



LIVESTOCK BI-WEEKLY INSIGHTS

Report No. 05 2022

01 April 2022

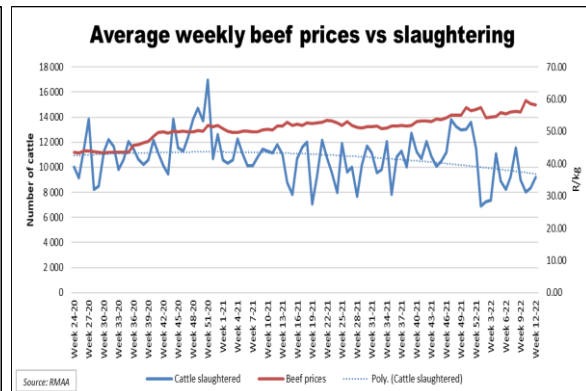
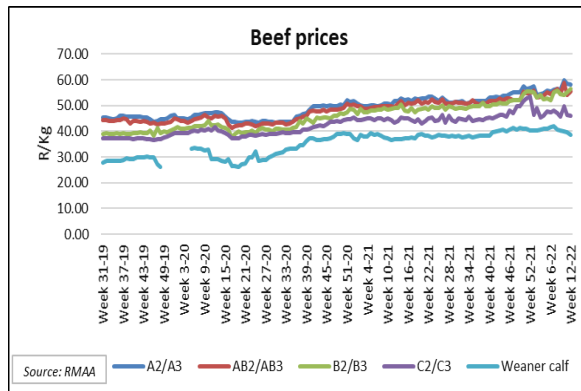
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Standard Bank **IT CAN BE..**

Summary

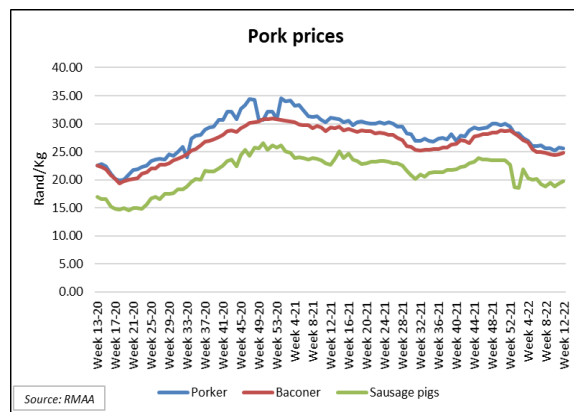
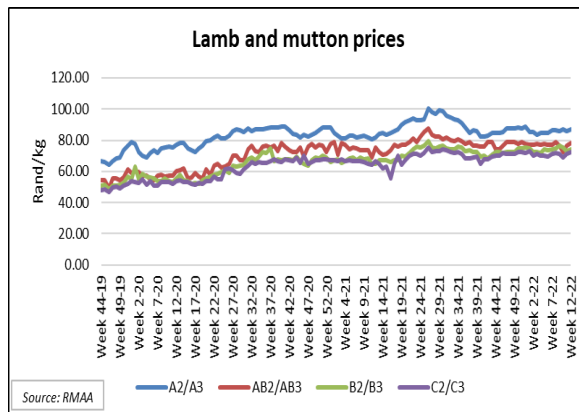
Ever since the first event of the Foot and Mouth Disease (FMD) outbreak was reported in KwaZulu-Natal in May 2021, the total of reported cases in the province has increased to 44 (with two resolved). Limpopo also reported two cases around early March 2022. With one of the two cases being in a former FMD-free zone in Vhembe district. On 25 March 2022, the Department of Agriculture, Land Reform and Rural Development (DALRRD) confirmed a second case of FMD in the North West province, following the first case confirmed earlier in March 2022. The infected farms and other linked farms have been placed under quarantine. The local poultry industry continued to enjoy favourable prices on the back of stronger demand and a weaker exchange rate that inhibits imports. Struggling consumers in these times of tough economic conditions are consuming more chicken, as it is a cheaper source of animal protein compared to red meat.

The beef industry



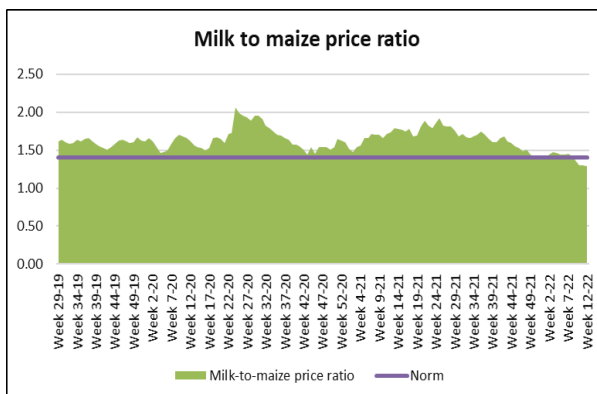
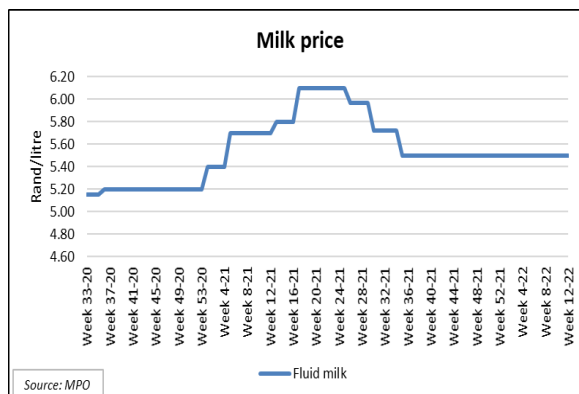
- The **beef market** traded mixed week-on-week (w/w).
- The average prices of class A2/A3 and C2/C3 decreased w/w by 0.7% and 0.8% to R58.18/kg and R46.10/kg, respectively.
- The average prices of class AB2/AB3 and B2/B3 increased w/w by 2.4% and 2.3% to R55.30/kg and R56.39/kg, respectively.
- The **weaner price** decreased by 2.3% w/w to R38.70/kg due to weaker demand
- The average **weekly slaughtering** volume was higher by 10.5% w/w, but lower by 22% year-on-year (y/y). Although feedlot margins remain positive, they have been whittled by higher feed costs in recent months.

The mutton and pork industries



- **Mutton and lamb prices** were bullish w/w.
- The average prices of class A2/A3 and AB2/AB3 increased w/w by 1.2% and 2% to R86.91/kg and R78.09/kg, respectively.
- The average prices of class B2/B3 and C2/C3 increased w/w by 1.7% and 1.5% to R74.44/kg and R72.21/kg, respectively.
- The average mutton and lamb prices were 8.5% higher y/y.
- **Pork market** traded mixed w/w.
- The average prices of baconers and sausage increased w/w by 1.2% and 2.4% to R24.85/kg and R19.78/kg, respectively.
- The average price of porkers was 0.6% lower w/w at R25.61/kg
- On average, pork prices were 15.3% lower y/y.

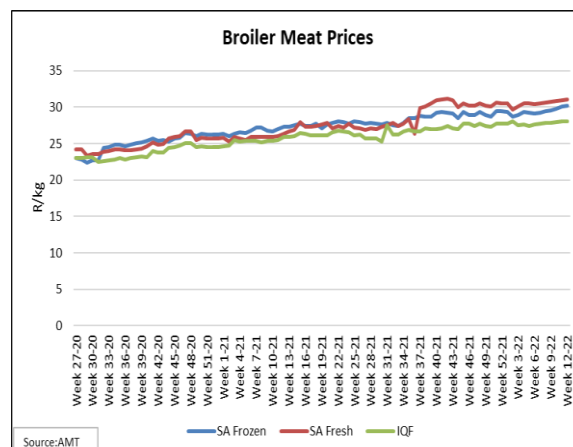
The dairy industry



- The national average **milk price** set by dairy processors is estimated at R5.50/l.
- The producer price for unprocessed milk has remained at R5.50/l since September 2021, but it is expected to get adjusted as we approach the cooler season.
- In the past week, the average **milk-to-maize price ratio** was weaker by 1% w/w at 1.3 due to an increase in the average yellow maize price.
- The yellow maize price increased by 1% w/w.
- The average milk-to-maize price ratio is now below the long-term average of 1.4.
- This shows that the intensive dairy industry, which mainly uses yellow maize as the main ration ingredient, is under pressure due to high feed costs.

The broiler industry

- The **broiler market** was largely bullish w/w.
- The average prices of **South African frozen** and **fresh chicken** increased w/w by 0.4% and 0.3% to R30.21/kg and R31.04/kg, respectively.
- The average price of **IQF chicken** remained flat w/w at R28.10/kg.
- On average, prices were up by 12.3% y/y.
- Prices are expected to remain bullish as struggling consumers choose this cheaper source of animal protein.
- A weaker exchange rate is also expected to support the local chicken industry as it makes chicken imports more expensive.



The mohair industry

Commodity	Rand/kg			Change from previous	Change (y/y)
	Last year	Previous	Current		
Mohair					
Kids	766.87	679.88	695.68	↑ 2.3%	↓ -9.3%
Young goats	505.49	535.66	544.62	↑ 1.7%	↑ 7.7%
Adults:					
- Fine	364.87	426.67	427.79	↑ 0.3%	↑ 16.9%
- Strong	289.82	368.76	376.14	↑ 2.0%	↑ 27.2%

- The third sale of the 2022 **mohair** season took place on 24 March 2022.
- About 98% of the 163 151 kilograms of mohair on offer was sold during the sale.
- The average mohair **market indicator** increased by 2% compared to the previous sale due to good competition for mohair during the sale.
- The average prices of **kids** and **young goats** mohair increase by 2.3% and 1.7%, respectively, compared to the previous sale.
- The average prices of **adults fine** and **strong** mohair increased by 0.3% and 2%, respectively, compared to the previous sale.
- The Responsible Mohair Standard (RMS) certificate continued to attract more buyers.
- The next mohair sale is expected to take place on 12 April 2022.

The wool industry

Indicator	SA prices (R/kg)		Change
	Previous	Current	
Clean non-RWS certified wool	163.70	162.50	↓ -0.7%
Clean RWS certified wool	185.45	182.87	↓ -1.4%

- The local **wool sale** took place on 30 March 2022, with a total of 5 777 bales on offer.
- About 94.8% of the total bales on offer were sold during the sale.
- The average **non-Responsible Wool Standard (non-RWS) certified wool** indicator decreased by 0.7% compared to the previous auction.
- The average **RWS certified wool** indicator decreased by 1.4% compared to the previous auction.
- The certified sustainable wools accounted for 56.6% of the merino wools on offer.
- A recovering rand against the US dollar continued to weaken demand.
- The **Australian** wool market indicator declined by 0.7% compared to the previous auction.
- The next local wool sale is expected to take place on 06 April 2022 with about 8 324 bales on offer.

Sources

AMT

Grain South Africa.

Milk Producers Organisation.

Mohair South Africa.

Red Meat Abattoir Association.

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