



Agri Trends

26 April 2018

South Africa’s weaner cattle imports from Namibia increase

The total number of live cattle marketed from Namibia into South Africa showed a significant increase in 2017. A total of 313 401 head of cattle were imported into South Africa in 2017. This represents a sudden increase of 89% in 2017 compared to import numbers for 2016. Given the South African Government’s strict import requirements against Namibia which were effected on the 1st of July 2016, the import of live cattle was halted and the number of live cattle imported drastically reduced. This action negatively limited the import numbers for live cattle into South Africa during 2016. Live animal imports have started to increase from September 2016 onwards.

The spike in weaner calf imports from Namibia in 2017 can be attributed to the strong South African demand on the back of scare weaner calf stock.

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Beef market trends

International

New Zealand steers traded sideways over the past week at 5.35NZ\$/kg and cows traded 0.98% lower at 4.06NZ\$/kg compared to a week ago. In the US, beef prices for the week were mostly lower as follows: Topside traded 0.32% lower at \$216.15/cwt. Rump was 0.54% lower at \$328.40/cwt and strip loin was 0.84% higher at \$643.57/cwt. Chuck traded 0.34% lower at \$203.46/cwt. Brisket traded 7.32% lower at \$243.20/cwt. The carcass equivalent price was 1.69% lower at \$308.64cwt.

Bullish factors

- Better weather around the US as May approaches should allow for more outdoor grilling.

Bearish factors

- The US Department of Agriculture's monthly on-feed report released Friday showed the number of cattle in US feedyards with a capacity of 1,000 or more head at 7.4% above a year ago as of the 1st of April.
- Expected sharp declines in US fed cattle prices for the coming months as production continues to increase
- Increased production from Australia is causing some downwards price pressure in markets.
- Large volumes of Brazilian beef are also pouring onto the global market; which may weaken the overall market sentiment.

Domestic

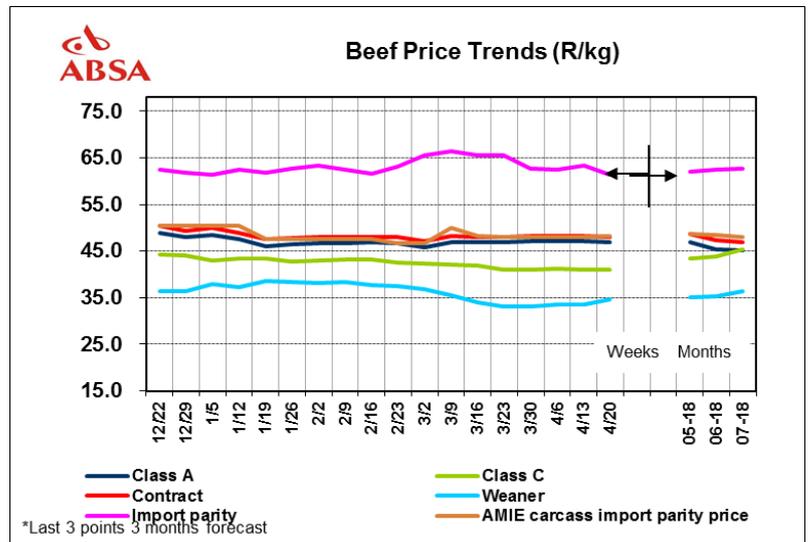
Week on week, beef prices were mostly lower across the different classes except for C grades. The average Class A price was 0.19% lower this week at R46.95/kg. Class C prices were 0.14% higher at R40.94/kg. The average weaner calf prices over the past week increased by 3.1% to R34.52/kg. The average hide price over the past week continued to record declines. Overall, the hide market remains bearish due relatively strong ZAR strength and the weak international market. The average hide prices traded 2.6% lower w/w at R8.18/kg green. NB* Hide prices are determined by the average of the RMAA (Red Meat Abattoir Association) and independent companies.

Bullish factors

- The lower feed price together with the lack of weaner calfs to rebuild the national herd in the medium term may result in carcass prices to remain elevated for a long time period to come.
- Weather forecasters indicated that the best rainfall in many months occurred over large parts of the Summer Rainfall Area in March and April 2018. Favourable rains improve soil moisture levels, veldt conditions ahead of winter.
- Weaner calf prices remain high compared to previous year levels. Beef feedlots pay too high prices to acquire weaner calves.

Bearish factors

- Cattle producers continue to sell a higher % of female stock (heifers) than normal limiting the rebuilding of the national herd.
- Normally, the increased supply for weaner calves during the weaner season from March until May weigh on weaner calf prices. This will improve the price margin for feedlots.
- Lower pork prices may weigh on the beef market.



Outlook

Internationally, plentiful beef production may weigh on market prices.

Locally, the lower feed price together with the lack of weaner calves to rebuild the national herd in the medium term may result in carcass prices to remain elevated for a long time period to come.

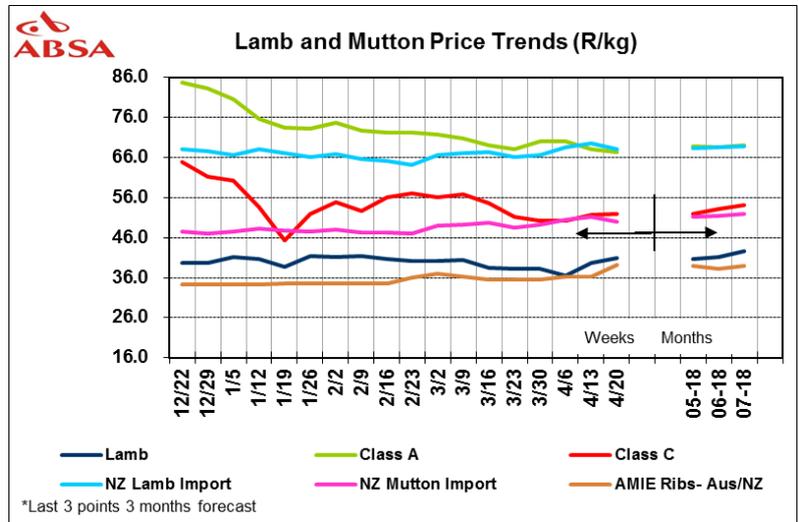
Sheep meat market trends

International

New Zealand lamb prices traded sideways this week compared to last week. Lamb prices closed sideways at NZ\$106.9/head for 15kg lamb. Lamb prices were sideways at NZ\$149.6/head for 21kg lamb. Ewe prices traded sideways at NZ\$102.4/head for a 21kg ewe. The import parity price for lamb was 2.3% lower at R68.00/kg, while the import parity price for mutton was 2.2% lower at R49.98/kg.

Bullish factors

- The bulk of the remaining volume in New Zealand is expected to be produced through late April and May with supply tightening considerably later in the season.
- Beef + Lamb New Zealand reported that the number of lambs, sheep and cattle processed for the December 2017 quarter were all up, leaving fewer to be available for January to September, compared to the 2016/17 season.
- Global demand for sheep meat remained strong due to tight availability from Australia and New Zealand.



Bearish factors

- New Zealand lamb exports for March were down 26% on March last year and down 20% on the five year average level, driven by low slaughter rates in February and March.

Domestic

This week, lamb and mutton prices were mixed this week when compared to the previous week. Lamb and mutton prices were as follows: The national average Class A carcass lamb prices decreased by 1.3% to R67.23/kg and the average Class C carcass prices increased by 0.8% to R52.02/kg. The average price for feeder lambs traded 2.8% higher at R40.83/kg. The average price for dorper skin is 2.8% lower at R34.13/skin and merinos were 0.1% higher at R86.11/skin.

Bullish factors

- Weather forecasters indicated that the best rainfalls in many months occurred over large parts of the Summer Rainfall Area in March and April 2018. Favourable rains improve soil moisture levels, veldt conditions ahead of winter
- Improved demand during month end and the long weekend.

Bearish factors

- Lamb and mutton remains an expensive meat in the market.

Outlook

Internationally, market conditions continue to support prices, due to tight global supplies.

Locally, it can be expected that prices may gain some support due to increased demand during month end.

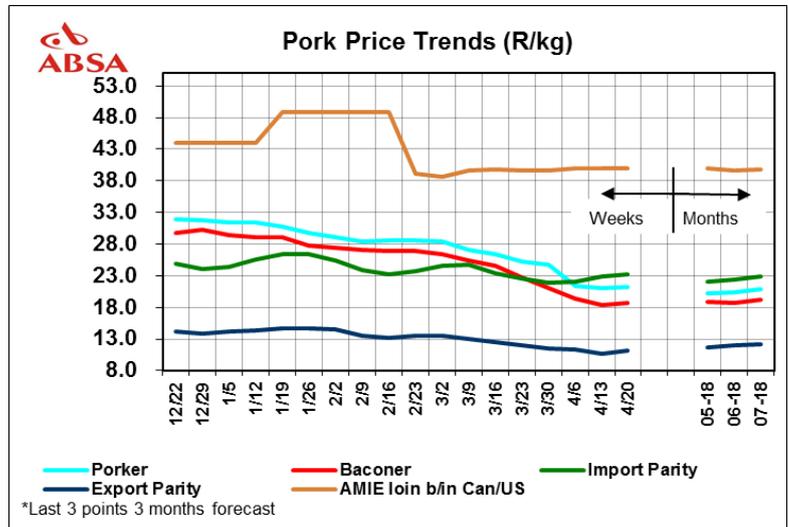
Pork market trends

International

The average weekly US pork prices were mostly higher over the past week. Carcass prices were 2.8% higher at US\$67.51/cwt, loin prices were 2.5% higher at US\$68.71/cwt, rib prices were 2.1% lower at US\$124.64/cwt and ham was 2.7% higher at US\$54.21/cwt.

Bullish factors

- Milder weather around the US as May approaches should allow for more outdoor grilling.
- In the US, a strong economy including full employment supported by globally strong economic growth should allow historically low pork prices to compete successfully for the market share of the consumer meat dollar.



Bearish factors

- In the US, there are plentiful hog supplies available in the marketplace.
- Plentiful supplies in china is already affecting the global market, especially as many key pork exporters like the EU and the US are seeing higher pork production.

Domestic

Average pork prices have shown a steady declining trend since January 2018. Average pork prices have declined by between 30% and 40% during the second week of April 2018, compared to the second week of January 2018. This week, pork prices showed some signs of recovery across the board, except for sausage pigs which continued with the declines.

This week, pork prices showed signs of recovery. The latest average pork prices are as follows: The average porker prices are 0,8% higher at R21.20/kg, while the average baconer prices are 1.3% higher at R18.64/kg. The average cutters prices were 1.1% higher at R19.2/kg and the average heavy baconer price was 0.3% higher at R18.17. The SAU price was 1.0% lower at R13.98/kg.

Bullish factors

- Improved demand during month end and the long weekend may support prices.
- Marketing and promotion campaigns by the pork industry may drive increased pork sales.
- The current low prices of pork may increase consumer uptake of fresh pork cuts.

Bearish factors

- Plentiful supplies in the market.

Outlook

Internationally, large production from China may add pressure on the international market.

Locally, currently there are plentiful supplies of pork in the market, which weigh on prices. Prices are expected to show some recovery as the lower product prices boost sales.

Poultry market trends

International

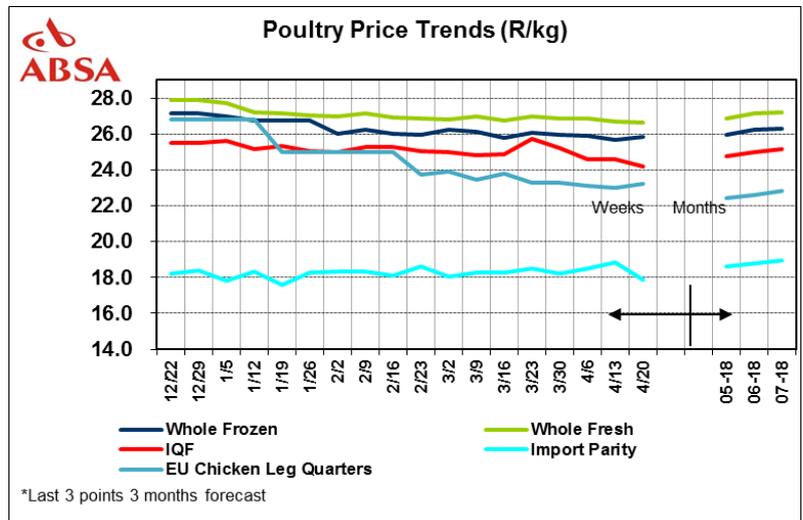
Poultry prices in the US were mixed over the past week. Whole bird prices were 0.4% higher at 108.75USc/lb. Breast traded 2.6% lower at 113.50USc/lb, while leg quarters traded 8.8% lower at 36.50USc/lb.

Bullish factors

- The Avian Influenza pressure is considered to be significant, but not at the same levels registered in 2016/2017.

Bearish factors

- China/US trade dispute continue to cause uncertainties.
- The EU suspended 20 processing plants in Brazil from exporting meat to the EU.
- Global production is forecast to grow 2% in 2018 to 92.5 million tons, primarily from gains in the US, Brazil, India, and the EU.



Domestic

The average poultry prices over the past week were mostly lower. The average prices for frozen birds were 0.7% higher at R25.68/kg during the week. Whole fresh medium bird prices were 0.3% lower at R26.61/kg, while IQF prices were 1.6% lower at R24.19kg.

Bullish factors

- The Stats SA monthly prices for March 2018 show that consumer egg prices are showing increases month on month. This is after some slight recovery in February 2018. Egg prices followed increasing trends towards the end of 2017 due to bird flu. Egg prices for ½ dozen increased by 0.24%, to R16.44 whilst prices for 2.5 dozen increased by 0.27% to R63.14 during March 2018 when compared to February 2018.
- The possibility of new occurrences of bird flu towards winter.

Bearish factors

- Lower pork prices may weigh on the poultry market.
- Favourable feed price environment.

Outlook

Internationally, larger broiler supplies are expected.

Locally, the lower pork market may pose competition to the poultry market.

Livestock prices (R/kg) week 25 April 2018	Beef			Mutton			Pork			Poultry		
	%	Current week	Prior week	%	Current week	Prior week	%	Current week	Prior week	%	Current week	Prior week
Class A/ Porker/ Fresh birds	-0.19	46.95	47.04	-1.3	67.23	68.12	0.8	21.20	21.03	-0.3	26.61	26.68
Class C/ Baconer/ Frozen birds	0.14	40.94	40.88	0.8	52.02	51.60	1.3	18.64	18.39	0.7	25.86	25.68
Contract/Baconer/ IQF	-0.34	47.99	48.15	-1.1	67.90	68.68	1.1	19.92	19.71	-1.6	24.19	24.59
Import parity price	-3.23	61.33	63.37	-2.2	49.98	51.11	1.8	27.6	27.1	-5.1	17.9	18.9
Weaner calves/ Feeder lambs	3.1	34.52	33.50	2.8	40.83	39.72		-	-			
Specific imports: Beef trimmings 80vl/b/ Mutton shoulders/Loin b/in/ chicken leg 1/4	0.21	48.20	48.10	0.2	58.00	57.90	0	40.00	40.00	0.9	23.20	23.00

Wool market trends

International

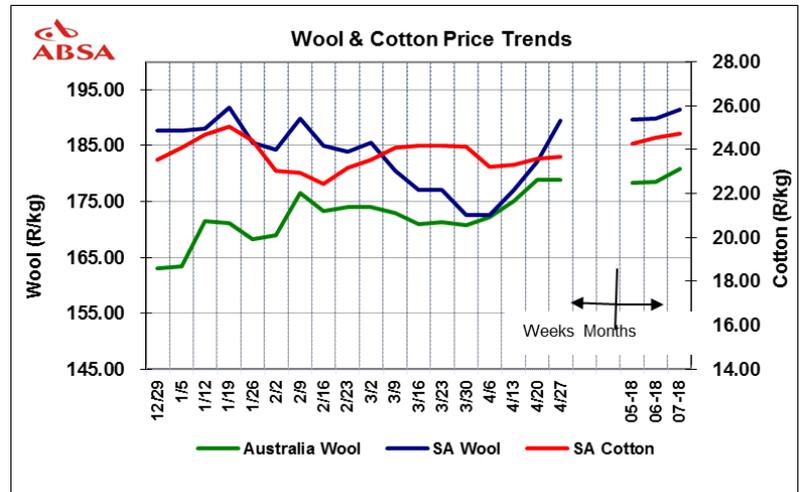
The last auction was for the week ending 20 April 2018. The Australian wool market prices surged after wool supplies worries drove strong buying sentiment. Prices traded at Au1805 c/kg up by 1.58%.

Bullish factors

- The Australian wool market is now moving into its traditional slow period. Autumn shearing is almost complete. There's slower wool received and lower amounts available in brokers' stores. Due to buyers trying to secure their share of the smaller wool volumes, strong buyer sentiment pushed prices.

Bearish factors

- Australian wool sheep is expected to recover, driven by a 6% production increase over the past 2 consecutive years.



Domestic

The last auction was on the 25th of April 2018. The wool market performed stronger at the end of this week. Domestic wool market prices increased and the merino indicator was 4.07% higher to close at R189.54 (clean) at the sale.

Bullish factors

- The wool market maintained its strong performance and closed firmer at this week's auction.
- Continued excellent demand for quality long and fine wool.
- Smaller volumes at the recent auction.
- The weaker Rand increased producer returns. The Rand was 3,7% weaker against the US Dollar and 2,2% weaker against the Euro, compared with the average rate at the previous sale.

Bearish factors

- Analysts do caution that some degree of a downward correction is to be expected.

Outlook

Internationally, the Australian wool market surged for the week ending 20 April 2018. Buyers were out to secure wool, worried about dimming supplies for the rest of the season.

Locally, the South African wool market is positive, driven by strong demand.

Cotton market trends

International

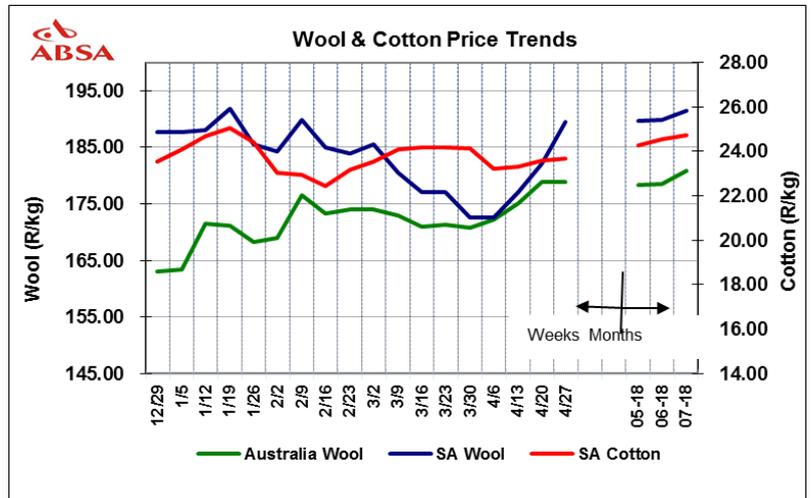
Cotton prices traded lower over the past week and closed at US79.22 c/lb from US79.55c/lb.

Bullish factors

- Asian economies will drive stronger global demand for cotton this year, which should roughly match global supply, according to FocusEconomics.

Bearish factors

- Growth in cotton imports by Vietnam, the world's second-largest buyer of the fibre, is expected to slow to a seven-year low next season, undermined by a slowdown in investment in the country's spinning sector.
- Concerns about US and China trade war.



Domestic

The derived SA cotton prices traded 0.43% higher to close at R23.70/kg. The 3rd estimate for the 2017/18 production year indicates a cotton crop of 189 370 lint bales for the RSA, an increase of 144% over the previous season and 3% down from last month's estimate. Dryland and irrigation hectares show increases of 68% and 170% respectively over the previous year mainly due to the more favourable prices of cotton in relation to competitive crops but also due to renewed interest in cotton production.

Outlook

Internationally, concerns about US and China trade war may weigh on the market.

Locally, the world market and exchange rate movement may continue to affect the domestic market prices.

Fibres market trends
Week ended 26 April 2018

Wool prices	%	SA prices (c/kg)	%	Australian prices (SA c/kg)	%	Australian future May 2018 (AU\$/kg)	%	Australian future Jul 2018 (AU\$/kg)
Wool market indicator	4.07	18954	0.49	16678		-		-
19µ micron	6.00	20378	1.07	19309	4.55	20.70	3.17	19.50
21µ micron	8.29	19107	2.05	18009	3.49	19.25	2.26	18.10
Cotton prices 20 April 2018		SA derived cotton (R/kg)		New York A Index (US\$/kg)		New York future May 2018 (US\$/kg)		New York future Jul 2018 (US\$/kg)
Cotton prices	0.43	23.70	0.73	1.98	-0.9	1.83	-0.2	1.83