Standard Bank

LIVESTOCK BIWEEKLY 2024

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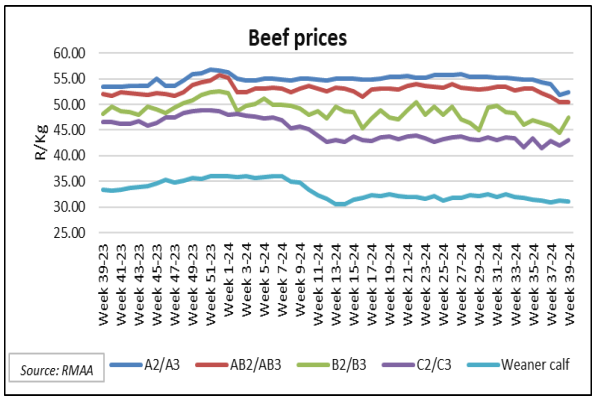
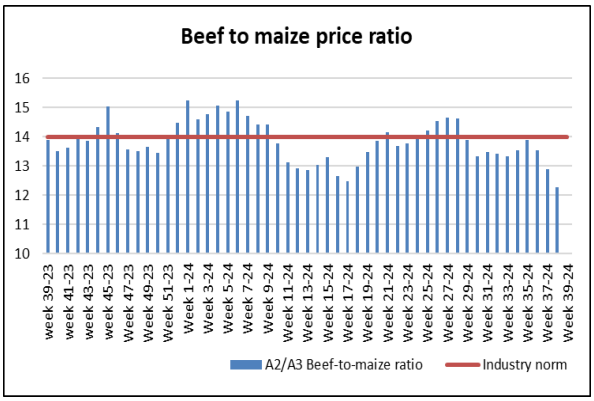
Summary

The South Africa's beef industry is optimistic about the future of the industry following the deepening of trade relations between South Africa and China. These relations are expected to unlock about 50% of additional beef exports in 2025. This opportunity is expected to get support from the rising demand for beef in China, which is estimated to be the second largest consumer of beef globally. Bearish pork prices are expected to support pork consumption by numerous consumers that are facing tough economic conditions and lower disposable incomes. Pork has also become cheaper than chicken, which was previously known as the cheapest meat product. On average, producer prices of both pork and chicken have hovered at around R32/kg, however, the average broiler price has tended to surpass this level of late. The domestic poultry industry is currently prioritising its lobby for "VAT-free chicken." An application for chicken to be zero rated for VAT is expected to be submitted in November 2024. This follows the announcement by the government of national unity (GNU) that it intends to expand the essential food items that will be exempted from VAT. If this application succeeds, it might lead to lower chicken prices which will consequently support chicken demand.

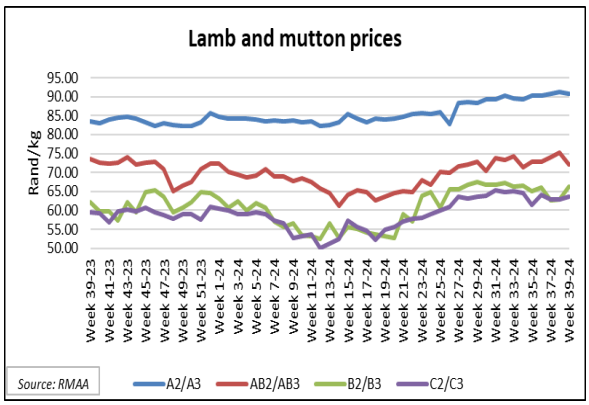
The beef industry

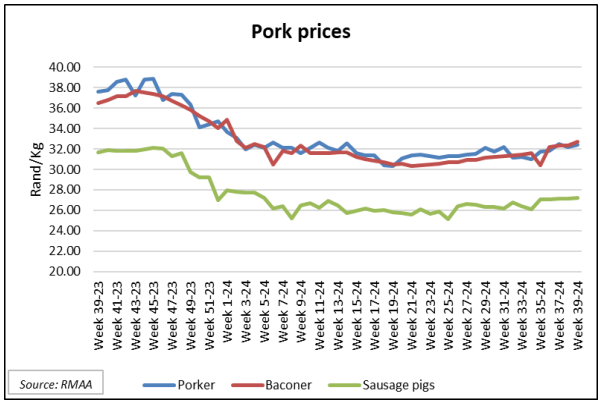




- **Beef prices** were largely bullish week-on-week (w/w).
- The average price of class A2/A3 increased by 1.1% w/w to R52.36/kg, while class AB2/AB3 remained flat w/w at R50.39/kg.
- The average prices of class B2/B3 and C2/C3 increased by 6.6% and 2.7% w/w to R47.42/kg and R43.05/kg, respectively.
- On average, beef prices were 3.5% lower y/y due to subdued demand.
- The average **weaner price** decreased by 1% w/w to R31.03/kg due to subdued demand for weaners on the market.
- In the past week, the average **beef-to-maize price ratio** increased by 1.4% to 12.5 as the average yellow maize price decreased by 0.3% w/w.

The mutton and pork industries

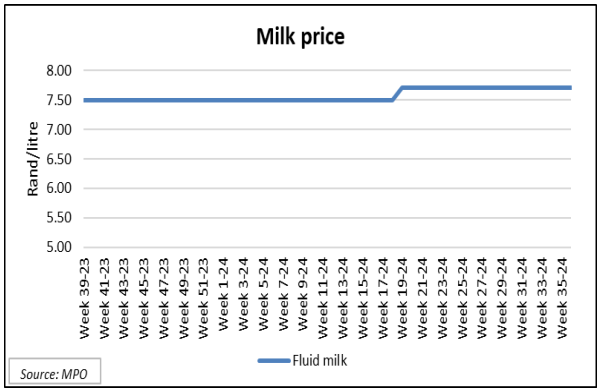


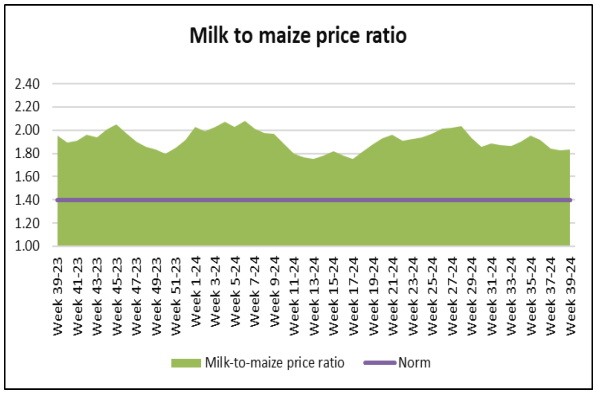


- **Mutton and lamb prices** traded mixed w/w.
- The average prices of class A2/A3 and AB2/AB3 decreased by 0.5% and 4% w/w to R90.67/kg and R72.17/kg, respectively.
- The average prices of class B2/B3 and C2/C3 increased by 5.1% and 1.2% w/w to R66.19/kg and R63.55/kg, respectively.
- The average mutton and lamb prices were 5.1% higher y/y due to improved demand.

- The **pork prices** were largely bullish w/w.
- The average price of porkers increased by 0.7% w/w to R32.42/kg.
- The average prices of baconers and sausage increased by 1% w/w to R32.67/kg and 0.3% w/w to R27.21/kg.
- On average, pork prices were 13.7% lower y/y due to surplus pork on the market.

The dairy industry

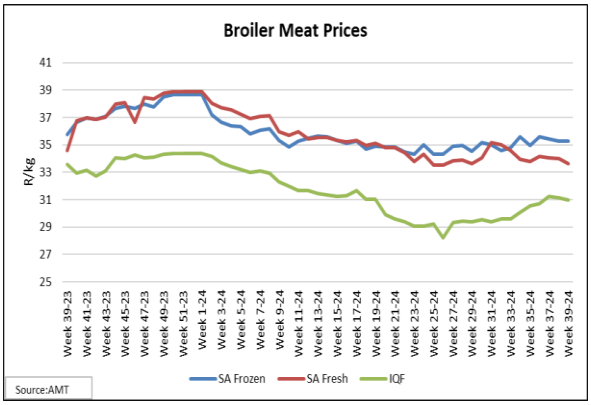




- The latest average **milk producer price** set by dairy processors is estimated at R7.71/l.
- In the past week, the average **milk-to-maize price ratio** increased by 0.3% w/w to 1.8.
- The increase in the milk-to-maize price ratio was due to the 0.3% w/w decrease in the average yellow maize price in the past week.
- The average milk-to-maize price ratio is still above its long-term average of 1.4, a level which should continue to support the intensive dairy production industry.

The broiler industry

- **Broiler prices** were bearish w/w.
- The average price of **South African frozen chicken** remained unchanged at R32.25/kg w/w, while the average price of **fresh chicken** decreased by 1.1% w/w to R33.65/kg.
- The average price of **IQF** chicken also decreased by 0.6% w/w to R30.98/kg.
- On average these chicken prices are 3.9% lower y/y.



The wool industry

Indicator	SA prices (R/kg)	SA prices (R/kg)	Change
	Previous	Current	
Clean non-RWS certified wool	159,35	159,59	0,2%
Clean RWS certified wool	161,01	161,85	0,5%

- The latest **wool auction** took place on 02 October 2024, with 11 110 bales of wool on offer.
- There was good competition for the merino wools on offer, with 66% of the merino wools on offer being certified as sustainable.
- In spite of a stronger local currency against major currencies, the market performed effectively.
- Approximately 97.5% of the wool that was on offer was sold during the auction.
- Compared to the previous auction, the **non-RWS** (Responsible Wool Standard) and the **RWS** prices increased by 0.2% and 0.5% to R159.59/kg and R161.851/kg, respectively.
- The next wool auction of 2024 is expected to take place on 09 October 2024, with approximately 6 984 bales of wool on offer.

Mohair industry

Commodity	Rand/kg			Change from previous	Change (y/y)
Mohair	Last year	Previous	Current		
Kids	578,37	622,47	616,24	-1,0%	6,5%
Young goats	311,89	321,62	315,2	-2,0%	1,1%
Adults:					
- Fine	282,25	298,72	292,72	-2,0%	5,8%
- Strong	260,42	262,75	257,50	-2,0%	0,9%

- The third **mohair sale** of the 2024 winter season took place on 01 October 2024, with 165 525kg of mohair on offer.
- A stronger rand against the US dollar slowed down competition at the mohair sale.
- This resulted in approximately 89% of the mohair that was on offer being sold during the sale.
- About 85% of the mohair that was offered during the sale was **RMS** (Responsible Mohair Standard) certified.
- The average prices of **kid goat** and **young goat** mohair decreased by 1% and 2% compared to the previous sale, respectively. These average prices were 6.5% and 1.1% higher compared to the previous year, respectively.
- Both average prices of **adult fine** and **adult strong** mohair decreased by 2% compared to the previous sale.
- The fourth mohair sale of the 2024 winter season is expected to take place on 22 October 2024.

Sources

Agri-Market Trends.

Cape Wools South Africa

Department of Agriculture Land Reform and Rural Development.

Grain South Africa.

Milk Producers Organisation.

Mohair South Africa.

Red Meat Abattoir Association.

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