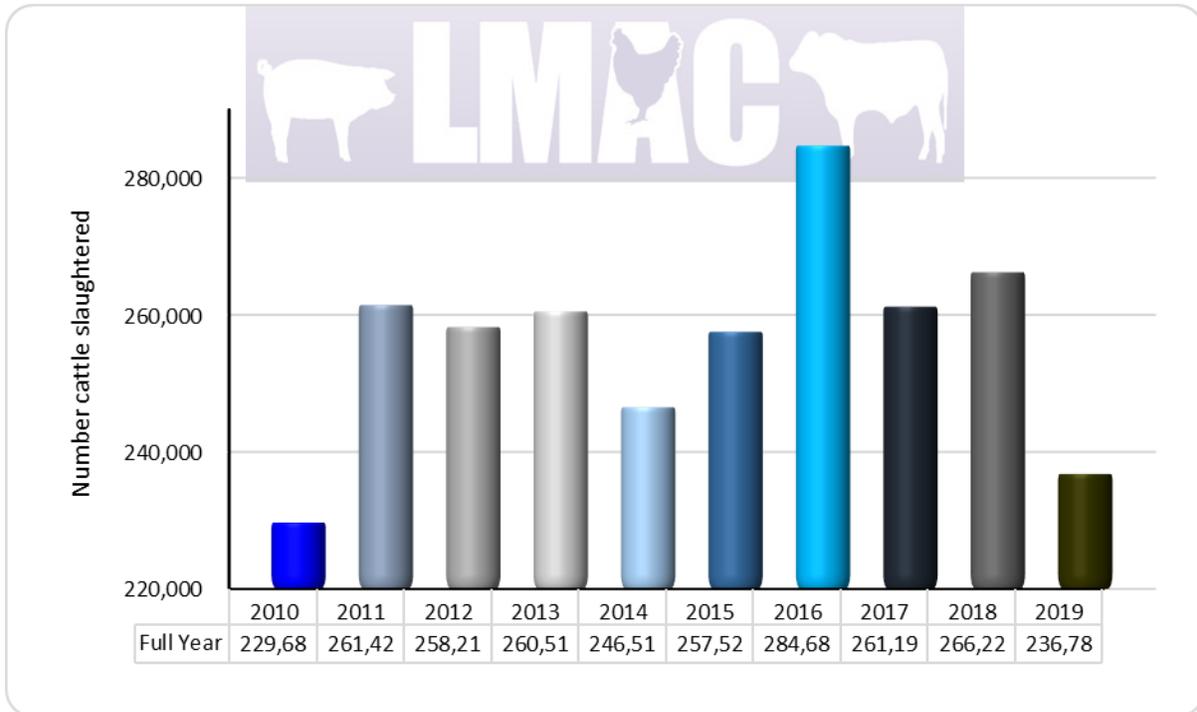## Market Watch 2019

Beef Sector

Total cattle slaughters for 2019 were 236,781, a decrease of 11% on the previous year as shown in the figure below.

Total slaughters through formal abattoirs in 2019 were the lowest since 2011. A difficult operating environment exists, characterised by uncertainties regarding pricing by cattle producers wary of trading in a rapidly depreciating local currency; higher operating costs; challenges with restricted movements due to Foot and Mouth Disease outbreaks, and depressed selling patterns because of losses from Theileriosis. The effect of the drought did not have the anticipated effect of increasing cattle sales over the course of the year.

The regulatory burden on cattle producers in 2019 increased as statutory instruments were gazetted that affected the trade of livestock by several rural district councils and also restricted the trade of maize.

Income compression in real terms negatively affected the demand for beef and associated meat products.

Annual Cattle Slaughters, 2010 – 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Full Year	229,68	261,42	258,21	260,51	246,51	257,52	284,68	261,19	266,22	236,78

The figure below shows the large variability in the number of cattle slaughtered on a month by month basis in 2019. The highest monthly slaughter of 23,970 head occurred in June and thereafter, slaughters declined in consecutive months. The lowest figure of 14,831 head was recorded in November, the second lowest on record since March 2010.
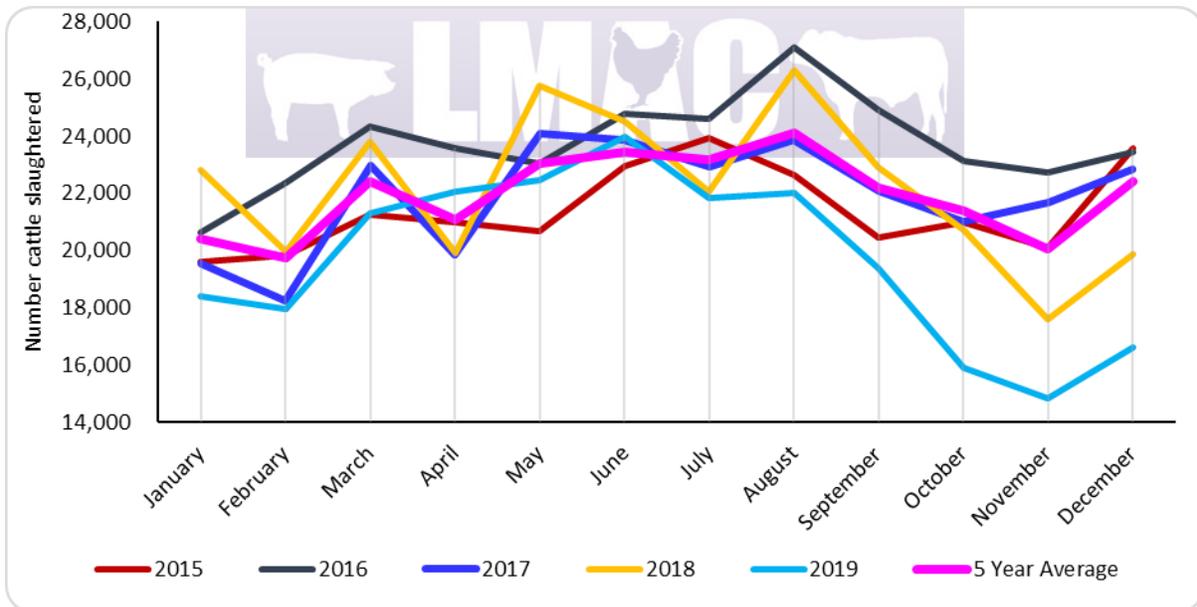

Monthly Cattle Slaughters, 2015 - 2019

Slaughters at monitored abattoirs in 2019 was highest in Mashonaland West province, recording 43,755 slaughters and accounting for 18% of total slaughters. Masvingo, Matabeleland South and Midlands were second, third and fourth with 15, 14 and 12%, respectively. Manicaland had the lowest slaughters, accounting for just under 1%, which may reflect a combination of the lack of monitored abattoirs and lower cattle ranching activity, rather than the absence of cattle slaughters.

Year on year, Mashonaland Central registered the highest increase of 53%, attributed mainly to an increase of monitored abattoirs in the province. Slaughters in Midlands increased by 10% from the 2018 figure.

However, nationally, the decline in slaughters was driven by the Bulawayo, Masvingo and Matabeleland provinces that recorded a year on year decline of 40, 25 and 20% respectively.
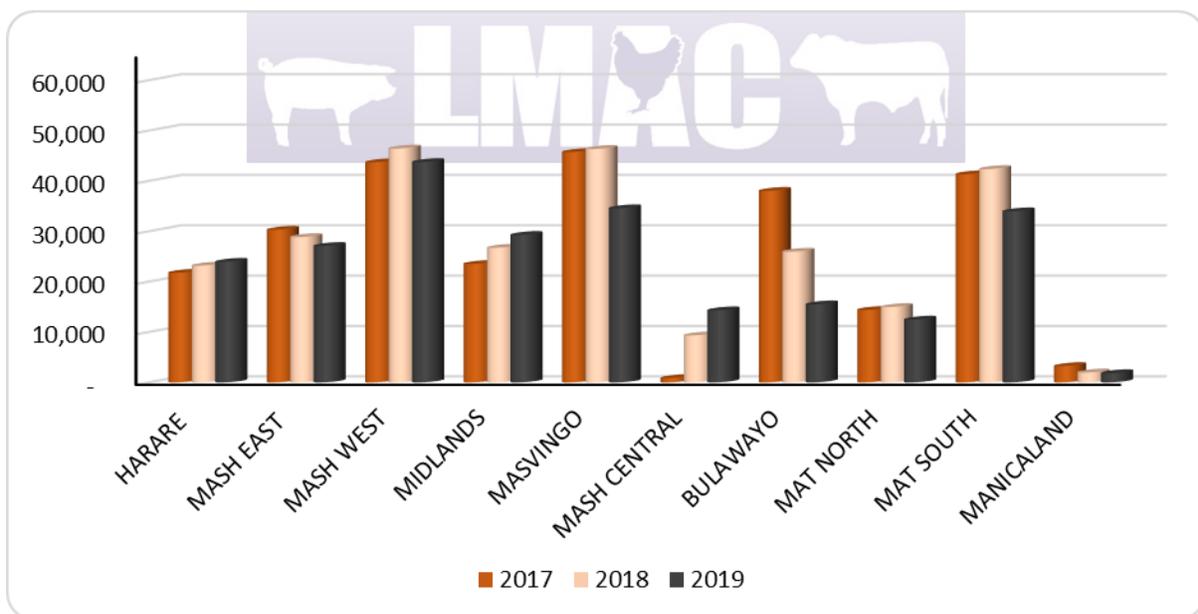
Annual Cattle Slaughters by Province, 2017 – 2019

The grade composition of slaughtered cattle by province is shown in the figure below. 46% of cattle slaughtered in Bulawayo province were graded in the Super category, followed by Matabeleland North, Harare and Masvingo with 40, 33 and 24% respectively. In the Economy grade, Manicaland had the highest composition of total slaughters at 58%, followed by Mashonaland East, Mashonaland Central and Midlands with 54, 51 and 51%., respectively.
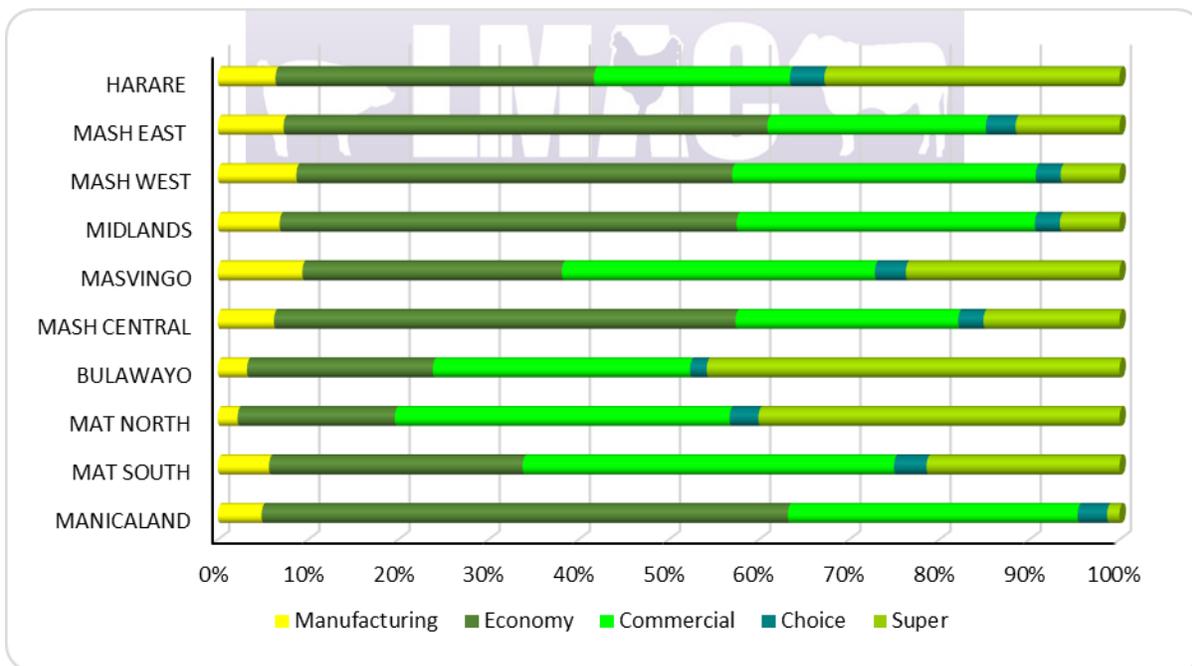
Quality Composition by Grade, 2019

In 2019, the national quality composition of slaughtered cattle shows that both the Manufacturing and Economy grade accounted for 46% while Super grade accounted for 19%.

The figure below shows a general decline in the quality of slaughters. In 2014, the Super category made up 22% of total slaughters, However, in 2019, this category accounted for only 19%. Similarly, in 2014, Economy grade accounted for 33% of total slaughters but increased to 39% in 2019.

The occurrence of drought exacerbates the prevalence of the lower grades in total slaughters as 85% of slaughters are derived from the communal areas where producers rely most heavily on natural pastures and intervention mechanisms in the event of drought are driven by social and not commercial motives.

Within the small-holder sector, cattle serve a number of functions and sales serve as a residual value recoupment strategy and this reality is reflected in the high proportion of aged cattle. In Manicaland, Midlands, Mashonaland East and Central and Matabeleland South, 76, 73, 66, 62 and 62%, respectively of slaughtered cattle were classified as full mouth and full attrition.
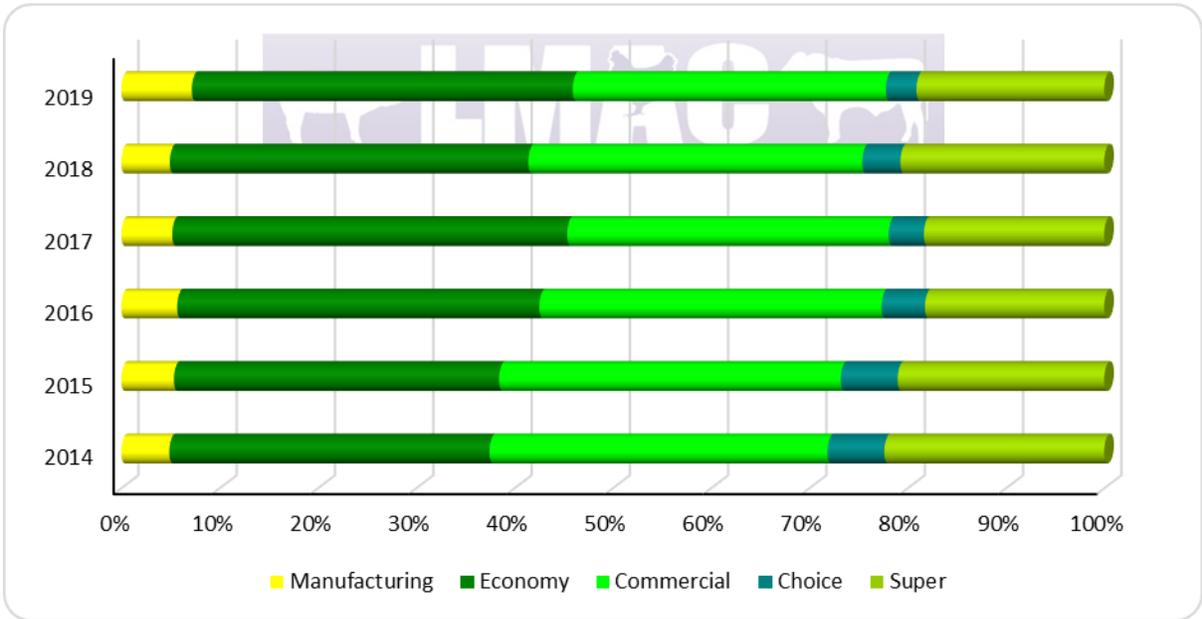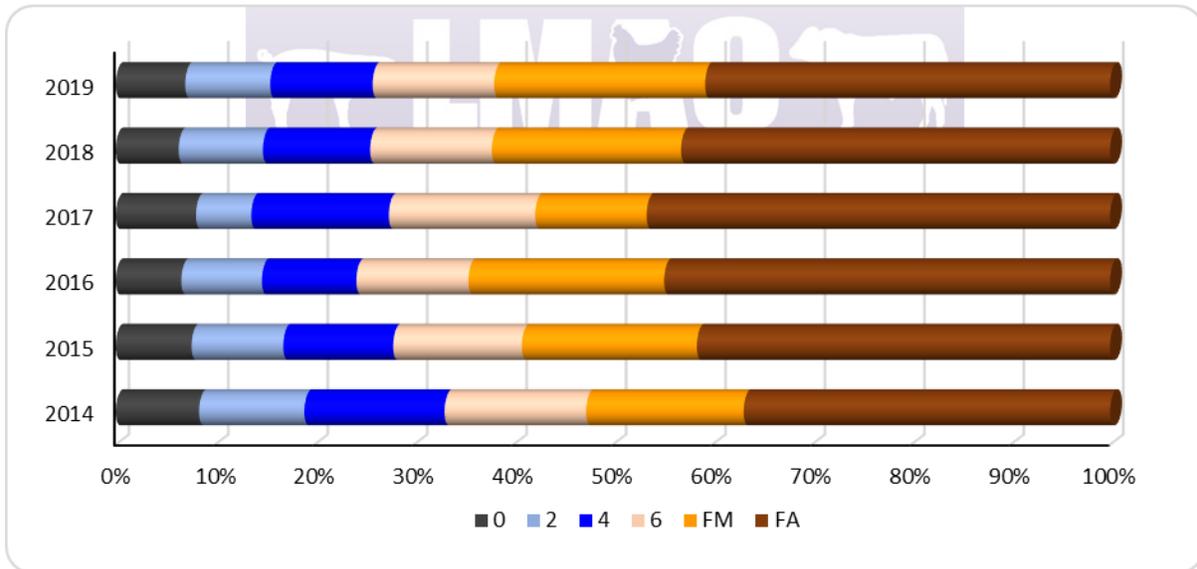
**Grade Classification by Province, 2014 – 2019**
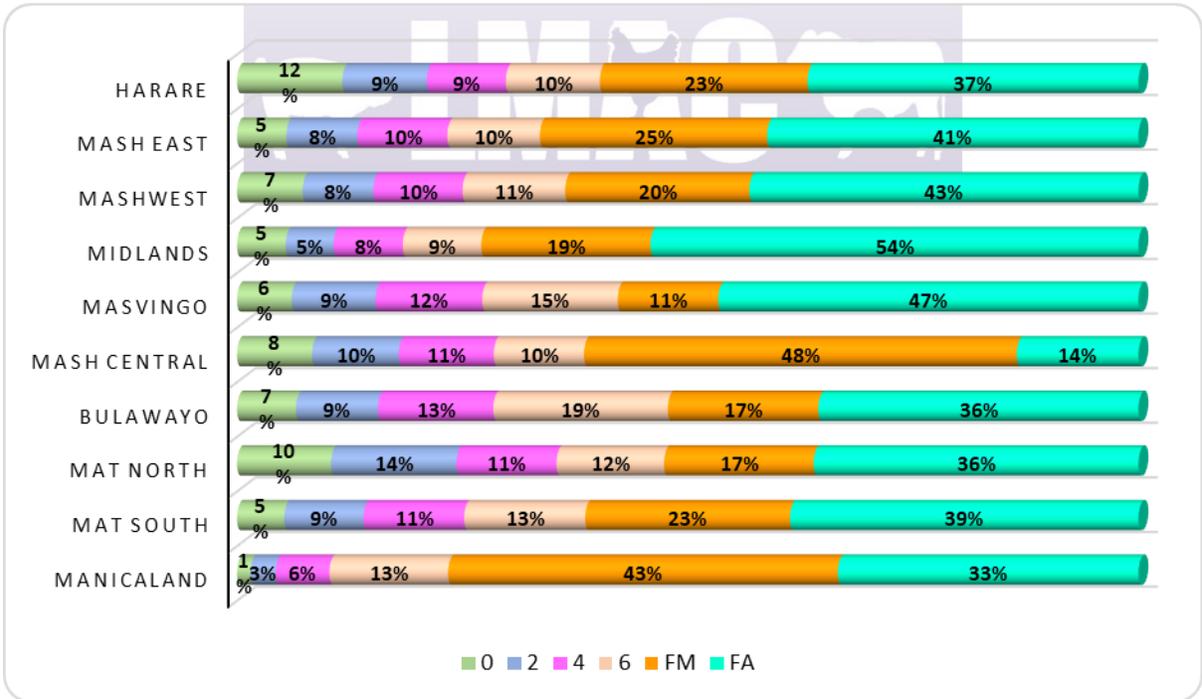
Provincial Slaughters Composition by Age, 2019

National cattle slaughters classified by age in 2019 have not changed much since 2014, reflecting little change in the ownership patterns of cattle being delivered for slaughter.

**Annual Cattle Slaughters by Age, 2014 – 2019**

Matabeleland North boasted the highest average carcass size, averaging between 217 and 258kg in 2019. Bulawayo was second, averaging between 139 and 211kg, respectively. Mashonaland East had the smallest carcass weight, ranging between 136 and 178kg. The national weighted average carcass weight ranged between 160 and 189kgs.
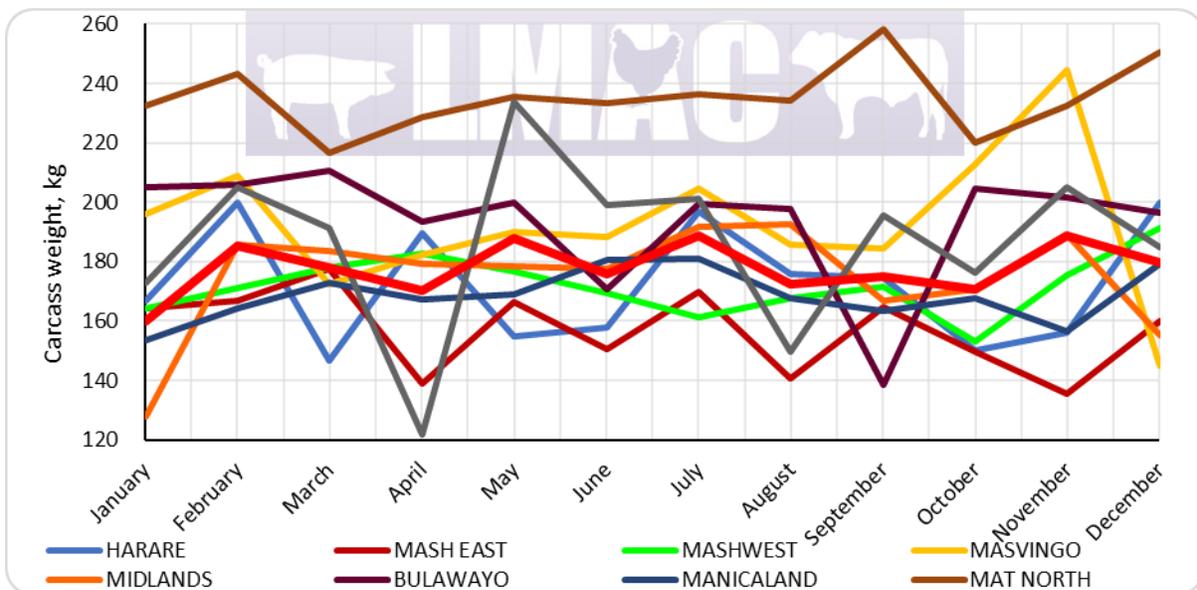
**Provincial Average Cold Dressed Weight (kg), 2019**

The wholesale price of Super grade increased by the highest percentage of all meat grades, soaring by 817% over 2019 from ZWL 9.60 to ZWL 88/kg as depicted in the figure below. The wholesale price of Economy grade increased by 814% over 2018 from ZWL 7.63 to ZWL 69.75/kg. Prices for Choice, Commercial and Manufacturing grades increased by 794, 750 and 616% over the course of the year.

Increases in meat prices are being driven in the main by a deepening macroeconomic decline with supply conditions a secondary driver in the price of beef products.
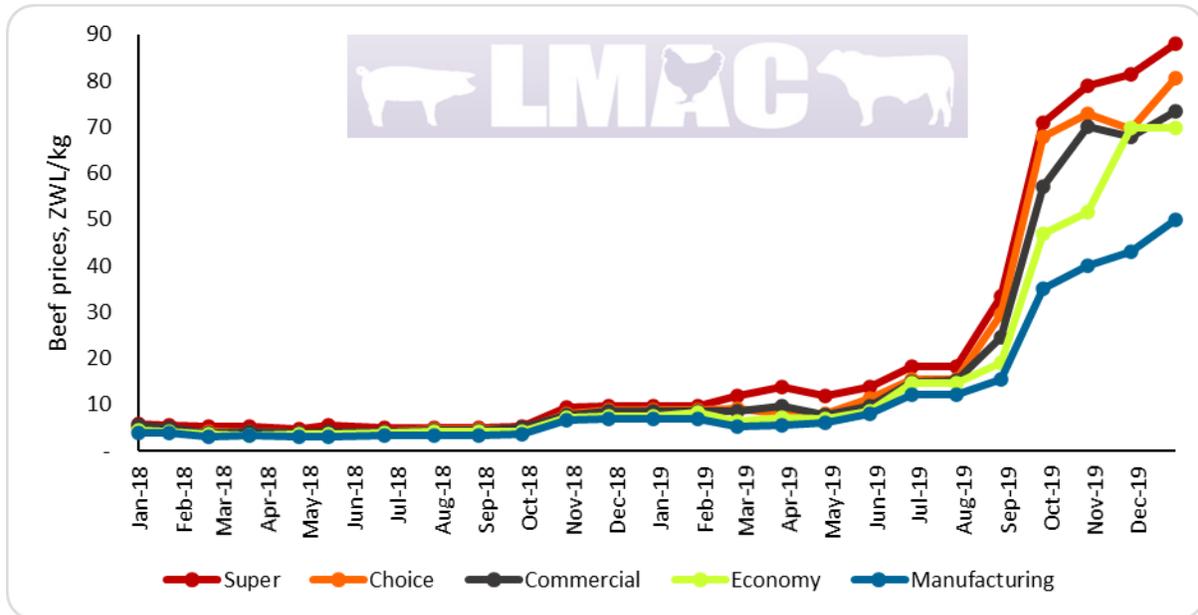
Beef Prices (ZWL/kg), 2018 and 2019

The figure below notes USD prices using the Old Mutual Implied Rate. An analysis of both 2018 and 2019 appears to display a strong psychological motivation in driving the pricing of products and services. Meat prices in USD terms in 2018 through to February 2019 show a significant lag in the depreciation of the exchange rate. Post-February 2019, it appears that the market re-set to reduce the lag between a decline in the exchange rate and a corresponding upward review of meat prices.
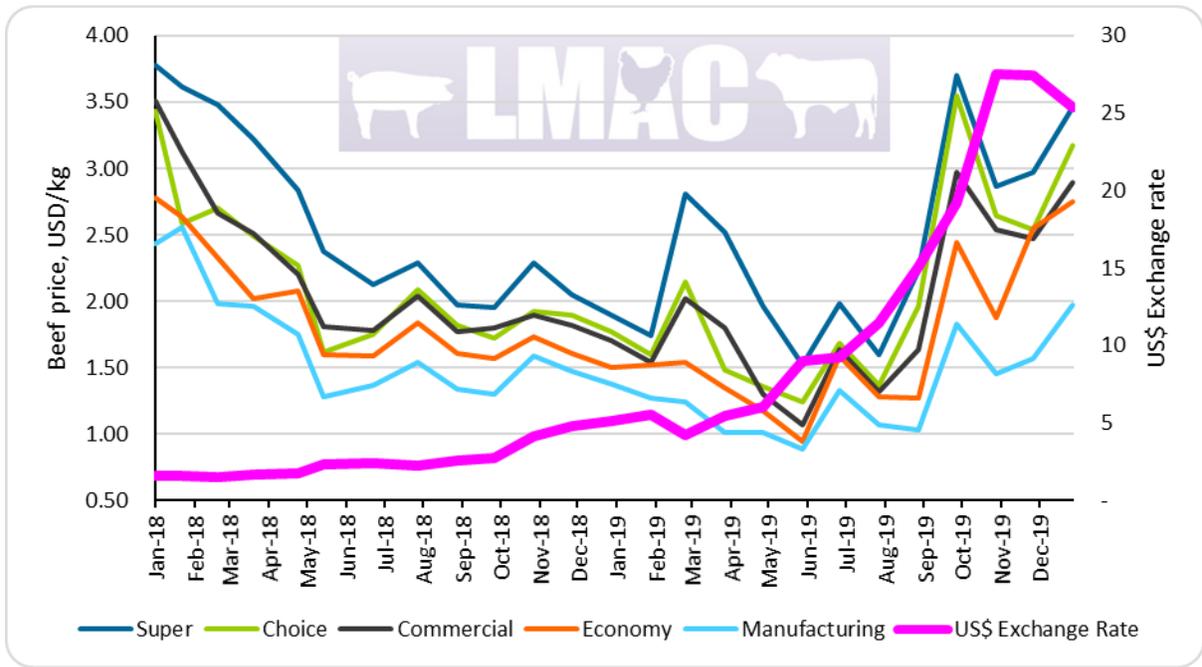
Beef Prices in USD/kg, 2018 and 2019