



Agri Trends: Livestock and Hide Report

Poultry industry on high alert as bird flu spreads through Europe

Beef: Compared with the previous week, the prices of topside and rump increased 1.8% and 1.7%, respectively. Striploin and chuck prices also increased, by 3.2% and 3.6%, respectively. Brisket prices remained relatively unchanged with a slight 0.1% dip in price compared with the previous week. Good pasture growth in New Zealand and Australia is allowing farmers to hold on to their cattle for longer as they are not pressured into early sales; this is keeping the cattle supplies tight. Prices in the domestic market were supported by the increasing international prices. Average Class A prices increased 2.5% to R50.60/kg in the local market last week, while Class C prices rose 0.1% to R43.55/kg week-on-week.

Mutton: The price of lambs in New Zealand remained the same as the previous week at NZD7.05/kg, and the price of ewes increased by 1.0% from the previous week to NZD5.13/kg. New Zealand is experiencing demand slightly higher than supply at this moment, but supply is expected to increase from the beginning of December. The national average Class A carcass lamb price increased 2.0% to R83.99/kg, while the average Class C carcass price remained relatively stable with a slight dip in price of 0.2% to R63.90/kg in the local sheep meat market this week.

Pork: The US pork carcass price dropped 5.1% in the international pork market compared with the previous week. The price of US pork loins and ham decreased 2.5% and 11.7%, respectively, week-on-week. The price of ribs rose 0.3% week-on-week. China has reportedly detected the COVID-19 virus in imported meat and packaging a number of times. Some consumer demand may be impacted by stories implicating meat imports in the spread of the COVID-19 virus, and this may negatively affect global prices.

Poultry: The price of US whole birds increased 6.8% week-on-week. The price of US chicken breasts remained the same as the previous week at USD71/lb. The poultry industry is on high alert as a highly pathogenic strain of bird flu is spreading through Europe, with the majority of cases being in migrating wild birds; however, there have been some farm cases reported. Japan's bird flu outbreak has spread to a third prefecture.

Hides: The average price of hide increased 13.0% to R2.69/kg from last week. The current price is 24.7% higher than the price a month ago and 63.2% higher than the price a year ago.

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Beef Market Trends

International Beef Market

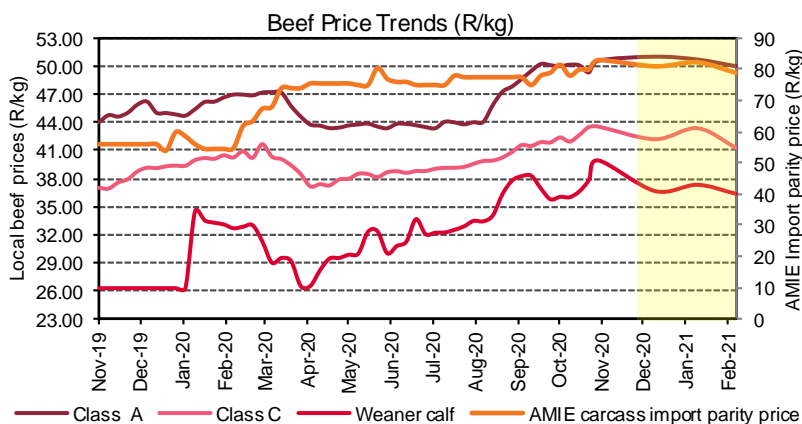
Compared with the previous week, the prices of topside and rump increased 1.8% and 1.7%, respectively. Striploin and chuck prices also increased, by 3.2% and 3.6%, respectively. Brisket prices remained relatively unchanged with a slight 0.1% dip in price compared with the previous week. The price for steers and cows in New Zealand remained the same week-on-week. Cattle supply in Australia and New Zealand is tight; Australia is rebuilding its herds after the prolonged drought and New Zealand's exporters have forward sold on production, which has not materialised yet. Good pasture growth in New Zealand and Australia is allowing farmers to hold on to their cattle for longer as they are not pressured into early sales; this is keeping the cattle supplies tight. Buyers in the US are starting to build up larger inventories as a precaution to supply interruptions as their number of COVID-19 cases rise.

	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	222.53	275.00	538.50	239.34	214.00	287.88	532.00	386.00
w/w	1.8%	1.7%	3.2%	3.6%	-0.1%	2.4%	0.0%	0.0%
m/m	9.1%	10.4%	1.6%	12.6%	12.7%	8.0%	-0.9%	-1.8%
y/y	-3.2%	-6.8%	12.2%	-3.5%	-20.7%	-3.5%	-14.6%	-20.1%

Local Beef Market

Prices in the domestic market were supported by increasing international prices. Average Class A prices increased 2.5% to R50.60/kg in the local market last week, while Class C prices rose 0.1% to R43.55/kg week-on-week. The local weaner calf price has been trading upwards in recent weeks due to high demand; this week saw prices increasing 5.5% compared with the previous week to R39.92/kg. Current weaner prices are 52.0% higher than a year ago.

	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	15.42	10.64	50.60	43.55	50.60	39.92	71.55	82.99
w/w	-0.9%	0.1%	2.5%	0.1%	2.5%	5.5%	0.1%	3.8%
m/m	-5.8%	-2.2%	1.2%	2.7%	0.6%	10.8%	-3.9%	1.8%
y/y	4.7%	12.5%	15.0%	17.7%	14.4%	52.0%	-10.0%	48.2%



Outlook

International beef prices are expected to remain relatively stable in the short term. Second waves of COVID-19 may result in supply interruptions, as companies preventatively increase inventories; this increase in demand could support global prices.

Continued high grains and oilseed prices will have a negative impact on animal feed costs for livestock producers. Easing of demand would result in price pressure, causing the current high beef prices to decline.

*Last 3 points 3 months forecast

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Sheep Market Trends

International Sheep Meat Market

The price of lambs in New Zealand remained the same as the previous week at NZD7.05/kg, and the price of ewes increased by 1.0% from the previous week to NZD5.13/kg. Compared with a year ago, New Zealand lamb and ewe prices are down 21.7% and 17.7%, respectively. The price of mutton ribs and shoulders increased by 12.2% and 1.3%, respectively, this week compared with a week ago. New Zealand is experiencing demand slightly higher than supply at this moment, and supply is expected to increase from the beginning of December. Chinese demand for New Zealand sheep meat is still strong, despite congestion at the Chinese ports.

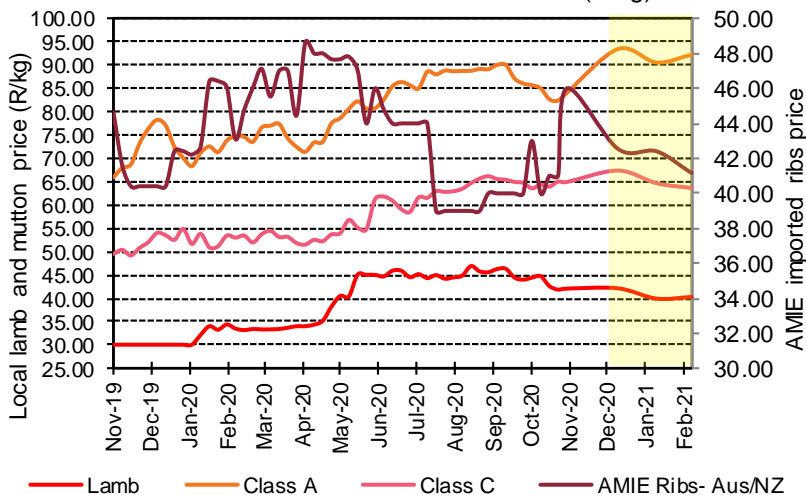
	NZ Lamb Price (NZD/kg)	NZ Ewe Price (NZD/kg)	Import Parity NZ Lamb (R/kg)	Import Parity NZ Ewe (R/kg)	NZ Mutton Ribs (R/kg)	NZ Mutton Shoulders (R/kg)
Price	7.05	5.13	83.37	64.44	45.99	79.99
w/w	0.0%	1.0%	0.1%	0.9%	12.2%	1.3%
m/m	0.0%	1.5%	-2.2%	-0.8%	7.0%	0.00%
y/y	-21.7%	-17.7%	-9.9%	-5.0%	3.0%	9.7%

Local Sheep Meat Market

The national average Class A carcass lamb price increased 2.0% to R83.99/kg, while the average Class C carcass price remained relatively stable with a slight dip in price of 0.2% to R63.90/kg in the local sheep meat market this week. Feeder lamb prices are 0.5% higher compared with prices a week ago and are 40.0% higher compared with prices last year. Prices of dorper skins were up 48.4% from R23.59/skin to R35.00/skin week-on-week, while prices of merino skin rose 25.0% week-on-week from R40.00/skin to R50.00/skin. Prices of dorper skin and merino skin were 10.9% and 9.4% higher than a year ago, respectively.

	R/NZD	Class A (R/kg)	Class C (R/kg)	Feeder Lamb (R/kg)	Dorper Skin (R/skin)	Slaughtering
Price	10.64	83.99	64.90	42.05	35.00	10674
w/w	0.1%	2.0%	-0.2%	0.5%	48.4%	15.7%
m/m	-2.2%	-1.9%	2.2%	-5.3%	15.2%	-10.5%
y/y	12.6%	27.4%	31.1%	40.0%	10.9%	-34.9%

Lamb and Mutton Price Trends (R/kg)



*Last 3 points 3 months forecast

Outlook

Reduced demand levels in the global market for red meat products, as some countries go back into lockdowns due to COVID-19, may put some pressure on lamb and mutton prices. Second waves of COVID-19 may result in supply interruptions, as companies preventatively increase inventories; this increase in demand could support global prices.

Local lamb prices are expected to trade sideways to higher over December, in line with seasonality.

Pork Market Trends

International Pork Market

The US pork carcass price dropped 5.1% in the international pork market compared with the previous week. The price of US pork loins and ham decreased 2.5% and 11.7%, respectively, week-on-week. The price of ribs rose 0.3% week-on-week. The import parity price of ham decreased 9.9%, while the import parity price of pork ribs remained relatively stable with only a 0.7% drop week-on-week. According to Reuters, an official from the city of Tianjin, China, has said that two confirmed COVID-19 cases could be traced back to imported pork products; although health authorities have not tested the products in question. China has reportedly detected the virus in imported meat and packaging a number of times.

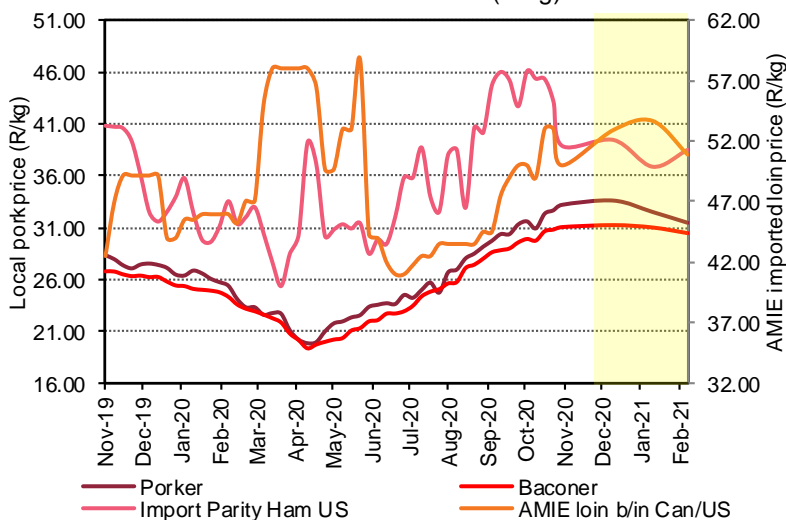
	US Pork Carcass Price (USD/cwt)	US Loin (USD/cwt)	US Rib (USD/cwt)	US Ham (USD/cwt)	US Import Parity Rib (R/kg)	US Import Parity Ham (R/kg)
Price	77.74	71.41	132.91	75.39	62.21	38.86
w/w	-5.1%	-2.5%	0.3%	-11.7%	-0.7%	-9.9%
m/m	-19.1%	-14.6%	-9.2%	-13.4%	-13.3%	-15.6%
y/y	-6.6%	1.3%	-0.5%	-11.5%	4.2%	-4.8%

Local Pork Market

The number of pigs slaughtered this week, as reported by the RMAA, declined 0.6% compared with the previous week. The average price of porkers rose 1.6% from the previous week to R32.12/kg, while the average price of baconers increased 0.8% to R31.04/kg week-on-week. The average price was up 1.7% to R30.65/kg for cutters and 2.0% to R29.56/kg for heavy baconers. While the price for sausages dropped 4.5% to R24.23/kg from last week.

	R/USD	RMAA Slaughter Nr	Contract Average (R/kg)	Porker (R/kg)	Baconer (R/kg)	AMIE Loin (R/kg)
Price	15.42	24 397	32.12	33.19	31.04	49.99
w/w	-0.9%	-0.6%	1.2%	1.6%	0.8%	-5.7%
m/m	-5.8%	-1.3%	4.5%	5.1%	3.8%	0.0%
y/y	4.7%	-15.3%	16.6%	17.2%	15.9%	17.6%

Pork Price Trends (R/kg)



*Last 3 points 3 months forecast

Outlook

Global pork prices are expected to come under some pressure as countries start to go back into lockdown, and second waves of COVID-19 may result in supply interruptions. Some consumer demand may be impacted by stories implicating meat imports in the spread of the COVID-19 virus, and this may negatively affect global prices.

Locally, pork prices are expected to trade sideways to higher over December, in line with seasonality. Pork remains one 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 increased 6.8% week-on-week. The price of US chicken breasts remained the same as the previous week at USD71/lb. Prices of US whole birds were 4.0% higher than prices a year ago. The price of frozen MDM rose 2.0% and the price of fresh MDM fell 2.7% week-on-week. The price of US leg quarters dipped 0.5%, while the price of EU leg quarters fell 1.4% week-on-week. The poultry industry is on high alert as a highly pathogenic strain of bird flu is spreading through Europe. Although majority of cases have been in migrating wild birds, there have been some farm cases reported leading to the death or culling of at least 1.6 million chickens and ducks around the region to date. Japan's bird flu outbreak has spread to a third prefecture, resulting in the culling of more than 1.8 million chickens since the outbreak began, making this the country's worst bird flu outbreak in more than four years.

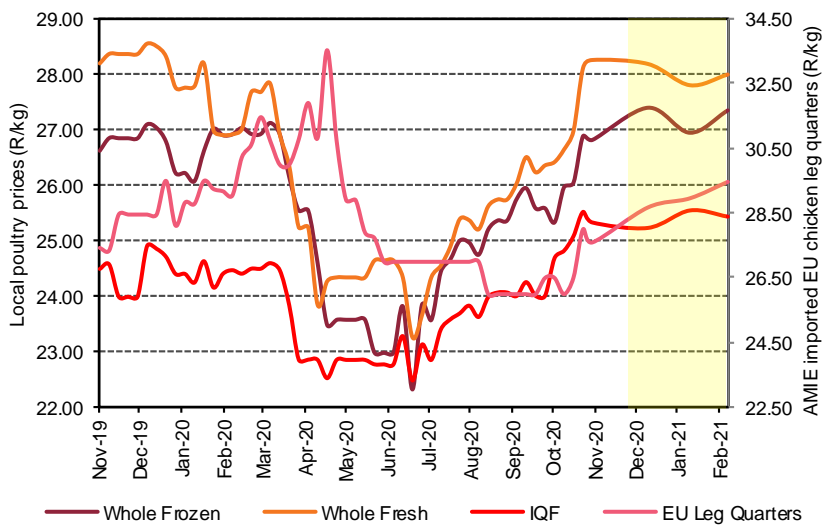
	US Whole Bird (USD/lb.)	US Breasts (USD/lb.)	US MDM Fresh (USD/lb.)	US MDM Frozen (USD/lb.)	US Leg Quarters (R/kg)	EU Leg Quarters (R/kg)
Price	80.05	71.00	24.5	31.07	15.75	27.59
w/w	6.8%	0.0%	-2.7%	2.0%	-0.5%	-1.4%
m/m	16.4%	1.4%	-3.8%	2.2%	-3.5%	4.2%
y/y	4.0%	1.4%	11.4%	19.8%	-7.1%	0.6%

Local Poultry Market

The average price of frozen birds dipped 0.2% and fresh whole birds rose 0.5% to R26.82/kg and R28.26kg, respectively, in the local poultry market this week. IQF poultry prices were 0.7% lower at R25.33/kg week-on-week. Increased demand is expected over the November to December period, which will support prices.

	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	15.42	26.82	28.26	25.33	40.81	28.72
w/w	-0.9%	-0.2%	0.5%	-0.7%	3.7%	-0.8%
m/m	-5.8%	5.9%	7.0%	2.6%	5.8%	-4.2%
y/y	4.7%	0.7%	0.2%	3.4%	6.0%	5.6%

Poultry Price Trends (R/kg)



Outlook

As countries return to lockdown due to second waves of COVID-19 supply interruptions may develop. The concern regarding bird flu outbreaks is increasing and countries with large poultry sectors could be significantly impacted by an outbreak, which could affect global poultry prices.

Demand is expected to pick up during December; however, producers remain concerned about the high feed costs. Demand remains high for low-value poultry cuts.

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Hide Market Trends

Local Hide Market

The average price of hide increased 13.0% to R2.69/kg from last week. The current price is 24.7% higher than the price a month ago and 63.2% higher than the price a year ago.

	Weighted Feedlot Hide Price (RMAA) R/kg	Average Field Hide Price (RMAA) R/kg	Average Local Hide Price (Calculated) R/kg
Price	2.59	2.18	2.69
w/w	5.3%	5.3%	13.0%
m/m	21.0%	45.3%	24.7%
y/y	22.2%	26.0%	63.2%

Outlook

Industry players are receiving prices between R2.50/kg and R3.50/kg depending on the quality of the hide. There is general strength in the market. It should be noted that the base was so low that the recovery in price is actually just getting back to a rational price as opposed to 'high' prices. The current demand for hides is exceeding supply, which is adding support to prices. Expectations among industry members are that prices will continue to see an improvement in the coming months until reaching a more sustainable level where prices will then likely hold.

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

