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Livestock and Fibre markets

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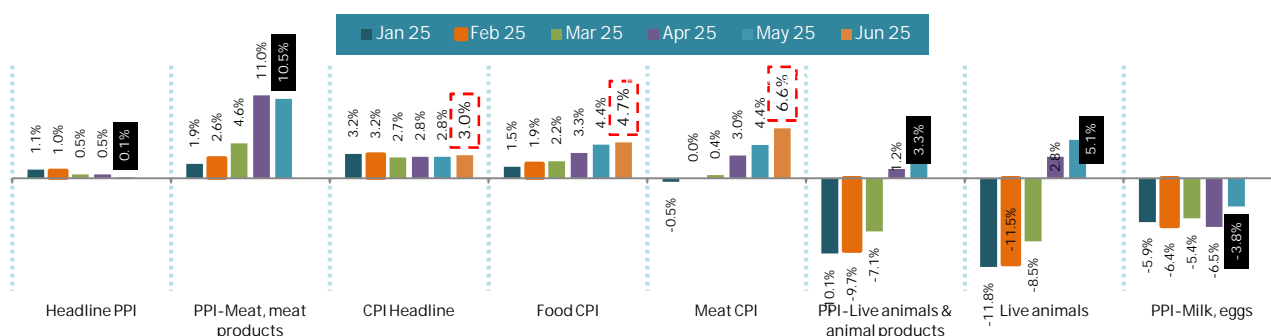
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UPDATE ON LIVESTOCK MARKETS

Meat chokes food inflation further to a 15-month high of 4.7% y/y in June 2025

- Meat was the biggest driver of food inflation after surging to a 25-month high of 6.6% y/y and monthly up by 2.2% m/m in June 2025 (figure 1).
- The disease-induced supply constraints underpinned the upswing in meat prices in the past three months.
- The foot and-mouth (FMD) disease outbreak created a short supply crunch due to the inability to slaughter livestock mainly cattle, while the earlier ban on Brazilian chicken imports due to bird flu outbreak caused panic in the market as it is the major source of mechanically deboned meat (MDM) which is used in manufacturing of products such as polony, etc. SA is a net importer of MDM due to lack of domestic capacity.
- Nonetheless, South Africa has since partially lifted the Brazilian chicken import ban which should ease pressure on prices in the medium term. While the FMD situation remains sticky with new outbreaks reported in the Free State and persisting in KZN, recent developments are that slaughtering has resumed in major feedlots with producer prices already "off the boil" early in July 2025.
- South Africa's food inflation edged higher to 3% y/y in June 2025 relative to May's 2.8% y/y underpinned by gain in the core items and food and non-alcoholic beverages (FNAB) but still came below expectations of a 3.1% spike.
- Our analysis of the FNAB shows a 0.3 percentage point jump from the May level to 5.1% y/y in June. The food sub-index rose by the same margin from the previous month to 4.7% y/y choked by meat. However, monthly, food inflation slowed from 1.2% m/m in May to 0.7% m/m in June 2025 led by the fruits and nuts subcategory which decline for the fourth consecutive month to -2.4% m/m.

Figure 1: South Africa's consumer and producer price index trends (% Δ y/y)



Source: FNB AgriComms

- A drill-down into the red meat data shows massive spikes in annual consumer prices of beef chuck (+20.3% y/y, or +R21.96/kg y/y), stewing beef (22.5% y/y, or +R21.67/kg y/y), beef rump steak (+20.9% y/y, or +R33.59/kg y/y), and beef T-bone (+15.5% y/y, or +R20.37/kg y/y) (table 1).
- Although riding on the back of higher beef, the pig meat category was mixed with modest gains for pork chops (+3.3% y/y, or +R2.98/kg y/y), pork ribs (+5.6% y/y, or R5.44/kg y/y), and bacon (+6.1% y/y, or +R2.48/kg y/y), while pork fillet fell by 1.9% y/y (-R2.02/kg y/y).
- Lamb and mutton saw strong gains of 9% to 10.5% y/y across most cuts (table 1) except offal which fell by 2.2% y/y (-R1.46/kg y/y).

Table 1: Meat price changes by selected cuts per red meat type in South Africa

MAY 2024	Beef mince	Beef chuck	Stewing beef	Beef rump steak	Beef T-bone stake	Pork chops	Pork ribs	Pork fillet	Mutton/Lambrib chop	Mutton/Lamb loin chop	Beef offal	Mutton/Lamb offal
R/kg	R158.43	R129.99	R118.02	R194.09	R151.61	R93.88	R102.31	R105.81	R208.00	R213.95	R54.77	R65.16
% Δ m/m	-0.6%	6.8%	7.2%	5.5%	6.0%	1.3%	-0.2%	-0.2%	-0.2%	0.8%	2.9%	4.2%
R/kg Δ m/m	-R0.89	R8.29	R7.95	R10.11	R8.62	R1.25	-R0.22	-R0.25	-R0.41	R1.79	R1.54	R2.64
% Δ y/y	-	20.3%	22.5%	20.9%	15.5%	3.3%	5.6%	-1.9%	9.8%	10.0%	7.3%	-2.2%
R/kg Δ y/y	R158.43	R21.96	R21.67	R33.59	R20.37	R2.98	R5.44	-R2.02	R18.59	R19.47	R3.73	-R1.46
YTD-% Δ y/y	-	6.1%	5.1%	8.1%	5.6%	1.5%	0.9%	-2.3%	6.2%	7.1%	4.3%	-0.2%
YTD-R/kg Δ y/y	-	R6.66	R5.04	R13.02	R7.28	R1.32	R0.92	-R2.52	R11.98	R13.98	R2.15	-R0.13

Source: StatsSA

- Chicken was also mixed with seasonal downturn for fresh whole birds (-3.9% y/y, or -R2.54/kg y/y), while the rest of other categories were mostly higher relative to the June 2024 levels (table 2).

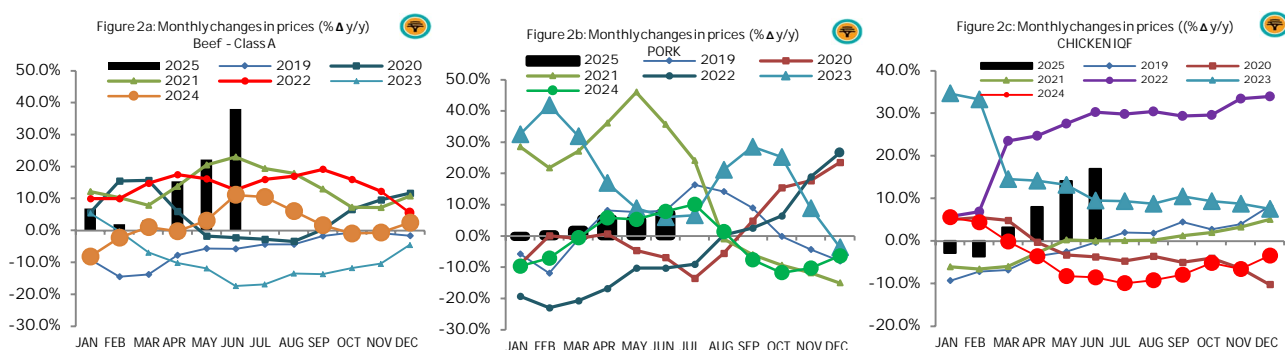
Table 2: Meat price changes by selected cuts for poultry in South Africa

MAY 2024	Whole Chicken - Fresh	Chicken Portions - Fresh	Chicken Portions - Frozen (non IQF)	I QF Chicken portions	Chicken Giblets
R/kg	R61.97	R83.16	R67.48	R96.38	R46.64
% Δ m/m	-2.3%	0.9%	0.1%	0.0%	1.1%
R/kg Δ m/m	-R1.44	R0.75	R0.10	R0.01	R0.53
% Δ y/y	-3.9%	1.5%	1.0%	2.6%	-2.5%
R/kg Δ y/y	-R2.54	R1.26	R0.65	R2.42	-R1.18
YTD-% Δ y/y	-3.5%	0.2%	1.2%	2.8%	-2.0%
YTD-R/kg Δ y/y	-R2.26	R0.15	R0.80	R2.66	-R0.97

Source: StatsSA

Annual growth trends of various meat types at producer level – June 2025

- Figures 2a, 2b, and 2c illustrate monthly growth trends for various meat types relative to the previous year.
- The foot-and-mouth disease (FMD) had a bigger impact on beef as slaughter rates faltered creating a short-term supply crunch on the market.
- Chicken comes in third with average IQF annual price growth ahead of the previous two years for June, while that of pork was almost on par with the 2024 and 2023 levels.

Figure 2: Monthly changes in producer prices of various meat types (% Δ y/y)

Source: FNB AgriComms, Own Calculations

OUTLOOK

- In terms of the food inflation outlook, downside risks include a persistent rand exchange rate appreciation, weak international crude oil prices, the bulging global grains stocks outlook (+586 million tons) and its consequent downside pressure on prices, as well as the potential recovery in livestock slaughter rates if the FMD situation dissipates further.

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