



SOUTH AFRICAN POULTRY PRODUCTS PRICE MONITOR

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EXECUTIVE SUMMARY:

- During the fourth quarter: October-December 2022, the international quarterly average poultry meat price index was recorded at 121.59 points, and this was surprisingly 12.42% down when compared to the same period the previous year.
- Domestically, during the fourth quarter: October-December 2022, South Africa imported a total of 73 590 tons of chicken meat when compared to 103 077 tons imported in Q3 of 2022. This represented an import decrease of 29% and 25% when compared to the fourth quarter in 2021. This decline was driven by whole frozen chicken, chicken thighs, chicken carcasses, chicken quarter legs, other chicken parts and frozen chicken wings.
- During quarter 4 domestic producer prices for Individual Quick Freezing (IQF), fresh chicken and frozen chicken had increased by 4.31%, 4.22% and 3.64%, respectively, when compared to the quarter 3 of 2022. For the same period, retail price for chicken products that had the highest price increases were chicken giblets (7%), fresh whole chicken (4%) and chicken portions frozen non-IQF (2%). A 2kg IQF chicken portions and a kilogram of chicken portions fresh had both increased by 1%.
- Despite a 10th consecutive month decrease since March 2022 when global commodity prices saw record high, feed prices remain high. Quarterly (from October to December of 2022), a spot price for a ton of soybean, yellow maize and sunflower seed had increased by 19.21%, 12.92% and 7.48%, respectively when compared to the previous quarter (June to September). When comparing Quarter 4 of 2022 vs 2021, a ton of yellow maize was 38.53% higher, while a ton of soybean and sunflower seed was 28.81% and 2.68% higher, respectively.
- During the fourth quarter of 2022 (October 2022 – December 2022), the real farm value share increased by 8.37%, while the real FTRPS of fresh whole chicken increased by 14.67%. The real farm value share of fresh whole chicken reached 55.91% in December 2022.

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1. Introduction

The majority of South Africa's population obtains affordable animal protein from poultry, making it crucial for maintaining the country's food security. This report tracks the costs of 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 global 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 December 2014 and December 2022 with 2014 used as the base year. Based on data from the Food and Agricultural Organization (FAO) of the United Nations, during the fourth quarter of 2022, the average international poultry meat price index averaged 121.59 point, down from 130.15 points recorded in quarter 3 which is equivalent to a decrease of 6.57%. When comparing the fourth quarter of 2022 to fourth quarter of 2021, the index was 12.42% higher.

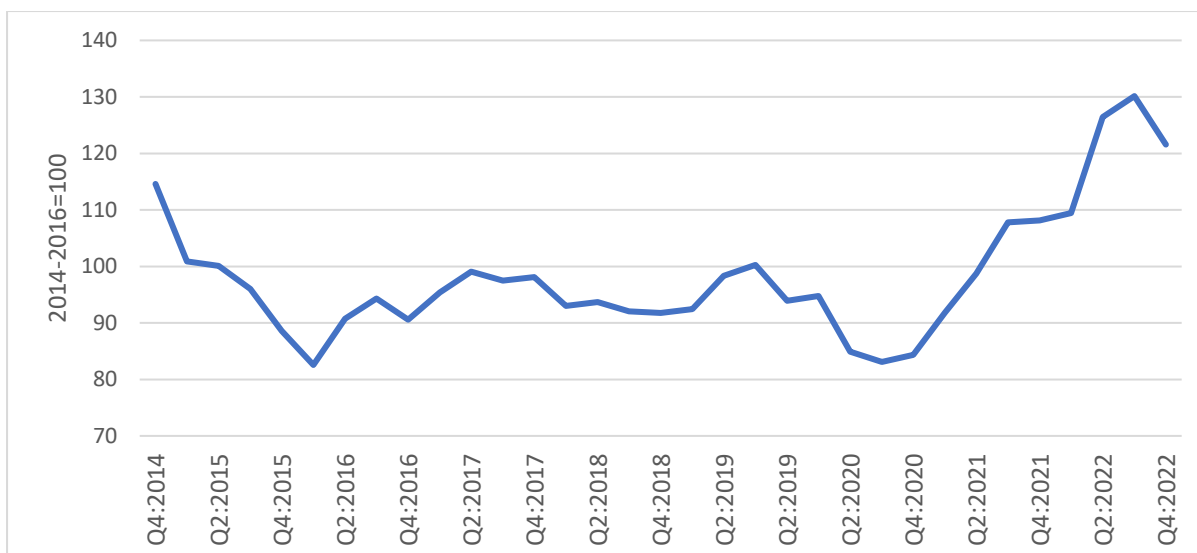


Figure 1: International poultry meat real price index

Source: FAO, 2023

3. Chicken imports

Fourth quarter: October-December 2022 and 2021; Fourth quarter 2022 and Third quarter 2022

This section compares the volume (tons) of chicken meat imported into South Africa between quarter 4 (October - December) of 2022 and quarter 4 of 2021 as well as quarter 4 (October - December) vs quarter 3 (July – September) of 2022.

Opposed to what most anticipated after anti-dumping duties were suspended in August 2022, South Africa imported less chicken in quarter 4 as previously feared. Brazil remained the leading chicken supplier exporting around 75% of chicken to South Africa in 2022, followed by USA (12%) and Argentina (9%). According to figures from the South African Revenue Services (SARS), the country imported 73 590 tons of chicken in quarter four of 2022, down 29% from 103 077 tons recorded in quarter 3 of 2022. Whole frozen chicken saw the largest reduction in this trend, falling by 94%, followed by chicken thighs (88%), chicken carcasses (30%), chicken quarter legs (24%), other chicken parts (18%) and frozen chicken wings (16%) as the main contributors to the observed decrease between the third and the fourth quarter of 2022.

When comparing the fourth quarter of 2022 to the fourth quarter of 2021, total imports decreased 25% and whole frozen chicken was once again the largest contributor decreasing by 99%, followed by chicken quarter legs (73%), boneless chicken breasts (69%), frozen chicken thighs (49%), frozen chicken carcasses (46%), frozen chicken wings (28%), boneless chicken other (23%) and frozen chicken feet (19%) as seen in **Table 1**.

Table 1: South African chicken imports in volume (tons)

Tariff description	HS Code	Q4: 2021	Q3: 2022	Q4: 2022	Q4: 2022 vs Q4: 2021	Q4: 2022 vs Q3: 2022
		Tons	Tons	Tons	Annually % Change	Quarterly % Change
Frozen chicken MDM	0207.1210	48 894	35 419	44 353	-9	25
Frozen chicken carcasses	0207.1220	1 366	1 050	733	-46	-30
Whole frozen chicken	0207.1290	1 957	207	25	-99	-88
Fresh chicken cuts	0207.1300	0	0	7	-	-
Boneless chicken breasts	0207.1411	332	41	102	-69	149
Boneless chicken thighs	0207.1413	0	0	0	-	-
Boneless chicken other	0207.1415	386	259	296	-23	14
Frozen chicken livers	0207.1421	0	2 351	2 663	-	13
Frozen chicken feet	0207.1423	11 272	7 910	9 136	-19	16
Frozen chicken heads	0207.1425	0	0	0	-	-
Frozen chicken offal	0207.1429	5 013	3 109	4 685	-7	51
Frozen half chicken	0207.1491	25	0	0	-	-
Frozen chicken leg quarter	0207.1493	19 802	7 037	5 378	-73	-24
Frozen chicken wings	0207.1495	2 165	1 870	1 562	-28	-16
Frozen chicken breasts	0207.1496	0	0	28	-	-
Frozen chicken thighs	0207.1497	1 528	104	784	-49	654
Frozen chicken drumsticks	0207.1498	4 079	1 496	3 539	-13	137
Other	0207.1499	231	363	298	29	-18
TOTAL IMPORTS		98 277	103 077	73 590	-25	-29

Source: SARS, 2023

4. Average producer price trends

Fourth quarter: October-December 2022 and 2021; Fourth quarter 2022 and Third 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%) from the fourth quarter 2010 through to the fourth quarter of 2022. When comparing fourth quarters: October - December 2022 and 2021, producer prices for fresh chicken, Individual Quick Freezing (IQF) and frozen chicken had increased by 29.36%, 27.73% and 23.77%, respectively, according to Agricultural Market Trends (AMT) data.

When comparing the fourth quarter, 2022 and the third quarter of 2022, IQF chicken portions, fresh chicken and frozen chicken producer prices increased by 4.31%, 4.22% and 3.64%, respectively. Feed prices were the main driver to the overall increase in producer throughout 2022.

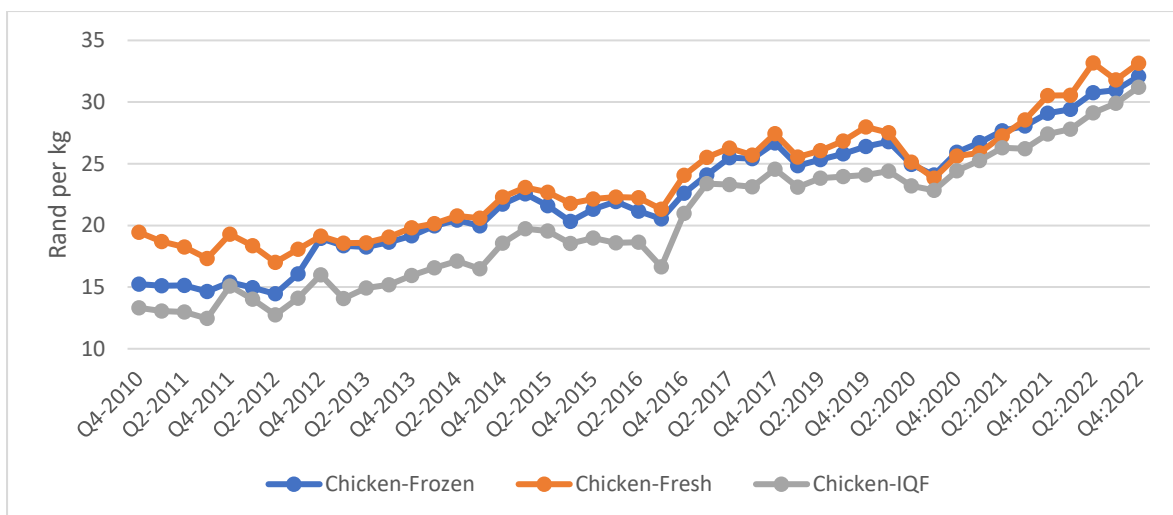


Figure 2: Quarterly average producer prices

Source: AMT, 2023

5. Average retail prices for selected poultry products

Fourth Quarter: October-December 2022 and 2021; Fourth- Quarter 2022 and Third-Quarter 2022

Figure 3 presents average quarterly retail prices for selected chicken products from the first quarter: January-March 2020 to the fourth quarter: October – December 2022. Over this period, these selected products have increased by between 11% and 33%. When comparing the fourth quarter to third quarter of 2022, chicken giblets, whole fresh chickens and frozen chicken portions non-IQF increased by 7%, 4% and 2%, respectively. Fresh chicken portions per kg stayed unchanged while IQF chicken portions (2kg) had decreased by 1%.

During the fourth quarter of 2022, the retail price of chicken portions frozen non-IQF, chicken giblets, 2kg IQF chicken portions and fresh whole chicken was R61.22/kg, R44.22/kg, R86.94 and R62.27/kg, respectively and increased by 11%, 10%, 6% and 6%, respectively compared to the same period the previous year. Chicken portions fresh, per kg had the smallest increase of these products increasing by 2% for the same period.

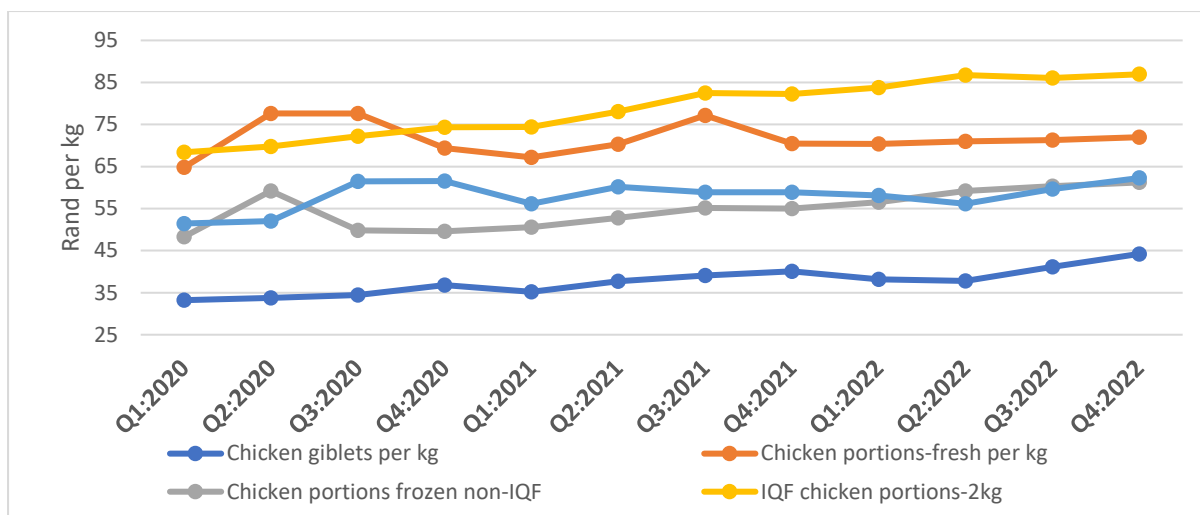


Figure 3: Average quarterly retail prices for selected processed & unprocessed chicken products

Source: Stats SA, 2023

6. Feed prices

Figure 4 presents quarterly SAFEX spot prices for yellow maize, sunflower seed and soybeans. Global food price index declined for the 10th consecutive month in January 2023. However, despite this decline the FAO cereals and meat indices remained largely unchanged.

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 fourth quarter 2022, the spot price for a ton of yellow maize was R4 973, up 38.53% when compared to the same period the previous year, while a ton of soybean and sunflower seed was R9 601 (28.81% higher) and R11 262 (2.68% higher), respectively.

Comparing the fourth quarter to the third quarter 2022, the spot prices for a ton of soybean, yellow maize and sunflower seed had increased by 19.21%, 12.92% and 7.48%, respectively.

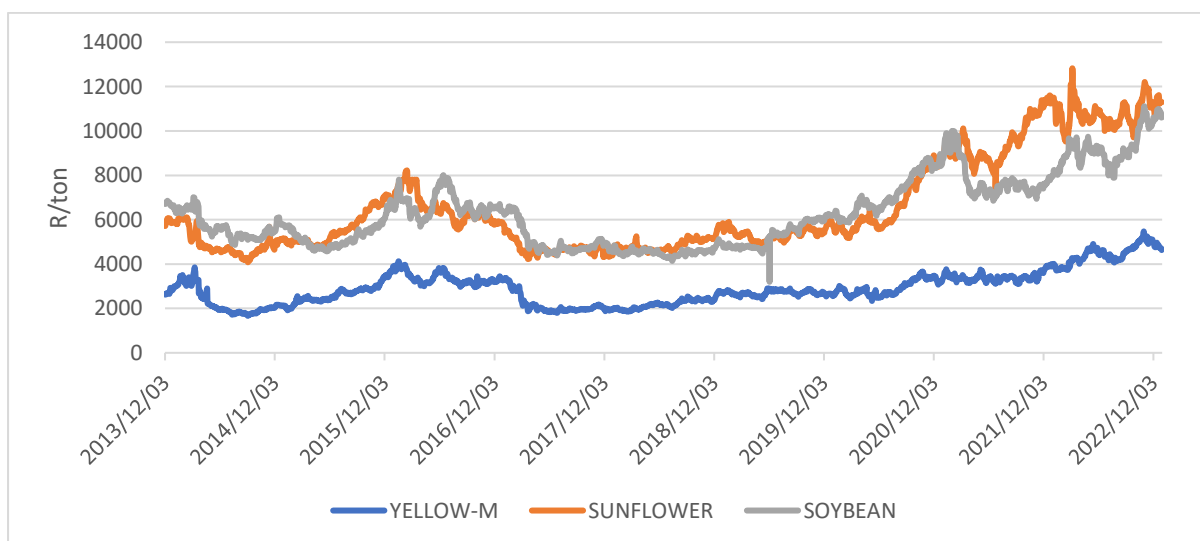


Figure 4: Quarterly spot prices per ton

Source: JSE-SAFEX, 2023

7. Real Farm to Retail 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 fourth quarter of 2022 (October 2022 – December 2022), the real farm value share increased by 8.37%, while the real FTRPS of fresh whole chicken decreased by 14.68%. The real farm value share of fresh whole chicken reached 55.61% in December 2022. From December 2021 to December 2022, year-on-year, the real farm value share increased by 14.56%, while the real FTRPS decreased by 23.05%. This could be due to the competitiveness of the poultry market value chain being affected by factors such as imports and high feed prices amongst other factors.

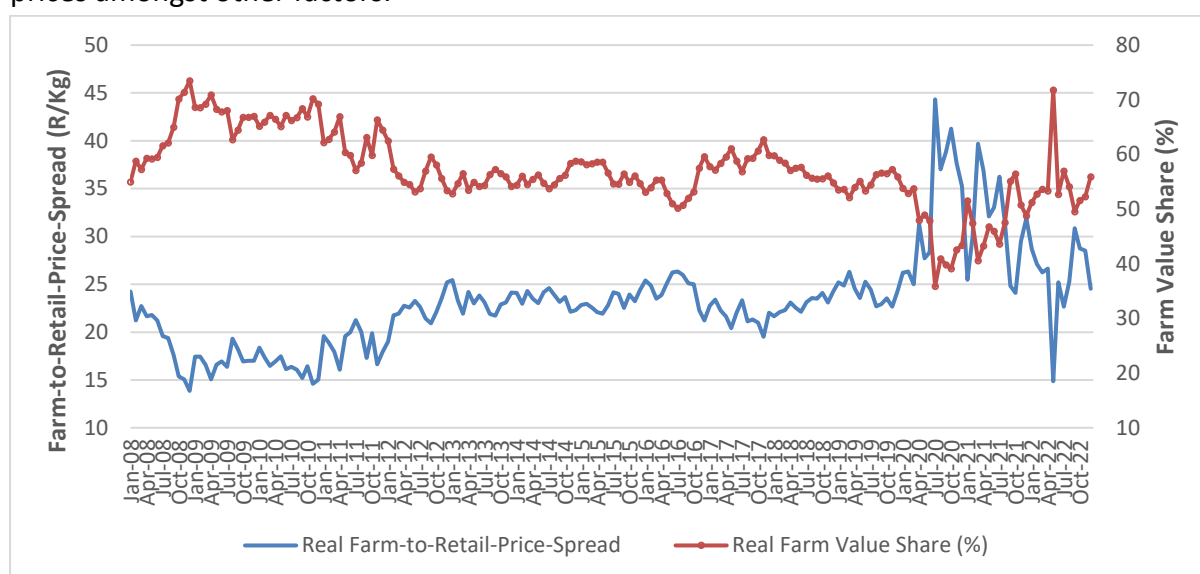


Figure 4: Real farm-to-retail-price-spread and farm value share of poultry

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

Concluding remarks

The North American countries, mainly the USA and Canada and the EU's challenges with trade restrictions associated with Highly Pathogenic Avian Influenza (HPAI) are reflected in Brazil's current market dominance. Subsequent to this, the price of a ton of poultry across the world has increased, reflecting a rising demand while the supply was challenged by the HPAI and the rising feed costs across the board. Internationally, a ton of poultry from Brazil increased by 22.08% year-on-year from USD1 626 in 2021 to USD1 985 in 2022, while poultry from the USA increased by 15.07% year-on-year, from USD1 164 in 2021 to USD1 339 in 2022. The poultry industry in South Africa is still competitive with EU farmers, but it is less so with Brazilian producers. Thus, growing domestic chicken production continues to be a major concern for South Africa. On the local market, chicken meat prices remained high despite the removal of anti-dumping levies for Brazil and the EU, which may be related to high import costs, particularly from Brazil.

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