SOUTH AFRICAN POULTRY ASSOCIATION
Founded 1904

BROILER INDUSTRY PRODUCTION REPORT: JANUARY 2017

- ***We have received actual data from a number of breeders, hatcheries and producers for which estimates were being used. This actual data has been backdated, hence the subsequent output figures have been revised. SAPA is indebted to these role players whose contributions have made a substantial difference to the accuracy of the broiler statistics presented in this report. We are also most grateful to our regular contributors.***
- The revised 2013 standards were applied in the broiler production forecasting models from January 2013 onwards and were fully implemented by November 2013.
- Two methods are used to produce the data summarised in this report:
    1. Based on the number of female parent chicks placed, the forecasting model predicts:
        - The number of 20-week-old parent hens that will be transferred;
        - The number of hatching eggs that will be produced;
        - The number of broiler chicks that will hatch;
        - The number of broilers that will be slaughtered.
        - This information is deemed to reflect the industry potential.
    2. Based on the number of day-old broiler chicks hatched as supplied by commercial hatcheries, the model predicts:
        - The number of broilers that will be slaughtered.
        - This information is deemed to reflect the actual production and is regarded as a true reflection of the industry performance.
- Comparisons are made between potential and actual figures as a means of validating both the model assumptions and the data supplied by the industry.
- The reliability of the model output is dependent on the supply of accurate monthly data from broiler hatcheries and broiler breeder operations. Thank you to our regular contributors.

TABLE 1: BROILER BREEDER PRODUCTION STANDARDS:

	2011	2013	2011	2013
Broiler Breeder Flock:				
Mortality to 20 weeks of age:	5.6%	5.6%	5.6%	5.6%
Laying Cycle: 20 weeks to	60 weeks	60 weeks	61 weeks	61 weeks
Mortality during the laying cycle:	8.7%	8.1%	8.8%	8.2%
Broiler Breeder Performance				
Total eggs per hen housed	151.7	166.1	154.0	169.2
Hatching eggs per hen housed:	141.2	150.6	143.4	153.5
Broiler chicks per hen housed:	122.3	126.8	124.0	128.7

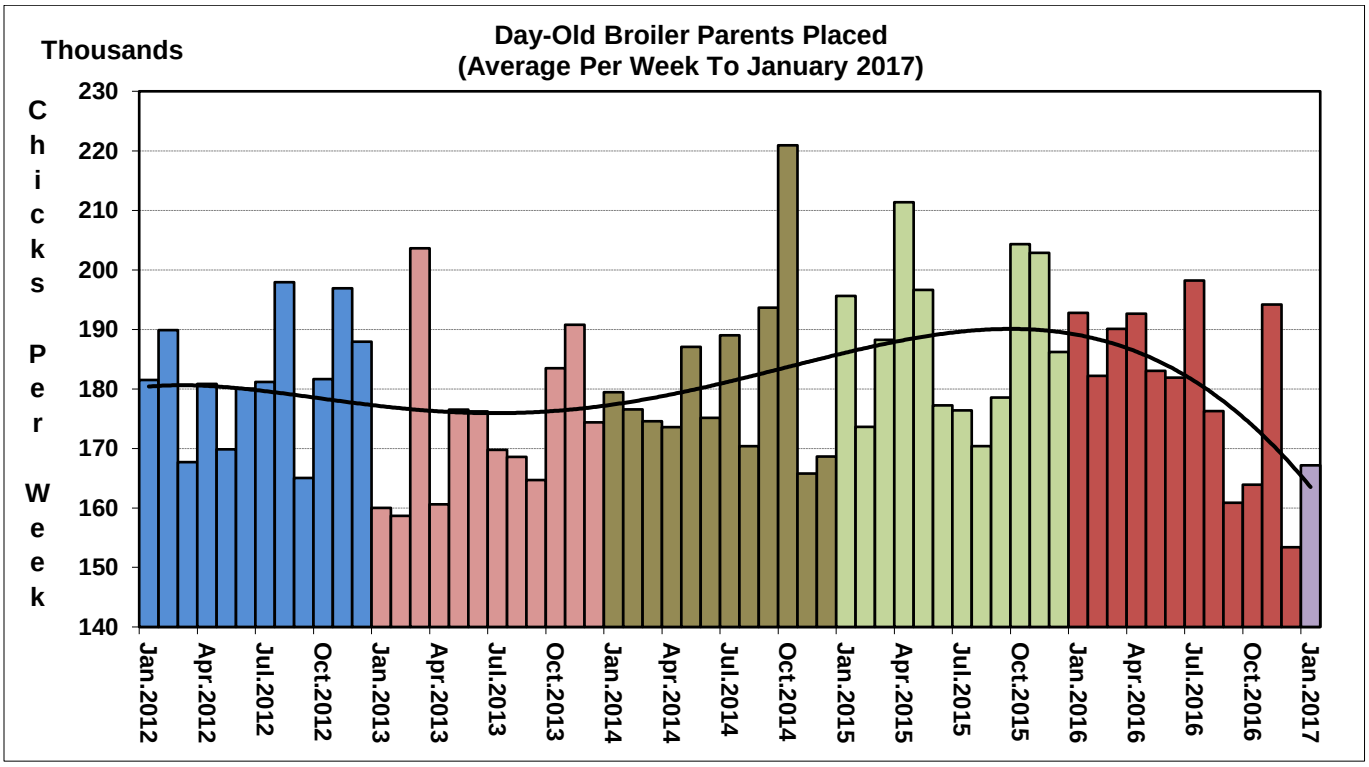
DISCLAIMER: INFORMATION IN THIS REPORT REFLECTS ASSUMPTIONS AND ALSO ACTUAL DATA. THE PROJECTIONS PRESENTED IN THE REPORT ARE BASED UPON SPECIFIC PRODUCTION STANDARDS AND INDICATE HISTORIC AND FORECASTED TRENDS ONLY.

1. BROILER BREEDERS

Day-old parent pullets placed

An average of 167 200 day-old parent pullets was placed per week in January 2017 (Graph 1). This was an increase of 13 800 parent pullets (+9.0%) compared to the previous month and a decrease of 25 600 parent pullets (-13.3%) compared to the same month of the previous year.

In total 752 200 day-old parent pullets were placed in January 2017; this was a month-on-month increase of 61 900 parent pullets (+9.0%) and a year-on-year decrease of 67 100 parent pullets (-8.2%).

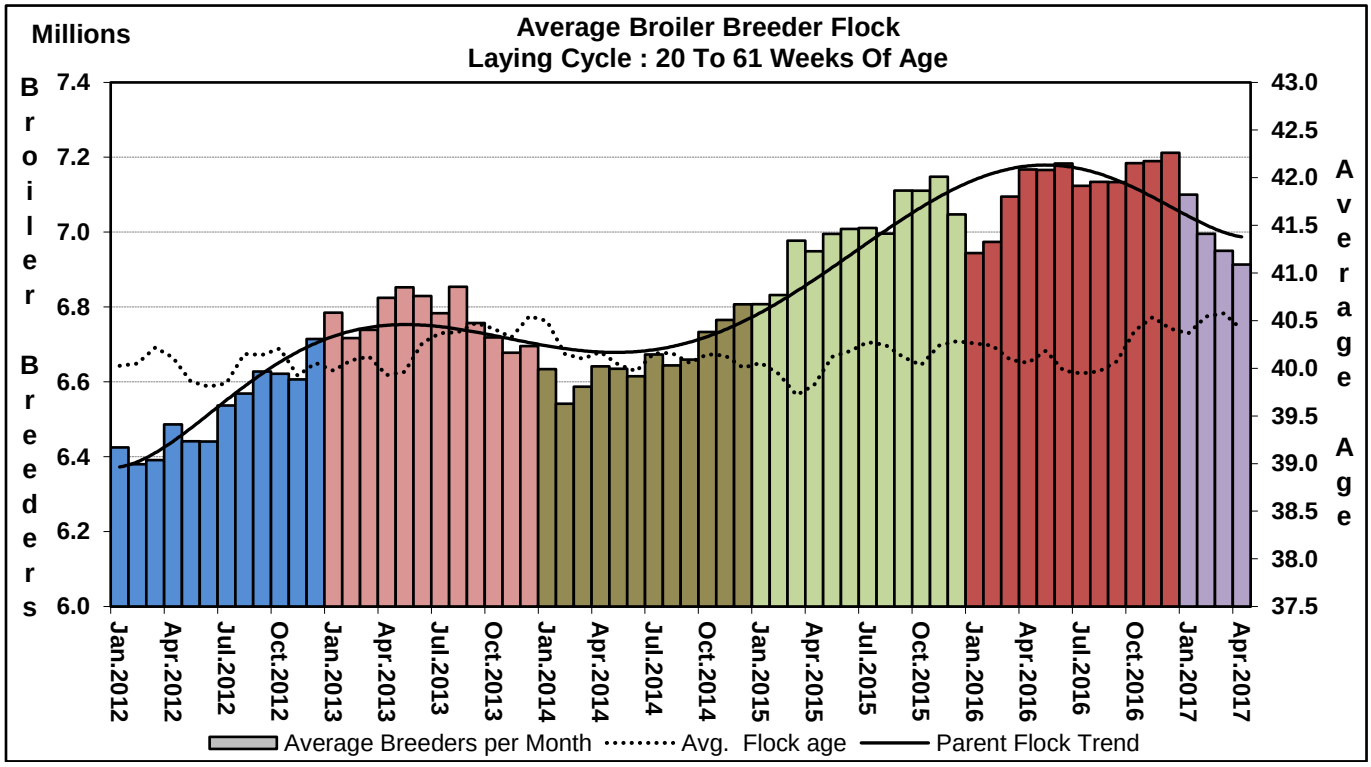


GRAPH 1: Day-old broiler female parents placed

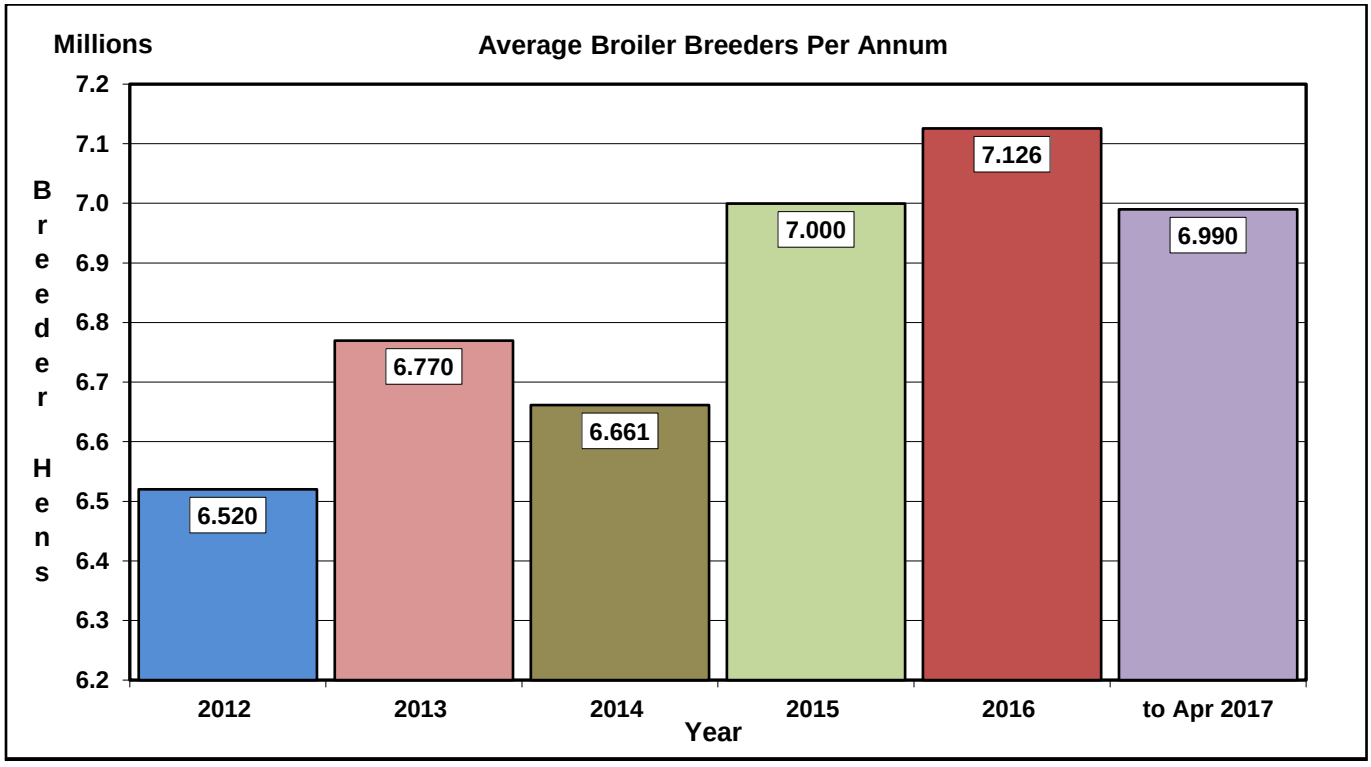
Broiler breeder flock

The average number of breeder hens for the month under review was 7.100 million (Graph 2). This was a decrease of 111 800 hens (-1.6%) compared to December 2016, and an increase of 156 200 hens (+2.3%) compared to January 2016. The average age of the breeder flock was 40.4 weeks.

By April 2017 the breeder flock is expected to comprise 6.913 million hens; a 2.6% decrease on January's figure. The average number of breeder hens for January to April of 2017 is forecasted to be 6.990 million (Graph 3).



GRAPH 2: Monthly broiler breeder flock and average hen age



GRAPH 3: Annual average number of broiler breeder hens

2. BROILER CHICK PLACEMENTS

Actual placement:

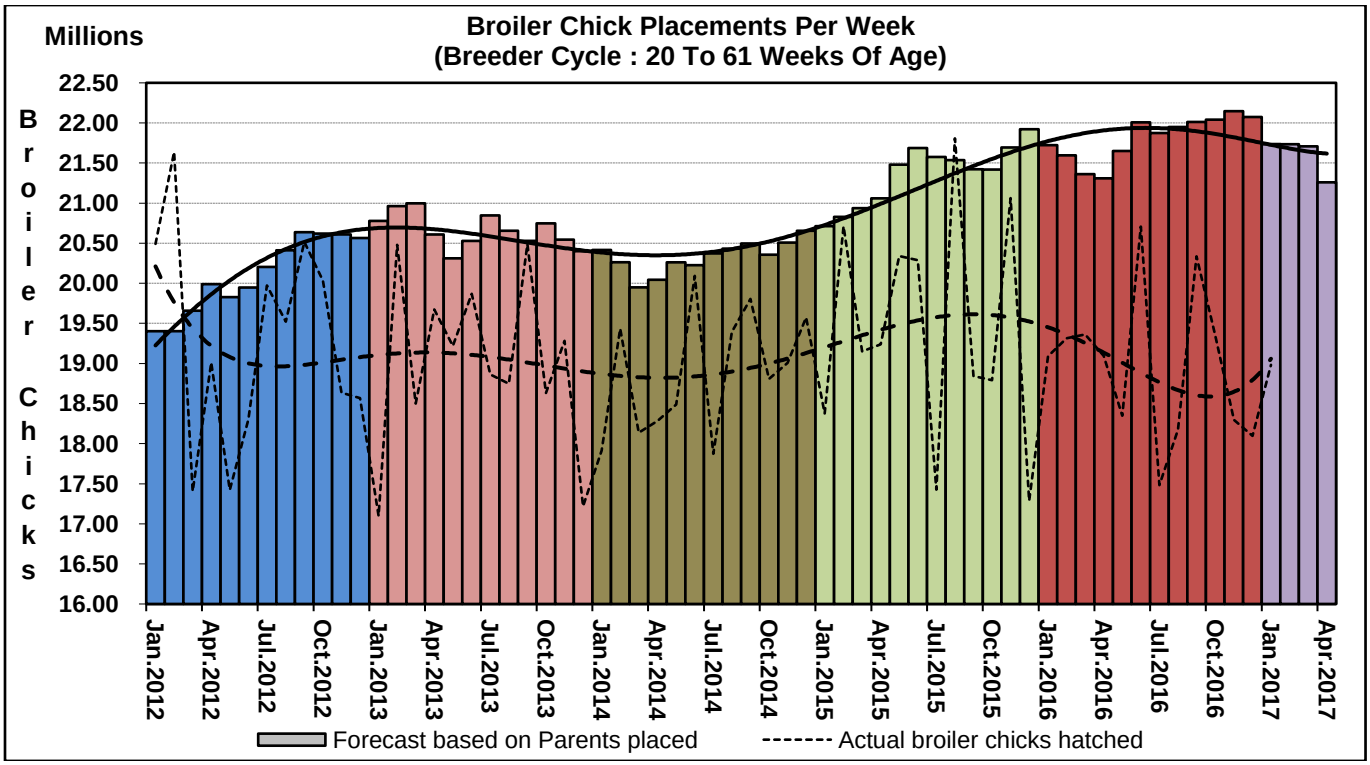
Broiler hatcheries produced 18.983 million day-old chicks per week in January 2017 (Graph 4, dotted line). Compared to December 2016 this was an increase of 0.887 million chicks (+4.9%). Compared to January 2016 this was a decrease of 0.108 million chicks (-0.6%).

In total 85.426 million broiler chicks were hatched during the month under review.

Annual broiler chick placements, from 2012 to 2016, are shown in Graph 5.

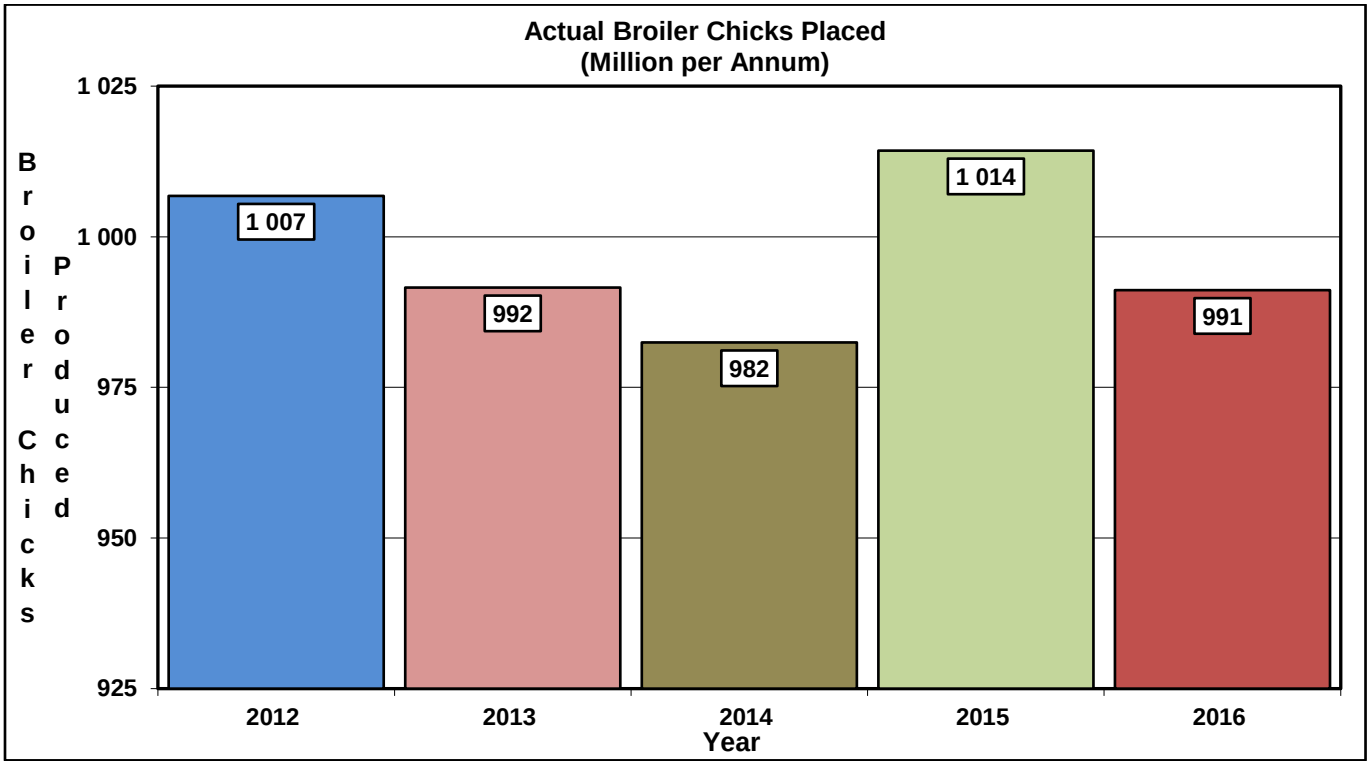
Industry Potential:

Based on the forecasting model, potential production of 21.736 million broiler chicks per week was projected for January 2017. Actual production was 2.753 million chicks (-12.7%) lower than the potential figure. Of great interest is the increasing gap between potential and actual chick numbers (Graph 4). As the industry struggles to survive, cutbacks in production have been achieved by lengthening the rest period between cycles and not setting all of the fertile eggs. Exports from January to December 2016 accounted for only 9.6% of the difference between the actual and potential figure, with January 2017 exports only accounting for 4.0%.



GRAPH 4: Day-old chick placements per week

Note: Actual placements (the dashed trend line) show to January 2017; potential placements (based on the forecasting model) are given to April 2017.



GRAPH 5: Actual broiler chicks placed per annum

3. BROILER PRODUCTION

Actual production:

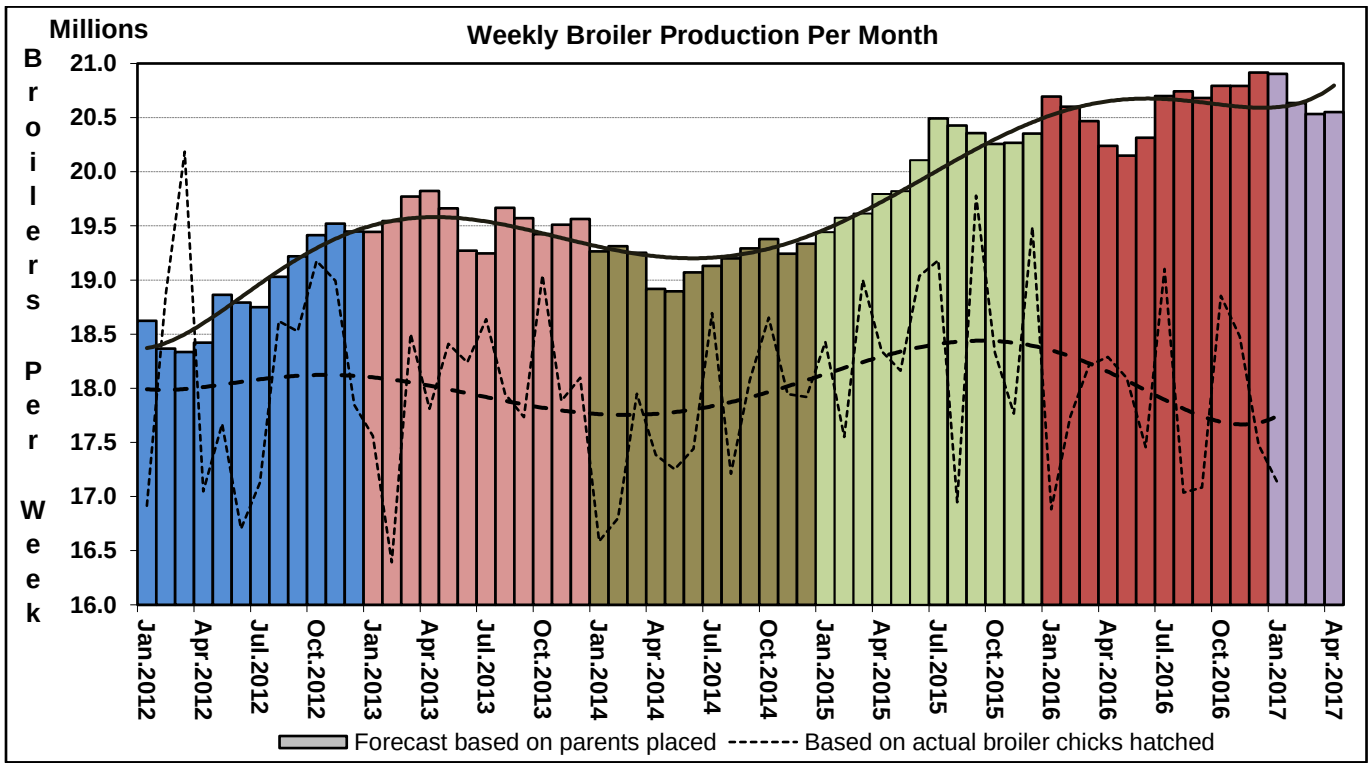
On average 17.129 million broilers were produced per week in January 2017 (Graph 6). This was 0.348 million birds (-2.0%) less than the previous month and 0.246 million birds (+1.5%) more than the same month of the previous year.

In total 75.857 million broilers were produced for slaughter in the month under review.

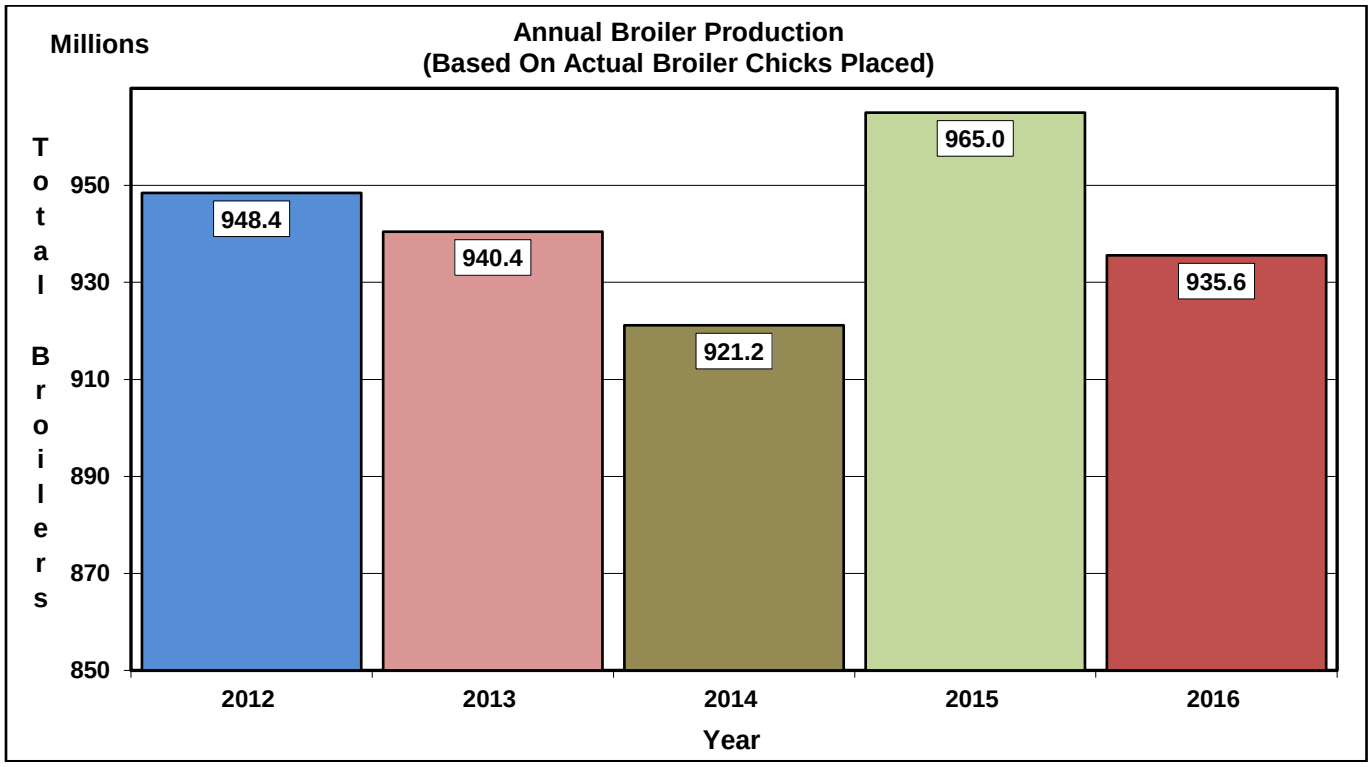
Annual broiler production, from 2012 to 2016, is shown in Graph 7. Annual average production per week for the same period is illustrated in Graph 8.

Industry Potential:

Potentially 20.904 million broilers per week were projected for slaughter in January 2017. Actual production per week was 18.1% less.

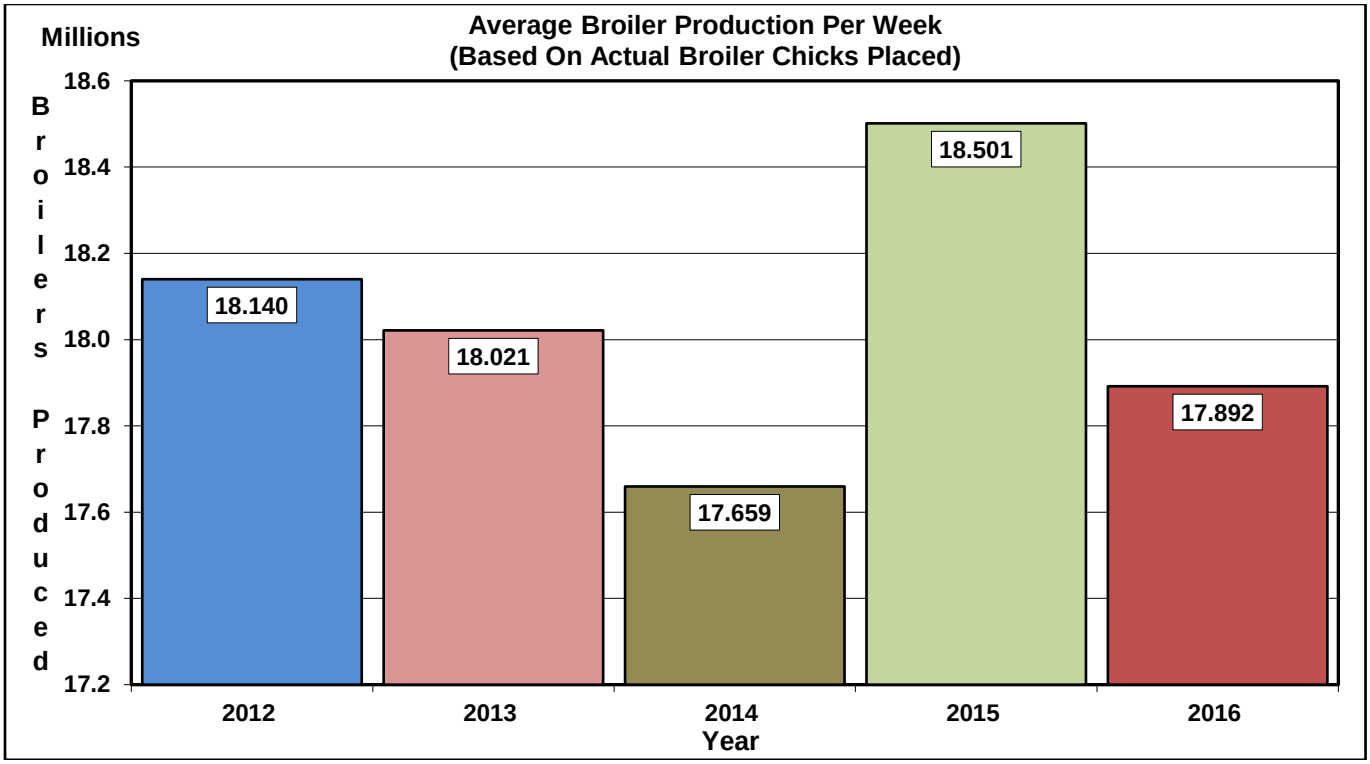


GRAPH 6: Average number of broilers slaughtered per week



GRAPH 7: The total number of broilers slaughtered per annum

Note: Graphs 7 and 8 reflect actual, not potential production, and must therefore be viewed in conjunction with the dashed trend line on Graph 6.



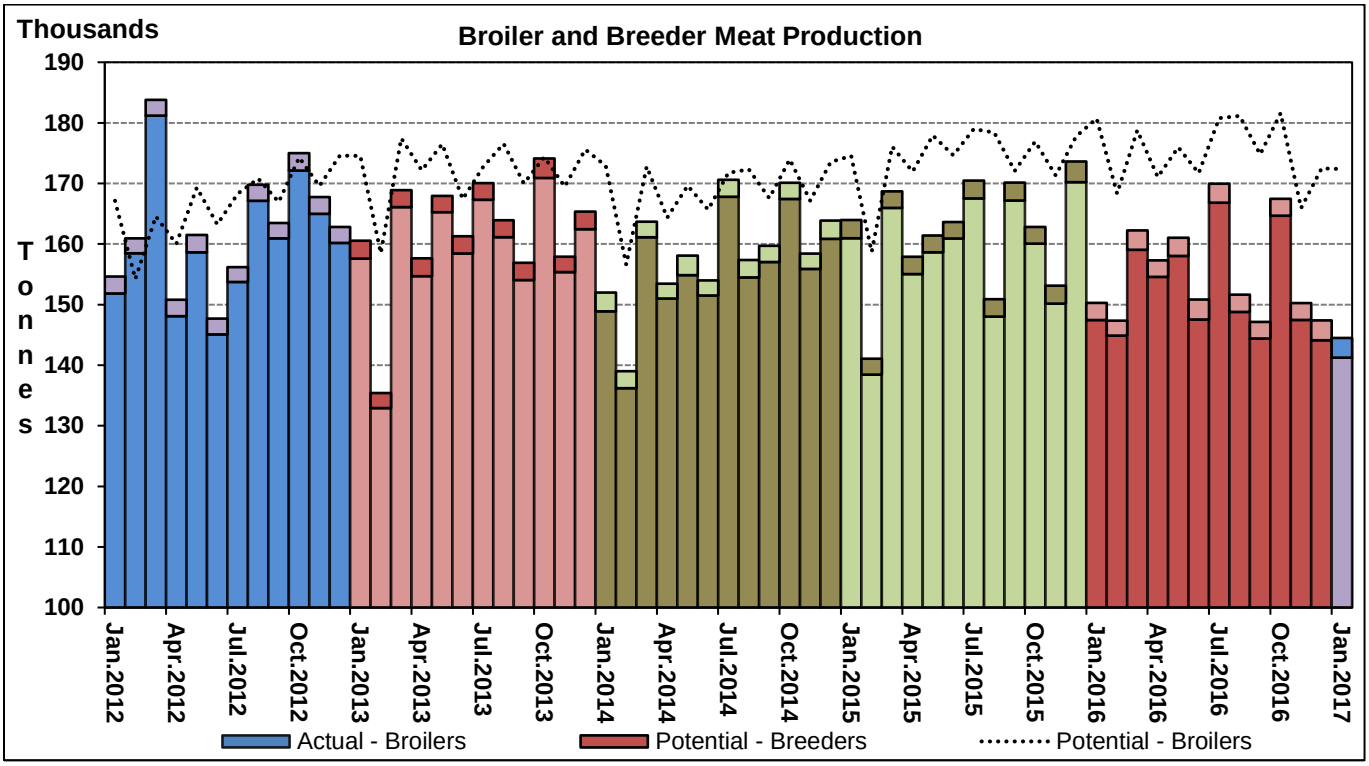
GRAPH 8: Average weekly production per annum

3. BROILER AND BREEDER MEAT PRODUCTION

The forecasting model predicted 3 250 tonnes would result from the culling of breeder hens and cocks in January 2017. This was only 30 tonnes (-0.9%) less than December 2016, and 420 tonnes (+14.7%) more than January 2016.

Actual tonnes of broiler meat produced in January 2017 was 141 240. This was 2 870 tonnes (-2.0%) less than December 2016, and 6 210 tonnes (-4.2%) less than January 2016. Actual production was 31 130 tonnes (-18.1%) less than that which was predicted by the forecasting model for January 2017.

Broiler and breeder meat combined resulted in 144 500 tonnes in January 2017. Graph 9 illustrates the minor contribution of the parent stock to overall meat production, and compares potential (dotted line) to actual broiler production. All breeder sales are assumed to be live, whilst a broiler slaughter weight of 1.8 kg, revised from 1.85 kg in July 2015, was used. Total broiler production includes all saleable offal.



GRAPH 9: Monthly meat production of broilers and breeders

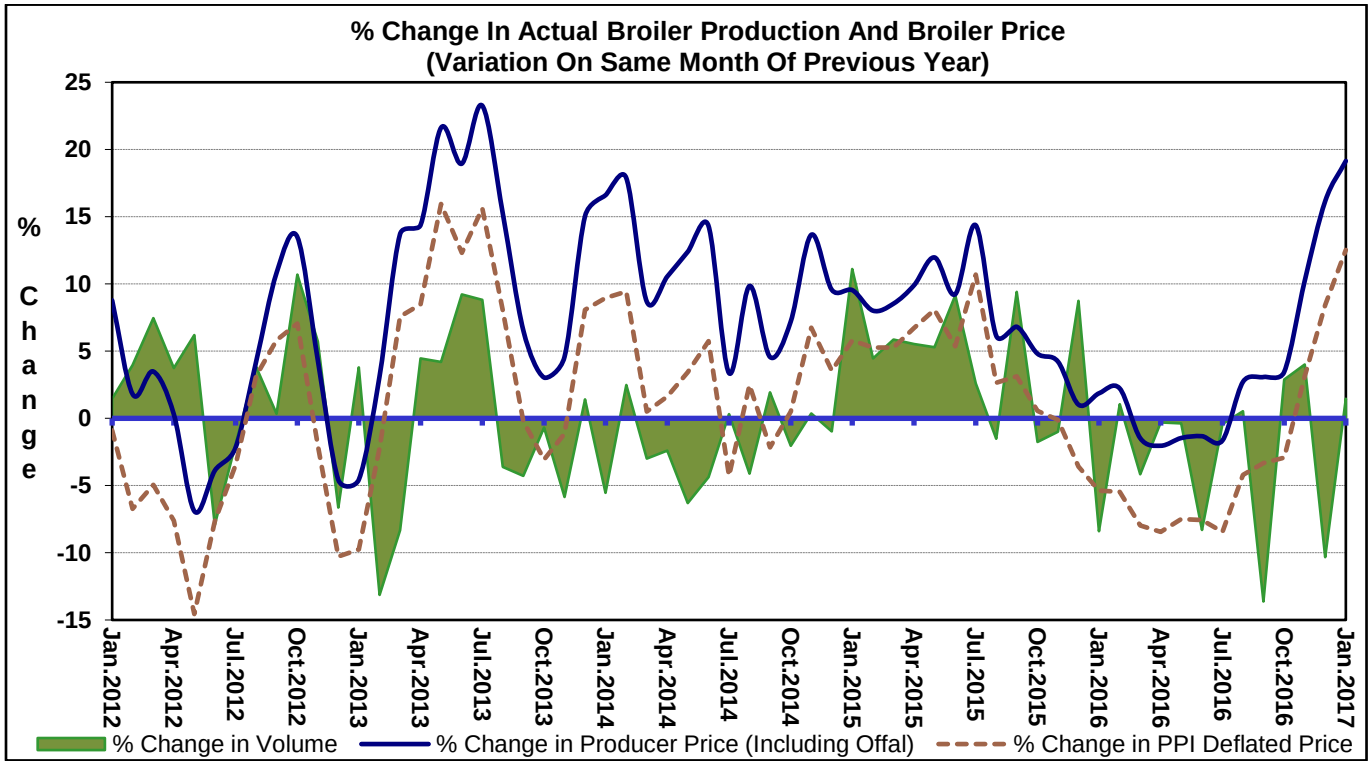
4. BROILER VOLUME AND PRICE

Graph 10 shows the relationships between year-on-year changes in volumes, producer price and the PPI deflated price. A % change > 0 indicates growth in the current month compared to the same month of the previous year.

It must be pointed out that the PPI, as published by STATS SA and used to calculate the deflated price, is an indicator of the general change in production costs in South Africa, not specifically poultry costs.

Negative growth in supply is usually followed by positive growth in prices, as seen on the graph at the start and towards the end of 2013. The local industry has grown for much of 2014 and 2015 and this has caused a downward trend in year-on-year producer price increases. These have been positive since February 2013, only dipping into the negative from March 2016 to July 2016, before recovering in August 2016 and gaining strength into January 2017.

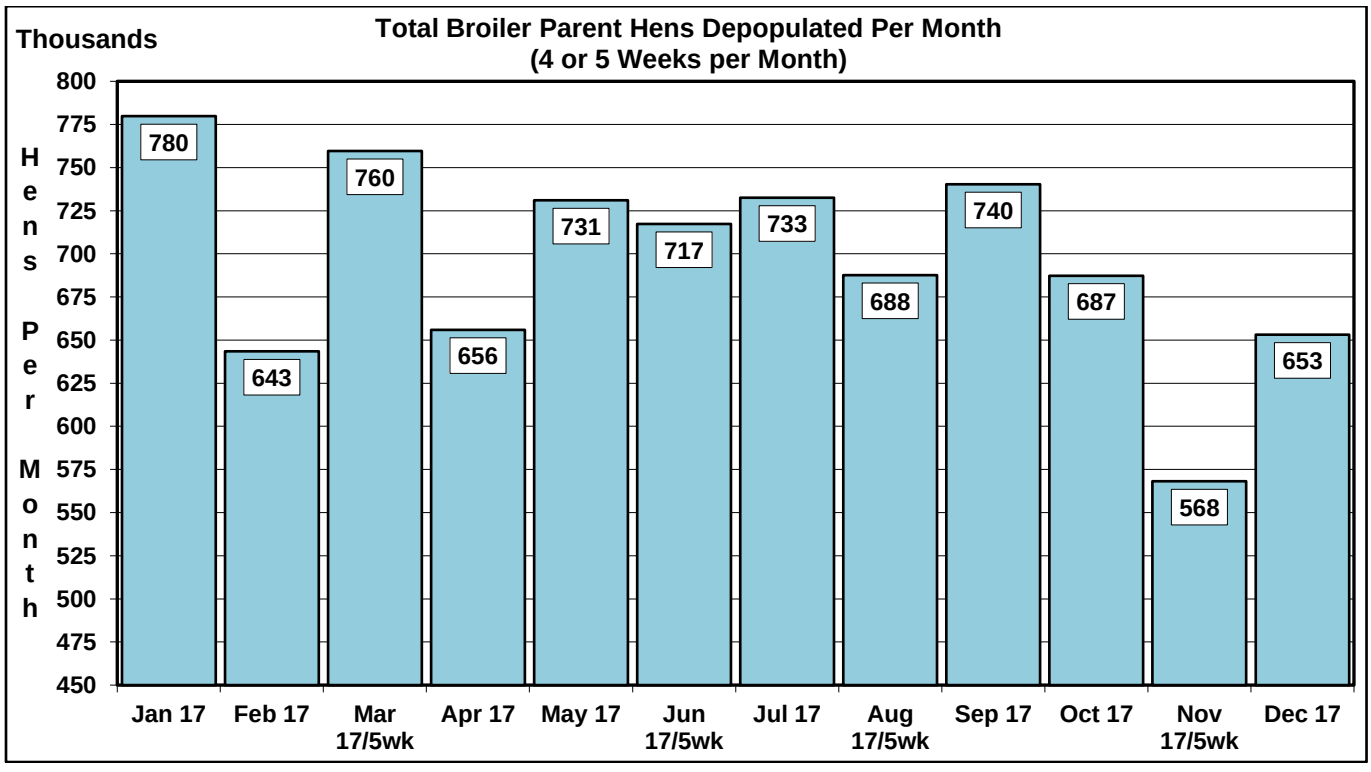
The PPI deflated price (the brown dotted line on Graph 10) is a measure of real producer price increases without the effect of inflation. Broiler producers enjoyed positive growth in the producer price from October 2014 to October 2015. This trend began to change in late 2015 and remained negative until October 2016, where it recovered in November 2016.



GRAPH 10: Year on year % change in supply and price

5. DEPOPULATION OF LAYERS

Graph 11 shows the number of broiler breeder hens expected to be culled on a monthly basis. In April 2017, 656 000 old hens will be depopulated from broiler breeder farms.



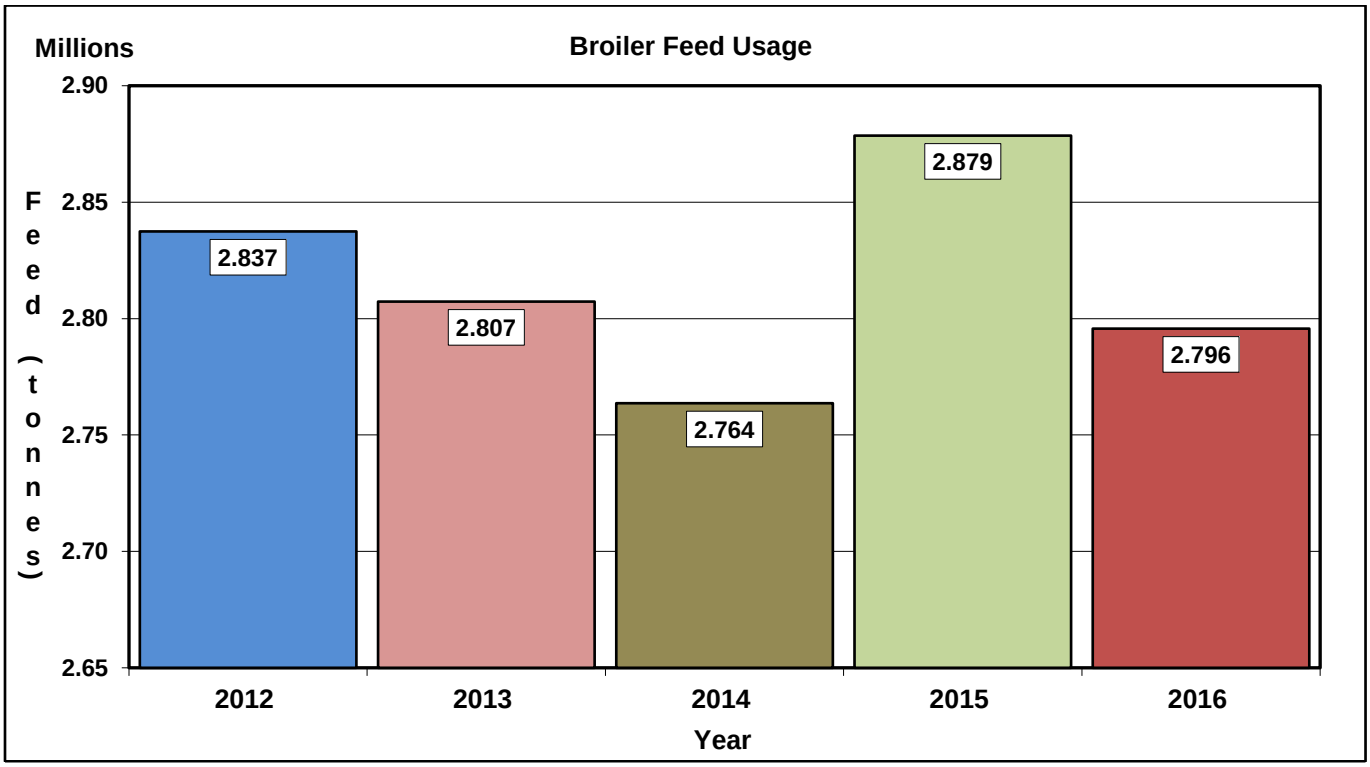
GRAPH 11: Monthly depopulation of broiler parent hens at 61 weeks of age

6. FEED USAGE

The estimated feed tonnages for January 2017 are as follows:

- Broiler breeder rearing: 7 771 tonnes;
- Broiler breeder laying: 37 464 tonnes;
- Broiler: 230 214 tonnes.

Graph 12 shows the estimated annual consumption of broiler feed.



GRAPH 12: Annual feed consumed by broilers

The industry statistics are summarised in the Key Results table below:

BROILER INDUSTRY : KEY RESULTS - January 2017

	Hatch days	Calendar Days	Day-old Parent pullets placed		Breeder hens	Actual Broiler Chicks placed		Broilers Slaughtered (based on actual chicks)	
Month on Month	**/Month**	**/Month**	**/Month**	**/Week**	**Average**	**/Month**	**/Week**	**/Month**	**/Week**
January 2017	18	31	752 204	167 156	7 100 290	85 425 547	18 983 455	75 856 595	17 128 909
December 2016	18	31	690 276	153 395	7 212 065	81 435 318	18 096 737	77 398 351	17 477 047
Change			61 928	13 762	-111 775	3 990 229	886 718	-1 541 756	-348 138
% Change			8.97%	8.97%	-1.55%	4.90%	4.90%	-1.99%	-1.99%
Year on Year	**/Month**	**/Month**	**/Month**	**/Week**	**Average**	**/Month**	**/Week**	**/Month**	**/Week**
January 2017	18	31	752 204	167 156	7 100 290	85 425 547	18 983 455	75 856 595	17 128 909
January 2016	17	31	819 279	192 771	6 944 140	81 140 600	19 091 906	74 767 601	16 883 007
Change			-67 075	-25 615	156 150	4 284 947	-108 451	1 088 994	245 902
% Change			-8.19%	-13.29%	2.25%	5.28%	-0.57%	1.46%	1.46%
Full year forecast	**/Year**	**/Year**	**/Year**	**/Week**	**Average**	**/Year**	**/Week**	**/Year**	**/Week**
Jan>Dec 2015	209	365	9 849 436	188 448	6 999 563	1 014 292 266	19 443 892	964 994 269	18 501 438
Jan>Dec 2014	208	365	9 441 473	181 223	6 661 496	982 455 629	18 901 015	921 155 143	17 659 494
Change			407 963	7 225	338 066	31 836 637	542 877	43 839 126	841 944
% Change			4.32%	3.99%	5.07%	3.24%	2.87%	4.76%	4.77%
YTD forecast	**/Period**	**/Period**	**/Period**	**/Week**	**Average**	**/Period**	**/Week**	**/Period**	**/Week**
Jan>Dec 2016	209	366	9 435 872	180 784	7 125 697	991 136 544	18 971 727	935 572 025	17 891 883
Jan>Dec 2015	209	365	9 849 436	188 448	6 999 563	1 014 292 266	19 443 892	964 994 269	18 501 438
Change			-413 564	-7 664	126 134	-23 155 722	-472 165	-29 422 244	-609 555
% Change			-4.20%	-4.07%	1.80%	-2.28%	-2.43%	-3.05%	-3.29%

NOTE:
Month or Period: Refers to a calendar month or period
Week: Refers to an average 7 day week of which all 7 days fall within the specified month or period

APPENDIX A

BROILER BREEDER PRODUCTION STANDARDS

2013 STANDARDS

Below, please find the approved 2013 standards as agreed upon at the Chick Producer Organisation Meeting held on 15 August 2013.

PARAMETERS : 2013

Ind.surv.rate : Par.Rearing (20Wk) 0.9440

Ind.surv.rate : Par.Laying (61Wk) 0.9178

	Henday Production						Hen housed Production						
Age	ROL	Total	Hatching Eggs	Eggs set	Hatch	Chicks/	ROL	Total	Eggs set	Chicks/	Cum. chicks/	Survival	Mort.rate
(weeks)	%	eggs/wk	%	per hen	%	Hen	%	eggs/wk	per hen	Hen	Hen	rate	/week
0													
20												0.9987	0.0013
21												0.9972	0.0014
22	0.08	0.01					0.08	0.01				0.9957	0.0015
23	2.27	0.16					2.26	0.16				0.9943	0.0014
24	16.05	1.12					15.94	1.12				0.9927	0.0016
25	29.21	2.04	42.36%	0.87	73.4%		28.94	2.03	0.86			0.9907	0.0020
26	55.04	3.85	72.33%	2.79	76.9%		54.41	3.81	2.75			0.9885	0.0022
27	73.59	5.15	80.18%	4.13	79.9%		72.56	5.08	4.07			0.9861	0.0024
28	82.28	5.76	84.91%	4.89	83.6%	0.64	80.94	5.67	4.81	0.63	0.63	0.9837	0.0024
29	84.89	5.94	88.91%	5.28	85.7%	2.14	83.30	5.83	5.18	2.12	2.75	0.9813	0.0024
30	85.82	6.01	90.34%	5.43	86.6%	3.30	84.01	5.88	5.31	3.25	6.00	0.9789	0.0024
31	86.07	6.03	91.39%	5.51	87.5%	4.09	84.05	5.88	5.38	4.02	10.02	0.9765	0.0024
32	85.00	5.95	91.85%	5.47	87.8%	4.53	82.81	5.80	5.32	4.44	14.46	0.9742	0.0023
33	83.92	5.87	92.37%	5.43	88.5%	4.70	81.56	5.71	5.27	4.60	19.06	0.9719	0.0023
34	82.30	5.76	92.94%	5.35	88.1%	4.82	79.80	5.59	5.19	4.71	23.77	0.9696	0.0023
35	81.51	5.71	93.27%	5.32	88.4%	4.80	78.85	5.52	5.15	4.67	28.44	0.9673	0.0023
36	80.65	5.65	93.56%	5.28	88.2%	4.80	77.83	5.45	5.10	4.67	33.11	0.9651	0.0022
37	78.75	5.51	93.53%	5.16	87.8%	4.72	75.83	5.31	4.96	4.58	37.68	0.9629	0.0022
38	78.33	5.48	93.47%	5.13	87.0%	4.70	75.26	5.27	4.92	4.55	42.23	0.9607	0.0022
39	77.03	5.39	93.56%	5.05	87.8%	4.66	73.84	5.17	4.84	4.49	46.73	0.9586	0.0021
40	75.64	5.30	93.67%	4.96	87.4%	4.52	72.35	5.06	4.74	4.36	51.08	0.9565	0.0021
41	74.04	5.18	93.70%	4.86	87.2%	4.46	70.67	4.95	4.64	4.28	55.37	0.9544	0.0021
42	73.30	5.13	93.56%	4.80	87.1%	4.43	69.81	4.89	4.57	4.25	59.61	0.9524	0.0020
43	72.06	5.04	93.47%	4.71	86.4%	4.34	68.48	4.79	4.48	4.15	63.76	0.9503	0.0020
44	70.67	4.95	93.66%	4.63	85.6%	4.23	67.02	4.69	4.39	4.04	67.80	0.9484	0.0020
45	69.52	4.87	93.75%	4.56	85.0%	4.18	65.79	4.61	4.32	3.98	71.78	0.9464	0.0020
46	67.81	4.75	93.71%	4.45	84.8%	4.07	64.05	4.48	4.20	3.87	75.65	0.9445	0.0019
47	66.63	4.66	93.82%	4.38	84.0%	3.97	62.80	4.40	4.12	3.76	79.42	0.9426	0.0019
48	65.55	4.59	93.80%	4.30	83.3%	3.88	61.67	4.32	4.05	3.67	83.08	0.9407	0.0019
49	64.36	4.50	93.75%	4.22	82.7%	3.77	60.42	4.23	3.97	3.56	86.65	0.9389	0.0018
50	63.25	4.43	93.90%	4.16	82.7%	3.68	59.27	4.15	3.90	3.46	90.11	0.9371	0.0018
51	61.62	4.31	94.04%	4.06	81.6%	3.59	57.63	4.03	3.79	3.37	93.49	0.9353	0.0018
52	60.19	4.21	94.00%	3.96	80.9%	3.49	56.19	3.93	3.70	3.28	96.76	0.9335	0.0018
53	58.95	4.13	94.05%	3.88	80.5%	3.44	54.93	3.84	3.62	3.22	99.99	0.9317	0.0018
54	57.77	4.04	94.08%	3.80	80.2%	3.31	53.72	3.76	3.54	3.09	103.08	0.9300	0.0018
55	56.46	3.95	94.03%	3.72	79.6%	3.20	52.40	3.67	3.45	2.99	106.07	0.9282	0.0017
56	55.30	3.87	93.99%	3.64	78.6%	3.12	51.23	3.59	3.37	2.91	108.98	0.9265	0.0017
57	54.37	3.81	94.19%	3.58	78.4%	3.05	50.28	3.52	3.31	2.84	111.82	0.9247	0.0017
58	53.08	3.72	94.20%	3.50	77.0%	2.96	48.99	3.43	3.23	2.75	114.56	0.9230	0.0017
59	51.26	3.59	94.22%	3.38	75.7%	2.86	47.23	3.31	3.11	2.65	117.21	0.9212	0.0017
60	49.33	3.45	94.00%	3.25	70.4%	2.81	45.36	3.18	2.98	2.60	119.81	0.9195	0.0017
61	47.85	3.35	94.03%	3.15	68.1%	2.70	43.92	3.07	2.89	2.49	122.30	0.9178	0.0017
62	46.14	3.23	93.89%	3.03	67.0%	2.56	42.27	2.96	2.78	2.36	124.66	0.9160	0.0017
63	44.47	3.11	93.79%	2.92	64.7%	2.28	40.65	2.85	2.67	2.10	126.76	0.9143	0.0017
64	42.79	3.00	93.69%	2.81	62.5%	2.15	39.05	2.73	2.56	1.97	128.73	0.9126	0.0017
65						2.03				1.86	130.59		
66						1.89				1.73	132.31		
67						1.75				1.60	133.92		
100													
60 weeks				**157.87**		**132.78**		**166.08**	**150.62**	**126.76**			**8.05**
61 Weeks		**177.23**		**161.02**		**134.93**		**169.15**	**153.51**	**128.73**			**8.22**
63 weeks													
64 Weeks		**186.57**						**177.69**					

APPENDIX B - WEEKLY SCHEDULE

Weekly schedule for 2016

Week no.	Starting Monday	Reporting month	Weeks/ month
1	04-Jan-16	January	4
2	11-Jan-16	2016	
3	18-Jan-16		
4	25-Jan-16		
5	01-Feb-16	February	4
6	08-Feb-16	2016	
7	15-Feb-16		
8	22-Feb-16		
9	29-Feb-16	March	5
10	07-Mar-16	2016	
11	14-Mar-16		
12	21-Mar-16		
13	28-Mar-16		
14	04-Apr-16	April	4
15	11-Apr-16	2016	
16	18-Apr-16		
17	25-Apr-16		
18	02-May-16	May	4
19	09-May-16	2016	
20	16-May-16		
21	23-May-16		
22	30-May-16	June	5
23	06-Jun-16	2016	
24	13-Jun-16		
25	20-Jun-16		
26	27-Jun-16		
27	04-Jul-16	July	4
28	11-Jul-16	2016	
29	18-Jul-16		
30	25-Jul-16		
31	01-Aug-16	August	4
32	08-Aug-16	2016	
33	15-Aug-16		
34	22-Aug-16		
35	29-Aug-16	September	5
36	05-Sep-16	2016	
37	12-Sep-16		
38	19-Sep-16		
39	26-Sep-16		
40	03-Oct-16	October	4
41	10-Oct-16	2016	
42	17-Oct-16		
43	24-Oct-16		
44	31-Oct-16	November	4
45	07-Nov-16	2016	
46	14-Nov-16		
47	21-Nov-16		
48	28-Nov-16	December	5
49	05-Dec-16	2016	
50	12-Dec-16		
51	19-Dec-16		
52	26-Dec-16		

Weekly schedule for 2017

Week no.	Starting Monday	Reporting month	Weeks/ month
1	02-Jan-17	January	5
2	09-Jan-17	2017	
3	16-Jan-17		
4	23-Jan-17		
5	30-Jan-17		
6	06-Feb-17	February	4
7	13-Feb-17	2017	
8	20-Feb-17		
9	27-Feb-17		
10	06-Mar-17	March	4
11	13-Mar-17	2017	
12	20-Mar-17		
13	27-Mar-17		
14	03-Apr-17	April	4
15	10-Apr-17	2017	
16	17-Apr-17		
17	24-Apr-17		
18	01-May-17	May	5
19	08-May-17	2017	
20	15-May-17		
21	22-May-17		
22	29-May-17		
23	05-Jun-17	June	4
24	12-Jun-17	2017	
25	19-Jun-17		
26	26-Jun-17		
27	03-Jul-17	July	5
28	10-Jul-17	2017	
29	17-Jul-17		
30	24-Jul-17		
31	31-Jul-17		
32	07-Aug-17	August	4
33	14-Aug-17	2017	
34	21-Aug-17		
35	28-Aug-17		
36	04-Sep-17	September	4
37	11-Sep-17	2017	
38	18-Sep-17		
39	25-Sep-17		
40	02-Oct-17	October	5
41	09-Oct-17	2017	
42	16-Oct-17		
43	23-Oct-17		
44	30-Oct-17		
45	06-Nov-17	November	4
46	13-Nov-17	2017	
47	20-Nov-17		
48	27-Nov-17		
49	04-Dec-17	December	4
50	11-Dec-17	2017	
51	18-Dec-17		
52	25-Dec-17		