



Agri Trends: Livestock and Hide Report

Festive season expected to support domestic poultry industry

Beef: The international beef price traded downwards compared with the previous week. New Zealand suppliers are concerned about the storage space available for meat destined for export. Currently, major processors are citing approximately 2-3 weeks of storage available. Average Class A prices remained relatively unchanged week-on-week at R50.59/kg, only 0.04% lower compared with the previous week. Class C prices dipped 0.3% to R43.70/kg week-on-week.

Mutton: The price of lambs in New Zealand decreased 1.4% from the previous week to NZD6.95/kg, and the price of ewes contracted 0.6% from the previous week to NZD5.10/kg. New Zealand lamb slaughter supply is trending up, as expected. The national average Class A carcass lamb price increased 2.1% to R86.06/kg, while the average Class C carcass price increased 0.9% to R66.02/kg in the local sheep meat market this week.

Pork: The US pork carcass price dipped 0.2% in the international pork market compared with the previous week. China and other Asian countries suspended imports of pork from Germany after African Swine Fever (ASF) was detected in wild boar in September and October. In the local market, the number of pigs slaughtered this week, as reported by the RMAA, declined 6.9% compared with the previous week.

Poultry: The price of US whole birds increased 1.7% week-on-week. The price of US chicken breasts remained the same as the previous week at USD71/lb. According to Reuters, Japan's bird flu outbreak is spreading and now affects almost 20% of the country's 47 prefectures. The UK government has urged poultry farmers to keep their birds indoors from 14 December.

Hides: The average local hide price increased 18.3% to R3.65/kg from last week. This price is 54.3% higher month-on-month and 155.8% higher year-on-year.

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Beef Market Trends

International Beef Market

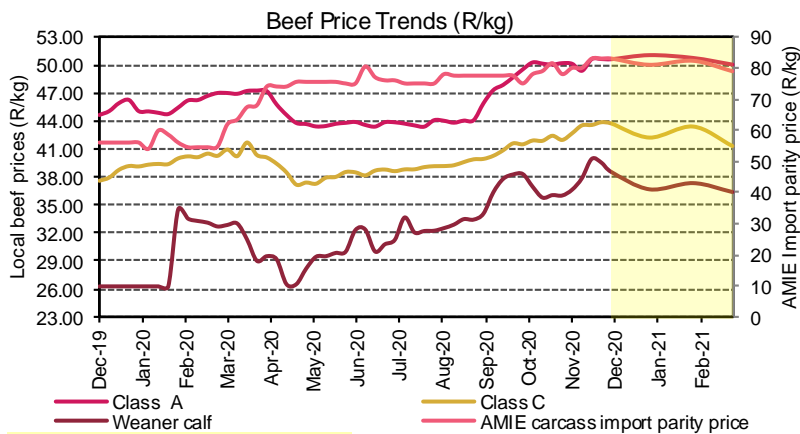
The international beef price traded downwards compared with the previous week. The price of topside decreased 8.5%, and those of striploin and chuck decreased 5.5% and 5.9%, respectively, week-on-week. Rump prices also decreased by 4.2%, while brisket prices had the strongest performance with a 2.8% decline compared with the previous week. The price for steers and cows in New Zealand decreased 1.1% and 2.1%, respectively, week on week. New Zealand suppliers are concerned about the storage space available for meat destined for export. Currently, major processors are citing approximately 2-3 weeks of storage available. Items that can be moved instantly are being prioritised at the processing facilities, which should mitigate the risk to farm-gate prices.

	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	203.00	271.00	520.00	232.00	209.07	278.66	522.00	378.00
w/w	-8.5%	-4.2%	-5.5%	-5.9%	-2.8%	-5.0%	-1.1%	-2.1%
m/m	-3.3%	4.3%	4.0%	7.4%	-0.1%	3.6%	-1.9%	-2.1%
y/y	-9.8%	-3.3%	13.0%	-4.9%	-25.1%	-5.4%	-15.9%	-22.1%

Local Beef Market

Average Class A prices remained relatively unchanged week-on-week at R50.59/kg, only 0.04% lower compared with the previous week. Class C prices dipped 0.3% to R43.70/kg week-on-week. The local weaner calf price has been trading upwards in recent weeks due to high demand; however, this week its saw prices decreasing 2.5% compared with the previous week to R38.51/kg. Current weaner prices are 46.6% 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	15.29	10.76	50.59	43.70	50.59	38.51	70.87	82.99
w/w	0.4%	1.0%	-0.04%	-0.3%	-0.8%	-2.5%	-1.1%	0.0%
m/m	-4.6%	0.7%	1.0%	2.4%	0.4%	5.2%	-1.4%	3.8%
y/y	4.5%	12.8%	13.4%	16.3%	12.9%	46.6%	-12.1%	48.2%



*Last 3 points 3 months forecast

Outlook

A second wave of COVID-19 may result in supply interruptions and companies may preventatively increase inventories; this increase in demand could support global prices. Storage issues in New Zealand may weigh on farm-gate prices.

Continued high grain and oilseed prices will adversely affect animal feed costs for livestock producers.

Sheep Market Trends

International Sheep Meat Market

The price of lambs in New Zealand decreased 1.4% from the previous week to NZD6.95/kg, and the price of ewes decreased by 0.6% from the previous week to NZD5.10/kg. Compared with a year ago, New Zealand lamb and ewe prices are down 22.3% and 19.4%, respectively. The price of mutton ribs and shoulders remained the same compared with a week ago. Lamb slaughter supply is trending up, as expected. New Zealand is experiencing cold weather in the South Island and poor feed quality in the North Island, which is adversely affecting growth rates of lambs.

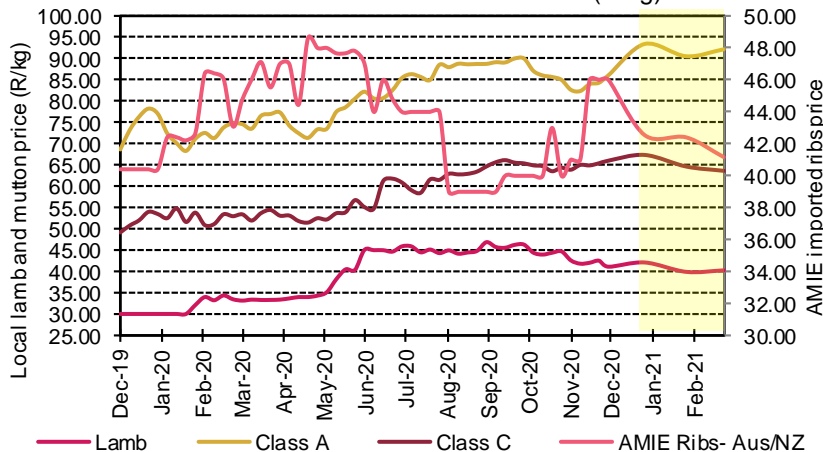
	NZ Lamb Price (NZD/kg)	NZ Ewe Price (NZD/kg)	Import Parity NZ Lamb (R/kg)	Import Parity NZ Ewe (R/kg)	NZ Mutton Ribs (R/kg)	NZ Mutton Shoulders (R/kg)
Price	6.95	5.10	83.25	64.84	45.99	79.99
w/w	-1.4%	-0.6%	-0.3%	0.4%	0.0%	0.0%
m/m	-1.4%	1.5%	-0.6%	1.9%	12.2%	1.27%
y/y	-22.3%	-19.4%	-10.4%	-6.7%	13.8%	9.6%

Local Sheep Meat Market

The national average Class A carcass lamb price increased 2.1% to R86.06/kg, while the average Class C carcass price increased 0.9% to R66.02/kg in the local sheep meat market this week. Feeder lamb prices are 3.3% lower compared with prices a week ago and are 36.9% higher compared with prices last year. Prices of dorper skins were down 5.5% week-on-week from R36.00/skin to R34.03/skin, while prices of merino skin remained the same compared to a week ago at R49.00/skin. Prices of dorper skin were down 0.4% and those of merino skins were 13.2% 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	10.76	86.06	66.02	41.13	34.03	13131
w/w	1.0%	2.1%	0.9%	-3.3%	-5.5%	0.5%
m/m	0.7%	4.1%	3.3%	-3.5%	30.9%	58.7%
y/y	12.8%	25.4%	34.3%	36.9%	-0.4%	-4.4%

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. A second wave of COVID-19 may result in supply interruptions and companies may 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

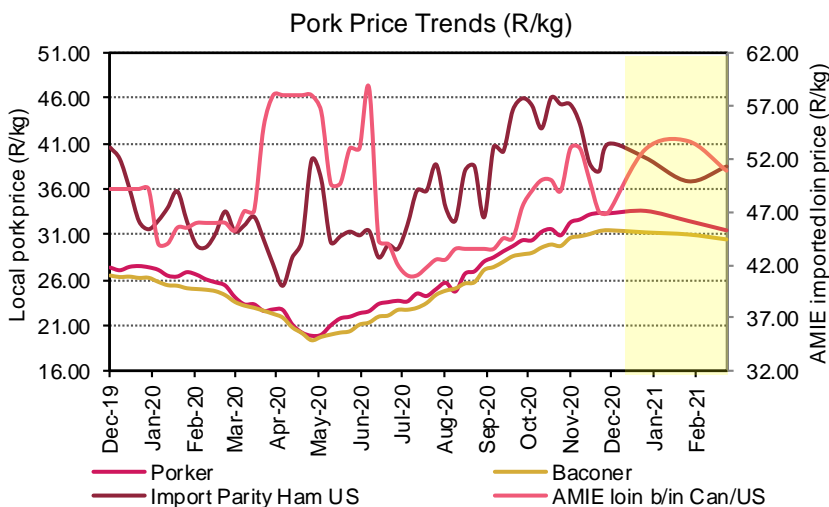
The US pork carcass price dipped 0.2% in the international pork market compared with the previous week. The price of US pork loins and ribs decreased 2.0% and 1.6%, respectively, week-on-week. The price of ham rose 9.9% week-on-week likely due to increased demand ahead of the festive season. The import parity price of pork ribs decreased 0.9%, while that of ham increased 7.9% week-on-week. China and other Asian countries suspended imports of pork from Germany after African Swine Fever (ASF) was detected in wild boar in September and October. Germany is reportedly petitioning China to reverse its blanket-ban approach and adopt a more regionalised approach as no cases have been detected on commercial pork farms. China is rebuilding its pig herds after the ASF outbreaks it suffered last year resulted in devastating losses, this will reduce the country's reliance on imports in 2021.

	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	77.14	70.49	131.98	81.73	61.32	40.99
w/w	-0.2%	-2.0%	-1.6%	9.9%	-0.9%	7.9%
m/m	-6.7%	-4.9%	1.7%	-6.7%	-3.2%	-9.5%
y/y	-5.3%	-1.9%	1.0%	-4.0%	5.2%	1.0%

Local Pork Market

The number of pigs slaughtered this week, as reported by the RMAA, declined 6.9% compared with the previous week. The average price of porkers dipped 0.1% from the previous week to R33.33/kg, while the average price of baconers rose 0.3% to R31.47/kg week-on-week. The average price was up 1.2% to R31.73/kg for cutters and 2.8% to R30.68/kg for heavy baconers. The price for sausages, however, dipped 0.5% to R25.56/kg from last week.

	R/USD	RMAA Slaughter Nr	Contract Average (R/kg)	Porker (R/kg)	Baconer (R/kg)	AMIE Loin (R/kg)
Price	15.29	25 366	32.40	33.33	31.47	46.99
w/w	0.4%	-6.9%	0.1%	-0.1%	0.3%	0.0%
m/m	-4.6%	10.3%	2.9%	3.1%	2.7%	-11.3%
y/y	4.5%	-19.8%	20.3%	21.8%	18.8%	-4.4%



Outlook

Global pork prices are expected to come under some pressure as countries start to go back into lockdown and a second wave of COVID-19 infections results 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.

*Last 3 points 3 months forecast

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Poultry Market Trends

International Poultry Market

The price of US whole birds increased 1.7% 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 3.2% higher than prices a year ago. The price of frozen MDM increased 1.6% and that of fresh MDM rose 0.8% week-on-week. The price of US leg quarters rose a marginal 0.2%, while the price of EU leg quarters remained the same week-on-week. The poultry industry is on high alert as a highly pathogenic strain of bird flu is spreading. According to Reuters, Japan's bird flu outbreak is spreading and now affects almost 20% of the country's 47 prefectures. To date, approximately 2.5 million chickens have been culled after additional outbreaks were detected on breeding farms in South West Japan and an egg-laying farm in the Wakayama prefecture. Japan has suspended poultry imports from seven countries. The UK government has urged poultry farmers to keep their birds indoors from 14 December after two cases of bird flu were reported. France and South Korea have also detected additional cases of bird flu, while Hong Kong has suspended poultry imports from Germany and Japan.

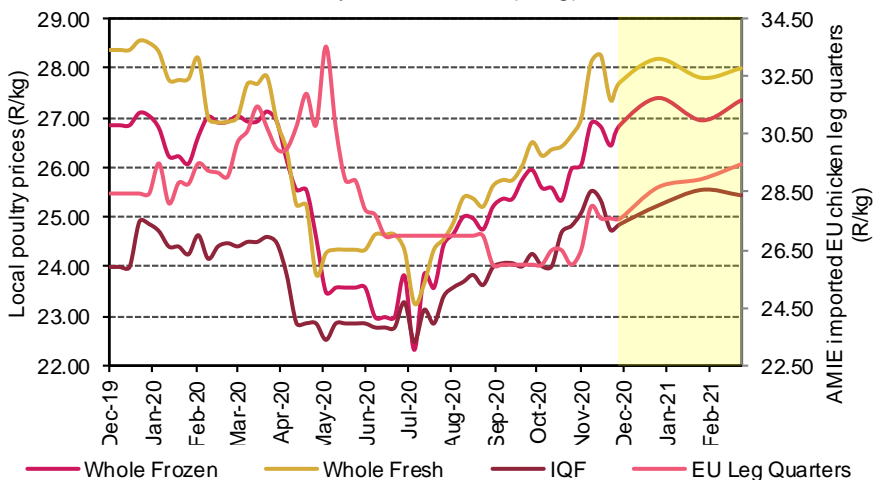
	US Whole Bird (USD/lb.)	US Breasts (USD/lb.)	US MDM Fresh (USD/lb.)	US MDM Frozen (USD/lb.)	US Leg Quarters (R/kg)	EU Leg Quarters (R/kg)
Price	85.27	71.00	26.06	31.08	15.67	27.59
w/w	1.7%	0.0%	0.8%	1.6%	0.2%	0.0%
m/m	21.8%	-5.3%	0.9%	2.2%	-2.7%	4.1%
y/y	3.2%	-10.1%	24.2%	20.2%	-13.9%	-3.0%

Local Poultry Market

The average price of frozen birds increased 1.6% to R26.86/kg and that of fresh whole birds rose 1.3% to R27.72/kg in the local poultry market this week. Individually quick frozen (IQF) poultry prices were 0.5% higher at R24.86/kg week-on-week. The domestic poultry industry is under pressure as high feed costs are squeezing margins.

	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	15.29	26.86	27.72	24.86	42.32	28.50
w/w	0.4%	1.6%	1.3%	0.5%	1.5%	0.4%
m/m	-4.6%	3.1%	2.8%	-0.9%	10.1%	-8.6%
y/y	4.5%	0.0%	-2.3%	3.6%	5.4%	-4.9%

Poultry Price Trends (R/kg)



*Last 3 points 3 months forecast

Outlook

The international poultry industry is under pressure due to the bird flu outbreaks and resulting trade restrictions.

Demand for fresh chicken is expected to remain high leading up to Christmas while the demand for frozen chicken does tend to taper off at this time.

Hide Market Trends

Local Hide Market

The average local hide price increased 18.3% to R3.65/kg from last week. This price is 54.3% higher month-on-month and 155.8% higher year-on-year.

	Weighted Feedlot Hide Price (RMAA) R/kg	Average Field Hide Price (RMAA) R/kg	Average Local Hide Price (Calculated) R/kg
Price	3.00	2.58	3.65
w/w	8.7%	11.7%	18.3%
m/m	19.5%	33.0%	54.3%
y/y	56.3%	68.6%	155.8%

Outlook

Industry players are receiving prices between R4.00/kg and R5.000/kg depending on the quality of the hide. There seems to be 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 supporting prices. Industry members seem to expect prices to continue to improve in the coming months to a more sustainable level and then likely hold.

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

