



## Agri Trends: Livestock and Hide Report

# Increase in number of bird flu cases internationally

**Beef:** Compared with the previous week, the prices of topside and striploin decreased 0.8% and 4.2%, respectively, and the prices of rump, chuck and brisket increased 2.3%, 0.8% and 1.5%, respectively. Since 2018, the number of Australian cattle has fallen by 3.4 million head, and this drop has impacted production. In the local market, the average Class A prices decreased 0.1% to R50.10/kg last week, while Class C prices rose 1.7% to R42.66/kg week-on-week.

**Mutton:** The price of lambs in New Zealand remained the same as the previous week at NZD7.05/kg and the price of ewes decreased by 0.4% from the previous week to NZD5.03/kg. As the UK and the EU head back into lockdown, resulting in the closure of bars and restaurants – the lamb market has been negatively impacted as demand declines. The national average Class A carcass lamb price dropped 2.7% to R82.64/kg and the average Class C carcass price dipped 0.7% to R63.90/kg in the local sheep meat market this week. Feeder lamb prices are 4.7% lower compared with prices a week ago.

**Pork:** The US pork carcass price dropped 4.2% in the international pork market compared with the previous week. The price of US pork loins and ribs decreased 3.2% and 5.0%, respectively, week-on-week. The price of ham rose 2.0% week-on-week. Germany has reported about 123 cases of African Swine Fever in its wild boar population since the first case on 10 September 2020. In the local market, the number of pigs slaughtered this week, as reported by the RMAA, declined 0.1% compared with the previous week. The average price of porkers rose 4.6% from the previous week to R32.33/kg.

**Poultry:** The price of US whole birds increased 1.3% week-on-week. The price of US chicken breasts remained the same as the previous week at USD75/lb. As of 6 November, Great Britain raised the risk level for bird flu from medium to high. The average price of frozen birds rose 0.3% and fresh whole birds increased 1.3% to R26.04/kg and R26.98/kg, respectively, in the local poultry market this week.

**Hides:** The average price of hide increased 7.5% to R2.36/kg from last week. The current price is 28.9% higher than the price a month ago and 47.2% higher than the price a year ago.

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## Beef Market Trends

### International Beef Market

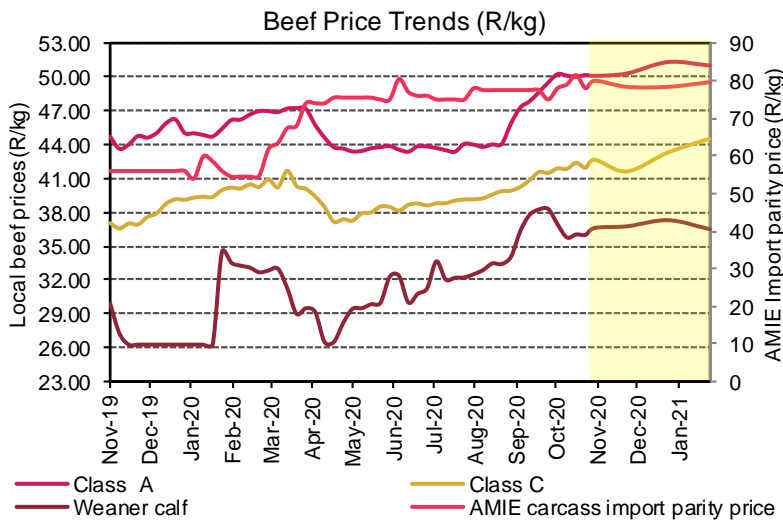
Compared with the previous week, the prices of topside and striploin decreased 0.8% and 4.2%, respectively, and the prices of rump, chuck and brisket increased 2.3%, 0.8% and 1.5%, respectively. The price for steers dipped 0.9% and the price of cows fell 1.8% in New Zealand. Since 2018, the number of Australian cattle has fallen by 3.4 million head, and this drop has impacted production. If the global headwinds related to COVID-19 subside, then New Zealand may start to see a greater benefit of the reduced Australian competition.

	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	210.00	259.75	500.00	216.00	209.30	268.95	532.00	386.00
w/w	-0.8%	2.3%	-4.2%	0.8%	1.5%	-0.9%	-0.9%	-1.8%
m/m	2.4%	-5.0%	-12.3%	0.9%	5.2%	-3.8%	-3.6%	-5.9%
y/y	-12.1%	-21.3%	4.2%	-8.9%	-25.1%	-10.5%	-13.6%	-18.9%

### Local Beef Market

Average Class A prices decreased 0.1% to R50.10/kg in the local market last week, while Class C prices rose 1.7% to R42.66/kg week-on-week. The local weaner calf price has been trading upwards in recent weeks due to high demand; this week saw prices increasing 1.7% compared with the previous week to R36.62/kg. Current weaner prices are 22.4% higher than a year ago.

	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	16.02	10.69	50.10	42.66	50.10	36.62	71.87	79.99
w/w	-1.6%	-1.5%	-0.1%	1.7%	-0.7%	1.7%	-3.2%	2.6%
m/m	-3.2%	-2.5%	-0.3%	1.8%	-0.7%	-0.8%	-8.2%	2.6%
y/y	8.5%	13.5%	12.1%	15.2%	11.6%	22.4%	-8.0%	42.8%



### 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. Easing of demand would result in price pressure, causing the current high beef prices to decline.

\*Last 3 points 3 months forecast

# Sheep Market Trends

## International Sheep Meat Market

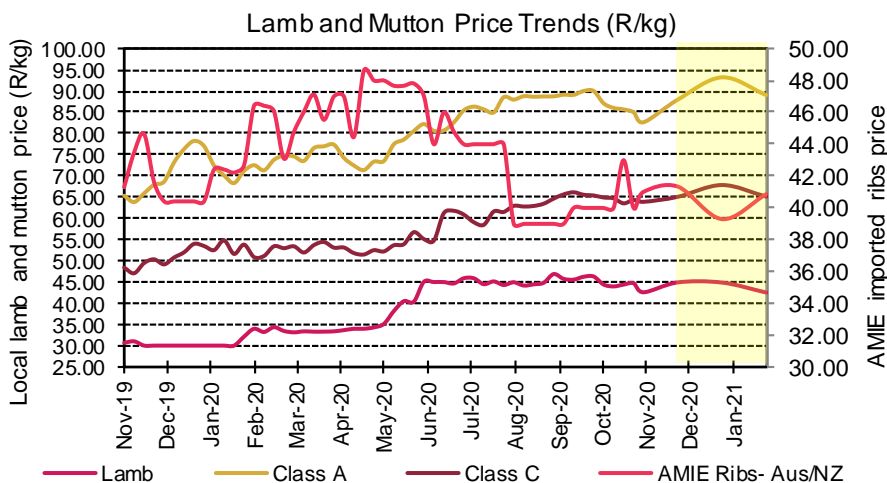
The price of lambs in New Zealand remained the same as the previous week at NZD7.05/kg, and the price of ewes decreased by 0.4% from the previous week to NZD5.03/kg. Compared with a year ago, New Zealand lamb and ewe prices are down 21.7% and 16.9%, respectively. The price of mutton ribs and shoulders increased by 2.5% and 2.6%, respectively, this week compared with a week ago. As the UK and the EU head back into lockdown, resulting in the closure of bars and restaurants – the lamb market has been negatively impacted as demand declines. Demand in China remains steady, thereby supporting stronger prices. A lack of Australian lamb production is helping to boost interest in New Zealand lamb, although it is still early in the season to supply large quantities.

	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	7.05	5.03	83.74	63.65	41.00	78.99
w/w	0.0%	-0.4%	-1.5%	-1.8%	2.5%	2.6%
m/m	-0.7%	1.5%	-3.1%	1.0%	2.5%	2.60%
y/y	-21.7%	-16.9%	-9.2%	-3.4%	-0.7%	8.4%

## Local Sheep Meat Market

The national average Class A carcass lamb price dropped 2.7% to R82.64/kg and the average Class C carcass price dipped 0.7% to R63.90/kg in the local sheep meat market this week. Feeder lamb prices are 4.7% lower compared with prices a week ago and are 38.7% higher compared with prices last year. Prices of dorper skins were down 3.5% to R26.00/skin week-on-week, while prices of merino skin rose 1.0% week-on-week to R44.00/skin. Prices of dorper skin and merino skin were 20.0% and 2.7% higher than a year ago, respectively.

	R/NZD	Class A (R/kg)	Class C (R/kg)	Feeder Lamb (R/kg)	Dorper Skin (R/skin)	Slaughtering
Price	10.69	82.64	63.90	42.60	26.00	8272
w/w	-1.5%	-2.7%	-0.7%	-4.7%	-3.5%	-30.5%
m/m	-2.5%	-5.1%	-1.6%	-4.1%	-8.1%	-14.3%
y/y	13.5%	26.5%	32.0%	38.7%	20.0%	-22.4%



\*Last 3 points 3 months forecast

## Outlook

Reduced demand levels in the global market for red meat products, as some countries go back into lockdowns due to COVID-19, may put some pressure on lamb and mutton prices.

Local lamb and mutton prices are expected to trade sideways to lower, in line with seasonality.

# Pork Market Trends

## International Pork Market

The US pork carcass price dropped 4.2% in the international pork market compared with the previous week. The price of US pork loins and ribs decreased 3.2% and 5.0%, respectively, week-on-week. The price of ham rose 2.0% week-on-week. The import parity price of pork ribs decreased 5.7%, while the import parity price of ham remained relatively stable with only a 0.1% drop week-on-week. Germany has reported about 123 cases of African Swine Fever in its wild boar population since the first case on 10 September 2020. Pork buyers, including China, have banned pork imports from Germany due to the outbreak. This is having a significant negative affect on pork prices in Germany. As China continues its efforts to rebuild its hog herd, global exporters are urged to rethink their long-term export strategies as Chinese imports are expected to slow.

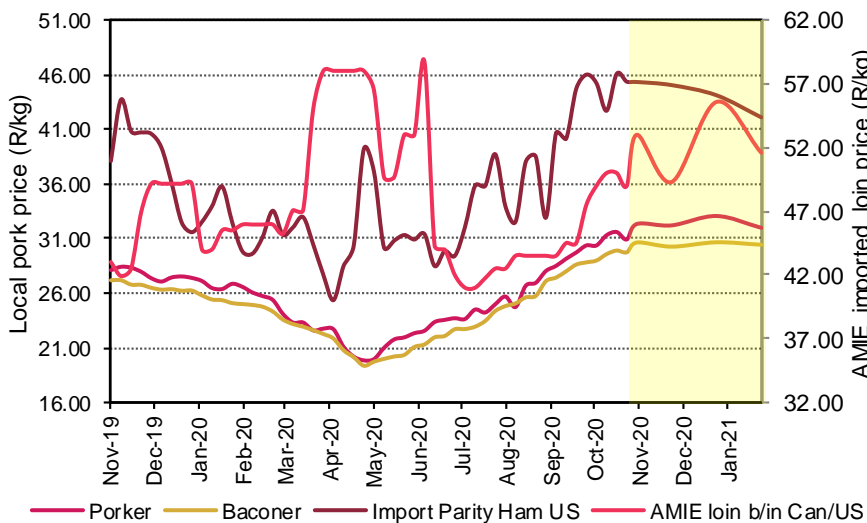
	US Pork Carcass Price (USD/cwt)	US Loin (USD/cwt)	US Rib (USD/cwt)	US Ham (USD/cwt)	US Import Parity Rib (R/kg)	US Import Parity Ham (R/kg)
Price	82.72	74.14	129.74	87.57	63.32	45.31
w/w	-4.2%	-3.2%	-5.0%	2.0%	-5.7%	-0.1%
m/m	-10.6%	-9.9%	-7.9%	4.5%	-9.7%	0.3%
y/y	3.9%	6.8%	0.6%	12.8%	9.0%	19.0%

## Local Pork Market

The number of pigs slaughtered this week, as reported by the RMAA, declined 0.1% compared with the previous week. The average price of porkers rose 4.6% from the previous week to R32.33/kg, while the average price of baconers increased 3.0% to R30.63/kg week-on-week. The average price was up 2.9% to R30.08/kg for cutters and 1.1% to R28.67/kg for heavy baconers. While the price for sausages rose 9.3% to R24.44/kg from last week.

	R/USD	RMAA Slaughter Nr	Contract Average (R/kg)	Porker (R/kg)	Baconer (R/kg)	AMIE Loin (R/kg)
Price	16.02	22,991	31.48	32.33	30.63	52.99
w/w	-1.6%	-0.1%	3.8%	4.6%	3.0%	8.2%
m/m	-3.2%	-3.3%	6.1%	6.5%	5.7%	8.2%
y/y	8.5%	-19.7%	13.9%	15.0%	12.7%	23.2%

Pork Price Trends (R/kg)



\*Last 3 points 3 months forecast

## Outlook

Global pork prices are expected to come under some pressure as countries start to go back into lockdown.

Locally, pork prices are expected to remain relatively stable in the short term. 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 increased 1.3% week-on-week. The price of US chicken breasts remained the same as the previous week at USD75/lb. Prices of US whole birds were 10.8% lower than prices a year ago. The price of fresh MDM rose 0.7% and the price of frozen MDM dipped 0.1% week-on-week. The price of US leg quarters decreased 1.0%, while the price of EU leg quarters increased 2.0% week-on-week. As of 6 November, Great Britain raised the risk level for bird flu from medium to high after cases have also been detected in Ireland. South Korea has confirmed the presence of bird flu in wild birds. Farmers in the north German region of Schleswig-Holstein have been told to move poultry indoors after bird flu outbreaks have been confirmed on two farms in the region.

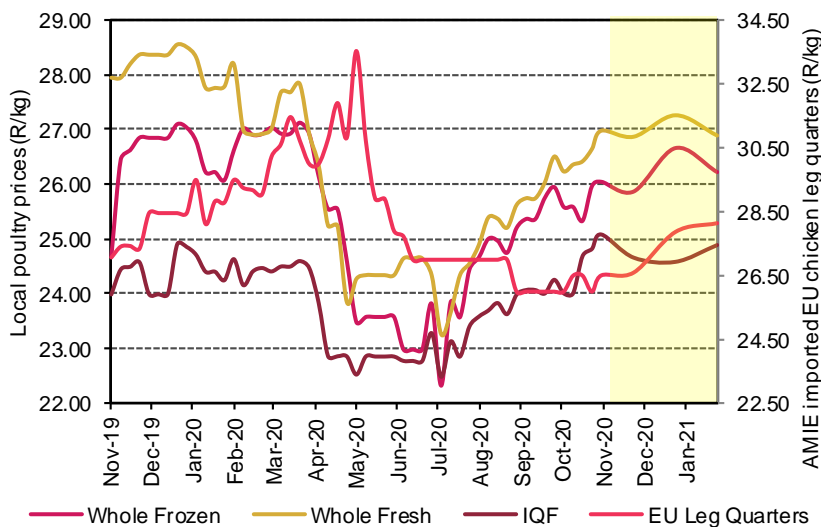
	US Whole Bird (USD/lb.)	US Breasts (USD/lb.)	US MDM Fresh (USD/lb.)	US MDM Frozen (USD/lb.)	US Leg Quarters (R/kg)	EU Leg Quarters (R/kg)
Price	70.01	75.00	25.84	30.4	16.10	26.5
w/w	1.3%	0.0%	0.7%	-0.1%	-1.0%	2.0%
m/m	7.6%	7.1%	-1.6%	1.7%	-1.9%	2.0%
y/y	-10.8%	7.1%	15.4%	14.7%	-5.2%	-2.1%

## Local Poultry Market

The average price of frozen birds rose 0.3% and fresh whole birds increased 1.3% to R26.04/kg and R26.98/kg, respectively, in the local poultry market this week. IQF poultry prices were 1.1% higher at R25.08/kg week-on-week. Increased demand is expected over the November to December period, which is providing support to current prices.

	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	16.02	26.04	26.98	25.08	13.75	31.16
w/w	-1.6%	0.3%	1.3%	1.1%	0.0%	-1.5%
m/m	-3.2%	1.8%	2.8%	4.5%	-0.6%	2.9%
y/y	8.5%	5.6%	-3.5%	4.6%	-64.8%	14.2%

Poultry Price Trends (R/kg)



## Outlook

Global poultry prices may experience some pressure as countries return to lockdown due to COVID-19. The concern regarding bird flu outbreaks is increasing and countries with large poultry sectors could be significantly impacted by an outbreak that could impact the global poultry prices.

Demand is expected to pick up during November due to Black Friday deals offered by supermarkets. Demand remains high for low-value poultry cuts. Increased demand from the end of November to December is expected in line with seasonality.

\*Last 3 points 3 months forecast

## Hide Market Trends

### Local Hide Market

The average price of hide increased 7.5% to R2.36/kg from last week. The current price is 28.9% higher than the price a month ago and 47.2% higher than the price a year ago.

	Weighted Feedlot Hide Price (RMAA) R/kg	Average Field Hide Price (RMAA) R/kg	Average Local Hide Price (Calculated) R/kg
Price	2.51	1.94	2.36
w/w	16.2%	19.0%	7.5%
m/m	79.3%	108.6%	28.9%
y/y	26.1%	15.5%	47.2%

### Outlook

Industry players are receiving prices between R2.00/kg and R3.00/kg depending on the quality of the hide. 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. The current demand for hides is exceeding the supply, which is adding support to prices. Expectations among industry members are 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.