



SOUTH AFRICAN POULTRY PRODUCTS PRICE MONITOR

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EXECUTIVE SUMMARY:

- *Based on data from the Food and Agricultural Organization (FAO) of the United Nations, during the first quarter of 2023, the average international poultry meat price index averaged 114.29 points, from 121.59 points recorded in quarter 4 which is equivalent to a decrease of 6.0%.*
- *Domestically, during the first quarter: January-March 2023, South Africa imported a total of 122 455 tons of chicken meat when compared to 73 590 tons imported in Q4 of 2022, this represented an increase of 66%. This increase was driven by boneless chicken (other) which rose by 294%, followed by boneless chicken (157%), frozen chicken carcasses (53%), frozen chicken thighs (50%), frozen chicken feet (29%), frozen chicken wings (28%), frozen chicken offal (14%) and frozen chicken mechanically deboned meat (MDM) (9%).*
- *Comparing quarter 1 of 2023 to quarter 4 of 2022, domestic producer prices of frozen chicken, Individually Quick-Frozen (IQF) chicken portions, and fresh chicken producer prices increased by 4.95%, 3.04%, and 1.92%, respectively. Together with feed costs, diesel for backup generators when load shedding starts are key drivers to the observed rise in producer prices.*
- *When comparing the first quarter of 2023 to the first quarter of 2022 retail prices, chicken giblets per kg, chicken portions frozen non-IQF, fresh chicken portion per kg and IQF chicken portion per 2kg increased by 18.01%, 10.59%, 9.11%, and 9.05%, respectively. Whole fresh chicken per kg showed the least increase in prices recorded at 3.31% over the observed period.*
- *On average, during the first quarter of 2023, the spot price for a ton of yellow maize was R4 424, equivalent to a 12.04% rise when compared to the same period during the previous year, but 10.98% lower when compared to the fourth quarter (previous quarter) of 2022. Soybean was still higher with a ton selling at R10 700 during the first quarter 2023, up 21.78% when compared to the previous year, and up 2.69% when compared to the previous quarter (quarter 4 of 2022).*

Contents

1. Introduction	2
2. International poultry Meat Price Index	2
3. Chicken imports	3
4. Average producer price trends	4
5. Average retail prices for selected poultry products	5
6. Feed prices	6
7. Real Farm to Retail Price Spread	7

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 by comparing 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) which was mandated 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 markets more comprehensively, feed prices are also analysed.

2. International poultry Meat Price Index

Figure 1 presents the global poultry meat price index trends between January 2015 and January 2023 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 2023, the average international poultry meat price index averaged 114.29 points, from 121.59 points recorded in quarter 4 which is equivalent to a decrease of 6.0%. When comparing the first quarter of 2023 to first quarter of 2022, the index was 4.4% higher.

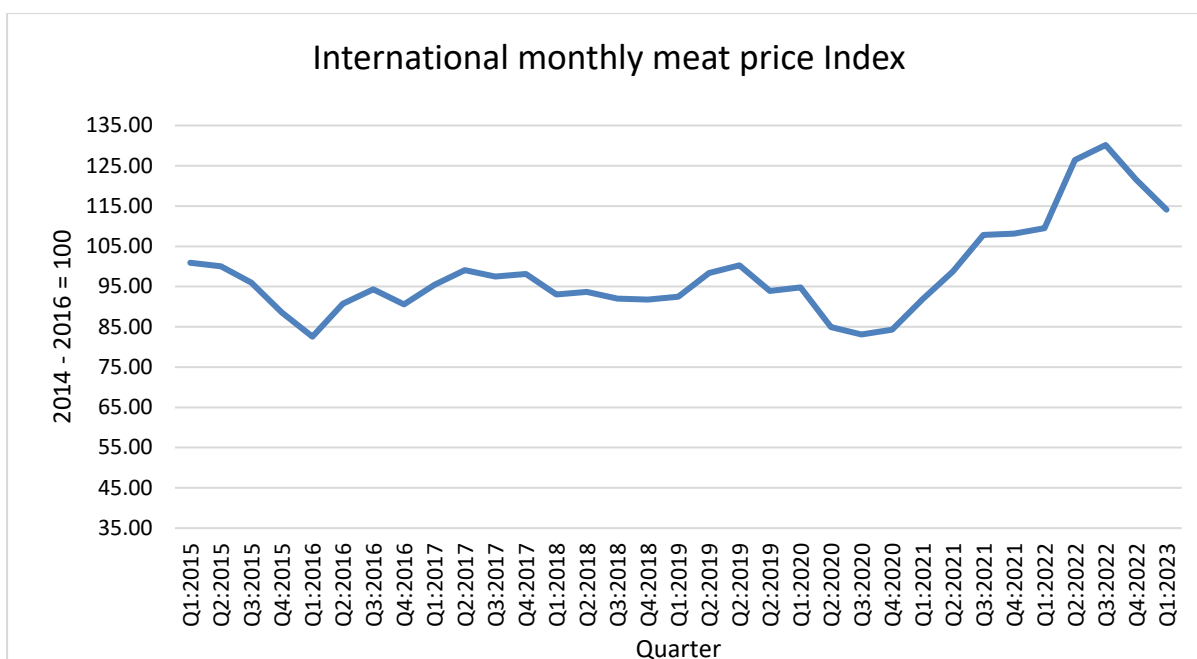


Figure 1: International poultry meat real price index

Source: FAO, 2023

3. Chicken imports

First quarter: January-March 2023 and 2022; First quarter 2023 and Fourth quarter 2022

This section compares the volume of chicken meat (tons) imported into South Africa between quarter 1 (January - March) of 2023 and quarter 1 of 2022 as well as quarter 1 (January - March) of 2023 vs quarter 4 (October – December) of 2022.

According to data obtained from the South African Revenue Services (SARS), the country imported 122 455 tons of chicken in quarter 1 of 2023, representing a 5% increase from 116 089 tons recorded in quarter 1 of 2022. Imports for the following chicken products had increased; boneless chicken (other) by 294%, followed by boneless chicken (157%), frozen chicken carcasses (53%), frozen chicken thighs (50%), frozen chicken feet (29%), frozen chicken wings (28%), frozen chicken offal (14%) and frozen chicken mechanically deboned meat (MDM) (9%) shown in **Table 1**. These were the main contributors to the observed increase between the first of 2023 and the fourth quarter of 2022.

When comparing the first quarter of 2023 to the fourth quarter of 2022, total imports increased by 66% from 73 590 tons to 122 455 tons. The main contributors to the observed increase in chicken imports were whole frozen chicken (3 895%), followed by boneless chicken breasts (525%), frozen chicken carcasses (320%), chicken quarter legs (244%), frozen chicken thighs (201%), boneless chicken (other) (117%), frozen chicken feet (68%) and frozen chicken MDM (52%) (See **Table 1**).

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

Tariff description	HS Code	Q1: 2022	Q4: 2022	Q1: 2023	Q1: 2023 vs Q1: 2022	Q1: 2023 vs Q4: 2022
		Tons	Tons	Tons	Annually % Change	Quarterly % Change
Frozen chicken MDM	0207.1210	62 145	44 353	67 512	9	52
Frozen chicken carcasses	0207.1220	2 010	733	3 074	53	320
Whole frozen chicken	0207.1290	659	25	991	50	3 895
Fresh chicken cuts	0207.1300	-	7	4	-	-
Boneless chicken breasts	0207.1411	248	102	638	157	525
Boneless chicken thighs	0207.1413	-	0	0	-	-
Boneless chicken other	0207.1415	163	296	643	294	117
Frozen chicken livers	0207.1421	1 783	2 663	1 891	6	-29
Frozen chicken feet	0207.1423	11 925	9 136	15 371	29	68
Frozen chicken heads	0207.1425	-	0	0	-	-
Frozen chicken offal	0207.1429	5 619	4 685	6 413	14	37
Frozen half chicken	0207.1491	-	0	0		-
Frozen chicken leg quarter	0207.1493	22 394	5 378	18 514	-17	244
Frozen chicken wings	0207.1495	2 095	1 562	2 677	28	71
Frozen chicken breasts	0207.1496	52	28	0	-	-
Frozen chicken thighs	0207.1497	1 758	784	2 359	34	201
Frozen chicken drumsticks	0207.1498	4 882	3 539	2 068	-58	-42
Other	0207.1499	356	298	299	-16	0
TOTAL IMPORTS		116 089	73 590	122 455	5	66

Source: SARS, 2023

4. Average producer price trends

First quarter: January-March 2023 and 2022; First quarter 2023 and fourth 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 first quarter 2011 through to the first quarter of 2023. When comparing the first quarters: January – March 2023 and 2022, producer prices for Individually Quick-Frozen (IQF), frozen chicken, and fresh chicken increased by 17.31%, 14.45%, and 10.57%, respectively.

When comparing the first quarter of 2023 and the fourth quarter of 2022, frozen chicken, IQF chicken portions, and fresh chicken producer prices increased by 4.95%, 3.04%, and 1.92%, respectively. Feed costs and diesel for backup generators for instances of load shedding are the key drivers of the observed rise in producer prices.

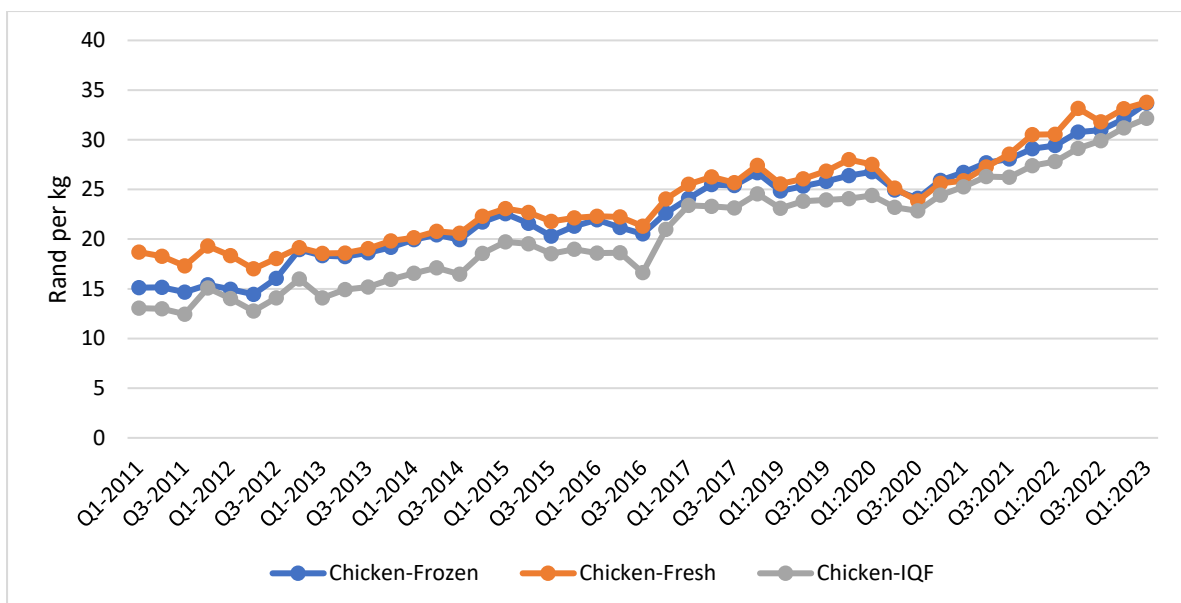


Figure 2: Quarterly average producer prices

Source: AMT, 2023

5. Average retail prices for selected poultry products

First Quarter: January-March 2023 and 2022; First- Quarter 2023 and Fourth-Quarter 2022

Figure 3 presents average quarterly retail prices for selected chicken products from the first quarter: January-March 2020 to the first quarter: January – March 2023. Over this period, chicken giblets per kg, IQF portions per kg, and whole fresh chicken per kg increased by 35.74%, 33.57%, and 16.75%, respectively.

When comparing the first quarter of 2023 to first quarter of 2022, chicken giblets per kg, chicken portions frozen non-IQF, fresh chicken portion per kg and IQF chicken portion per 2kg increased by 18.01%, 10.59%, 9.11% and 9.05%, respectively. Whole fresh chicken per kg showed the least increase in prices recorded at 3.31% over the observed period.

During the first quarter of 2023 when compared to the fourth quarter of 2022, the retail price of fresh chicken portion per kg, 2kg IQF chicken portions, chicken portions frozen non-IQF and chicken giblets increased by 6.69%, 5.08%, 2.15% and 1.97%, respectively. However, prices for whole fresh chicken per kg declined by 3.53% for the same period, from R62.27 to R60.70.

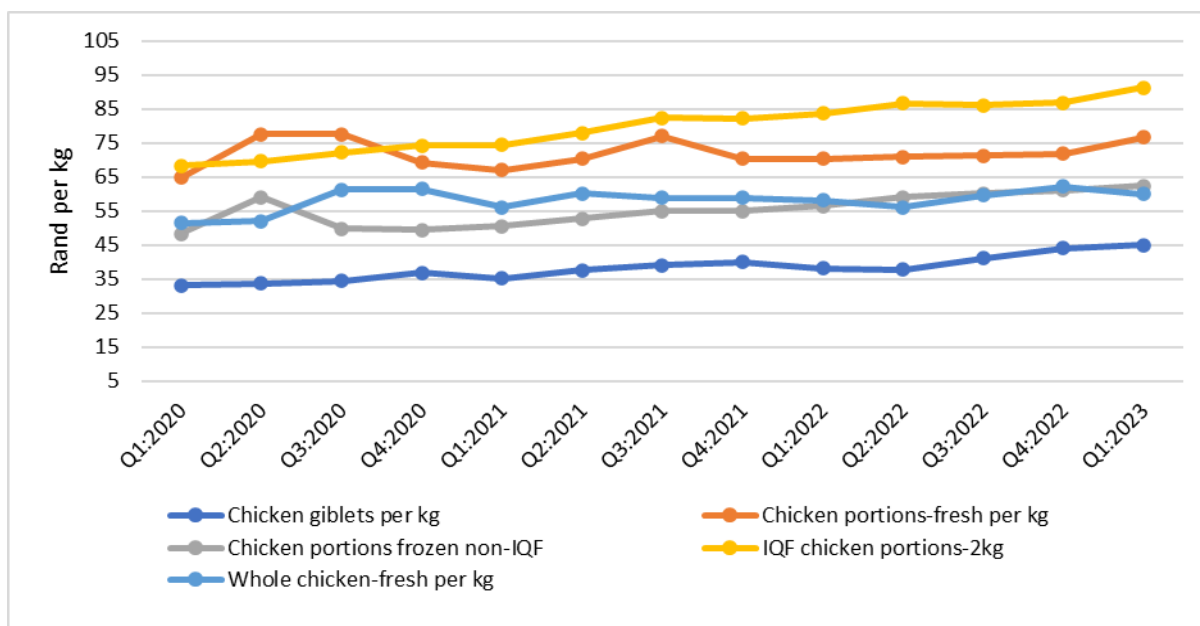


Figure 3: Average quarterly retail prices for selected processed & unprocessed chicken products

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.

Commodity prices have fallen since peaking in March 2022 following the Russia-Ukraine conflict which started in February. According to International Grain Council (IGC) data, maize and soybean indices measuring global commodities were lower by 22% and 16% respectively, when compared to the same period last year.

On average, during the first quarter of 2023, the spot price for a ton of yellow maize was R4 424, representing a 12.04% rise when compared to the same period the previous year, but 10.98% lower when compared to the fourth quarter of 2022. The price of soybean was still higher, with a ton selling at R10 700 during the first quarter of 2023, equivalent to a 21.78% increase when compared to the same period previous year, and 2.69% higher when compared to quarter 4 of 2022.

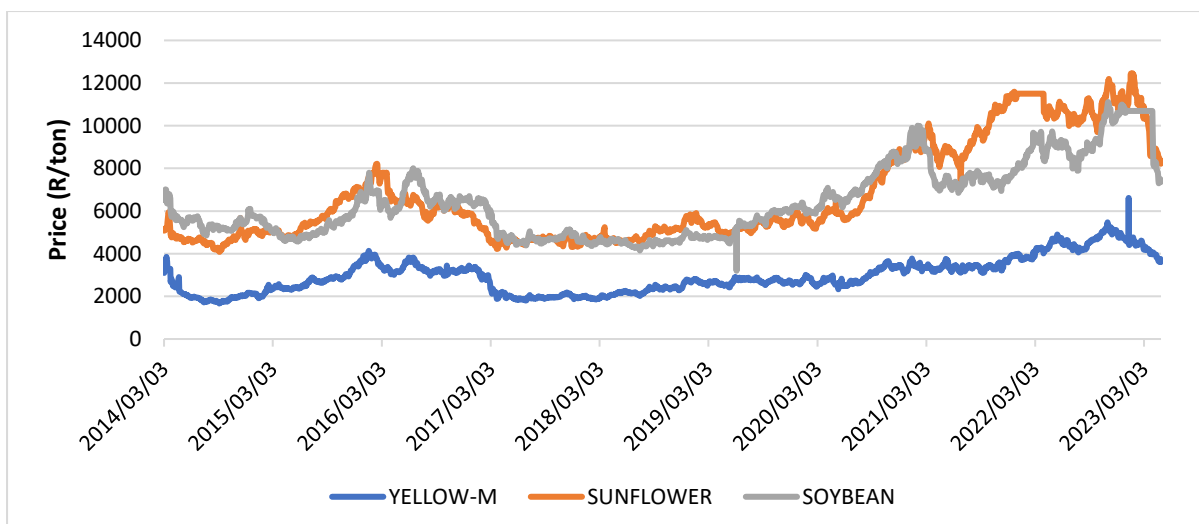


Figure 4: Quarterly spot prices per ton

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. For more detail on the methodology please read [here](#).

During the observed period February - April 2023, the real farm value share increased by 6.80%, while the real FTRPS of fresh whole chicken decreased by 14.75%. The real farm value share of fresh whole chicken reached 59.16% in April 2023. From April 2022 to April 2023 (year-on-year), the real farm value share increased by 10.92%, while the real FTRPS decreased by 19.35%. This could be due to the competitiveness in the poultry value chain being affected by factors such as imports and high feed prices, amongst other factors.

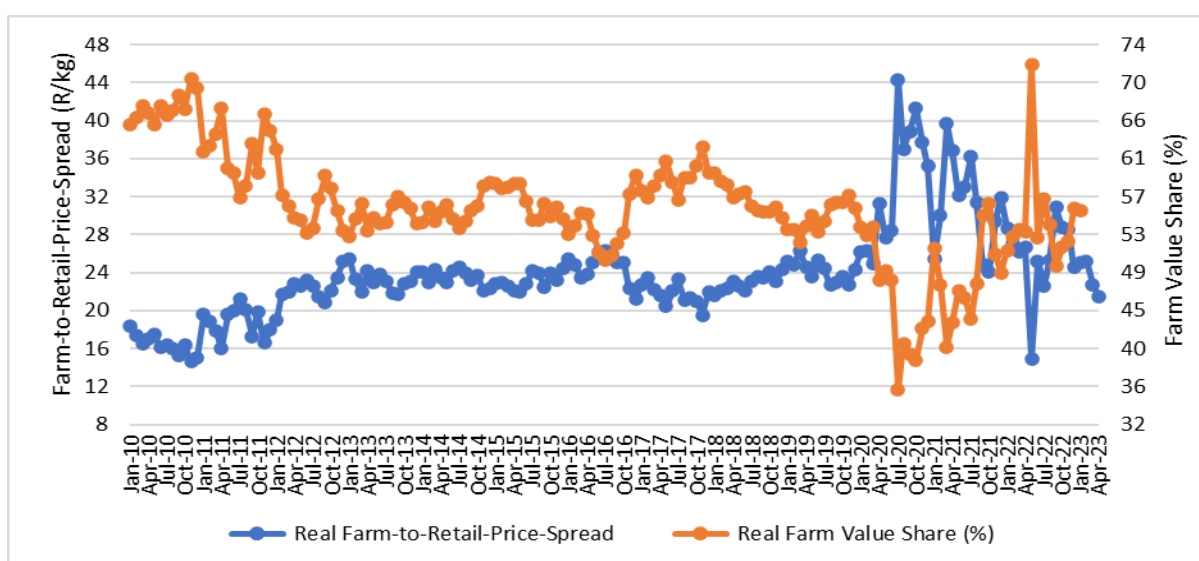


Figure 4: Real farm-to-retail-price-spread and farm value share of poultry

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

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