



Livestock and Meat Advisory Council

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Beef Sector Market Watch: First Quarter 2021

CC SALES
since 1971



LIT
Livestock Identification Trust

MPAZ



MPAZ
Meat Processors Association of Zimbabwe



PPAZ
Pigs Producers Association of Zimbabwe



SMA
Stockfeed Manufacturers Association



ZAA
Zimbabwe Association of Abattoirs



ZADF
Zimbabwe Association of Dairy Farmers



ZICORBA
Zimbabwe Rabbit Breeders Association



ZFPFA
Zimbabwe Fish Producers Association



ZFA
Zimbabwe Free Range Poultry Association



ZHB
Zimbabwe Herd Book



ZPA
Zimbabwe Poultry Association



ZQAP
Zimbabwe Quality Assured Pork



ZPA
Zimbabwe Poultry Association



ZQAP
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ZQAP
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Overview

The beef industry of Zimbabwe is dualistic in nature, characterised by a small but growing commercial beef cattle production sector and a large, semi-commercial small-holder cattle rearing sector.

The small-holder sector, comprised of communal farming areas, old resettlement and newly resettled A1 farming sector, accounts for 4.8million head, owned by slightly more than a million farm households for whom the herd of cattle is valued more for its stream of multiple benefits than as a source of beef.

The commercial farming sector made up of small to large-scale commercial farmers, inclusive of the A2 farm, has an estimated herd of 640,000 cattle, raised primarily for the supply of beef.

In the first quarter, the cattle population suffered significant losses due to the virulent tickborne disease, Theileriosis. The government through the Department of Veterinary Services is leading efforts to aggregate vaccine requirements from key participants in the value chain for bulk purchases. Field reports from members of the Zimbabwe Association of Abattoirs confirmed increasing difficulties in securing slaughter stock from the communal areas. Procurement costs have also risen, partly because of declining availability as farmers are under less selling pressure due to improved harvests and a shift in currency preferences to protect incomes values against any potential unexpected inflation and macroeconomic instability.

Very good early rains received across the country in the country augur well for the grazing pasture in areas where rainfall was good. Growth of over 58% in diaspora remittances for the year 2020 over the corresponding year 2019 from USD636 million to over USD1 billion appear to have mitigated against a 270% decline in the domestic currency for the year to March 2021 in supporting domestic consumption.

Beef Cattle Slaughters

Cumulative slaughters for the first quarter 2021 were 68,225, an increase of 27% over the same period in 2020 but 2% down on the fourth quarter of 2020. The first quarter 2021 slaughters are the highest first quarter statistics since 2010. Abattoirs continue to report

increasing uncertainty in the business environment driven by Covid related restrictions, currency uncertainty, increased levies and taxes and the outbreaks of diseases like FMD and theileriosis being the major headwinds. Business conditions are expected to remain vulnerable to macroeconomic and policy shocks for the rest of 2021.

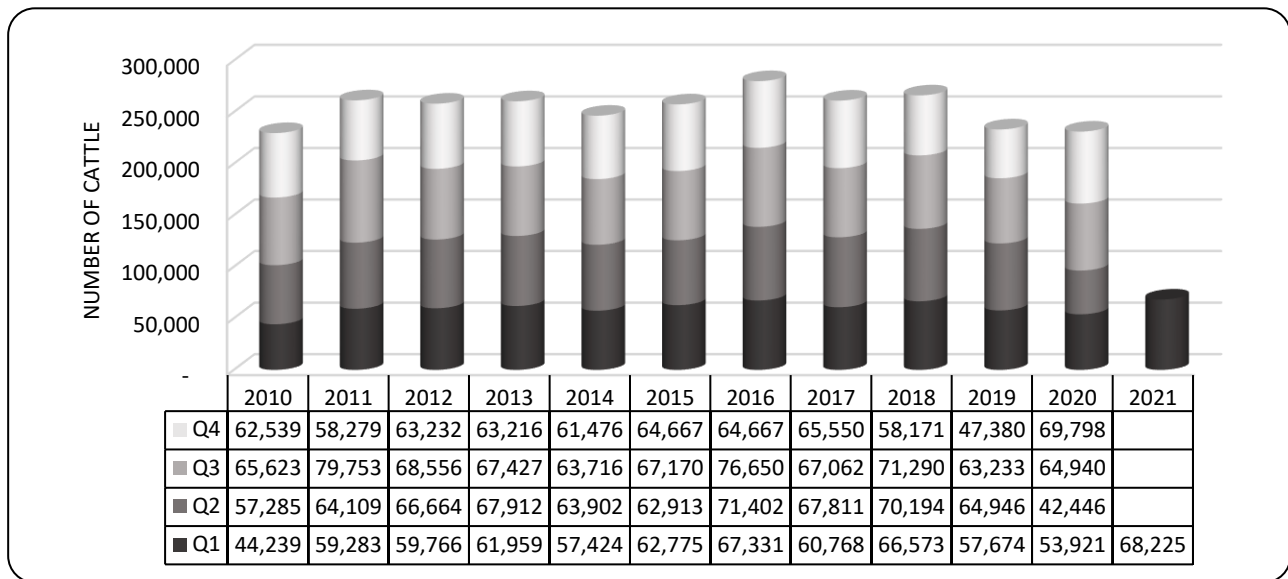
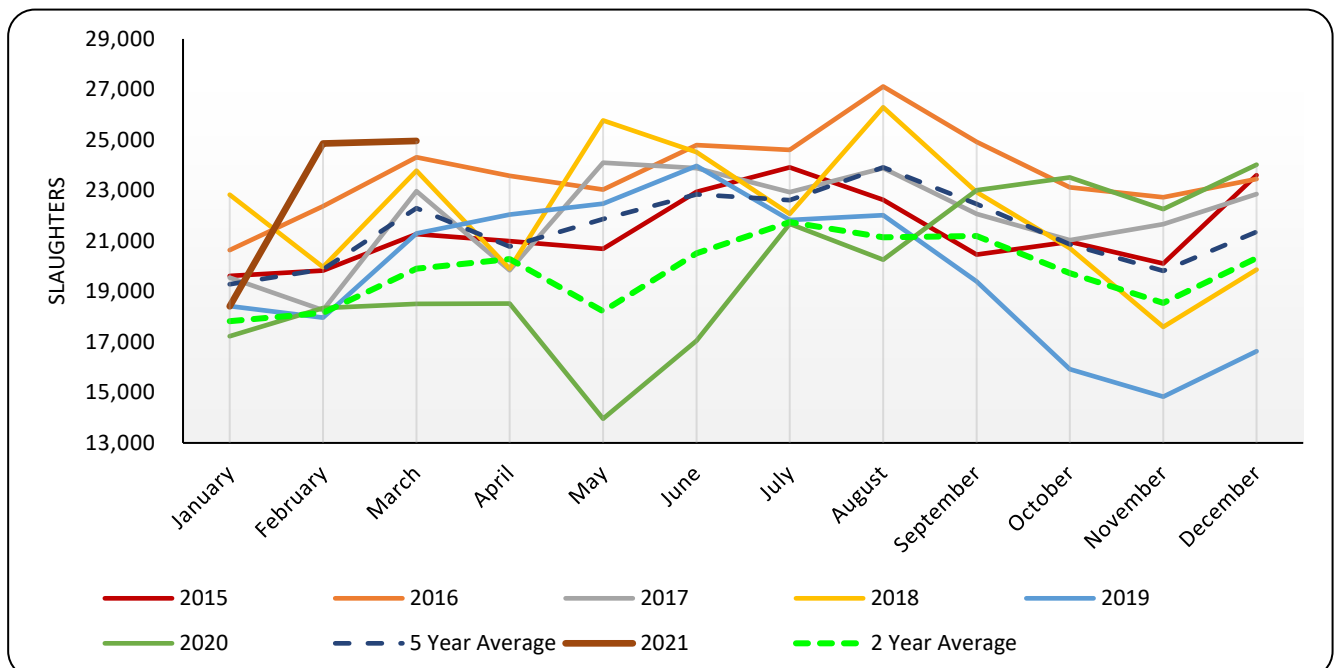


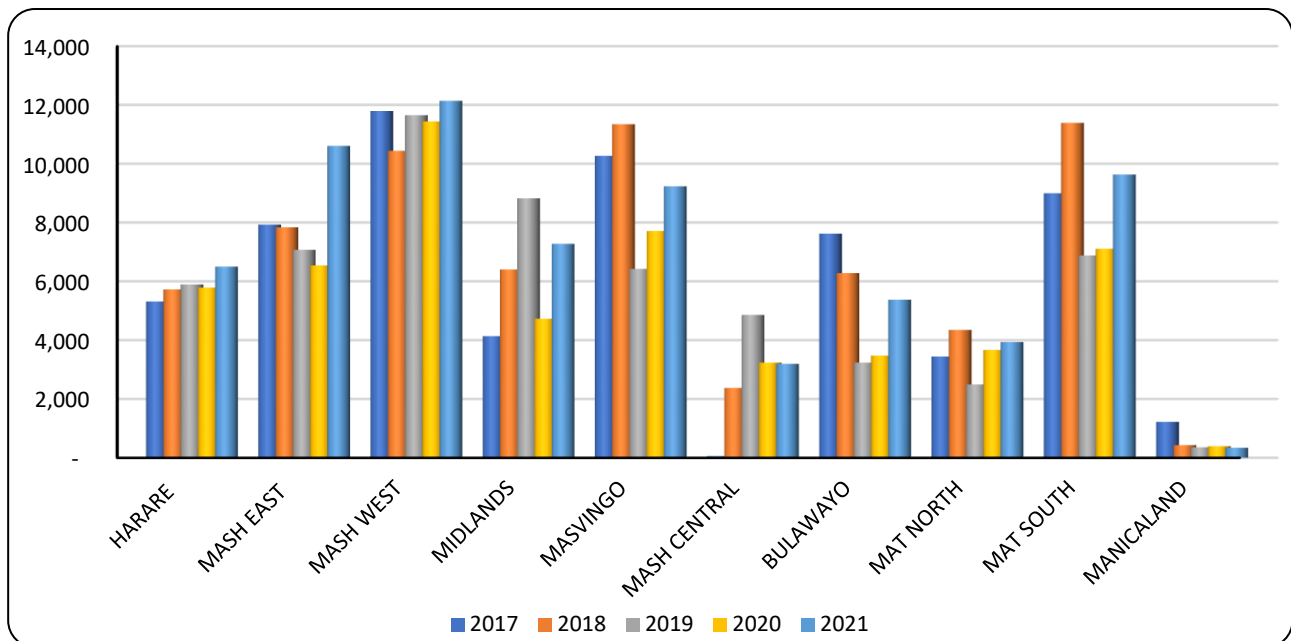
Figure 1: Cattle Slaughters By Quarter 2010 – 2021

The lowest slaughter figure recorded was in the January, however slaughters showed a significant increase of 35% with February reporting a cull of 24,855. Slaughter figures for the months February and March were above both the 2 and 5 year average monthly slaughter for February and March respectively. The relatively high slaughters mask the difficulties that characterise the environment within which participants must operate where policies and laws can lack uniformity in application making business forecasting a haphazard affair.



Monthly Cattle Slaughters, 2015 – 2020

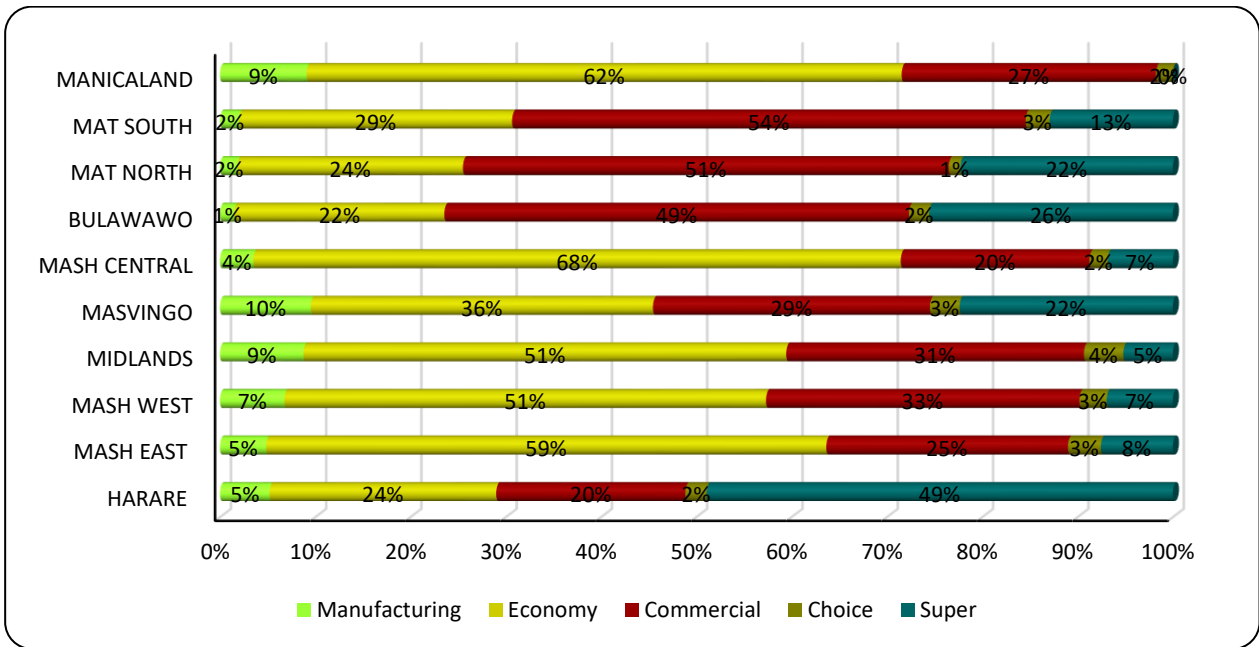
For the first quarter of the year to March 2021, Mashonaland West recorded the highest number of slaughters at monitored abattoirs, accounting for 18% of the national slaughter. Mashonaland East, Matebeleland South and Masvingo were second, third and fourth respectively. Manicaland had the lowest number of 341, reflective of the lack of monitoring of abattoirs and not the absence of cattle slaughters.



Annual Cattle Slaughters by Province, 2017 – 2020

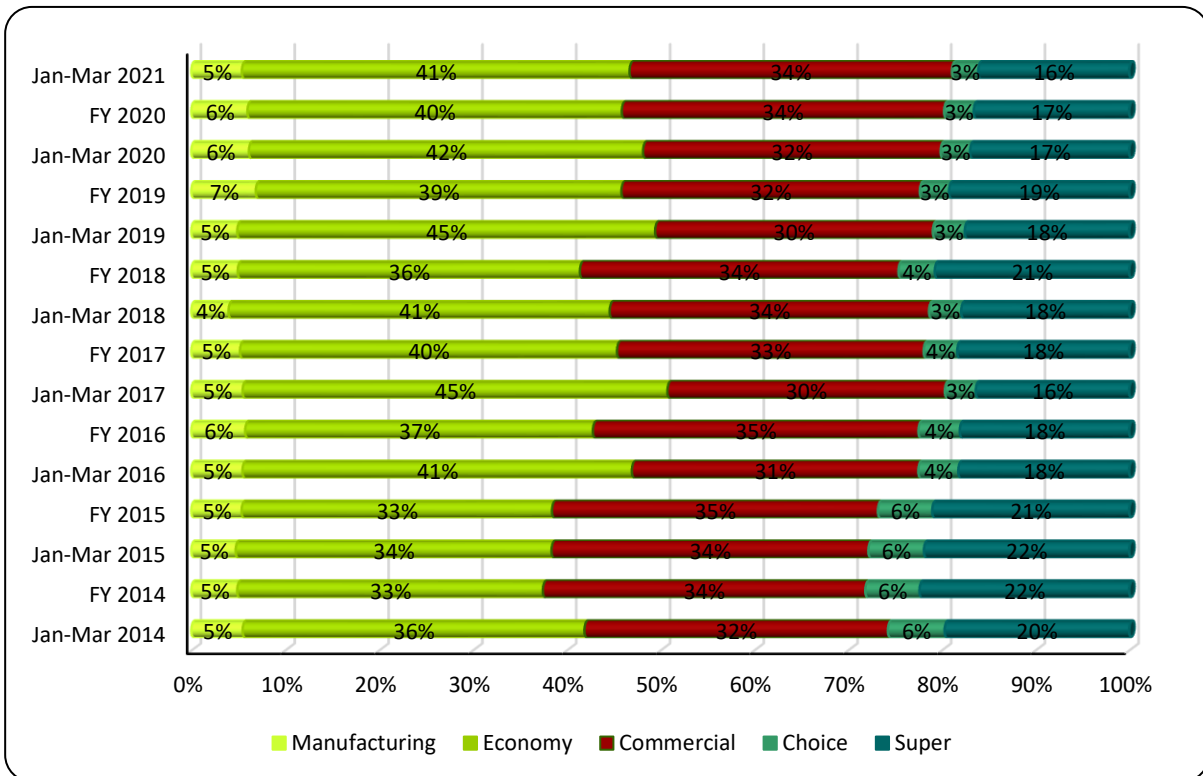
Composition of Slaughter Stock by Grade and Age

Grade classification by province as illustrated below reveals Harare as the province with the highest composition of Supers accounting for the total 49%, with Bulawayo, Masvingo and Matebeleland North, second (26%), third (22%) and fourth (22%) respectively. Economy grade dominated slaughters in Mashonaland Central (68%), Manicaland (62) and Mashonaland East (59%).



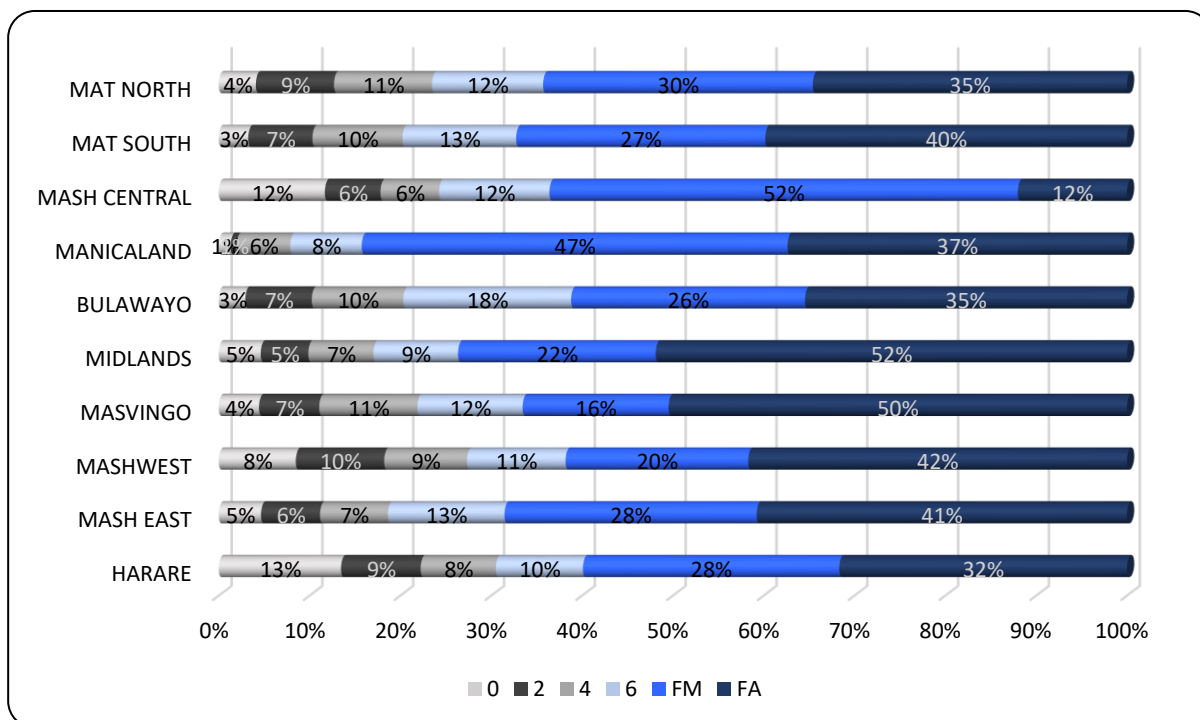
Provincial Quality Composition by Grade, Q1 2021

The quality composition continues to be dominated by economy grade accounting for 41% in the first quarter 2021. The proportion of Supers carcasses marginally went down from 17% to 16% when compared to the same period in year 2020. The market for Supers has recently come under pressure with consumer incomes decreasing in real terms while prices for stockfeed rose putting profit margins under pressure in this category of beef.



National Quality Composition by Grade, 2014 to Q1 2021

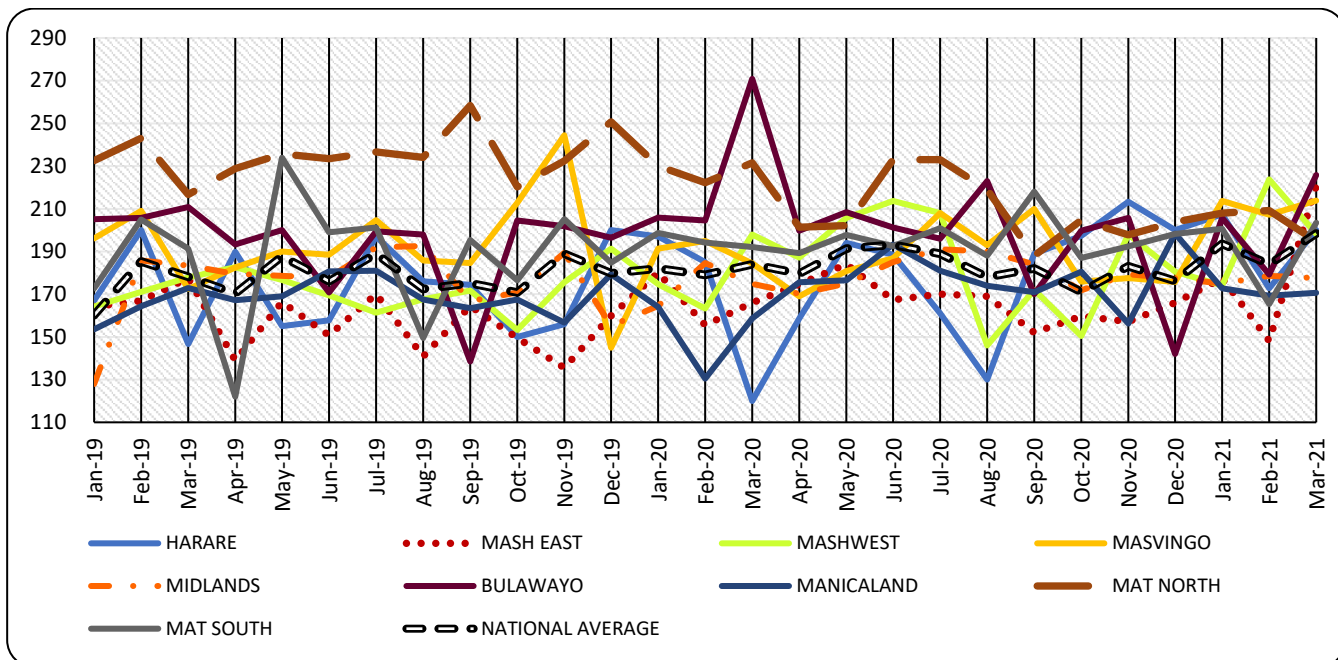
The dominance of the communal farmer in supply the market is illustrated in the figure below with Full Mouth and Full Attrition accounting for between 50 – 84% of total slaughters



Provincial Slaughters Composition by Age, Q1 2021

Trends in Beef Carcass and Weight

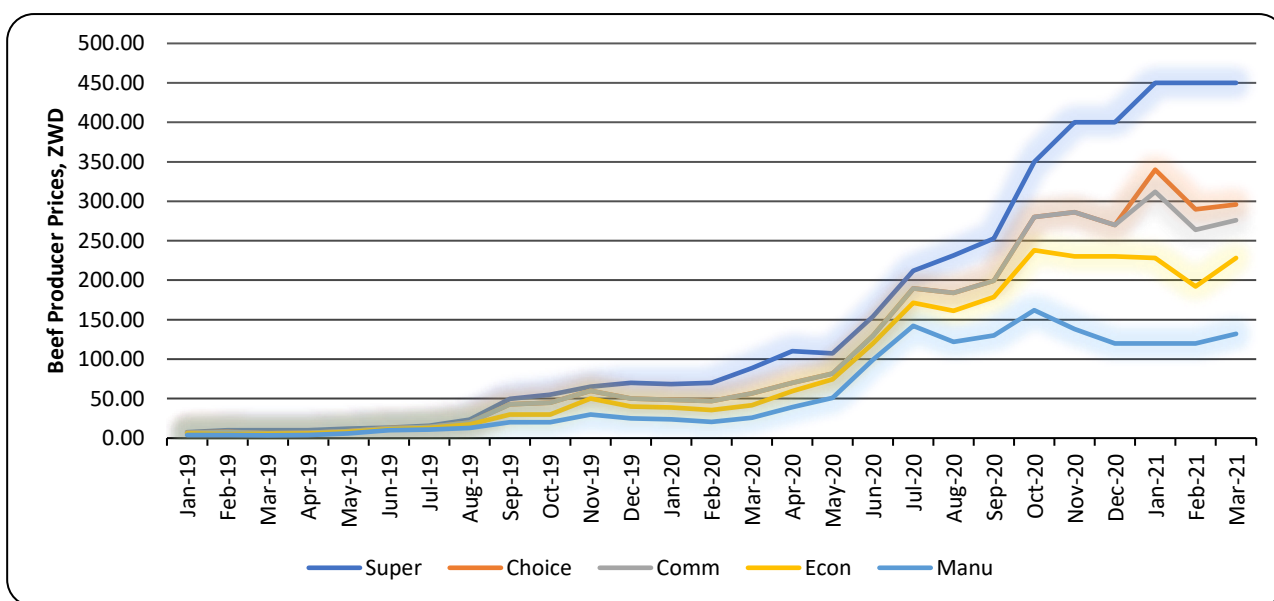
The national distribution of carcass weights are falling in their spread from 120kg-271kg (median 169kg) in the first quarter 2020 to 165 – 226 kg (median 192kg) in the first quarter 2021. Masvingo boasted the highest average carcass size, averaging between 207 – 214kg in 2021. Matebeleland North was second, averaging between 189 and 208kgs. Manicaland had the smallest carcass weight, ranging between 169 – 173kg. The national weighted average carcass illustrated below was between 184 – 198kg .



Provincial Average Cold Dressed Mass (kgs), 2019 – 2020

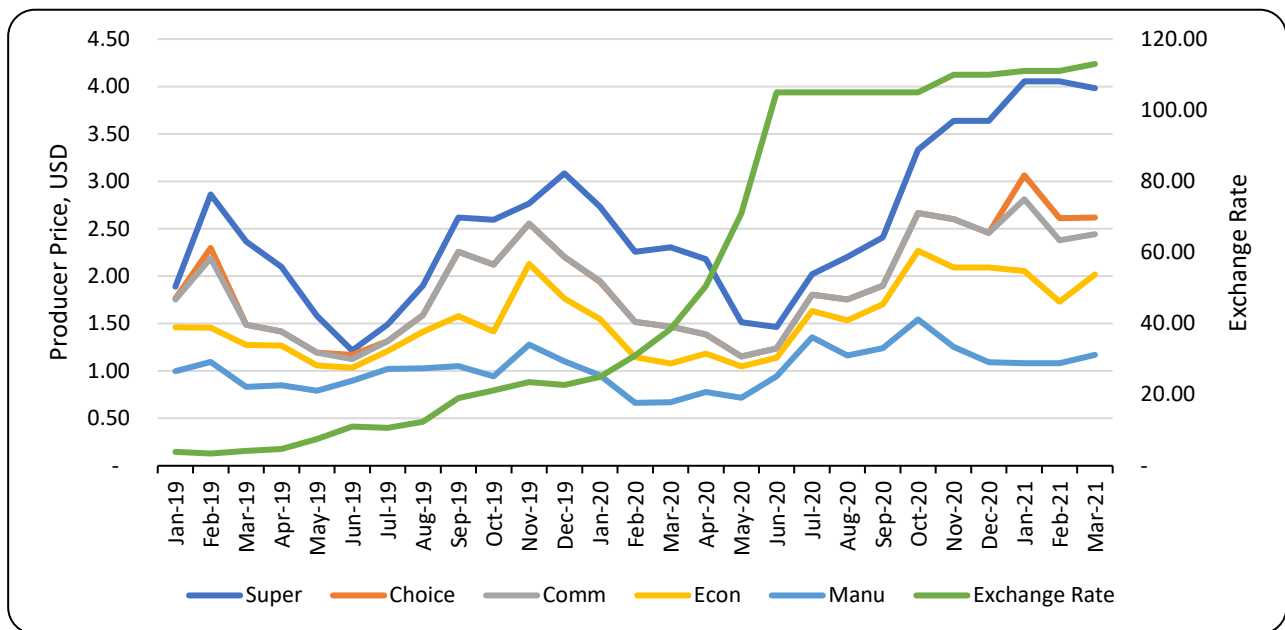
Beef Producer and Wholesale Prices

The producer price of Super grade increased the highest of all meat grades by 13% from ZWL 400 to 450/kg in the first quarter of 2021 as shown in the figure below. The producer price of Economy grade decreased by 1% over 2020 from ZWL 230 to 228/kg. In the same period the exchange rate depreciated by 3%. In the corresponding period 2020, Super and Economy grades increased by 27 and 4% respectively while the exchange rate depreciated by 70%.



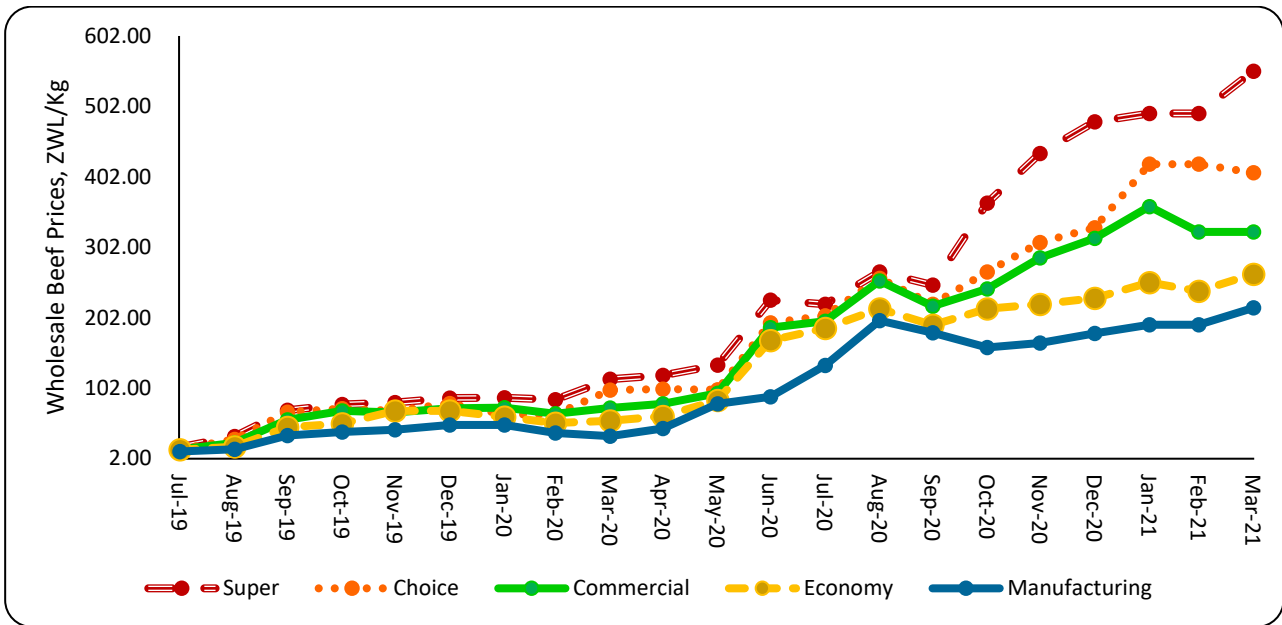
Beef Producer Prices, ZWL/kg

Meat producer prices in USD reflected some level of stabilisation in the first quarter of the year 2021. Super, Choice and Manufacturing went up 10,7 and 7% respectively while Commercial grade remained the same with only Economy declining by 4%.



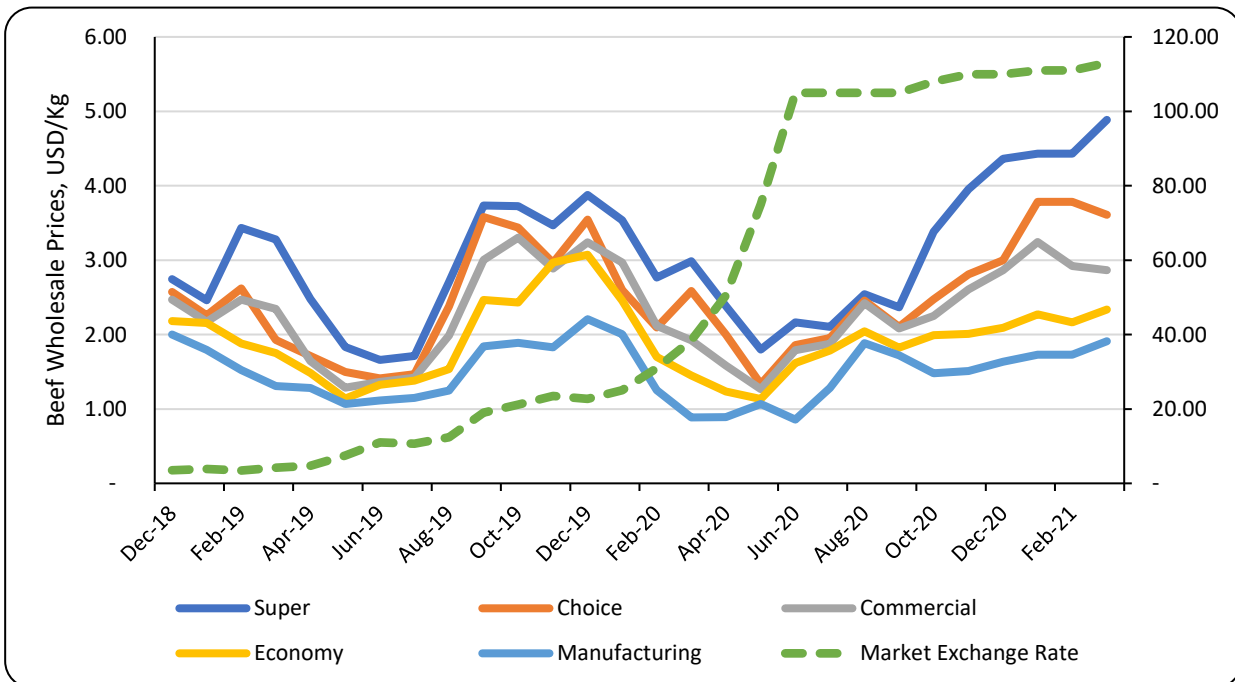
Beef Producer Prices, USD/kg

The month-on-month trajectory of wholesale prices in the first quarter illustrated in the graph below reveals a general upward trajectory even as the number of slaughtered cattle is on the rise. This may point to an increase in demand when considered in conjunction with the increase in aggregate slaughters. Food and non-alcoholic beverages inflation in the first quarter of 2021 stood at 29% while meat inflation was reported to be 16%. Wholesale price of Choice grade increased the highest of all meat grades up 24% over the first quarter 2021 from ZWL330 to ZWL408 as depicted in the graph below. The wholesale price of Economy grade went up 15% from ZWL230/kg to ZWL264/kg.



Beef Wholesale Prices (ZWL/kgs)

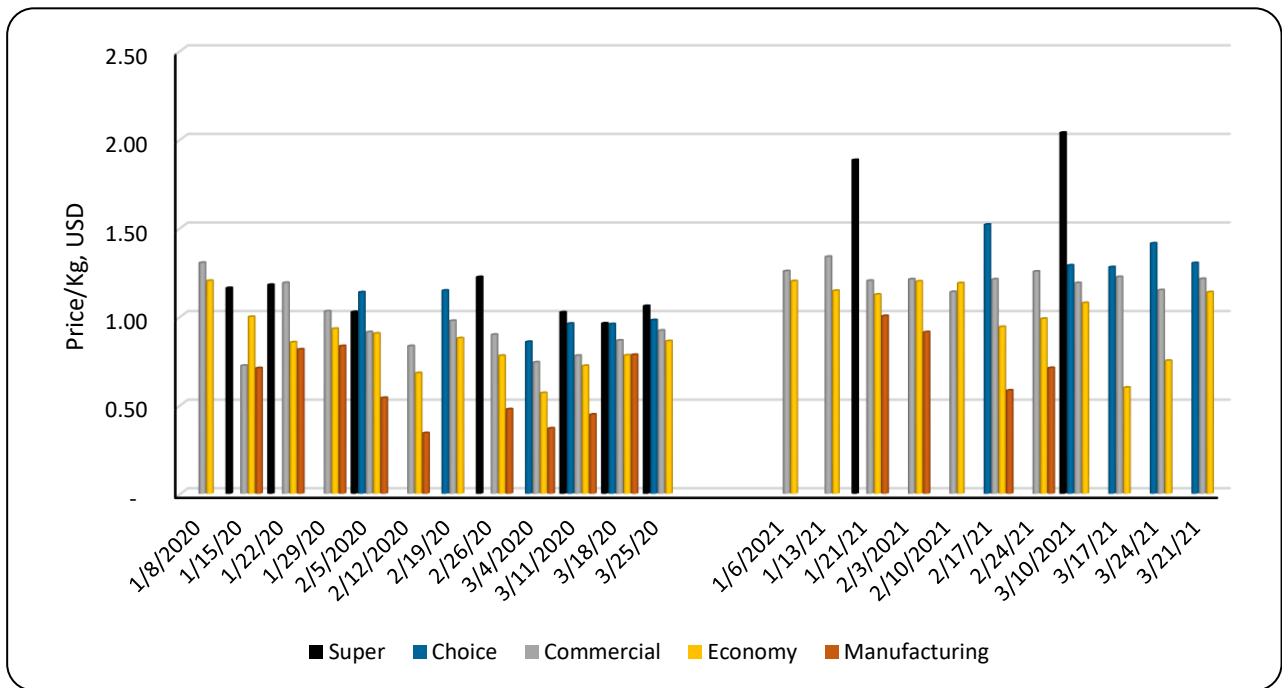
Figure 10 gives US\$ prices using the Market Rate. An analysis for the first quarter since January 2021 the price of Super is on an upward trend peaking at their highest since January 2018. Prices in the first quarter 2021 in real terms rose with Supers 20% from US\$3.95 to US\$4.88 while Economy also rising from US\$2.09 to US\$2.34.



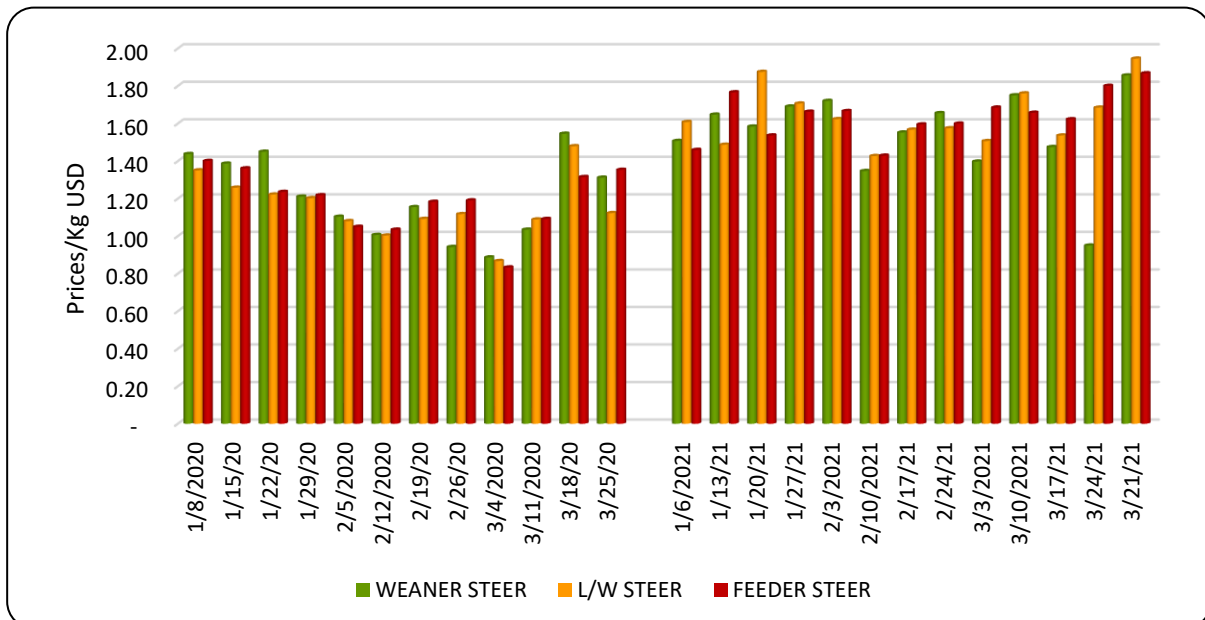
Beef Wholesale Prices, USD/kg 2018 – 2020

CC Sales Auction Prices Review

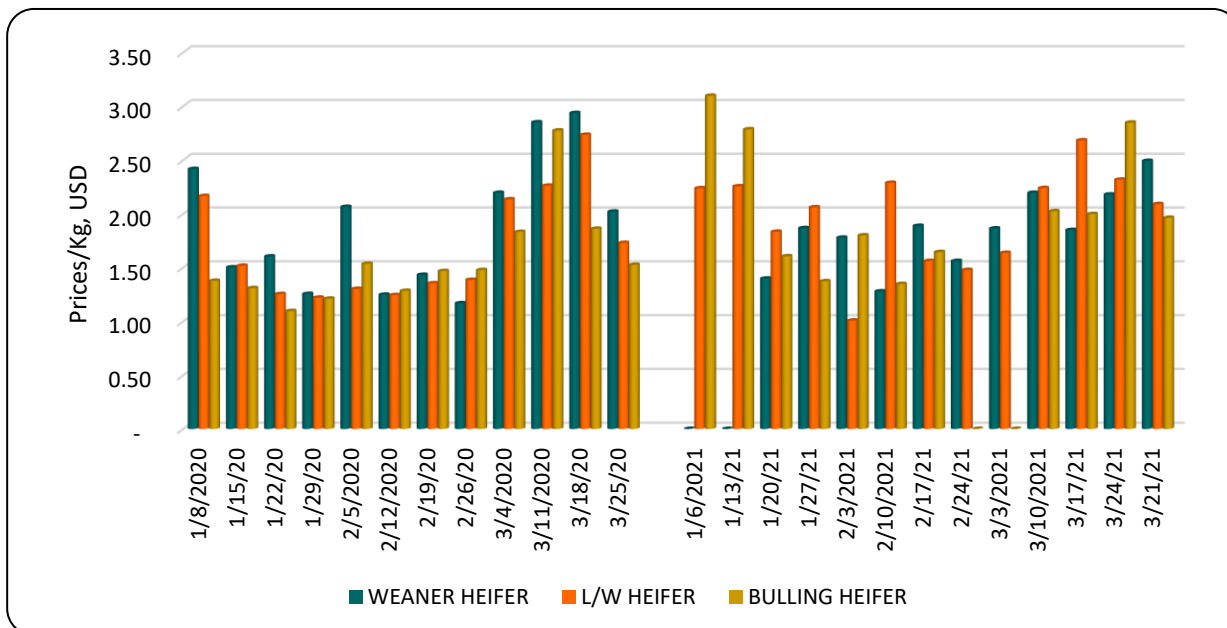
Prices of cattle auctioned at CC Sales Auction in Q12021 are compared with those obtained in Q12020 over the main categories, Slaughter stock, Replacement Breeding Stock and Breeding Steers.



CC Sales Auction Slaughter Stock Q1 2020 vs Q1 2021, USD



CC Sales Auction Replacement Breeding Stock Q1 2020 vs Q1 2021, USD



CC Sales Auction Breeding Steers Q1 2020 vs Q1 2021, USD

Conclusions and Outlook for 2021

The good rains received during 2020Q4 and projected for the rest of the 2020/1 agricultural season is good news for the domestic economy and offers the best economic stimulus package to lift the livestock sector and beef sector out of the deep recession experienced over the last two years. Good agricultural crop harvest means higher incomes for Zimbabwe a country in which the majority are full time or part time farmers. The increase in Diaspora remittances is also expected to positively impact disposable incomes. Demand for beef and animal proteins in general increases with rising disposal income especially among low income urban consumers.

Abundance of good quality veldt across the country is also expected to improve the condition score of beef cattle throughout the year and therefore also improve the quality of slaughter stock off veldt. Thus, favourable demand side factors and supply side factors are aligned to make 2021 beef marketing season the best season in as many years. While the 2021 National Budget Statement confirmed that macroeconomic headwinds will persist over 2021 made worse by the Covid19 and lockdown policies, there is every hope for the cattle industry to smile again with return of better fortunes in 2021.