



Livestock and Meat Advisory Council

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Pork Sector Market Watch: First Quarter 2021

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Livestock Identification Trust



Meat Processors Association of Zimbabwe



Pig Producers Association of Zimbabwe



Zimbabwe Association of Abattoirs



Zimbabwe Association of Dairy Farmers



Zimbabwe Rabbit Breeders Association



Zimbabwe Fish Producers Association



Zimbabwe Free Range Association



Zimbabwe Herd Book



Zimbabwe Quality Assured Pork



Zimbabwe Quality Assured Pork

Pork Sector

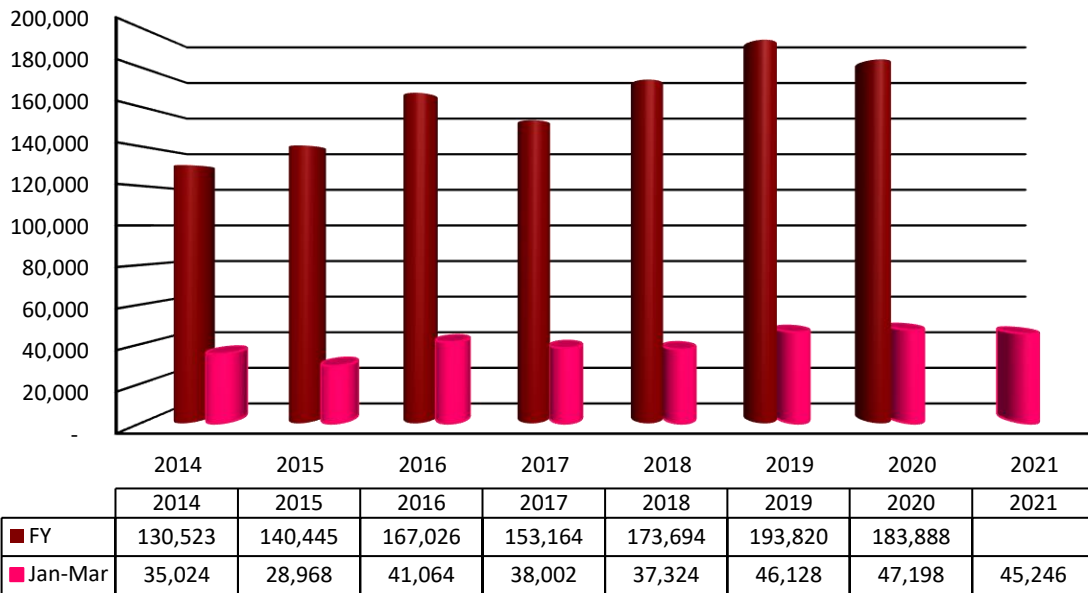
Overview

Pork is the most consumed animal protein in the world. China, the European Union, the United States, Brazil and Russia are the biggest producers cumulatively supplying 86% of total production. In Africa, Nigeria and South Africa are the key pork producing countries. Pig production in Zimbabwe is practised by small, medium and large-scale commercial producers in all provinces of Zimbabwe. The Mashonaland provinces dominate in terms of producer areas as determined by slaughter statistics from registered abattoirs accounting for approximately 90% . About 80% of pig producers are small scale however in terms of pigs slaughtered large scale abattoirs account for over 70%.

The main challenges in pig production include inferior breeds, unavailability of funding, high feed and drug costs, persistent droughts, lack of management skills, insufficient extension services, and marketing policy bottlenecks. Another challenge is the shortage of electricity, most piglets die from cold, and crushing by the sow as they try to seek warmth from the sow.

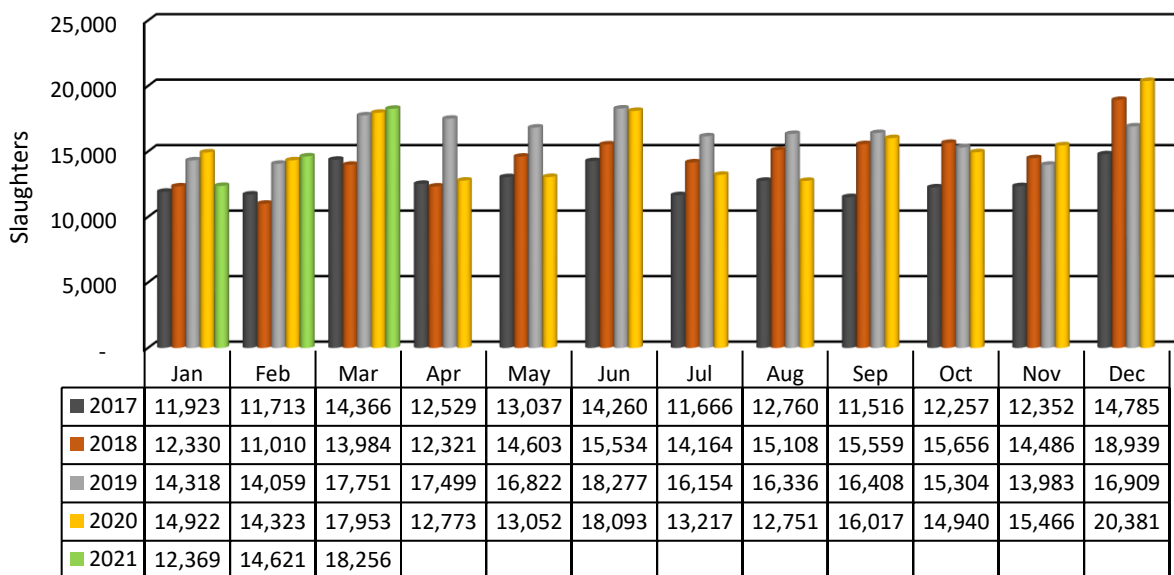
Q1 2021 Slaughter Overview

Cumulative pig slaughters for the first quarter 2021 were 45,246 head, 4% lower than the corresponding period in 2019 and 21% greater than in 2018. The slaughters were the second highest for any first quarter period since 2013. Small holder pig producers are reportedly struggling to access maize as GMB has not availed any allocation and current legislation makes it illegal to purchase directly from maize farmers. This segment is the most vulnerable from the effects of a declining and volatile economy, where supply bottlenecks of raw materials are routinely experienced. This has resulted in escalating cost structures that producers encounter challenges to pass onto the consumer whose disposable incomes have to contend with an inflationary environment.



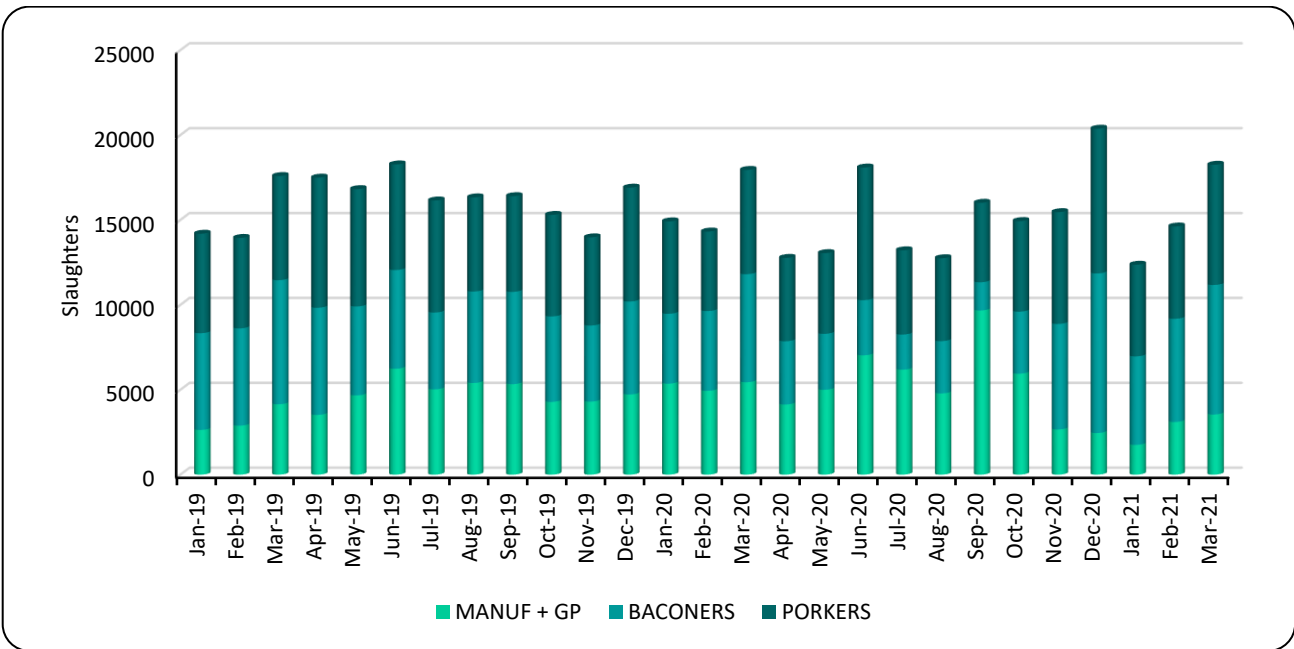
Pig Slaughters, 2013 – 2021

The slaughters for the month of March were the highest for the three months under review at 18,256. This is also the third highest slaughter figure since 2017, with December 2020 being the highest, whose slaughters amounted to 20,381.



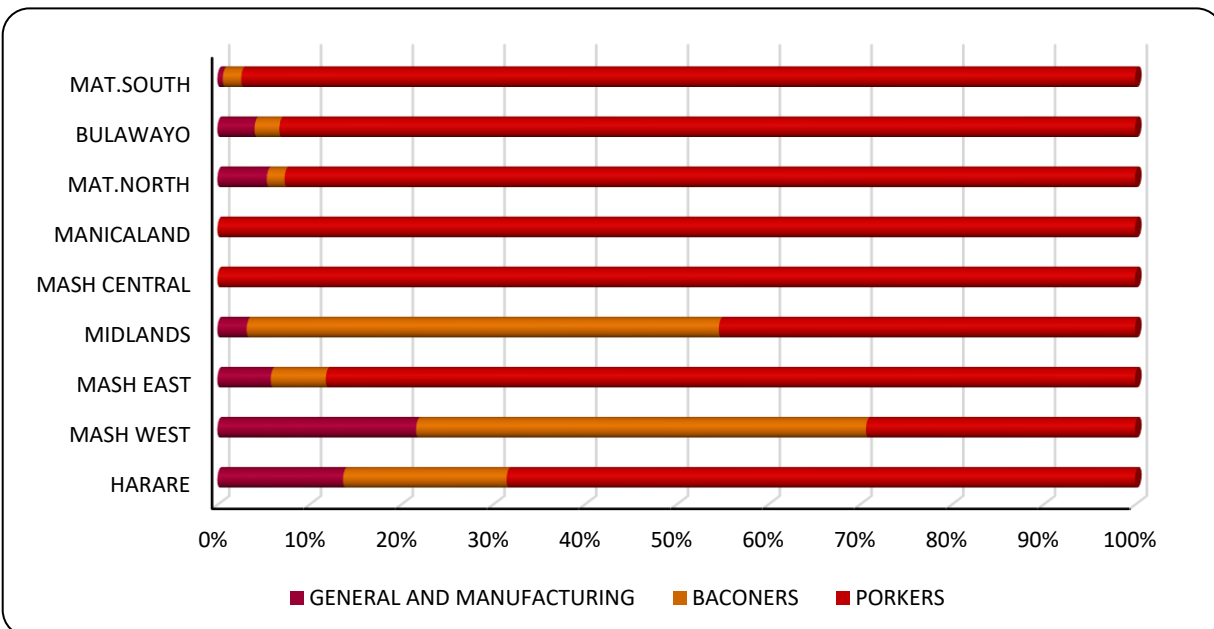
Monthly Pig Slaughters, 2017 – 2021

The graph below illustrates the monthly breakdown by grade since January 2019. For the first quarter under review, Baconers made up 42% of total slaughters with Manufacturing and General Purpose two percentage points less at 40% while Porkers made up the remaining 18%.



Monthly Pig Slaughters by Grade

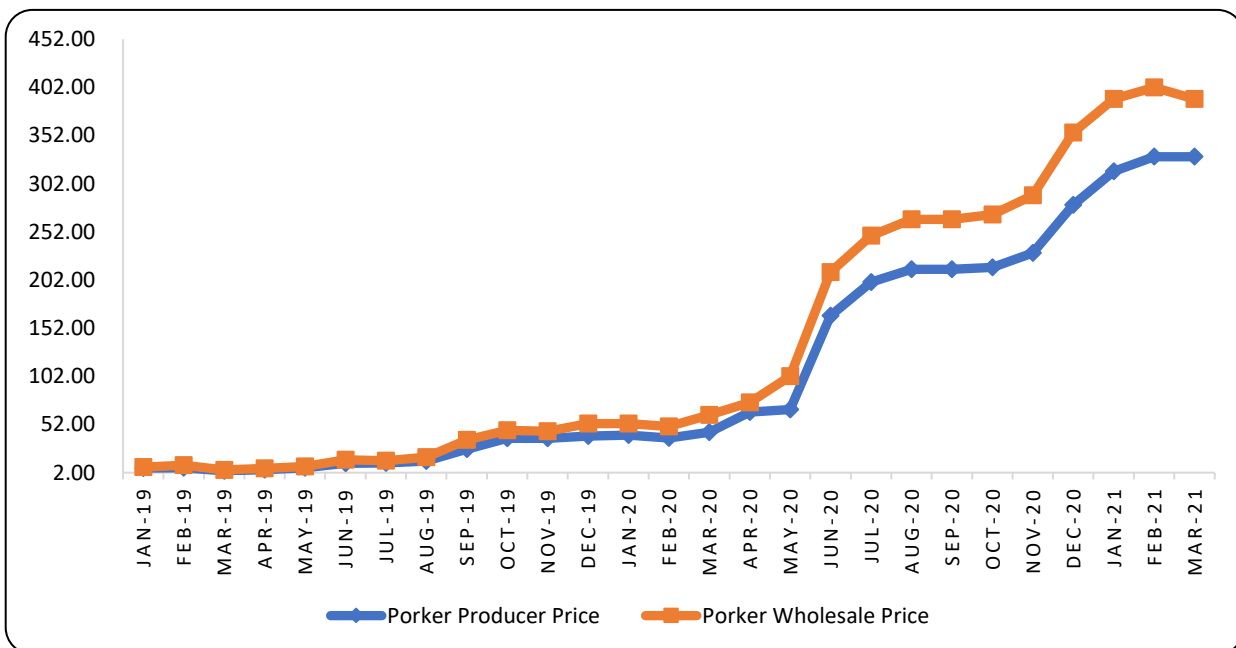
The dominance of Porkers and Baconers grades in all the provinces with exception of Mashonaland West suggest that destocking of breeding stock has stabilised. Problems securing raw materials for stockfeed and other support services compound challenges faced by smaller sized pig producers continue.



Proportionate Provincial Slaughters by Grade, Jan-Mar 2021

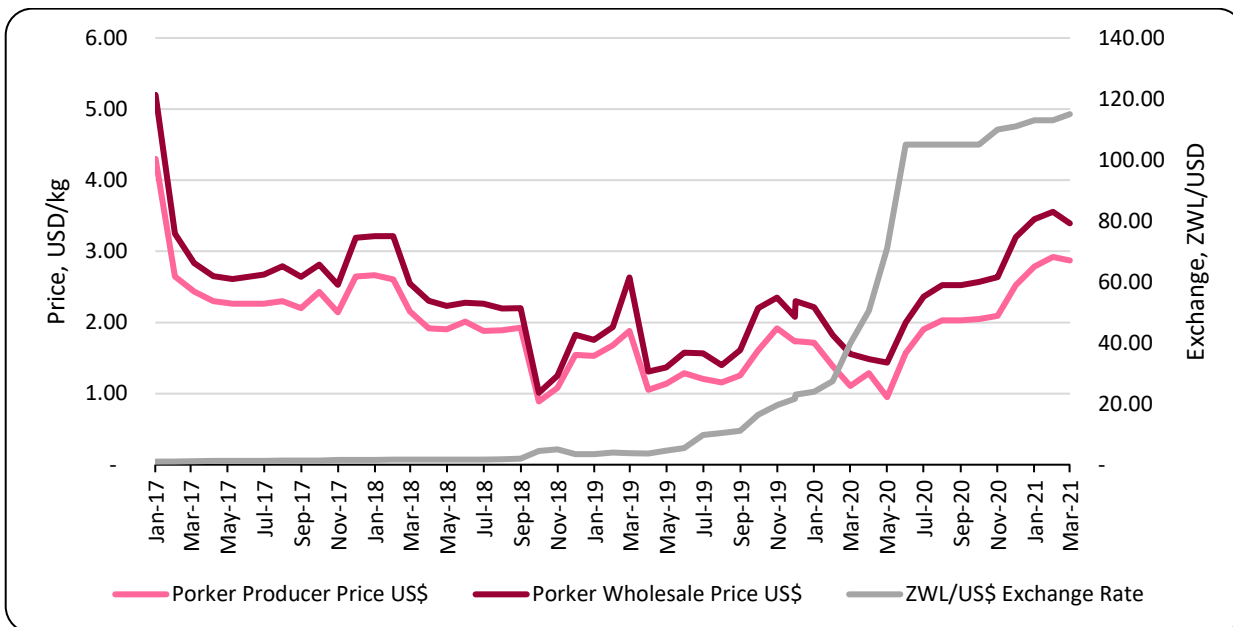
Producer and Wholesale Prices

Pig producer and wholesale prices for the first quarter have shown modest increases when compared with the general cost environment that has registered significant upward price pressures. Producer prices rose only 18% in the first quarter 2020 while Wholesale prices rose 10%. Price competition from other animal proteins particularly poultry and other substitutes such as eggs have put downward pressure on pork prices. This has also been exacerbated by the reduced purchasing power of the consumer. According to Pig Industry Board, the cost of producing a kg of pork currently stands at ZWL286.93. This implies that pig producers are labouring under margins of 15%. The low producer prices has seen some producers try and seek a direct route to the market, though reports suggest the results of these efforts have been mixed.



Pig Producer and Wholesale Prices ZWL\$/kg, 2019-2021

First quarter 2021 pork producer and wholesale prices in real terms using the market rate increased marginally. The producer price has declined by 14% in the first quarter from US\$2.52 to US\$2.87/kg. According to PIB, the cost of producing a kg of pork is US\$2.44. The wholesale did not fare much better with the price increasing 6% in real terms from US\$3.20 to US\$3.39/kg. The low margins continue to put producers under significant pressure and discourage new entrants as profit margins are expected to remain under pressure for the short to medium term driven by an uncertain and volatile macroenvironment.



Pig Producer and Wholesale Prices in US\$/kg, 2017-2021

Conclusions and Outlook for 2021

With an estimated maize harvest in the region of 2.7 million metric tons, the country is not expected to require imports once harvesting begins to supplement domestic supplies. Pricing of the maize crop as announced by government of ZWL32,000, or US\$380 at the auction rate is expected to push up prices of stockfeed. The Soyabean crop is expected to be in the region of 70,000mt, against a domestic demand of 150,000mt by the stockfeed industry. With broader inflation as measured by CPI expected to reduce into the double digit by the end of year implying less erosion of incomes as in the recent past, incomes are expected to support current levels of meat consumption with. These expectations assume few shocks emanating from the fiscal and monetary authorities sectors of the economy, as the broader economic environment remains vulnerable.