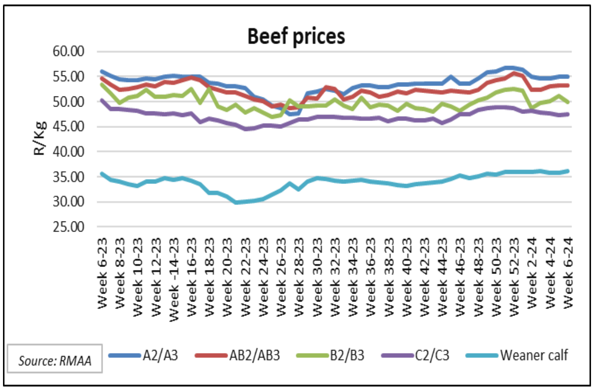
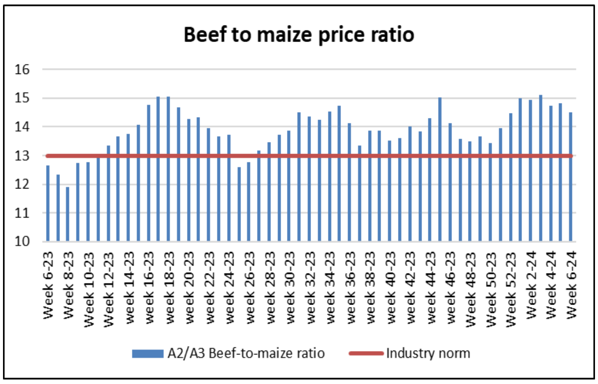
Summary

The Competition Commission of South Africa recently announced that it will be conducting a market inquiry into the conduct of the poultry industry of South Africa. The commission stated that it has reasonable grounds to believe that there are features in the poultry market that may impede, distort, or restrict competition. It further stated that the concentration of a few large companies in the chicken and egg industries needs to be investigated. In the view of the commission, the concentration of the few large companies is likely to hamper competition and drive-up prices. The broiler industry of South Africa is highly concentrated and dominated by a few fully integrated broiler producers, who own fully integrated poultry operations. They breed their own flocks, own their own hatcheries, rear their own broilers, and provide feed from their own feed mills. According to Astral, the biggest chicken producer in the country, which is estimated to account for 28% of local chicken production, in 2023, about seven broiler companies accounted for more than 80% of the domestic chicken production. The egg industry is dominated by three big producers and some 40 independent producer members who are estimated to account for more than 50% of local egg production.

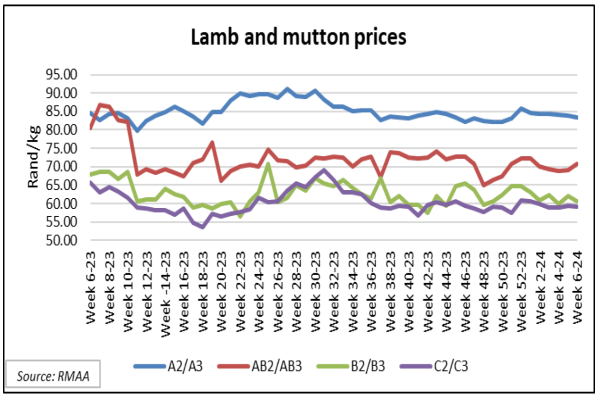
The beef industry

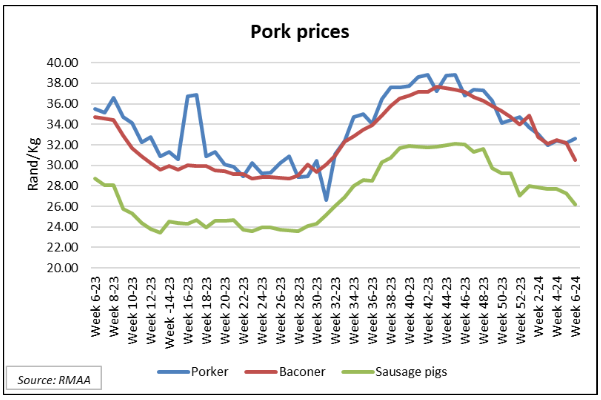




- **Beef prices** were largely bullish week-on-week (w/w).
- The average prices of class A2/A3 and AB2/AB3 increased w/w by 0.1% and 0.2% to R55.02/kg and R53.26/kg, respectively.
- The average price of class B2/B3 decreased w/w by 2.6% to R49.87/kg, while the average price of class C2/C3 increased w/w by 0.5% to R47.48/kg.
- On average, beef prices were 4% lower year-on-year (y/y) due to subdued consumer demand.
- The average **weaner price** increased w/w by 0.9% to R36.07/kg, as the demand for weaners improves.
- In the past week, the average **beef-to-maize price ratio** decreased by 2.1% to 14.5, as the average yellow maize price increased by 2.2% w/w.

The mutton and pork industries

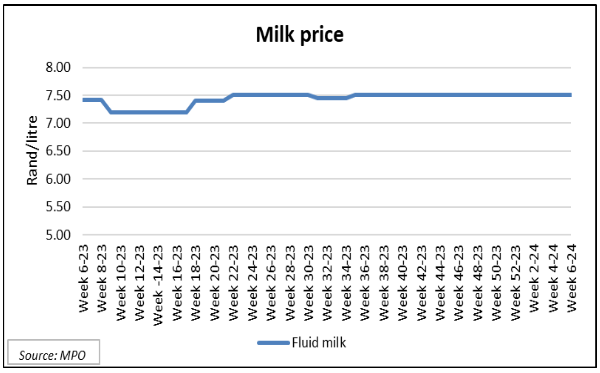


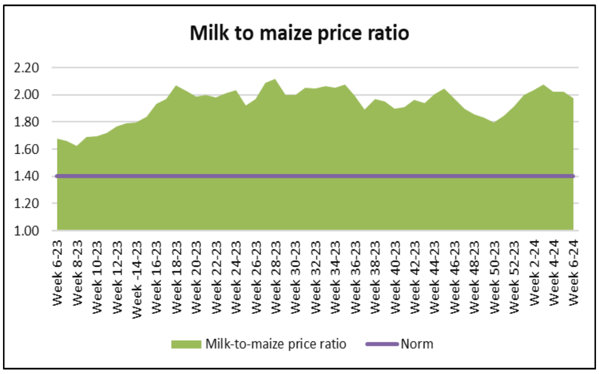


- **Mutton and lamb prices** were largely bearish w/w.
- The average prices of class A2/A3 and B2/B3 decreased w/w by 0.5% and 2.2% to R83.44kg and R60.64/kg, respectively.
- The average price of class AB2/AB3 increased w/w by 2.3% to R70.80/kg, while the average price of C2/C3 decreased w/w by 0.6% to R59.07/kg.
- The average mutton and lamb prices were 8.5% lower y/y due to muted consumer demand.

- The **pork prices** were also largely bearish w/w.
- The average price of porkers increased by 1.4% w/w to R32.63/kg.
- The average prices of baconers and sausage decreased w/w by 5.1% and 3.9% to R30.51/kg and R26.18/kg, respectively.
- On average, pork prices were 9.7% lower y/y.

The dairy industry

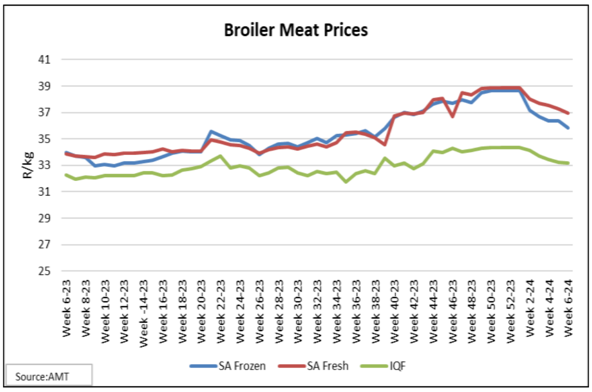




- The latest average **milk producer price** set by dairy processors is estimated at R7.50/l.
- In the past week, the average **milk-to-maize price ratio** dropped by 2.2% w/w to 1.9.
- The decrease in the milk-to-maize price ratio was due to the 2.2% w/w increase in the average yellow maize price.
- Fortunately, the average milk-to-maize price ratio is still above its long-term average of 1.4.

The broiler industry

- **Broiler prices** were bearish w/w.
- Average prices of **South African frozen** and **fresh chicken** decreased w/w by 1.4% and by 0.8% to R35.83/kg and R36.94/kg, respectively.
- The average price of **IQF** decreased fractionally by 0.03% w/w to R33.20/kg.
- Average chicken prices were up by 5.8% y/y.
- Chicken prices are bearish due to subdued demand following the busy festive season.



The wool industry

Indicator	SA prices (R/kg) Previous	SA prices (R/kg) Current	Change
Clean non-RWS certified wool	148.99	150.59	1.1%
Clean RWS certified wool	168.65	170.76	1.3%

- The sixth 2024 **wool auction** took place on 14 February 2024, with 7 077 bales of wool on offer.
- The market held up well on the back of a weaker local currency.
- Approximately 95.1% of the wool that was on offer was sold during the auction.
- The **non-RWS** (Responsible Wool Standard) increased by 1.1% to R150.59/kg, while the **RWS** increased by 1.3% to R170.76/kg, compared to the previous auction.
- The next wool auction of 2024 is expected to take place on 21 February.

Mohair industry

Commodity	Rand/kg			Change from previous	Change (y/y)
Mohair	Last year	Previous	Current		
Kids	594,03	569,27	597,73	5,0%	0,6%
Young goats	399,73	324,91	373,65	15,0%	-6,5%
Adults:					
- Fine	327,53	291,72	332,56	14,0%	-10,9%
- Strong	314,56	276,26	373,22	35,1%	-12,2%

- The first **mohair sale** of the 2024 summer season took place on 13 February 2024, with 108 796 kg of mohair on offer.
- There was good competition between the buying houses.
- Almost all (98%) of the wool that was on offer was sold during the sale.
- Approximately 78% of the mohair that was offered was Responsible Mohair Standard certified.
- The average prices of kids and young goats mohair increased by 5% and 15% compared to the previous sale, respectively.
- The second mohair sale of the 2024 season is expected to take place on 05 March 2024.

Sources

Agri-Market Trends.

Cape Wools South Africa

Department of Agriculture Land Reform and Rural Development.

Grain South Africa.

Milk Producers Organisation.

Mohair South Africa.

Red Meat Abattoir Association.