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# Beef Sector Market Watch: Fourth Quarter 2020

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## Overview

The beef industry of Zimbabwe is dualistic in nature, characterised by a small but growing commercial beef cattle production sector and a large, semi-commercial small-holder cattle rearing sector.

The small-holder sector, comprised of communal farming areas, old resettlement and newly resettled A1 farming sector, accounts for 4.8million head, owned by slightly more than a million farm households for whom the herd of cattle is valued more for its stream of multiple benefits than as a source of beef.

The commercial farming sector made up of small to large-scale commercial farmers, inclusive of the A2 farm, has an estimated herd of 640,000 cattle, raised primarily for the supply of beef.

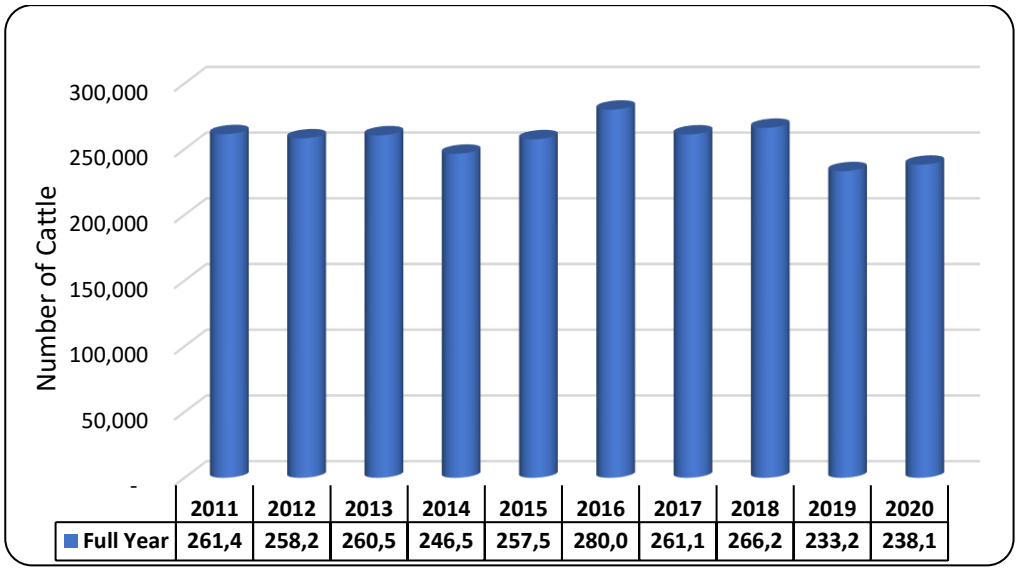
In 2020, the cattle population suffered significant losses due to the virulent tickborne disease, Theileriosis. Field reports from members of the Zimbabwe Association of Abattoirs confirmed increasing difficulties in securing slaughter stock from the communal areas. Procurement costs have also risen, partly because of declining availability and a shift in currency preferences amidst rising inflation and macroeconomic instability.

Very good early rains received across the country in the fourth quarter of 2020 brought the debilitating 2-year drought to an end but also reduced the supply of cattle for slaughter as demand for productive cattle increased.

## Beef Cattle Slaughters

Total cattle slaughters for 2020 were 238,189 head, a marginal increase of 2% on the slaughters of 233,233 in 2019 as shown in the figure below.

Throughout 2020, a difficult operating environment existed, characterised by disruptions to business in the wake of the COVID-19 pandemic and interventionist measures to contain its spread.




| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| Full Year | 261,4 | 258,2 | 260,5 | 246,5 | 257,5 | 280,0 | 261,1 | 266,2 | 233,2 | 238,1 |

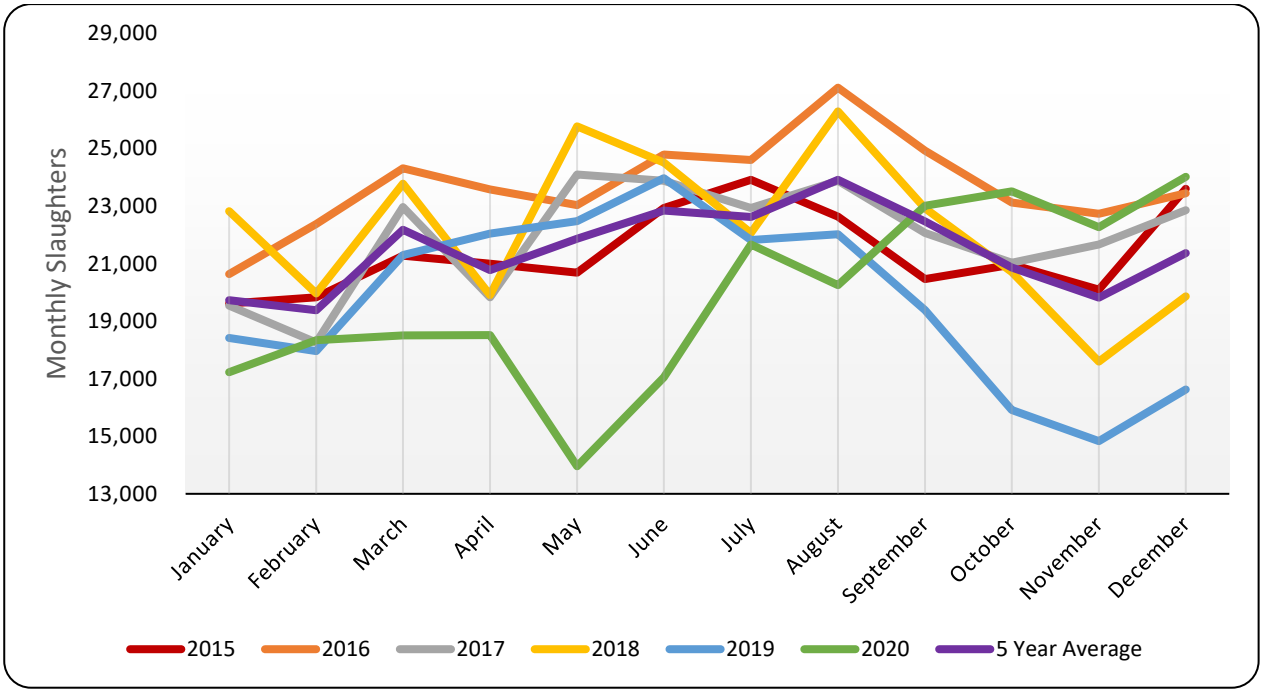
**Annual Cattle Slaughters, 2010 – 2020**

The year was characterised with uncertainties about pricing by cattle producers, wary of trading in a rapidly depreciating local currency and higher operating costs, compounded the challenges faced by stakeholders in the value chain.

Seasonal challenges driven by disease outbreaks such as Foot and Mouth Disease and theileriosis depressed selling patterns by cattle producers to abattoir operators in the first quarter. Thereafter, as the year progressed, the recovery in slaughters was predicated on eased cattle movement as authorities replaced blunt movement restrictions with more customised restrictions that allowed cattle producers room to trade.

Factors such as the overall macro-economic environment and investment into the industry are expected to drive long term market conditions.

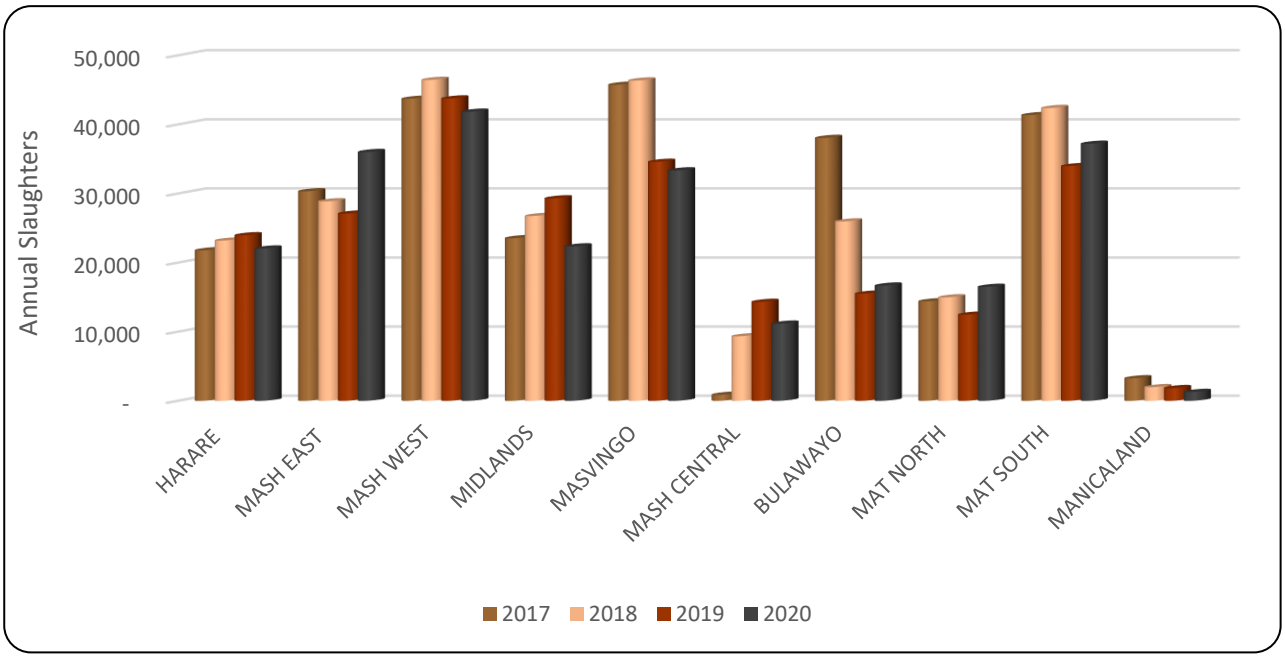
The figure below shows the large variability in the number of cattle slaughtered on a month-by-month basis in 2020, with December recording the highest monthly slaughter figure of 24,018 head. Cattle slaughters collapsed in May in the wake of tightened movement restrictions imposed by authorities as part of measures to contain the spread of COVID-19. Slaughter figures then made a recovery from June onwards, except for a slight dip in August.




**Monthly Cattle Slaughters, 2015 – 2020**

In 2020, slaughters at monitored abattoirs was highest in Mashonaland West province which recorded 41,843 slaughters, accounting for 18% of total slaughters as illustrated in the figure below. Matabeleland South, Mashonaland East and Masvingo were second, third and fourth with 16, 15 and 14%, respectively. Manicaland recorded the lowest slaughters, accounting for just under 1%, which may reflect a combination of the lack of monitoring at abattoirs and lower cattle ranching activity.

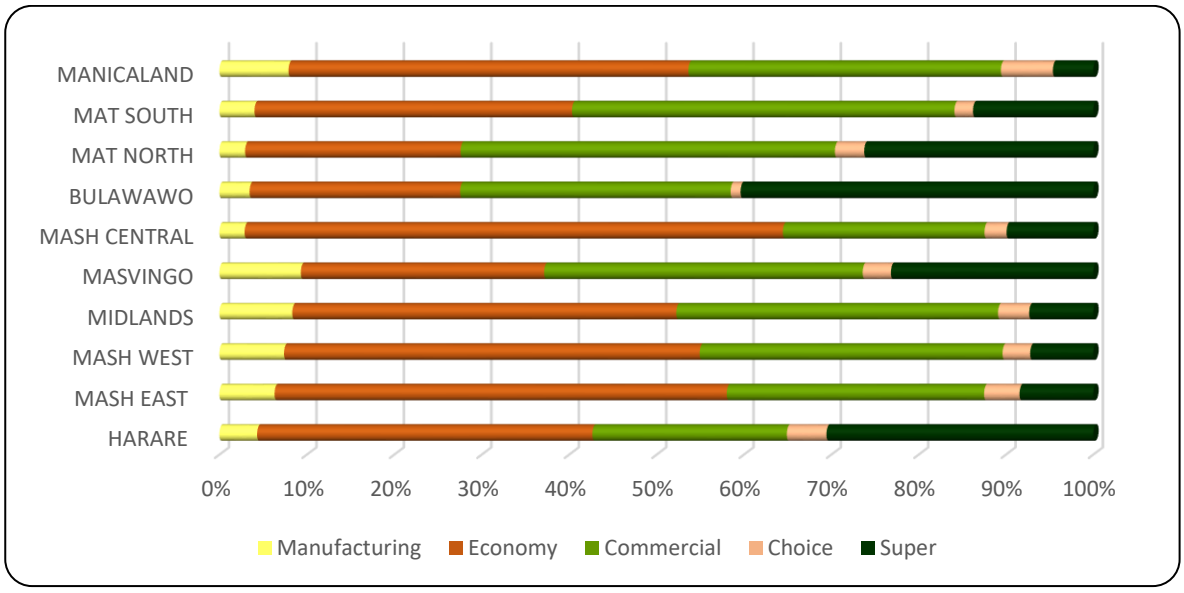
Year on year, Mashonaland Central registered the highest increase of 43%, attributed mainly to an increase of monitored abattoirs in the province.




**Annual Cattle Slaughters by Province, 2017 – 2020**

## Composition of Slaughter Stock by Grade and Age

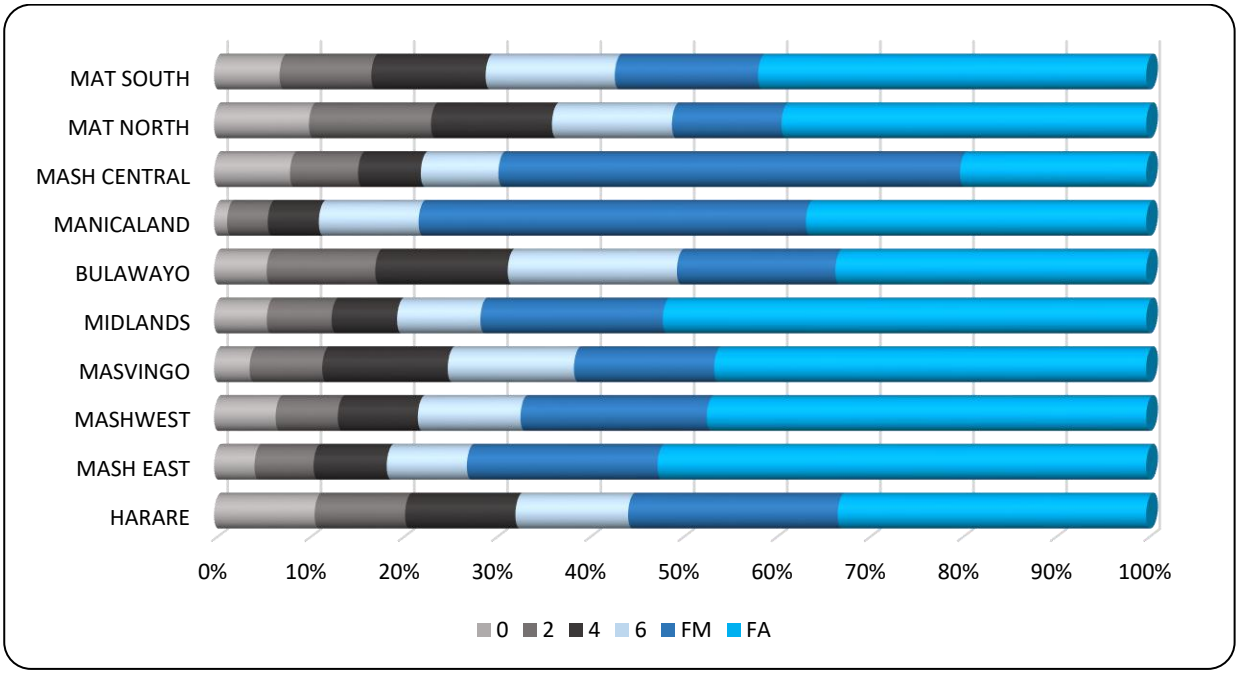
The figure below reviews the grade composition of slaughtered cattle by province. 40% of cattle slaughters in Bulawayo province were graded in the Super category, followed by Harare, Matabeleland North and Masvingo with 31, 26 and 23%, respectively. In Economy grade, Mashonaland Central had the highest composition of total slaughters in that category at 62%, followed by Mashonaland East, Manicaland and Midlands with 52, 46 and 44%, respectively.




**Quality Composition by Grade, 2020**

Cattle slaughters classified by age and broken down by province reflect the supply of cattle into the formal market as dominated by the small-holder farming community, with full mouth and full attrition making up over 50% of slaughters in all provinces.

Amongst small-holder producers, cattle serve a number of functions and slaughtering for meat is a residual value recoupment strategy. In Bulawayo and Mashonaland East, 78 and 73% of slaughtered cattle were classified as full mouth and full attrition.



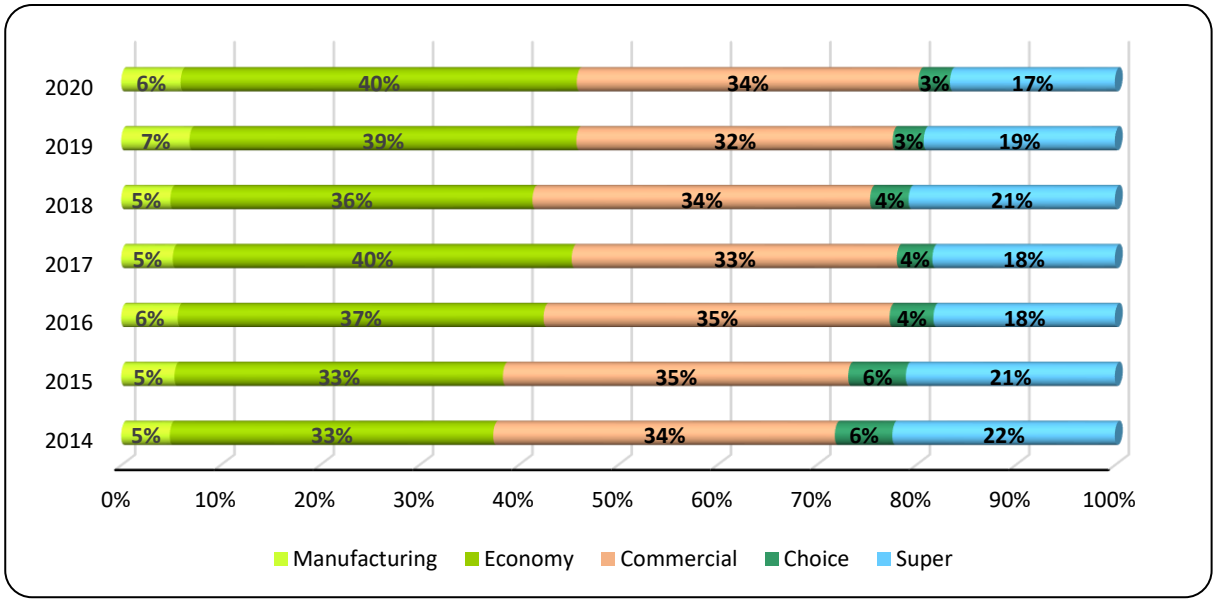

**Provincial Slaughters Composition by Age, 2020**

Nationally in 2020, the quality composition of slaughtered cattle shows that Manufacturing and Economy grades accounted for 46% while Super grade accounted for 17%.

Economy grade continues to dominate the carcasses slaughtered and made up 40% of all slaughters in the period under review, reflecting an increase of 1% over the same period in 2019.

The figure below shows the general decline in the quality of slaughters. In 2014, Super category made up 22% of total slaughters; however, in 2020 this category accounted for 17%. A similar trend is noted in Economy grade, where in 2014 it made up 33% of total slaughters, compared with 40% in 2020.

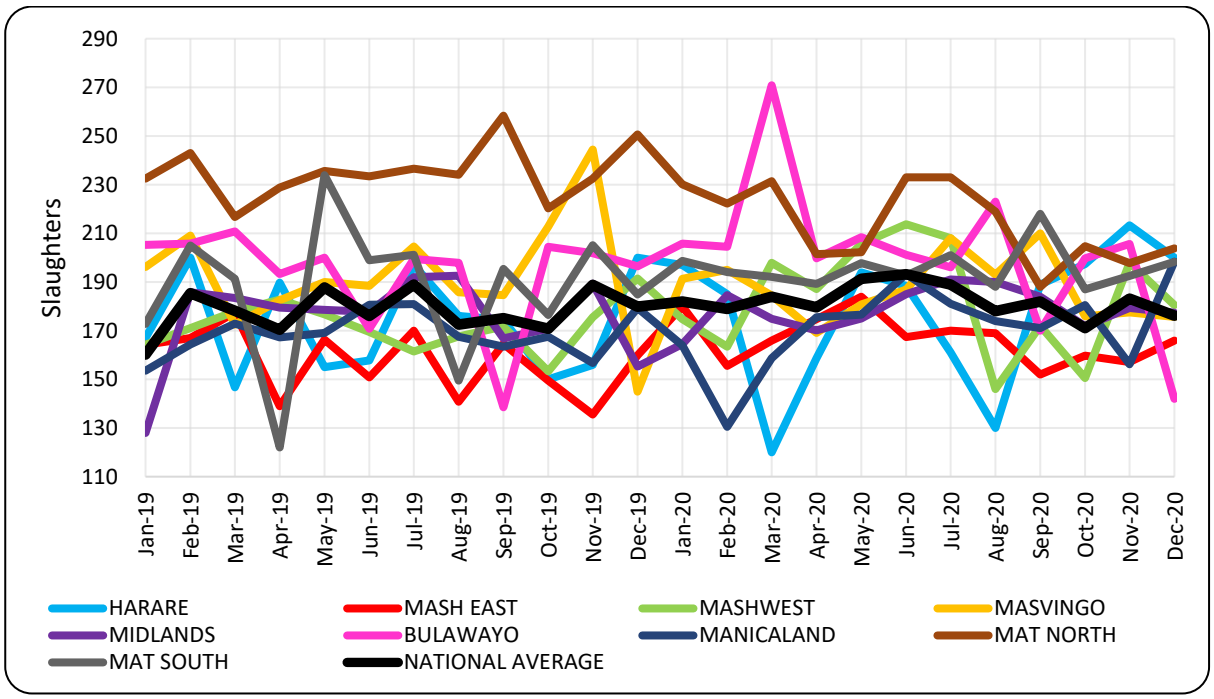
The occurrence of drought exacerbated the prevalence of lower category grades and, as between 85 to 90% of slaughters are derived from the communal areas, intervention mechanisms in the event of drought are driven by social requirements and not commercial motives.




**Annual Cattle Slaughters by Grade, 2014 – 2020**

## Trends in Beef Carcass Weight and Grade

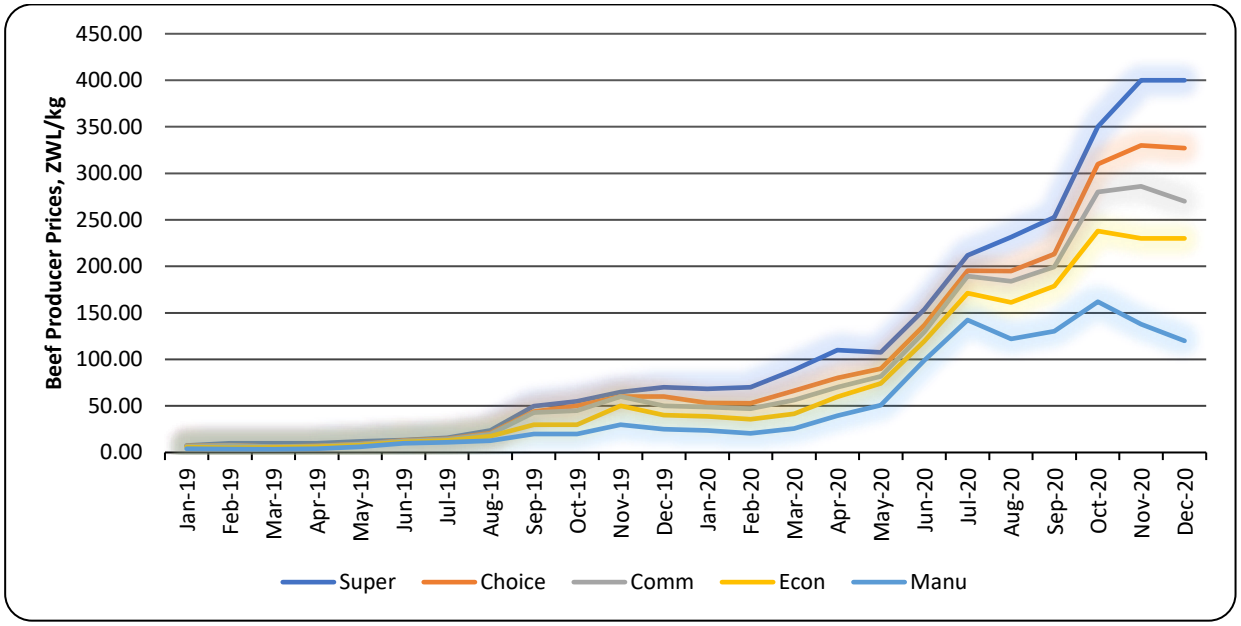
The national distribution of carcass weights are falling in their spread from 120kg-240kg (median 135kg) in 2019 to 140 – 210 kg (median 170kg) while median carcass weight rose from 135kg that Matabeleland North boasted the highest average carcass size, averaging between 188 – 230kg in 2020. Bulawayo was second, averaging between 142 and 271kgs. Harare had the smallest carcass weight, ranging between 120 – 201kg. The national weighted average carcass illustrated below was between 152 – 182kg .




**Provincial Average Cold Dressed Mass (kgs), 2019 – 2020**

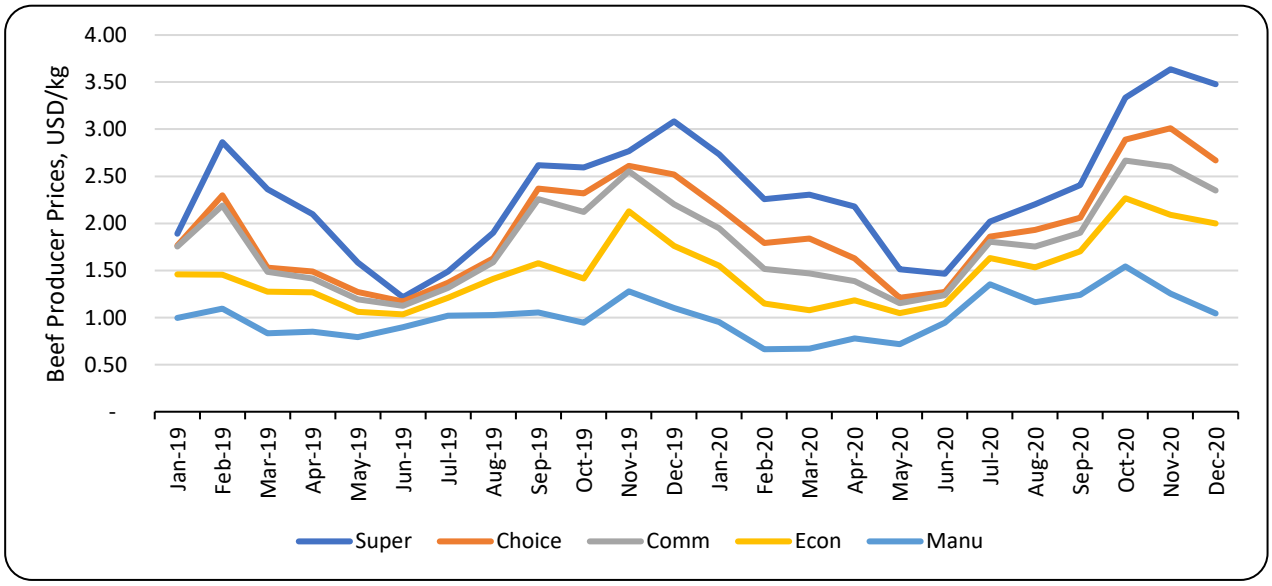
## Beef Producer and Wholesale Prices

The producer price of Economy grade increased the highest of all meat grades by 475% from ZWL 40 to 230/kg in 2020 as shown in the figure below. The producer price of Super grade increased by 471% over 2020 from ZWL 70 to 400/kg. In 2019, Super and Economy grades increased by 838 and 594% respectively.




**Beef Producer Prices (ZWL/kg), 2019 – 2020**

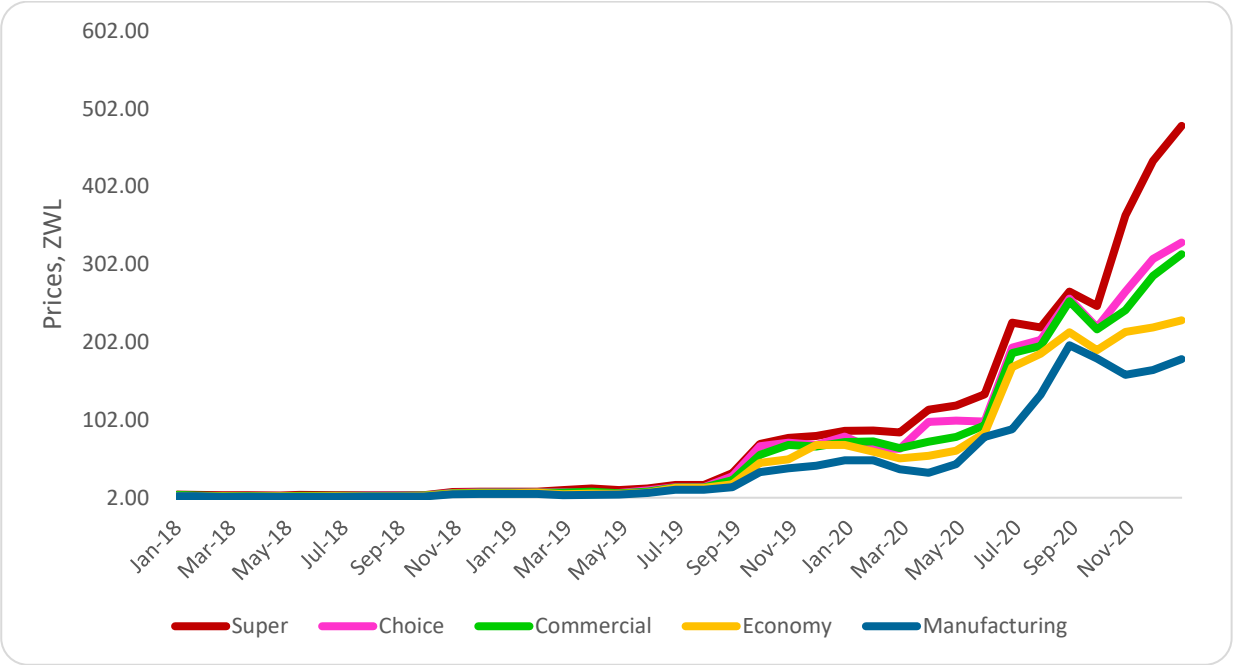
Meat producer prices in USD peaked in October 2020 for all meat grades with the exception of Super grade. For the year under review, Super, Choice, Commercial and Economy grades increased 13, 7, 7 and 14% respectively.




**Beef Producer Prices, USD/kg**

In 2020, the wholesale price of Super grade increased the highest of all meat grades by 445% from ZWL 88 to 480/kg as shown in the figure below. The wholesale price of Economy grade increased by 230% from ZWL 70/kg to 230/kg.

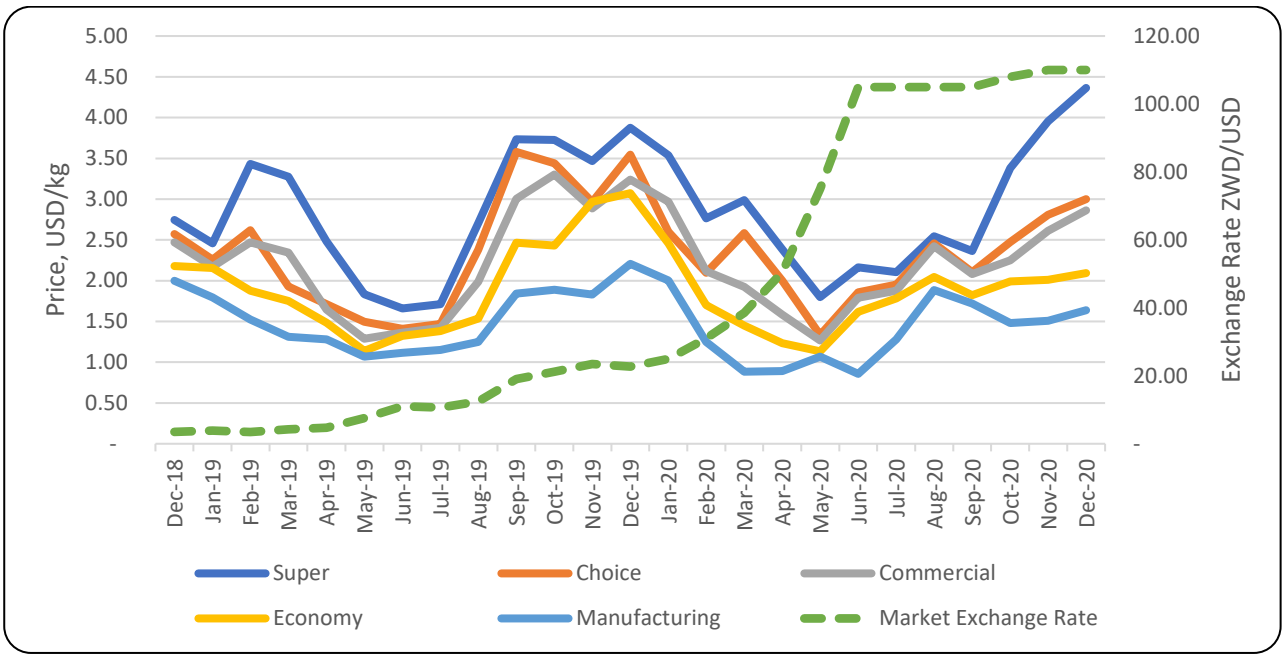
Viability remains an ever-present priority among cattle producers, although seasonal factors such as the need to raise income for household costs drive cattle sales at specific times of the year. Prices for Choice, Commercial and Manufacturing grades increased by 310, 329 and 259% over the course of 2020.




**Beef Wholesale Prices (ZWL/kg), 2018 – 2020**

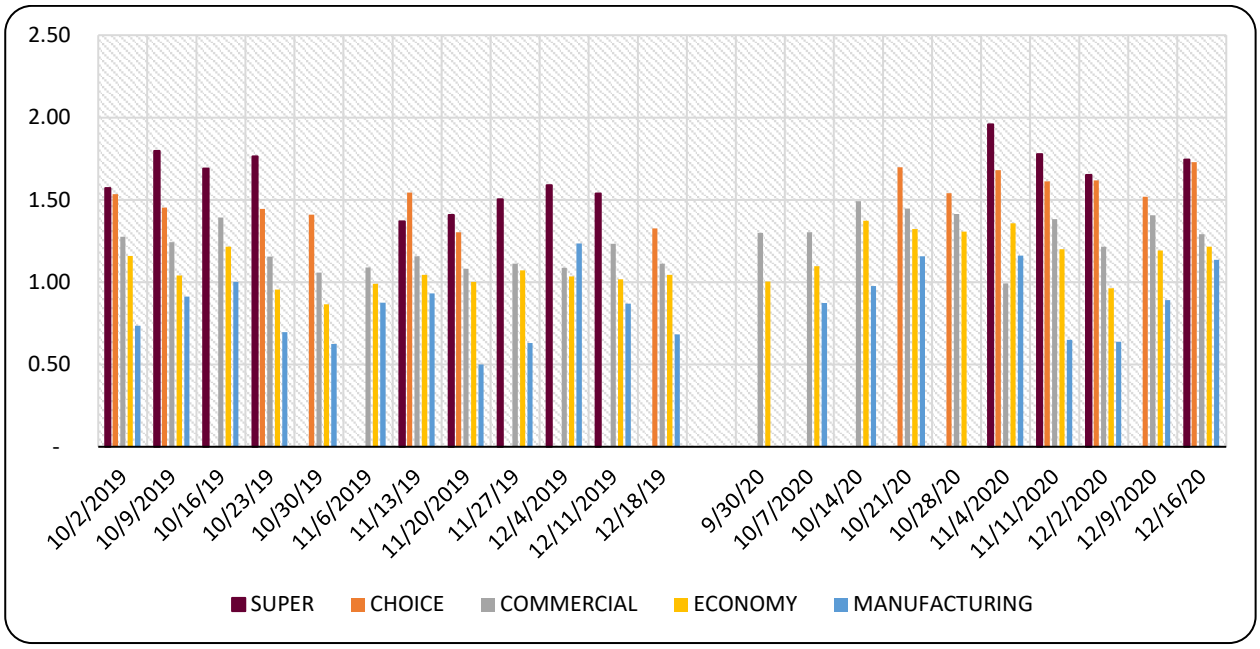
The figure below shows the prices in USD using the market exchange rate. An analysis for 2018 and 2019 appears to display strong psychological motivations driving the pricing of products and services albeit with a lag.

In 2020, meat prices in USD show a significant lag compared to the depreciation of the exchange rate through to June when the exchange rate stabilised and prices started a soft recovery to September 2020. Post-September, it appears that the market was driven by fundamental supply and demand conditions and prices increased.

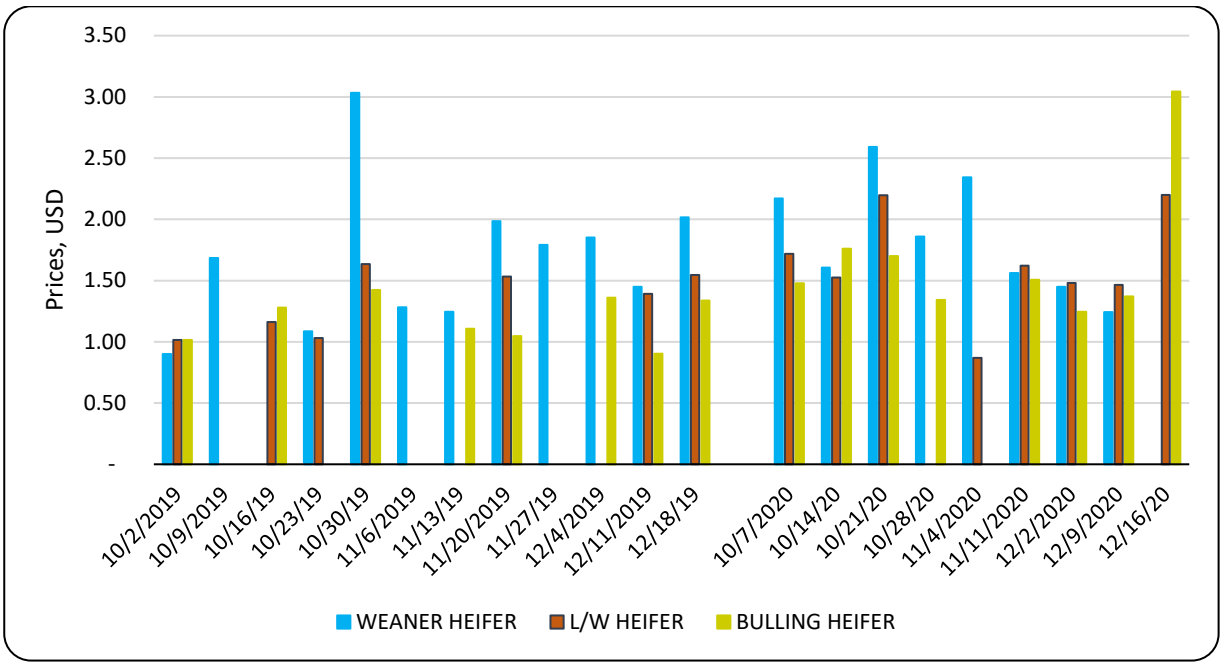



**Beef Prices, USD/kg 2019 – 2020**

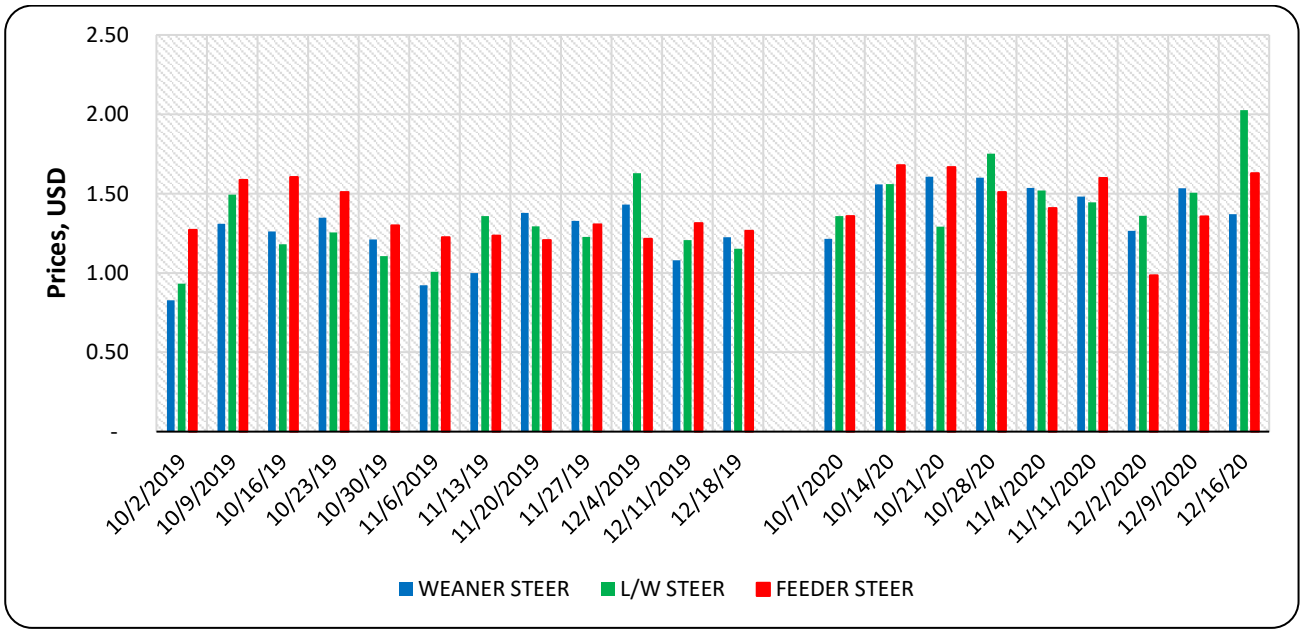
Prices of cattle auctioned at the Mt Hampden Sale Pens in the fourth quarter of 2020 are compared with those obtained in 2019 for the main categories of Slaughter stock, Replacement Breeding Stock and Breeding Steers.




**Auction Slaughter Stock September to December 2019 and 2020, USD**




**Auction Replacement Breeding Stock, September to December 2019 and 2020, USD**




**Auction Breeding Steers, September to December 2019 and 2020**

## Conclusions and Outlook for 2021

The good rains received in November and December last year and projected for the rest of the 2020/1 agricultural season is good news for the domestic economy and offers the best economic stimulus package to lift the livestock r and beef sector out of the deep recession experienced over the last two years.

Good harvests mean higher incomes for Zimbabweans in a country where the majority are full or part-time farmers. Demand for beef and animal proteins in general increases when disposable income improves, especially among low income urban consumers.

An abundance of good quality veldt across the country is also expected to improve the condition of beef cattle throughout the year and therefore, also improve the quality of slaughter stock off the veldt.

Thus, favourable demand and supply factors are aligned to make the 2021 beef marketing season the best in many years. While the 2021 National Budget Statement confirmed that macroeconomic head winds will persist over 2021 made worse by the COVID-19 lockdown policies, there is every hope for the cattle industry to smile again with the return of better fortunes in 2021.