

EGG INDUSTRY PRODUCTION REPORT FOR FEBRUARY 2019

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.
- 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. A further 30 000 laying hens were removed in June 2018.

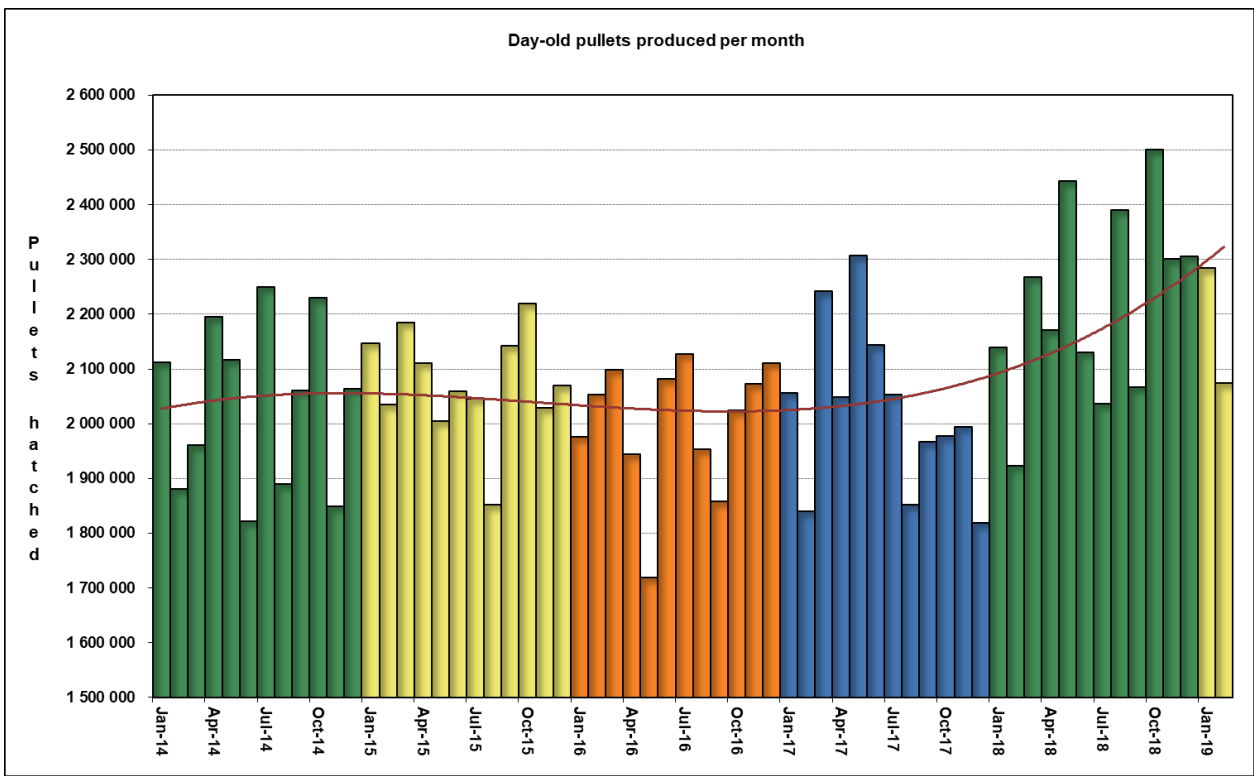
EGG PRODUCTION STANDARDS

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%

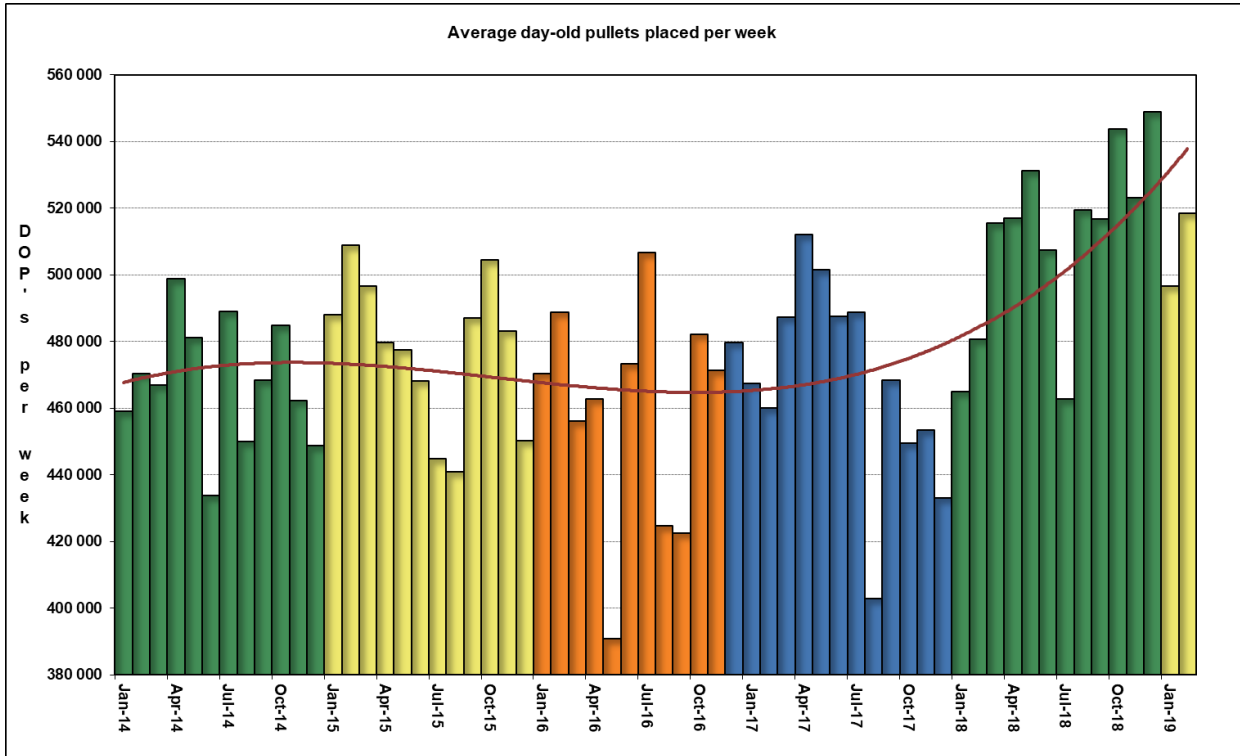
1. DAY-OLD PULLET PRODUCTION

2.07 million day-old pullets were produced in February 2019. This is a decrease of 210 500 (-9.2%) compared to January 2019 and an increase of 150 800 (+7.8%) pullets compared to February 2018 (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

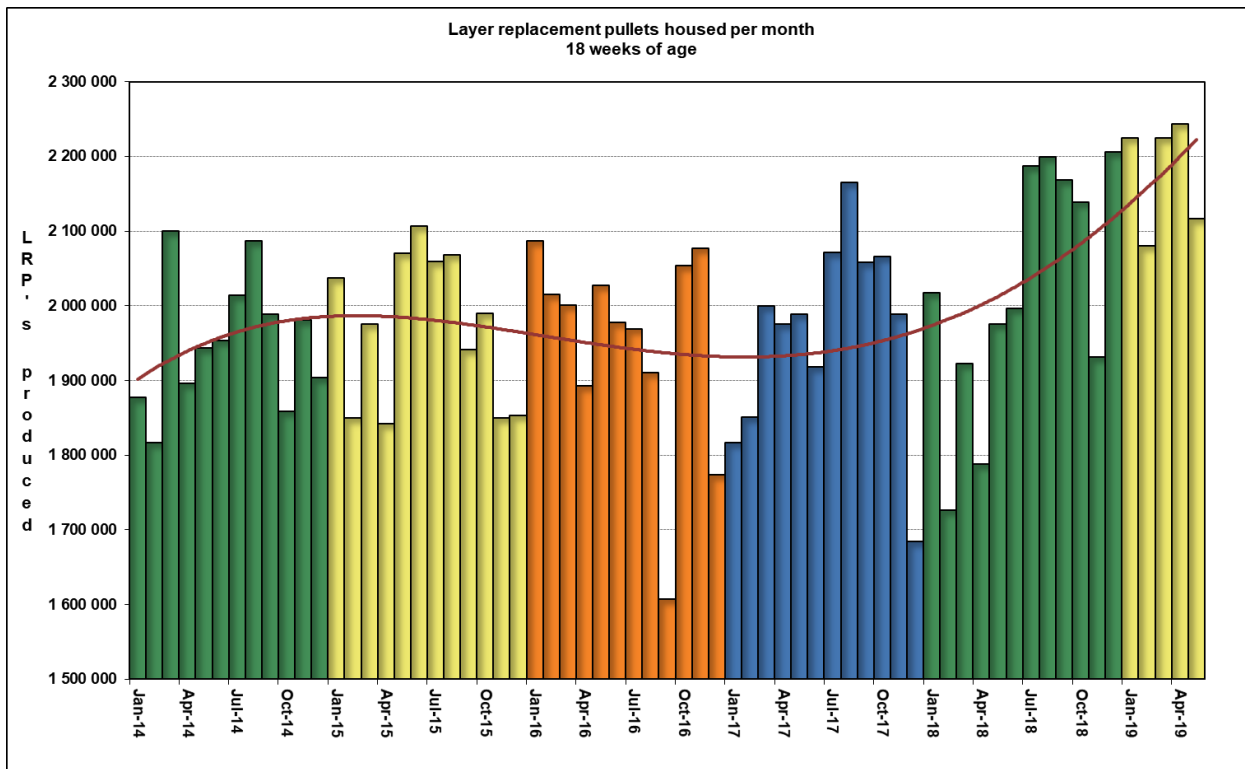
The weekly average number of day-old pullets hatched for February 2019 was 518 400 (Graph 2). This is a month-on-month increase of 21 900 (+4.4%) and a year-on-year increase of 37 700 (+7.8%) pullets.



GRAPH 2: Weekly day-old pullet production

2. POINT-OF-LAY PULLETS

A total of 2.08 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 an increase of 353 300 birds (+20.5%). The projected number of point-of-lay pullets to be transferred in May 2019 is 2.12 million.

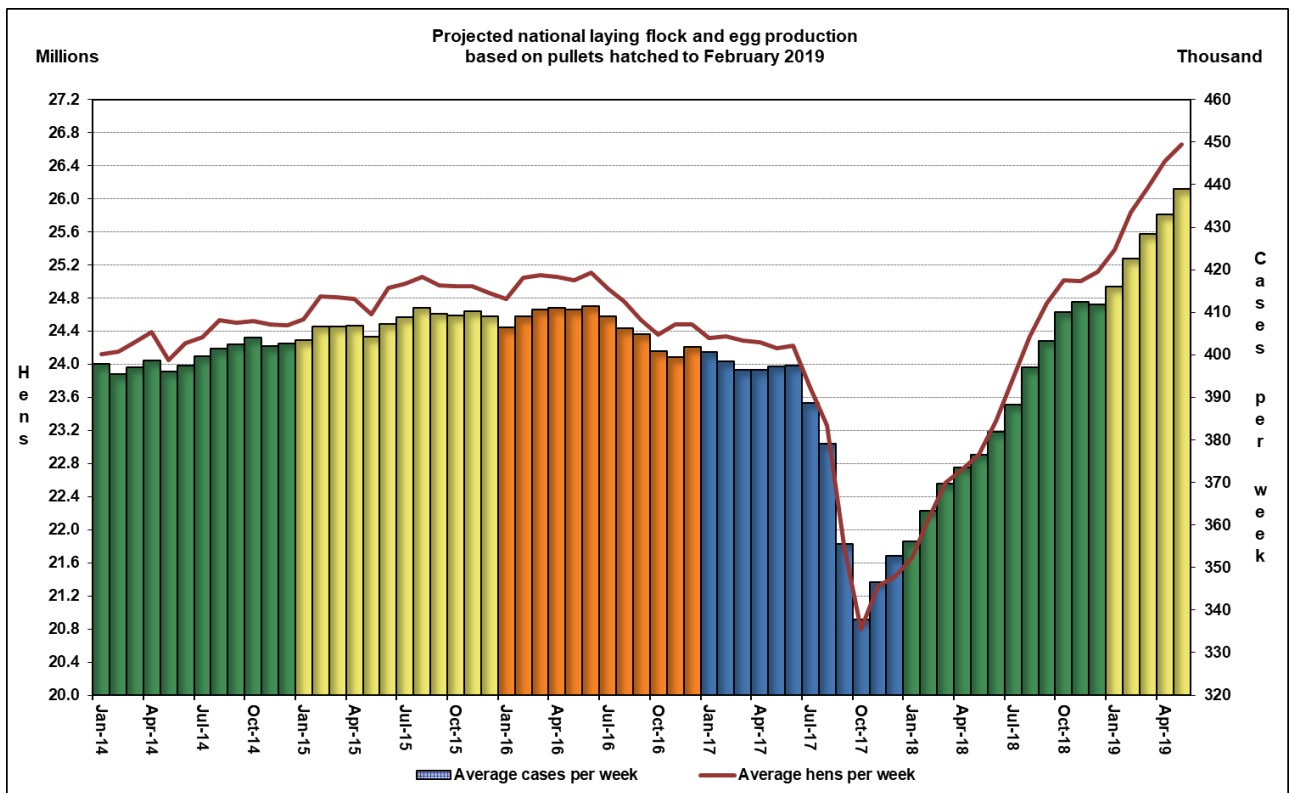


GRAPH 3: The projected number of layer replacement pullets

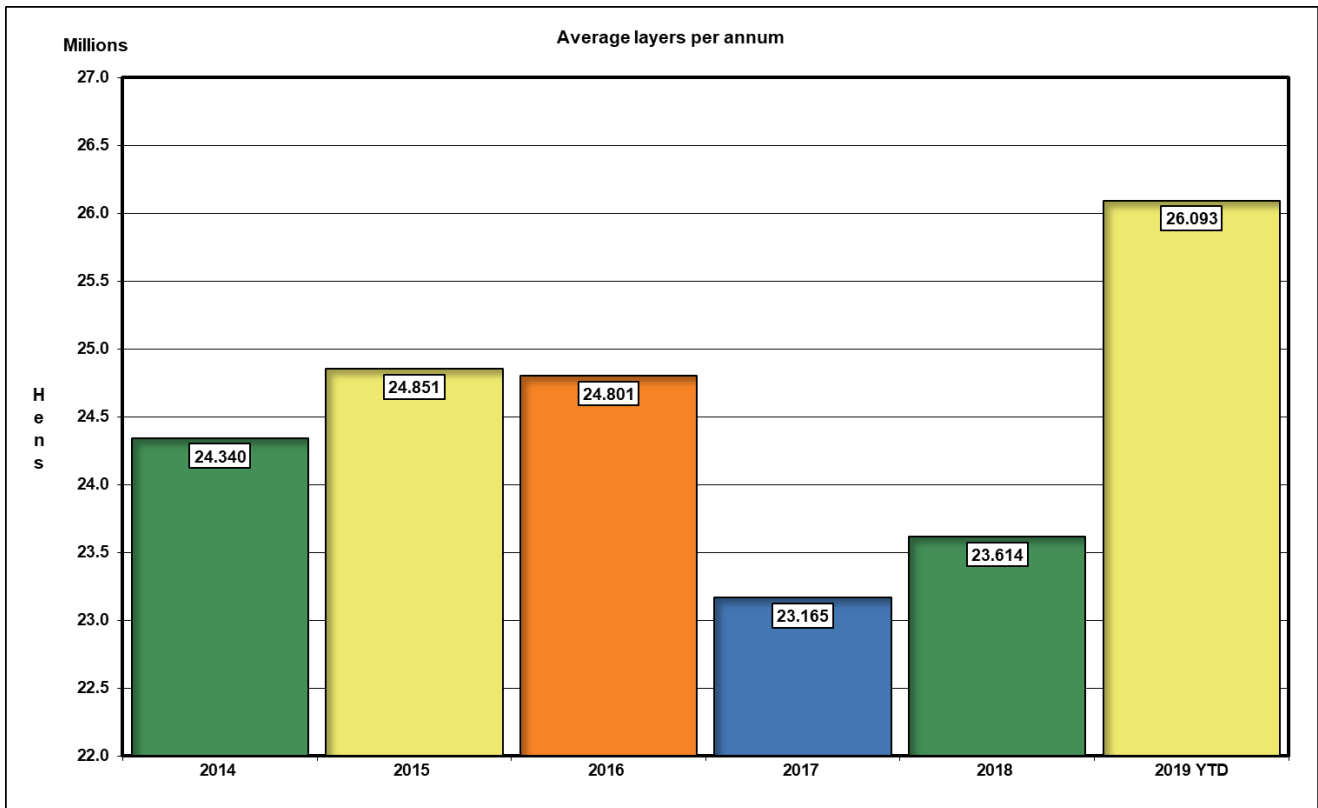
3. PROJECTED LAYING FLOCK

A laying flock of 25.84 million hens was estimated for February 2019. This is a month-on-month increase of 459 400 hens (+1.8%) and a year-on-year increase of 3.70 million hens (+16.7%). The projected number of laying hens for May 2019 is 26.7 million (Graph 4).

The annual average number of laying hens from 2014 onwards is illustrated in Graph 5. The average flock size for 2018 was 1.9% larger than it was in 2017. The average flock size for 2019 (up to May) is expected to be 10.5% larger than it was in 2018.



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

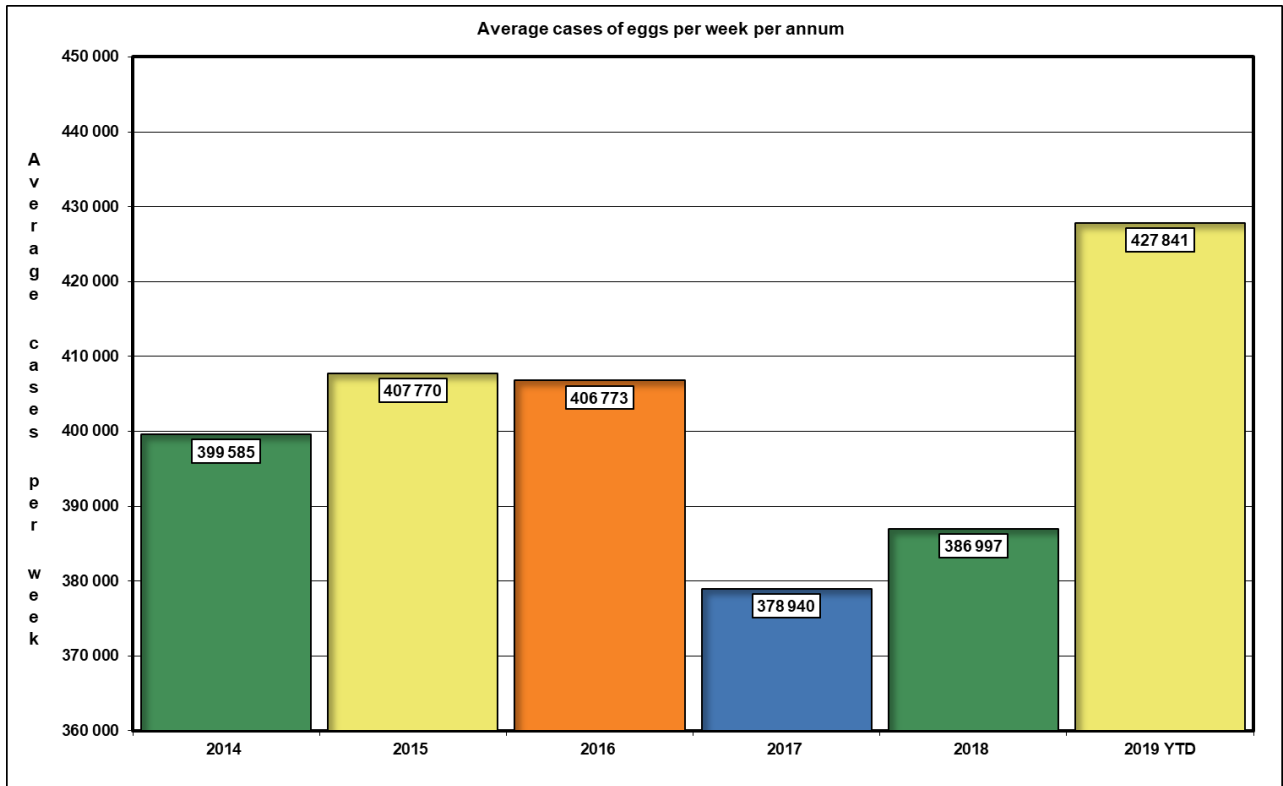


GRAPH 5: The size of the national laying flock since 2014

4. FORECASTED EGG PRODUCTION

In February 2019 an average of 422 700 cases of eggs was produced per week (Graph 6); a monthly increase of 6 600 cases (+1.6%). The average weekly egg production during February 2019 increased by 59 400 cases (+16.3%) compared to February 2018. The rate of lay for the national flock for the month under review was estimated to be 84.1%.

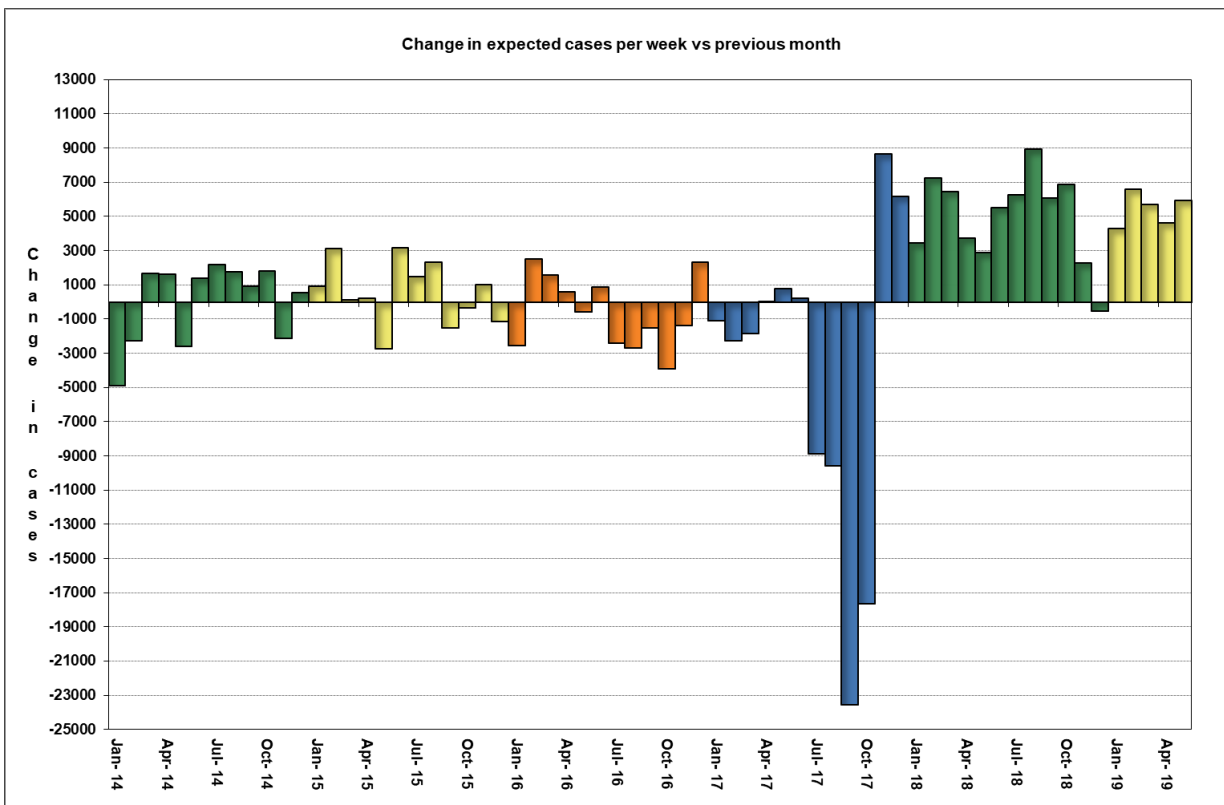
An average of 427 800 cases per week is expected for the year 2019 (up to May 2019, Graph 6); an increase of 10.6% over 2018 volumes.



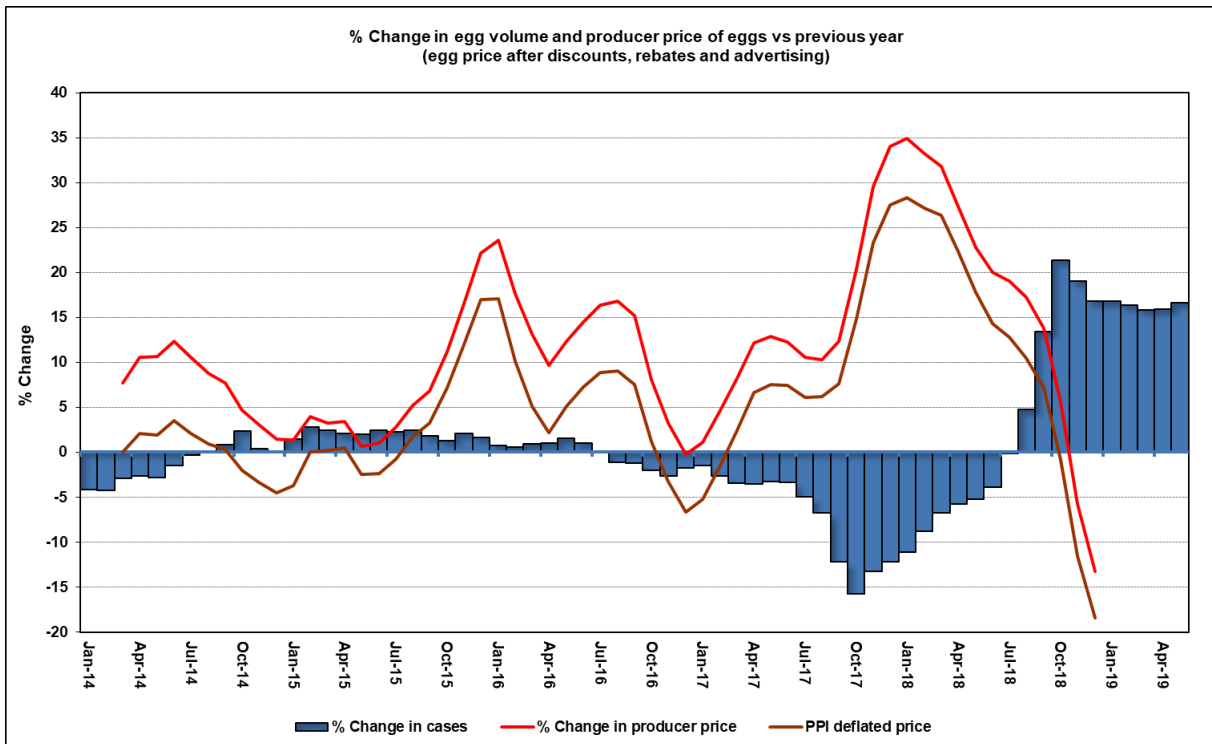
GRAPH 6: The trend in egg production since 2014

The month-on-month change in volume of eggs produced is shown in Graph 7. In May 2019, 5 900 more cases per week are expected compared to April 2019.

Graph 8 illustrates the relationship between annual 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. The prices continued to show year-on-year increases to July 2018, but at a slower rate. From August to November, the prices decreased year-on-year.



GRAPH 7: The monthly movement in egg volumes



GRAPH 8: The relationship between egg supply and producer price

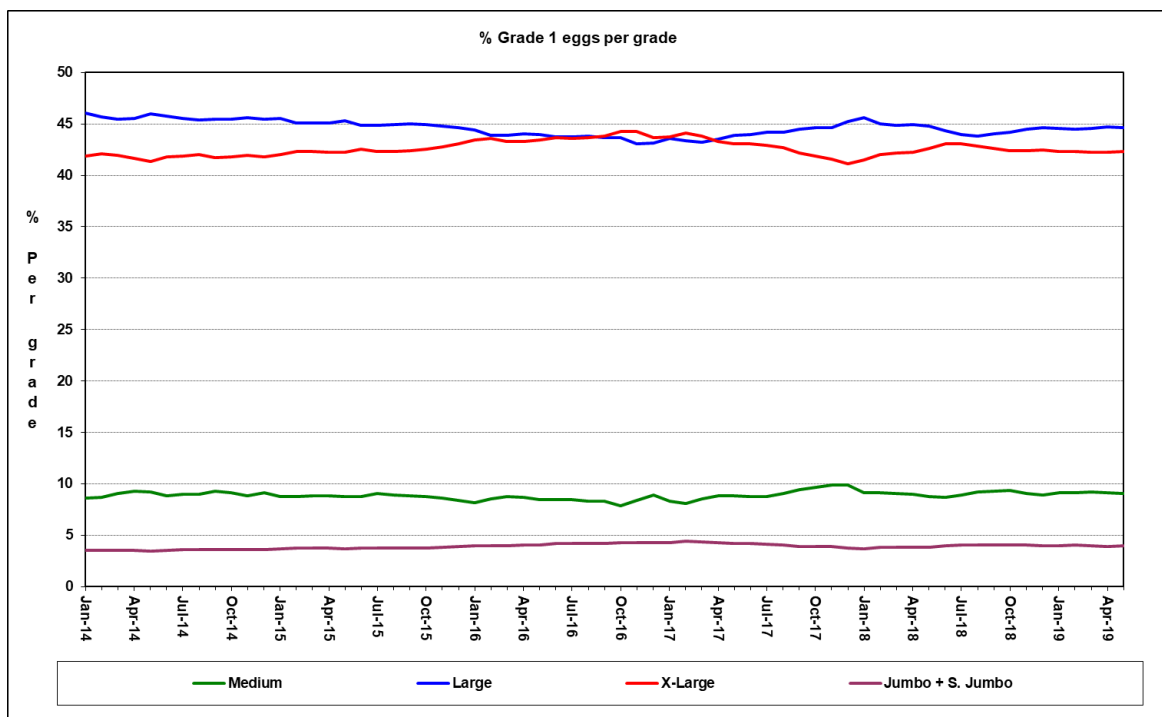
5. MARKETABLE EGGS PER GRADE

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 February 2019 was 4.0% J, 42.4% XL, 44.5% L and 9.1% M (Graph 9).

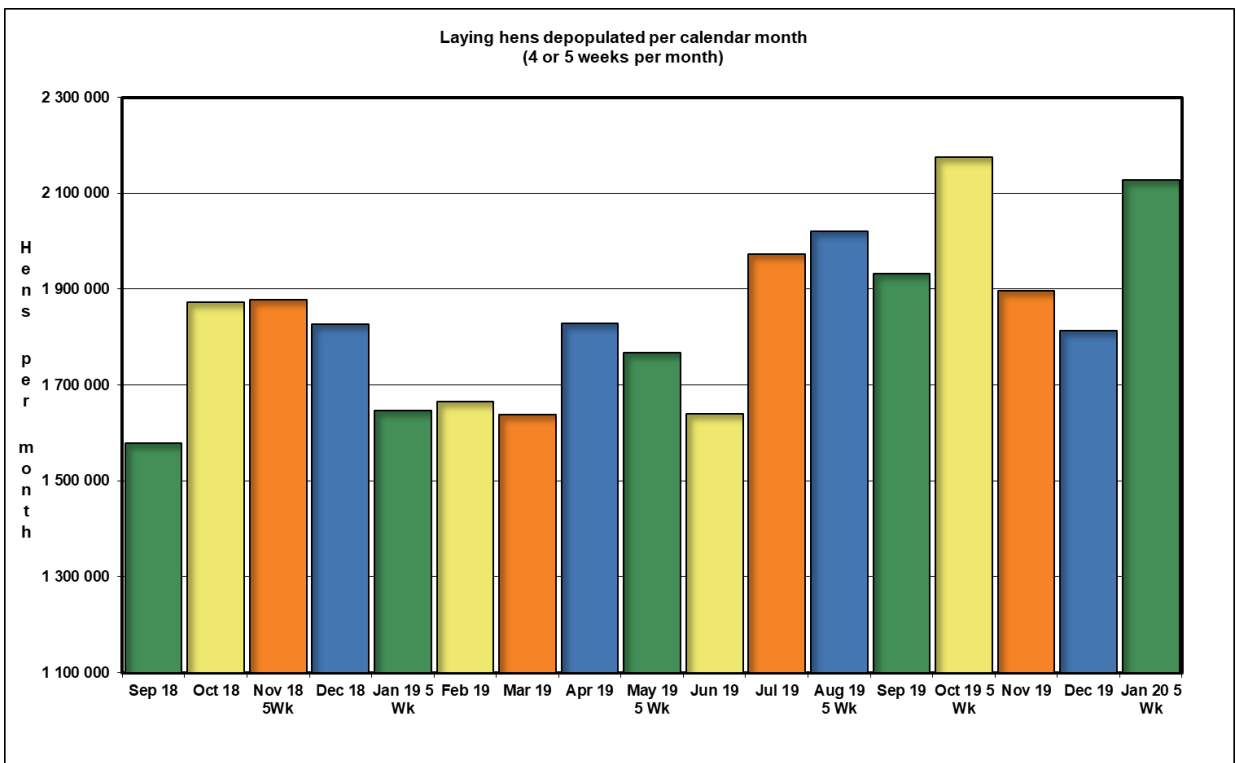
Year	Ratio Silver: Brown	Avg. egg weight	% Jumbo + X-large	% Large + Medium
2014	66:34	58.20	45.4	54.6
2015	59:41	58.32	46.2	53.8
2016	58:42	58.52	47.8	52.2
2017	59:41	58.39	47.0	53.0
2018	61:39	58.32	46.4	53.6
2019 YTD	59:41	58.31	46.3	53.7



GRAPH 9: Forecasted percentage grade-out

6. HEN DEPOPULATION

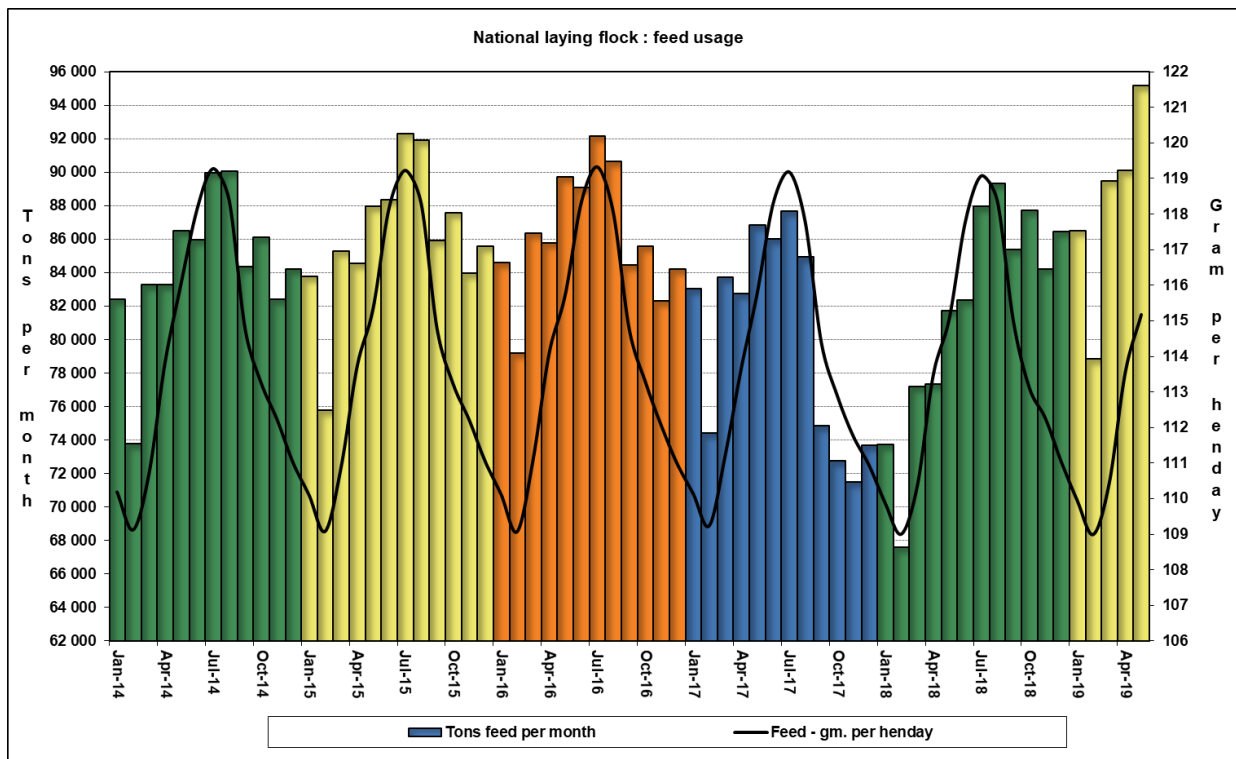
Graph 10 shows the forecasted monthly number of layers to be depopulated at 74 weeks of age, to January 2020. In February 2019, 1.67 million spent hens were due to be culled.



Graph 10: Laying hens depopulated

7. FEED USAGE

78 900 tonnes of layer feed were expected to be consumed during February; 11 300 tonnes (+16.7%) more than in February 2018. An average g/hd intake of 109.0 was forecasted for the month (Graph 11). Feed conversion was estimated at 1.55 kg/dozen or 2.22 kg/kg.



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

EGG INDUSTRY : KEY RESULTS - FEBRUARY 2019

(Projections are based on day-old pullets placed per week to February 2019)

	Hatch days	Calendar Days	Day-old Pullets placed		Laying hens	Eggs Produced (Cases)	
Month on Month	/Month	/Month	/Month	/Week	Average	/Month	/Week
February 2019	20	28	2 073 756	518 439	25 841 929	1 690 846	422 712
January 2019	23	31	2 284 245	496 575	25 382 503	1 842 745	416 104
Change			-210 490	21 864	459 426	-151 899	6 608
% Change			-9.21%	4.40%	1.81%	-8.24%	1.59%
Year on Year	/Month	/Month	/Month	/Week	Average	/Month	/Week
February 2019	20	28	2 073 756	518 439	25 841 929	1 690 846	422 712
February 2018	20	28	1 922 921	480 730	22 144 584	1 453 422	363 356
Change			150 834	37 709	3 697 345	237 424	59 356
% Change			7.84%	7.84%	16.70%	16.34%	16.34%
Year to date	/Period	/Period	/Period	/Week	Average	/Period	/Week
	January>February		January>February		Jan>Feb	Jan>Feb	
2019	43	59	4 358 001	507 507	25 600 536	3 533 591	419 240
2018	43	59	4 062 006	472 874	21 887 513	3 030 511	359 552
Change			295 995	34 633	3 713 023	503 080	59 687
% Change			7.29%	7.32%	16.96%	16.60%	16.60%
Full year forecasts	/Period	/Period	/Period	/Week	Average	/Period	/Week
Jan>Dec 2018	284	396	28 961 137	509 852	23 760 167	22 028 738	389 397
Jan>Dec 2017	260	365	24 302 309	467 630	23 157 873	19 753 488	378 834
Change			4 658 828	42 221	602 294	2 275 251	10 563
% Change			19.17%	9.03%	2.60%	11.52%	2.79%

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

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

2: Depopulation age: Feb. 2006 to April 2009 - 69 weeks, April to Aug. 2009 - 70 weeks, Aug. to Nov. 2009 - 71 weeks, Nov. 2009 - 72 weeks and Nov 2013 - 74 weeks

3: No deviation from the accepted production standards and procedures, due to disease, changes in production planning, etc. is expected.

APPENDIX A – SAPA: WEEKLY SCHEDULE

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

Weekly schedule for 2019			
Week no.	Starting Monday	Reporting month	Weeks/ month
	07-Jan-19	January	4
	14-Jan-19	2019	
	21-Jan-19		
	28-Jan-19		
	04-Feb-19	February	4
	11-Feb-19	2019	
	18-Feb-19		
	25-Feb-19		
	04-Mar-19	March	4
	11-Mar-19	2019	
	18-Mar-19		
	25-Mar-19		
	01-Apr-19	April	5
	08-Apr-19	2019	
	15-Apr-19		
	22-Apr-19		
	29-Apr-19		
	06-May-19	May	4
	13-May-19	2019	
	20-May-19		
	27-May-19		
	03-Jun-19	June	4
	10-Jun-19	2019	
	17-Jun-19		
	24-Jun-19		
	01-Jul-19	July	5
	08-Jul-19	2019	
	15-Jul-19		
	22-Jul-19		
	29-Jul-19		
	05-Aug-19	August	4
	12-Aug-19	2019	
	19-Aug-19		
	26-Aug-19		
	02-Sep-19	September	5
	09-Sep-19	2019	
	16-Sep-19		
	23-Sep-19		
	30-Sep-19		
	07-Oct-19	October	4
	14-Oct-19	2019	
	21-Oct-19		
	28-Oct-19		
	04-Nov-19	November	4
	11-Nov-19	2019	
	18-Nov-19		
	25-Nov-19		
	02-Dec-19	December	5
	09-Dec-19	2019	
	16-Dec-19		
	23-Dec-19		
	30-Dec-19		

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