



SOUTH AFRICAN POULTRY ASSOCIATION

Founded 1904

BROILER PRODUCER PRICE REPORT FOR AUGUST 2018

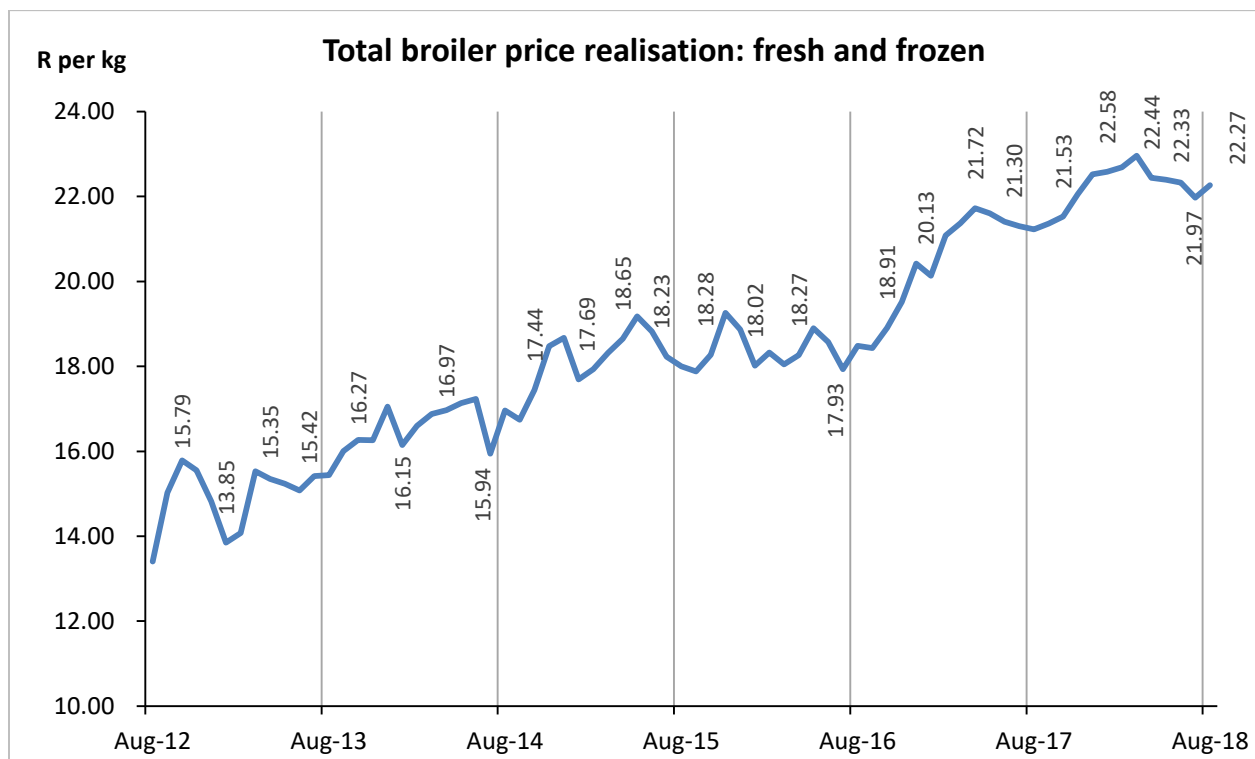
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For a definition of the Producer Price and Sundries referred to in this document, see the end of this report

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MONTHLY BROILER PRODUCER PRICE:

- TOTAL REALISATION**

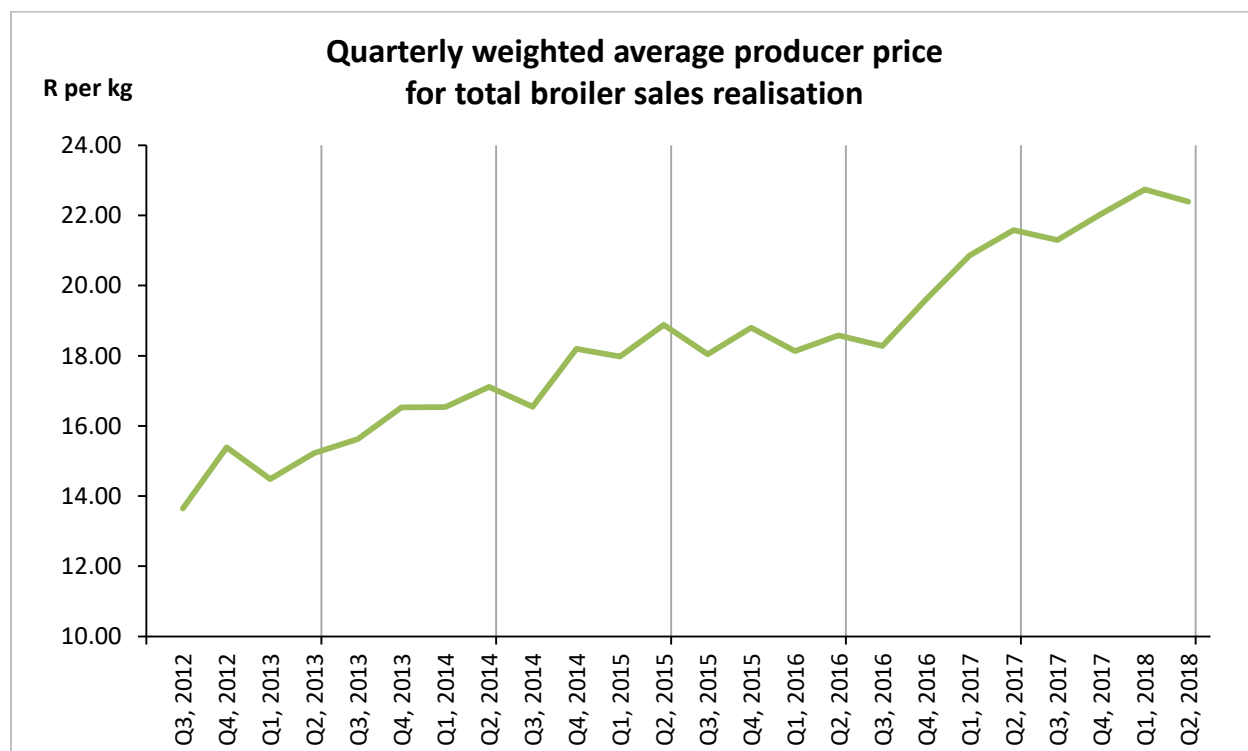


In August 2018, the *monthly* broiler producer price increased by 1.3 % (+ R0.29). The broiler producer price was estimated at R22.27 per kg. Compared with August 2017, this price has increased by 4.9 % (+ R1.04). The overall monthly price change in August 2018 was the result of an increase in the producer price for frozen chicken and a small decrease in the price of fresh broiler product. The monthly data for 2015, 2016, 2017 and 2018 YTD are provided in the table below.

Weighted average producer price for total broiler sales realisation
(less all discounts, rebates, ad spend, secondary distribution, VAT)

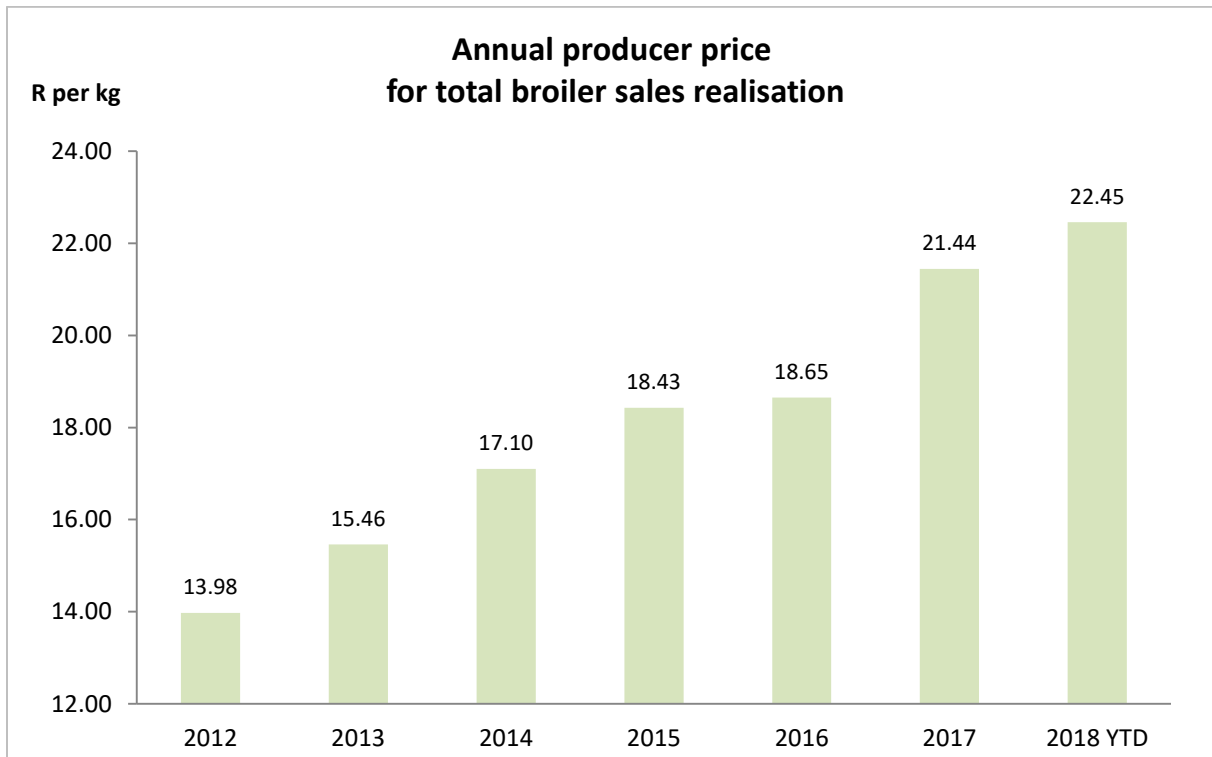
Month	2015 R/kg	2016 R/kg	2017 R/kg	2018 YTD R/kg
January	17.69	18.02	20.13	22.58
February	17.93	18.33	21.09	22.69
March	18.32	18.05	21.37	22.96
April	18.65	18.27	21.72	22.44
May	19.18	18.90	21.61	22.39
June	18.82	18.57	21.41	22.33
July	18.23	17.93	21.30	21.97
August	18.00	18.49	21.23	22.27
September	17.88	18.43	21.36	
October	18.28	18.91	21.53	
November	19.26	19.51	22.05	
December	18.87	20.42	22.52	

The *quarterly* producer price for total realisation of broiler meat is given in the graph below:



The average total realisation price for the second *quarter* (2Q 2018) was R22.39 per kg, a decrease of 1.6 % in comparison with the 1Q 2018 but an increase of 3.75 % in comparison with 2Q 2017. The average producer price for broilers for the year 2017 was R21.44; an increase of R2.79 in comparison with 2016 (R18.65, + 15 %).

In the following graph, the *yearly* average producer price since 2012 is shown.



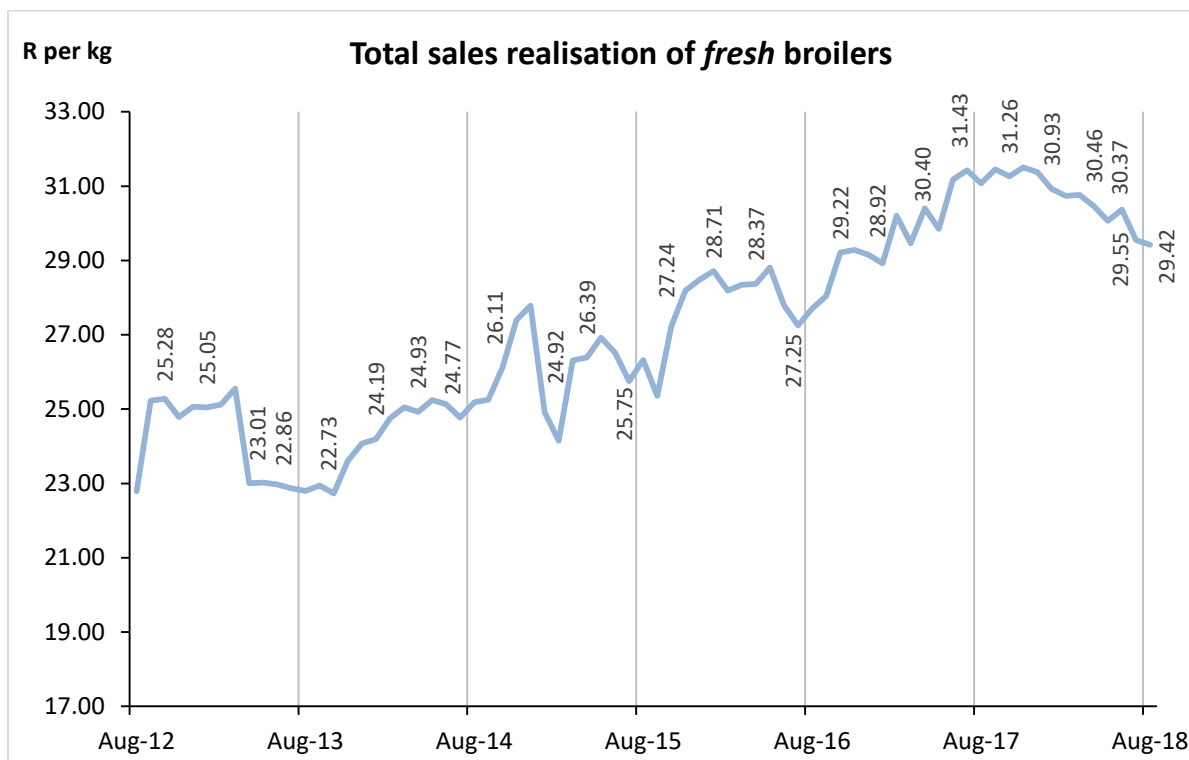
The average *yearly* price (per kg) for net sales realisation for the past four years:

2017	R 21.44	+ 15.0 %	over 2016
2016	R 18.65	+ 1.2 %	over 2015
2015	R 18.43	+ 7.8 %	over 2014
2014	R 17.10		

In the two graphs that follow, the TOTAL REALISATION (as presented in the first graph above) is separated into: 'Total realisation of fresh product' and 'Total realisation of frozen product'.

FRESH PRODUCT

In August 2018, the *monthly* producer price for fresh broilers decreased by 0.43 % to R29.42 per kg in comparison with the previous month (- R0.13), and decreased by 5.31 % (- R1.65) on a yearly basis.



The average realisation price for *fresh* product in the second *quarter* (2Q 2018) was R30.30 per kg; a decrease of 1.7 % in comparison with the 1Q 2018 and a decrease of 0.6 % in comparison with the same quarter in 2017 (R30.48).

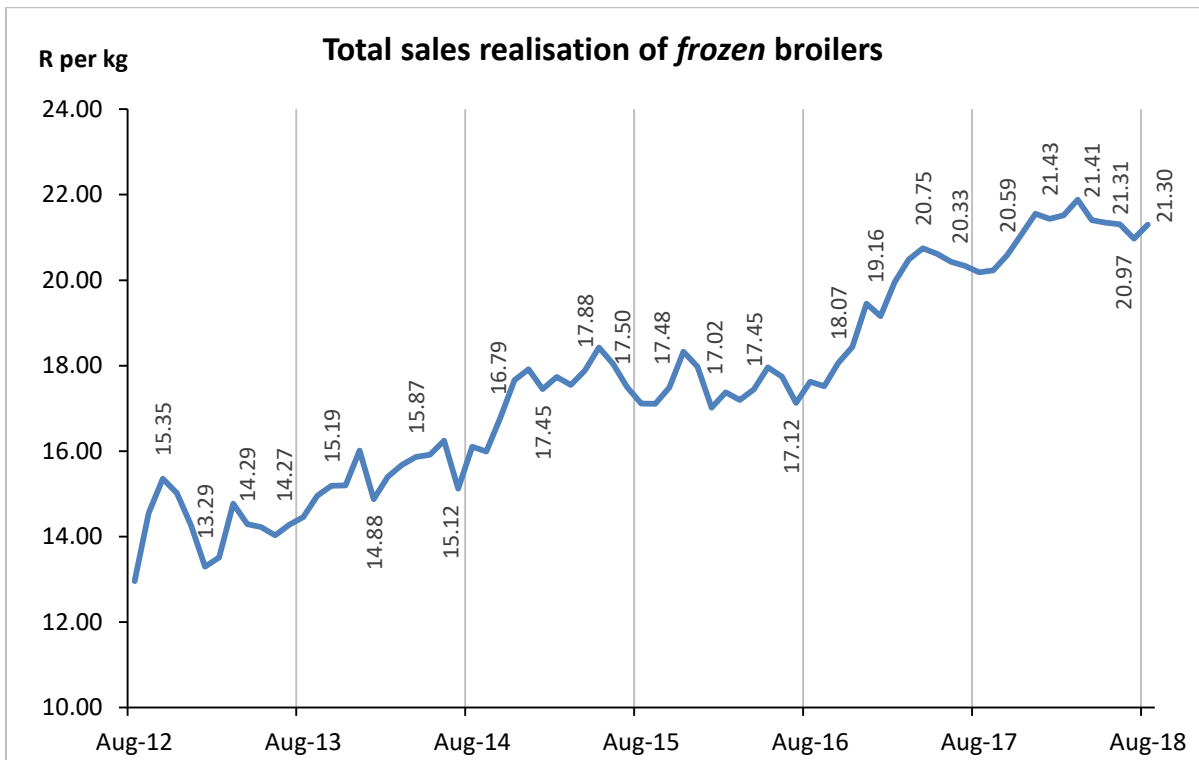
The average *yearly* price (per kg) for net sales realisation for the past four years:

2017	R 30.68	+ 8.0 % over 2016
2016	R 28.41	+ 8.1 % over 2015
2015	R 26.28	+ 3.5 % over 2014
2014	R 25.48	

- FROZEN PRODUCT**

In August 2018, the producer price for *frozen* broilers increased to R21.30 per kg. This is an increase of 1.6 % (+ R0.33) when compared to the previous month and, in comparison with the same month in the previous year, represents an increase in revenue of 5.6 % (+R1.12).

The average realisation price for *frozen* product in the second *quarter* (2Q 2018) was R21.35 per kg, a decrease of 1.2 % in comparison with the 1Q 2018 but an increase of 3.7 % in comparison with 2Q 2017.



The average *yearly* price (per kg) for net sales realisation, including offal, for *frozen* product for the last 4 years:

2017	R 20.44	+	15.2	% over 2016
2016	R 17.75	+	0.2	% over 2015
2015	R 17.72	+	9.8	% over 2014
2014	R 16.13			

The year-on-year increase in prices in 2017 is put in perspective by the overall annual increase in the producer price between 2015 and 2016. The average increase of only 0.2 %, despite huge drought-related increases in feed prices, suggests the 2017 increase in price is a long overdue correction.

PROPORTION OF FROZEN AND FRESH PRODUCT

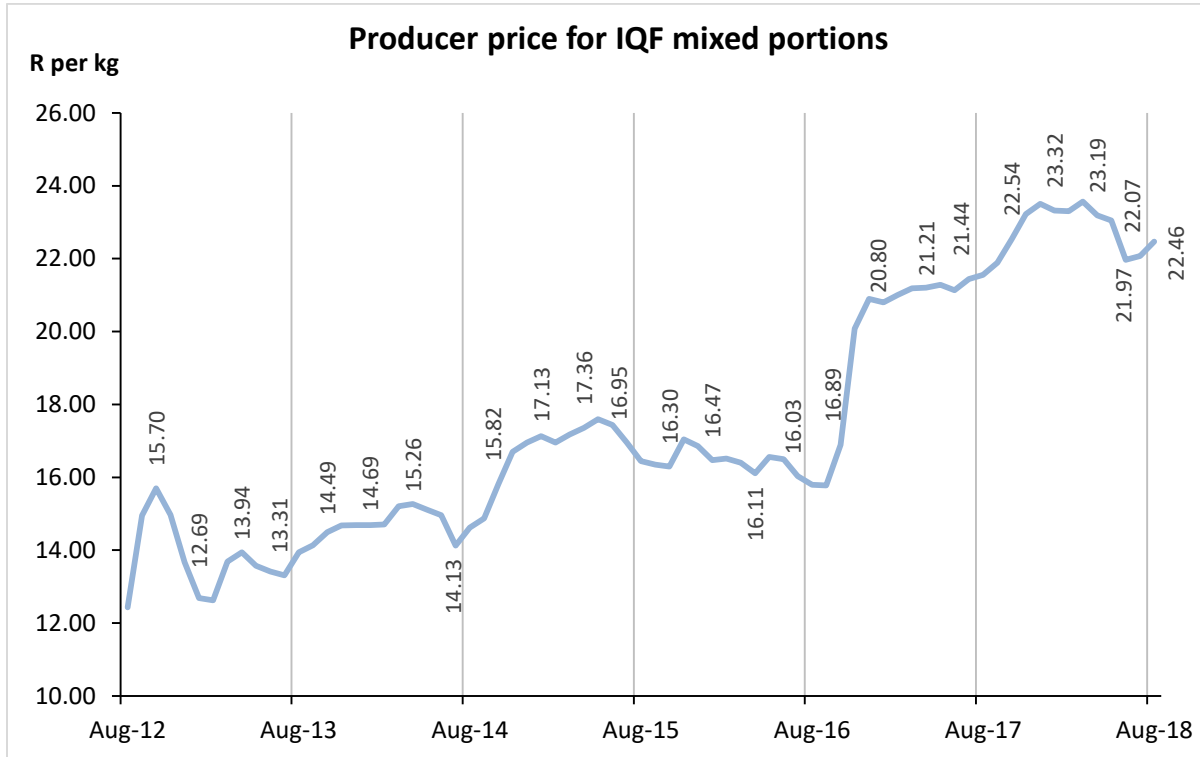
According to the participants in the monthly pricing survey, frozen meat contributed 88.1 % of total sales during August 2018 and fresh meat contributed the remaining 11.9 %.

During 2017 as a whole, frozen meat contributed 90.2 % to total sales and fresh meat contributed the remaining 9.8 %. During 2016, frozen meat contributed 91.5 % to total sales and fresh meat contributed the remaining 8.5 %.

WEIGHTED AVERAGE PRODUCER PRICE OF IQF MIXED PORTIONS

Producer price for August 2018: R22.46 per kg

- if compared to previous month: + 1.8 %
- if compared to same month in previous year: + 4.2 %



The average producer price (per kg) for IQF mixed portions for the past four years:

2017	R 21.73	+ 27.8 %	over 2016
2016	R 17.00	+ 0.2 %	over 2015
2015	R 16.97	+ 11.2 %	over 2014
2014	R 15.25		

WEIGHTED AVERAGE PRODUCER PRICE FOR WHOLE FROZEN FOWL

Producer price for August 2018: R22.97 per kg

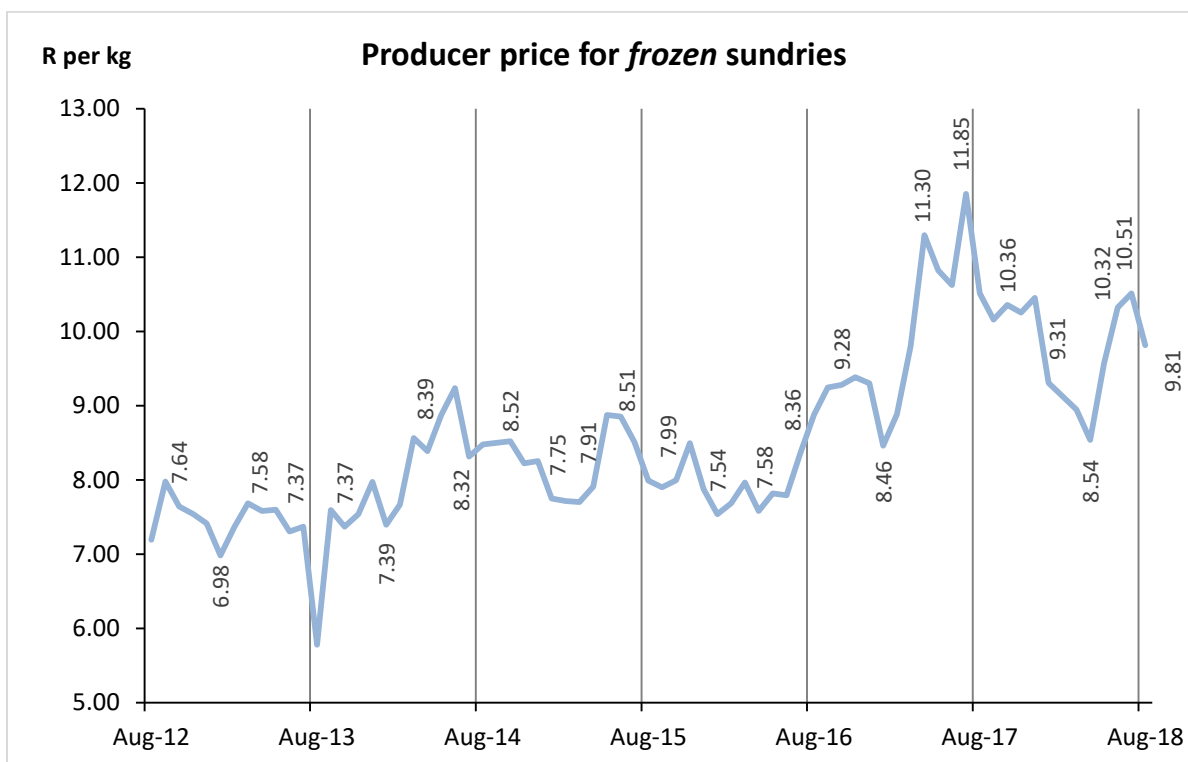
- if compared to previous month : + 6.1 %
- if compared to same month in previous year: + 4.2 %

The average weighted producer price (per kg) for whole frozen fowl for the past four years:

2017	R 21.78	+	12.1	% over 2016
2016	R 19.41	-	5.8	% over 2015
2015	R 20.62	+	8.2	% over 2014
2014	R 19.05			

WEIGHTED AVERAGE PRODUCER PRICE FOR FROZEN SUNDRY PRODUCTS

Sundry products include liver, necks, neck skins, hearts, gizzards, heads and feet, and mala.



Producer price for August 2018: R10.51 per kg

- if compared to previous month : - 6.6 %
- if compared to same month in previous year: - 6.7 %

The average producer price (per kg) for frozen sundries for:

2017	R 10.29	+	22.5	% over 2016
2016	R 8.40	+	3.3	% over 2015
2015	R 8.13	-	2.8	% over 2014
2014	R 8.37			

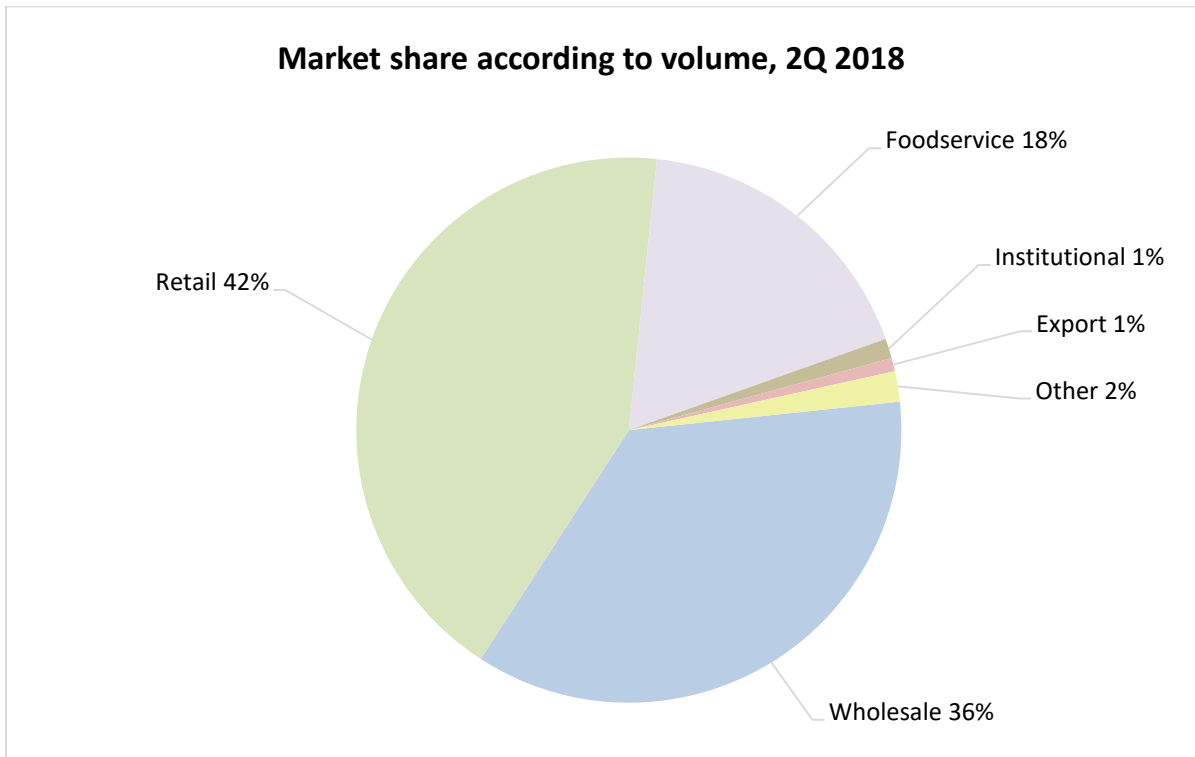
FEED PRICE INDICATOR:

R/tonne incl. distribution, excl. VAT	Jun 18	Jul 18	Aug 18
Broiler feed price	4 756	5 000	4 990
Broiler breeder feed price	3 763	4 085	4 003

Not all participants contribute to the Feed Price Statistics.

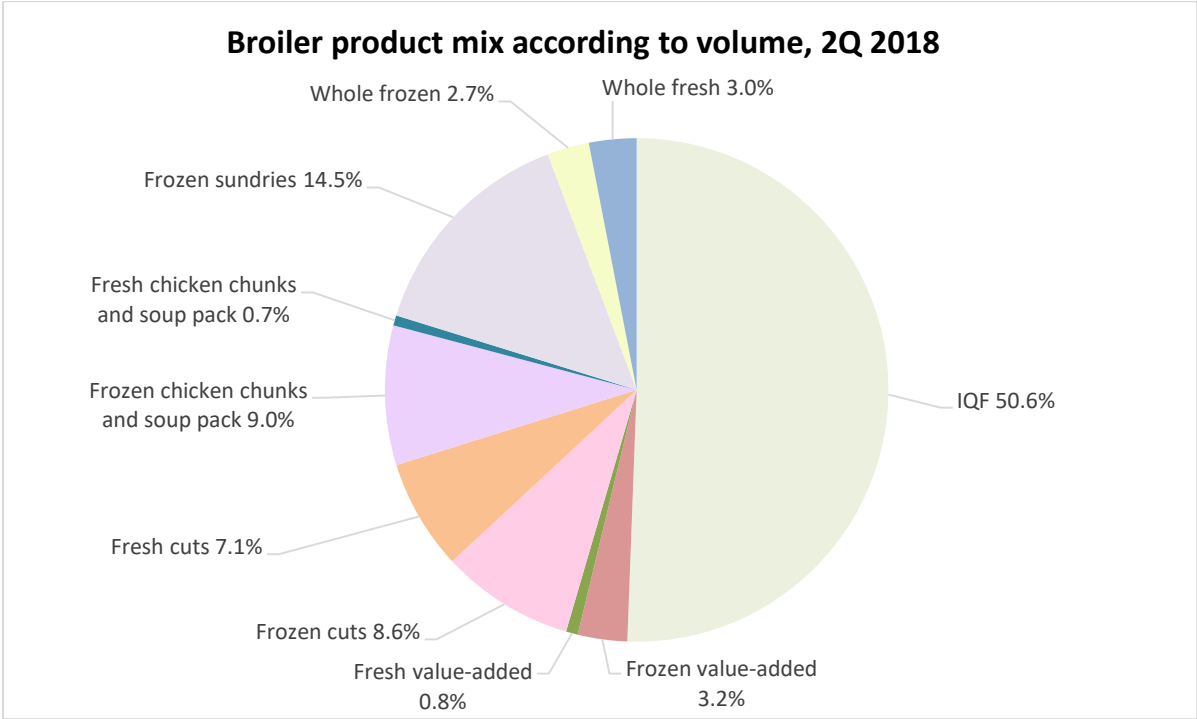
PLEASE NOTE: The reported broiler feed price is an indicator and is presented to demonstrate trends in feed prices. A sample group of producers supply the phase feed prices and a weighted average price is calculated, including distribution, excluding medication and additives and excluding VAT, measured in rand per tonne (R/t).

DISTRIBUTION OF SALES TO MARKETS:

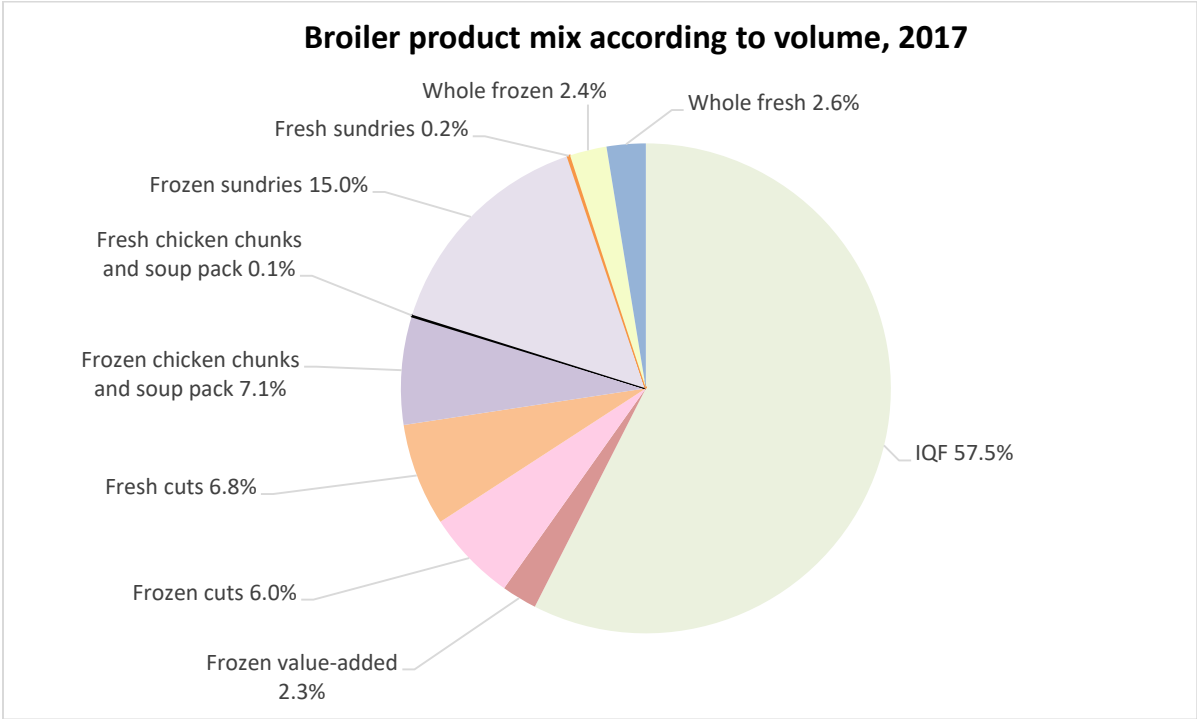


MARKET SHARE IN TERMS OF PRODUCT:

The following graph depicts the *quarterly* product mix of broiler meat, in terms of *volume*:



The following graph depicts the *annual* product mix of broiler meat, in terms of *volume*:



ALL PRICES: The respondents contributing to the “All Prices” stats represent approximately 55.3 % of the monthly SA broiler production, in volume terms (dressing %: 91.3 %).

# - Too little data to report on	Price (NSV R/kg)					
	Jun/18	Jul/18	Aug/18	Jun/18	Jul/18	Aug/18
<i>Product</i>	<i>Frozen</i>	<i>Frozen</i>	<i>Frozen</i>	<i>Fresh</i>	<i>Fresh</i>	<i>Fresh</i>
Whole chicken (with giblets)	20.95	21.64	22.97	#		
Braaipack	23.28	23.60	21.30	32.47	31.67	31.03
Breast	22.69	21.85	21.57	28.32	27.65	27.40
Thighs	24.22	24.14	24.23	36.38	35.63	35.30
Drums	#	#	#	34.83	34.98	34.71
Wings	31.54	32.03	31.65	36.46	35.96	35.75
Drums/thighs	23.73	24.29	24.21	35.38	34.56	33.25
Breast fillets	34.23	34.48	33.89	38.81	36.52	38.59
Chicken Chunks	17.57	17.15	15.97	#		
Soup Pack	12.82	13.17	12.24	#		
<i>IQF</i>						
Mixed Portions	21.97	22.07	22.46			
Thighs	22.15	22.45	21.78			
Breast	21.51	21.89	20.75			
Drumsticks	24.89	25.82	25.94			
Wings	27.13	25.59	27.04			
Filletted breast	28.14	28.73	28.78			
Other	23.55	23.04	22.19			
<i>Sundry products</i>	10.32	10.51	9.81	#		
<i>Value added: crumbed products</i>	#			#		
Total Realisation: value added	44.62	44.05	44.45	27.63	27.97	26.03
Total Realisation excl. sundries	23.19	23.23	23.31	30.37	29.55	29.42
<i>Total Realisation (NSV)</i>	21.31	20.97	21.30	30.37	29.55	29.42

DEFINITIONS:

Net Sales Value (NSV):

- Invoiced price
- Less volume discount.
- Less settlement discount.
- Less rebates (incl. advertising spent).
- Less any other discounts i.e. direct distribution etc.
- Less secondary distribution (i.e. from vector or cold chain to retail outlets e.g. Shoprite, PnP, etc.).
- Excluding VAT.
- The NSV amount must be the net income to the business.

Sundry Portions:

- Liver
- Necks
- Neck skin
- Mala (i.e.intestines, meaning the digestive track posterior of the gizzards)
- Hearts
- Gizzards
- Heads and feet

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