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Livestock and Fibre markets

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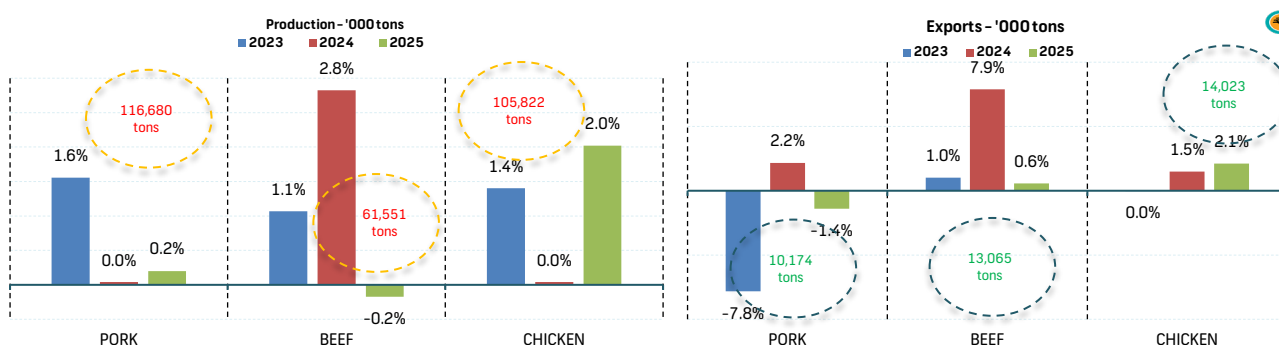
Paul Makube | Vhutshilo Mabela | Lerato Ramafoko | 03 JUN 2025

UPDATE ON LIVESTOCK MARKETS

A massive cut of almost 4% in US chicken export forecast for 2025 as bird flu bites

- The latest United States Department of Agriculture (USDA) forecast of global meat production shows a mixed trend in the meat complex with a marginal decline of 0.2% year-on-year (y/y) for beef at 61.55m tons, while chicken and pork grow by 2% and 0.2% y/y respectively at 105.52m and 116.68m tons in 2025 (figure 1).
- However, the 2025 export forecast shows marginal gains for the three major meats by 0.6% y/y with 37.262m tons with slight gains of 2% chicken followed by beef with a 0.6% y/y increase while pork declines by 1.4% y/y.
- The persistent outbreaks of avian influenza (AI) which affected large exporters such as the US underpins this substantial deceleration in chicken meat exports. The USDA's projections of US shipments show a decline of 3.7% y/y to 1.8m tons in 2025. Brazil, the world's top chicken exporter, also experienced an AI outbreak recently followed by an export ban which will curtail its overall 2025 exports.
- Modest declines of 2.2% and 3.8% y/y in pork exports from the US and the EU respectively underpin the contraction in global exports in 2025.
- Meanwhile, the recent US-China tariff war is yet to make a serious dent on US beef and pork exports to China. Although overall US beef exports to the world eased by 0.5% y/y in Q1 of 2025, shipments to China were up 3.4% y/y at 53,039 tons according to the US Meat Exporters Forum (USMEF). Similarly, US pork exports fell by 1.1% y/y in Q1 but volumes to China increased by 3.4% y/y to 117,087 tons. China remains the second and fourth largest market for the US pork and beef exports with shares of 15.5% and 17% respectively in Q1 of 2025.

Figure 1: Global meat production and export trends.

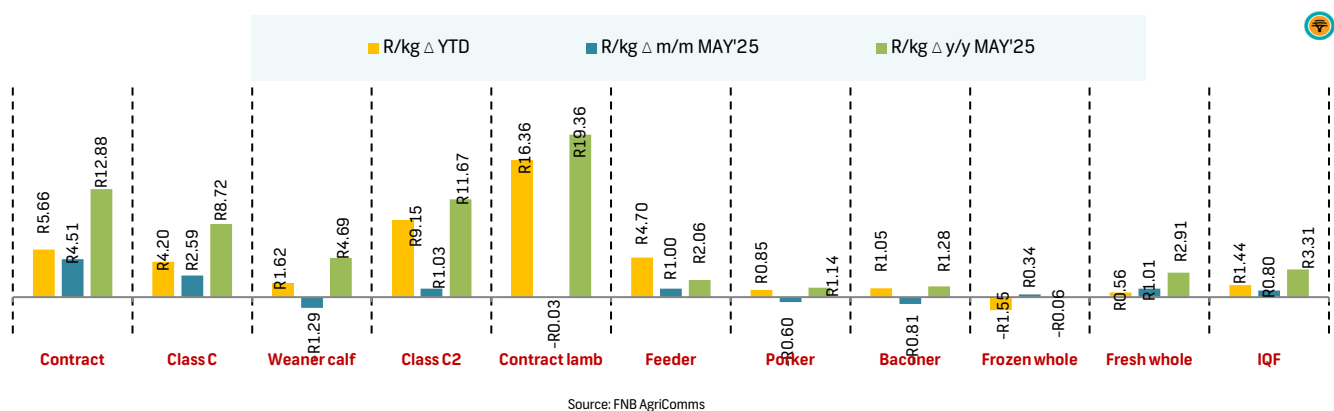


Sources: USDA

A reprieve for livestock producers following a surge in meat prices in May 2025

- After a sustained period of a pedestrian price growth for meat, prices surged in the past two months underpinned by a combination of strong demand and constrained availability in some categories.
- In the beef market, our analysis of monthly trends in the beef market shows a massive upswing with contract class A beef increasing by 23.4% (+R12.88/kg) y/y while class C rose by 20% (+R8.72/kg) y/y in May 2025 (figure 2).
- In the live market, weaner calf prices were sharply higher by 14.9% (+R4.69/kg) y/y at R36.11/kg live weight (LW). However, monthly prices eased by 3.5% (+R1.29/kg) month-on-month (m/m) under pressure due the combination of improved seasonal supplies at the onset of the weaning period and the renewed upswing in maize prices.
- Sheep: Lamb and mutton posted strong gains and ended up 23% (+R19.36/kg) and 21% (+R11.67/kg) y/y respectively in May 2025. Weaner lambs advanced by 4.8% (+R2.06/kg) y/y at R44.92/kg LW (table 1).
- Pork: Although seeing monthly pressures of -1.4% and -2.4% m/m respectively, pork and baconer prices were still 3.6% (+R1.14/kg) and 4.1% (+R1.28/kg) higher y/y.

Figure 2: Changes in average livestock prices (R/kg Δ y/y) May 2025.



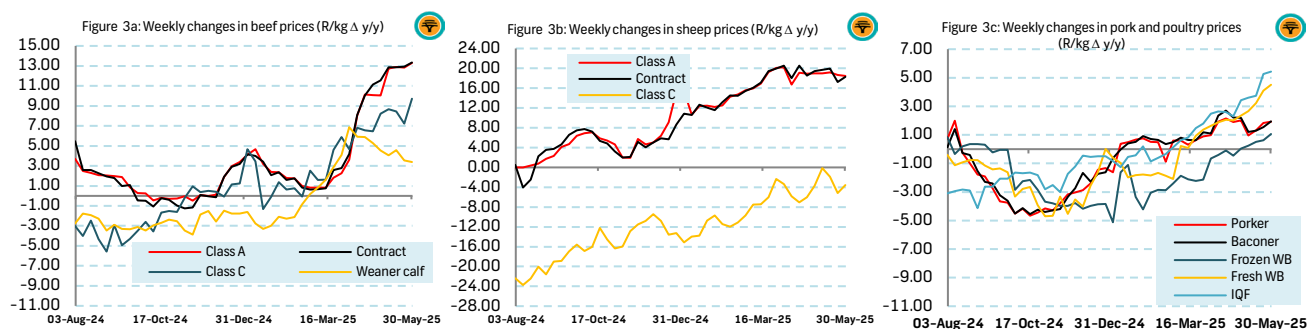
- Poultry: The poultry market continued to trend on the upside on the back of good demand and tight availability with one of the producers experiencing an operational shutdown.
- Meanwhile, an AI outbreak in Brazil has raised concerns over import supplies in the short term although the bulk of it is mechanically deboned meat (MDM) destined for manufactured products.
- Raw feed input prices eased from the 2024 highs, thus providing some reprieve for producers in terms of lower costs.
- The individually quick frozen (IQF) portions posted the biggest increase of 24% (+R0.80/kg) m/m and 10.5% (+R3.3/kg) y/y at R34.74/kg (table 1). For the year-to-May 2025, average IQF prices were 4.5% (+R1.44/kg) higher relative to the same period in 2024.
- In the whole bird category, the trend was mixed with fresh whole birds increasing by 2.7% (+R1.01/kg) m/m and 8.2% (+R2.91/kg) y/y while frozen whole birds gained 1% (+R0.34/kg) m/m but still marginally down by 0.2% (-R0.06/kg) y/y.

Table 1: monthly average livestock prices (R/kg, & R/kg LW) - May 2025.

	Contract Class A	Class C	Weaner calf, (LW)	Class C	Contract class A lamb	Weaner Lamb (LW)	Porker	Baconer	Frozen whole	Fresh whole	IQF
R/kg - MAY'24	55.05	43.21	31.42	54.90	82.91	42.86	31.71	31.15	35.39	35.38	31.43
R/kg - APR'25	63.42	49.34	37.41	65.55	102.30	43.92	33.45	33.24	34.99	37.27	33.94
R/kg - MAY'25	67.93	51.93	36.11	66.58	102.27	44.92	32.84	32.43	35.33	38.29	34.74

Source: FNB AgriComms

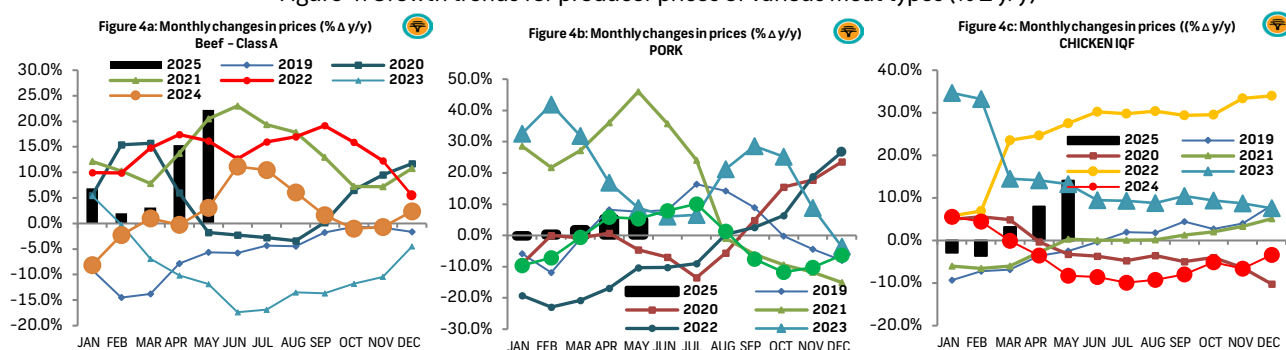
- Figures 3a, b, and c illustrate weekly changes in meat prices relative to last year for the various livestock categories that we track. Except for mutton, all categories in livestock show an uptrend in positive territory.

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 – MAY 2025

- Figures 4a, 4b, and 4c illustrate monthly growth trends for various meat types relative to the previous year.

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

Source: FNB AgriComms, Own Calculations

Although firming recently, yellow maize prices are still down from the 2025 high of over R4,500/t

- The recent trend in yellow maize (YMAZ) futures shows prices hovering just around R4,000/t despite indications of weather-related yield contraction from earlier estimates. Although maize production is not back at its best levels of over fifteen million tons, the harvest outlook still indicates a better season from last year at 14.6m tons which is 14% higher y/y.
 - YMAZ futures for JUL-25 and SEP-25 have fallen from the 2025 highs by almost 9.6% and 9.5% respectively and slightly lower relative to last month at R4,142/t and R4,228/t (table 2).
- Despite earlier concerns over weather-induced harvest delays and quality issues, the soybeans harvest outlook still shows a solid crop of 2.33m tons which is up by almost 26% y/y with yields above long-term average (10-year) of 1.94 t/ha at 2.02 t/ha.
 - Consequently, soybean futures for JUL-25 and SEP-25 continue to trend on the downside and eased from the 2025 peak by almost 16% and 9.5% respectively at R7,264/t and R7,433/t.

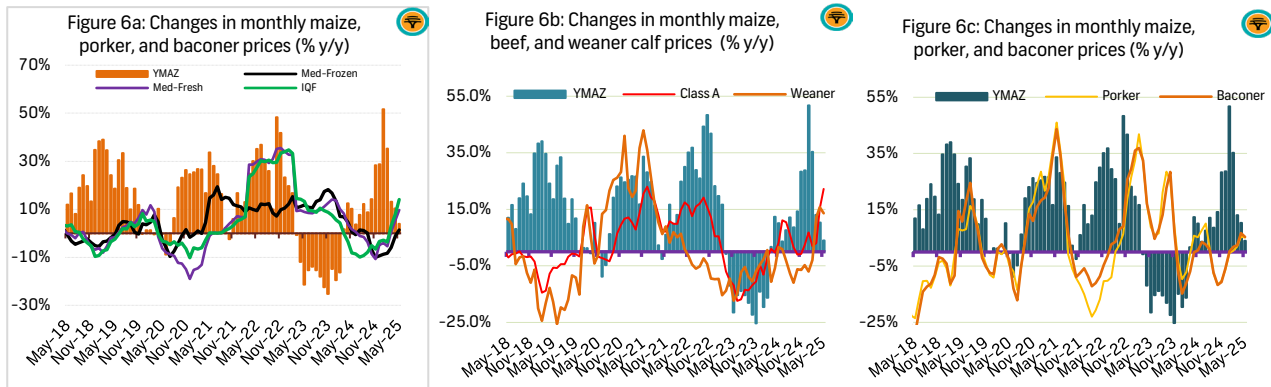
Table 2: Raw feed inputs – Latest price trends in JSE grain and oilseed futures market (R/ton).

02 JUNE 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
Jul-2025	R4,470	1.8%	R4,142	-1.9%	R8,996	-1.7%	R7,264	-5.8%
Sep-2025	R4,557	1.8%	R4,228	-1.9%	R9,215	-1.2%	R7,433	-5.4%
Dec-2025	R4,639	1.3%	R4,308	-2.0%	R9,399	-1.7%	R7,660	-4.8%
Mar-2026	R4,594	1.4%	R4,274	-1.7%	R9,264	-	R7,610	-5.4%
May-2026	-	-	R4,175	-0.7%	-	-	R7,500	-

Source: JSE

- Sunflower is also expected to realize a 15% y/y increase in the 2025 harvest at 63,510 tons and futures are reflecting this volume pressure (table 2).
- 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 5: Monthly changes in maize prices in relation to various meat types- MAY 2025.

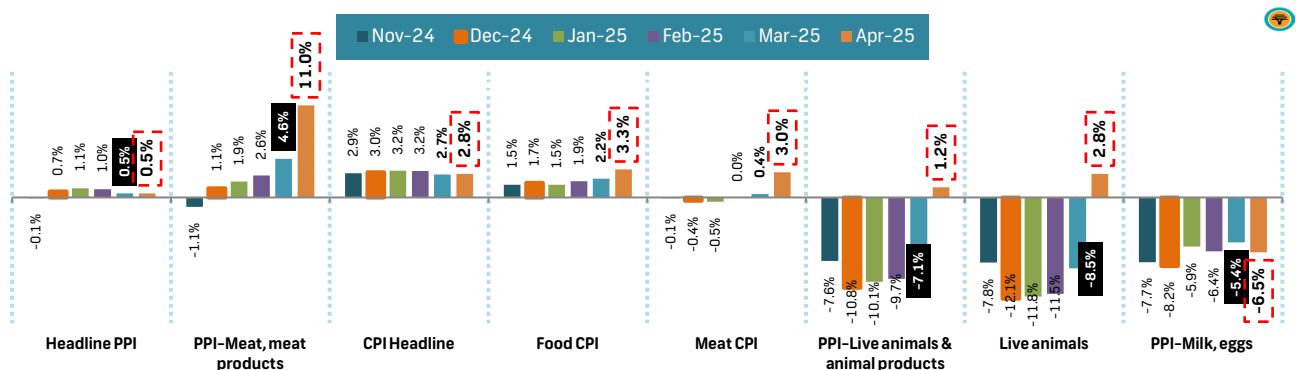


Source: FNB AgriComms, JSE, Own Calculations

Cost pressures lift producer price inflation for “live animals and animal products” early in Q2 of 2025

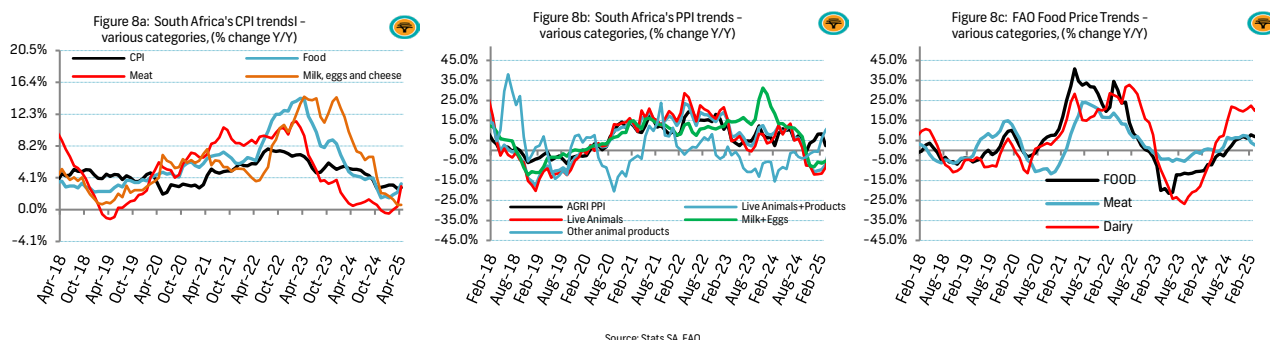
- The latest producer price inflation (PPI) update from Statistics South Africa showed a strong uptick in April 2025 after trending in negative territory for the previous six months. The PPI for “live animals and animal products” jumped 8.3 percentage points (ppts) in April to 1.2% y/y, and monthly rose by 10.1% m/m from 4.5% m/m in March 2025.
- Similarly, the PPI for “live animals” increased sharply by 11.3ppts to 2.8% y/y with a monthly increase of 7.9ppts to 13.1% m/m in April 2025.

Figure 6: South Africa's consumer and producer price index trends (APR 2025, % Δ y/y)

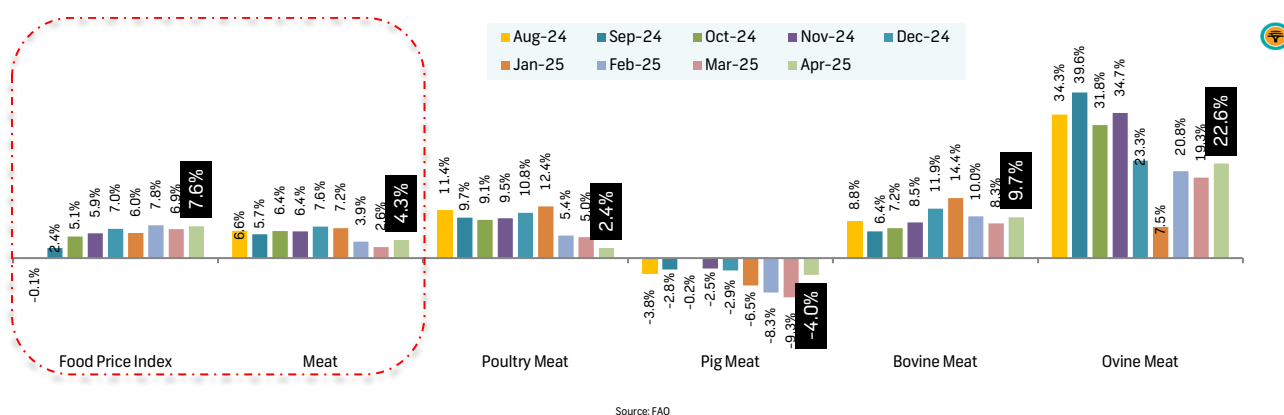


Source: FNB AgriComms

- At consumer level, meat inflation surged by 2.6ppts from March to 3% y/y in April 2025 after trending flat below 1% for past seven months (figure 2). Monthly, meat inflation jumped from -0.3% m/m in March to 2.3% in April 2025 which is the highest level in eighteen months.
- A drilldown into the meat category shows the biggest increase in beef with brisket and chuck both posting the biggest increase of 10.2% y/y followed by rump steak at 8.8% y/y.
- We saw a similarly trend globally with meat inflation lifting by 4.3% y/y and 3.2% m/m in April on the back of gains in the bovine and ovine meat categories while poultry decelerated (figure 2c), according to the Food and Agriculture Organization (FAO).

Figure 7: Detailed SA and global inflation trends for selected product categories (% Δ y/y)

- The FAO global pig meat inflation continues to weigh heavily on the overall meat index with a thirteenth consecutive decrease at -4% y/y for April 2025 (figure 9). However, the monthly pressures stemming from a strong European import demand following the declaration of Germany's FMD free status for resumption of exports boosted quotations.

Figure 8: Global food and meat inflation trends - the FAO APRIL 2025 update (% Δ y/y)

AgroMetrics: Livestock Charts

Figure 9: Beef and sheep meat price trends.

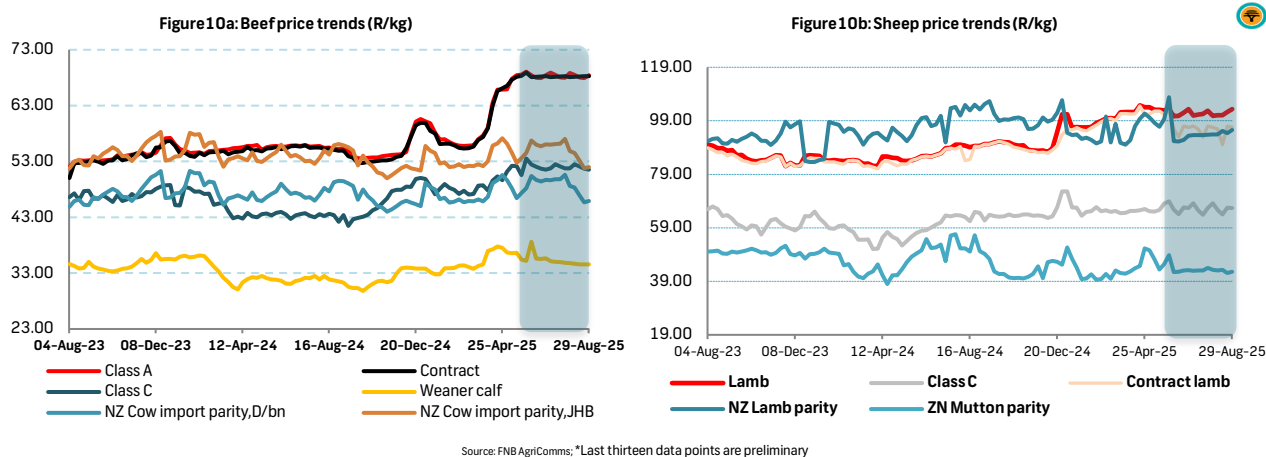
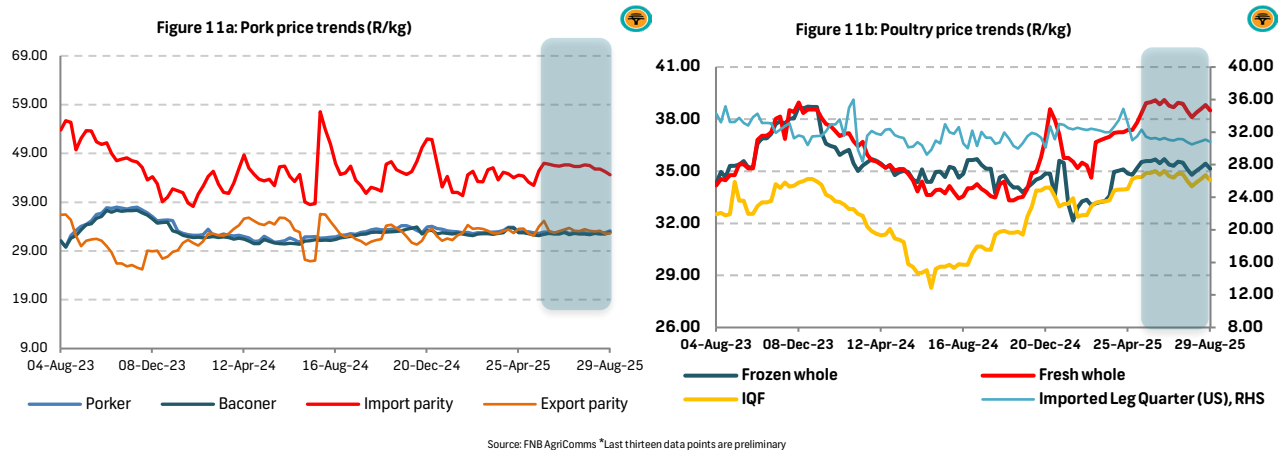


Figure 10: Pork and poultry price trends.



OUTLOOK

- The FMD problem remains an Achilles' heel for the livestock industry from an export perspective. Although a new normal, the situation needs an urgent solution with long term impact given the enormous potential for the industry.
- Similarly, frequent incidences of bird flu globally such as the current case in Brazil and in the US where some of the regions grappled with outbreaks in the recent past.
- Seasonal demand conditions and increased supplies due to weaning pose downside risk to livestock prices in the medium term.
- Indications so far are that feed costs will move modestly lower in the second half of 2025 which augurs for improved producer margins.
- The benign inflation and interest rate outlooks bode well for consumer demand for meat in the medium term.

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