

# LIVESTOCK BIWEEKLY 2023

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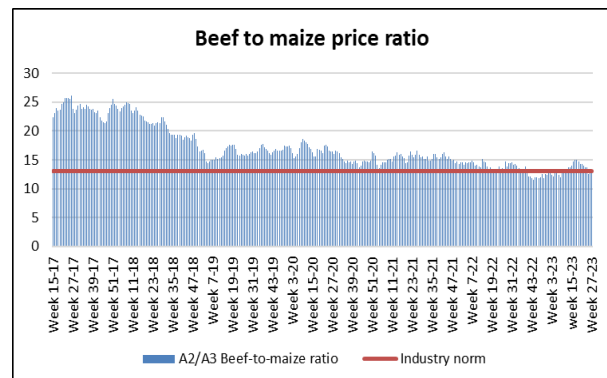
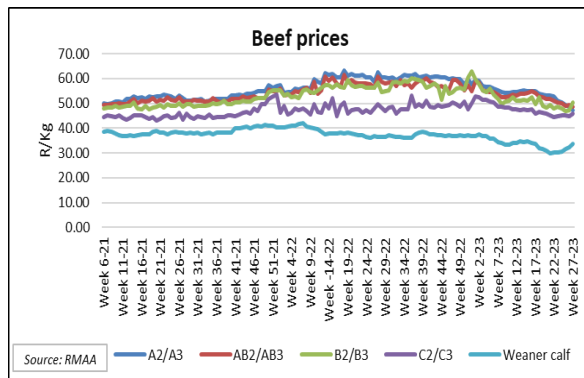
Standard Bank **IT CAN BE...**



## Summary

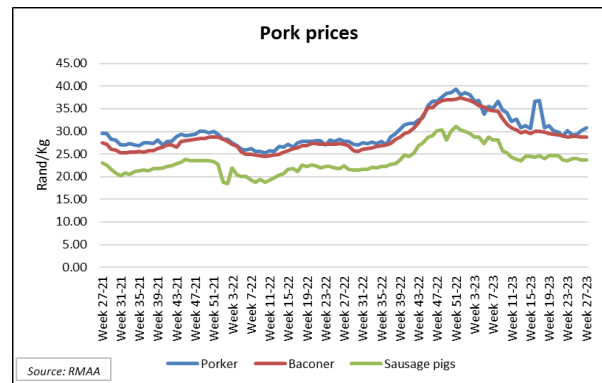
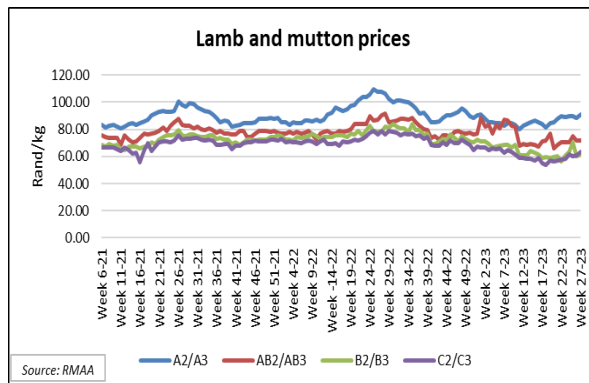
The pork industry is under pressure due to high feed costs and low farm gate prices. Feed accounts for up to 70% of the total cost of pork production. However, the ongoing bearish trend in average yellow maize prices is expected to support the industry. The price of yellow maize is very important in assessing the profitability of the pork industry, as yellow maize is the main ingredient in animal feed rations. On the other hand, the pork industry is facing low producer prices due to surplus pork on the market. This follows a period of rapid expansion in domestic pork production. On average, from December 2022 to July 2023, pork prices have decreased by more than 20%. Pork is now the cheapest meat product, dethroning chicken which was once the cheapest. Pork is currently more than 10% cheaper than chicken. Pork consumption is expected to keep growing over time, driven by its relative affordability.

## The beef industry



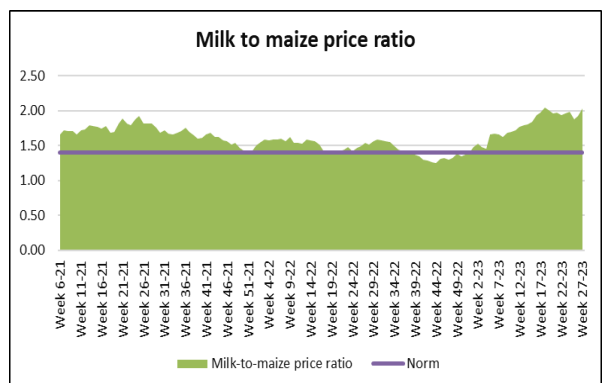
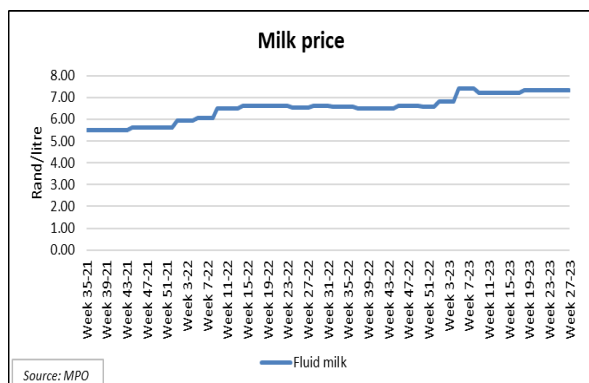
- The **beef prices** traded mixed week-on-week (w/w).
- The average prices of class A2/A3 and AB2/AB3 decreased w/w by 2.6% and 1.5% to R47.39/kg and R48.63/kg, respectively.
- The average prices of class B2/B3 and C2/C3 increased w/w by 6.2% and 1.8% to R50.20/kg and R45.79/kg, respectively.
- On average, beef prices were 16.6% lower year-on-year (y/y).
- The average **weaner price** increased w/w by 4.1% to R33.67/kg, due to a lower supply of weaners on the market.
- In the past week, the average beef-to-maize price ratio improved by 3% to 13.2, which is above its long-term ratio of 13. This was due to a 6% w/w decrease in the yellow maize price, which is expected to bring some relief to the beef feedlot industry.

# The mutton and pork industries



- **Mutton and lamb prices** were largely bullish w/w.
- The average price of class A2/A3 increased w/w by 2.7% to R91.06/kg, while the average price of class AB2/AB3 decreased by 0.4% w/w to R71.53/kg.
- The average prices of class B2/B3 and C2/C3 increased w/w by 2.1% and 4.4% to R61.59/kg and R63.44/kg, respectively.
- The average mutton and lamb prices were 19.2% lower y/y.
- The **pork prices** were largely bearish w/w.
- The average price of porkers increased by 2.1% w/w to R30.87/kg.
- The average prices of baconers and sausage decreased w/w by 0.2% and 0.3% to R28.73/kg and R23.67/kg, respectively.
- On average, pork prices were 7.5% higher y/y.

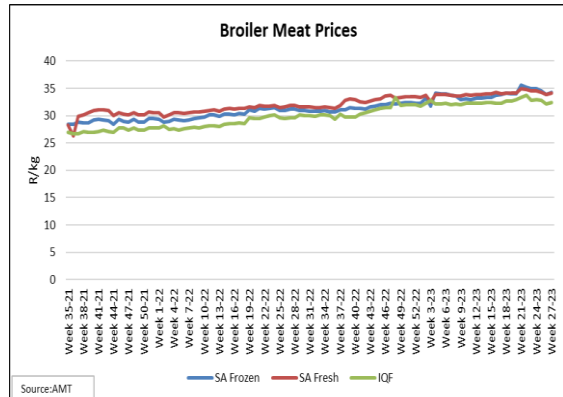
# The dairy industry



- The average **milk producer price** set by dairy processors in May 2023 is estimated at R7.31/l.
- In the past week, the average **milk-to-maize price ratio** firmed by 6% w/w to 2.
- The improvement in the milk ratio was also due to the 6% w/w decrease in the average yellow maize price.
- The average milk-to-maize price ratio is above its long-term average of 1.4, which brings much needed relief to intensive dairy producers.

# The broiler industry

- **Broiler prices** were bullish w/w.
- The average prices of **South African frozen** and **fresh chicken** increased by 1.3% and 0.8% w/w to R34.27/kg and R34.17/kg, respectively.
- The average price of **IQF** decreased by 0.8% w/w to R32.44/kg.
- Average chicken prices were up by 8.8% y/y.
- Prices are expected to remain elevated due to high feed costs and consumer demand.



# The wool industry

- The 2022/23 summer season wool auction closed on 07 June 2023.
- The next wool auction is expected to take place on 16 August 2023.

# Mohair industry

- The 2023 summer season mohair auction closed on 06 June 2023.
- The first sale of the 2023 winter season is expected to take place on 15 August 2023.

## Sources

*Agri-Market Trends.*

*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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