



Agri Trends: Livestock and Hide Report

Hide prices recovering due to upholstery sector boom

Beef: Prices of topside increased 1.9%, while the price of rump, striploin, chuck and brisket declined 1.7%, 1.0%, 0.4% and 0.8%, respectively, compared with last week. New Zealand's beef exporters rely heavily on the sale of frozen beef to the US and China. Competition in these markets will limit the upside for New Zealand farmgate prices. The local weaner calf price has been trading upwards in recent weeks due to high demand, and prices increased 1.3% week-on-week, with the current weaner price 30.4% higher than a year ago.

Mutton: The price of lambs and ewes in New Zealand increased 0.3% to NZD7.15/kg and 0.4% to NZD4.80/kg, respectively, compared with the previous week. Buyers of frozen leg cuts in the UK and the EU may be stuck with higher inventories now as spikes in COVID-19 infections may have them facing another lockdown. In the domestic market this week, the national average Class A carcass lamb price increased 1.0% to R89.99/kg and the average Class C carcass price dipped 0.9% to R65.56/kg. Feeder lamb prices are 1.5% higher compared with prices a week ago.

Pork: The US pork carcass price increased 7.4% in the international pork market compared with the previous week. China is rebuilding their pig herd, which is the largest in the world, causing global soybean prices to increase. In the local market this week, the average price of porkers increased 2.0% to R29.72/kg, while the average price of baconers rose 2.2% to R28.61/kg week-on-week.

Poultry: The price of US whole birds decreased 0.3% week-on-week, while the price of US chicken breasts increased 11.3% to USD79/lb. High maize prices in the domestic market are having a major impact on the poultry sector as feed costs are a large cost component. The average price of frozen birds and fresh whole birds increased 1.5% and 1.1% to R25.75/kg and R26.03/kg, respectively, in the local poultry market this week.

Hides: The average price of hide increased 22.6% to R0.82/kg from last week. The current price is 43.6% higher than the price a month ago and 54.4% lower than the price a year ago. The global hide market has seen an improvement in hide prices due to an improvement in the upholstery sector.

Abrie Rautenbach
+27 67 417 1645
Abrie.Rautenbach@absa.africa

Paige Bowen
+27 66 288 9429
Paige.Bowen@absa.africa

www.absa.co.za

<https://www.absa.co.za/business/sector-solutions/agribusiness/agri-smart-insights/>

Agri Trends

Beef Market Trends

International Beef Market

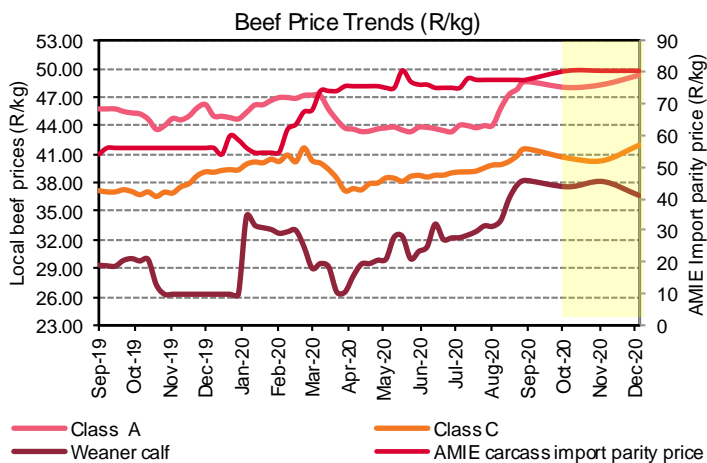
Prices of topside increased 1.9%, while the price of rump, striploin, chuck and brisket declined 1.7%, 1.0%, 0.4% and 0.8%, respectively, compared with last week. The price for steers rose 0.5% and the price of cows fell 1.6% in New Zealand. New Zealand's steer and cow prices were 7.0% and 8.7% lower, respectively, than prices last year. New Zealand's beef exporters rely heavily on the sale of frozen beef to the US and China. Competition in these markets will limit the upside for New Zealand farmgate 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	214.00	285.00	575.00	222.00	214.31	289.39	562.00	418.00
w/w	1.9%	-1.7%	-1.0%	-0.4%	-0.8%	-0.7%	0.5%	-1.6%
m/m	-4.9%	-14.0%	-14.6%	-5.1%	-2.6%	-9.1%	2.2%	2.5%
y/y	4.4%	7.5%	11.6%	3.3%	-20.9%	-0.5%	-7.0%	-8.7%

Local Beef Market

Average Class A prices increased 1.7% to R48.65/kg in the local market last week, while Class C prices rose 1.8% to R41.58/kg week-on-week. The local weaner calf price has been trading upwards in recent weeks due to high demand, and prices increased 1.3% week-on-week, with the current weaner price 30.4% higher than a year ago. Demand for beef products remained strong while a limited supply provided support for prices.

	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	16.82	11.13	48.65	41.58	48.65	38.25	81.01	77.50
w/w	2.4%	0.5%	1.7%	1.8%	1.5%	1.3%	-1.1%	0.0%
m/m	-0.3%	-0.4%	10.4%	4.3%	10.2%	14.5%	2.0%	0.0%
y/y	12.1%	17.9%	6.3%	11.9%	5.8%	30.4%	7.6%	43.5%



*Last 3 points 3 months forecast

Outlook

International beef prices are expected to remain relatively stable in the short term.

Continued high grains and oilseeds prices will have a negative impact on animal feed costs for livestock producers. As demand for beef remains high, beef prices are expected to remain strong.

Sheep Market Trends

International Sheep Meat Market

The price of lambs and ewes in New Zealand increased 0.3% to NZD7.15/kg and 0.4% to NZD4.80/kg, respectively, compared with the previous week. However, New Zealand lamb and ewe prices are down 16.7% and 14.0%, respectively, compared with a year ago. The price of both mutton ribs and shoulders also remained the same this week compared with a week ago. Buyers of frozen leg cuts in the UK and the EU may be stuck with higher inventories now as spikes in COVID-19 infections may have them facing another lockdown. Premium lamb cuts such as French racks are being sold at lower prices as exporters are attempting to offload these products from storage.

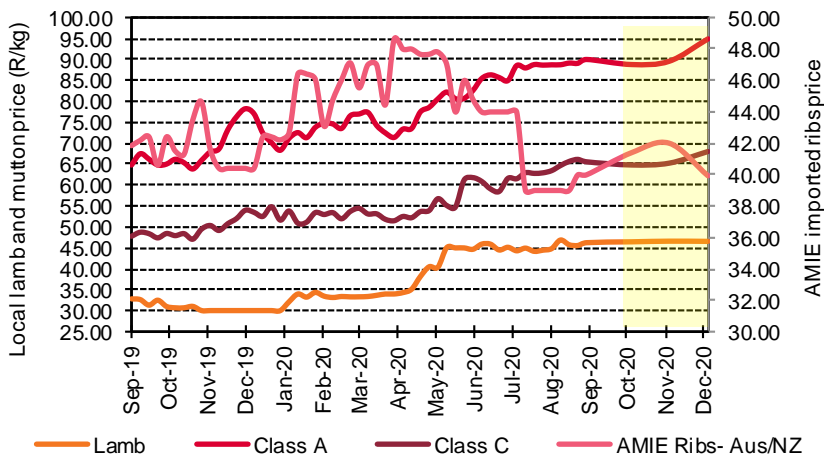
	NZ Lamb Price (NZD/kg)	NZ Ewe Price (NZD/kg)	Import Parity NZ Lamb (R/kg)	Import Parity NZ Ewe (R/kg)	NZ Mutton Ribs (R/kg)	NZ Mutton Shoulders (R/kg)
Price	7.15	4.80	88.23	63.58	39.99	78.49
w/w	0.3%	0.4%	0.8%	0.9%	0.0%	0.0%
m/m	0.7%	1.5%	0.2%	-0.4%	2.6%	1.9%
y/y	-16.7%	-14.0%	-0.2%	3.3%	-4.4%	13.8%

Local Sheep Meat Market

The national average Class A carcass lamb price increased 1.0% to R89.99/kg and the average Class C carcass price dipped 0.9% to R65.56/kg in the local sheep meat market this week. Feeder lamb prices are 1.5% higher compared with prices a week ago, with prices 40.9% higher compared with prices last year. Prices of dorper skin were up 4.3% to R28.57/skin week-on-week, while prices of merino skin remained the same at R43.57/skin. Prices of dorper skin and merino skin were 22.5% and 10.9% 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	11.13	89.99	65.56	46.25	28.57	9949
w/w	0.5%	1.0%	-0.9%	1.5%	4.3%	8.8%
m/m	-0.4%	1.4%	3.3%	3.2%	2.5%	20.2%
y/y	17.9%	38.9%	37.2%	40.9%	22.5%	-33.7%

Lamb and Mutton Price Trends (R/kg)



*Last 3 points 3 months forecast

Outlook

Improved demand levels in the global market for red meat products would provide support for lamb and mutton prices.

Local lamb and mutton prices are expected to trade sideways to lower, in line with seasonality. The market has witnessed increased demand as lockdown restrictions are eased and the weather becomes warmer, both of which support prices.

Pork Market Trends

International Pork Market

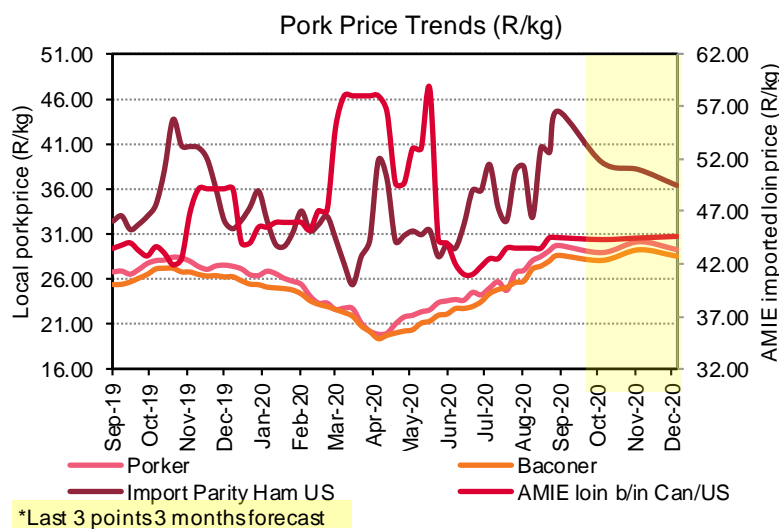
The US pork carcass price increased 7.4% in the international pork market compared with the previous week. The price of US pork loins and ribs increased 4.7% and 3.0%, respectively, week-on-week. The price of ham rose 11.7% week-on-week. The import parity price of ham increased 11.4% while the import parity price of pork ribs increased 5.0% week-on-week. China is rebuilding their pig herd, which is the largest in the world, causing global soybean prices to increase.

	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	85.71	73.34	127.52	80.87	65.42	44.63
w/w	7.4%	4.7%	3.0%	11.7%	5.0%	11.4%
m/m	15.9%	1.3%	0.1%	22.3%	-0.2%	16.1%
y/y	20.5%	7.9%	16.6%	31.9%	27.3%	37.6%

Local Pork Market

The number of pigs slaughtered this week, as reported by the RMAA, declined 8.3% compared with the previous week. The average price of porkers increased 2.0% to R29.72/kg, while the average price of baconers rose 2.2% to R28.61/kg week-on-week. The average price was up 1.2% to R27.57/kg for cutters and 0.5% to R26.56/kg for heavy baconers. While the price for sausages dipped 0.2% to R21.48/kg from last week.

	R/USD	RMAA Slaughter Nr	Contract Average (R/kg)	Porker (R/kg)	Baconer (R/kg)	AMIE Loin (R/kg)
Price	16.82	24,552	29.17	29.72	28.61	44.50
w/w	2.4%	-8.3%	2.1%	2.0%	2.2%	0.0%
m/m	-0.3%	-20.1%	10.7%	10.3%	11.1%	2.3%
y/y	12.1%	-11.5%	11.9%	11.0%	12.8%	2.3%



Outlook

Global pork prices are expected to trade sideways to higher, as demand picks up.

Locally, pork remains 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

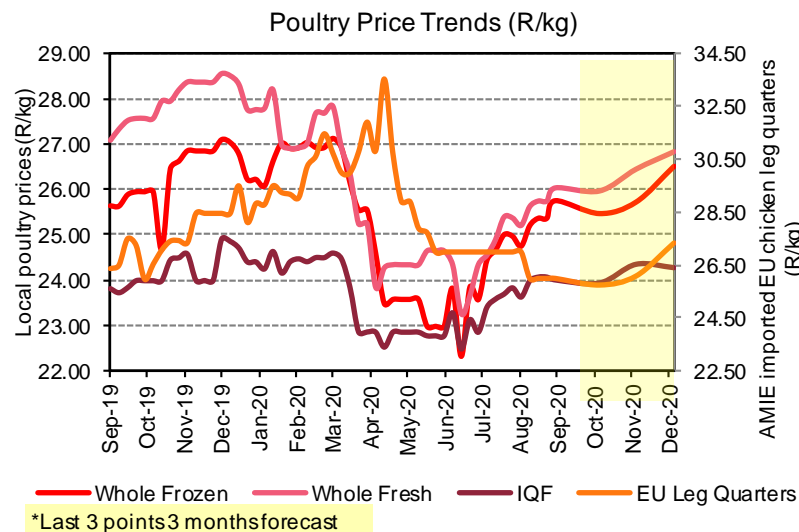
The price of US whole birds decreased 0.3% week-on-week, while the price of US chicken breasts increased 11.3% to USD79/lb. Prices of US whole birds and US chicken breasts were 19.4% lower and 12.9% higher, respectively, than prices a year ago. The price of fresh MDM increased 1.2% and the price of frozen MDM decreased 2.2% week-on-week. The price of US leg quarters rose 1.4%, while the price of EU leg quarters remained unchanged week-on-week.

	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	63.27	79.00	26.40	29.83	15.45	25.99
w/w	-0.3%	11.3%	1.2%	-2.2%	1.4%	0.0%
m/m	-0.9%	11.3%	-0.2%	-2.6%	-0.2%	-3.7%
y/y	-19.4%	12.9%	15.7%	11.9%	-16.3%	-1.4%

Local Poultry Market

The average price of frozen birds and fresh whole birds increased 1.5% and 1.1% to R25.75/kg and R26.03/kg, respectively, in the local poultry market this week. IQF poultry prices were 0.3% lower at R24.00/kg week-on-week. Increased demand over the month-end period provided support for poultry prices. High maize prices are having a major impact on the poultry sector as feed costs are a large cost component.

	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	16.82	25.75	26.03	24.00	37.25	34.06
w/w	2.4%	1.5%	1.1%	-0.3%	1.7%	12.0%
m/m	-0.3%	4.1%	3.3%	1.6%	-0.8%	9.2%
y/y	12.1%	0.4%	-3.9%	0.8%	-5.6%	23.2%



Outlook

Global poultry prices are expected to remain relatively stable in the short to medium term.

Local consumers are resistant to price increases during these tough economic times. However, to cover the increased feed costs, poultry prices are likely to increase in the short term. Demand remains high for the low-value poultry cuts. Increased demand from the end of November to December is expected in line with seasonality.

Hide Market Trends

Local Hide Market

The average price of hide increased 22.6% to R0.82/kg from last week. The current price is 43.6% higher than the price a month ago and 54.4% lower than the price a year ago.

	Weighted Feedlot Hide Price (RMAA) R/skin	Average Field Hide Price (RMAA) R/skin	Average Local Hide Price (Calculated) R/skin
Price	1.41	0.85	0.82
w/w	1.4%	-2.3%	22.6%
m/m	11.9%	4.9%	43.6%
y/y	-26.6%	-43.3%	-54.5%

Outlook

The global hide market has seen an improvement in hide prices due to an improvement in the upholstery sector as people perform home improvements and home décor with a big push for leather upholstery. Prices received by most industry players is around R1.50 with a few players still getting prices lower than this. Expectations among industry members is 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.

