COUNTRY: ZAMBIA

BROILER INDUSTRY- FIRST QUARTER 2015

The broiler sub-sector in Zambia continued to experience sustained growth from the year 2000. This has been driven by the high demand for poultry meat in the domestic market owing to its lower price compared to other meat products like beef, lamb, fish and pork. The broiler sub-sector produces about 80% of poultry products in Zambia.

RECENT DEVELOPMENTS:

During the period under review, the poultry sector continued to record good and sustained annual growth rates which were mainly driven by the broilers and layers sub-sectors. Further, there has been an increase in demand for chicken, meat, table eggs and their processed products. Production of DOC grew by 9% from 68million chicks recorded in 2013 to 73.9 million chicks in 2014. The 2015 first quarter production is estimated at 21 597 485 broilers .

With the new investment by Zamhatch in a breeder farm, hatchery and production facilities, the industry is expected to post further growth in broiler production.

CONSUMER CONSUMPTION TRENDS:

The production of broilers was largely driven by high demand for poultry products due to very competitive prices when compared with other sources of animal proteins like beef, lamb, pork and fish. The live bird market remains the major channel through which most of the poultry birds are sold; however the growth of the middle income category in the Zambian population is driving this rise in the consumption of frozen chicken. At the end of 2014, per capita consumption of broiler chicken was estimated at about 9.2kg per capita.

INPUT COSTS:

Poultry stockfeed remains the major input in broiler production. The prices of stock feeds remained stable in the fourth quarter of 2014, however the scenario changed in the first quarter of 2015 with feed increases ranging between 7% to 29 % on different brands. The price increase has been execebated by the general increase in the cost of production due to inflationary effects and currency devaluation.

IMPORTS AND EXPORTS:

The broiler sector has been posting tremendous increase in production and upstream processing to satisfy a wide range of customers. However imports of processed frozen chickens through the chainstores and traders are threatening the sustenance of the local industry. Imports of mechanically deboned meat are a source of concern as the description in the import tariff code does not differentiate between chicken parts and chicken paste.

Democratic Republic of Congo remains the main export destination for Zambian poultry products including live birds, day old chicks, frozen chicken and shell eggs. On the other hand Namibia and Botswana remains the export destination for the day old chicks only.

POULTRY HEALTH AND DISEASE:

The industry did not experience any major poultry disease outbreak during the period under review. This was mainly due to intensified efforts of promoting good practices at farm level with emphasis on biosecurity among others especially at medium size and large commercial broiler production farms. Few incidences of disease outbreaks at small-scale farm levels were recorded during 2014. During the first quarter of 2015, the government intensified disease control measures, especially Newcastle diseases targeting the small-scale poultry farmers in rural parts of Zambia

CHALLENGES:

Despite the positive growth rates highlighted above, the poultry sector faced a number of challenges during the year under review. These ranged from the ban on backyard chicken rearing in Lusaka by the Lusaka City Council which has also been escallated to other districts like Kafue. This measure has mainly affected smallholder farmers in the urban areas of Lusaka.

Other major areas of concern include the recent increase in the prices of stockfeed, upward adjustement to the electricity tariffs, high bank interest rates which were mainly driven by the upward revision of the policy rate by the Bank of Zambia; the depreciation of the local currency against other tradable currencies which made the imports of drugs, vaccines and stockfeed ingredients (premixes) to be more expensive; unregulated fees and levies by District Councils unregulated imports of frozen chicken pieces mainly under the guise of Mechanically Debond Meat still remains a major challenge which may stifle further growth and expansion in the poultry sector in Zambia.

YEAR: 2014/2015

Quarter	**AVERAGE NET DAY OLD BROILER CHICK PLACEMENTS PER WEEK (add imports and subtract exports)**	**AVERAGE WEEKLY BROILER PRODUCTION (slaughterings)**	**AVERAGE WEEKLY BROILER PRODUCTION (live sales)***	**AVERAGE PRODUCER PRICE NET REALISATION (PER KG)**
	No of birds	**No of birds**	**No of birds**	**ZMW per kg**
4th Quarter 2014	1 452 211.00	406,619.00	1,045,591.00	17.63
1st Quarter 2015*	1 661 400.00*	465 000.60*	1 196 400.00*	17.85
TOTAL Fourth 2014 and First Quarter 2015	3 113 611.00	871,619.00	2,241,991.00	***17.74**

*Projections

EGG PRODUCTION

The layers sub-sector also continued to record good and sustained growth. Table egg production grew by about 18% from 899.725 million eggs produced in 2013 to an estimated production of 1,058.5 million eggs by the end of 2014. However, day old pullet chicks production reduced 50% from 2.4million pullet chicks in 2013 to an estimated 1.2 million pullet chicks by the end of 2014. This was mainly driven by the huge stock inlay and slow uptake of the pullets by the farmers owing to falling prices of eggs.

CONSUMER CONSUMPTION AND PRICE TRENDS:

The per capita annual consumption of eggs increased to slightly above 62 eggs per capita in 2014. This is mainly being driven by the competitive price of the table eggs compared to other sources of proteins.

The average prices for eggs experienced variations swinging from low to high and vice versa. Prices in the fourth quarter of 2014 show a downward price trend as more hens came into production and also due to more favourable weather conditions. This has contributed to a reduction in the producer profit margins for most farmers.

INPUT COSTS

Input costs during the fourth quarter of 2014 was stable. However the sub-sector has experienced adjustments in the prices of stockfeed averaging 8% across the different stockfeeds. Notably the price of pullet developer posted a higher increase compared to other stockfeeds like grower and starter feeds.

DISEASE AND ANIMAL HEALTH

Disease surveillance in the sector continued and no major diseases were recorded.

CHALLENGES

Challenges in the layers sub-sector are similar to the challenges identified under the broilers section. As indicated above, per capita consumption of eggs is still very low and various action plans have been formulated to stimulate consumption.

EGG INDUSTRY: YEAR: 2015

Quarter	TOTAL NUMBER OF POINT OF LAYS PLACED	AVERAGE LAYING FLOCK IN LAY	AVERAGE PRODUCER PRICE PER DOZEN (AVERAGE OF ALL SIZES)
4th Quarter 2014	834,400	2 827,000	7.56
1st Quarter 2015*	900,900*	2 827,000*	7.66
TOTAL 2015	1,735,300*	2 827,000*	7.61
*:Estimate			