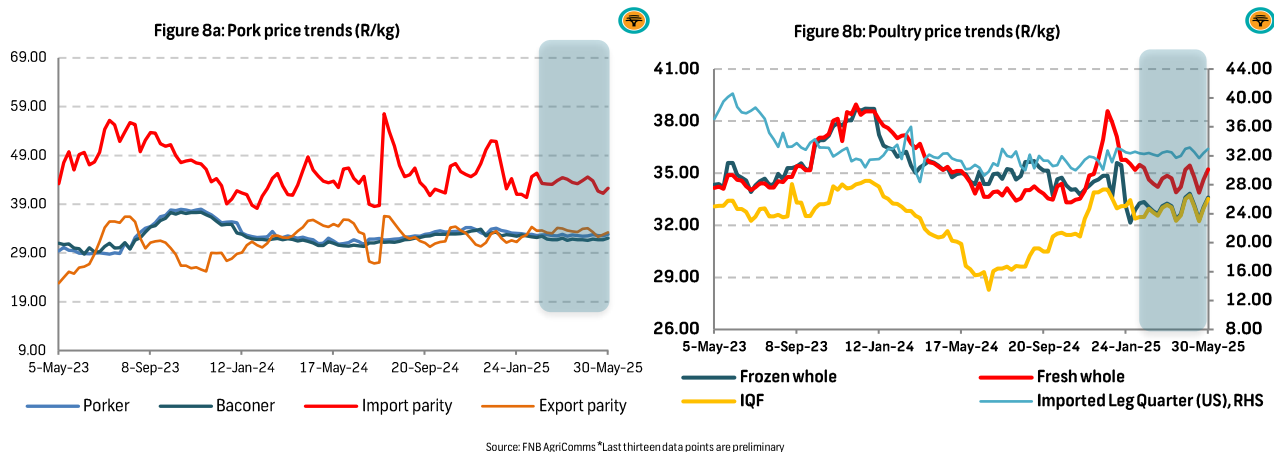


Figure 7: Pork and poultry price trends.



OUTLOOK

- Focus now turns to the next seasonal upswing in demand during the Easter period.
- Bullish features for the market: Improved demand prospects as financial pressures on consumers dissipate; declining grains prices that will boost feeding margins.

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