

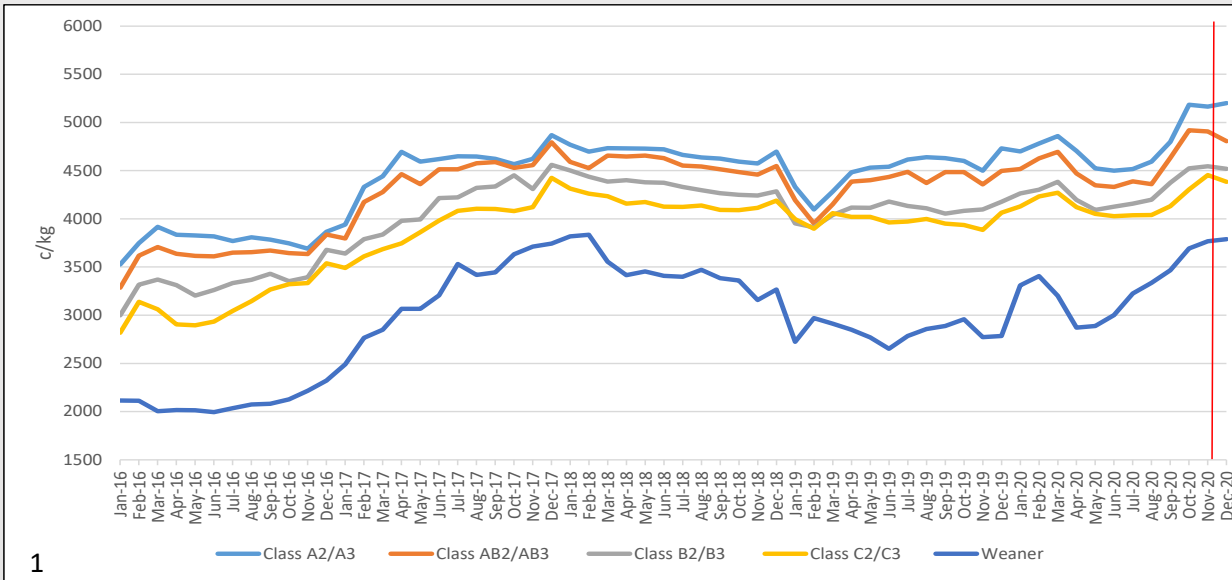
Monthly Report



Beef and Mutton

November 2020

Domestic: Weaner and carcass prices (1)



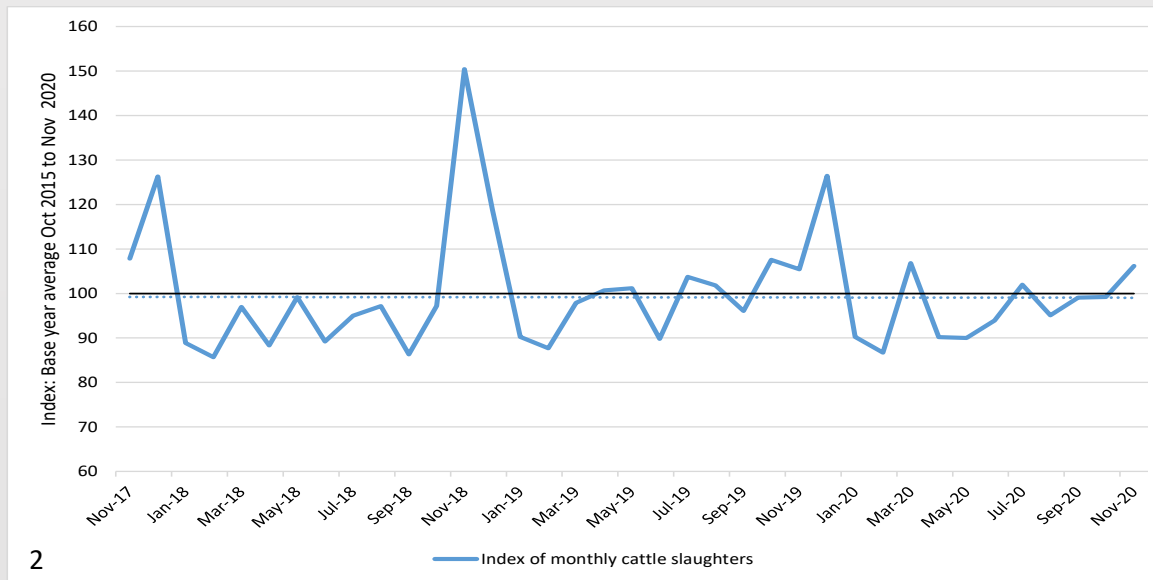
Class	Nov-19	Oct-20	Nov-20	Nov 19 to Nov 20	Oct 20 to Nov 20
Class A2/A3	4500	5185	5166	14.8%	-0.4%
Class AB2/AB3	4357	4919	4906	12.6%	-0.3%
Class B2/B3	4096	4524	4545	11.0%	0.5%
Class C2/C3	3885	4306	4453	14.6%	3.4%
Weaner*	2772	3693	3767	35.9%	2.0%
Average				17.8%	1.1%
YM	2663	3479	3381	27.0%	-2.8%

*Weaner prices used in calculations excludes sales commission

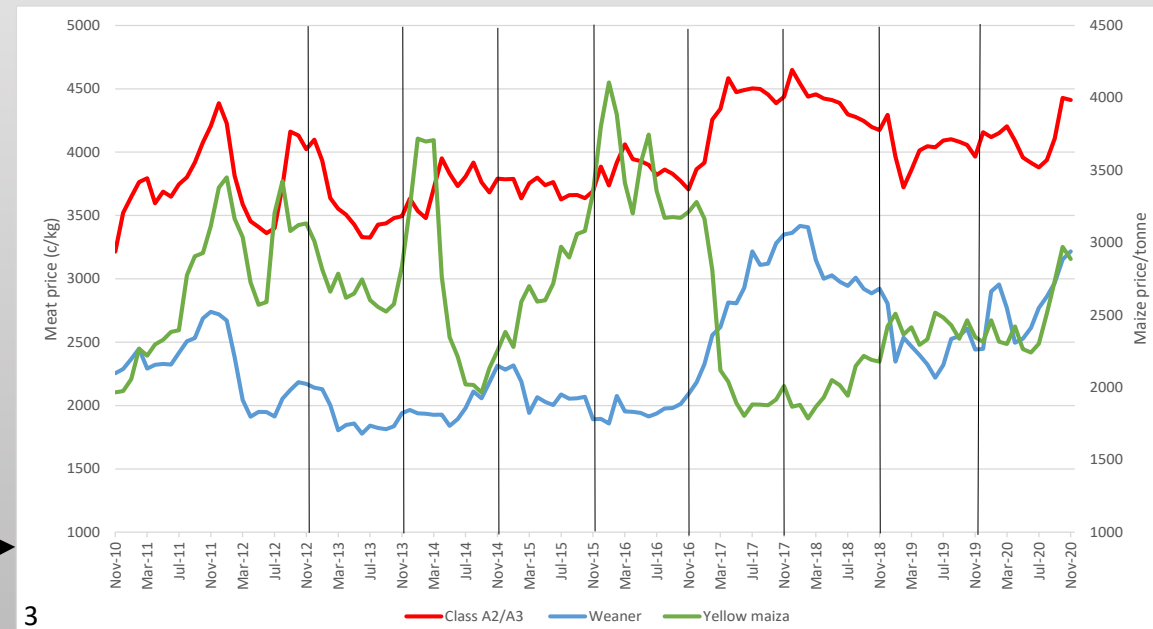
- Weaner prices increased from October to November (2%) and is expected to increase towards the end of December due to low supplies.
- On average carcass prices are 13.2% higher year-on-year while weaner prices are 35.9% higher compared to the same time last year.
- Carcass prices (A2/A3) are down (8%) since October and it is expected to increase towards the end of December as demand increases.

- The yellow maize price traded 2.8% lower during November and averaged R3381/tonne during this time.
- Maize prices are expected to remain volatile and mainly driven by the stronger exchange rate and high demand.
- Prices are expected to increase towards December.

Domestic: Slaughter index (2) and real prices (3)

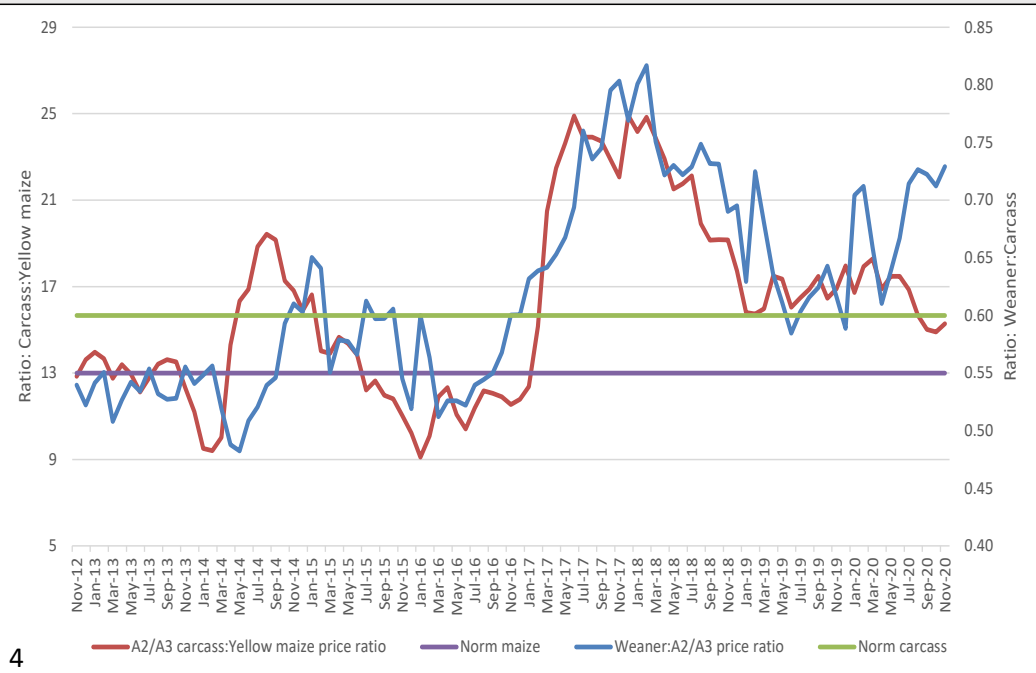


- Aggregate commercial slaughter numbers increased by 6.9 index points from Oct to Nov.
- Slaughter numbers are expected to increase towards the end of Dec as demand increases.



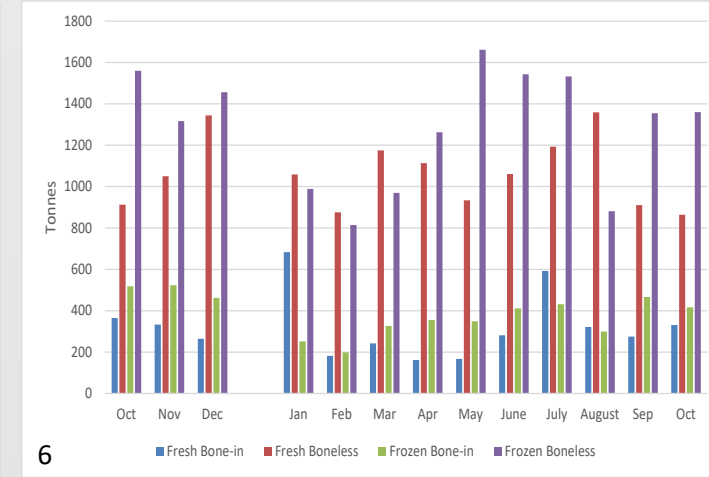
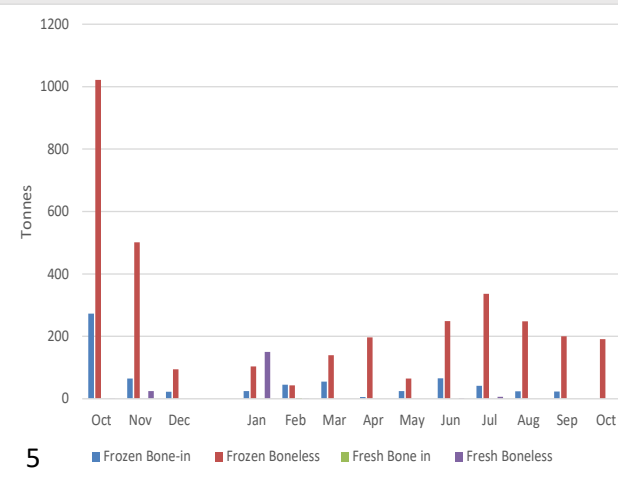
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Domestic: Carcass: Yellow maize and Weaner: Carcass price ratio's and carcass price ratio's (4)

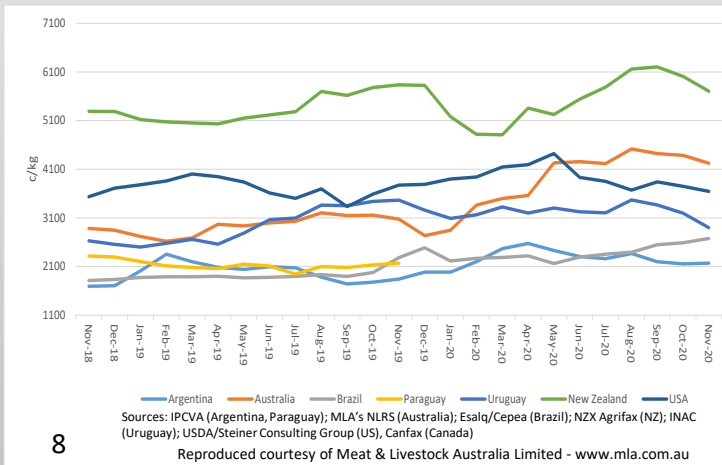
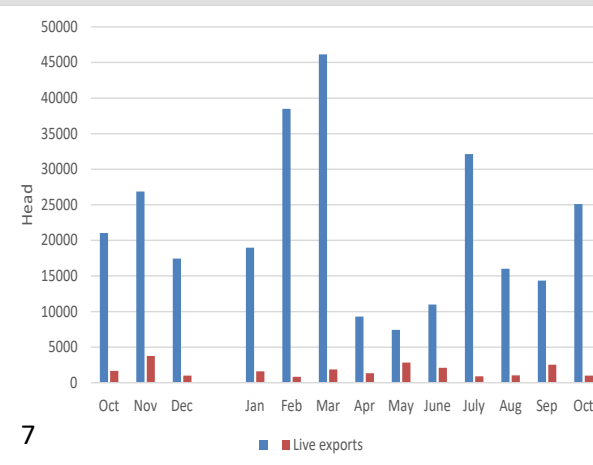


- Weaner prices increased towards the end of November while the A2/A3 carcass price declined slightly during the same time.
- Weaner prices are expected to increase during the short term as supply remains under pressure.
- Increasing maize prices due to increasing international and domestic demand combined with the appreciation of the rand might put some pressure on weaner prices in the medium run.
- The increase in the weaner price during November combined with a decrease in the A2/A3 carcass price resulted in a weaner:carcass price ratio of 0.73; which is higher than the long term average ratio of 0.60.
- The lower yellow maize price in combination with a sideways movement in the A2/A3 carcass price resulted in a lower maize to carcass price ratio of 15.3 to 1 compared to the previous month of 14:9.
- The ratio is expected to increase in the short run as maize prices are expected to decrease slightly and carcass prices are expected to increase during the same time.

Trade: Fresh and Frozen beef imports (5), fresh and frozen beef exports (6), live cattle imports and exports (7) and international steer prices (8).

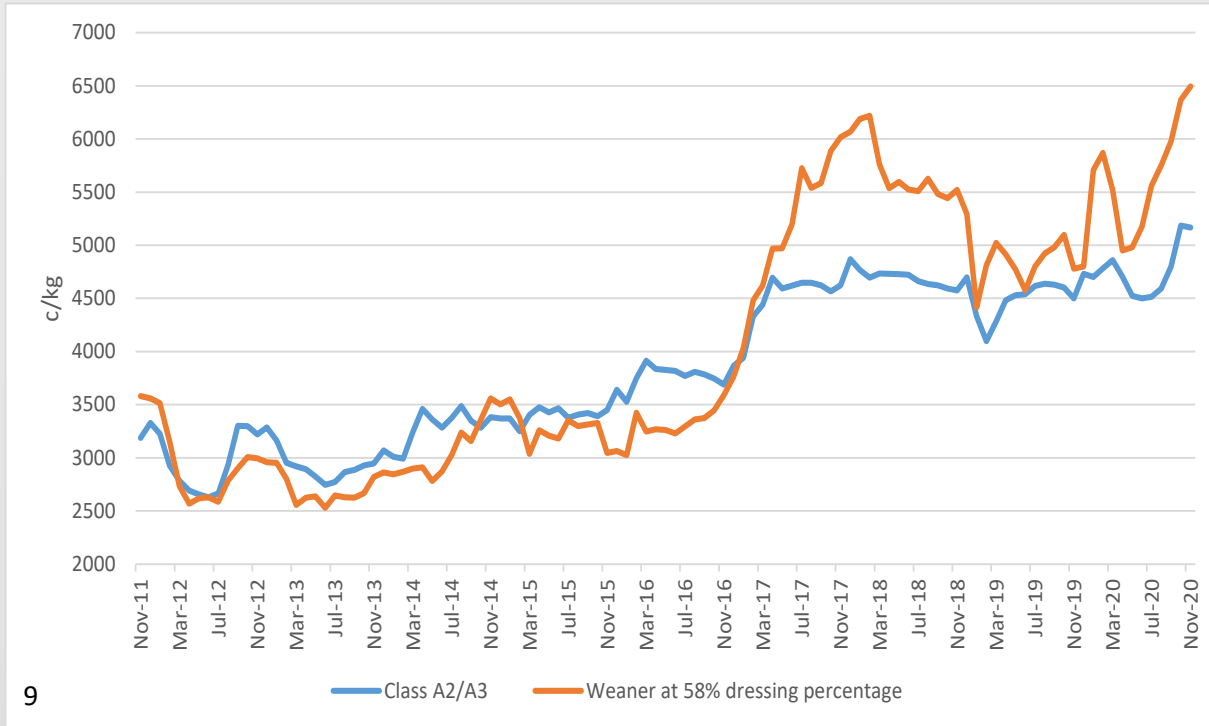


- Frozen boneless imports declined (4%) from 200 tonnes during Sep to 191 tonnes imported during Oct.
- Total fresh exports increased slightly to a total of 1194 tonnes of fresh meat exported during Oct.
- Frozen exports (international markets) decreased by 2% from Sep with a total of 1776 tonnes exported during October.
- The current export ban due to FMD still negatively affect exports.



- South Africa mainly imports live cattle from Namibia, and to a lesser extent Botswana and Lesotho.
- Live (mostly weaner) imports increased from September (74%), with 25 089 animals imported during October mainly due to weaker domestic supply.
- All international prices had decreasing trends during October except for Brazil.

Weaner (as expressed as carcass price) and A2/A3 carcass price trends. (9)

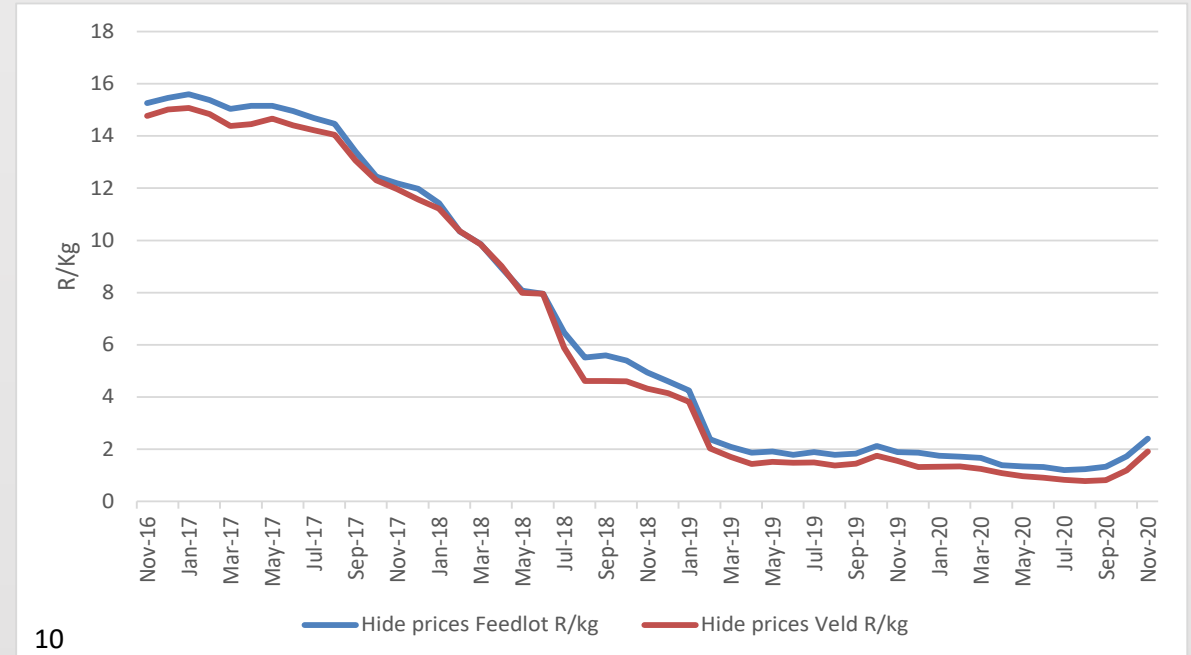


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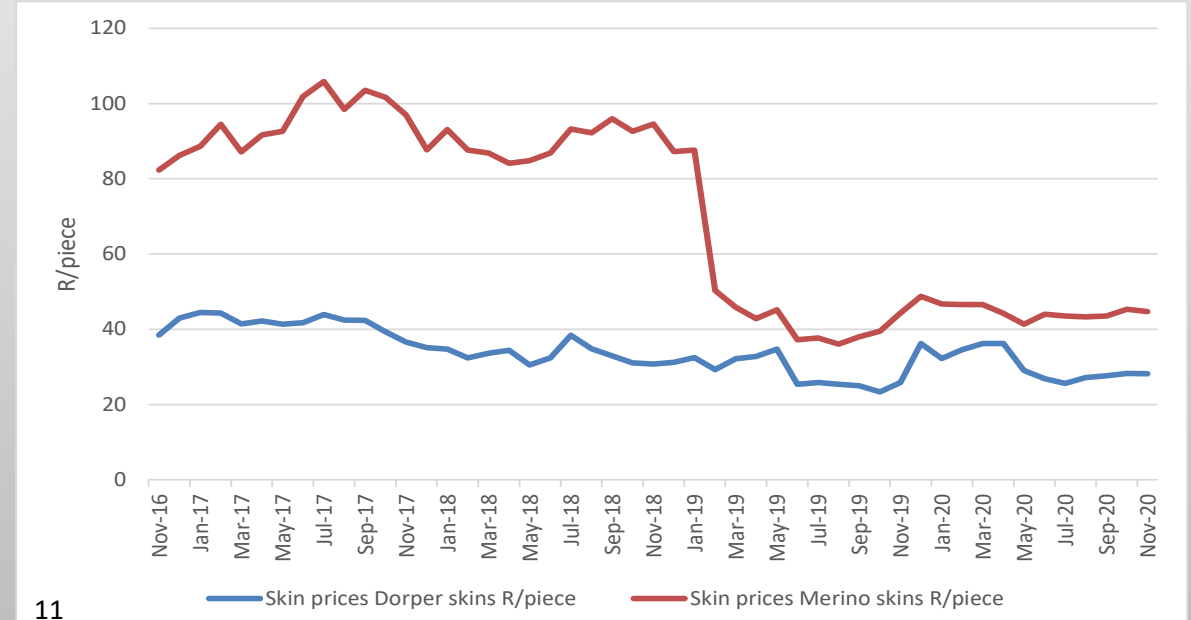
- Figure 9 shows the weaner price expressed in carcass (A2/A3) equivalent given a 58% dressing percentage.
- Weaner prices increased during November while carcass prices showed a slight decreasing trend during the same time.
- Expected increases in A2/A3 carcass prices combined with larger increases in the weaner price during the short term will increase the margin between the respective prices.
- Weaner prices (relative to carcass prices) are trading higher than the A2/A3 carcass price, this trend is expected to remain the same during the short term as weaner prices are still increasing faster relative to carcass prices, although carcass prices are expected to increase towards the festive season as demand increases.

- Hide prices are remained on the current low trend due to the ongoing export ban.
- Feedlot and veld hide prices currently trade at R2.40/kg and R1.91/kg respectively.
- Dorper and Merino skins are currently trading at by R28.20 and R44.67 a piece respectively.

Hide (10) and Skin (11) prices

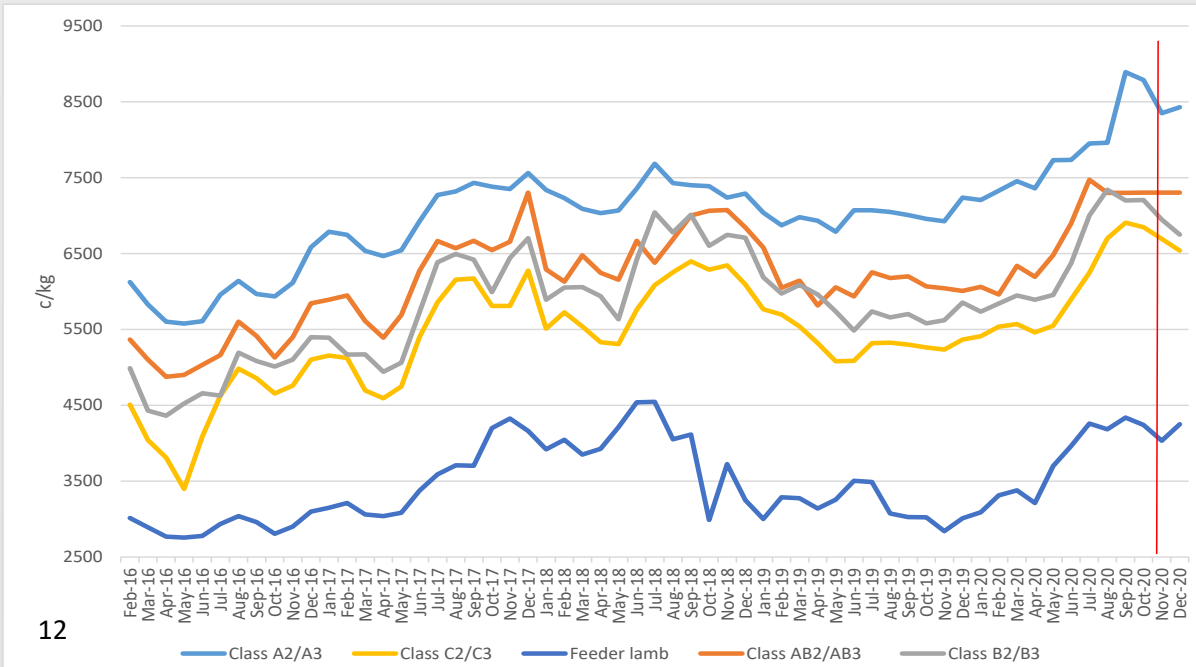


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Domestic: Mutton and lamb carcass prices (12)



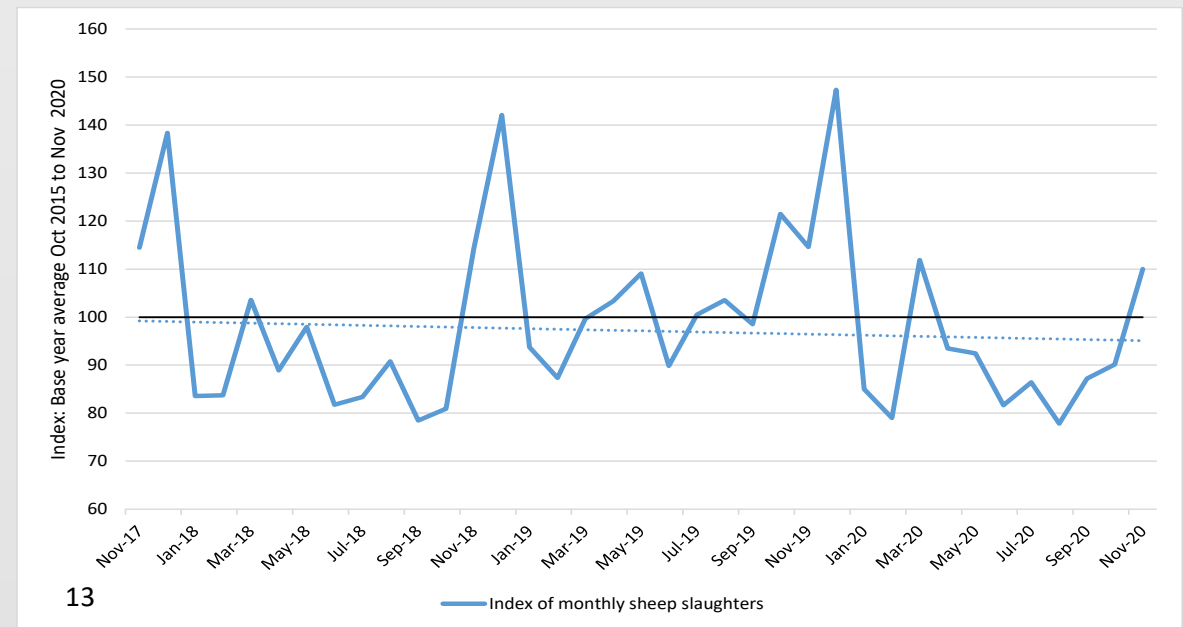
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	Nov-19	Oct-20	Nov-20	Nov 19 to Nov 20	Oct 20 to Nov 20
Class A2/A3	6928	8789	8351	20.5%	-5.0%
Class AB2/AB3	6042	7887	7648	26.6%	-3.0%
Class B2/B3	5620	7205	6949	23.6%	-3.6%
Class C2/C3	5233	6847	6693	27.9%	-2.2%
Feeder lamb	2842	4240	4031	41.8%	-4.9%
Average				28.1%	-3.8%

- Feeder lamb prices are still declining (4.9% month-on-month), year-on-year feeder lamb prices are trading 41.8% higher; feeder lamb prices are expected to remain on this trend towards the end of December,
- Carcass (A2/A3) prices decreased by 5% from the previous month; volumes are still low with strong demand, carcass (A2/A3) prices are expected to decrease towards the end of December.
- Demand is expected to remain strong during the short term due to changing seasons but the effect of the current pandemic and lock down still cause some uncertainty amongst consumers especially with regard to disposable income.

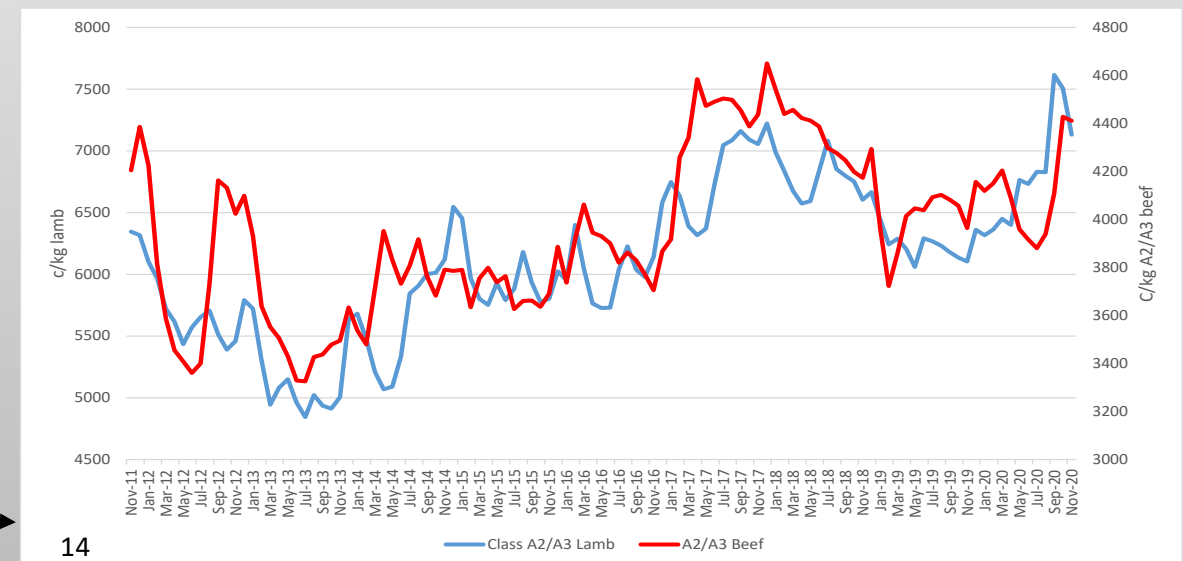
- The real (deflated with the CPI; 2016 = 100) price trend for lamb and A2/A3 and beef decreased slightly towards the end of November.

Domestic: Slaughter index (13) and real prices (14)



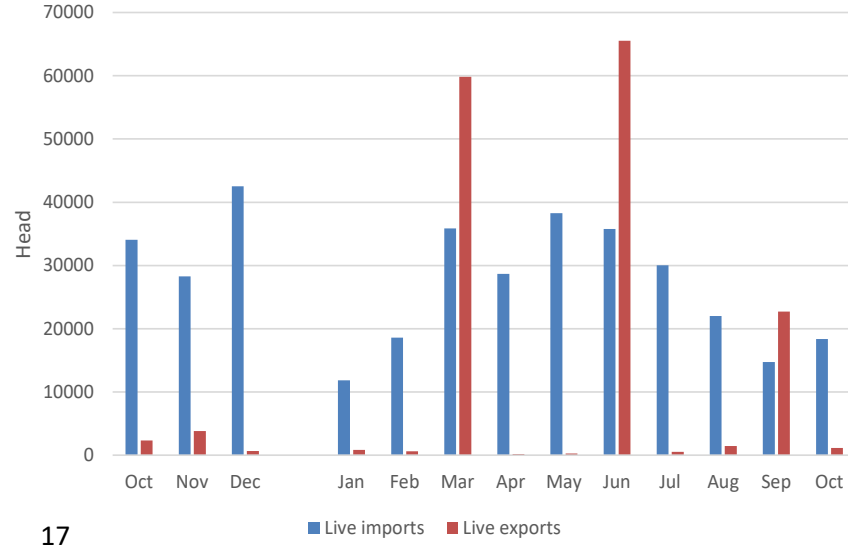
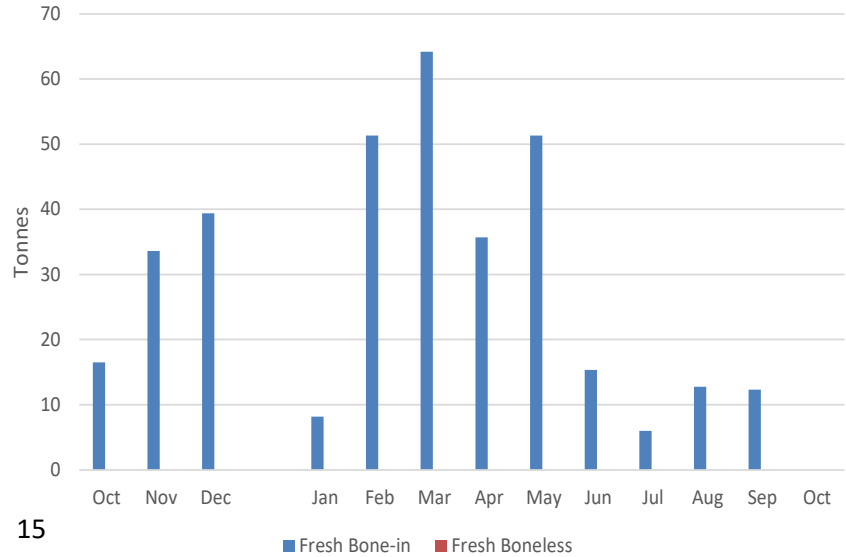
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- Aggregate commercial slaughter numbers are up 20 index point from Oct to Nov and is expected to increase towards the end of December.

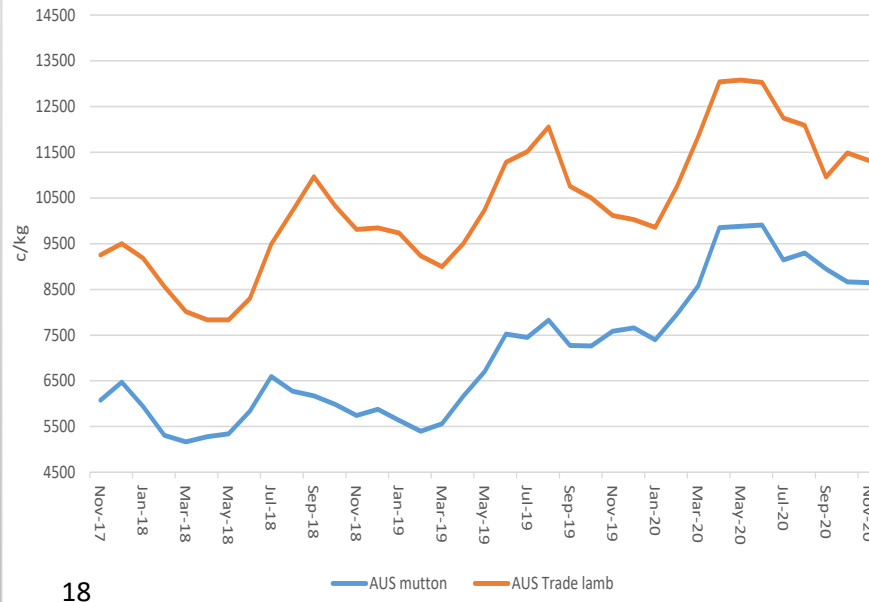
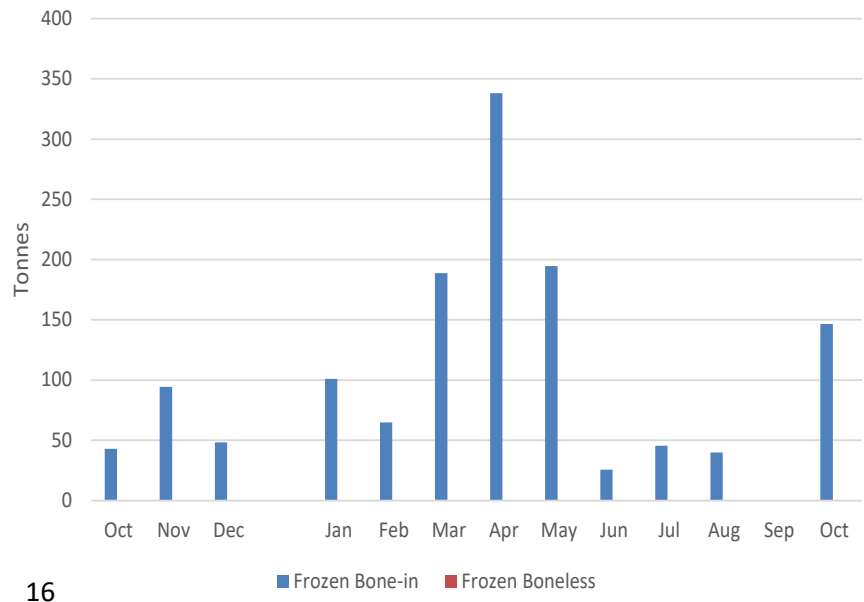


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Trade: Fresh (15) and Frozen (16) lamb imports; live sheep and goat trade (17) and Australian mutton and trade lamb prices (18)



- South African sheep and lamb trade is limited to imports (exports are very small volumes).
- The majority of the imports consists of mainly fresh carcasses and half carcasses and bone-in cuts.
- There were no Fresh Bone-in imports during October.
- Frozen bone-in imports totalled 146 tonnes during October.
- Live imports (mainly from Namibia) increased by 25% from Sep (14 thousand animals) to Oct (18 thousand animals).
- Live exports totalled 1160 animals during October.
- International prices - Australian mutton prices declined during November (0.1%) while trade lamb prices declined (1.4%) during the same period.



Sources:
 Trade data: SARS/Quantec
 Red meat related: RMAA
 Grain prices: GrainSA

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