



Agri Trends: Livestock and Hide Report

Germany ASF outbreak: SA bans pork imports

Beef: Prices of chuck and brisket increased 2.4% and 3.2%, respectively, while the price of rump declined by 3.4% week-on-week. Prices of topside and sirloin remained the same as the previous week. The New Zealand government has placed a temporary halt on cattle export applications. This will put some stress on companies that have already purchased heifers for live export consignment. Demand for local beef products remained strong while a limited supply supported prices.

Mutton: The price of lambs and ewes in New Zealand remained the same as the previous week at NZD 7.08/kg and NZD4.78/kg, respectively. COVID-19 restrictions in Australia have limited the meat processors workforce by 33%. This is likely to cause significant lamb backlogs and hamper Australian lamb production. The national average Class A carcass lamb price increased 0.5% to R89.13/kg and the average Class C carcass price was up 1.5% to R65.65/kg in the local sheep meat market this week. Feeder lamb prices are 2.4% lower compared with prices a week ago.

Pork: The US pork carcass price increased 7.3% in the international pork market compared with the previous week. African Swine Fever (ASF) has been confirmed in wild boar in Germany. This has resulted in some countries banning the import of German pork. In the domestic market, the average price of porkers increased 1.7% to R27.96/kg, while the average price of baconers rose 1.2% to R27.42/kg week-on-week.

Poultry: According to the USDA National Broiler Market report, whole bird prices are generally trading steady to weak. China continues to put import bans in place on any poultry products from US plants where employees test positive for COVID-19. In the domestic market, the average price of frozen birds and fresh whole birds increased 0.6% and 0.5% to R25.36/kg and R25.74/kg, respectively. Demand for low value cuts remains strong.

Hides: The average price of hide increased 3.0% to R0.61/kg from last week. The local hide market has seen an improvement in hides that can be traded, but the local automotive, upholstery and show sectors remain under pressure.

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Beef Market Trends

International Beef Market

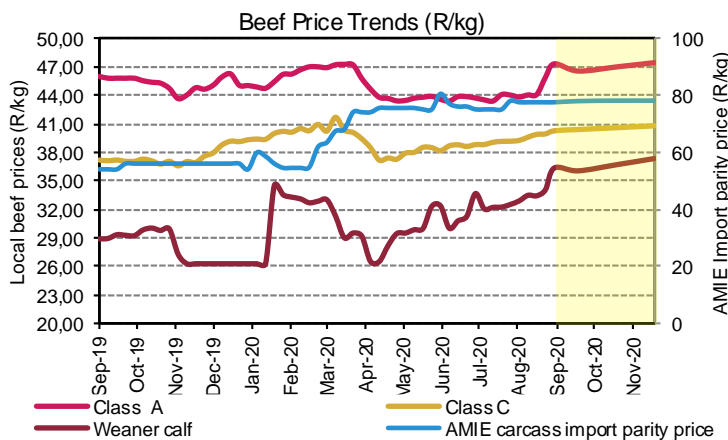
Prices of chuck and brisket increased 2.4% and 3.2%, respectively, while the price of rump declined by 3.4% week-on-week. Prices of topside and striploin remained the same as the previous week. The price for steers and cows rose 0.9% and 2.5%, respectively, in New Zealand. New Zealand's steer and cow prices were 6.2% and 7.3% lower, respectively, than prices last year. The New Zealand government has placed a temporary halt on cattle export applications following the disappearance of the Gulf Livestock 1 vessel carrying 5,800 cattle and 50 crew. This will put some stress on companies that have already purchased heifers for live export consignment and could see exporters offloading heifers onto the New Zealand market, which may have an impact on prices. China imports about 27% of their live cattle from New Zealand and market players will not want this relationship to be put in jeopardy.

| | 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 Steers NZc/kg | NZ Cows NZc/kg |
|-------|-------------------------|----------------------|----------------------|-----------------------|--------------------|------------------------------------|------------------|----------------|
| Price | 219.00 | 285.00 | 649.55 | 235.55 | 229.12 | 313.75 | 559.00 | 418.00 |
| w/w | 0.0% | -3.4% | 0.0% | 2.4% | 3.2% | 1.1% | 0.9% | 2.5% |
| m/m | 0.5% | -5.0% | 16.0% | 12.7% | 11.9% | 11.9% | 3.1% | 3.0% |
| y/y | 3.5% | 7.5% | 2.3% | 6.8% | -18.1% | -1.8% | -6.2% | -7.3% |

Local Beef Market

Average Class A prices increased 3.1% to R47.28/kg in the local market last week, while Class C prices rose 0.8% to R40.25/kg week-on-week. The local weaner calf price has been trading upwards in recent weeks due to high demand, with prices increasing 6.7% week-on-week. The current weaner price 25.8% higher than a year ago. Demand for beef products remained strong while a limited supply provided support for prices.

| | 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 | 16.77 | 11.17 | 47.28 | 40.25 | 47.37 | 36.33 | 81.34 | 77.50 |
| w/w | 0.4% | -0.7% | 3.1% | 0.8% | 3.1% | 6.7% | 1.7% | 0.0% |
| m/m | -4.4% | -3.1% | 8.0% | 2.6% | 8.0% | 10.5% | -0.2% | 0.0% |
| y/y | 14.4% | 18.9% | 2.9% | 8.3% | 2.6% | 25.8% | 10.2% | 43.5% |



*Last 3 points 3 months forecast

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.

Domestic prices will be supported further by warmer weather conditions as the summer season approaches. High maize and soybean prices are likely to have an impact on the feed costs of cattle.

Sheep Market Trends

International Sheep Meat Market

The prices of lambs and ewes in New Zealand remained the same as the previous week at NZD 7.08/kg and NZD4.78/kg, respectively. The prices of both mutton ribs and shoulders also remained the same this week compared with a week ago. COVID-19 restrictions in Australia have limited the meat processors workforce by 33%; these restrictions are expected to remain in place until November 2020 and are likely to cause significant lamb backlogs and hamper Australian lamb production. This could support the New Zealand lamb market in the short term.

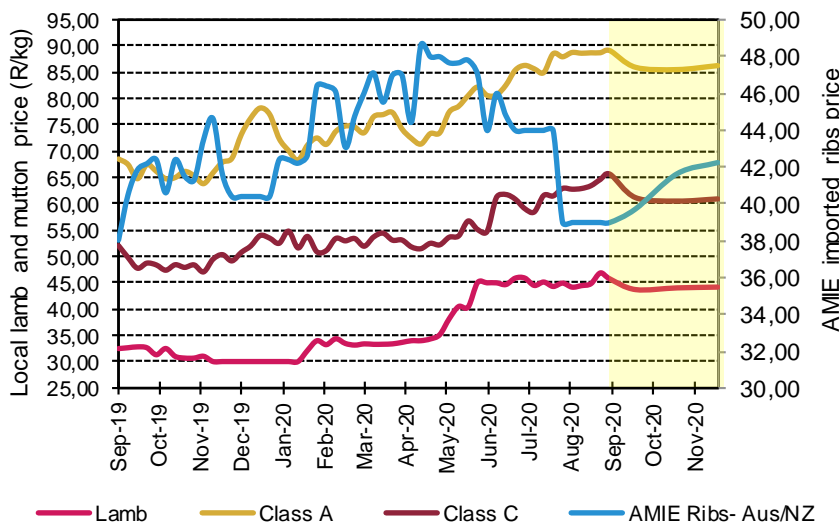
| | NZ Lamb Price (NZD/kg) | NZ Ewe Price (NZD/kg) | Import Parity NZ Lamb (R/kg) | Import Parity NZ Ewe (R/kg) | NZ Mutton Ribs (R/kg) | NZ Mutton Shoulders (R/kg) |
|-------|------------------------|-----------------------|------------------------------|-----------------------------|-----------------------|----------------------------|
| Price | 7.08 | 4.78 | 87.81 | 63.61 | 38.99 | 77.00 |
| w/w | 0.0% | 0.0% | -0.7% | -0.7% | 0.0% | 0.0% |
| m/m | -0.7% | 1.5% | -3.7% | -3.4% | -11.4% | 6.9% |
| y/y | -16.5% | -14.3% | 0.9% | 3.8% | 0.6% | 12.4% |

Local Sheep Meat Market

The national average Class A carcass lamb price increased 0.5% to R89.13/kg and the average Class C carcass price was up 1.5% to R65.65/kg in the local sheep meat market this week. Feeder lamb prices are 2.4% lower compared with prices a week ago, although prices are 40.8% higher compared with prices last year. Prices of dorper skin were up 1.1% to R27.48/skin week-on-week, while prices of merino skin remained the same at R43.57/skin. Prices of dorper skin and merino skin were 6.4% and 19.8% higher than a year ago.

| | R/NZD | Class A (R/kg) | Class C (R/kg) | Feeder Lamb (R/kg) | Dorper Skin (R/skin) | Slaughtering |
|-------|-------|----------------|----------------|--------------------|----------------------|--------------|
| Price | 11.17 | 89.13 | 65.65 | 45.75 | 27.48 | 7303 |
| w/w | -0.7% | 0.5% | 1.5% | -2.4% | 1.1% | 16.8% |
| m/m | -3.1% | 0.4% | 4.6% | 3.6% | -3.8% | -20.0% |
| y/y | 18.9% | 30.0% | 26.1% | 40.8% | 6.4% | -34.2% |

Lamb and Mutton Price Trends (R/kg)



*Last 3 points 3 months forecast

Outlook

New Zealand's lamb market may be supported by the supply shortages of Australian lamb in the short term. Improved demand levels in the global market for red meat products would provide support for lamb and mutton prices.

Local lamb and mutton prices are expected to trade sideways to lower, in line with seasonality. The market has witnessed increased demand as lockdown restrictions are eased and the weather becomes warmer, both of which supports prices.

Pork Market Trends

International Pork Market

The US pork carcass price increased 7.3% in the international pork market compared with the previous week. The prices of US pork loins and ribs decreased 1.0% and 1.4%, respectively, week-on-week. The price of ham rose 33.5% week-on-week; last week the price of ham was very low at USD53.63/cwt likely due to low demand. The import parity price for ham increased 23.6% week-on-week due to the increased ham price, while the import parity price of pork ribs decreased 0.8% week-on-week. African Swine Fever (ASF) has been confirmed in wild boar in Germany. This has resulted in some countries such as China, Singapore, Argentina, Brazil, Mexico, South Korea, Japan and South Africa banning the import of German pork. Other markets, such as Spain, who have access to the Chinese market, stand to benefit from this.

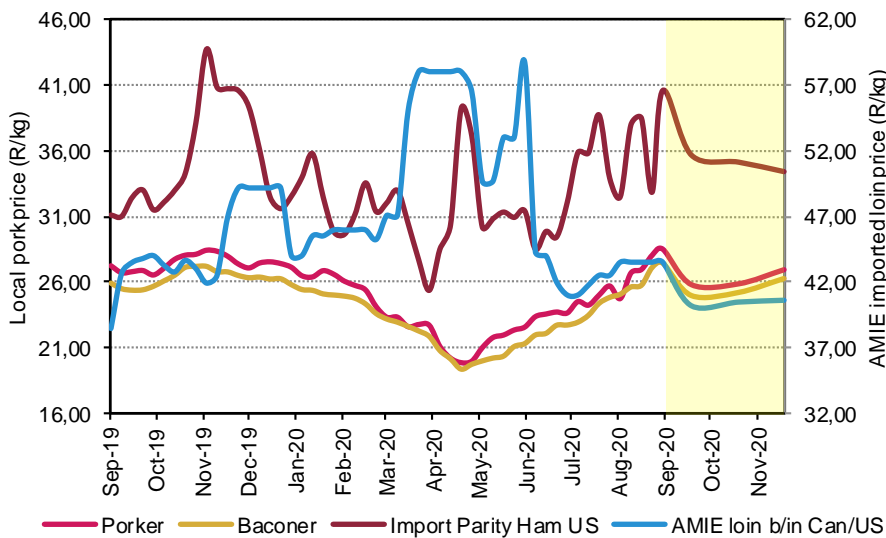
| | US Pork Carcass Price (USD/cwt) | US Loin (USD/cwt) | US Rib (USD/cwt) | US Ham (USD/cwt) | US Import Parity Rib (R/kg) | US Import Parity Ham (R/kg) |
|-------|---------------------------------|-------------------|------------------|------------------|-----------------------------|-----------------------------|
| Price | 77.31 | 69.72 | 126.04 | 71.59 | 64.60 | 40.57 |
| w/w | 7.3% | -1.0% | -1.4% | 33.5% | -0.8% | 23.6% |
| m/m | 12.8% | 0.3% | 4.8% | 45.7% | -0.6% | 24.9% |
| y/y | 10.2% | -0.2% | 16.0% | 19.9% | 29.3% | 30.5% |

Local Pork Market

The number of pigs slaughtered this week, as reported by the RMAA, declined 4.2% compared with the previous week. The average price of porkers increased 1.7% to R27.96/kg, while the average price of baconers rose 1.2% to R27.42/kg week-on-week. The average price was up 1.0% to R27.07/kg for cutters, 2.6% to R25.87/kg for heavy baconers and 7.6% to R21.60/kg for sausages from last week.

| | R/USD | RMAA Slaughter Nr | Contract Average (R/kg) | Porker (R/kg) | Baconer (R/kg) | AMIE Loin (R/kg) |
|-------|-------|-------------------|-------------------------|---------------|----------------|------------------|
| Price | 16.77 | 30,470 | 27.96 | 28.49 | 27.42 | 43.50 |
| w/w | 0.4% | -4.2% | 1.4% | 1.7% | 1.2% | 0.0% |
| m/m | -4.4% | 5.4% | 12.3% | 15.2% | 9.4% | 0.0% |
| y/y | 14.4% | 16.2% | 5.2% | 4.7% | 5.9% | 13.1% |

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.

Locally, pork remains among the cheaper protein alternatives available on the shelves, which usually increases consumer uptake. This should continue to support pork prices.

Poultry Market Trends

International Poultry Market

The price of US whole birds decreased 0.1% week-on-week, while the price of US chicken breasts remained the same as the previous week at USD71/lb. Prices of US whole birds and US chicken breasts were 16.1% and 5.3% lower, respectively, than prices a year ago. The price of fresh MDM decreased 1.3% and the price of frozen MDM increased 1.4% week-on-week. The price of US leg quarters rose 0.2%, while the price of EU leg quarters remained unchanged week-on-week. According to the USDA National Broiler Market report, whole bird prices are generally trading steady to weak. China continues to put import bans in place on any poultry products from US plants where employees test positive for COVID-19.

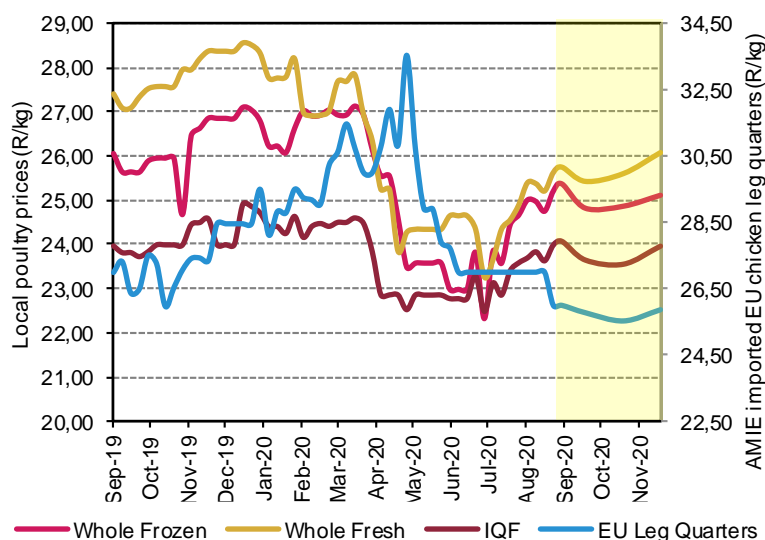
| | US Whole Bird (USD/lb.) | US Breasts (USD/lb.) | US MDM Fresh (USD/lb.) | US MDM Frozen (USD/lb.) | US Leg Quarters (R/kg) | EU Leg Quarters (R/kg) |
|-------|-------------------------|----------------------|------------------------|-------------------------|------------------------|------------------------|
| Price | 63.90 | 71.00 | 26.08 | 30.21 | 15.42 | 25.99 |
| w/w | -0.1% | 0.0% | -1.3% | 1.4% | 0.2% | 0.0% |
| m/m | -3.9% | -22.8% | -1.7% | -1.7% | -7.1% | -3.7% |
| y/y | -16.1% | -5.3% | 15.0% | 12.2% | -22.1% | -3.7% |

Local Poultry Market

The average price of frozen birds and fresh whole birds increased 0.6% and 0.5% to R25.36/kg and R25.74/kg, respectively, in the local poultry market this week. IQF poultry prices were 0.4% higher at R24.07/kg week-on-week. Demand for low value cuts remains strong in the local poultry market. The domestic poultry market is under pressure due to the high price of maize, resulting in increased feed costs.

| | 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 | 16.77 | 25.36 | 25.74 | 24.07 | 37.42 | 31.01 |
| w/w | 0.4% | 0.6% | 0.5% | 0.4% | 0.2% | 0.3% |
| m/m | -4.4% | 1.5% | 1.4% | 1.6% | -5.6% | -23.4% |
| y/y | 14.4% | -2.6% | -6.0% | 0.4% | -1.7% | 8.1% |

Poultry Price Trends (R/kg)



*Last 3 points 3 months forecast

Outlook

Global poultry prices are expected to remain relatively stable in the short to medium term.

Local consumers are resistant to price increases during these tough economic times. However, to cover the increased feed costs, poultry prices are likely to increase in the short term. Demand remains high for the low-value poultry cuts. Increased demand over the month-end period is also likely to support prices.

Hide Market Trends

Local Hide Market

The average price of hide increased 3.0% to R0.61/kg from last week. The current price is the same as the price a month ago and 60.4% 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 | 1.35 | 0.88 | 0.61 |
| w/w | 3.8% | 2.3% | 3.0% |
| m/m | 1.5% | -2.2% | 0.0% |
| y/y | -28.9% | -40.5% | -60.4% |

Outlook

The local hide market has seen an improvement in hides that can be traded, but the local automotive, upholstery and show sectors remain under pressure. Demand levels remain low, resulting in prices reaching almost zero for many players. Expectations are 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.