



**SOUTH AFRICAN POULTRY
PRODUCTS PRICE MONITOR
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NAMC
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EXECUTIVE SUMMARY:

During the third quarter: July-September 2022, the international quarterly average poultry meat price index was recorded at 130.61 points, and this was 21.17% higher when compared to the same period the previous year. International poultry prices remain high attributed to various factors affecting the market. These include high prices for other meat types, mainly red meat, feed costs, food price inflation, economic challenges, and higher demand for poultry meat. This is likely to remain this way as the holidays are approaching.

- *Domestically, during the third quarter: July-September 2022, South Africa imported a total of 103 077 tons of chicken meat when compared to 108 736 tons imported in Q2 of 2022. This represented an import decrease of 5%, and also implying that the suspension of anti-dumping duties has not drastically increased imports as was feared by the local poultry industry. Domestic producer prices for Individual Quick Freezing (IQF), fresh chicken and frozen chicken had increased by 14.05%, 11.40% and 10.29%, respectively, when compared to the previous quarter (Q2 of 2022). For the same period, retail price for chicken products that had the highest price increases were chicken portions frozen non-IQF (9%), chicken gIBLETS (5%), 2kg IQF chicken portions (4%) and the fresh whole chicken (1%). The price of a kilogram of chicken portions fresh per kg had declined by 8%.*
- *Feed prices remain elevated since February 2022. Quarterly (from July to September of 2022), a spot price for a ton of soybean, sunflower seed and yellow maize had marginally decreased by 3.19%, 2.24% and 1.47% when compared to the previous quarter (April to June). When comparing the same period of July-September of 2022 vs 2021, a ton of yellow maize was 31.92% higher, while a ton of soybean and sunflower seed was 15.79 and 12.18%, respectively.*
- *During the period of August 2022 to October 2022, the real farm value share of fresh whole chicken increased by 4.83%. During the same period, the real FTRPS of fresh whole chicken decreased on average by 12.19%. The real farm value share of fresh whole chicken reached 51.60% in October 2022. From October 2021 to October 2022, the real FTRPS increased by 19.36%, while the real farm value share decreased by 8.62%, respectively.*

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1. Introduction

The majority of South Africa's population receives affordable animal protein from poultry, making it crucial for maintaining the country's food security. This report tracks the costs of a few different chicken products in South Africa, compares them to current global poultry market trends, and, when appropriate, makes recommendations. 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. International poultry meat prices, imports of chicken into South Africa, producer pricing and retail poultry prices are examined every three months. In order to compare domestic poultry prices with those of the worldwide market more comprehensively, feed prices are also analysed.

2. International poultry meat price index

Figure 1 presents the global poultry meat price index trends between October 2014 and October 2022 with 2014 used as the base year. Based on data from the Food and Agricultural Organization (FAO) of the United Nations, during the third quarter of 2022 (July – September), the average international poultry meat price index was 3.30% higher, recorded at 130.61% points from 126.44 points recorded during the second quarter of 2022 (April- June) and 21.17% compared to the third quarter of 2021.

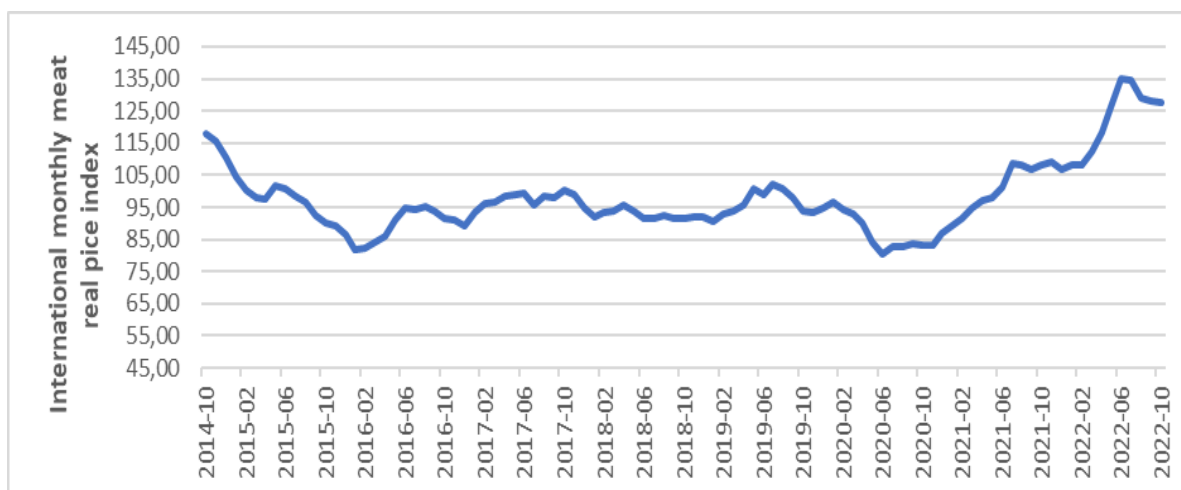


Figure 1: International poultry meat real price index

Source: FAO, 2022

3. Chicken imports

Third Quarter: July-September 2022 and 2021; Third- Quarter 2022 and Second-Quarter 2022

This section compares the volume (tons) of chicken meat imported into South Africa from quarter 3 (July - September) of 2022 to quarter 3 (July - September) of 2021 and quarter 3 (July - September) vs quarter 2 (April – June) of 2022. According to figures from the South African Revenue Services (SARS), the country imported 103 077 tons of chicken in quarter three of 2022, down slightly from 108 736 tons recorded in quarter two of 2022. This represented a decrease of 5% which indicates that, during the quarter under review the suspension of anti-dumping duties has not increased imports as was feared (see **Table 1**). Boneless chicken breasts saw the largest reduction in this trend, falling by 94%, followed by chicken thighs (92%), chicken quarter legs (74%), chicken carcasses (67%), chicken offal (46%) and other chicken parts (42%) as the main contributors to the observed decrease between Q3: 2022 and Q2: 2022. Chicken drumsticks decreased from 5 004 tonnes imported during the second quarter to 1 496 tonnes in third quarter. This represented a decrease of 70%, while chicken offal, chicken livers and chicken feet decreased by 44%, 26% and 25%, respectively, seen in **Table 1**. Whole frozen chicken registered a noticeable increase of 85%, from 112 tonnes imported from quarter two to 207 tonnes in quarter three.

Brazil continues to be the top supplier of chicken into South Africa for the first eight months of 2022, accounting for 74.04% of the total imports, followed by the USA (14.26%) and Argentina (8.73%).

Table 1: Chicken imports in volume (tons)

Tariff description	HS Code	Q3: 2021	Q2: 2022	Q3: 2022	Q3: 2022 vs Q3: 2021	Q3: 2022 vs Q2: 2022
		Tons	Tons	Tons	Annually % Change	Quarterl y % Change
Frozen chicken MDM	0207.1210	41 617	47 668	35 419	-15	-26
Frozen chicken carcasses	0207.1220	1 470	3 216	1 050	-29	-67
Whole frozen chicken	0207.1290	3 976	112	207	-95	85
Fresh chicken cuts	0207.1300	0	0	0	-	-
Boneless chicken breasts	0207.1411	1 481	643	41	-97	-94
Boneless chicken thighs	0207.1413	486	0	0	-100	-
Boneless chicken other	0207.1415	1 115	518	259	-77	-50
Frozen chicken livers	0207.1421	1 931	3 128	2 351	22	-25
Frozen chicken feet	0207.1423	8 237	10 718	7 910	-4	-26
Frozen chicken heads	0207.1425	0	0	0	-	-
Frozen chicken offal	0207.1429	4 036	5 533	3 109	-23	-44
Frozen half chicken	0207.1491	2	0	0	-100	-
Frozen chicken leg quarter	0207.1493	25 358	26 769	7 037	-72	-74
Frozen chicken wings	0207.1495	2 328	3 434	1 870	-20	-46
Frozen chicken breasts	0207.1496	0	3	0	-	-
Frozen chicken thighs	0207.1497	940	1 348	104	-89	-92
Frozen chicken drumsticks	0207.1498	6 469	5 004	1 496	-77	-70
Other	0207.1499	253	643	363	44	-44
TOTAL IMPORTS		99 701	108 736	103 077	3	-5

Source: SARS, 2022

4. Average producer price trends

Third Quarter: July-September 2022 and 2021; Third- Quarter 2022 and Second-Quarter 2022

Figure 2 shows typical producer prices for frozen chicken (maximum brine allowed 10%), fresh chicken and IQF chicken pieces (maximum brine allowed 15%) the third-quarter 2010 through third-quarter 2022. When comparing Third Quarter: July-September 2022 and 2021; 2021, producer prices for Individual Quick Freezing (IQF), fresh chicken and frozen chicken climbed by 14.05%, 11.40% and 10.29%, respectively, according to Agricultural Market Trends (AMT) data.

When comparing Third-Quarter 2022 and Second-Quarter 2022, fresh chicken, IQF chicken portions and frozen chicken producer prices increased by 4.14%, 2.71% and 0.60%, respectively.

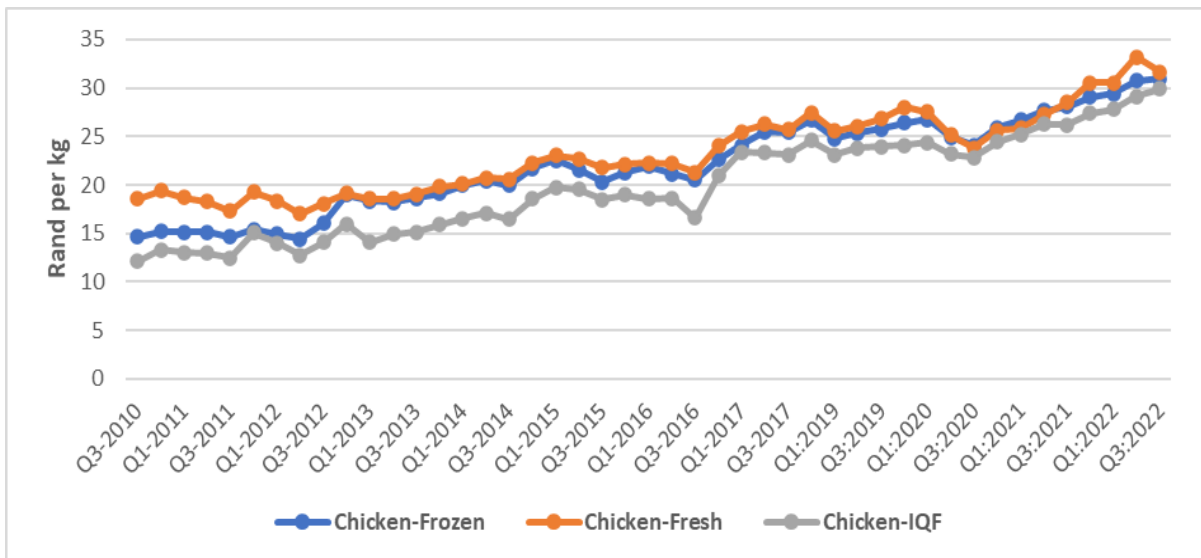


Figure 2: Quarterly average producer prices

Source: AMT, 2022

5. Average retail prices for selected poultry products

Third Quarter: July-September 2022 and 2021; Third- Quarter 2022 and Second-Quarter 2022

Figure 3 presents average quarterly retail prices for selected chicken products from the first quarter: January-March 2020 to quarter three: July-September 2022. Over this period, these selected products have increased by between 10% and 25%. During the third-quarter 2022, chicken products that had the highest price increases were chicken portions frozen non-IQF (9%) followed by chicken giblets (5%), 2kg IQF chicken portions (4%) and the fresh whole chicken (1%) compared to third -quarter 2021. The price of chicken portions fresh, per kg had declined by 8% for the same period.

During the third-quarter 2022 chicken giblets, whole fresh chickens and frozen chicken portions non-IQF were up 9%, 6% and 2%, respectively compared to second- quarter (April-June) 2022. Fresh chicken portions per kg stayed unchanged while IQF chicken portions (2kg) had decreased by 1%.

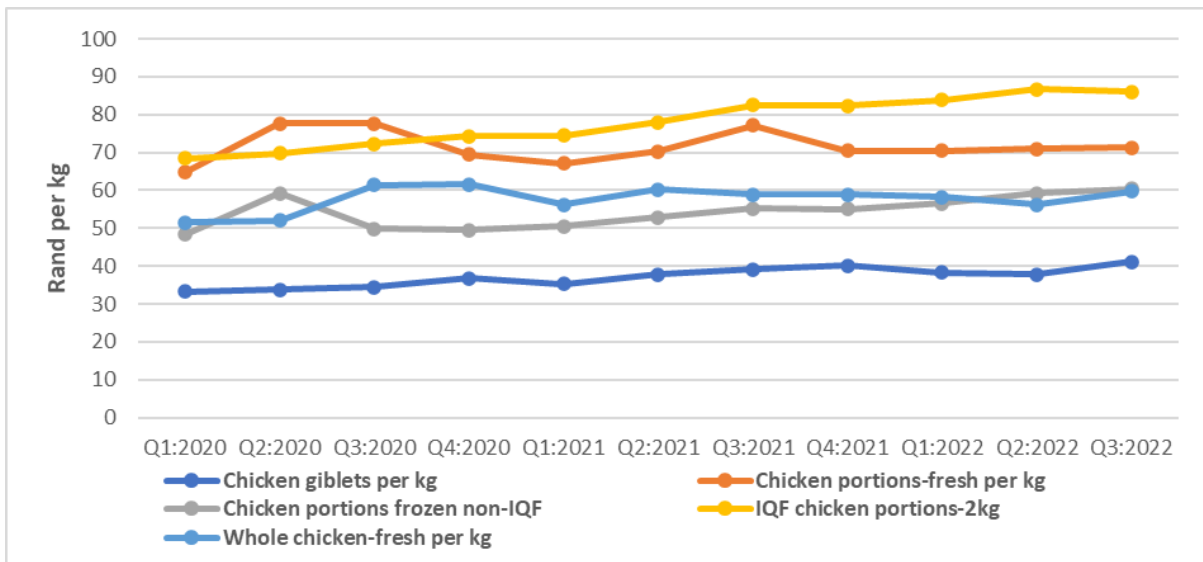


Figure 3: Average quarterly retail prices for selected processed & unprocessed chicken parts
Source: Stats SA, 2022

6. Feed prices

Figure 4 presents quarterly SAFEX spot prices for yellow maize, sunflower seed and soybeans. Although there has been an improvement since the July “grain exports deal” from the Black Sea region, grains and oilseeds prices remain elevated since the production glitches across the world and the conflict in Ukraine. The price for local grains as is the case globally remain higher compared to a long-term average around this time. On average, during the third - quarter 2022, the spot price for a ton of yellow maize was R4 404, up 31.92% when compared to the same period the previous year (third-quarter 2021), while a ton of soybean and sunflower seed was R8 769 (15.79% high) and R10 479 (12.18% up), respectively.

Comparing the third-quarter to the second-quarter 2022, the spot prices for a ton of soybean, sunflower seed and yellow maize had declined by 3.19%, 2.24% and 1.47%, respectively.

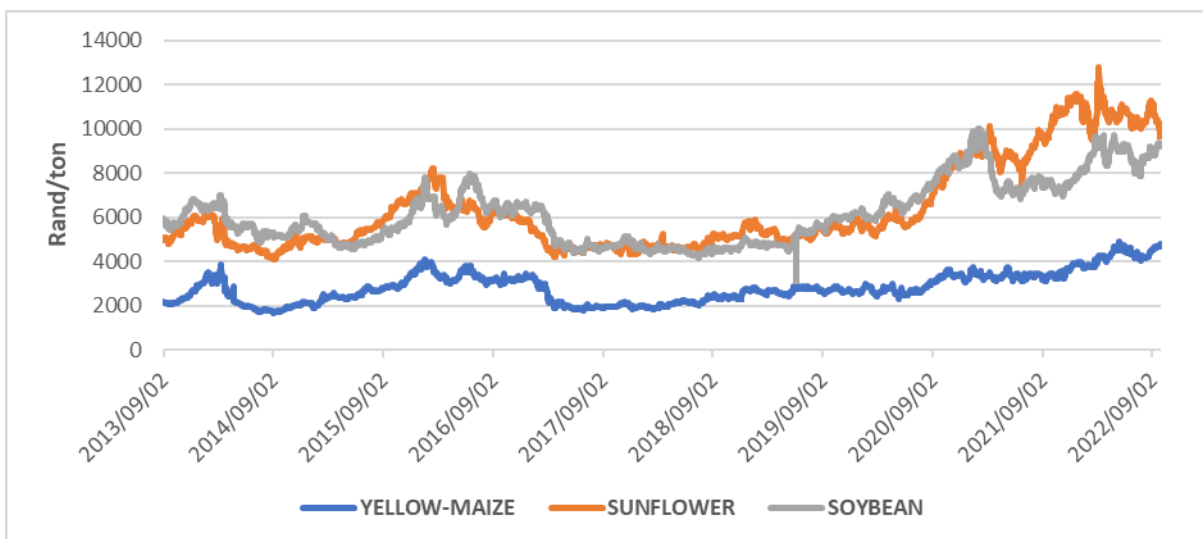


Figure 4: Quarterly spot prices per ton
Source: JSE-SAFEX, 2022

7. Real Farm to Real Price Spread

Figure 5 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 August 2022 to October 2022, the real farm value share of fresh whole chicken increased by 4.83%. During the same period, the real FTRPS of fresh whole chicken decreased on average by 12.19%. The real farm value share of fresh whole chicken reached 51.60% in October 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. From October 2021 to October 2022, the real FTRPS increased by 19.36%, while the real farm value share decreased by 8.62%, respectively.

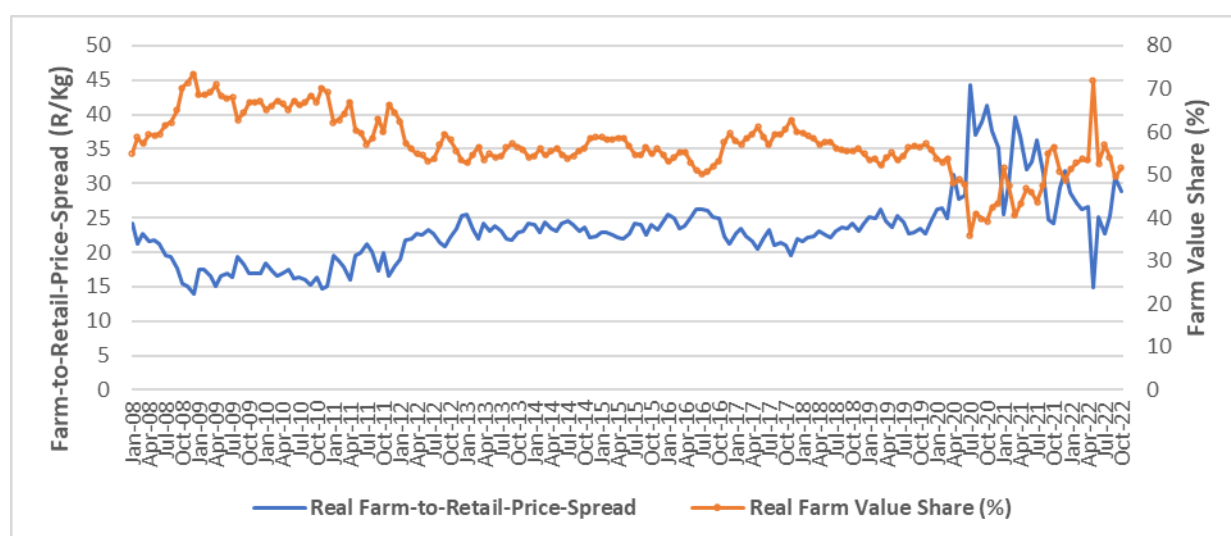


Figure 4: Real farm-to-retail-price-spread and farm value share of poultry

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

Concluding remarks

International poultry prices continue to be high on a global scale, which can be linked to several market-related variables. These include elevated costs for other meat varieties, namely red meat, feed expenses, rising food prices, economic difficulties and increased demand for poultry meat. With the festive seasons approaching, this is probably going to remain the same for the remainder of the year. Given that the region of the European Union (EU) continues to be experience increasing feed costs, energy costs, and the persistence of the Highly Pathogenic Avian Influenza, Brazil, will certainly remain the major global exporter of poultry products. Consequently, pricing will likely remain competitive, and Brazil will probably gain from these circumstances in the foreseeable future.

The third-quarter of 2022 saw a decrease in domestic imports of chicken meat, which seems to have coincided with strong demand for reasonably priced sources of animal protein like beef or mutton. Prices are still relatively high even after anti-dumping tariffs on imported poultry were removed to keep them down as shown from **Table 1** above. The adjustments of

prices to a new level may be experienced in the near future due to time that keeps prices high for a while before they reach the long-term equilibrium. The impact of anti-dumping removal on prices may be clear in the last-quarter (Oct.-Dec.) of 2022.

On the other hand, the demand for mechanically deboned meat (MDM), which is available duty-free from South Africa's main chicken meat suppliers, decreased. This can be the result of increased demand on the international market. The Middle East, is reported to be importing more poultry, and Brazil is expected to meet this demand. Consequently, countries that import chicken are likely to experience relatively high costs, or Brazil may choose to channel its poultry to countries with lower taxes due to availability of alternative markets.

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