

EGG INDUSTRY PRODUCTION REPORT FOR MAY 2018

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.

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PLEASE NOTE:

- The source base of stats on day-old pullets placed includes all suppliers but one. An adjustment is made for the missing data.
- The current breed standards were implemented in January 2011.
- Results of a survey conducted by SAPA indicate that the weighted average age of depopulation in October 2014 was 74 weeks. The sample represented 45.5% of egg producers in the country.
- The model was adjusted from November 2013 to extend the laying cycle by two weeks.
- The model was adjusted from July 2017 to account for the culling of layers due to the HPAI outbreak; 4.69 million hens were taken out up to the end of October 2017.

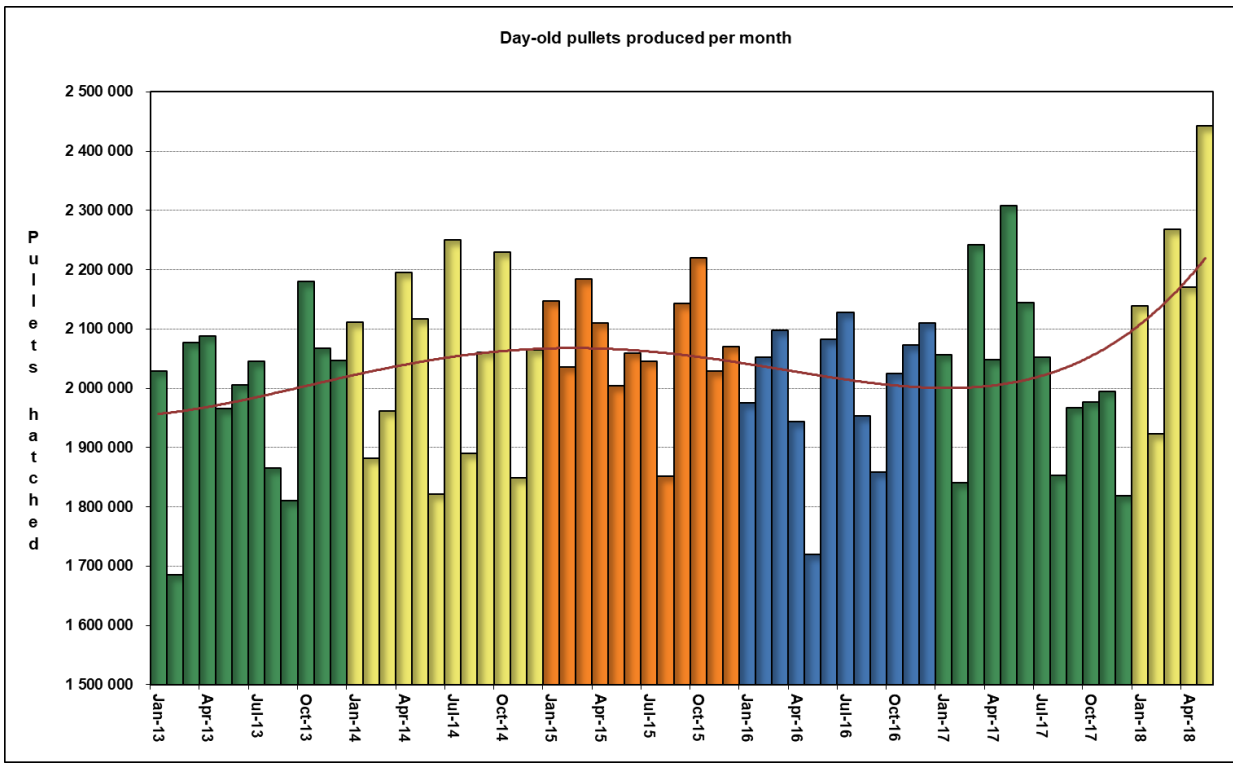
EGG PRODUCTION STANDARDS

The projected national laying flock and potential cases of eggs produced per week are based on the following standards:

	2005 Production Standards	2011 Production Standards
Fully implemented:	February 2006	December 2011
Survival rate during the rearing phase	96%	96%
Mortality per week during the laying cycle	0,13%	0,13%
Laying cycle (see note above)	18 to 69/72 weeks	18 to 74 weeks
Average hen-day production	79%	84,5%

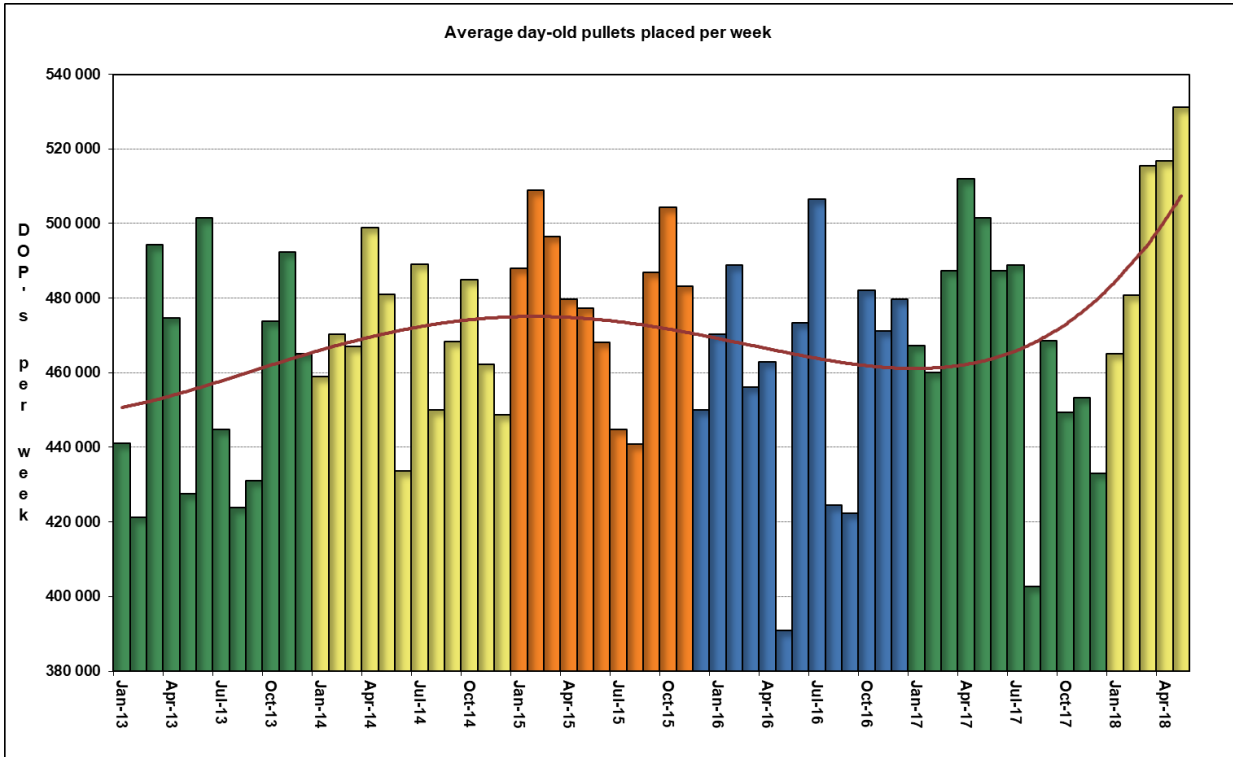
1. DAY-OLD PULLET PRODUCTION

2.44 million day-old pullets were produced in May 2018. This is an increase of 272 400 (+12.6%) compared to April 2018 and an increase of 136 000 (+5.9%) pullets compared to May 2017 (Graph 1). Variations between consecutive months may be attributed in part to varying numbers of hatching days per month.



GRAPH 1: Monthly day-old pullet production

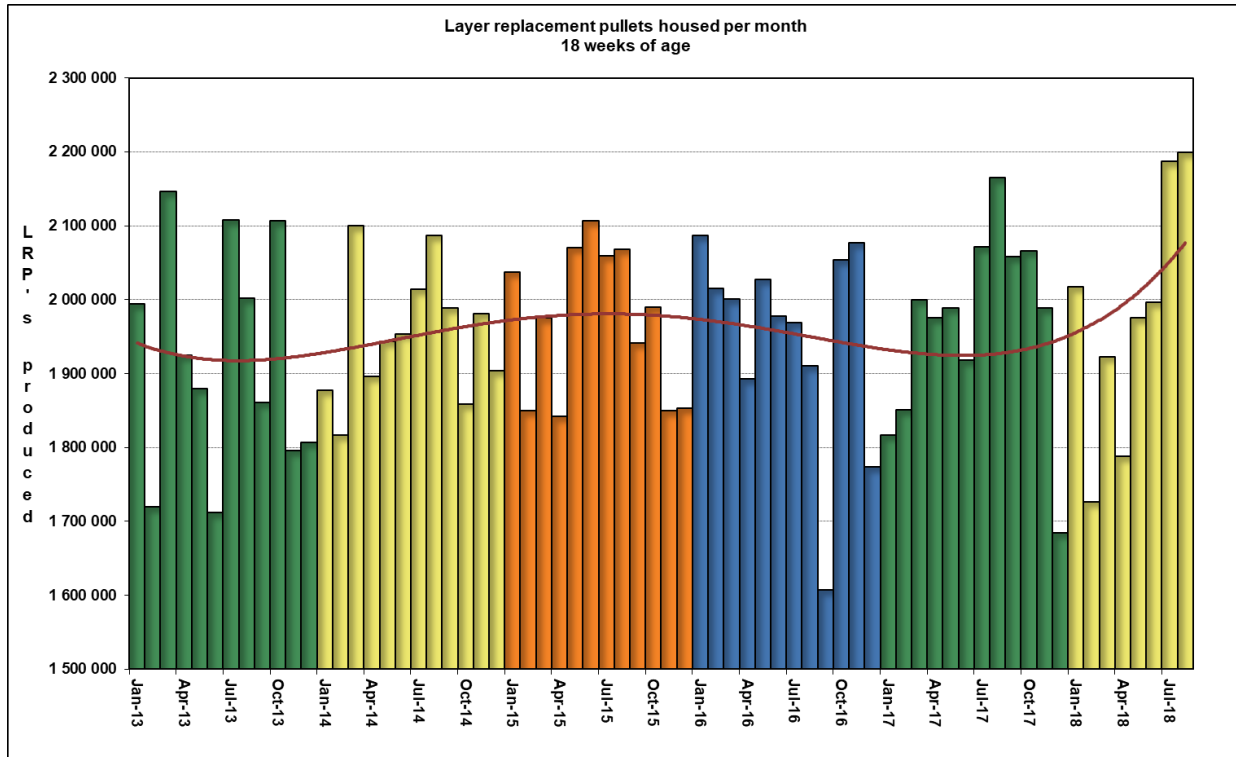
The weekly average number of day-old pullets hatched for May 2018 was 531 200 (Graph 2). This is a month-on-month increase of 14 300 (+2.8%) and a year-on-year increase of 29 600 (+5.9%) pullets.



GRAPH 2: Weekly day-old pullet production

2. POINT-OF-LAY PULLETS

A total of 1.98 million layer replacement pullets were transferred to the laying flock during the month under review (Graph 3). Compared to the same month of the previous year this is a decrease of 13 100 birds (-0.7%). The projected number of point-of-lay pullets to be transferred in August 2018 is 2.20 million.

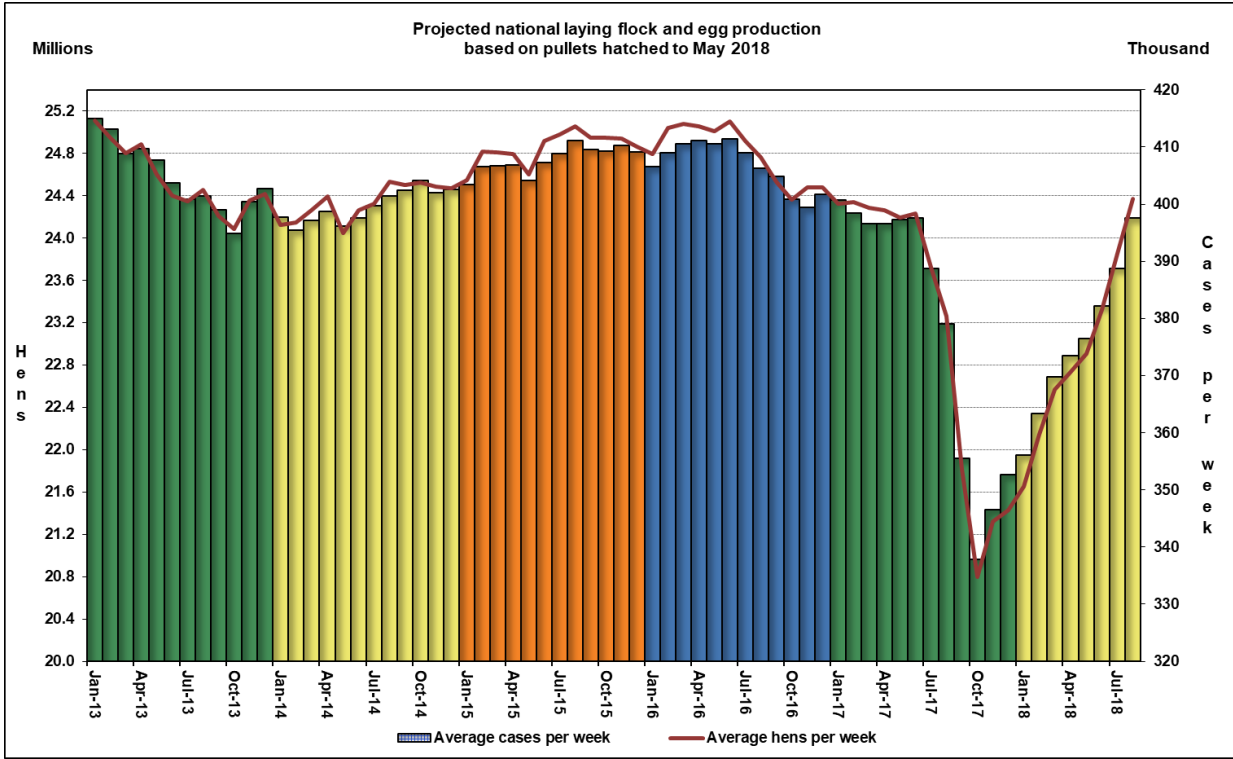


GRAPH 3: The projected number of layer replacement pullets

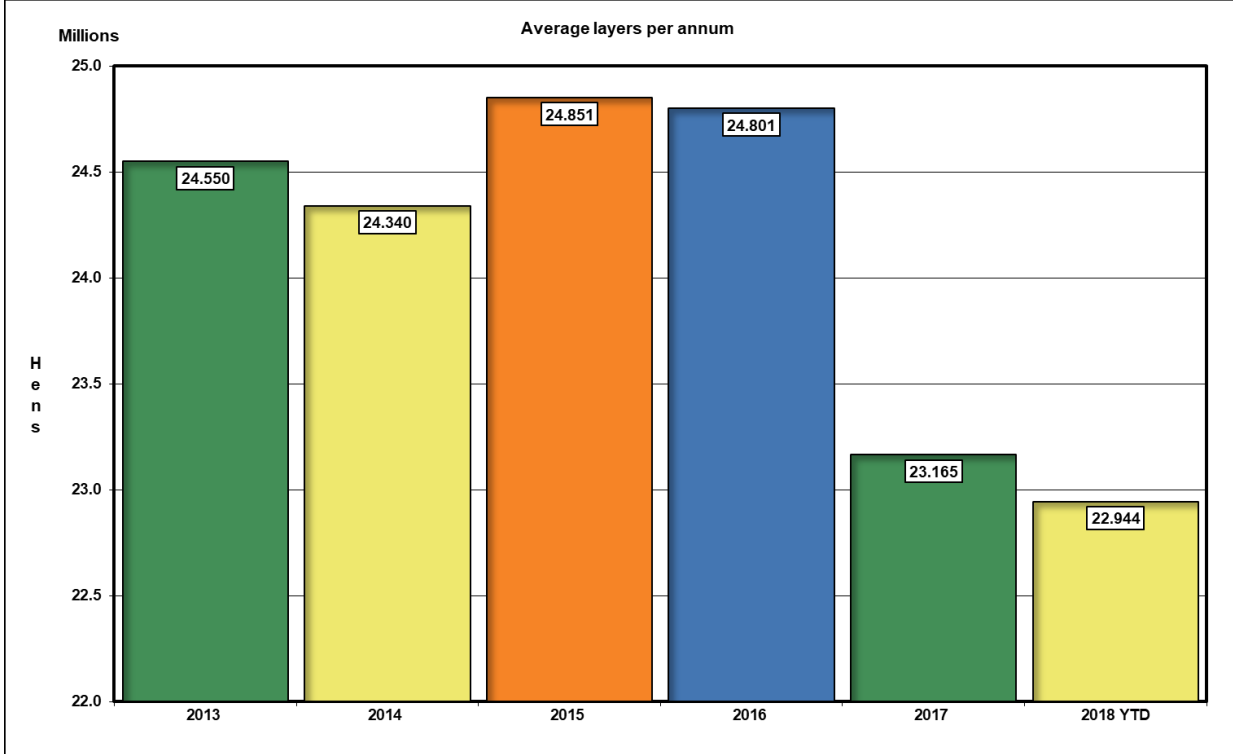
3. PROJECTED LAYING FLOCK

A laying flock of 22.9 million hens was projected for May 2018. This is a month-on-month increase of 182 600 hens (+0.8%) and a year-on-year decrease of 1.28 million hens (-5.3%). The projected number of laying hens for August 2018 is 24.37 million (Graph 4).

The annual average number of laying hens from 2013 onwards is illustrated in Graph 5. The average flock size for 2018 (to August 2018) is expected to be 1.0% smaller than it was in 2017.



GRAPH 4: The projected national laying flock and cases of eggs

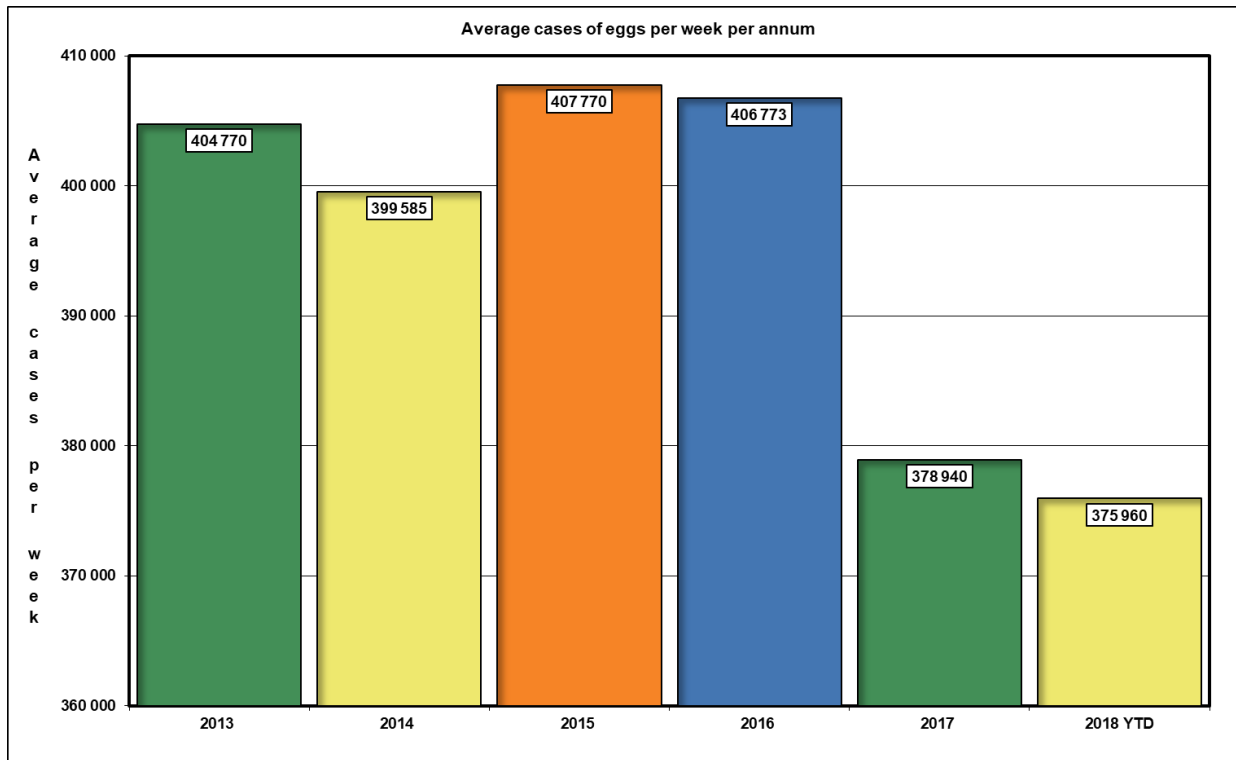


GRAPH 5: The size of the national laying flock since 2013

4. FORECASTED EGG PRODUCTION

In May 2018 an average of 376 400 cases of eggs was produced per week (Graph 4); a monthly increase of 2 900 cases (+0.8%). The average weekly egg production during May 2018 decreased by 20 900 cases (-5.3%) compared to May 2017. The rate of lay for the national flock for the month under review was estimated to be 84.5%.

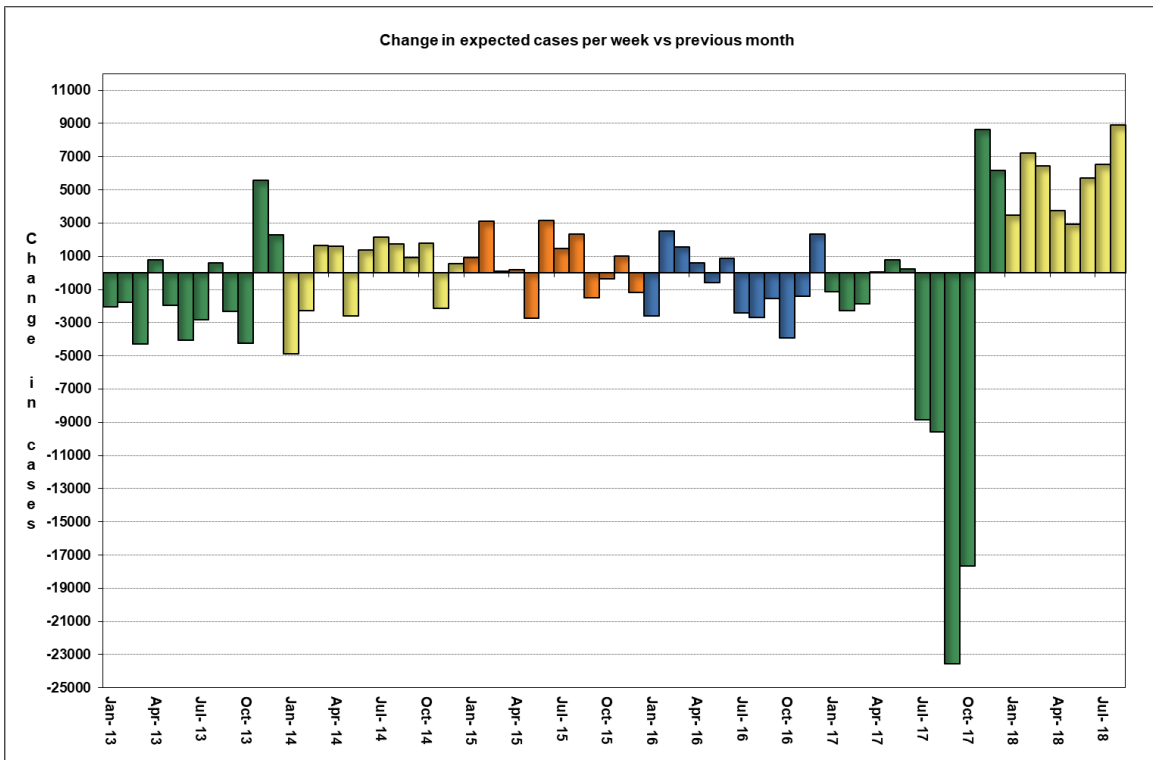
An average of 376 000 cases per week is expected for the year 2018 (to August 2018, Graph 6); a decrease of 0.8% over 2017 volumes.



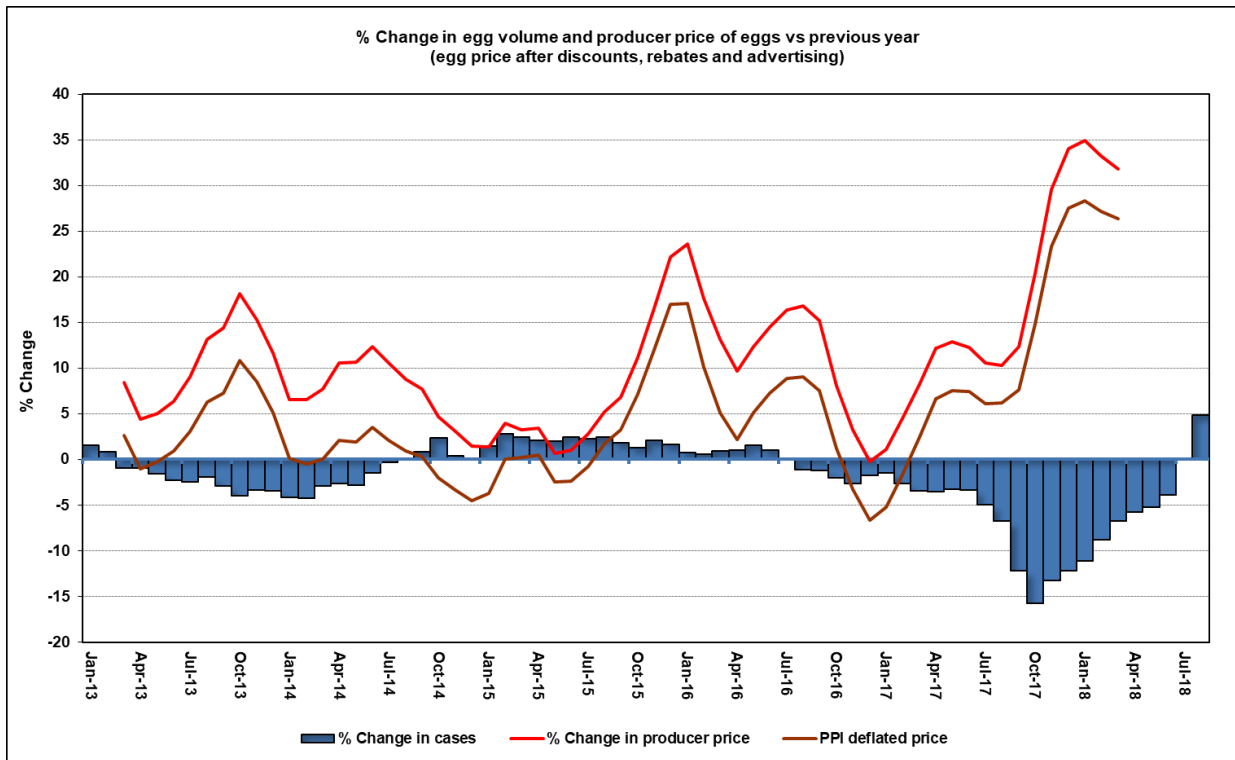
GRAPH 6: The trend in egg production since 2013

The month-on-month change in volume of eggs produced is shown in Graph 7. In August 2018, 8 900 more cases per week are expected compared to July 2018.

Graph 8 illustrates the relationship between changes in egg volumes and producer price. The large decrease in volumes in the second half of 2017 caused an escalation in the egg price.



GRAPH 7: The monthly movement in egg volumes



GRAPH 8: The relationship between egg supply and producer price

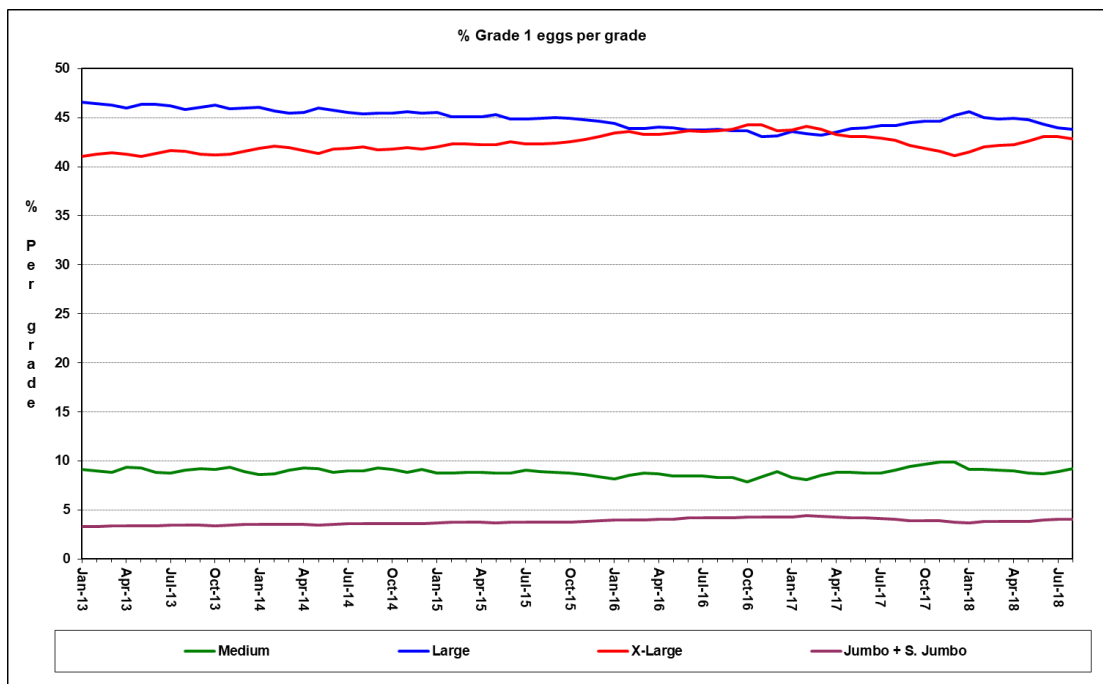
5. MARKETABLE EGGS PER GRADE

Egg grade-out is based on the following assumptions:

- The actual numbers of silver and brown type day-old pullets produced per week are used;
- Under-grade eggs (Small + Dirties + Cracks) amount to approximately 6% of all eggs produced; and
- Egg weight limits per grade as per grade-out regulations are applied.

The estimated grade-out for May 2018 was 3.9% J, 42.6% XL, 44.8% L and 8.7% M (Graph 9).

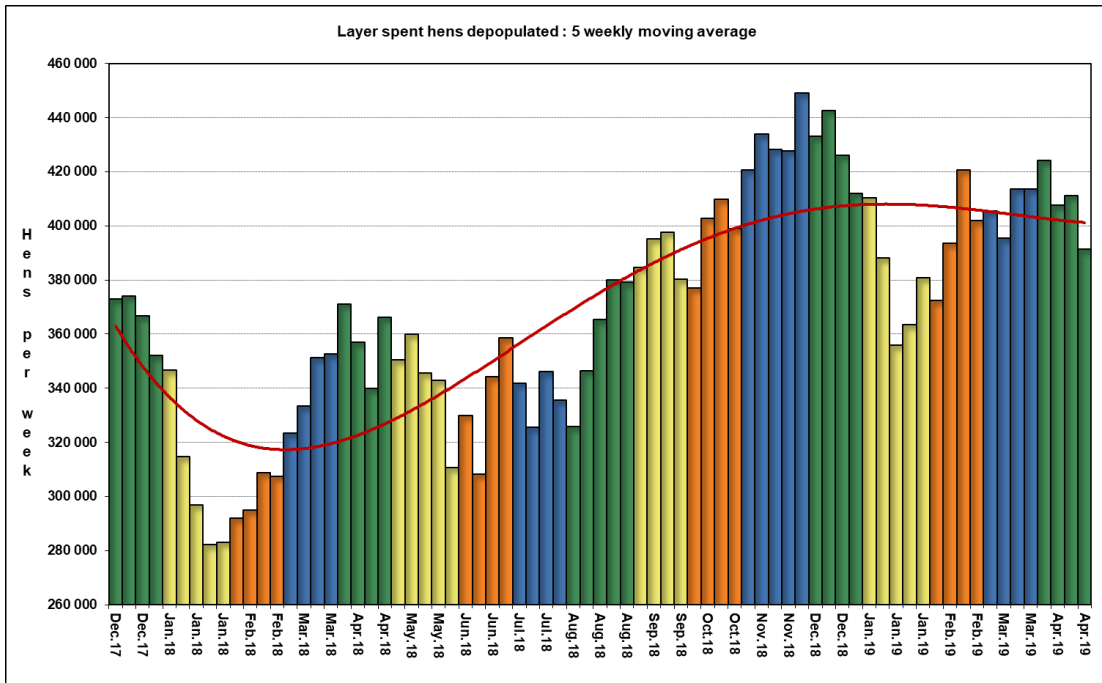
Year	Ratio Silver: Brown	Avg. egg weight	% Jumbo + X-large	% Large + Medium
2013	71:29	58.12	44.7	55.3
2014	66:34	58.20	45.4	54.6
2015	59:41	58.32	46.2	53.8
2016	58:42	58.52	47.8	52.2
2017	59:41	58.39	47.0	53.0
2018 YTD	60:40	58.33	46.4	53.6



GRAPH 9: Forecasted percentage grade-out

6. HEN DEPOPULATION

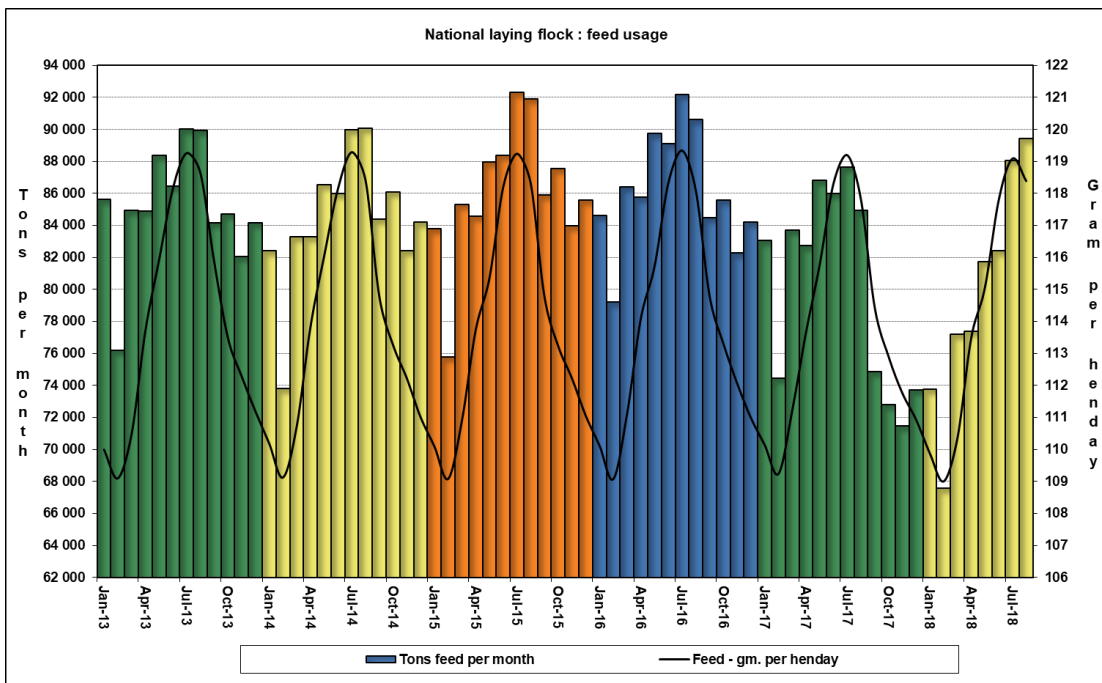
Graph 10 shows the forecasted monthly number of layers to be depopulated at 74 weeks of age, to April 2019. In May 2018, 1.62 million old hens were due to be culled.



Graph 10: Laying hens depopulated

7. FEED USAGE

81 700 tonnes of layer feed were expected to be consumed during May; 5 100 tonnes (-5.9%) less than in May 2017. An average g/hd intake of 115.1 was forecasted for the month (Graph 11). Feed conversion was estimated at 1.63 kg/dozen or 2.33 kg/kg.



GRAPH 11: Tonnes of feed consumed and gram per henday intakes

EGG INDUSTRY: KEY RESULTS - MAY 2018

(Projections are based on day-old pullets placed per week to May 2018)

	Hatch days	Calendar Days	Day-old Pullets placed		Laying hens	Eggs Produced (Cases)	
Month on Month	/Month	/Month	/Month	/Week	Average	/Month	/Week
May 2018	23	31	2 443 335	531 160	22 910 037	1 667 093	376 440
April 2018	21	30	2 170 913	516 884	22 727 419	1 600 874	373 537
Change			272 422	14 276	182 619	66 219	2 903
% Change			12.55%	2.76%	0.80%	4.14%	0.78%
Year on Year	/Month	/Month	/Month	/Week	Average	/Month	/Week
May 2018	23	31	2 443 335	531 160	22 910 037	1 667 093	376 440
May 2017	23	31	2 307 376	501 604	24 189 614	1 759 546	397 317
Change			135 959	29 556	-1 279 577	-92 454	-20 877
% Change			5.89%	5.89%	-5.29%	-5.25%	-5.25%
Year to date	/Period	/Period	/Period	/Week	Average	/Period	/Week
	January>May		January>May		Jan>May	Jan>May	
2018	109	151	10 944 748	501 872	22 403 960	7 936 145	367 901
2017	108	151	10 493 786	485 674	24 277 881	8 582 792	397 878
Change			450 962	16 198	-1 873 921	-646 647	-29 977
% Change			4.30%	3.34%	-7.72%	-7.53%	-7.53%
Full year forecasts	/Period	/Period	/Period	/Week	Average	/Period	/Week
Jan>Dec 2017	260	365	24 302 309	467 630	23 157 873	19 753 488	378 834
Jan>Dec 2016	261	366	24 021 063	460 740	24 799 834	21 267 831	406 762
Change			281 246	6 890	-1 641 962	-1 514 343	-27 928
% Change			1.17%	1.50%	-6.62%	-7.12%	-6.87%

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

ASSUMPTIONS

All surviving day-old pullets placed will be transferred to the laying flock at 18 weeks of age.

APPENDIX A – SAPA: WEEKLY SCHEDULE

Weekly schedule for 2017

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

Weekly schedule for 2018

Week no.	Starting Monday	Reporting month	Weeks/ month
1	01-Jan-18	January 2018	5
2	08-Jan-18		
3	15-Jan-18		
4	22-Jan-18		
5	29-Jan-18		
6	05-Feb-18	February 2018	4
7	12-Feb-18		
8	19-Feb-18		
9	26-Feb-18		
10	05-Mar-18	March 2018	4
11	12-Mar-18		
12	19-Mar-18		
13	26-Mar-18		
14	02-Apr-18	April 2018	5
15	09-Apr-18		
16	16-Apr-18		
17	23-Apr-18		
18	30-Apr-18	May 2018	4
19	07-May-18		
20	14-May-18		
21	21-May-18		
22	28-May-18		
23	04-Jun-18	June 2018	4
24	11-Jun-18		
25	18-Jun-18		
26	25-Jun-18		
27	02-Jul-18	July 2018	5
28	09-Jul-18		
29	16-Jul-18		
30	23-Jul-18		
31	30-Jul-18		
32	06-Aug-18	August 2018	4
33	13-Aug-18		
34	20-Aug-18		
35	27-Aug-18		
36	03-Sep-18	September 2018	4
37	10-Sep-18		
38	17-Sep-18		
39	24-Sep-18		
40	01-Oct-18	October 2018	5
41	08-Oct-18		
42	15-Oct-18		
43	22-Oct-18		
44	29-Oct-18		
45	05-Nov-18	November 2018	4
46	12-Nov-18		
47	19-Nov-18		
48	26-Nov-18		
49	03-Dec-18	December 2018	5
50	10-Dec-18		
51	17-Dec-18		
52	24-Dec-18		
53	31-Dec-18		

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