



SOUTH AFRICAN POULTRY PRODUCTS PRICE MONITOR

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EXECUTIVE SUMMARY:

- According to data provided by the Food and Agricultural Organization (FAO) of the United Nations, the average international poultry meat price index in the second quarter of 2023 stood at 118.72 points, marking a 4.02% increase compared to the 114.29 points recorded in the first quarter of 2023.
- Domestically, during the second quarter: April - June 2023, South Africa imported a total of 108 504 tons of chicken, representing a decrease of 0.2% when compared to 108 736 tons imported in quarter 2 in 2022. However, imports of the following chicken products increased throughout this time period: whole frozen chicken (391%), frozen chicken feet (62%), frozen chicken breast (56%), frozen chicken mechanically deboned meat (MDM) (29%), and frozen chicken offal (5%).
- Comparing quarter 2 of 2023 to quarter 1 of 2023, domestic producer prices of frozen chicken, Individually Quick-Frozen (IQF) chicken portions and fresh chicken producer prices increased by 1.57%, 1.34%, and 1.27%, respectively. This increase is attributed to prevailing challenges in the energy supply, particularly the elevated input costs like diesel utilised for backup generators during load shedding coupled with water challenges. These factors are identified as the primary contributors to the noted escalation in producer prices of poultry products.
- When comparing retail prices per kg for the second quarter of 2023 to the second quarter of 2022, chicken gIBLETS, whole fresh chicken, fresh chicken portion and IQF chicken portion per 2kg increased by 22.64%, 14.22%, 11.79% and 7.10%, respectively. Frozen non-IQF chicken portions showed the least increase in prices recorded at 6.58% over the observed period.
- During the second quarter of 2023, the average spot price for a ton of yellow maize was R3 754, equivalent to a 16.68% decrease when compared to the same period during the previous year. When comparing the second quarter of 2023 to the first quarter of 2023, the average spot price of yellow maize decreased by 15.15%. On the other hand, the average spot price of soybean was R7 764 during the second of 2023, indicating a 13.93% decline when compared to the previous year (Q2-2022) and a 27.44% decrease compared to quarter one of 2023.

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1. Introduction

The majority of South Africa's population obtains affordable animal protein from poultry, making it crucial for maintaining and improving 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 makes appropriate recommendations. The former Department of Agriculture, Forestry and Fisheries (DAFF), currently known as the 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. To provide a more comprehensive comparison between domestic poultry prices and global market prices, the analysis also includes feed prices.

2. International poultry meat price index

Figure 1 presents the global poultry meat price index trends from the second quarter of 2015 (April -June) to the same period in 2023, with the first quarter of 2015 (Jan-Mar) used as the base year. According to data provided by the Food and Agricultural Organization (FAO) of the United Nations, the average international poultry meat price index in the second quarter of 2023 stood at 118.72 points, marking a 4.0% increase compared to the 114.29 points recorded in the first quarter of 2023. When comparing the second quarter of 2023 to the second quarter of 2022, the index decreased by 6.10%.

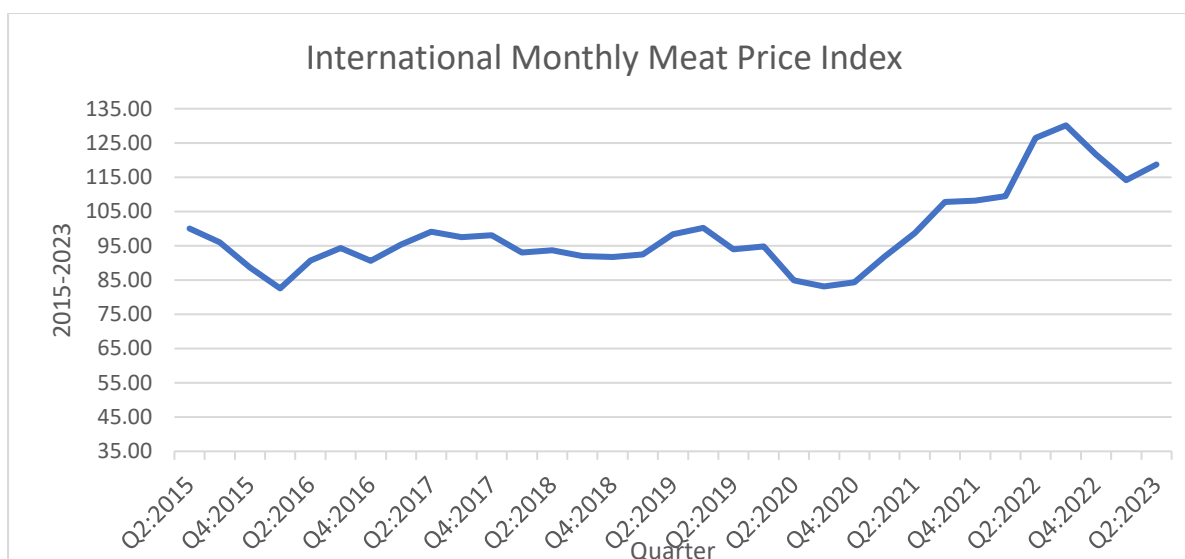


Figure 1: International Poultry Meat Real Price index (IPMRPI)

Source: FAO, 2023

3. Chicken imports

Second quarter: April-June 2023 and 2022; second quarter 2023 and first quarter 2023

This section compares the volume of chicken meat (tons) imported into South Africa between quarter 2 (April - June) of 2023 and quarter 2 of 2022, as well as quarter 2 (April - June) of 2023 vs quarter 1 (January – March) of 2023.

According to data obtained from the South African Revenue Services (SARS), the country imported 108 504 tons of chicken in quarter 2 of 2023, representing a decrease of 0.2% when compared to 108 736 tons imported in quarter 2 of 2022. However, imports of the following chicken products increased throughout this time period: whole frozen chicken (391%), frozen chicken feet (62%), frozen chicken breast (56%), frozen chicken mechanically deboned meat (MDM) (29%), and frozen chicken offal (5%), as indicated in **Table 1**.

When comparing the second quarter of 2023 to the first quarter of 2023, total imports decreased by 11.4% from 122 455 tons to 108 504 tons. The main contributors to the observed decrease in chicken imports between quarter 1 and 2 of 2023 were frozen chicken wings (66%), followed by frozen chicken thighs (65%), boneless chicken breasts (63%), fresh chicken cuts & offal (46%), whole frozen chicken (45%), boneless chicken other (33%), frozen chicken livers and other each decreasing by 19% as indicated in **Table 1**.

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

Tariff description	HS Code	Q2: 2022	Q1: 2023	Q2: 2023	Q2: 2023 vs Q2: 2022	Q2: 2023 vs Q1: 2023
		Tons	Tons	Tons	Annually % Change	Quarterly % Change
Frozen chicken MDM	0207.1210	47 668	67 512	61 388	29	-9
Frozen chicken carcasses	0207.1220	3 216	3 074	2 509	-22	-18
Whole frozen chicken	0207.1290	112	991	548	391	-45
Fresh chicken cuts	0207.1300	0	4	2	12 911	-46
Boneless chicken breasts	0207.1411	643	638	228	-64	-63
Boneless chicken thighs	0207.1413	-	0	0	-	-
Boneless chicken other	0207.1415	518	643	428	-17	-33
Frozen chicken livers	0207.1421	3 128	1 891	1 536	-51	-19
Frozen chicken feet	0207.1423	10 718	15 371	17 350	62	13
Frozen chicken heads	0207.1425	0	0	0	-	-
Frozen chicken offal	0207.1429	5 533	6 413	5 787	5	-10
Frozen half chicken	0207.1491	0	0	5	-	-
Frozen chicken leg quarter	0207.1493	26 769	18 514	14 796	-45	-20
Frozen chicken wings	0207.1495	3 434	2 677	923	-73	-66
Frozen chicken breasts	0207.1496	3	0	5	56	-
Frozen chicken thighs	0207.1497	1 348	2 359	826	-39	-65
Frozen chicken drumsticks	0207.1498	5 004	2 068	1 928	-61	-7
Other	0207.1499	643	299	244	-62	-19
TOTAL IMPORTS		108 736	122 455	108 504	-0.2	-11.4

Source: SARS, 2023

4. Average producer price trends

Second quarter: April-June 2023 and 2022; second quarter and first quarter 2023

Figure 2 shows typical producer prices for frozen chicken (maximum brine allowed 10%), whole fresh chicken and IQF chicken pieces (maximum brine allowed 15%) from the second quarter of 2011 through the second quarter of 2023. When comparing the second quarters: April – June of 2023 and 2022, producer prices for individually quick-frozen (IQF) chicken pieces, frozen non-IQF chicken and whole fresh chicken increased by 12.28%, 11.21%, and 3.28%, respectively. When comparing the second quarter of 2023 with the first quarter of the same year, IQF chicken portions, frozen non-IQF chicken and whole fresh chicken producer prices increased by 1.71%, 1.64% and 1.43%, respectively. The current increase in producer prices could be attributed to the ongoing energy crisis in South Africa, which has led to additional input costs such as diesel for backup generators during instances of load shedding.

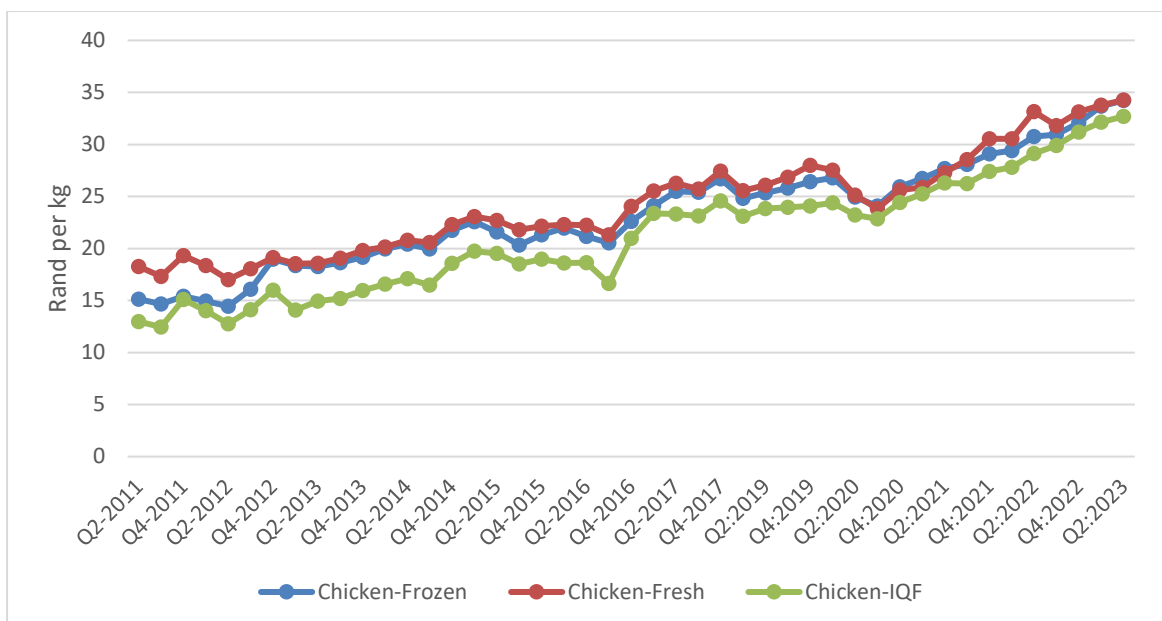


Figure 2: Quarterly average producer prices

Source: AMT, 2023

5. Average retail prices for selected poultry products

Second Quarter: April- June 2023 and 2022; Second - Quarter 2023 and first -Quarter 2023

Figure 3 presents average quarterly retail prices for selected chicken products from the second quarter: April- June 2020 to the second quarter: April – June 2023. Over this period, chicken giblets per kg, IQF chicken portions (2kg), whole fresh chicken per kg, and non-IQF frozen chicken portion prices saw increments of 37.57%, 33.18%, 23.20% and 6.65% respectively. Among these, fresh chicken portions exhibited the smallest increase, with a rise of 2.26%. When comparing the second quarter of 2023 to the same period in 2022 retail prices for various chicken products exhibited distinct changes. Specifically, the price per kg for chicken giblets, whole fresh chicken, fresh chicken portions and IQF chicken portions (per 2kg) increased by 22.64%, 14.22%, 11.79% and 7.10%, respectively. The prices for non-IQF frozen chicken portions had the lowest increase, recorded at 6.58% during the same period. When comparing the second quarter of 2023 to the first quarter of 2023, the price per kg of whole fresh chicken, fresh chicken portions, chicken giblets and IQF chicken portions (per 2kg) increased by 6.73%, 3.42%, 2.88% and 1.67%, respectively. Frozen chicken portions (non IQF), recorded the least increase in price by 0.89% during this period.

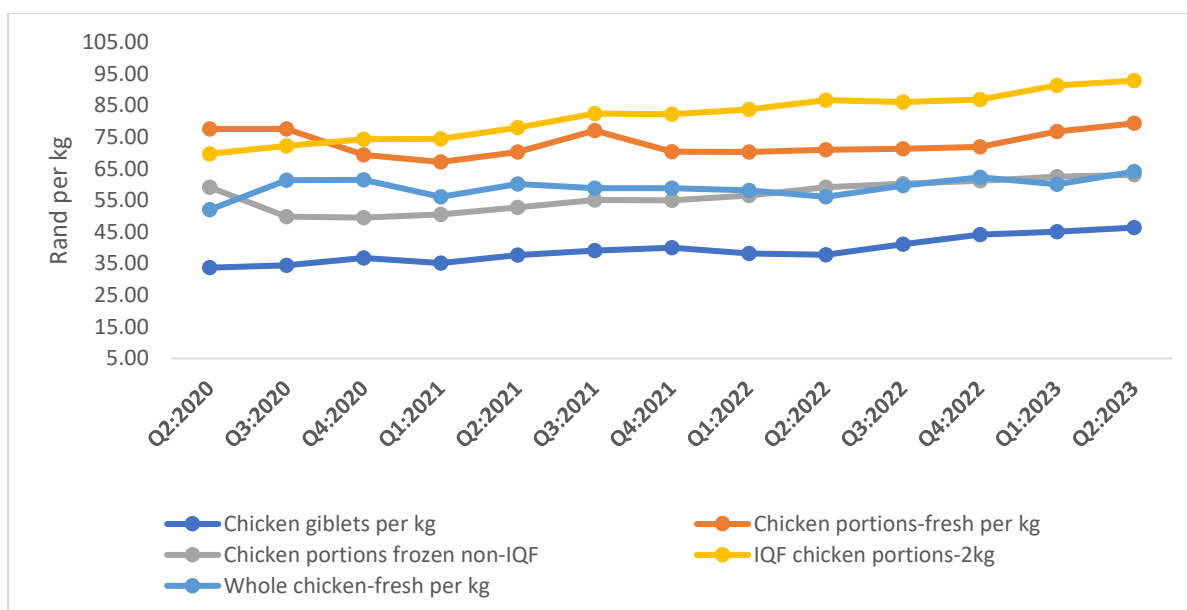


Figure 3: Average quarterly retail prices for selected processed & unprocessed chicken products

Source: Stats SA, 2023

6. Feed prices

Figure 4 presents the quarterly SAFEX spot prices for yellow maize, sunflower seed and soybeans. The FAO global food price index continued its downward trend in June 2023 due to reduced indices for sugar, vegetables, cereals, and dairy. Despite this overall decrease, the FAO meat indices remained relatively stable, driven by higher international quotations for poultry and pig meat. Starting in April 2023, grain prices for maize and soybeans underwent significant declines, primarily influenced by the surge in summer grain production between 2022 and the present time. According to data from the International Grain Council (IGC), the global commodity indices for maize and soybeans registered decreases of 25% and 20% in June 2023, respectively. In the second quarter of 2023, the average spot price for a ton of yellow maize stood at R3 754, marking a 16.68% reduction compared to the same period in 2022. However, it was 15.15% lower than the first quarter of 2023. Conversely, soybean prices decreased to R7 764 per ton during the second quarter of 2023, signifying a 13.93% decline compared to the previous year and an additional 27.55% decrease compared to the preceding quarter (Q1 2023).

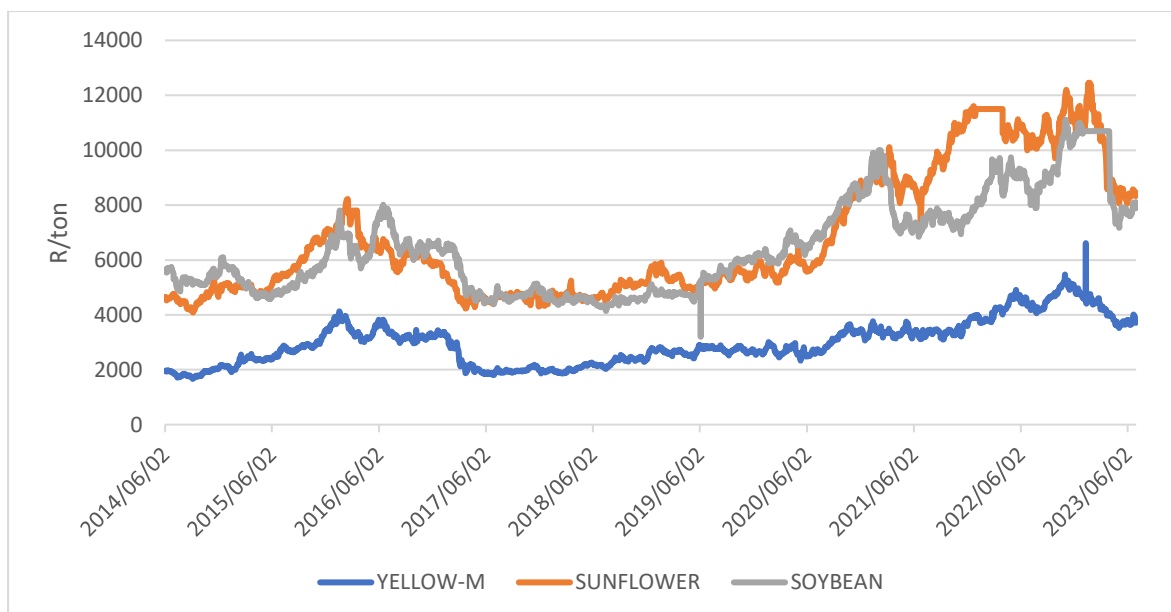


Figure 4: Quarterly spot prices per ton

Source: JSE-SAFEX, 2023

7. Real Farm to Retail Price Spread

Figure 5 presents quarterly changes in the real farm-to-retail price spread (FTRPS) and the proportion of real farm value. The FTRPS signifies the variation between what consumers pay for a food product at retail and the actual value of the farm product utilized in its production. Observing the timeframe of April-June 2023, we note a 14.29% reduction in the real farm value proportion, contrasted with a notable 41.70% rise in the real FTRPS for whole fresh chicken. The real farm value share for whole fresh chicken attained 50.71% by June 2023. In the year-on-year span from June 2022 to June 2023, the real farm value share experienced a decline of 3.79%, whereas the real FTRPS increased by 20.92%. This shift might be attributed to various factors influencing the competitiveness within the poultry value chain, including elements like imports and rising feed prices.

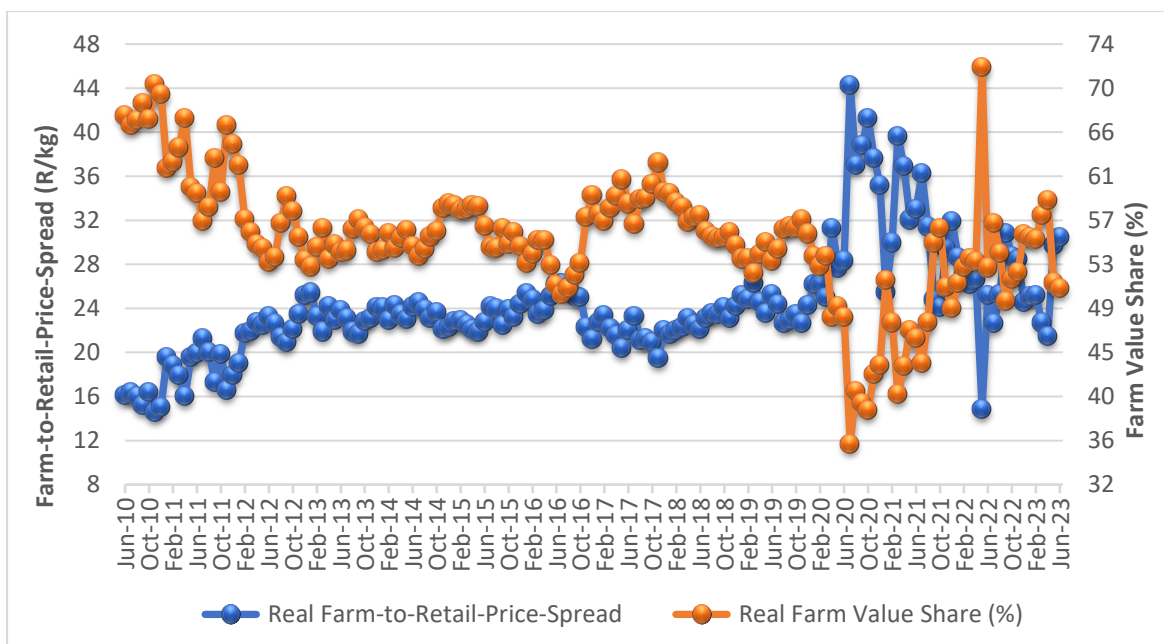


Figure 5: Real farm-to-retail-price-spread and farm value share of poultry

Source: Stats SA, AMT, and own calculations, 2023

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