SOUTH AFRICAN POULTRY ASSOCIATION
SUID-AFRIKAANSE PLUIMVEEVERENIGING
Founded 1904 / Gestig 1904

BROILER AND EGG INDUSTRY STATS SUMMARY FOR 2016

LOCAL INDUSTRY OVERVIEW

1. Gross value of animal products

The gross value of primary agricultural production from poultry meat for 2016 was R36.670 billion, while from eggs a gross value of R10.192 billion was recorded (Figure 1). Combined, the gross poultry farm income for 2016 was R46.861 billion, showing a yearly decrease of 3.7% (source: DAFF).

As broiler and egg producers, in rand value, we are still the largest segment of South African agriculture at 18.0% of all agricultural production (down from 20.9% in 2015), and 39.0% of all animal products (down from 42.8%). Our nearest competitor, the beef industry, contributed 12.7% to turnover of all agricultural production and 27.5% of all animal products.

Of the 18.0% contribution to total agriculture, poultry meat made up 14.1% (down from 16.6% in 2015) and eggs 3.9% (down from 4.2%). The gross value of ostrich feathers and products was R438.9 million in 2016; this represents 0.2% of all agricultural production and 0.4% of all animal products.

The total gross value of animal products was R120.129 billion and the total gross value of agricultural products was R259.771 billion in 2016. Total animal products contributed 46.2% to the gross value of total agricultural products.

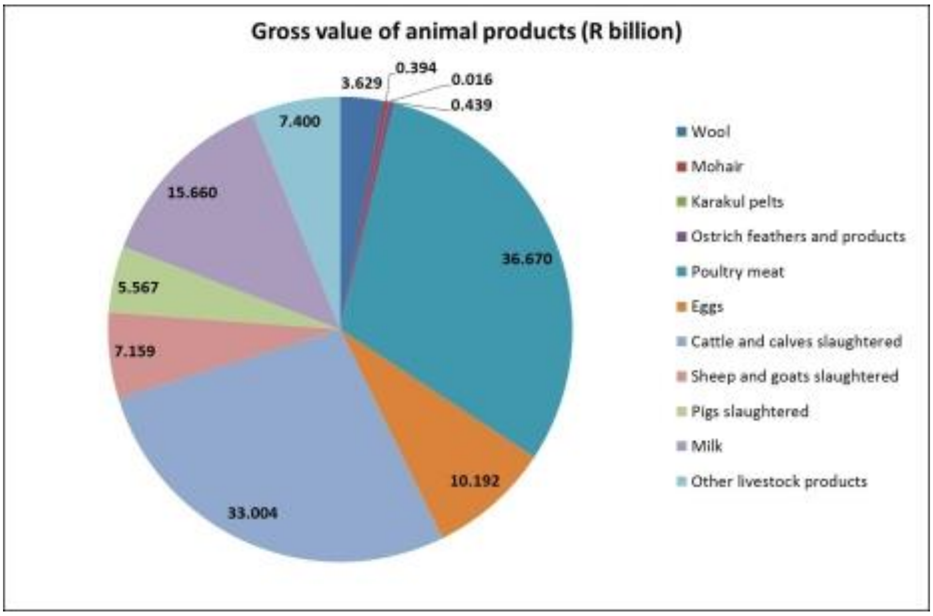

Figure 1: Gross value of animal products in 2016 (source: DAFF)

2. Production growth of industries

Approximately 76% of the birds in the South African poultry industry are used for meat production, while the remaining 24% are used in the egg industry. The following are summaries: more details are given in the separate chairperson's reports of the Broiler Organisation (BO) and Egg Organisation (EO).

- **Egg industry**

Both day-old pullet production and layer replacement numbers reversed the upward trends of 2014 and 2015 with annual decreases in 2016 of 3.5% and 1.1% respectively.

The national layer flock decreased by 0.2% in 2016 and is expected to decrease by a further 2.0% in the first 4 months of 2017. The average number of cases of eggs per week for the first 4 months of 2017 is expected to be 398 000, a 2.2% decrease on the average weekly egg production for 2016.

- **Broiler industry**

The number of day-old parent females placed during 2016 decreased by 4.2% compared to 2015. The broiler breeder flock is expected to decrease in the first 4 months of 2017 by 1.9% to 6.99 million hens, when compared to the average size in 2016.

There was a 2.3% annual decrease in day-old chick production in 2016, with a total hatch of 991 million chicks. The number of broilers slaughtered for the year was 936 million, a 3.0% decrease compared to 2015.

3. Consumption of animal protein sources

The poultry industry prides itself on the fact that it feeds the nation, as more poultry products are consumed every year than all the other animal protein sources combined (Figure 2). The South African poultry industry continues to dominate the agricultural sector, providing 63.1% of animal protein (excluding milk) consumed in the country (down from 63.5% in 2015). It is interesting to note here that we contribute only 39% to gross turnover (down from 42.8%).

During 2016, consumption of poultry meat and meat products (including imports) amounted to 2.200 million tonnes and of eggs and egg products 0.465 million tonnes, giving a total of 2.665 million tonnes. In comparison, 1.556 million tonnes of beef, pork, mutton and goat were consumed.

The per capita consumption of poultry meat and eggs in 2016 was 39.04 kg and 7.89 kg respectively, with a combined per capita consumption of 46.93 kg. Per capita consumption of beef, pork, and mutton and goat were 19.47 kg, 4.69 kg, and 3.40 kg respectively (source: DAFF).

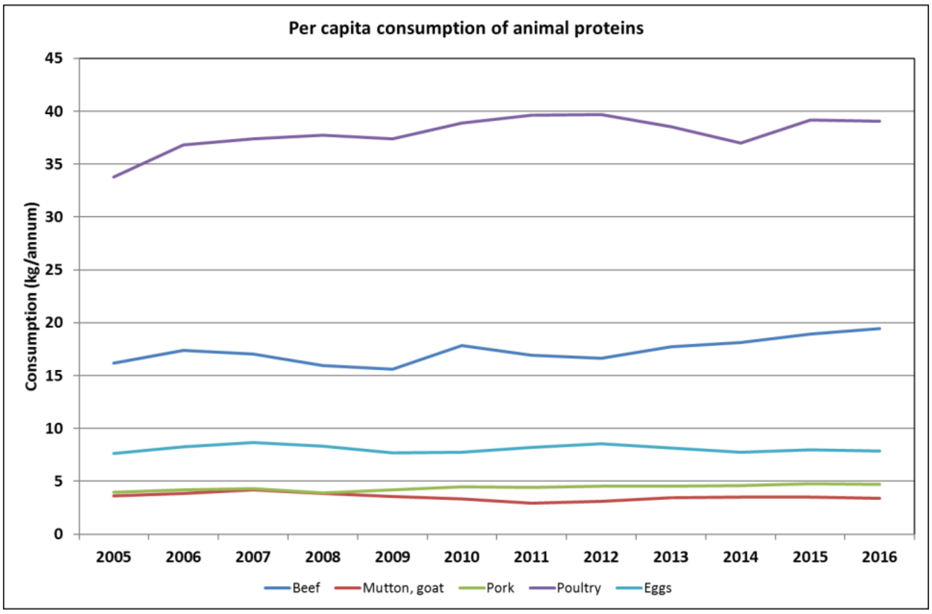

Figure 2: Per capita consumption of protein sources

4. Price comparison of animal protein sources

On a rand-per-kg basis, broiler meat and eggs remain the most affordable of all protein sources, as shown in Figure 3. More detail is provided in the chairperson's reports of the Egg and Broiler organisations.

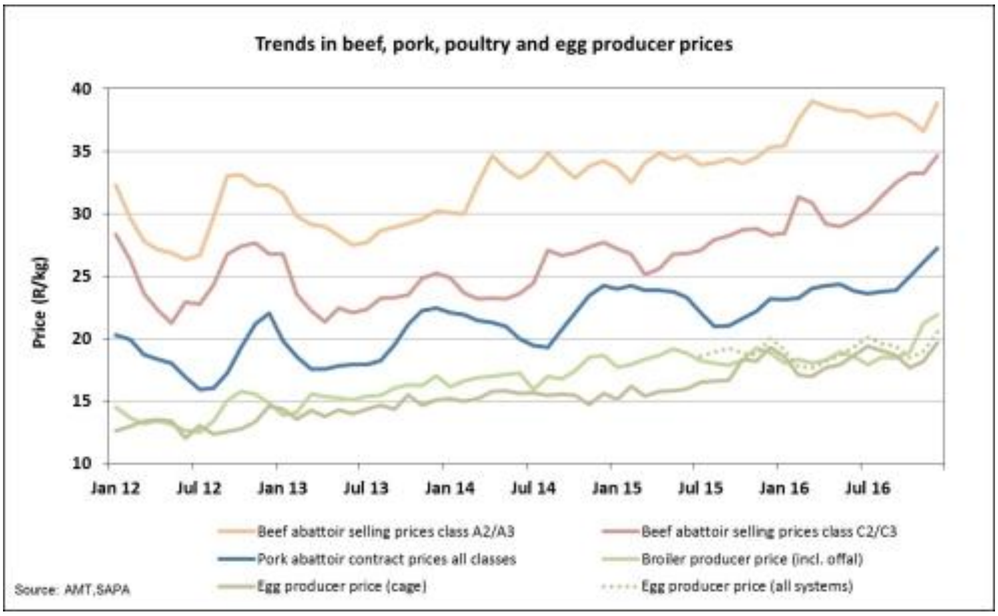

Figure 3: Monthly beef, pork, broiler and egg producer prices

5. Consumption of maize

Maize production in South Africa is concentrated in the Free State, North West and Mpumalanga. About 82% of the recent maize crop was grown in these 3 provinces.

Grain SA reported that the total maize crop for 2015/16 was 7.778 million tonnes; a 22% drop when compared to the 9.955 million tonnes produced the previous season. White maize amounted to 3.408 million tonnes (43.8%) and yellow maize 4.370 million tonnes (56.2%) of the total production.

The estimated crop for the 2016/17 season (February assessment) is 13.918 million tonnes; a 78.9% annual increase (source: Crop Estimates Committee). The production forecast for white maize is 8.313 million tonnes and for yellow maize 5.605 million tonnes.

The total South African consumption of white and yellow maize for 2015/16 was 10.51 million tonnes, of which 5.520 million tonnes (52.5%) were used for animal feed (source: South African Grain Information Service). This comprised 0.118 million tonnes of white maize (2.1%) and 5.402 million tonnes of yellow maize (97.9%).

In 2016, maize production contributed R28.1 billion to the gross value of agricultural products (source: DAFF).

6. Feed sales and usage

Our industry is the main customer of the Animal Feed Manufacturers Association (AFMA). A total of 6.908 million tonnes of feed were sold in the period from April 2015 to March 2016. The poultry industry consumed 4.275 million tonnes, of which 2.808 million tonnes was broiler feed, 0.952 million tonnes was layer feed, 0.499 million tonnes was breeder feed and 0.016 million tonnes was ostrich feed (Figure 4). In total, 61.9% of AFMA's animal feed sales went to the poultry industry (including ostrich).

National feed production during 2015/16 was estimated to be 11.737 million tonnes, a 0.7% year-on-year increase. AFMA sales therefore represent 61.2% (including feed derived from concentrates) of the national feed produced, which includes natural grazing (source: AFMA).

- **Feed prices**

Figure 5 shows the trends in poultry feed prices since 2012 (source: H. Koster). At the end of 2016, based on raw material prices and a standardised formulation, broiler feeds were costing about R4 350 per tonne and layer feed about R3 545 per tonne. These prices exclude delivery, additives and mixing costs. The annual increases in raw material costs were estimated to be 17.2% for broiler and 20.1% for layer diets.

Feed prices are covered in more detail in the chairperson's reports of the Broiler and Egg organisations.

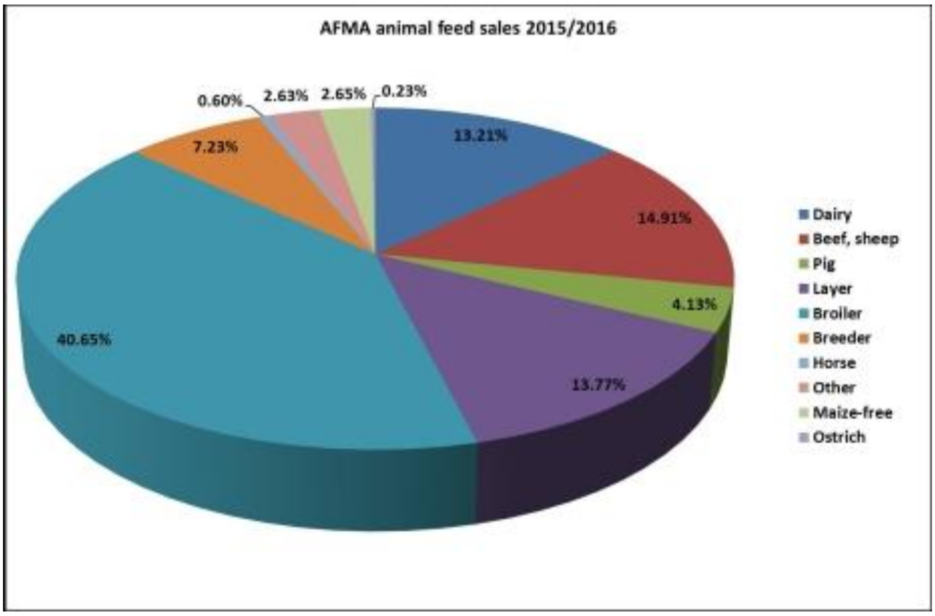

Figure 4: Animal feed sales from April 2015 to March 2016

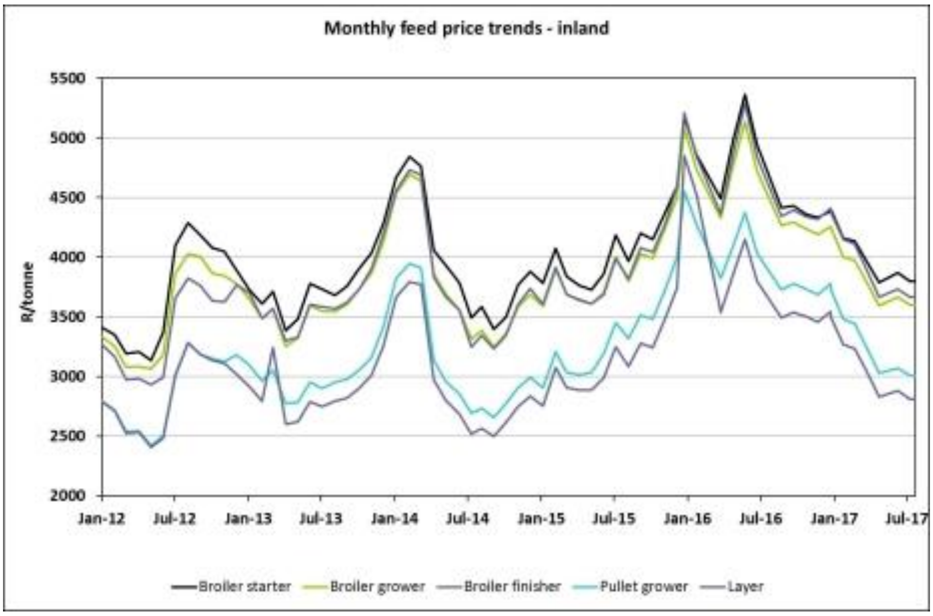

Figure 5: Monthly trends in poultry feed prices

TRADE

1. Imports

The annual broiler imports for 2016 amounted to a record 528 506 tonnes; this figure represents 94.4% of the total poultry products imported (560 155 tonnes). Of the total broiler meat imported during the year, 99.9% was frozen.

Frozen broiler meat imports totalled 528 108 tonnes; an increase of 15.6% compared to 2015. Of the total frozen broiler meat imported, 37.0% was mechanically deboned meat and 45.4% was bone-in (leg) portions.

Details on Brazilian and EU imports are presented in the BO chairperson's report.

Total chicken egg imports amounted to 216.290 tonnes at a free on board (FOB) value of R26.864 million. Of this, 5 kg was fertile eggs at a value of R250, and the balance of 216.285 tonnes was eggs and egg products for consumption.

2. Exports

Poultry meat exports amounted to 74 021 tonnes in 2016; an increase of 2.2% compared to 2015. A total of 68 958 tonnes were chicken exports at an FOB value of R1.184 billion.

Total chicken egg exports amounted to 15 352 tonnes with a value of R403.2 million. These exports consisted of 8 941 tonnes of fertile chicken eggs valued at R249.5 million, and 6 410 tonnes of eggs and egg products for consumption, with a value of R153.70 million. More details on the product mix and the destination countries can be found in the EO chairperson's report.