



Livestock and Meat Advisory Council

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Market Watch: Second Quarter 2020

Beef Sector

Cumulative slaughters for the first half of 2020 were 103,451, a decrease of 16% over the same period in 2019 and 6% down on the second half of 2019, while second quarter slaughters were 49,530 head, 24% below the same period in 2019 and 8% less than the first quarter.

Business activity in the second quarter was characterised by the emergence of COVID-19 and responses to it by various stakeholders in the sector and the implementation of lockdown protocols.

The beef value chain has not been spared the economic shock, with restrictions resulting in logistical supply bottlenecks that have hampered the sourcing and marketing of cattle. Prices for meat products have remained soft under pressure from declining disposable incomes. Formal businesses, while adversely affected by the lockdown measures, have found some accommodation from authorities, but informal businesses, among them small scale cattle producers, are finding little relief in the pursuit of meaningful economic activities.

Efforts to contain the continued outbreak of diseases such as Foot and Mouth Disease and Theileriosis are being hampered by the intermittent supply of vaccines. Private sector stakeholders have been advised to import their own vaccines.

Additionally, cattle aggregators report that since mobile money agent lines have been suspended, purchases of cattle in hard currency have increased noticeably, creating an exchange rate risk in businesses that supply formal markets that are presently denominated by the local currency. Significant balances held in agent lines at the time of suspension remain unavailable to aggregators, exposing them to inflation factors.

Tight liquidity also exists in financial markets where institutions are only availing short term 90-day loans that are not geared for most livestock operations.



LIT
Livestock Identification Trust



MPAZ
Meat Processors
Association
of Zimbabwe



PPAZ
PIG PRODUCERS' ASSOCIATION OF ZIMBABWE



SMA
Stockfeed Manufacturers Association



ZAA
Zimbabwe
Association
of
Abattoirs



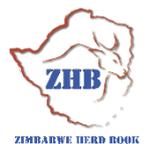
ZADF
ZIMBABWE ASSOCIATION OF DAIRY FARMERS



ZFPA
Zimbabwe
Fish Producers
Association



ZFA
ZIMBABWE FREE RANGE
POULTRY ASSOCIATION



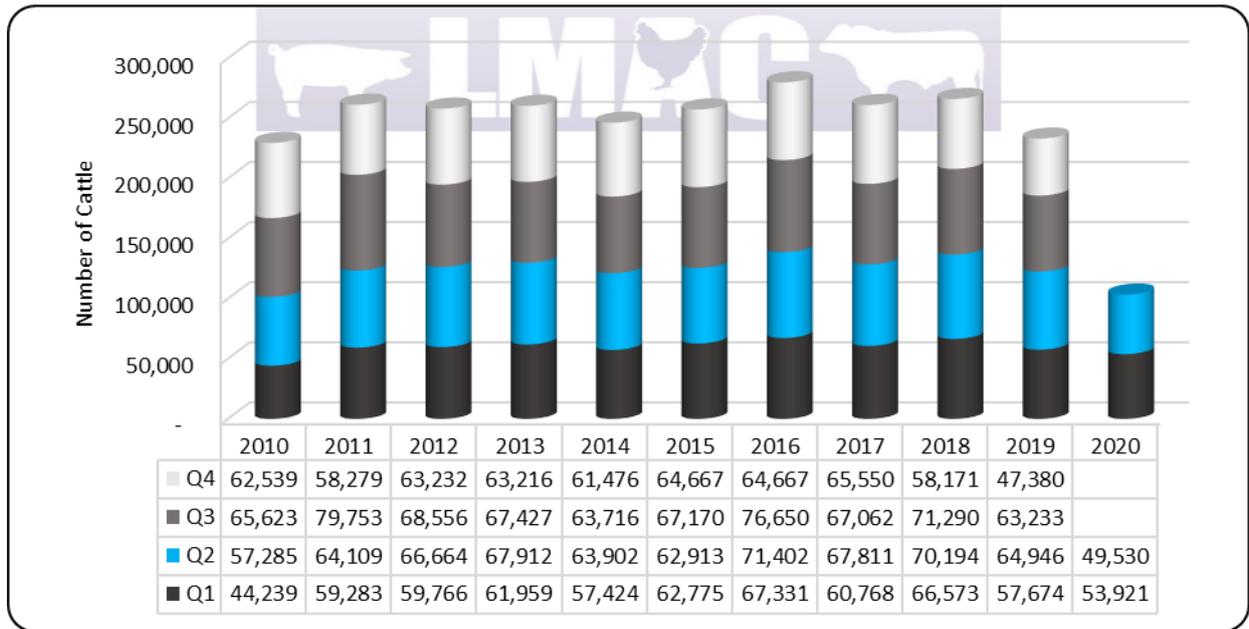
ZHB
ZIMBABWE HERD BOOK



ZPA

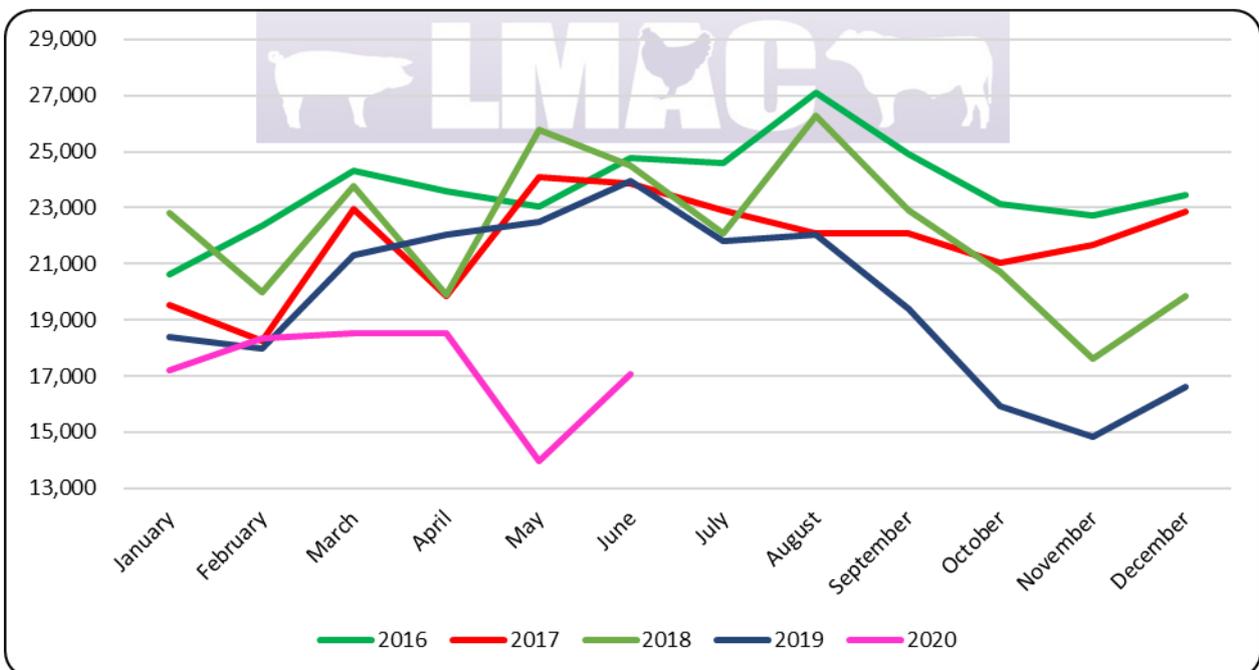


ZQAP
Zimbabwe Quality Assured Pork



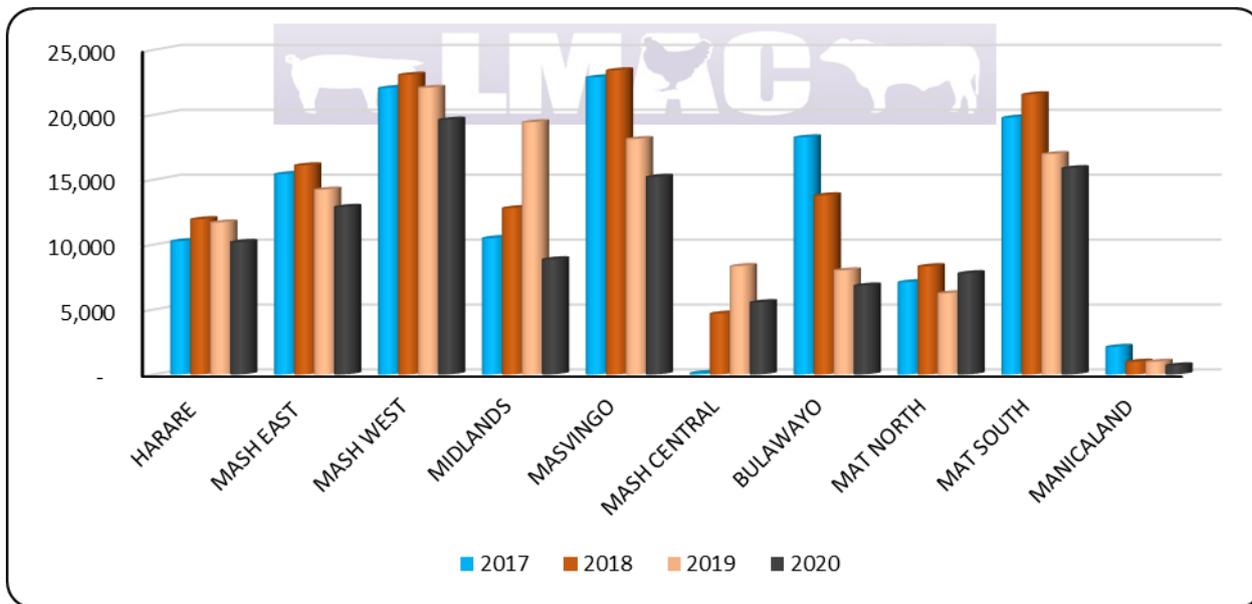
Cattle Slaughters by Quarter, 2010 – June 2020

In 2020, the highest slaughters of 18,519 head were recorded in April and the lowest slaughters of 13,958 head were recorded in May. The average number of slaughters per month over the six-month period was 17,267 head. The relatively low monthly slaughters in the first half of the year reflect a difficult business environment as noted above.



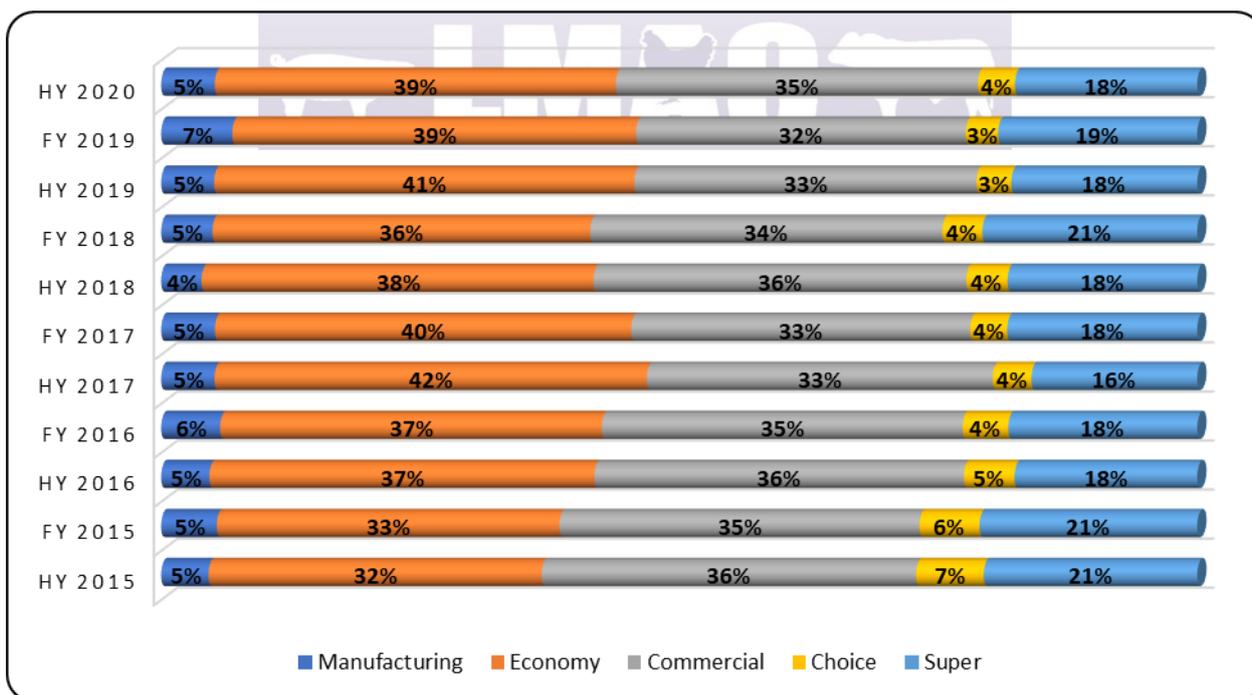
Monthly Cattle Slaughters, 2016 – June 2020

For the first half of the year to June 2020, Mashonaland West recorded the highest number of slaughters at monitored abattoirs, accounting for 19% (19,622 head) of the national slaughter. Matabeleland South and Masvingo were second and third respectively while Manicaland had the lowest number of 696 head.



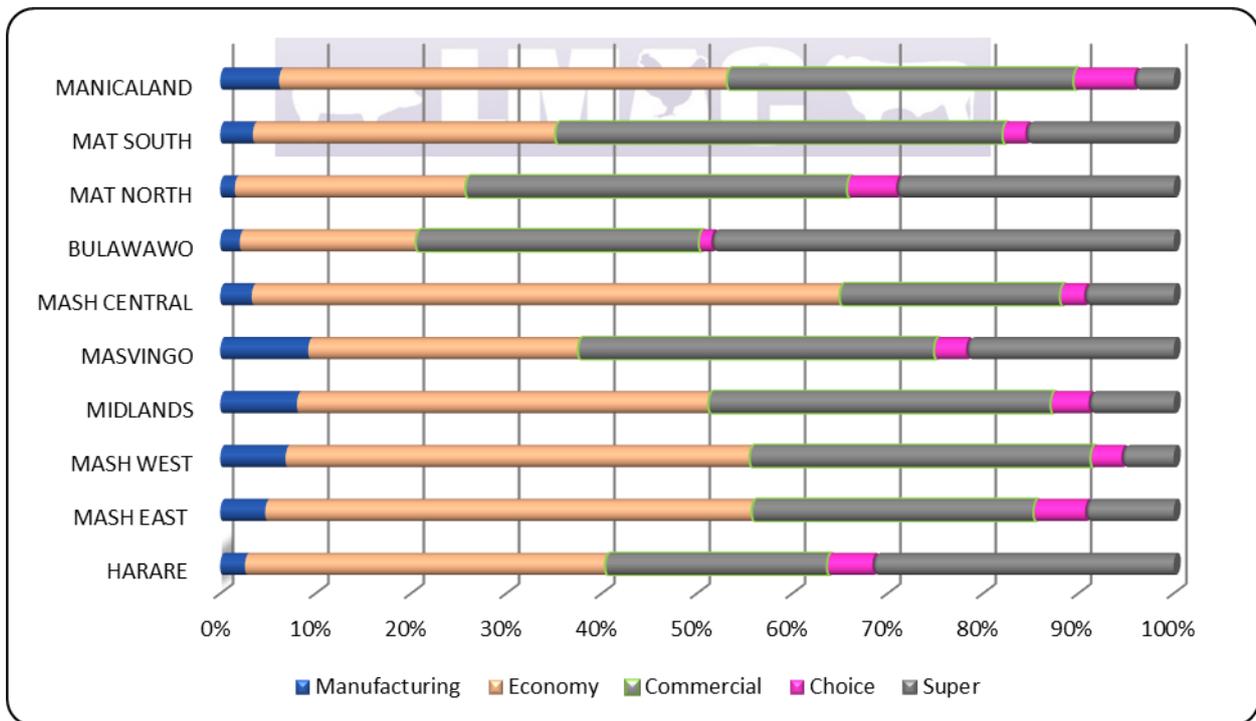
First Quarter Cattle Slaughters by Province, 2017 – June 2020

Quality composition continues to be dominated by economy grade, accounting for 39% in the first half of 2020. The proportion of Supers carcasses remained constant at 18% when compared to the same period in 2019.



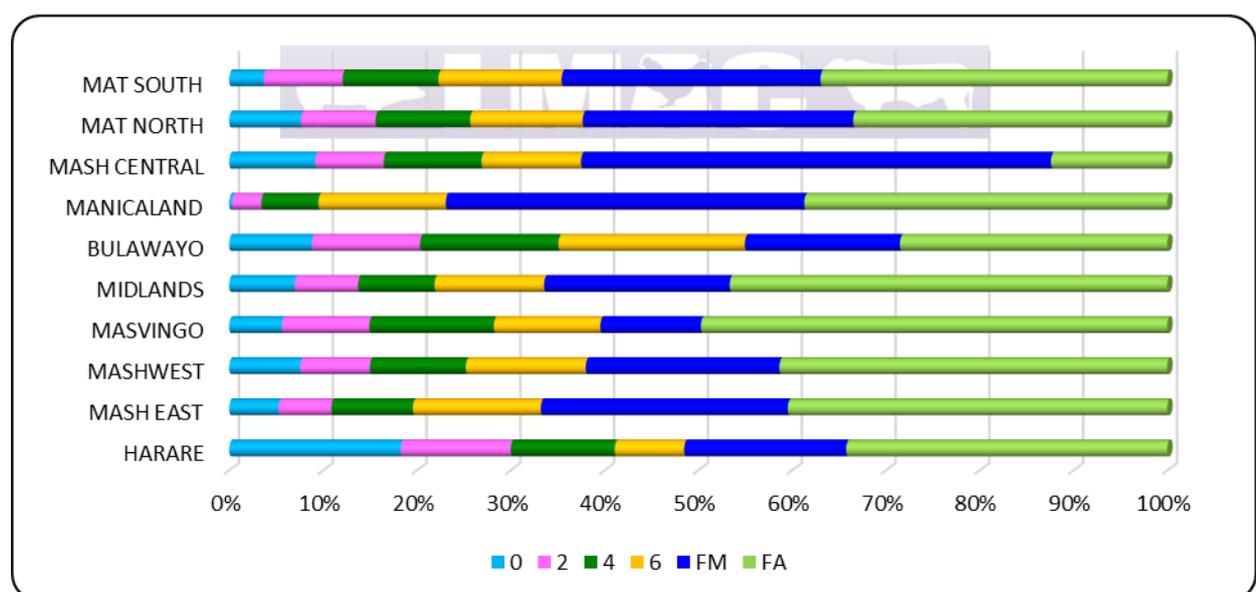
Quality Composition by Grade, 2015 – June 2020

Grade classification by province as illustrated below reveals Bulawayo as the province with the highest composition of Supers accounting for the total 49%, with Harare, Matabeleland North, Masvingo and, second (32%) , third (29%) and fourth (22%) respectively. Economy grade dominated slaughters in Mashonaland Central (62%), and Mashonaland East (51%), Mashonaland West (49), Manicaland (47%).



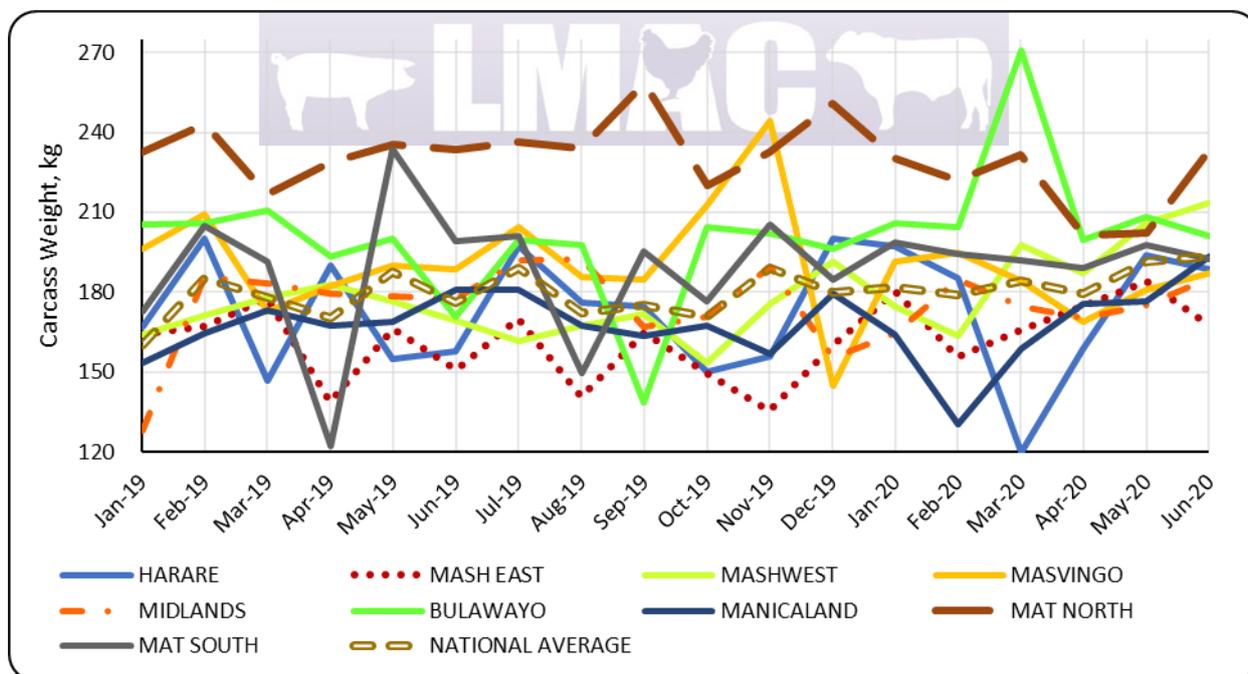
Grade Classification by Province, January to June 2020

The dominance of the communal farmer in supply to the market is illustrated below with Full Mouth and Full Attrition accounting for between 51 – 77% of total slaughters.



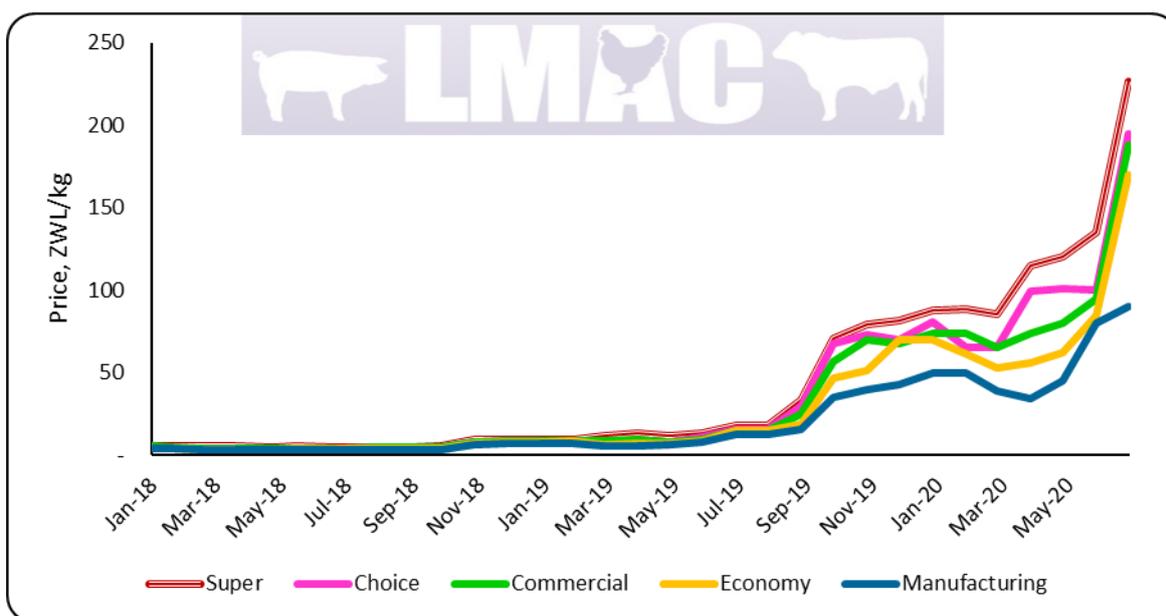
Provincial Slaughters Composition by Age, January to June 2020

Matabeleland North boasted the highest average carcass weight, averaging between 202 - 233kg in the first half of 2020. Bulawayo was second, averaging between 204 and 271kgs. Harare recorded the lightest carcass weight of 185kgs. The national weighted average carcass illustrated in the graph below ranged between 179 – 193 kgs.



Provincial Average Cold Dressed Weight (kgs), 2019 – June 2020

The month on month increase of wholesale prices highlights the challenges experienced in demand across the board. The wholesale price of Super grade increased the most of all meat grades, up by 158% over the first half of 2020 from ZWL 88 to L227/kg while the wholesale price of Economy grade surged 144% from ZWL 69.75 to 170/kg.

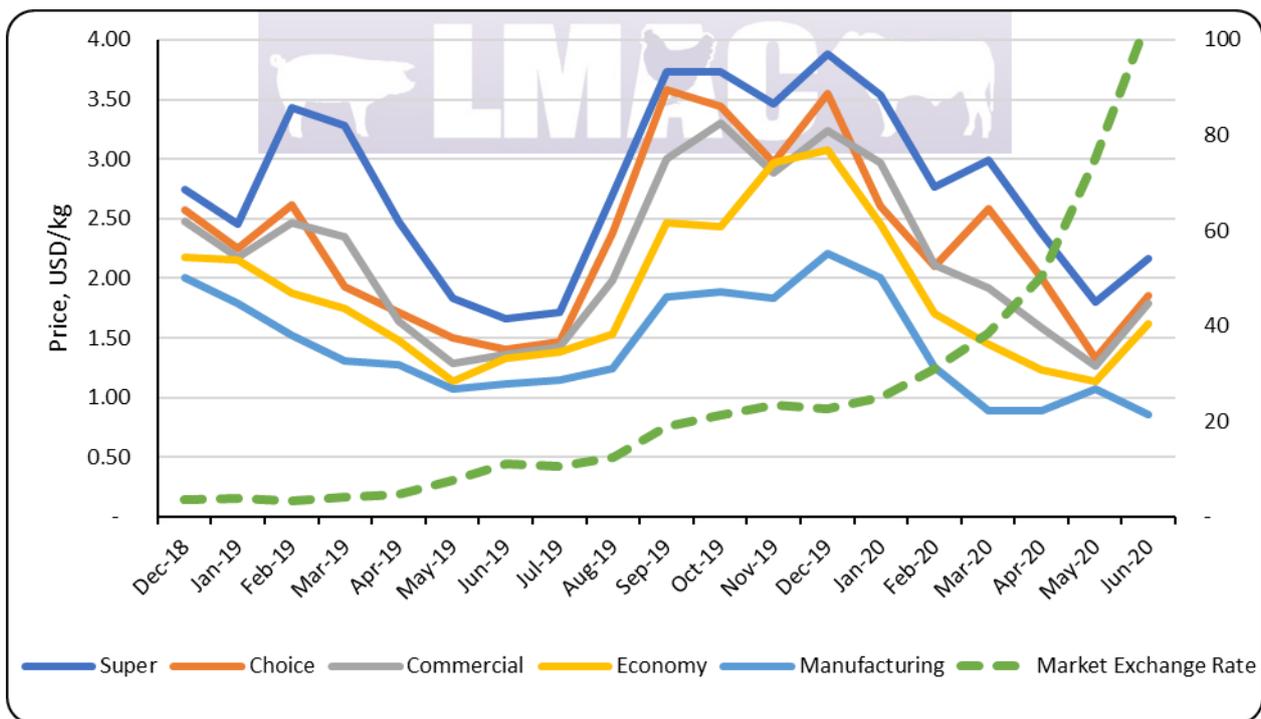


Beef Prices (ZWL/kgs), 2018 – June 2020

The graph below shows the prices in USD using the parallel market rate of exchange and analysis indicates cycles of price realignment at lagged intervals. Between December 2018 and May 2019, the exchange rate dominated the pricing of the meat grades, resulting in lower price in real terms.

The period between June and December 2019 witnessed a correction in real terms as the USD price across the board rose more than the depreciation of the local currency (106%) (Super, 134%; Choice, 152%; Commercial, 137%; Economy, 132% and Manufacturing, 98%).

For the period between January and June 2020, the local currency depreciated by 320%. Indexed to the USD, all grades retreated (Super, -39%, Choice, -29%, Commercial, -40%, Economy, -34% and Manufacturing, -57%) as consumers, hard pressed by income suppression, actively look for cheaper protein substitutes.



Beef Prices Indexed to the US Dollar, USD/kg, 2018 to June 2020