

Lower meat prices to let consumers braai more this festive season

With the anticipated fall of the meat price due to drought conditions and farmers reducing their livestock as a result of deteriorating pastures and high feed-grain prices, red meat lovers are expected to stock up this festive season.



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Oversupply leading to lower prices in the short-term

The price of red meat at a retail level is expected to fall by 8 to 15% between December and January next year, as more animals are being slaughtered by farmers, leading to an oversupply of meat in the short-term. On average, beef and sheep prices at farm level are already marginally down by 1 and 2% respectively, with further declines expected as grazing conditions deteriorate due to a lack of rain.

Paul Makube, Senior Agricultural Economist at FNB, says consumers who are already struggling to provide for basic needs caused by rising food and electricity costs, should expect temporary relief during the festive season as meat prices are expected to drop over the next two months.

He says the low price of meat will be further sustained in January next year due to a lower demand from cash-strapped consumers that will be cutting back on spending following the holidays and facing new expenditure on school requirements.

Lower prices only a temporary relief

Despite the temporary relief on meat prices, consumers should not be misled. The drought conditions affecting the agricultural industry will have negative consequences on food prices in the longer term.

Makube cautions that meat prices are expected to significantly increase from March and April next year as farmers start rebuilding their herds. Herd-building takes time - this will inevitably lead to a shortage in supply in the long term, because of a limited number of animals entering the food supply chain. Therefore, the increasing price of meat at farm level coupled with a contraction in meat supply will ultimately result in

retailers passing on costs to the consumers.

In contrast, consumers that prefer pork and poultry can expect to pay more in December as prices are expected to trend slightly upwards due to the increased demand ahead of the festive season.

As consumers prepare for the holiday season, they can at least look forward to enjoying a traditional braai with friends and family, without worrying too much about the cost.

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