

More pork on the braai as farmers redirect pigs for the fresh meat market

The pork industry has suffered an unnecessary blow following the listeriosis outbreak. The loss to the value chain could, so far, exceed R1bn, but consumers are benefitting from the decrease in the price of pork whilst other meats trend higher.



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“Even though demand for processed and cold meats fell sharply due to the health and safety concerns from the listeriosis outbreak, pork farmers have now had to redirect the pigs for the fresh meat market thereby creating a surplus and in so doing have further increased pressure on low prices,” says Paul Makube, senior agricultural economist at FNB Agri-Business.

Another positive that is working in the favour of consumers is the decrease in the cost of maize, which is a large component of animal feed. Maize constitutes over 75% of livestock feed, hence its supply and prices have a major influence on the total cost to customers. This is particularly the case in poultry and pork as they are mainly produced under intensive feeding systems. “SA now has a surplus in maize and the expected 2017/18 production is estimated at over 12.42 million tonnes. Therefore, if maize prices remain flat they will have a major impact in sustaining the lower prices for consumers,” says Makube.

Even though overall meat prices, in general, remain elevated, when excluding pork, meat prices at producer level are currently about 6% higher relative to last year, but marginally down on last year if pork is included.

In the end, consumers continue to benefit from the low producer prices for pork, and this is a trend that will hold over the short term with the possibility of a further decrease in the long term as the feed costs continue to decrease.

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