



Livestock and Meat Advisory Council

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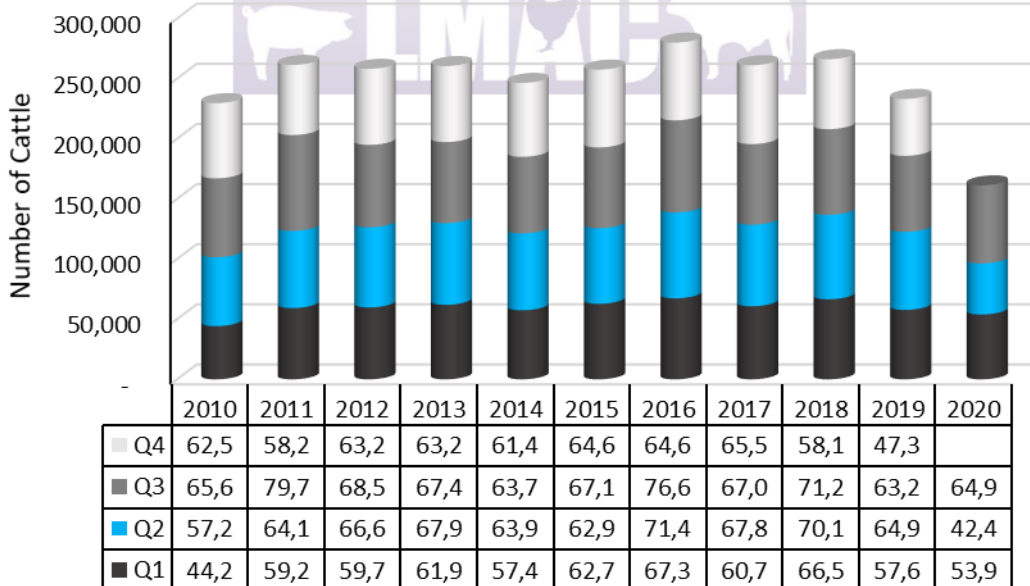
Market Watch: Third Quarter 2020

Beef Sector

Cumulative slaughters from January to September 2020 were 161,307 head, decreases of 13 and 22% over the same periods in 2019 and 2018, respectively.

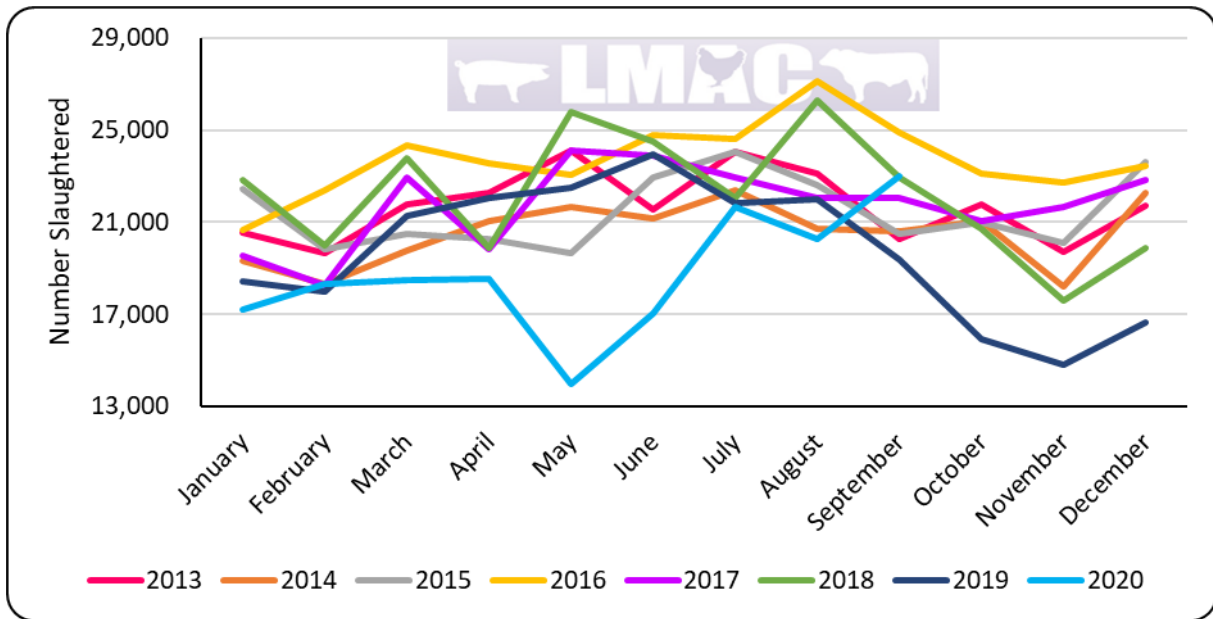
Third quarter slaughters for 2020 were 64,940 head, 3% higher than the same period in 2019 and 53% higher than the second quarter exhibiting significant post-COVID-19 lockdown recovery. In the third quarter, producers were able to once again to dispose of their animals whose sales had been limited by COVID-19 movement restrictions in the second quarter.

Payment modalities are still a challenge for many abattoir operators as cattle producers are demanding payment in hard currency while meat sales are nearly 70% denominated in local currency. In some areas like Mashonaland Central, sellers are settling for part payment in hard currency and the difference in local currency. However, in Masvingo, cattle producers are insisting on full settlement in hard currency.



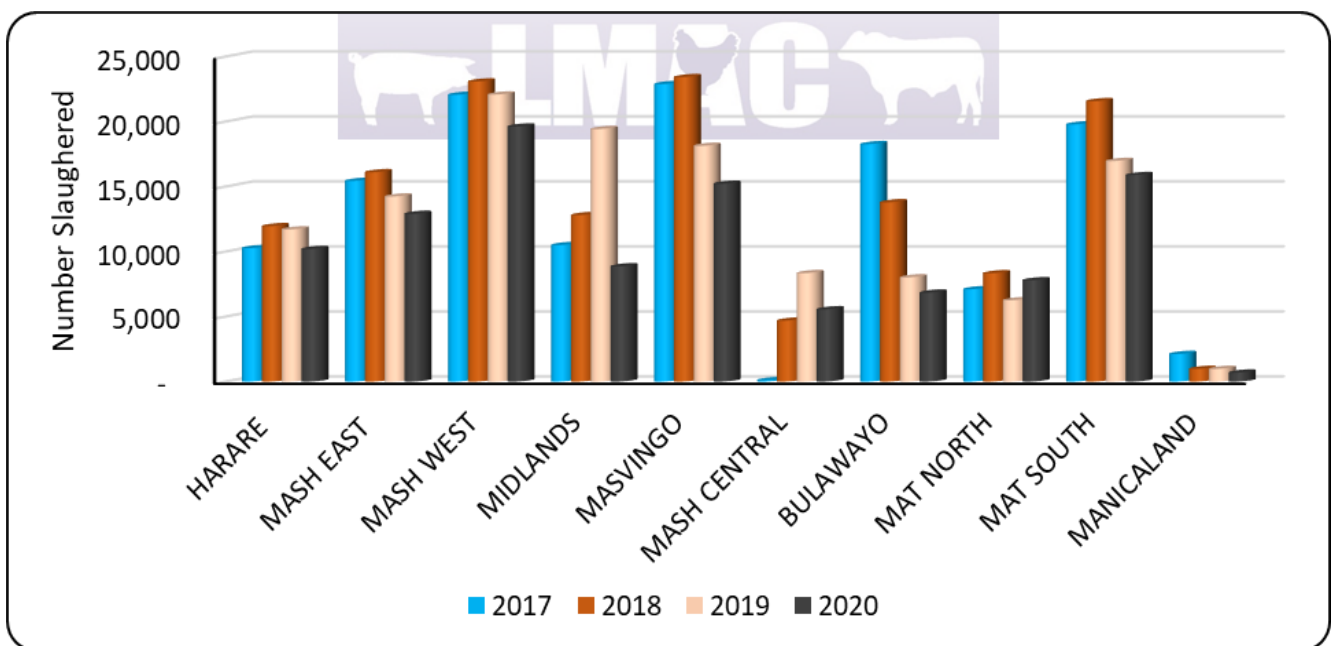
Cattle Slaughters by Quarter, 2010 – September 2020

The lowest number of slaughters of 13,958 head were recorded in May, while September recorded the highest of 23,012 head. The average number of slaughters per month from January to September was 17,923 head, although slaughters in the first six months were relatively low, averaging 17,267 head. Slaughters in the third quarter averaged 21,647 head.



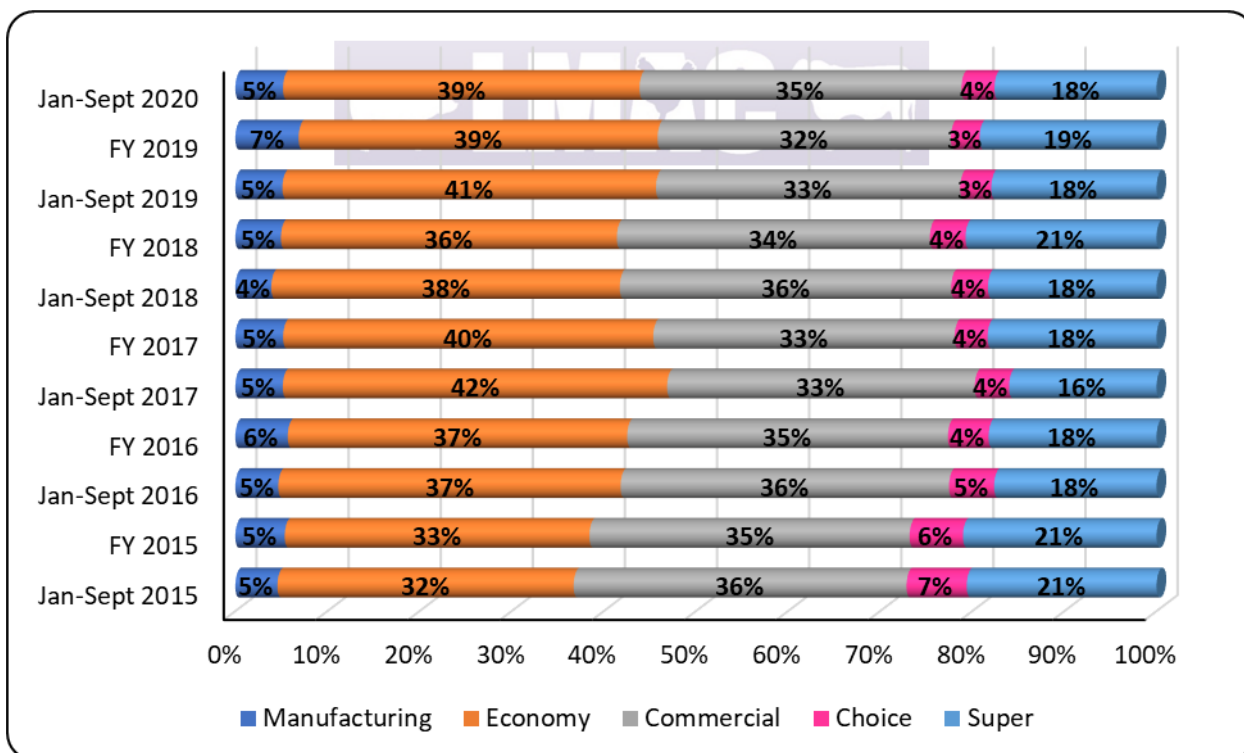
Monthly Cattle Slaughters, 2013 – September 2020

For the first nine months of the year to September 2020, Mashonaland West recorded the highest number of slaughters at monitored abattoirs, accounting for 19% (19,622 head) of the national slaughter. Matebeleland South (16%), Masvingo (15%) and Mashonaland East (12%) were second, third and fourth respectively. Manicaland had the lowest number of 902 head, reflective of the lack of monitored of abattoirs and not the absence of cattle slaughters.



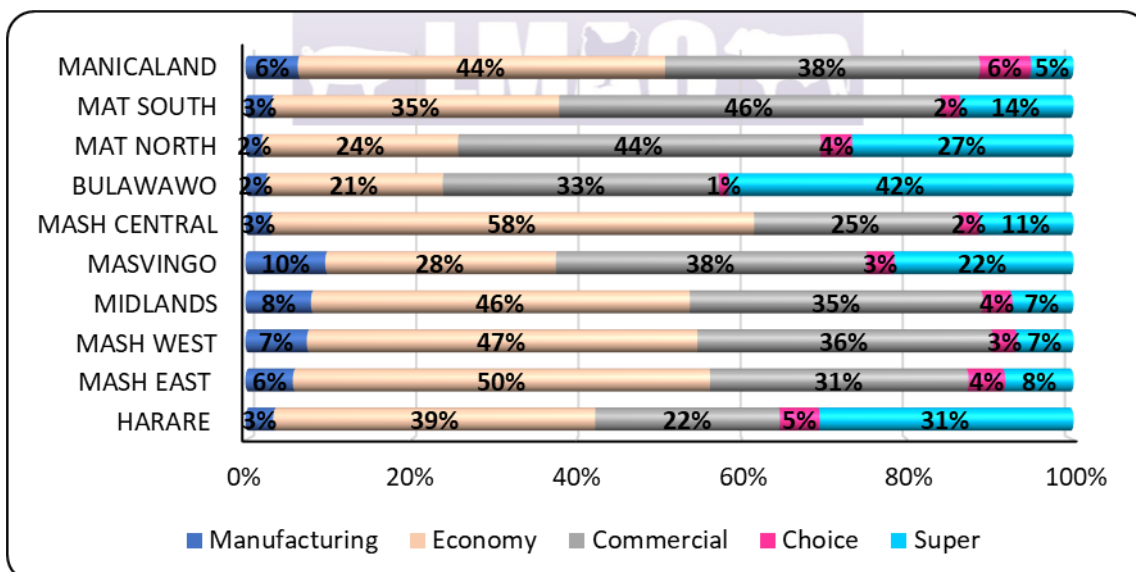
Third Quarter Cattle Slaughters by Province, 2017 – September 2020

Quality composition continues to be dominated by economy grade accounting for 39% in the first nine months of 2020. The proportion of commercial carcasses was 35%, 3% higher when compared to the same period in 2019. The market for Supers has started picking up and prices are on an upward trajectory.



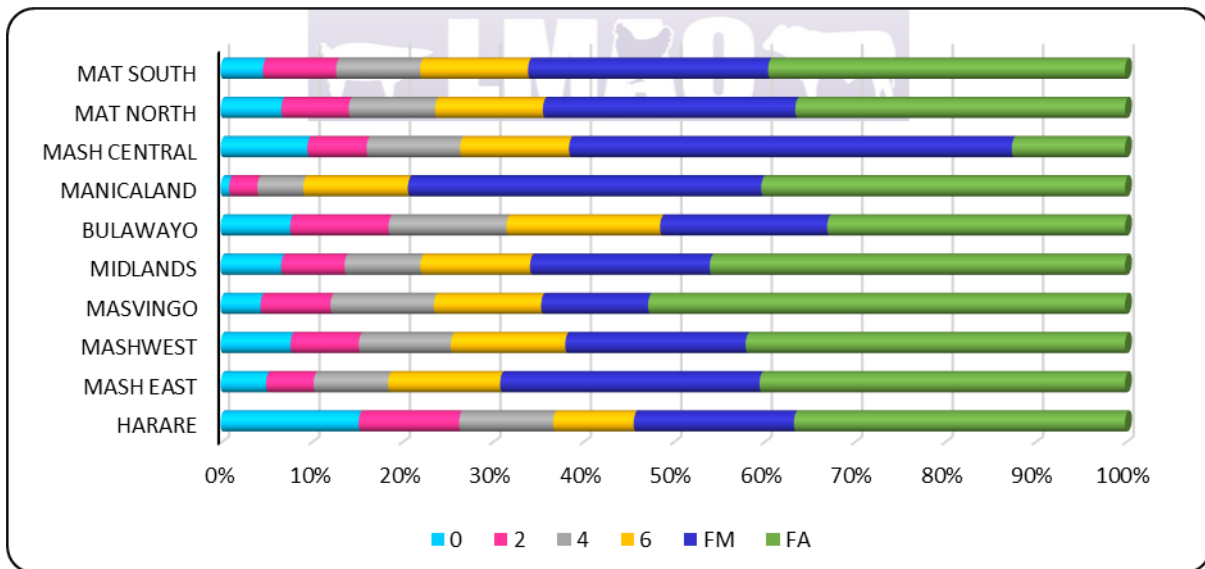
Quality Composition by Grade, 2015 – September 2020

Grade classification by province as illustrated below reveals that Bulawayo province has the highest composition of Supers, accounting for 42%, with Harare, Matabeleland North, Masvingo second (31%), third (27%) and fourth (22%) respectively. Economy grade dominated the composition of slaughters in Mashonaland Central (58%), East (50%) and West (47%).



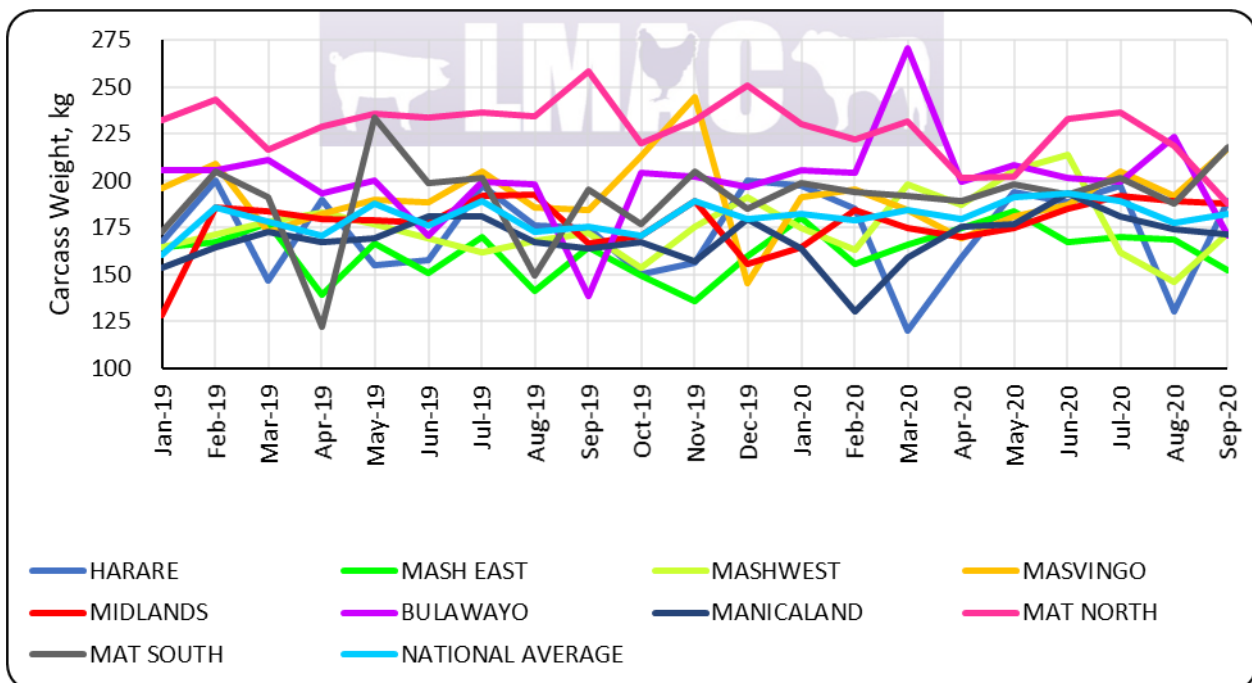
Grade Classification by Province, January to September 2020

The dominance of the communal farmer in supply the market is illustrated below with Full Mouth and Full Attrition accounting for between 51 – 79% of total slaughters.



Provincial Slaughters Composition by Age, January to September 2020

Matabeleland North boasted the highest average carcass size, ranging between 188 – 237kg in the nine months to September 2020. Bulawayo was second, ranging between 170 and 271kgs. The national weighted average carcass is illustrated in the figure below and ranged between 179 – 193 kgs.

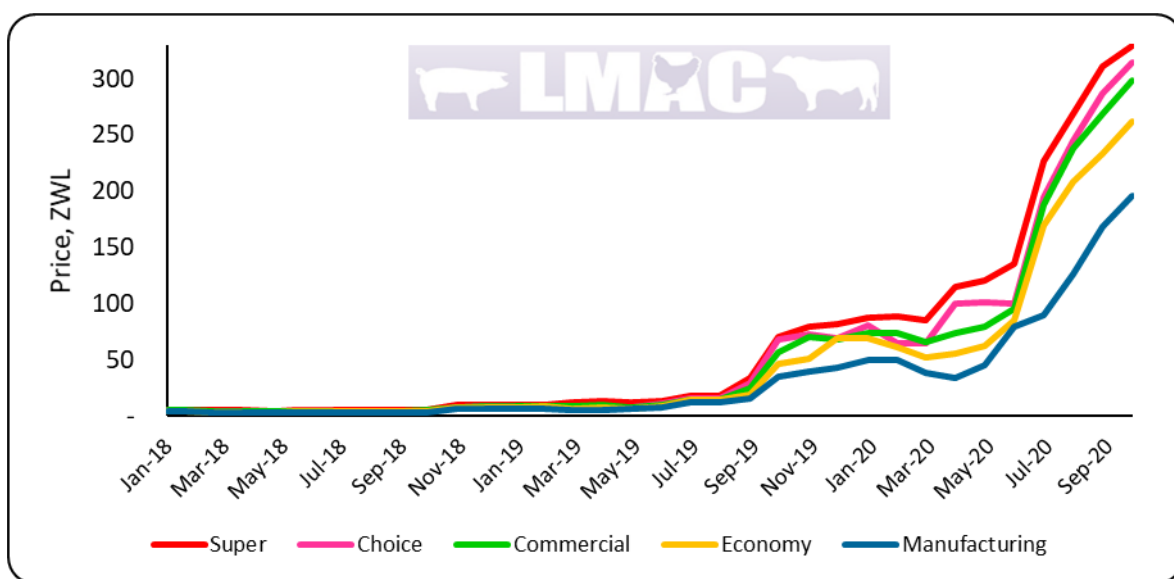


Provincial Average Cold Dressed Weight (kgs), 2019 – September 2020

With the exception of Super grade, prices of meat reduced slightly in the other grades in the third quarter. However, they are expected to increase once again as inflation pressures remain upward. Improved demand is expected to increase in the fourth quarter, putting further upward pressure on prices.

The wholesale price of commercial grade increased the highest of all meat grades by 306% in the nine months to September 2020, from ZWL 73.50 to 298.37/kg as depicted in the figure below. The wholesale price of economy grade also surged by 275%, from ZWL 69.75 to ZWL 261.87/kg.

The compounded month-on-month Consumer Price Index from January to September was 300%, while inflation in the food and non-alcoholic beverages sub-category was 291% over the same period.



Beef Prices (ZWL/kgs), 2018 – September 2020

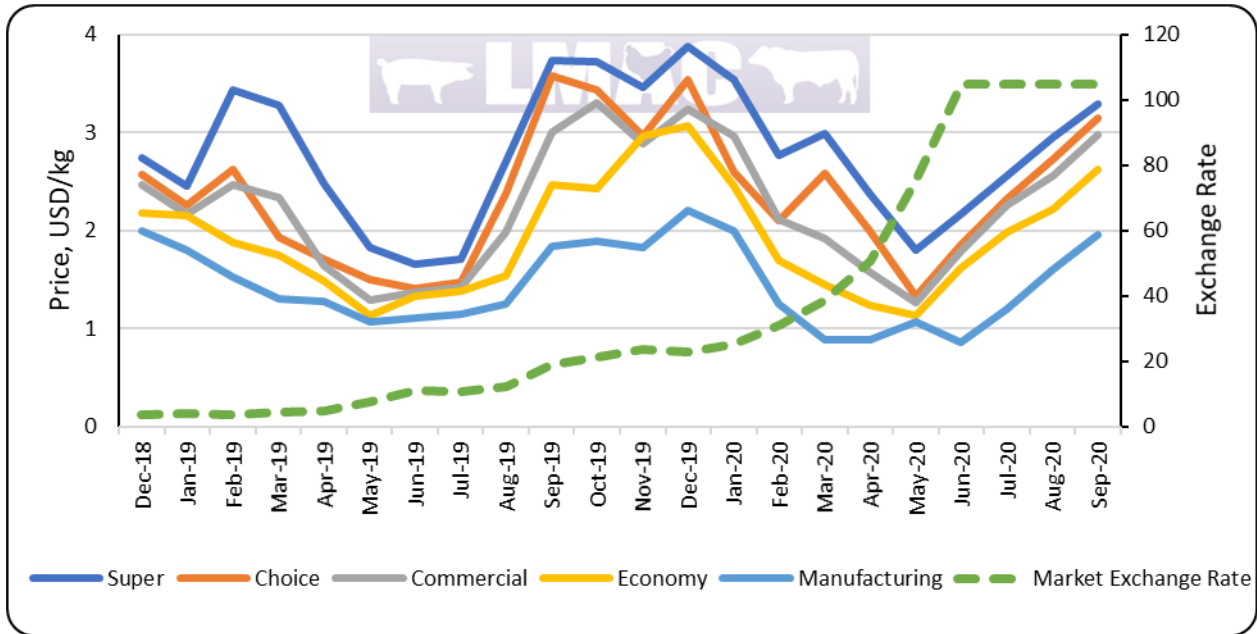
The figure below depicts prices in USD using the parallel market rate and analyses indicates price realignments at lagged intervals. Between December 2018 and May 2019, the exchange rate dominated the pricing of the meat grades, resulting in lower prices in real terms.

The period between June 2019 and December 2019 witnessed a correction in real terms as USD price across the board rose higher (Super 134%, Choice 152%, Commercial 137%, Economy 132% and Manufacturing 98%) than the depreciation of the local currency (106%).

Between January and June 2020, the exchange rate dominated as the local currency depreciated by 320% against the USD and in real terms, all grades retreated (Super -39%, Choice -29%, Commercial -40%, Economy -34% and Manufacturing -57%).

However, in the third quarter, the exchange rate stabilised and beef prices in local currency increased across the board (Super 52%, Choice 69%, Commercial 67%, Economy 62% and Manufacturing 129%). However, in the nine months to September 2020, meat prices of all

grades once again regressed in USD terms (Super -15%, Choice -11%, Commercial -8%, Economy -15% and Manufacturing -11%), indicating that prices in ZWL have once again lagged behind the exchange rate.



Beef Prices Indexed to the US Dollar, 2018 to December 2020