

BROILER INDUSTRY PRODUCTION REPORT: MARCH 2017

- ***We have revised the method with which we calculate non-participant stats and have implemented these changes from January 2017 onwards, hence the output has been slightly amended. We encourage your participation to ensure that our model output is as accurate as possible.***
- 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

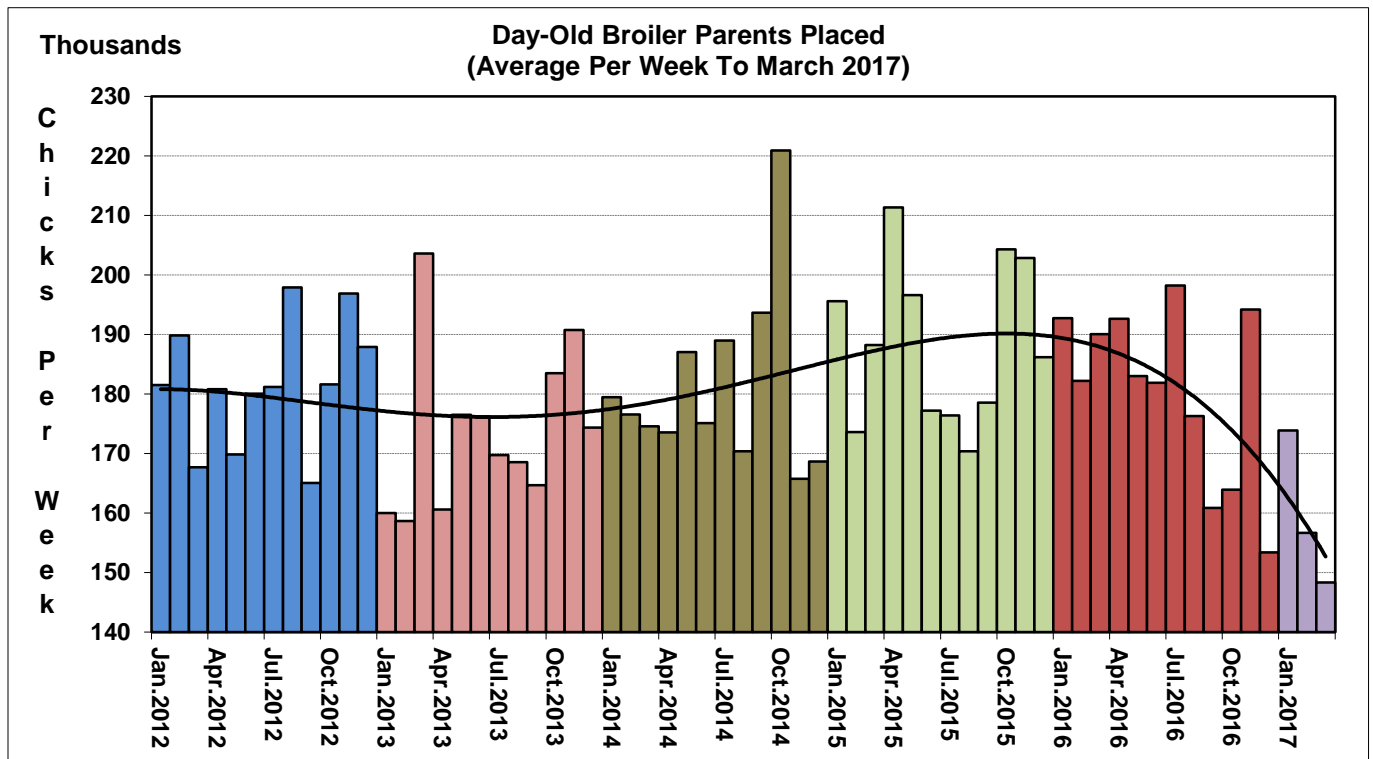
DISCLAIMER: INFORMATION IN THIS REPORT REFLECTS ASSUMPTIONS AND ALSO ACTUAL DATA. THE PROJECTIONS PRESENTED IN THE REPORT ARE BASED UPON SPECIFIC PRODUCTION STANDARDS AND INDICATE HISTORIC AND FORECASTED TRENDS ONLY.

1. BROILER BREEDERS

Day-old parent pullets placed

An average of 148 300 day-old parent pullets was placed per week in March 2017 (Graph 1). This was a decrease of 8 300 parent pullets (-5.3%) compared to the previous month and a decrease of 41 800 parent pullets (-22.0%) compared to the same month of the previous year.

In total 667 400 day-old parent pullets were placed in March 2017; this was a month-on-month increase of 40 800 parent pullets (+6.5%) and a year-on-year decrease of 188 000 parent pullets (-22.0%).

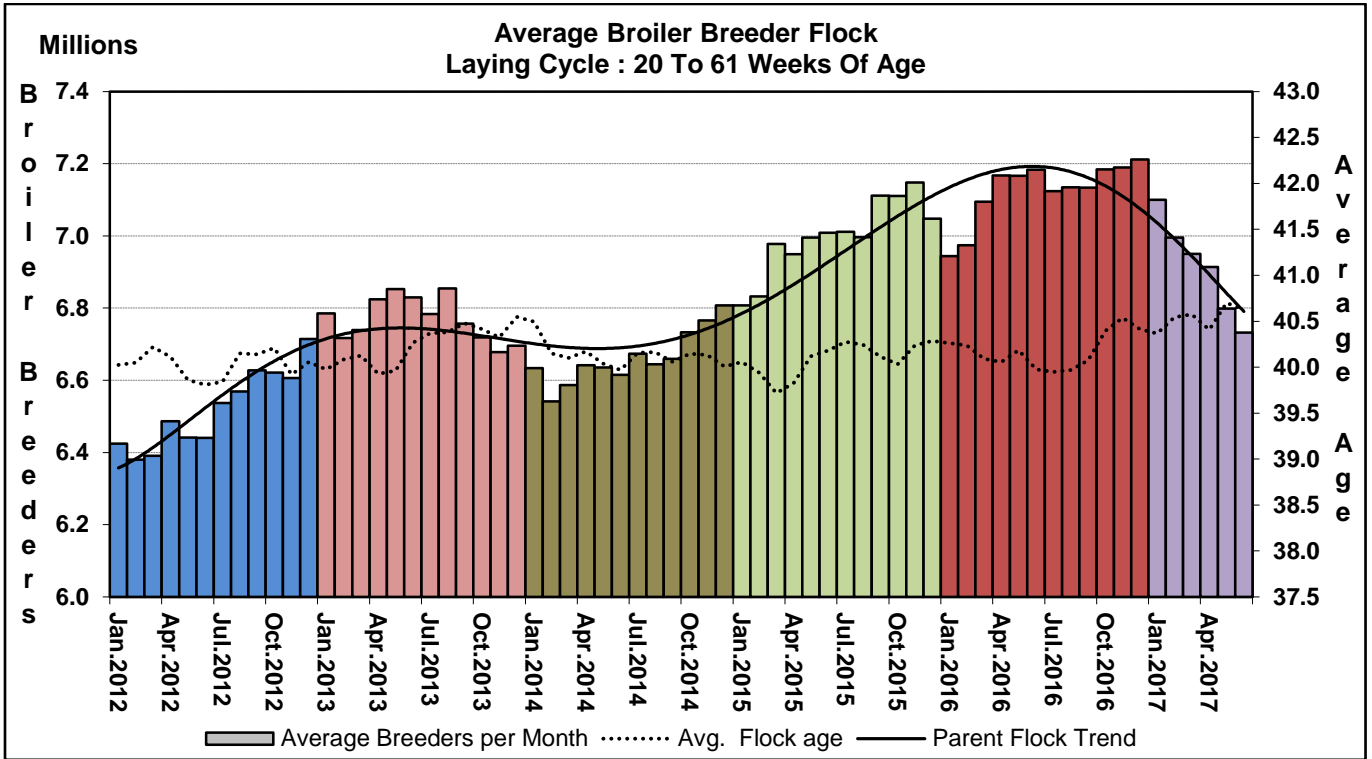


GRAPH 1: Day-old broiler female parents placed

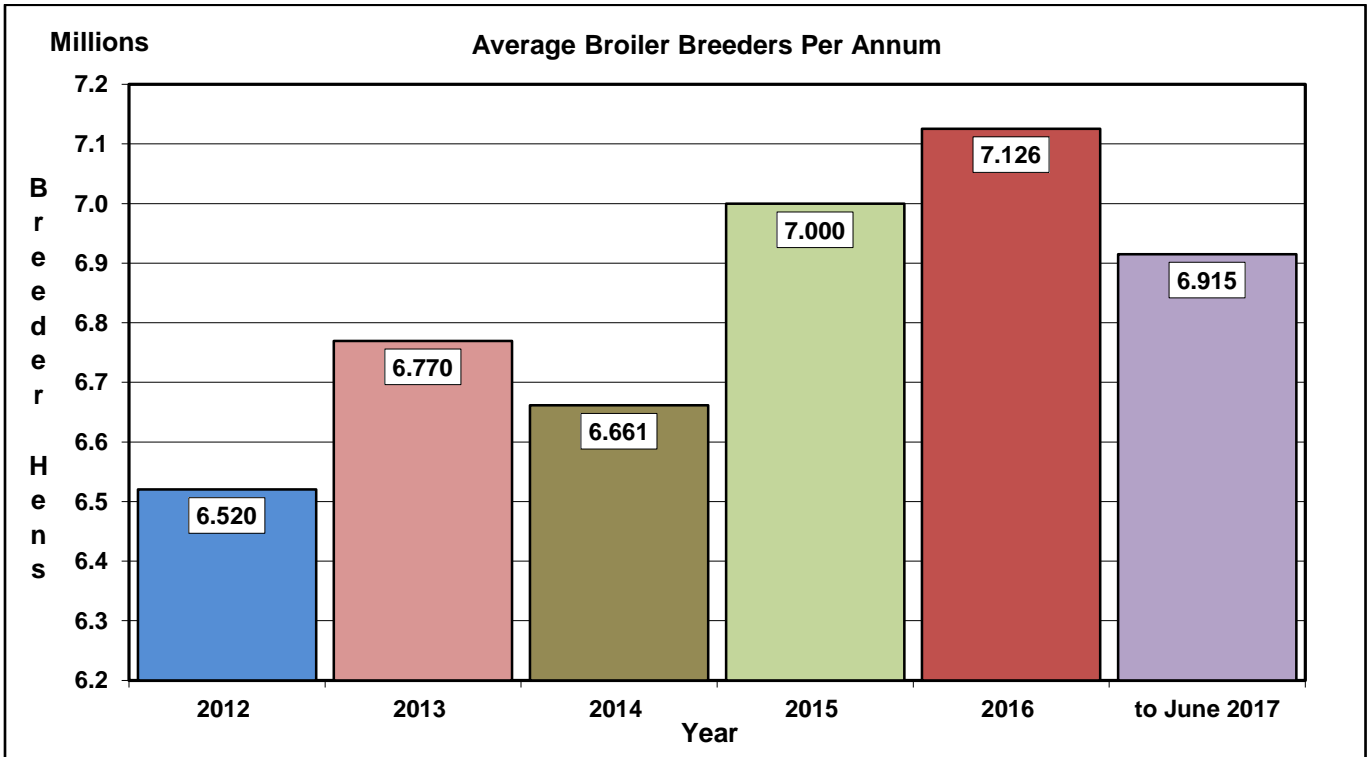
Broiler breeder flock

The average number of breeder hens for the month under review was 6.950 million (Graph 2). This was a decrease of 45 500 hens (-0.7%) compared to February 2017, and a decrease of 144 900 hens (-2.0%) compared to March 2016. The average age of the breeder flock was 40.6 weeks.

By June 2017 the breeder flock is expected to comprise 6.732 million hens; a 3.1% decrease on March's figure. The average number of breeder hens for January to June of 2017 is forecasted to be 6.915 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:

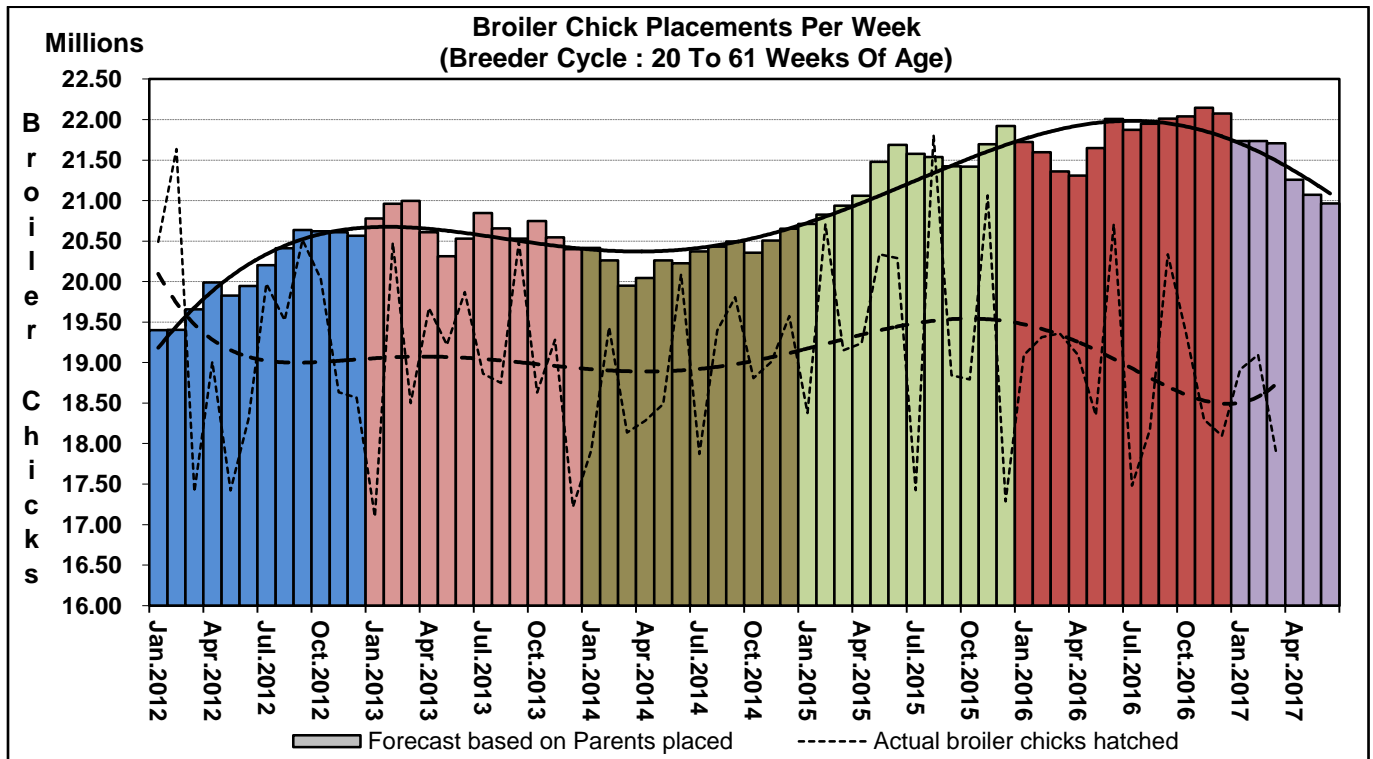
Broiler hatcheries produced 17.897 million day-old chicks per week in March 2017 (Graph 4, dotted line). Compared to February 2017 this was a decrease of 1.201 million chicks (-6.3%). Compared to March 2016 this was a decrease of 1.463 million chicks (-7.6%).

In total 80.538 million broiler chicks were hatched during the month under review.

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

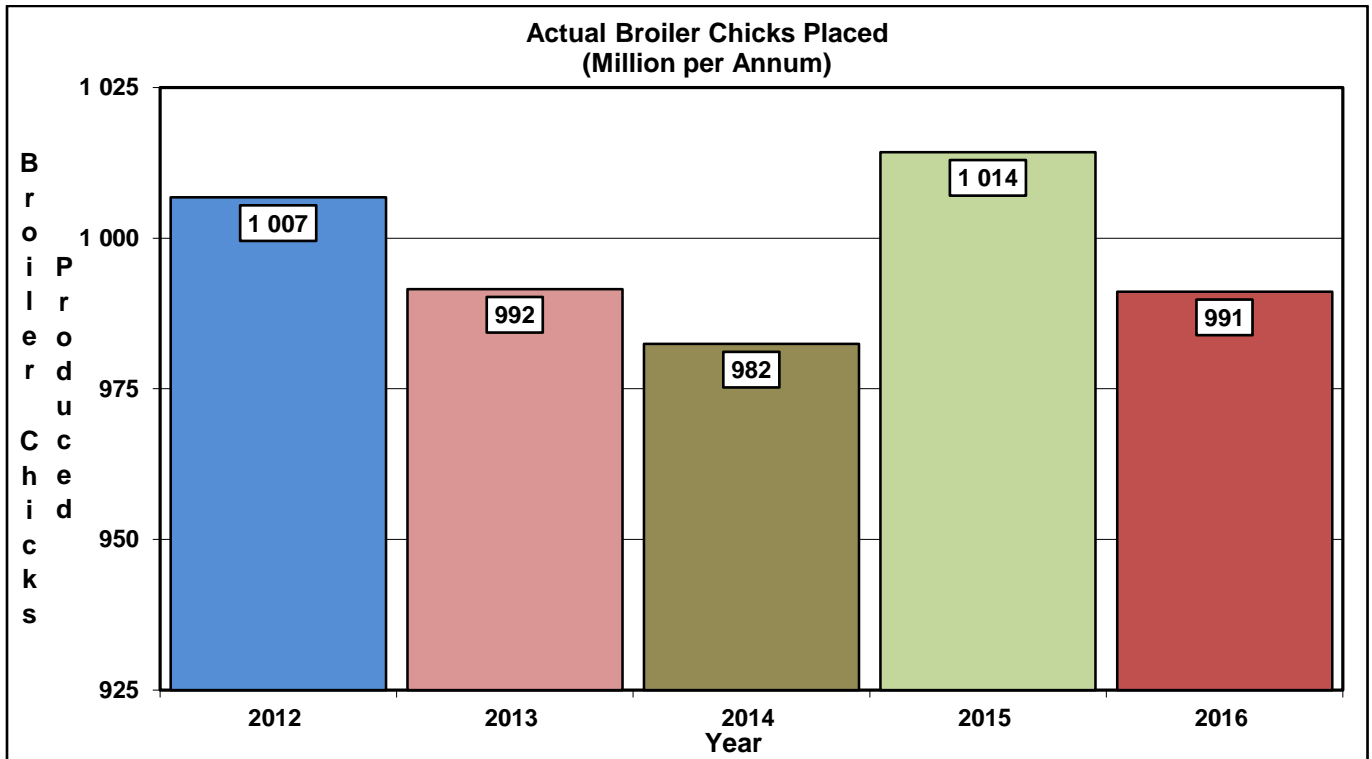
Industry Potential:

Based on the forecasting model, potential production of 21.708 million broiler chicks per week was projected for March 2017. Actual production was 3.810 million chicks (-17.6%) 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 for January to March 2017 accounted for an average of only 3.6% of the difference between the actual and potential figure.



GRAPH 4: Day-old chick placements per week

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



GRAPH 5: Actual broiler chicks placed per annum

3. BROILER PRODUCTION

Actual production:

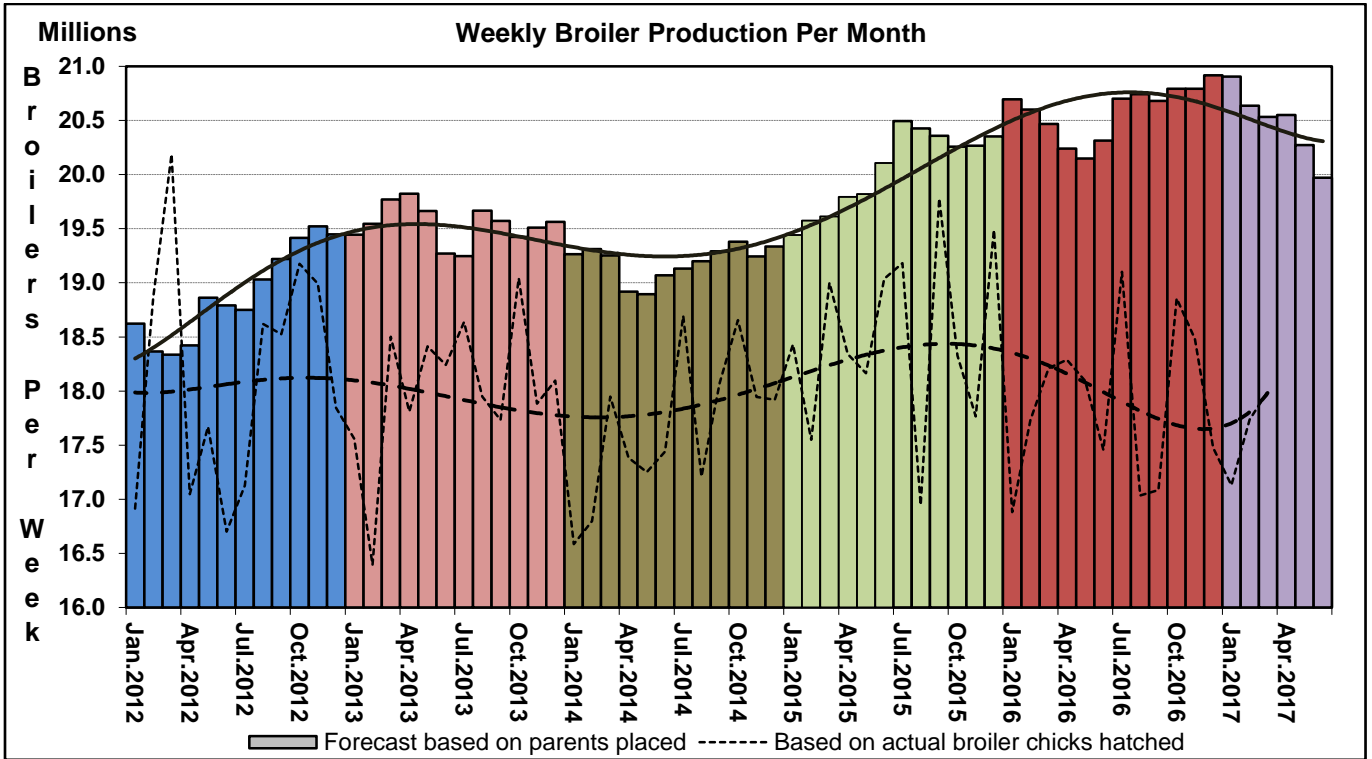
On average, 18.000 million broilers were produced per week in March 2017 (Graph 6). This was 0.264 million birds (+1.5%) more than the previous month and 0.211 million birds (-1.2%) less than the same month of the previous year.

In total 79.714 million broilers were produced for slaughter in the month under review.

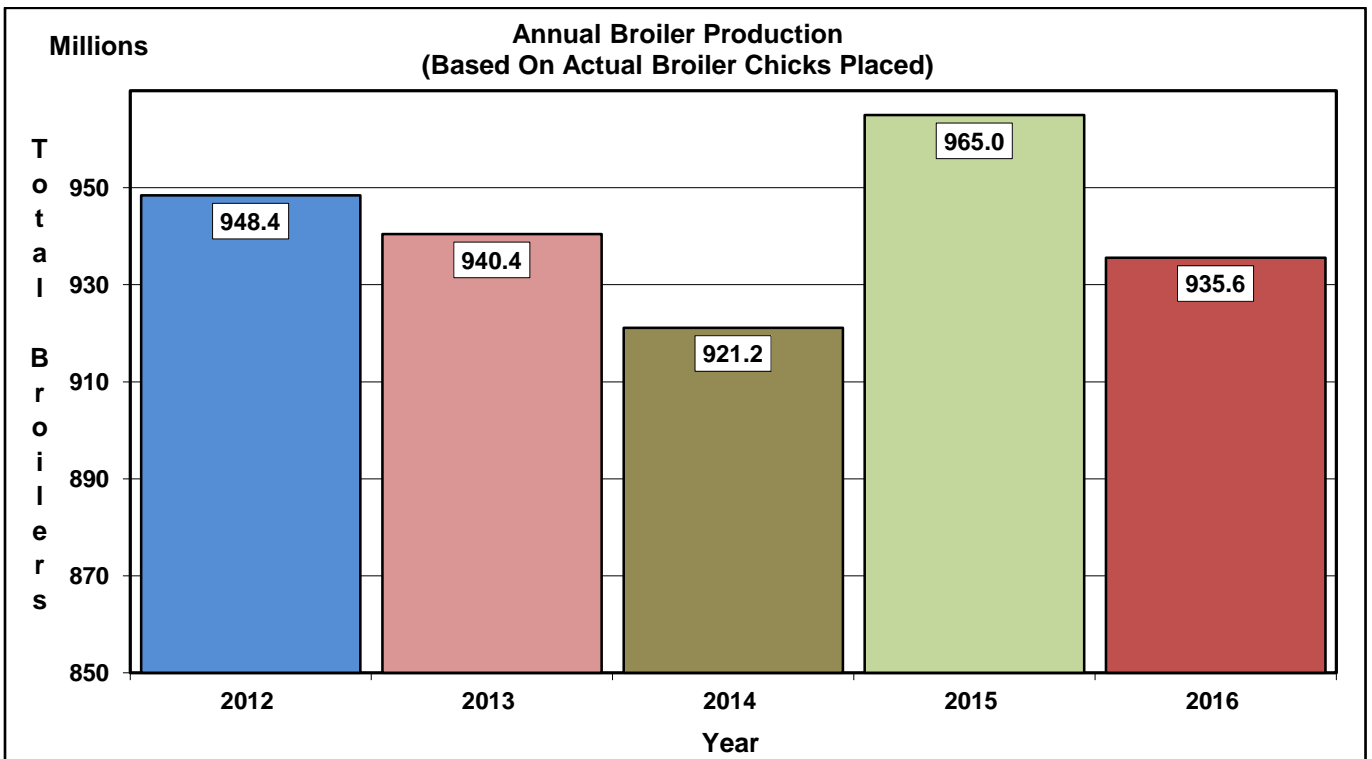
Annual broiler production, from 2012 to 2016, is shown in Graph 7. Annual average production per week for the same period is illustrated in Graph 8.

Industry Potential:

Potentially 20.533 million broilers per week were projected for slaughter in March 2017. Actual production per week was 12.3% less.

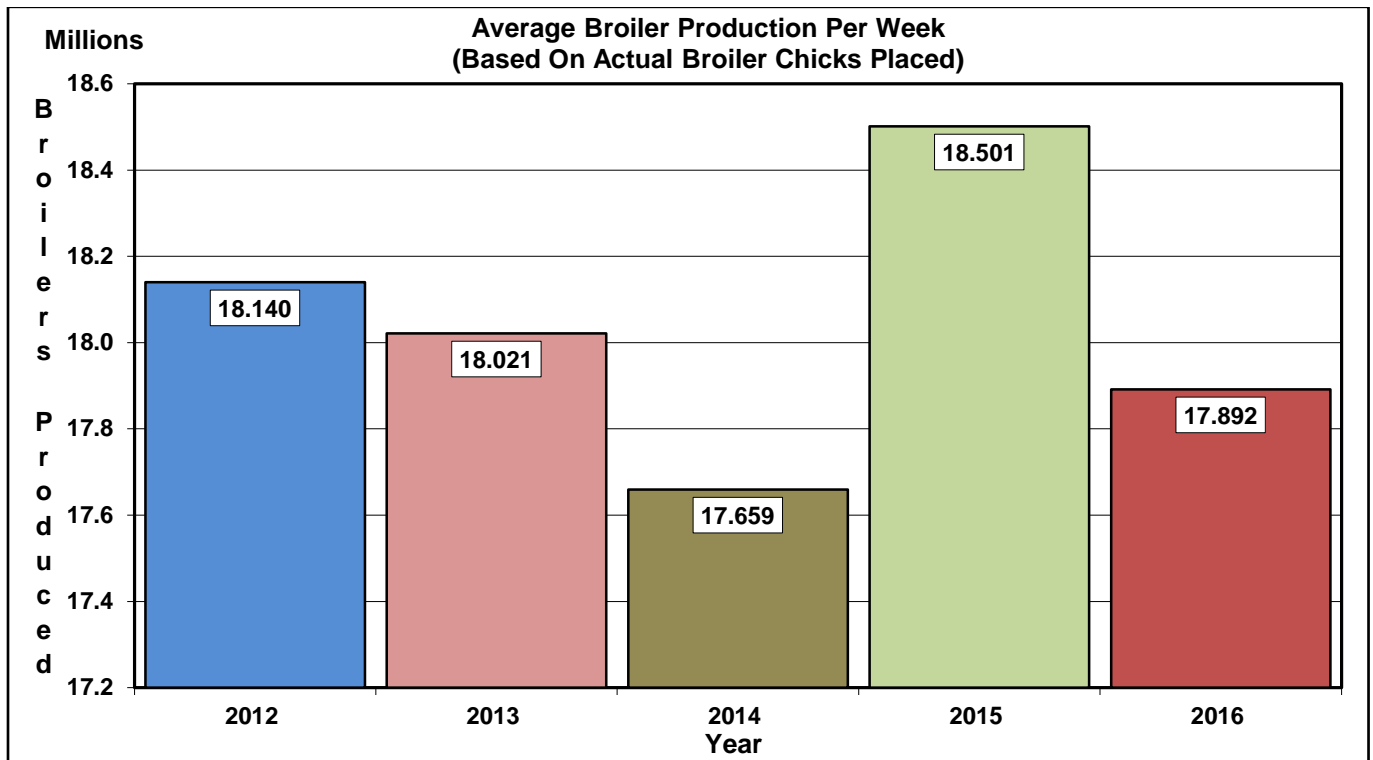


GRAPH 6: Average number of broilers slaughtered per week



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.



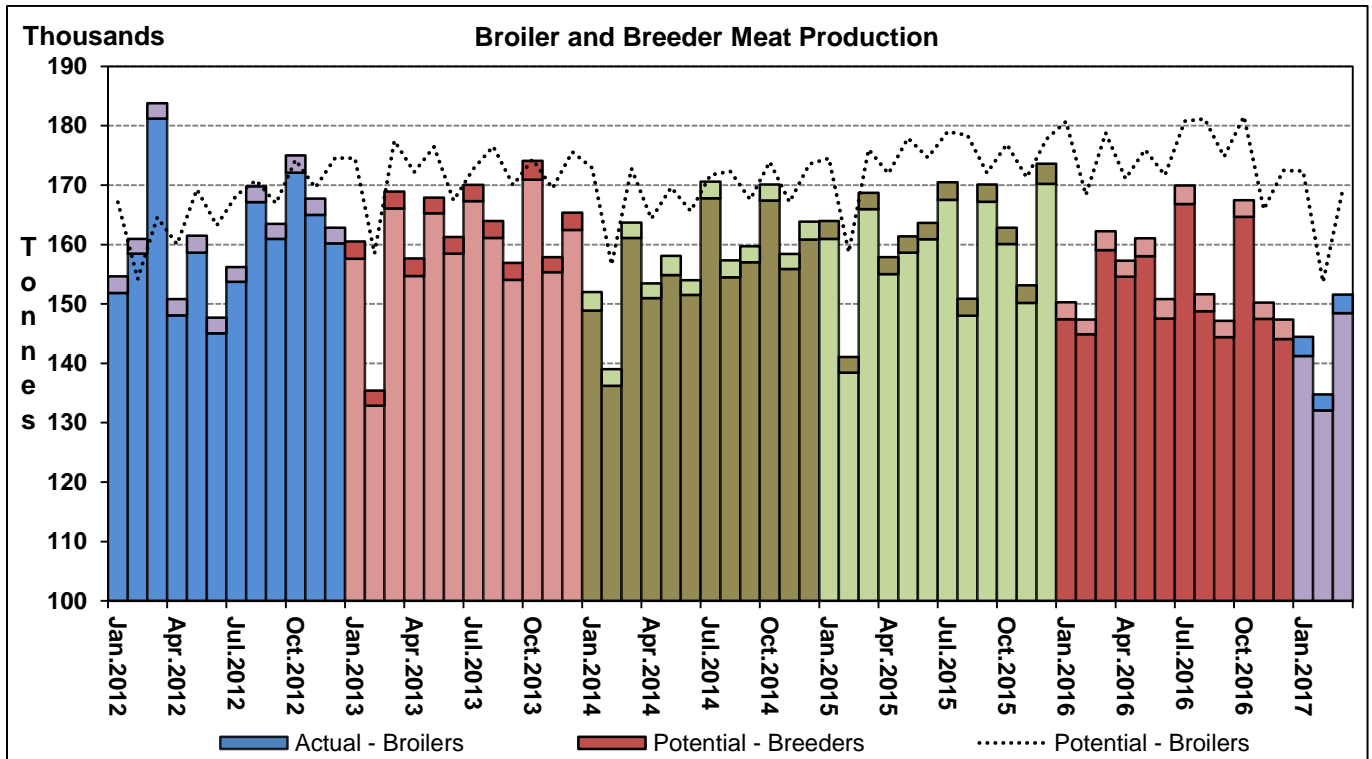
GRAPH 8: Average weekly production per annum

3. BROILER AND BREEDER MEAT PRODUCTION

The forecasting model predicted 3 170 tonnes would result from the culling of breeder hens and cocks in March 2017. This was 480 tonnes (+17.8%) more than February 2017, and 30 tonnes (-0.9%) less than March 2016.

Actual tonnes of broiler meat produced in March 2017 was 148 400. This was 16 300 tonnes (+12.4%) more than February 2017, and 10 600 tonnes (-6.7%) less than March 2016. Actual production was 20 900 tonnes (-12.3%) less than that which was predicted by the forecasting model for March 2017.

Broiler and breeder meat combined resulted in 151 600 tonnes in March 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

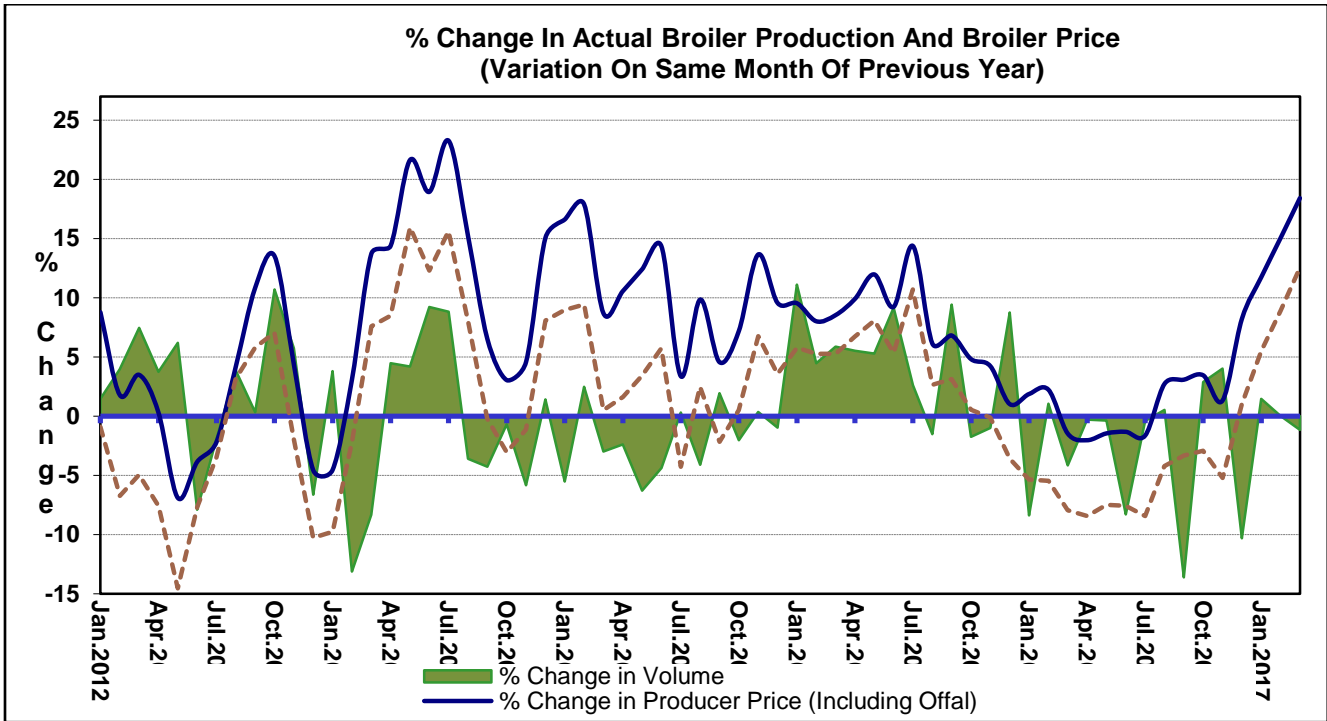
4. BROILER VOLUME AND PRICE

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 March 2017.

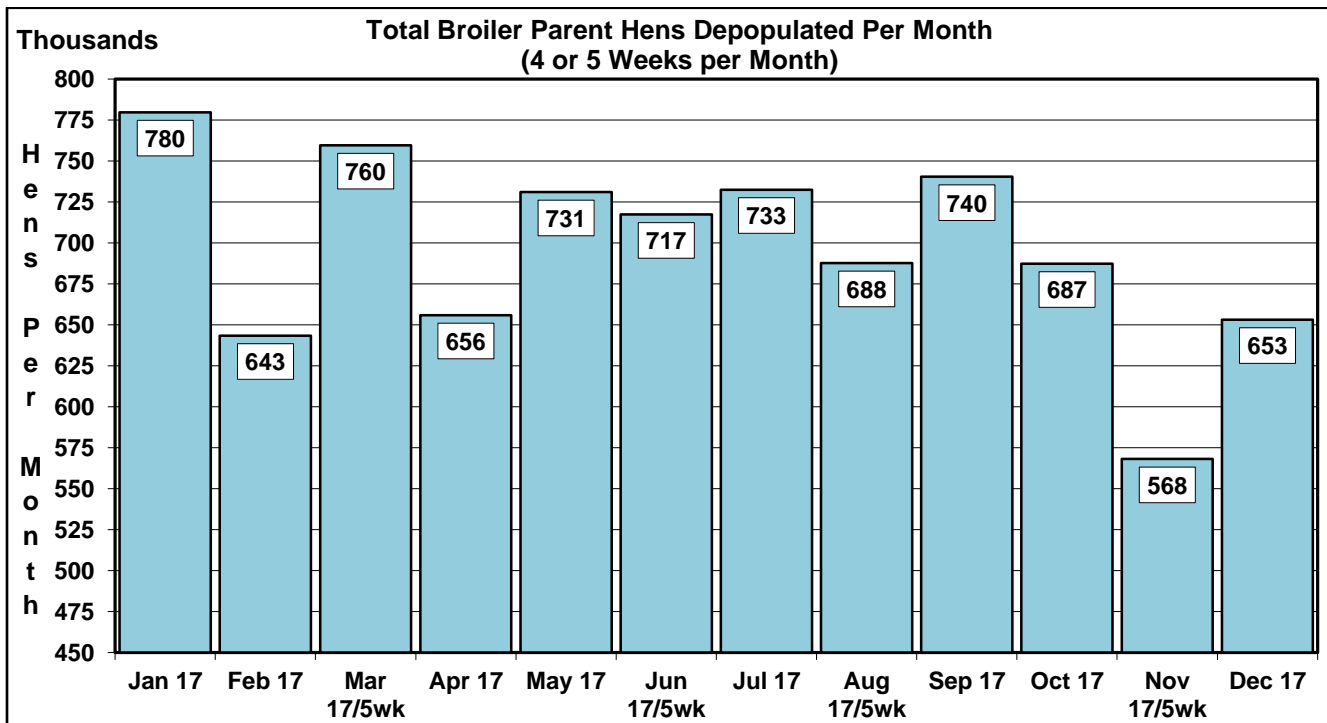
The PPI deflated price (the brown dotted line on Graph 10) is a measure of real producer price increases without the effect of inflation. Broiler producers enjoyed positive growth in the producer price from October 2014 to October 2015. This trend began to change in late 2015 and remained negative until 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 June 2017, 717 300 old hens will be depopulated from broiler breeder farms.



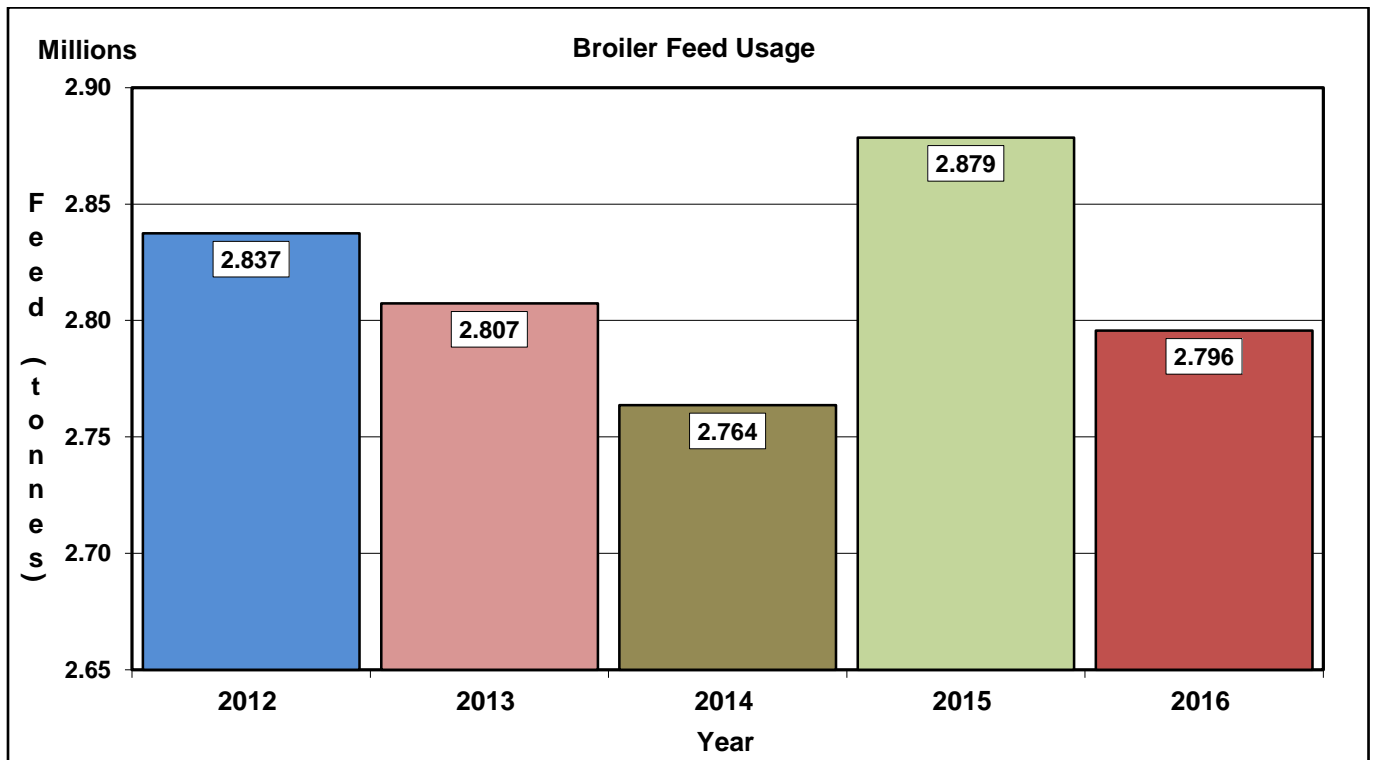
GRAPH 11: Monthly depopulation of broiler parent hens at 61 weeks of age

6. FEED USAGE

The estimated feed tonnages for March 2017 are as follows:

- Broiler breeder rearing: 7 475 tonnes;
- Broiler breeder laying: 36 711 tonnes;
- Broiler: 233 890 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 - March 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
March 2017	18	31	667 416	148 315	6 950 181	80 538 277	17 897 395	79 713 623	17 999 850
February 2017	16	28	626 647	156 662	6 995 674	76 391 862	19 097 965	70 942 558	17 735 640
Change			40 769	-8 347	-45 493	4 146 415	-1 200 571	8 771 065	264 211
% Change			6.51%	-5.33%	-0.65%	5.43%	-6.29%	12.36%	1.49%
Year on Year	/Month	/Month	/Month	/Week	Average	/Month	/Week	/Month	/Week
March 2017	18	31	667 416	148 315	6 950 181	80 538 277	17 897 395	79 713 623	17 999 850
March 2016	18	31	855 375	190 083	7 095 037	87 123 400	19 360 756	80 649 890	18 211 266
Change			-187 960	-41 769	-144 856	-6 585 123	-1 463 361	-936 267	-211 415
% Change			-21.97%	-21.97%	-2.04%	-7.56%	-7.56%	-1.16%	-1.16%
Full year forecast	/Year	/Year	/Year	/Week	Average	/Year	/Week	/Year	/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%
YTD forecast	/Period	/Period	/Period	/Week	Average	/Period	/Week	/Period	/Week
Jan>Mar 2017	52	90	2 076 585	159 623	7 015 382	242 042 111	18 636 377	226 512 776	17 621 466
Jan>Mar 2016	52	91	2 448 952	188 348	7 004 384	250 349 377	19 255 623	228 883 197	17 609 124
Change			-372 367	-28 724	10 998	-8 307 266	-619 245	-2 370 421	12 342
% Change			-15.21%	-15.25%	0.16%	-3.32%	-3.22%	-1.04%	0.07%

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

Any and all information, data, know-how, documentation, materials and other communications, written or oral, which are disclosed or provided to SAPA or its designees by a SAPA member shall be regarded as confidential information belonging to that member and will not be disclosed to any other member

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

Age (weeks)	Henday Production						Hen housed Production					Survival rate	Mort.rate /week
	ROL %	Total eggs/wk	Hatching Eggs %	Eggs set per hen	Hatch %	Chicks/ Hen	ROL %	Total eggs/wk	Eggs set per hen	Chicks/ Hen	Cum. chicks/ Hen		
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										1.86	130.59		
66										1.73	132.31		
67										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		