



**Livestock and Meat Advisory Council**

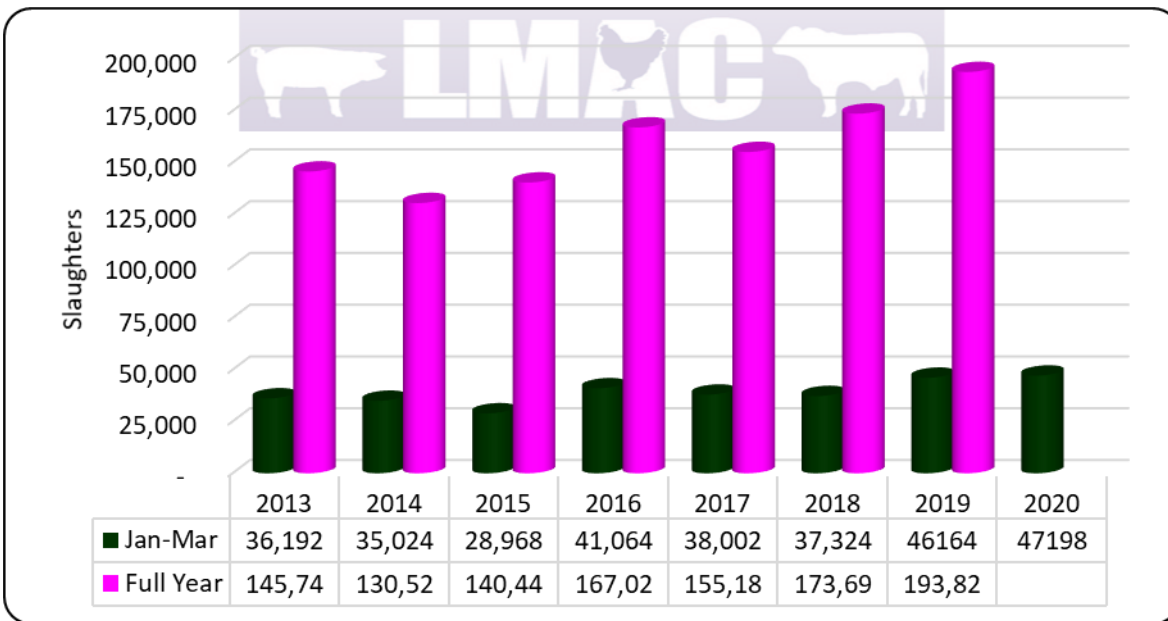
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**Market Watch: First Quarter 2020**

**Pork Sector**

Cumulative pig slaughters for the first quarter of 2020 were 47,198 head, 2% higher than the corresponding period in 2019 and 26% greater than in 2018.

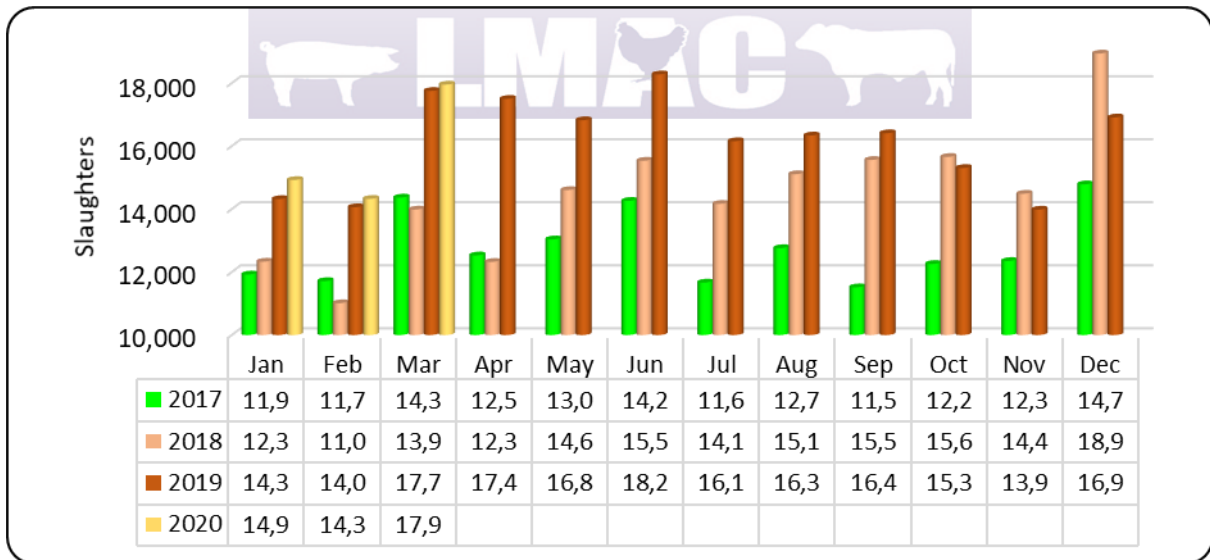
The slaughters were the highest for any first quarter period since 2013, possibly due to an increased offtake in large-scale sector that is compensating for the reduction taking place in the small-scale sector. This segment is the most vulnerable from the effects of a declining and volatile economy, where supply bottlenecks of raw materials are routinely experienced. This has resulted in escalating cost structures that producers have been unable to pass onto the consumer whose disposable incomes have been severely eroded by inflation.



**Pig Slaughters, 2013 – March 2020**

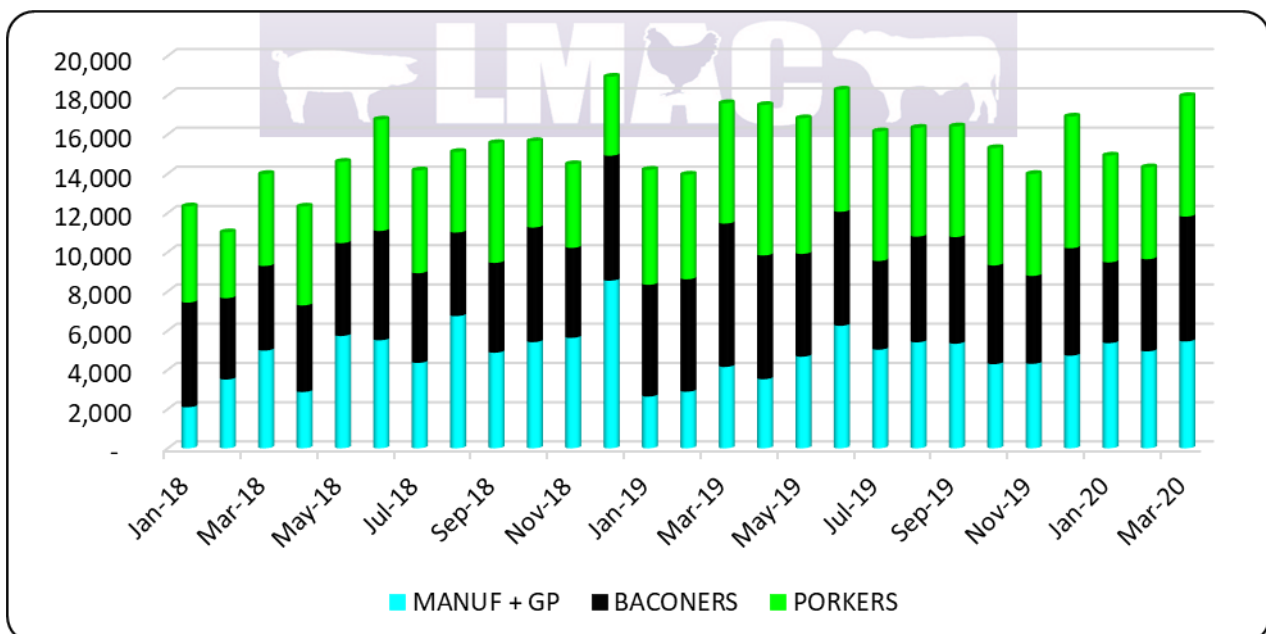


The slaughters in March were the highest for the three months under review at 17,953 head. This is also the third highest slaughter figure after December 2018 and June 2019.



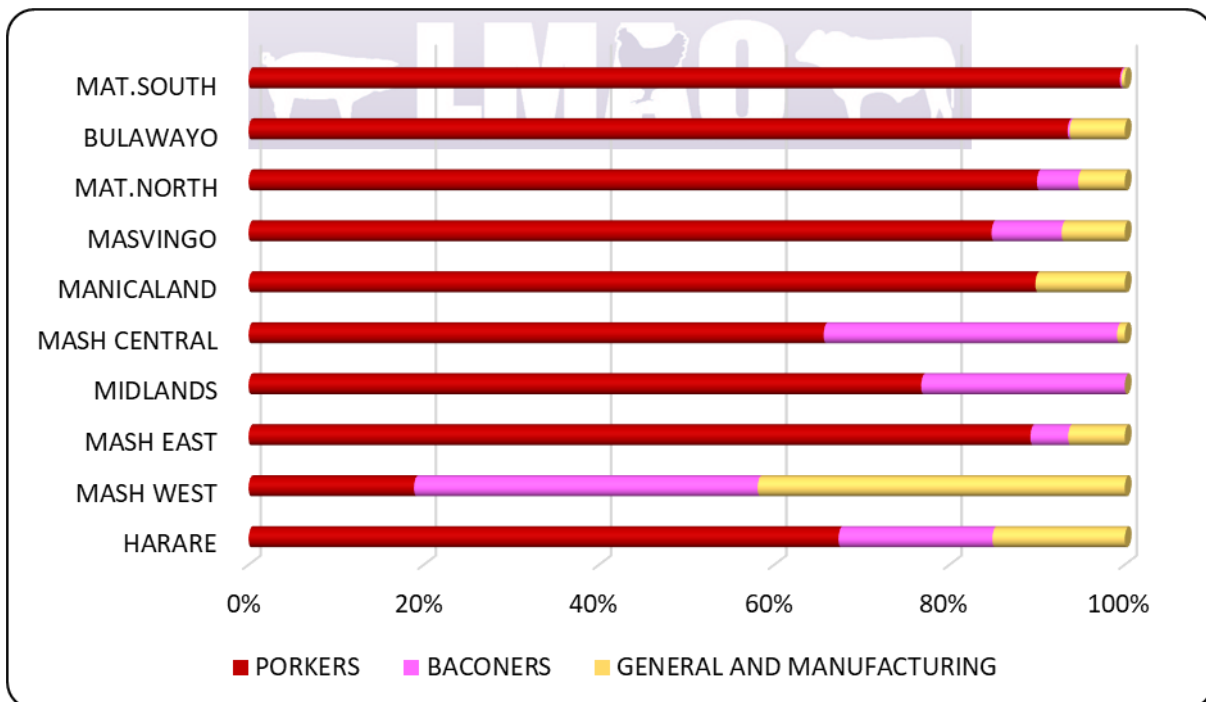
**Monthly Pig Slaughters, 2015 – March 2020**

The graph below illustrates the monthly breakdown by grade since January 2018. January and February 2020 had the highest Manufacturing and General Purpose composition at 36 and 34% respectively while in March, Baconers dominated the composition at 35%.



**Monthly Pig Slaughters by Grade, 2018 to March 2020**

The dominance of Porkers and Baconers grades in all the provinces with exception of Mashonaland West suggest that destocking of breeding stock has stabilised. Problems securing raw materials for stockfeed and other support services compound challenges faced by smaller sized pig producers continue.



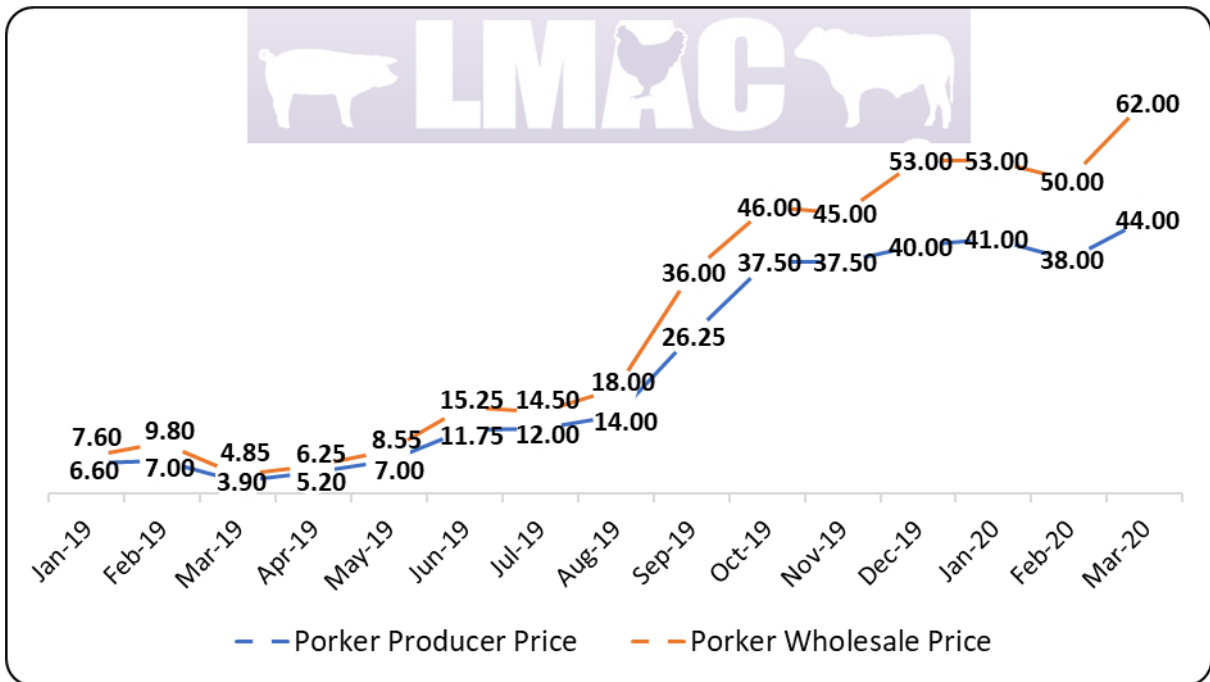
**Proportionate Provincial Slaughters by Grade, January – March 2020**

Pig producer and wholesale prices for the first quarter have shown modest increases when compared with the general cost environment that has registered significant upward price pressures.

Producer prices rose by only 10% in the first quarter of 2020 while wholesale prices rose by 17%. Price competition from other animal proteins, particularly poultry, and other substitutes such as eggs have put downward pressure on pork prices which has also been exacerbated by the reduced purchasing power of the consumer.

Because of the low producer prices, some producers have sought a direct route to the market, although reports suggest the results of these efforts have been mixed.

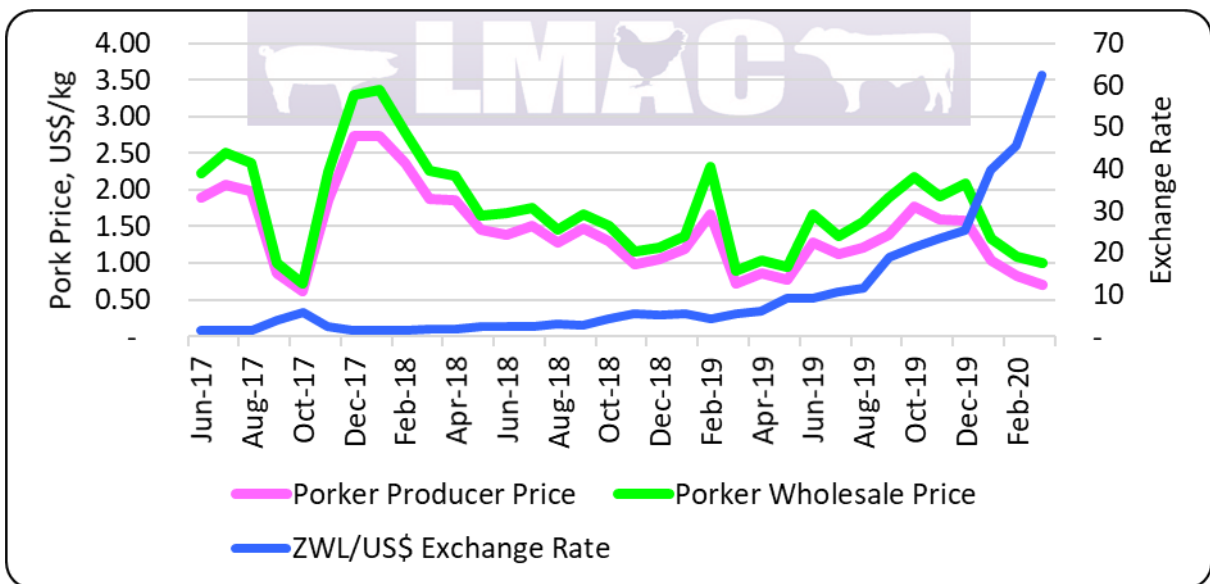
The announcement of a lockdown in response to the COVID-19 pandemic is expected to negatively affect the demand for pork due to movements restrictions.



**Porker Producer and Wholesale Prices ZWL/kg, 2019 to March 2020**

In real terms, the pork producer and wholesale prices declined from January through to March 2020 using the Old Mutual Implied rate.

The producer price declined by 55% in the first quarter from USD 1.57 to 0.71/kg. The wholesale did not fare much better as the price declined by 52% from USD 2.09 to 1.00. Producers are now under significant pressure and new entrants into the sector have been discouraged as profit margins have been eroded, driven by an uncertain and volatile macro-economic environment.



**Pig Producer and Wholesale Prices, USD/kg, June 2017 to March 2020**