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Livestock and Fibre markets

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UPDATE ON LIVESTOCK MARKETS

Boom! A 50% tariff on Brazil means higher cost of beef products for US consumers

- In a further round of announcements on country-specific tariff decisions, US President Donald Trump slapped Brazil with a 50% import tariff on goods.
- Brazil is the US's fifth largest beef supplier with a share of 14.9% in 2024, and so far ahead of competitors at 26.6% for cumulative Jan-May 2025 volumes after raising exports by 108.9% y/y, according to the USDA's Economic Research Services (ERS) data.
- The tariff decision comes at a time of a tightening domestic supply situation after the US halted livestock imports from its immediate neighbour, Mexico, due to an outbreak of the New World Screwworm (NWS). The screwworm is a flesh-eating pest which attacks livestock and wild animals through wounds wherein worms hatch from eggs laid by parasitic flies.
- With Brazil and Mexico collectively accounting for 27.8% for 2024 and 36.8% of the total US beef imports for the first five months of 2025, it is inevitable that food manufacturers will face higher costs from August 1, 2025, when the higher tariff is activated. Further, other suppliers face a baseline tariff of 10% which exacerbates the cost pressures on food manufacturers. We saw a similar trend with pork with major US suppliers slapped with varying tariffs although Brazil only accounts for just over 6% of the total pork imports.
- The US tariff impact on global food inflation remains uncertain but there is a growing concern over regional spikes. Global Food inflation as measured by the United Nation's Food and Agriculture Organization (FAO) accelerated by 0.1 percentage point (ppt) from May to 5.8% y/y in June 2025. Monthly, FAO food inflation jumped 1.2ppts out of negative territory to 1.5% m/m in June 2025. The FAO meat inflation quickened to 2.1% m/m and a new record of 7.9% y/y on gains across all meats except poultry prices after Brazil regained the HPAI-free (highly pathogenic avian influencer) status and resumed exports.

Table 1: Country shares of US beef and pork imports, and their corresponding US reciprocal tariffs

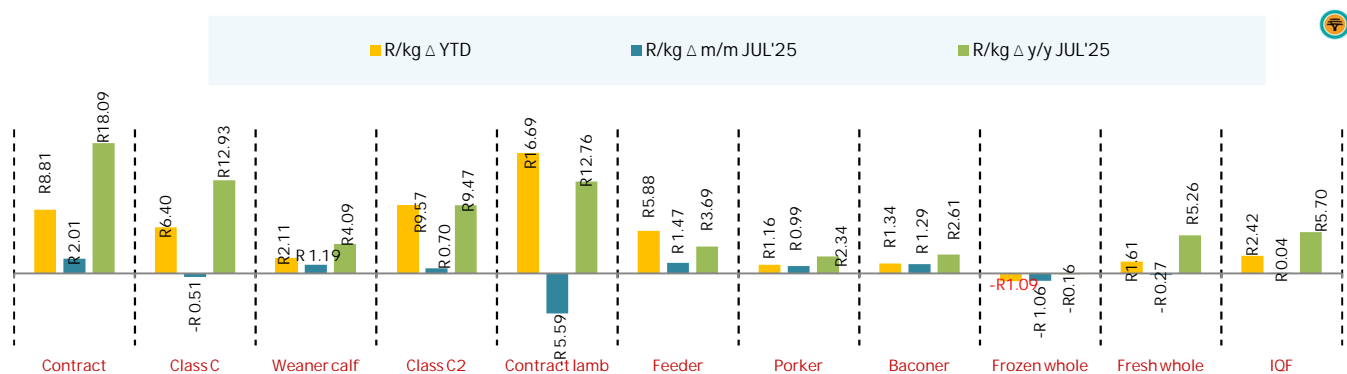
Beef and veal imports (Volumes based on carcass wt. 1,000 pounds)					Pork imports (Volumes based on carcass wt. 1,000 pounds)				
Country	Share %, 2024	Share %, Jan-May 25	% Δ y/y, Jan-May 26	Likely US Tariff from AUG 1, 2025	Country	Share %, 2024	Share %, Jan-May 25	% Δ y/y, Jan-May 26	Likely US Tariff from AUG 1, 2025
Canada	21.9%	15.8%	-9.1%	35%	Canada	61.7%	59.8%	-7.4%	35%
Mexico	12.9%	10.2%	9.1%	30%	Mexico	8.0%	8.2%	-0.7%	30%
Australia	24.1%	19.9%	34.7%	10%	Denmark	6.5%	6.7%	-10.9%	EU-20%
New Zealand	12.1%	11.7%	13.5%	10%	Poland	4.3%	5.2%	14.7%	EU-20%
Brazil	14.9%	26.6%	108.9%	50%	Italy	4.8%	5.2%	9.7%	EU-20%
Uruguay	6.7%	7.0%	46.1%	10%	Brazil	6.2%	6.3%	-11.1%	50%

Source: USDA, ERS

Softer demand and consumer resistance knocked red meat prices early in July 2025

- Our analysis of latest trends in beef prices shows a massive market correction towards mid-July after a sharp rally in the previous two months to record highs. Beef prices accelerated faster into a resistance zone over the past two months with class A and class C carcass prices breaching the R80/kg and R60/kg respectively.
- However, the seasonal downturn in demand amid weak economic conditions exerted downward pressure on prices across the board. The average contract class A beef fell sharply by 20% (-R16.29/kg) from the 2025 high in June to R70.02/kg last week. Nonetheless, the average contract class A beef prices for the first two weeks of July 2025 still surged by 16% m/m and 32% y/y at R73.86/kg (figure 1, table 2).
- The persistent outbreaks of the Foot-and-Mouth Disease (FMD) continues to complicate the price outlook in the medium term. The weaner market is surprisingly firmer with average calf prices for the first two weeks of July 2025 up by 3.4% m/m and 12.8% y/y at R36.06/kg live weight (LW). For the YTD, average weaner calf prices advanced by 6.4% relative to the same period in 2024 despite the FMD-induced pressure on the market.

Figure 1: Changes in average livestock prices (R/kg Δ y/y) – Average for July 2025.



Source: FNB AgriComms

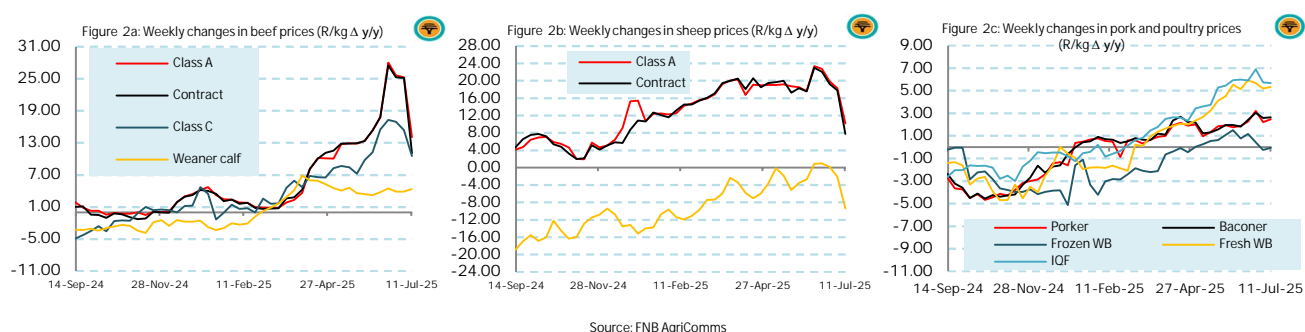
- Sheep:** We saw a similar trend with lamb and mutton which fell by 12% (-R12.65/kg) and 3% (-R2.26/kg) to R96.11/kg and R69.63/kg respectively from the June 2025 peak in last week's trade. Average contract class A lamb prices for the first two weeks of July 2025 were down by 5% m/m but still 15% higher y/y at R100.32/kg. However, the July 2025 average showed mutton on the upside by at R71.81/kg which is up 1% m/m and 15% higher y/y.
- Pork:** This market however bucked the trend with gains across the board due to its improved competitiveness in the meat complex. Pork and baconer prices continued trade at a huge discount over other red meat types with the average for July 2025 so far up by 3% and 4% respectively relative to the June levels and were 7.3% and 8.4% higher y/y.
- Poultry** however showed a mixed trend with the whole bird category (frozen and fresh) easing slightly from the June levels while individually quick-frozen (IQF) portions were a bit firmer. Indications so far are that the supply and demand situation is balanced heading into mid-month thus limiting further downside.
- On the import front, the impact of the earlier ban on Brazilian imports is yet to be reflected as data is released with a lag of two months. Chicken imports for the first five months of 2025 fell by 17.6% y/y to 146,300 tons with Brazil being the major supplier of poultry (88.4% share) at 129,343 tons but still down by 13.4% y/y, according to the SARS data.

Table 2: Average livestock prices (R/kg, & R/kg LW) – first 2 weeks of July 2025.

Prices, R/kg Avg. first 2 weeks	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 - JUL'24	55.78	43.64	31.97	62.34	87.56	41.77	31.86	31.06	34.97	33.93	29.44
R/kg - JUN'25	71.86	57.08	34.87	71.11	105.91	44.00	33.21	32.38	35.87	39.45	35.10
R/kg - JUL'25	73.86	56.57	36.06	71.81	100.32	45.46	34.20	33.67	34.81	39.19	35.14

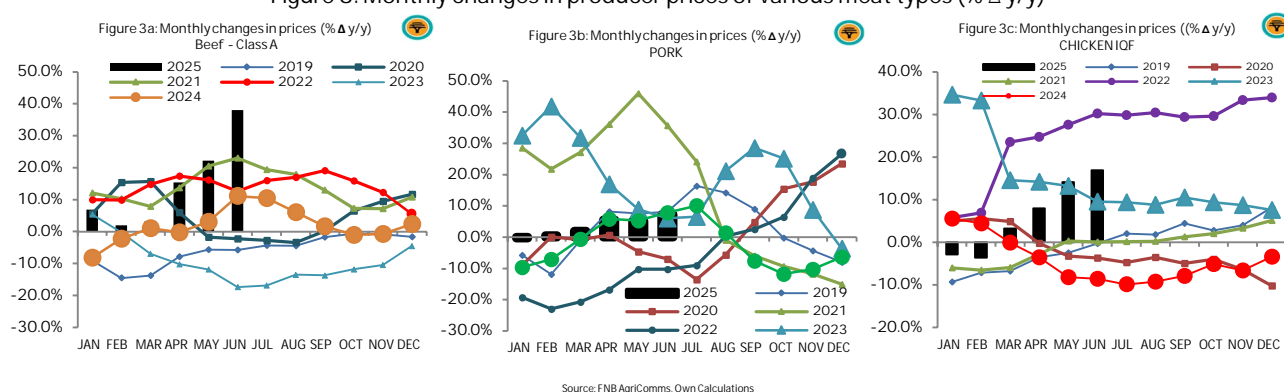
Source: FNB AgriComms

- Recent changes in weekly meat prices are reflected in figure 2.

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

Annual growth trends for producer prices of various meat types – June 2025

- Figures 3a, 3b, and 3c illustrate monthly growth trends for various meat types relative to the previous year.

Figure 3: Monthly changes in producer prices of various meat types (% Δ y/y)

Potential upside for feed costs as near-term maize futures inched higher in July 2025

- The recent trend in maize futures show a slight uptick relative to the previous month due to harvest delays and downgrades.
- Yellow maize (YMAZ), a proxy for feed cost determination, saw the Sep-25 and Dec-25 futures closing almost 9% and 3% higher respectively relative to last month's levels at R4,381/ ton and R4,504/ ton (table 3).
- However, the oilseed complex saw downside surprises with sunflower and soybeans for Sep-25 delivery falling by 1.4% and 2.6% respectively from last month at R9,594/t and R7,289/t.
- With the harvest outlook still showing a solid crop of 2.33m tons, up by almost 26% y/y, we can expect further downside in soybean prices in the medium term.

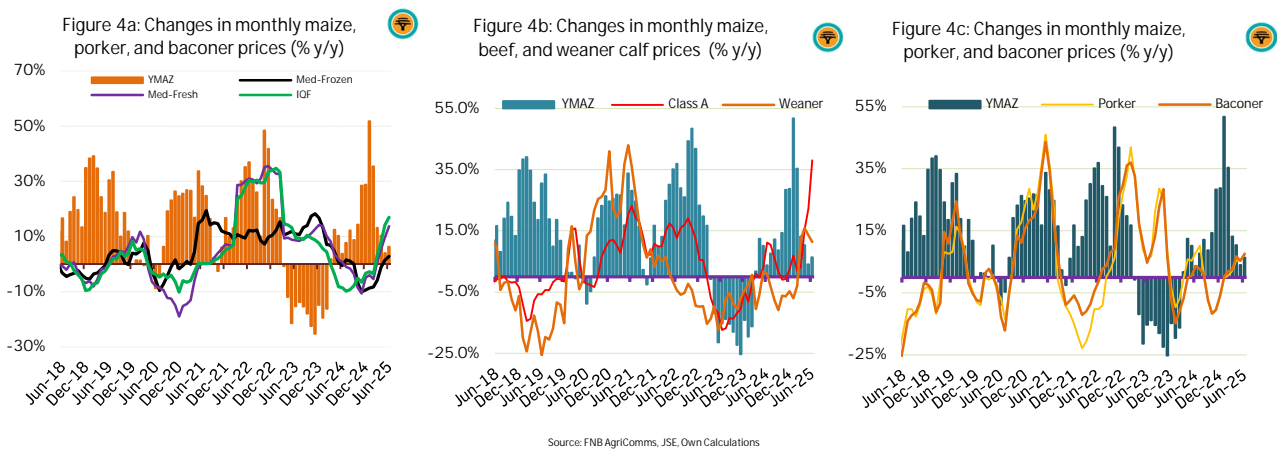
Table 3: Raw feed inputs - Latest price trends in JSE grain and oilseed futures market (R/ton).

16 JULY 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
Sep-2025	R5 086	8.9%	R4 381	2.9%	R9 594	-1.4%	R7 289	-2.6%
Dec-2025	R5 155	8.3%	R4 504	3.8%	R9 780	-1.2%	R7 460	-2.7%
Mar-2026	R5 075	8.0%	R4 451	3.6%	R9 600	0.7%	R7 503	-2.6%
May-2026	-	-	R4 180	1.0%	-	-	R7 400	-0.7%
Jul-2026	R4 455	5.3%	R4 200	4.2%	-	-	R7 530	-

Source: JSE

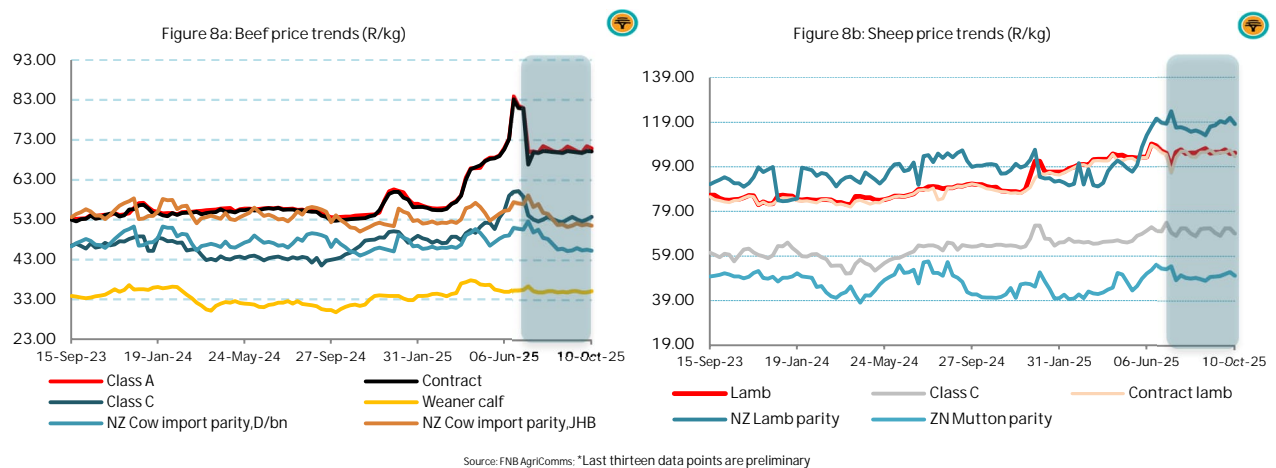
- Similarly, the sharp rebound of 15% y/y to 63,510 tons in sunflower harvest poses downside risk to prices in the medium term. Sunflower for Dec-25 delivery is already down by just over 1% on the June levels.
- Figure 4 (a, b, and c) illustrates the monthly changes in prices of various meat types and that of yellow maize. Annual growth in prices of maize has slowed while meats advanced in June 2025. This is a positive development for profit margin growth if sustained.

Figure 4: Monthly changes in maize prices in relation to various meat types- MAY 2025.



AgroMetrics: Livestock Charts

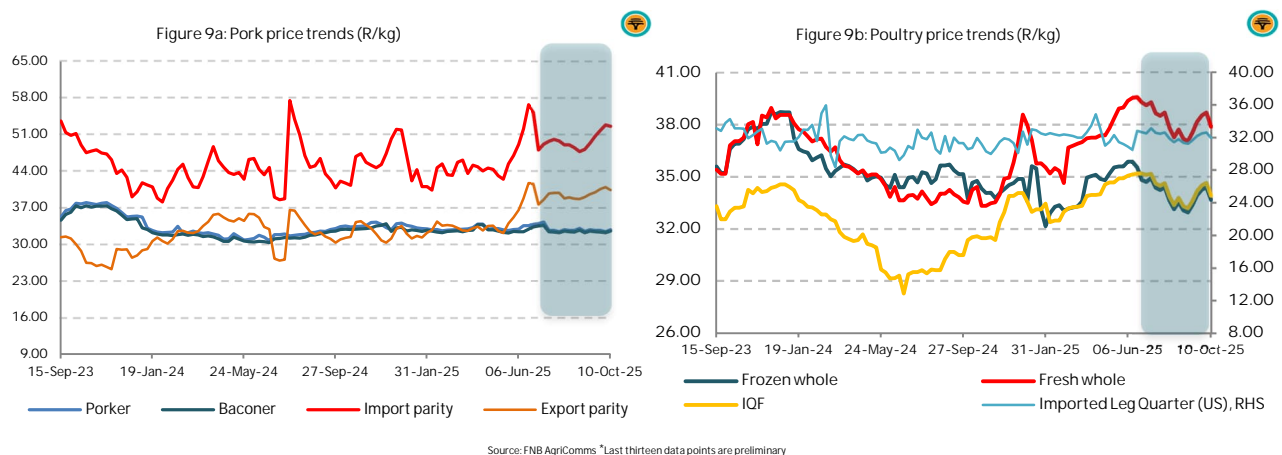
Figure 5: Beef and sheep meat price trends.



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Figure 6: Pork and poultry price trends.



OUTLOOK

- FMD remains an Achilles' heel for the livestock industry from an export perspective. A further outbreak was recently detected on a commercial farm in the Mqohaka Local Municipality of the Free State Province. This brought the total FMD outbreaks in the five provinces of the country to 270 cases which further complicates the domestic supply dynamics.
- The renewed surge in maize prices poses upside risk to livestock feed costs in the short term.
- The benign inflation and interest rate outlooks bode well for consumer demand for meat as we head into the warmer months in the next two months.

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