



Agri Trends: Livestock and Hide Report

Botswana lifts ban on the export of live cattle from South Africa

Beef: The international beef market traded positively last week. New Zealand's beef exports in July were higher than a year ago, owing to higher production levels in July than last year, with North America and the Pacific driving the increased export demand. Average Class A prices decreased 0.47% to R43.79/kg in the local market last week, while Class C prices increased a marginal 0.2% to R39.24/kg week on week.

Mutton: New Zealand's lamb exports in July increased compared with a year ago. With increased inspections at Chinese ports, the export market in New Zealand aims to shift its focus away from China and divert chilled products to other markets. The national average Class A carcass lamb price increased 0.9% to R88.77/kg, while the average Class C carcass price dropped slightly by 0.2% to R62.79/kg in the local sheep meat market this week.

Pork: The US pork carcass price rose 2.5% in the international pork market compared to the previous week. The futures price of lean hogs on the CME strengthened this week as the slaughtering pace recovered to pre-pandemic levels. In the local market this week, the average price of porker decreased 3.7% to R24.73/kg, while the average price of baconer rose 1% to R25.06/kg.

Poultry: According to USDA data, China is expected to produce a record amount of poultry meat in 2020. This has boosted prices of key feed grains, such as corn and soybeans, while putting pressure on global poultry prices. Consumer confidence in imported food products took a hit last week, as chicken wings imported from Brazil to China tested positive for the Coronavirus. Local poultry producers are still facing issues with a lower live bird mass, which in turn has resulted in higher plant costs. However, producers are hopeful that this issue will be rectified in the next week.

Hides: The average price of hide increased 6.1% to R0.61/kg from last week. The current price is 10.7% lower than the price a month ago and 61.3% lower than the price a year ago.

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Agri Trends

Beef Market Trends

International Beef Market

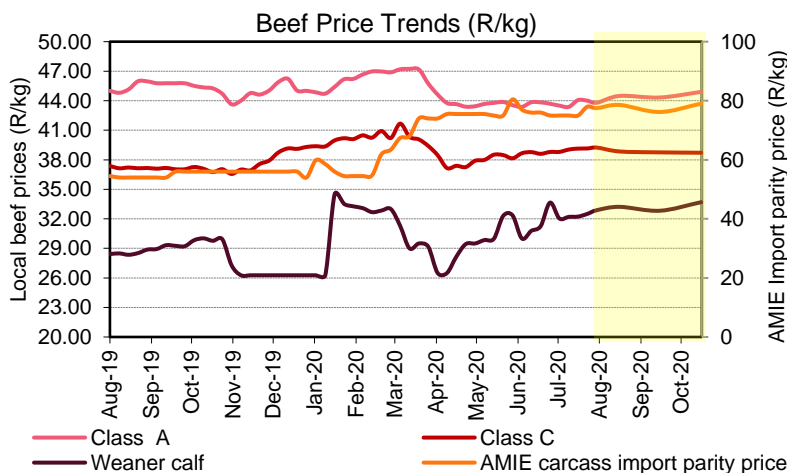
The international beef market traded positively last week. Prices of topside and striploin increased 1% and 0.9%, respectively. Prices of rump and brisket both increased by 3.4% week on week, while the price of chuck rose 4.0% compared with prices a week ago. New Zealand's beef exports in July were higher than a year ago, owing to higher production levels in July than last year, with North America and the Pacific driving the increased export demand. The beef export market relies heavily on the US market, specifically for manufacturing beef exports. In July, fewer New Zealand beef exports were heading for the North Asian market, which may signal some price sensitivity in this market.

	US Beef Topside USD/cwt	US Beef Rump USD/cwt	US Striploin USD/cwt	US Beef Chuck USD/cwt	US Brisket USD/cwt	US Beef Carcass Equivalent USD/cwt	NZ Steer NZc/kg	NZ Cows NZc/kg
Price	218.00	299.88	560.00	209.06	204.79	266.60	542.00	406.00
w/w	1.0%	3.4%	0.9%	4.0%	3.4%	2.5%	1.1%	0.7%
m/m	6.3%	13.6%	-5.2%	8.9%	-2.0%	0.3%	3.8%	4.4%
y/y	-1.1%	3.1%	-1.6%	-2.8%	-20.6%	-11.2%	-8.8%	-7.9%

Local Beef Market

Average Class A prices decreased 0.47% to R43.79/kg in the local market last week, while Class C prices increased a marginal 0.2% to R39.24/kg week on week. Weaner calf prices rose 1.1% week on week, with the current weaner price 15.7% higher than a year ago. On 18 August 2020, the Department of Agriculture, Land Reform and Rural Development announced the lifting of the quarantine on nine properties in Limpopo, which were still under quarantine from the Foot and Mouth Disease outbreak since November 2019; 10 properties in Limpopo remain under quarantine. Botswana has lifted the ban on the export of live cattle from South Africa, with the export conditions revised and a health certificate agreed upon; this is positive news for the beef market.

	R/USD	R/NZD	Class A (R/kg)	Class C (R/kg)	Beef Contract Price (includes hides) (R/kg)	Weaner Calf (R/kg)	NZ Cows Carcass Equivalent 0-1 mm (R/kg)	AMIE Carcass Import Parity Price for Beef Trimmings (R/kg)
Price	17.55	11.53	43.79	39.24	43.87	32.88	81.53	77.50
w/w	1.0%	0.4%	-0.47%	0.2%	-0.5%	1.1%	1.2%	-0.6%
m/m	4.9%	5.4%	0.7%	1.1%	0.7%	2.6%	9.6%	3.3%
y/y	14.7%	17.1%	-2.7%	5.0%	-2.9%	15.7%	7.8%	42.2%



Outlook

Both global and local beef prices are expected to increase going forward, as sit-down and takeaway restaurants reopen, given the easing of Covid-19 lockdown restrictions, resulting in improved demand levels.

*Last 3 points 3 months forecast

Sheep Market Trends

International Sheep Meat Market

The price of lamb in New Zealand remained the same as the previous week at NZD7.13/kg, while the price of ewes increased 1.1% week on week. The price of mutton ribs also remained the same this week; however, the price of mutton shoulders increased 2.7% compared to a week ago. New Zealand lamb exports in July increased y/y. With exports higher than production, exporters are expected to clear out inventory ahead of the new season. Given increased inspections at Chinese ports, the export market in New Zealand aims to shift its focus away from China and divert chilled products to other markets. In July, China's share of New Zealand's lamb exports dropped 8% to 47%, with the EU and North America picking up.

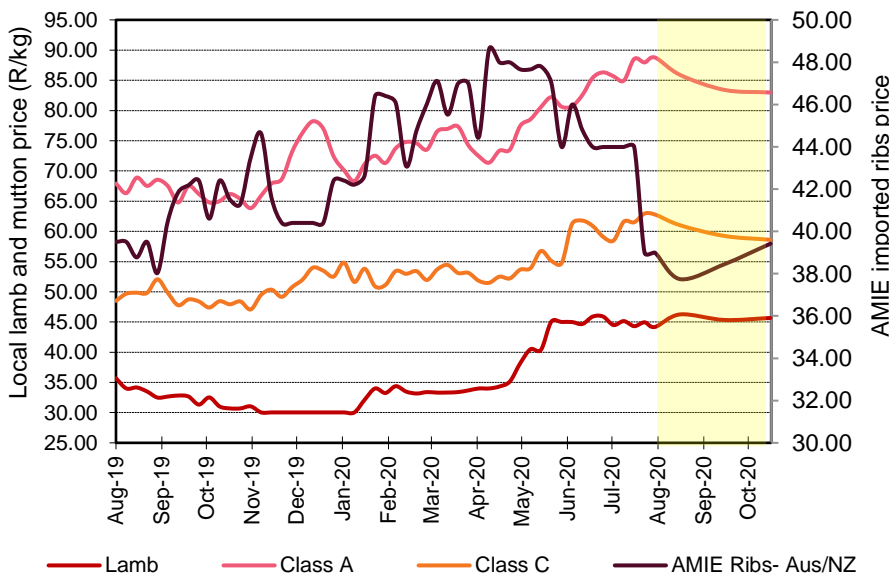
	NZ Lamb Price (NZD/kg)	NZ Ewe Price (NZD/kg)	Import Parity NZ Lamb (R/kg)	Import Parity NZ Ewe (R/kg)	NZ Mutton Ribs (R/kg)	NZ Mutton Shoulders (R/kg)
Price	7.13	4.80	90.53	65.17	38.99	77.00
w/w	0.0%	1.1%	0.4%	1.3%	0.0%	2.7%
m/m	1.9%	1.5%	7.2%	6.2%	-11.4%	6.9%
y/y	-12.8%	-11.9%	2.6%	3.7%	-1.3%	12.4%

Local Sheep Meat Market

The national average Class A carcass lamb price increased 0.9% to R88.77/kg and the average Class C carcass price dropped slightly by 0.2% to R62.79/kg in the local sheep meat market this week. Prices of merino skin and dorper skin were up 2.5% and 6.7% to R43.57/skin and R28.57/skin, respectively, week on week. However, prices of dorper skin and merino skin were 19% and 21.16% lower than a year ago.

	R/NZD	Class A (R/kg)	Class C (R/kg)	Feeder Lamb (R/kg)	Dorper Skin (R/skin)	Slaughtering
Price	11.53	88.77	62.79	44.18	28.57	9132
w/w	0.4%	0.9%	-0.2%	-1.7%	6.7%	13.3%
m/m	5.4%	3.6%	7.4%	-0.7%	-0.9%	62.5%
y/y	17.1%	30.7%	29.5%	23.8%	19.0%	-19.5%

Lamb and Mutton Price Trends (R/kg)



*Last 3 points 3 months forecast

Outlook

Diversity in New Zealand's market, as well as exporters clearing out inventory, are both positive steps towards a market recovery. Global lamb and mutton prices are expected to be fairly stable.

Local lamb and mutton prices are expected to trade sideways to lower, in line with seasonality. The market has witnessed increased demand, as sit-down and takeaway restaurants reopen, as the easing of lockdown restrictions supports prices.

Pork Market Trends

International Pork Market

The US pork carcass price increased 2.5% in the international pork market compared to the previous week. The price of US pork loins and ribs rose 2.1% and 3.9%, respectively, this week, while the price of US ham declined 7.4%. The import parity price of pork ribs were up 4.3%; however, the import parity price of ham declined 4.3% week on week. The futures price of lean hogs on the CME strengthened this week, as the slaughtering pace recovered to pre-pandemic levels. According to Reuters, China auctioned a further 10,000 tonnes of frozen pork from its state reserves on 21 August, following the auction of 10,000 tonnes that took place on 14 August 2020. China has sold approximately 500,000 tonnes of pork from its state reserves in 2020.

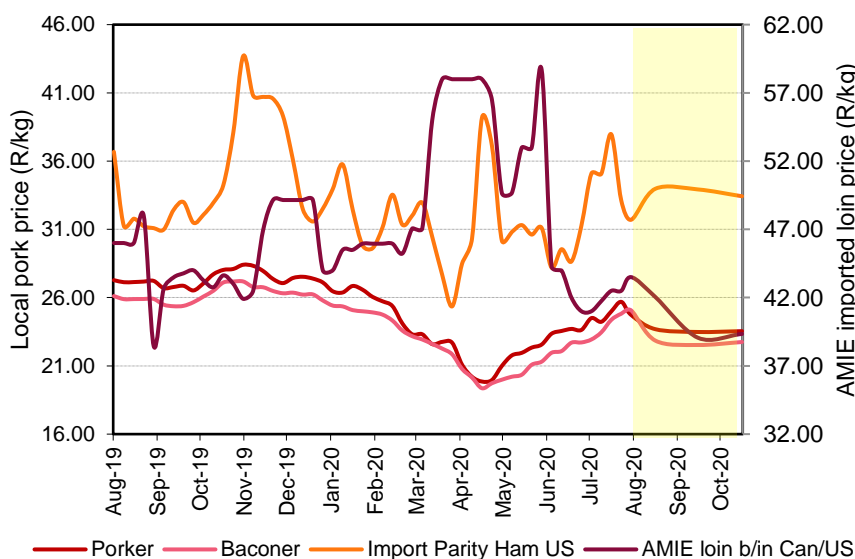
	US Pork Carcass Price (USD/cwt)	US Loin (USD/cwt)	US Rib (USD/cwt)	US Ham (USD/cwt)	US Import Parity Rib (R/kg)	US Import Parity Ham (R/kg)
Price	68.51	69.49	120.27	49.14	64.21	31.71
w/w	2.5%	2.1%	3.9%	-7.4%	4.3%	-4.3%
m/m	0.9%	4.8%	5.4%	-19.0%	9.7%	-9.6%
y/y	-20.4%	-5.4%	9.4%	-30.5%	22.1%	-13.6%

Local Pork Market

The number of pigs slaughtered this week, as reported by the RMAA, declined 1.8% compared to the previous week. The average price of porker decreased 3.7% to R24.73/kg, while the average price of baconer rose 1.0% to R25.06/kg week on week. The average price increased 3.9% to R25.33/kg for cutters, 1.5% to R23.52/kg for heavy baconer and 2.8% to R18.85/kg for sausage from last week. Pork remains a cheaper protein alternative for consumers during this economically tough time.

	R/USD	RMAA Slaughter Nr	Contract Average (R/kg)	Porker (R/kg)	Baconer (R/kg)	AMIE Loin (R/kg)
Price	17.55	28915	24.90	24.73	25.06	43.50
w/w	1.0%	-1.8%	-1.4%	-3.7%	1.0%	2.4%
m/m	4.9%	0.0%	5.0%	0.9%	9.3%	6.1%
y/y	14.7%	5.9%	-6.7%	-9.3%	-4.0%	-5.4%

Pork Price Trends (R/kg)



*Last 3 points 3 months forecast

Outlook

Global pork prices are expected to trade sideways to higher, as demand picks up due to the easing of lockdown restrictions.

Local pork prices are expected to increase, as the lockdown restrictions are eased and restaurant dining is permitted. Pork remains among the cheaper protein alternatives available on the shelves, which usually increases consumer uptake.

Poultry Market Trends

International Poultry Market

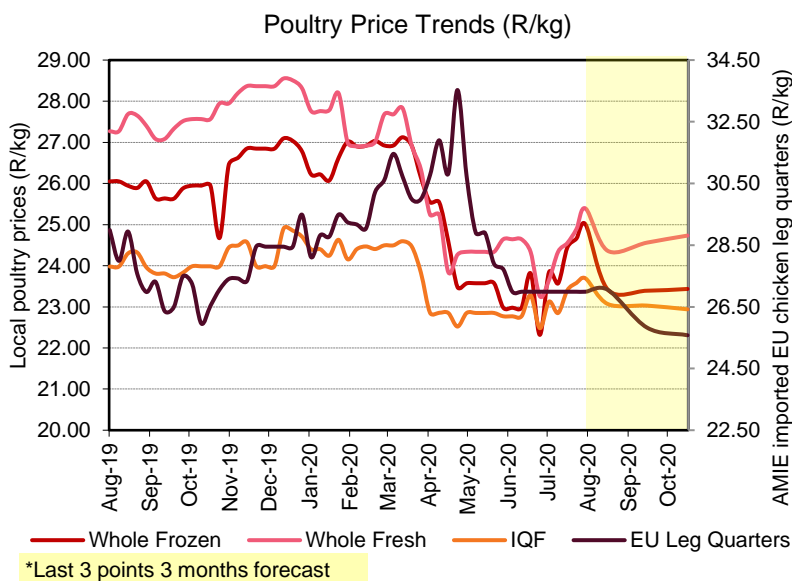
The price of US whole birds decreased 1.3%, while the price of US chicken breasts dropped 11.5% compared with last week. Prices of US whole birds were 19.4% lower, while prices of US chicken breasts were 7.0% higher than prices a year ago. The price of fresh and frozen MDM increased 1.8% and 1.4%, respectively, week on week. The price of US leg quarters rose 0.6%, while the price of EU leg quarters remained unchanged week on week. According to USDA data, China is expected to produce a record amount of poultry meat in 2020. This has boosted prices of key feed grains, such as corn and soybeans, while putting pressure on global poultry prices. Consumer confidence in imported food products took a hit last week as chicken wings imported from Brazil to China tested positive for the Coronavirus.

	US Whole Bird (USD/lb.)	US Breasts (USD/lb.)	US MDM Fresh (USD/lb.)	US MDM Frozen (USD/lb.)	US Leg Quarters (R/kg)	EU Leg Quarters (R/kg)
Price	66.5	92	26.52	30.72	16.41	26.99
w/w	-1.3%	-11.5%	1.8%	1.4%	0.6%	0.0%
m/m	-6.7%	2.2%	-1.4%	2.2%	-1.6%	0.0%
y/y	-19.4%	7.0%	18.5%	13.8%	-22.0%	-6.9%

Local Poultry Market

The average price of frozen birds and fresh whole birds increased 2.0% and 1.4% to R25.39/kg and R25.00/kg, respectively, in the local poultry market this week. IQF poultry prices were 0.5% higher at R23.69/kg week on week. Local poultry producers are still facing issues with a lower live bird mass, which in turn has resulted in higher plant costs. However, producers are hopeful that this issue will be rectified in the next week.

	R/USD	SA Whole Bird, Frozen (R/kg)	SA Whole Bird, Fresh (R/kg)	SA Individually Quick Frozen (R/kg)	US Whole Bird Import Parity (R/kg)	US Breasts Import Parity (R/kg)
Price	17.55	25.00	25.39	23.69	39.44	40.26
w/w	1.0%	1.4%	2.0%	0.5%	-0.2%	-9.5%
m/m	4.9%	4.9%	7.4%	2.4%	-1.0%	6.7%
y/y	14.7%	-4.0%	-6.9%	-1.2%	-4.7%	20.1%



Outlook

Global poultry prices are expected to recover in the short term after consumer confidence was impacted by the presence of Coronavirus in imported food products. China's increased poultry production is expected to keep a cap on global poultry prices.

Local prices for poultry are expected to remain relatively stable, as consumers are sensitive to price increases during these tough economic times. As the economy reopens to full capacity and demand improves, prices are likely to increase.

Hide Market Trends

Local Hide Market

The average price of hide increased 6.1% to R0.61/kg from last week. The current price is 10.7% lower than the price a month ago and 61.3% lower than the price a year ago.

	Weighted Feedlot Hide Price (RMAA) R/skin	Average Field Hide Price (RMAA) R/skin	Average Local Hide Price (Calculated) R/skin
Price	1.33	0.90	0.61
w/w	-2.9%	-2.2%	6.1%
m/m	-2.9%	5.9%	-10.7%
y/y	-32.1%	-42.7%	-61.3%

Outlook

The local and global hide markets remain under significant pressure, with demand at low levels, resulting in prices reaching almost zero for many players. Industry players are not optimistic, given expectations that demand will remain low in the coming months.

NB* hide prices are determined as the average of the RMAA prices and prices of independent companies.

