



NAMC

Promoting market access for South African agriculture



SOUTH AFRICAN POULTRY PRODUCTS PRICES MONITOR

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EXECUTIVE SUMMARY

- During quarter 1 (January - March) of 2022, the international quarterly average real meat price index was recorded at 112.5 points, and this was 14.8% higher when compared to the same period the previous year. This could be linked to lower pork supply from the Western Europe region and reduced poultry supply globally, attribute to continuous presence of Avian Influenza globally and the conflict in Ukraine which induced input costs.
- During quarter 1 of 2022, South Africa imported a total of 116 089 tons of chicken meat when compared to 98 277 tons imported in Q4 of 2021, representing an increase of 18%.
- Domestically, during Quarter 1 of 2022, producer prices for IQF chicken had increased slightly by 1.44%, followed by frozen chicken (1.14%) and chicken fresh producer (0.05%), when compared to the previous quarter (Q4 of 2021).
- Between quarter 1 of 2022 and quarter 1 of 2021, retail price for 2kg IQF chicken increased by 13%, followed by chicken portions frozen non-IQF (12%), chicken giblets increased by (9%), chicken fresh per kg (5%) and the whole chicken fresh per kg (4%).
- Quarterly (from January to March of 2022), the spot price for a ton of sunflower seed and yellow maize had increased by 15.9% and 15.7% when compared to the same period the previous year, while a ton of soybean decreased by 2.9% for the same period.
- During the period of February 2022 and April 2022, the real farm value share of fresh whole chicken increased by 1.11%. During the same period, the real FTRPS of fresh whole chicken decreased on average by 1.69%. The real farm value share of fresh whole chicken reached 53.34% in April 2022. From April 2021 to April 2022, the real FTRPS decreased by 27.73%, while the real farm value share increased by 23.24%, respectively.



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1. Introduction

Poultry provides animal protein for the majority of South Africa's population at affordable prices, and its availability at reasonable prices makes it important for national food security. This report monitors prices for selected poultry products in South Africa and compares them to what is currently happening on the global poultry market trends and provide some recommendations where possible. The then Department of Agriculture, Forestry and Fisheries (DAFF), now known as Department of Agriculture, Land Reform, and Rural Development (DALRRD), established the Food Price Monitoring Committee (FPMC) with the mandate by the National Agricultural Marketing Council (NAMC) to track and report on food price trends. Monthly, international real meat prices are analysed, while chicken imports into South Africa, producer prices, and poultry prices at the retail level are analysed quarterly. Feed prices are also analysed on monthly basis to provide clear price trends of the domestic poultry price against the global market trends.



2. International monthly real meat price Index

Figure 1 presents global monthly real meat price index trends between April 2016 and April 2022 with 2014 used as the base year. Based on data from the Food and Agricultural Organization (FAO) of the United Nations, during the first quarter of 2022 (January – March), the average international monthly real meat price index was 15% higher, recorded at 112.5% points from 97.7 points recorded during the first quarter of 2021 (January – March). This could be linked to lower pork supply from the Western Europe region and reduced poultry supply globally, attributed to a continuous presence of Avian Influenza globally and elevated input costs.

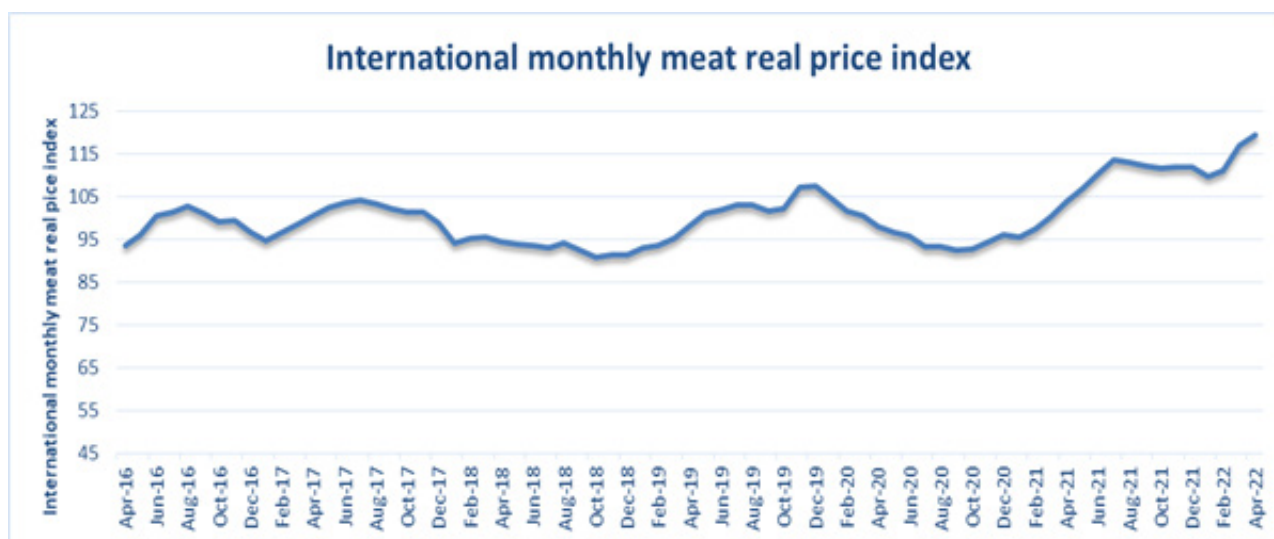


Figure 1: International monthly meat real price index

Source: FAO, 2022



3. Chicken imports

Quarter 1 of 2022 vs Quarter 1 of 2021, and Quarter 1 of 2022 vs Quarter 4 of 2021

This section compares the volume (tons) of chicken meat imported into South Africa in the first quarter (January - March) of 2022 to the first quarter (January - March) of 2021. According to figures from the South African Revenue Services (SARS), the country imported 116 089 tons of chicken in Q1: 2022, up from 109 776 tons in Q1: 2021. This was a 6% increase over the previous year (see Table 2). Chicken imports climbed by 18% in Q1: 2022 compared to Q4: 2021, increasing from 98 277 tons in Q4: 2021 to 116 089 tons in Q1: 2022.

Other chicken parts (54%), frozen chicken carcasses (47%), frozen chicken mechanically deboned flesh (27%), frozen chicken drumsticks (20%), and frozen chicken thighs (20%) were the main contributors to the observed increase between Q1: 2022 and Q4: 2021. In the first quarter of 2022, no half chicken imports were recorded. Imports of whole frozen chicken and boneless chicken declined by 66% and 58%, respectively, as seen in **Table 2**.

For all poultry (HS: 0207) imports, comparing Q1: 2022 to Q1: 2021, total poultry imports for South Africa increased by 4%. Imports from the USA surged by 119%, followed by Argentina (54%) and Brazil (10%). When comparing Q1: 2022 to Q4: 2021, total poultry imports for South Africa had increased by 15%. The main contributors were Brazil (30%), the USA (24%) and Argentina (15%). Following a break in exporting to South Africa, Australia is again supplying South Africa with poultry products. During Q4: 2021, about 1 393 tons of poultry originated from Australia while 1 155 tons got into South African shore in Q1: 2022.

Table 1: Chicken imports in volume (tons)

Tariff description	HS Code	Q1: 2021	Q4: 2021	Q1: 2022	Q1: 2022 vs Q1: 2021	Q1: 2022 vs Q4: 2021
		Tons	Tons	Tons	% Change	% Change
Frozen chicken MDM	0207.1210	52 561	48 892	62 145	18	27
Frozen chicken carcasses	0207.1220	2 928	1 366	2 010	-31	47
Whole frozen chicken	0207.1290	1 943	1 957	659	-66	-66
Fresh chicken cuts	0207.1300	3	0	0	-100	-
Boneless chicken breasts	0207.1411	1 615	332	248	-85	-25
Boneless chicken thighs	0207.1413	119	0	0	-100	-
Boneless chicken other	0207.1415	730	386	163	-78	-58
Frozen chicken livers	0207.1421	1 395	0	1 783	28	-
Frozen chicken feet	0207.1423	6 778	11 272	11 925	76	6
Frozen chicken heads	0207.1425	0	0	0	-	-
Frozen chicken offal	0207.1429	5 903	5 013	5 619	-5	12
Frozen half chicken	0207.1491	139	25	0	-	-100
Frozen chicken leg quarter	0207.1493	21 505	19 802	22 394	4	13
Frozen chicken wings	0207.1495	3 618	2 165	2 095	-42	-3
Frozen chicken breasts	0207.1496	27	0	52	93	-
Frozen chicken thighs	0207.1497	2 020	1 528	1 758	-13	15
Frozen chicken drumsticks	0207.1498	7 463	4 079	4 882	-35	20
Other	0207.1499	1 168	231	356	-70	54
TOTAL IMPORTS		109 776	98 277	116 089	6	18

Source: SARS, 2022

4. Average producer price trends

Quarter 1 of 2022 vs Quarter 1 of 2021, and Quarter 1 of 2022 vs Quarter 4 of 2021

From Q1 of 2013 through Q1 of 2022, **Figure 2** shows typical producer prices for frozen chicken (maximum brine allowed 10%), fresh chicken and IQF chicken pieces (maximum brine allowed 15%). When comparing Q1: 2022 to Q1: 2021, producer prices for fresh chicken, frozen chicken, and Individual Quick Freezing (IQF) climbed by 18.08%, 10.12% and 10.05%, respectively, according to Agricultural Market Trends (AMT) data.

When comparing Q1: 2022 and Q4: 2021, IQF chicken portions, frozen chicken and fresh chicken producer prices had increased by 1.44%, 1.14% and 0.05%, respectively.

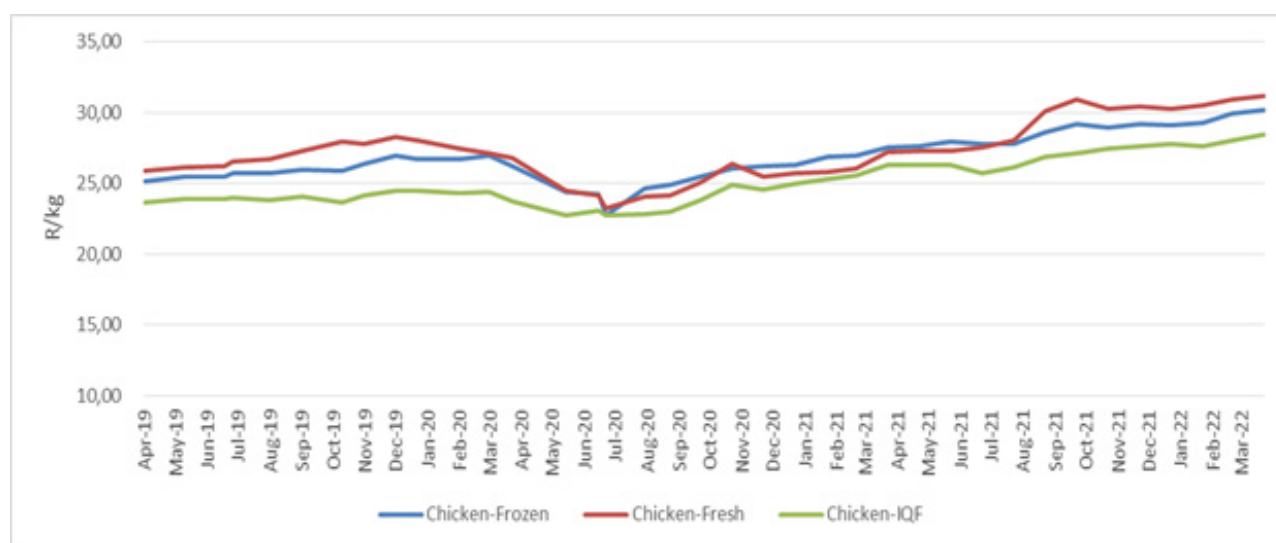


Figure 2: Quarterly average producer prices

Source: AMT, 2022



5. Average retail prices for selected poultry products

Quarter 1 of 2022 vs. Quarter 1 of 2021, and Quarter 1 of 2022 vs. Quarter 4 of 2021

Table 3 presents average quarterly retail prices for selected chicken products from Q1: 2022 to Q1: 2021, as well as Q1: 2022 vs Q4: 2021. When comparing Q1: 2022 to Q1: 2021, the chicken products that had the highest price increases were 2kg IQF chicken portions (13%), chicken portions frozen non-IQF (12%), chicken giblets (9%) and chicken portions fresh per kg (5%). The price of a kilogram of fresh whole chicken had risen by 4%.

Chicken giblets and whole chickens were down 5% and 1%, respectively, in Q1: 2022 compared to Q4: 2021, but fresh chicken portions per kg stayed unchanged. Frozen chicken portions non-IQF and IQF chicken portions (2kg) had increased by 3% and 2%, respectively.

Table 3: Average quarterly retail prices for selected processed and unprocessed chicken

Processed & unprocessed meat	Q1: 2021 R/kg	Q4: 2021 R/kg	Q1: 2022 R/kg	Q1: 2022 vs Q1 2021 % Change	Q1: 2022 vs Q4: 2021 % Change
Chicken giblets per kg	36.83	40.05	38.21	9	-5
Chicken portions - fresh per kg	69.36	70.46	70.36	5	0
Chicken portions frozen non-IQF	49.56	55.02	56.54	12	3
IQF chicken portions – 2kg	74.33	82.27	83.78	13	2
Whole chicken – fresh per kg	61.52	58.88	58.15	4	-1

Source: Stats SA, 2022



6. Quarterly feed prices

Figure 3 presents quarterly SAFEX spot prices for yellow maize, sunflower seed and soybeans. Grains and oilseeds prices remain elevated since the second half of 2020 after production glitches across the world. A ton of sunflower seed was recorded at R12 824 on the 3rd of March 2022, the highest in history in South Africa. Soybean and yellow maize were selling at relatively higher than usual historical prices. On average, during the first quarter of 2022 (January-March), the spot price for a ton of sunflower seed was R10 839, up 15.9% when compared to the same period the previous year, while a ton of soybean and yellow maize was R8 786 (-2.9% down) and R3 948 (15.7% up), respectively.

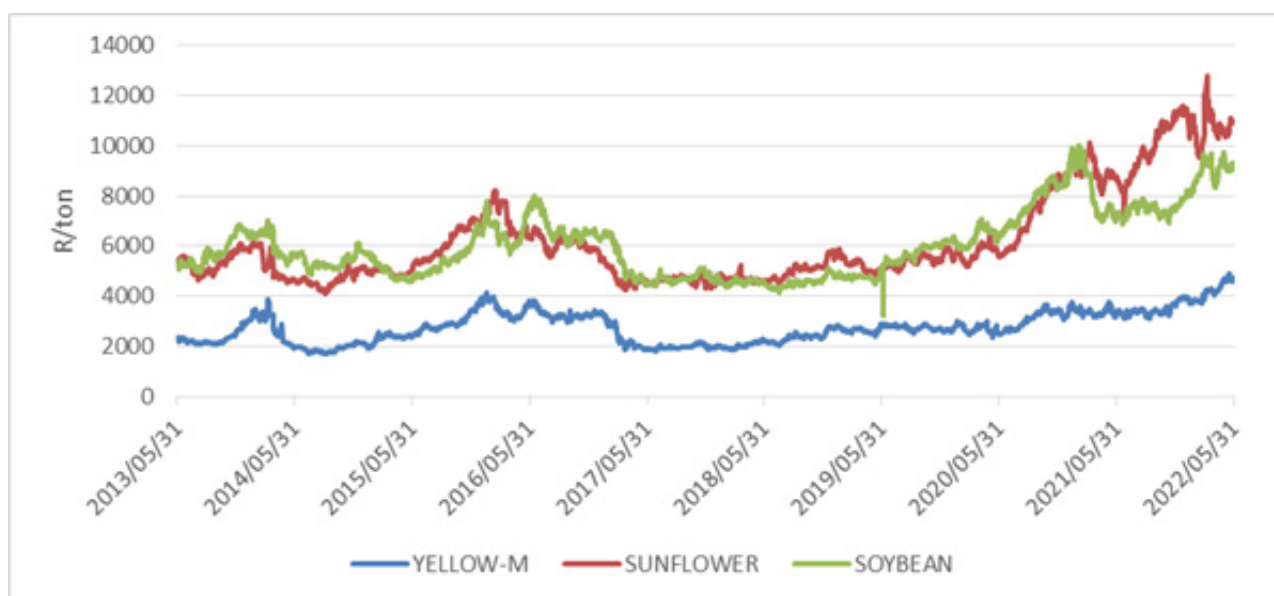


Figure 3: Monthly spot prices per ton

Source: JSE-SAFEX, 2022



7. Monthly Real Farm to Retail Price Spread

Figure 4 presents the quarterly real farm-to-retail price spread (FTRPS) and the real farm value share. The FTRPS is measured as a difference between what the consumer pays for the food product at the retail level and the value of the farm product used in that product.

During the period of February 2022 to April 2022, the real farm value share of fresh whole chicken increased by 1.11%. During the same period, the real FTRPS of fresh whole chicken decreased on average by 1.69%. The real farm value share of fresh whole chicken reached 53.34% in April 2022. The factors such as imports and high world grain prices amongst other factors have widened the gap between real farm value share and FTRPS. Local soya meal prices have been trading high since October 2021, at R8 300/ton and they are currently trading at an average of R9 200/ton. From April 2021 to April 2022, the real FTRPS decreased by 27.73%, while the real farm value share increased by 23.24%, respectively.

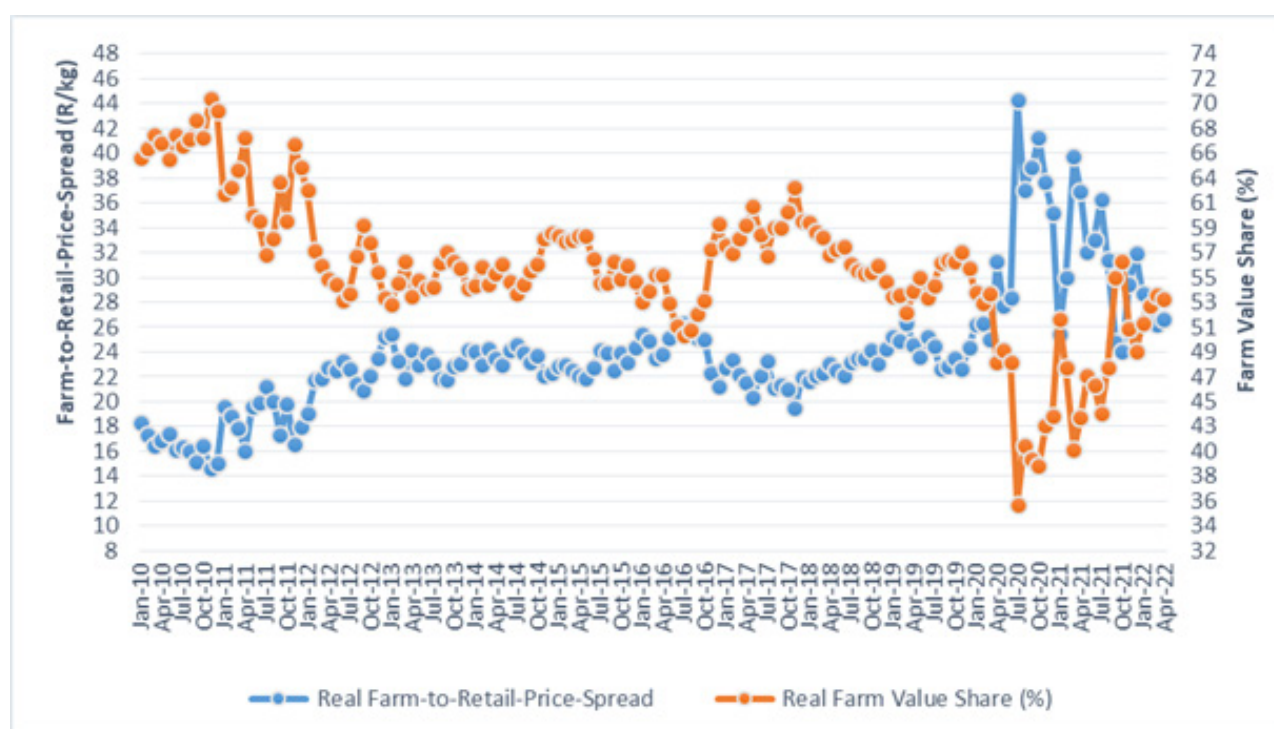


Figure 4: Real farm-to-retail-price-spread and farm value share of poultry

Source: Stats SA, AMT, and own calculations, 2022

8. Concluding remarks

Globally, the surge in pork meat prices was due to inadequate supply, primarily from the Western EU region. Reduced supply of poultry support prices as numerous countries battled ongoing Avian Influenza outbreaks around the world. Additionally, following Russia's invasion of Ukraine, input prices skyrocketed, triggering a global glut of grains and oilseeds by the end of February 2022. This had a knock-on effect on both pork and poultry production as they are amongst the largest consumers of these commodities. Subsequently, the meat index reached an all-time high in March 2022 (FAO, 2022).

Domestically, following months of decrease in chicken imports, South Africa's chicken imports increased by 18% in the first quarter of 2022 compared to the previous quarter. Brazil, the USA and Argentina remain dominant suppliers of poultry imports to South Africa. Australia is supplying a reasonable amount of poultry since the fourth quarter of 2021. Consequently, chicken meat retail prices remained elevated in response to High Pathological Avian Influenza and the Ukraine conflict-induced feed costs which are both negatively affecting production expansion. The continued electricity supply challenge is likely to continue put a strain on local poultry production and feed manufacturing in the near future. In light of these developments, the increase in imports may have cushioned local prices to a certain degree during the first quarter of 2022. Local production needs to pick up to curb the rising demand for the most affordable source of animal protein, but this will depend on a number of factors such as controlling disease, global commodity prices improving and local feed prices declining thereof in the medium term.



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