



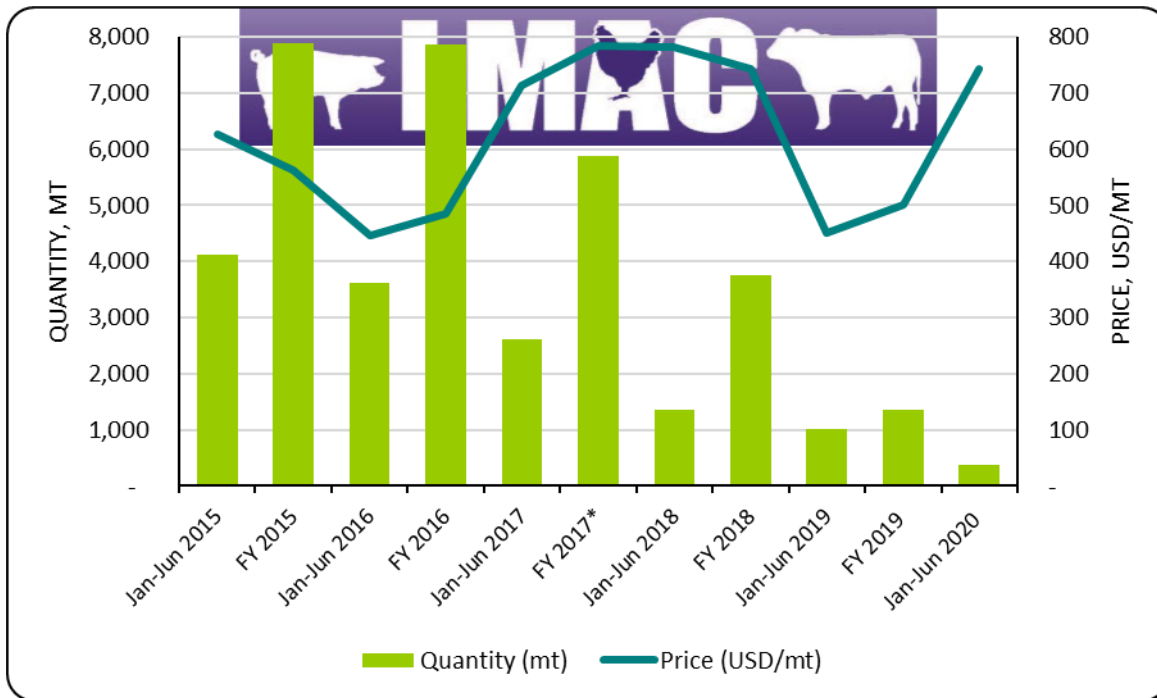
Livestock and Meat Advisory Council

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Market Watch Report: Second Quarter June 2020

Meat Processing Sector

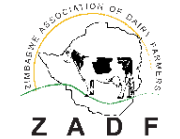
Cumulative imports of mechanically deboned meat (MDM) for the first half of 2020 was 370mt, a decline of 73% over the same period in 2019. The average cost increased by 65% from USD 450/mt to 743/mt.

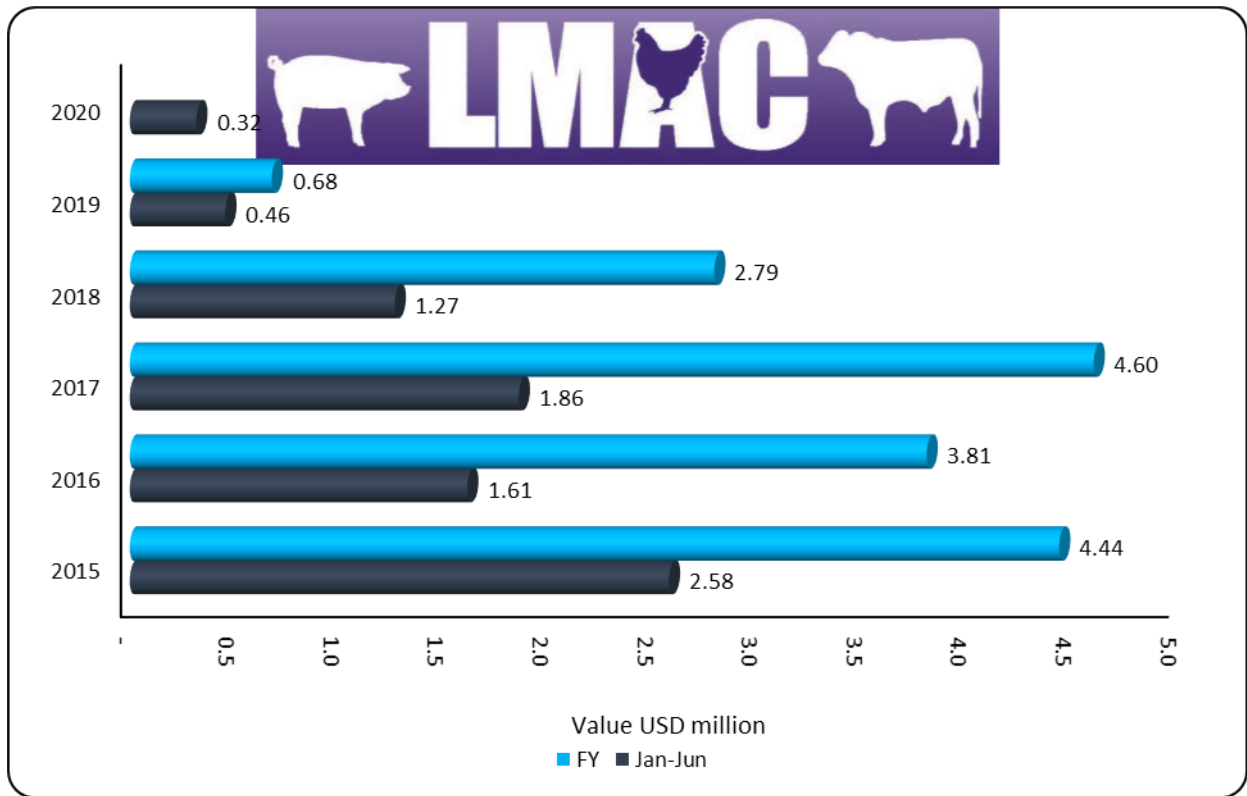


Quantity and Value of Imports of Mechanically Deboned Meat, 2015 – June 2020

Average monthly imports over the six months to June 2020 was 62mt, compared to 169mt over the same period in 2019.

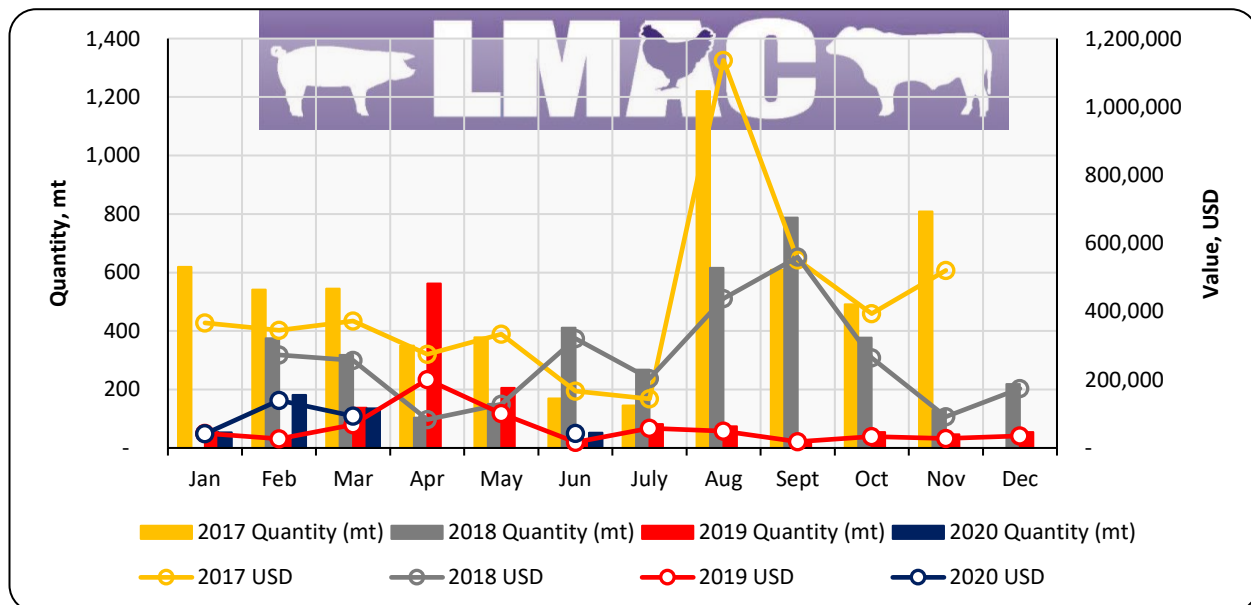
The depreciation of the local currency has made imports more expensive relative to local animal protein substitutes, driving the decline in MDM imports for use in the processed meats industry. As local meat prices continue to decrease in US dollar terms, the expectation is that imports of MDM will continue to decline.





Total Value of Imports (USD), 2015 – 2020

The total value of MDM imports to June 2020 amounted to USD 317,338 whereas in the same period in 2019, total imports amounted USD 456,350 and generally, imports of MDM have been on a downward trend since 2015. Actual import costs and quantity are shown in the graph below.



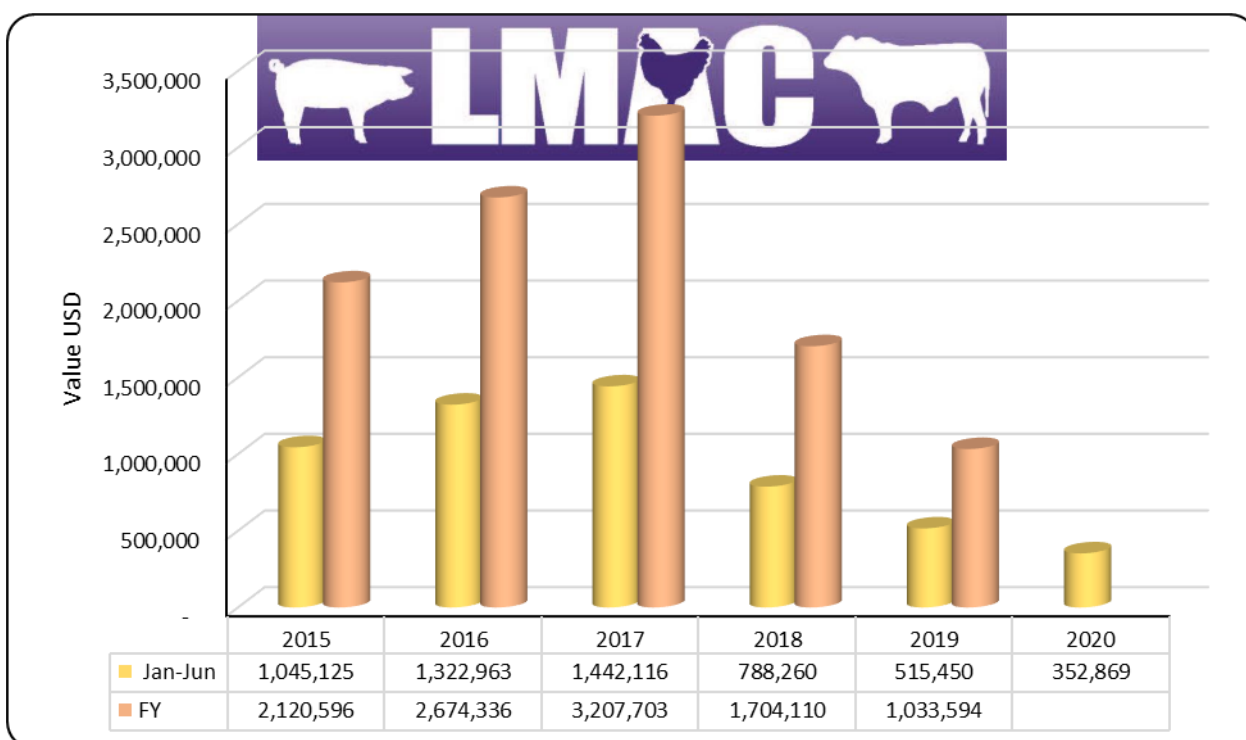
Monthly Imports of Mechanically Deboned Meat, 2016 – June 2020

The global meat processing industry is expected to experience a soft recovery in the second half of the year as countries seek to reopen their economies. The COVID-19 containment restrictions had a big impact on the food service and traditional distribution sectors and prices fell almost everywhere in the second quarter of 2020. Severe supply disruptions have also been experienced. The outlook is gradually improving as measures are being eased in most markets.

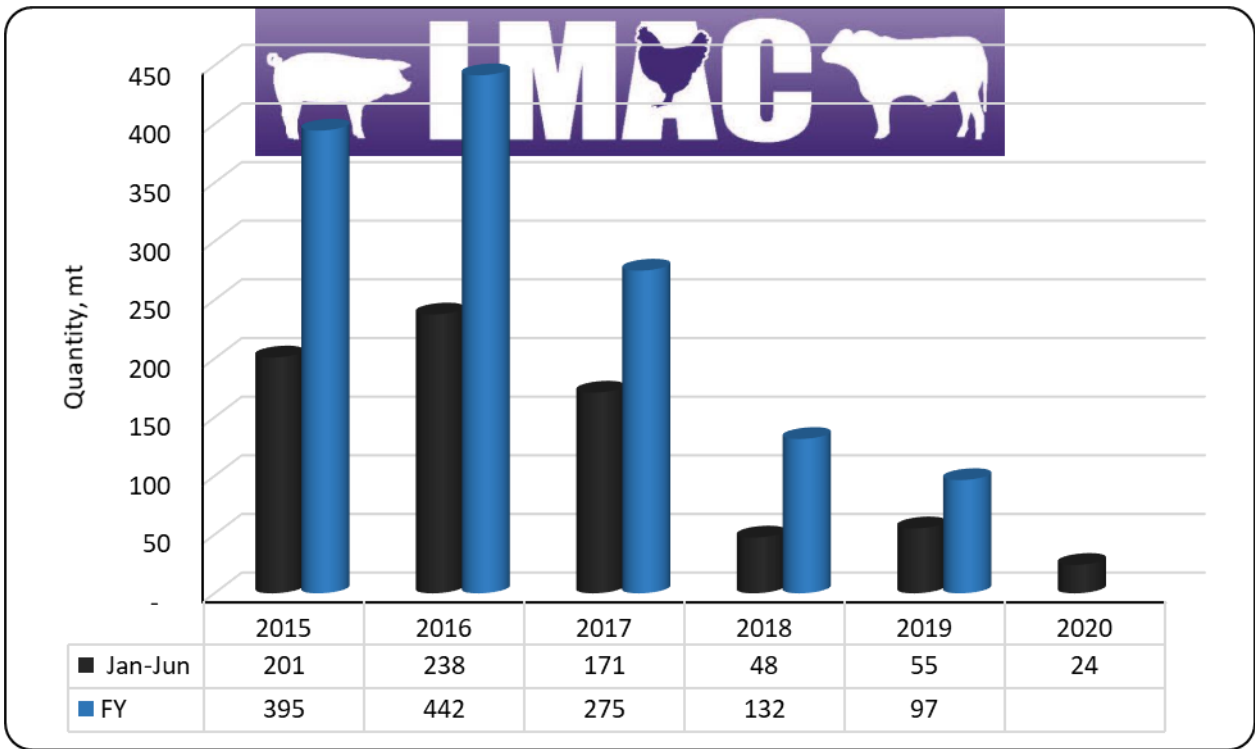
In March 2020, the South African government substantially increased the Applied Most-favoured Nation import tariffs on bone-in chicken meat as well as on boneless chicken meat.

Sausage Casings

Imports of sausage casings for the first six months of the year amounted to USD 352,869, a decrease of 32% on imports in 2019. 24mt was imported compared with 55mt in 2019, a decline of 56%.

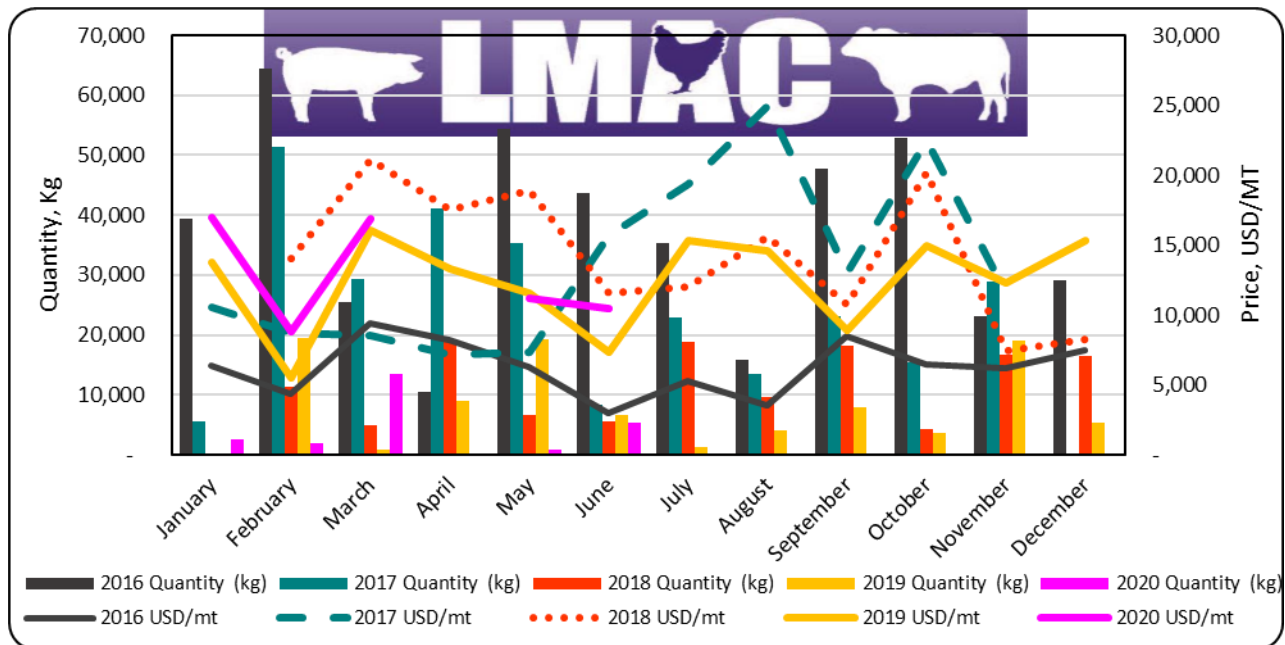


Value of Sausage Casings Imported, 2015 – June 2020



Weight of Sausage Casings Imported, 2015 – 2020

Monthly imports of sausage cases are depicted in the graph below and reflect supply dislocations in April and May where no imports were registered in April and very small quantities were imported in May. The average import cost of sausage casings for the first six months of 2020 was USD 15,962/mt, an increase of 94% over the same period in 2019.



Monthly Imports of Sausage Casings, 2017 – June 2020