SOUTH AFRICAN POULTRY ASSOCIATION
Founded 1904

BROILER AND EGG INDUSTRY STATS SUMMARY FOR 2017

LOCAL INDUSTRY OVERVIEW

1. Gross value of animal products

Table 1 shows the gross value of primary agricultural production for 2016 and 2017 (source: Department of Agriculture, Forestry and Fisheries (DAFF)). The combined farm income for poultry meat and eggs for 2017 was R54.810 billion compared to R46.861 billion in 2016; a 17.0% increase.

In rand value, the poultry industry remains the largest sector of South African agriculture at 19.8% of all agricultural production (up from 18.3% in 2016), and 40.0% of all animal products (up from 39.2%). The beef industry, its nearest rival, contributed 13.2% to turnover of all agricultural production and 26.7% of all animal products (Figure 1). Total animal products contributed 49.5% to the gross value of total agricultural products in 2017.

TABLE 1: Gross value of agriculture (R billion)

SECTOR	2016	2017	Annual % change	% of animal products (2017)	% of grand total (2017)
Total field crops	58.78	64.49	9.7		23.3
Total horticulture	78.39	75.16	-4.1		27.2
Wool	3.72	3.64	-2.1	2.7	1.3
Mohair	0.59	0.58	-2.8	0.4	0.2
Karakul pelts	0.02	0.01	-7.9	0.0	0.0
Ostrich feathers and products	0.44	0.38	-13.1	0.3	0.1
Poultry meat	36.67	44.04	20.1	32.1	15.9
Eggs	10.19	10.77	5.6	7.9	3.9
Cattle and calves slaughtered	31.98	36.62	14.5	26.7	13.2
Sheep and goats slaughtered	7.17	8.23	14.9	6.0	3.0
Pigs slaughtered	5.49	6.28	14.4	4.6	2.3
Milk	15.81	17.47	10.5	12.7	6.3
Other livestock products	7.40	9.06	22.5	6.6	3.3
Total animal products	119.47	137.09	14.7	100.0	
GRAND TOTAL	256.64	276.74	7.8		100.0

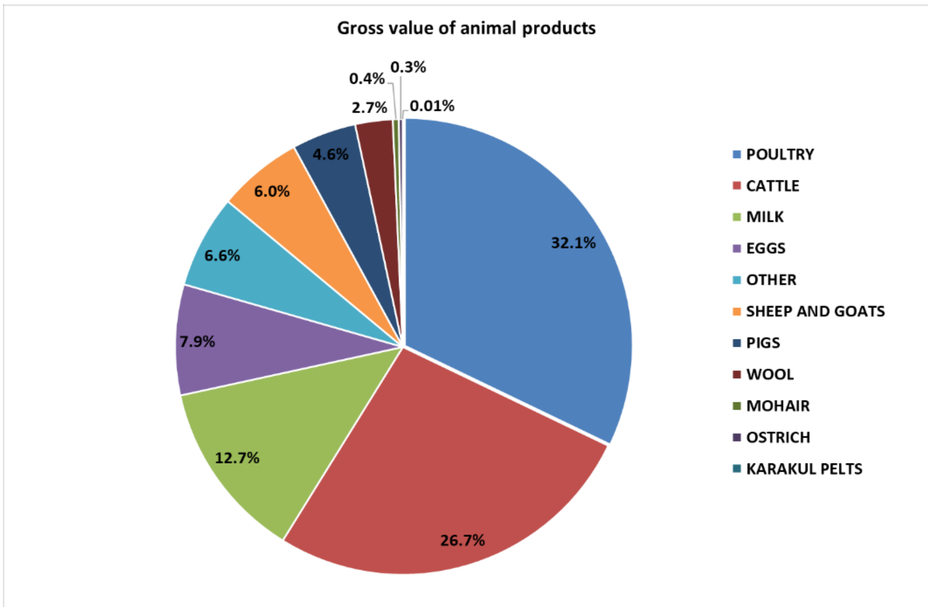

Figure 1: Gross value of animal products (source: DAFF)

2. Production growth of industries

Approximately 76.4% of the birds in the South African poultry industry are used for meat production, while the remaining 23.6% are used in the egg industry.

- **Egg industry**

Both day-old pullet production and layer replacement numbers reverted to the upward trends of 2014 and 2015 with small annual increases in 2017 of 1.2% and 0.8% respectively.

The national layer flock decreased by 6.6% in 2017 and is expected to decrease by a further 3.9% in the first 4 months of 2018. The average number of cases of eggs per week for the first 4 months of 2018 is expected to be 365 700; a 3.5% decrease on the average weekly egg production for 2017.

- **Broiler industry**

The number of day-old female parents placed during 2017 decreased by 5.1% compared to 2016. The broiler breeder flock is expected to decrease by 4.0% in the first 4 months of 2018, from 6.49 million in 2017 to 6.23 million hens.

There was a 0.2% annual decrease in day-old chick production in 2017, with a total hatch of 988.7 million chicks. The number of broilers slaughtered for the year was 927.1 million; a 0.9% decrease compared to 2016.

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 64.3% of animal protein (excluding milk) consumed in the country; up from 63.5% in 2016.

During 2017, consumption of poultry meat and meat products (including imports) amounted to 2.215 million tonnes and of eggs and egg products 0.434 million tonnes, giving a total of 2.649 million tonnes. In comparison, 1.464 million tonnes of beef, pork, mutton and goat were consumed.

The per capita consumption of poultry meat and eggs in 2017 was 38.89 kg and 7.28 kg respectively, with a combined per capita consumption of 46.17 kg. Per capita consumption of beef, pork, and mutton and goat were 17.84 kg, 4.59 kg, and 3.22 kg respectively (source: DAFF).

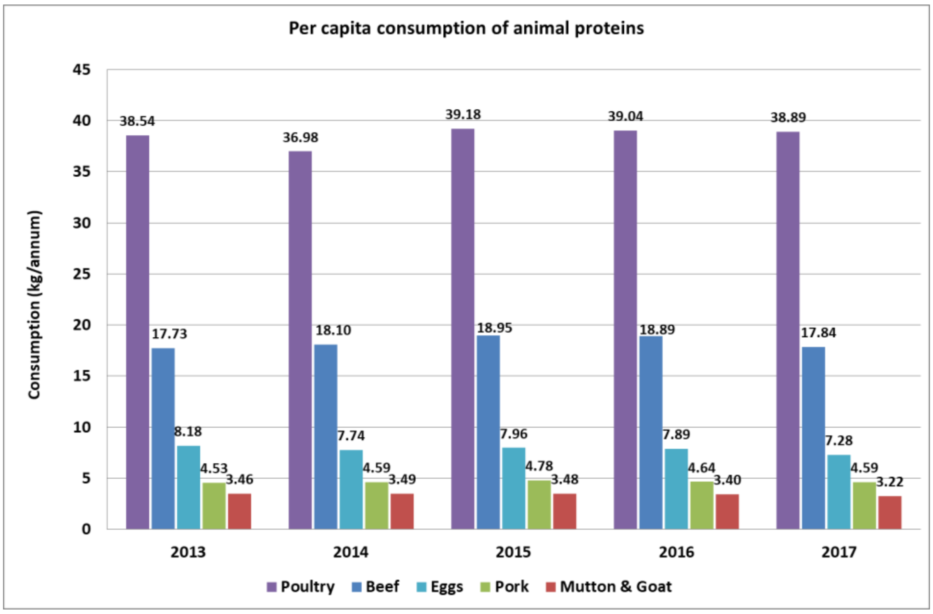

Figure 2: Per capita consumption of protein sources

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. Beef prices have increased steeply in response to a shortage of supply as farmers rebuilt their herds after culling during the drought.

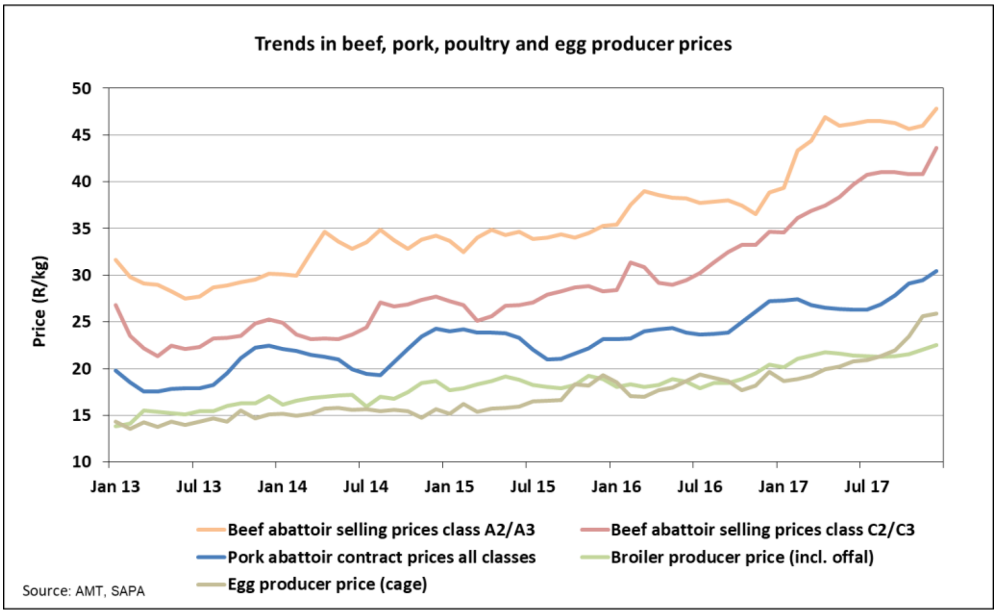

Figure 3: Monthly beef, pork, broiler and egg producer prices

5. Consumption of maize

Maize production in South Africa is concentrated in Free State, North West and Mpumalanga. About 83% of the recent maize crop was grown in these three provinces.

Grain SA reported that the total maize crop for 2016/17 was 16.82 million tonnes; a 116% increase when compared to the 7.778 million tonnes produced the previous season. White maize amounted to 9.92 million tonnes (59.0%) and yellow maize 6.90 million tonnes (41.0%) of the total production.

The estimated crop for the 2017/18 season (February 2018 assessment) is 12.22 million tonnes; a 27.3% annual decrease (source: Crop Estimates Committee). The production forecast for white maize is 6.108 million tonnes and for yellow maize 6.115 million tonnes.

The total South African consumption of white and yellow maize for 2016/17 was 10.09 million tonnes, of which 5.00 million tonnes (49.6%) were used for animal feed (source: South African Grain Information Service). This comprised 0.086 million tonnes of white maize (1.7%) and 4.918 million tonnes of yellow maize (98.3%).

In 2017, maize production contributed R29.824 billion to the gross value of agricultural products compared to R26.473 billion the previous year (source: DAFF).

6. Feed sales and usage

The poultry industry is the main customer of the Animal Feed Manufacturers Association (AFMA). A total of 6.477 million tonnes of feed were sold in the period from April 2016 to March 2017. Poultry consumed 4.022 million tonnes, of which 2.653 million tonnes was broiler feed, 0.886 million tonnes was layer feed, 0.468 million tonnes was breeder feed and 0.015 million tonnes was ostrich feed (Figure 4). In total, 62.1% of AFMA's animal feed sales went to the poultry industry (including ostrich).

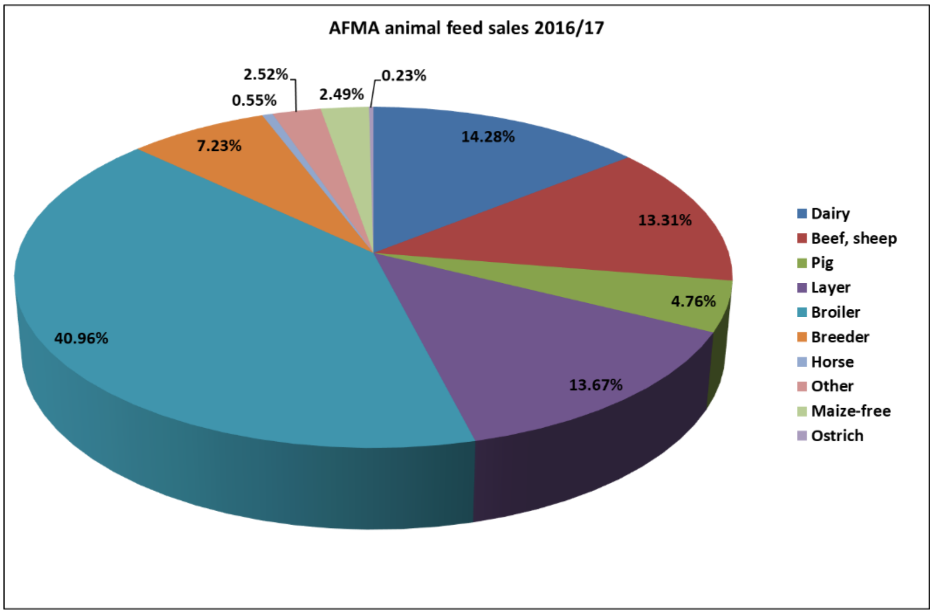

Figure 4: Animal feed sales from April 2016 to March 2017

National feed production during 2016/17 was estimated to be 11.136 million tonnes; a 6.2% year-on-year decrease. AFMA sales therefore represent 59.9% (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 2013 (source: H. Koster). At the end of 2017, based on raw material prices and a standardised formulation, broiler feeds were costing about R3 335 per tonne and layer feed about R2 485 per tonne. These prices exclude delivery, additives and mixing costs. The annual decreases in raw material costs were estimated to be 26.0% for broiler and 29.4% for layer diets.

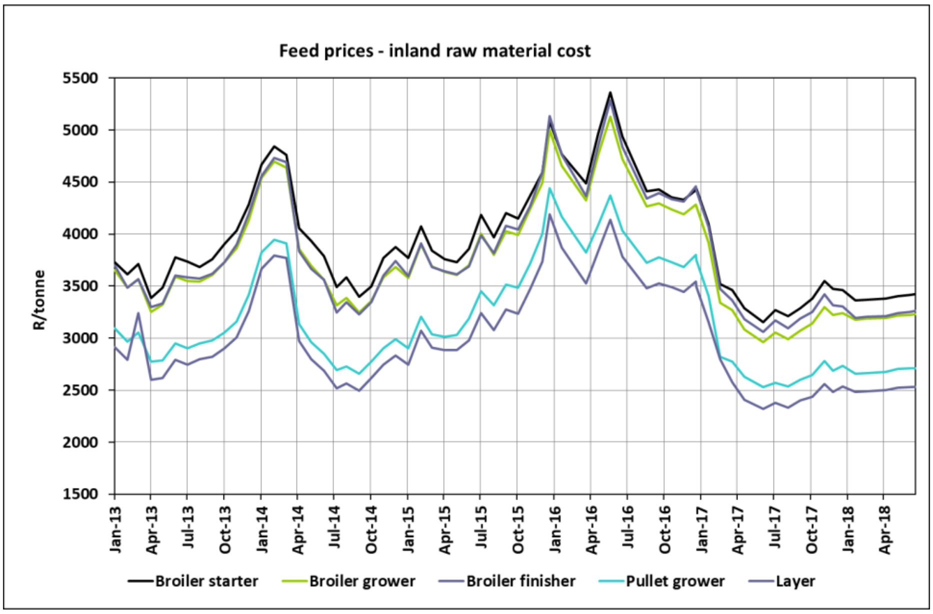

Figure 5: Monthly trends in poultry feed prices

TRADE

1. Imports

The annual broiler imports for 2017 amounted to 524 259 tonnes; this figure represents 94.1% of the total poultry products imported (556 877 tonnes). Of the total broiler meat imported during the year, 99.8% was frozen.

Frozen broiler meat imports totalled 523 428 tonnes; a decrease of 0.9% compared to 2016. Of the total frozen broiler meat imported, 38.6% was mechanically deboned meat and 44.5% was bone-in (leg) portions.

Total chicken egg imports amounted to 483.9 tonnes at a free on board (FOB) value of R39.5 million. Of this, 483.2 tonnes was egg products for consumption, the remaining 0.7 tonnes was preserved shell eggs. No fertile eggs were imported.

2. Exports

Poultry meat exports amounted to 62 842 tonnes in 2017; a 15.1% decrease compared to the previous year. A total of 59 240 tonnes were chicken exports at an FOB value of R1 243 million.

Total chicken egg exports amounted to 13 653 tonnes with a value of R306.2 million. These exports consisted of 3 669 tonnes of fertile chicken eggs valued at R148.6 million, and 9 984 tonnes of eggs and egg products for consumption, with a value of R157.6 million.

EMPLOYMENT

The estimated total number of direct employees in the broiler industry for 2017 was 47 025. This includes hatcheries, rearing, processing and distribution. If support industries are taken into account, another 58 383 employees can be added, amounting to a grand total of 105 408. The poultry share of employees in the related field crops was estimated at 17 738.

In the egg industry, the total number was estimated to be 7 503 direct employees in 2017. This includes grandparent rearing and laying, parent rearing and laying, pullet rearing, commercial egg production, packing and processing.

SAPA'S producer database contains records of 1 057 small-scale farmers who are currently not members. In addition, there are 231 potential commercial egg producers and 170 potential commercial broiler producers. A small commercial egg farmer is defined as having between 500 and 50 000 hens. A small commercial broiler farmer is one who produces between 1 500 and 40 000 birds per cycle.