

# An expensive braai season as meat prices surge to record highs

 By [Paul Makube](#)

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It is now the middle of December and some people have already retired for the holidays while others are gearing themselves up for the most deserved summer break. This is the time for family and friends to spend quality time together and braais are central to these engagements.



Image source: [Gallo/Getty](#)

Unfortunately, braai budgets are expected to come under pressure as meat prices have surged to a new record high for December, underpinned by the resilient seasonal consumer demand and supply contraction. Favourable production conditions boosted the herd rebuilding process thus raising the demand for weaner calves, thereby constraining their availability for both the slaughter and feedlot markets. Beef prices have now reached a historical high above R56/kg and R49/kg for class A and class C grades respectively, which is almost 9% and 11% higher than the 2020 levels.

The lamb and mutton categories strengthened to more than R89/kg and R71/kg respectively and further retained their premium above all other meat types. In the poultry category, we saw an upswing in prices on strong seasonal demand and the spill-over strength from the red meat market. The relatively tighter domestic and import supplies underpins the current strength in poultry prices which are currently at double-digit percentages above the 2020 levels for this time of the year.

Nonetheless, pork lovers remain the exception as they should be paying less relative to last year. The average producer prices of pork and baconers for the first two weeks of December 2021 were 6% and 15% lower year-on-year respectively just above R29/kg.



## Global food prices rise in November

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Globally, the meat price index as measured by the United Nations Food and Agriculture Organisation (FAO) showed a deceleration with a fourth consecutive decline of 0.9% month-on-month in November 2021. Although still elevated at 17.6% year-on-year, the November meat price print was lower than the 20.7% recorded in October.

The dynamics that informed the recent deceleration in global meat prices include the slow Chinese import demand that slashed the international prices of pork, while the increased availability from Oceania, largely Australia, weighed heavily on the sheep meat category.

The beef category, however, was reportedly stable with decreases in values from Brazil more than offset by the stronger Australian prices due to supply tightness. Poultry values also steadied as the heavy supplies were balanced out by a combination of logistical challenges and avian flu outbreaks.

While producers appreciated the strong meat prices, cost pressures kept on mounting with a surge in fuel and feed costs. Grain prices were unrelenting and continued to push feed costs higher.

The price of raw maize, a major livestock feed ingredient, remained elevated despite the record harvest and the bullish seasonal outlook boosted by the strong La Nina weather pattern.

The nearby March 2022 maize futures for both the white and yellow categories recently topped R3,584/ ton and R3879/ tonne respectively, which is 12% and 23% above the 2020 levels. However, the direction of raw plant protein sources, mainly soybeans and sunflower, was mixed with the former easing from the recent highs while the latter remained stubbornly high. March 2022 futures prices for soybeans recently traded 4% below last year at R7,617/tonne, while that of sunflower breached the R10,000/tonne level in 2021 at R10,980/tonne which 32% higher year-on-year.

Nonetheless, we expect a short-term breather for consumers early in the New Year as the lower seasonal demand post the December holidays amid higher food, electricity, and transport costs might place downward pressure on meat prices.

## ABOUT PAUL MAKUBE

Paul Makube is Senior Agricultural Economist at FNB.

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