



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 third quarter of 2023 stood at 115.20 points, marking a 2.97% decrease compared to the 118.72 points recorded in the second quarter of 2023.
- Domestically, during the third quarter: July-September 2023, South Africa imported a total of 80 424 tons of chicken meat, representing a decrease of 22.1% when compared to 103 211 tons imported in quarter 3 in 2022. The main drivers to the observed decrease in chicken imports during Q3 were boneless chicken (other) which dropped by 74%, frozen chicken wings (52%), other (46%), value-added processed chicken (42%) and frozen chicken livers (19%) which dropped during the period.
- Comparing quarter 3 of 2023 to quarter 2 of 2023, domestic producer prices for frozen non- individual quick-frozen (IQF) chicken, whole fresh chicken and IQF chicken pieces increased by 12.44%, 10.34% and 7.53% respectively. The current rise in producer prices can be attributed to several factors. Firstly, the effects of Avian Influenza have resulted in the culling of affected birds on specific farms in the country. Additionally, the ongoing energy crisis in South Africa is also impacting poultry producers. These factors are identified as the primary contributors to the noted escalation in producer prices of poultry products.
- When comparing retail prices per kilogram (kg) for the third quarter of 2023 to the third quarter of 2022, chicken giblets per kg, non-IQF chicken portion, IQF chicken portions (2kg) and fresh chicken portions prices increased by 34.59%, 29.37%, 27.63% and 2.56% respectively, while whole chicken portions prices decreased by 0.68% during this period.
- During the third quarter of 2023, the average spot price for a ton of yellow maize was R3 701, equivalent to a 15.97% decrease when compared to the same period during the previous year. When comparing the third quarter of 2023 to the second quarter of 2023, the average spot price of yellow maize decreased by 1.41%. On the other hand, the average spot price of soybean was R9 145 during the third of 2023, indicating a 4.63% increase when compared to the previous year (Q2-2022) and a 17.79% increase compared to quarter two 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 meat 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 products 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 third quarter of 2015 (July -September) to the same period in 2023, with the second quarter of 2015 (Jan-Mar) used as the base year. According to data provided by the Food and Agricultural Organization (FAO), the average international poultry meat price index in the third quarter of 2023 stood at 115.20 points, marking a 2.97% decrease compared to the 118.72 points recorded in the second quarter of 2023. When comparing the third quarter of 2023 to the third quarter of 2022, the index decreased by 11.49% from 130.15 points. Poultry meat prices worldwide experienced a sustained decline, primarily driven by ample supplies, notably from Brazil. This trend persisted despite substantial procurement by major importers in East Asia and the Middle East.

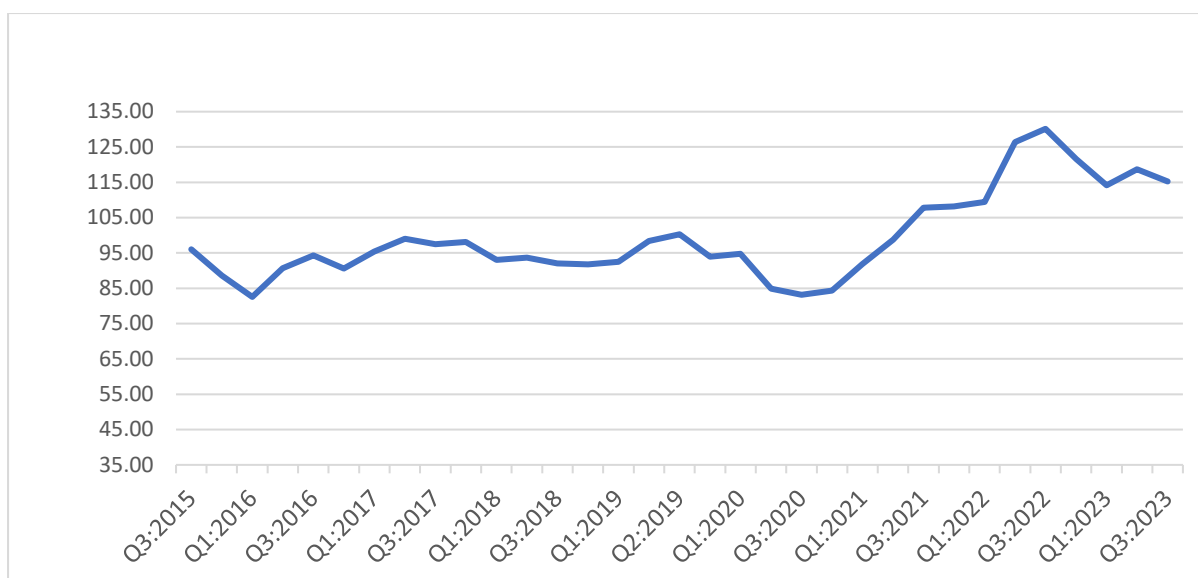


Figure 1: International Poultry Meat Real Price index (IPMRPI)

Source: FAO, 2023

3. Chicken meat imports

Third quarter: July-September 2023 and 2022; Third quarter 2023 and second quarter 2023

This section compares the volume of chicken meat (in tons) imported into South Africa between quarter 3 (July-September) of 2023 and quarter 3 of 2022, as well as quarter 3 (July-September) of 2023 vs quarter 2 (April-June) of 2023.

On a year-to-year basis, data obtained from the South African Revenue Service (SARS) indicates that the country imported 80 424 tons of chicken meat in quarter 3 of 2023, reflecting a decrease of 22.1% when compared to the 103 211 tons imported in quarter 3 of 2022. The main contributors to the observed decline in chicken meat imports during Q3 were boneless chicken other, which reduced by 74%, followed by frozen chicken wings (52%), other (46%), value-added processed chicken (42%) and frozen chicken livers (19%), as illustrated in **Table 1**.

When comparing the third quarter of 2023 to the second quarter of the same year, South Africa's chicken meat imports decreased by 26.1%, declining from 108 504 tons to 80 424 tons. Except for frozen drumsticks, which increased by 35%, and whole frozen chicken, which rose by 4%, almost all other chicken meat products imported into South Africa during the examined period experienced a decrease, as illustrated in **Table 1**.

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

Tariff description	HS Code	Q3: 2022	Q2: 2023	Q3: 2023	Q3: 2023 vs Q3: 2022	Q3: 2023 vs Q2: 2023
		Tons	Tons	Tons	Annually % Change	Quarterly % Change
Frozen chicken MDM	0207.1210	35 419	61 388	45 298	28	-26
Frozen chicken carcasses	0207.1220	1 050	2 509	1 873	78	-25
Whole frozen chicken	0207.1290	207	548	571	176	4
Fresh chicken cuts	0207.1300	0	2	0	-	-81
Boneless chicken breasts	0207.1411	41	228	142	247	-38
Boneless chicken thighs	0207.1413	0	0	0	0	0
Boneless chicken other	0207.1415	259	428	68	-74	-84
Frozen chicken livers	0207.1421	2 351	1 536	1 914	-19	25
Frozen chicken feet	0207.1423	7 910	17 350	12 898	63	-26
Frozen chicken heads	0207.1425	0	0	7	-	-
Frozen chicken offal	0207.1429	3 109	5 787	4 488	44	-22
Frozen half chicken	0207.1491	0	5	2	-	-52
Frozen chicken leg quarter	0207.1493	7 037	14 796	8 960	27	-39
Frozen chicken wings	0207.1495	1 870	923	899	-52	-3
Frozen chicken breasts	0207.1496	0	5	4	-	-20
Frozen chicken thighs	0207.1497	104	826	361	247	-56
Frozen chicken Drumsticks	0207.1498	1 496	1 928	2 598	74	35
Chicken pasters	1602.3210	0	0	0	0	0
Value-added processed	1602.3290	245	256	141	-42	-45
Other	0207.1499	363	244	197	-46	-19
TOTAL IMPORTS		103 211	108 504	80 424	-22.1	-26.1

Source: SARS, 2023

4. Average producer price trends

Third quarter: July-September 2023 and 2022; Third quarter and second 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 third quarter of 2011 through the third quarter of 2023. When comparing the third quarters (July – September) of 2023 and 2022, producer prices for frozen chicken, whole fresh chicken and IQF chicken pieces increased by 12.44%, 10.34% and 7.53%, respectively. When comparing the third quarter of 2023 with the second quarter of the same year, whole fresh chicken and frozen chicken producer prices increased by 2.42% and 1.71% respectively, while the IQF chicken portions producer price decreased by 1.63%. The current rise in producer prices can be attributed to several factors. Firstly, the effects of Avian Influenza have resulted in the culling of affected birds on specific farms in the country. Additionally, the ongoing energy crisis in South Africa is also impacting poultry producers.

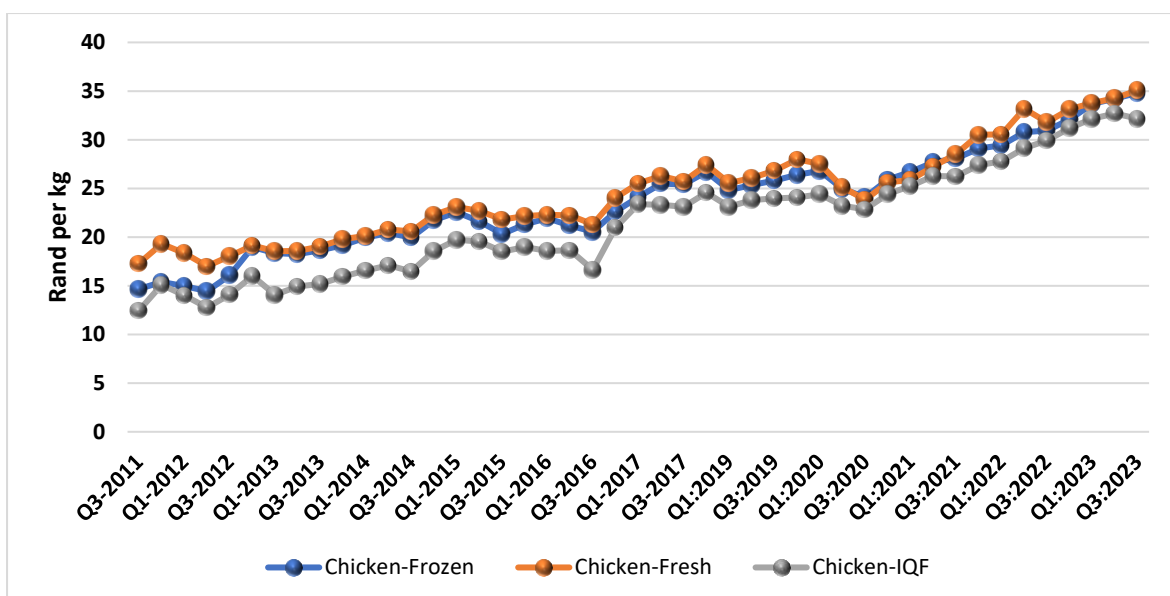


Figure 2: Quarterly average producer prices

Source: AMT, 2023

5. Average retail prices for selected poultry products

Third Quarter: July- September 2023 and 2022; Third- Quarter 2023 and second -Quarter 2023

Figure 3 presents average quarterly retail prices for selected chicken products from the third quarter: July- September 2020 to the third quarter: July – September 2023. Over this period, chicken giblets per kg, non-IQF frozen chicken portion, IQF chicken portions (2kg) and fresh chicken portions prices increased by 34.59%, 29.37%, 27.63% and 2.56% respectively, while whole chicken portions prices decreased by 0.68% during this period.

When comparing the third quarter of 2023 to the same period in 2022 retail prices for various chicken products exhibited distinct changes. The price per kg for chicken giblets, fresh chicken portions, IQF chicken portions (per 2kg) and non-IQF frozen chicken portions prices increased by 12.53%, 11.59%, 7.03% and 6.86% respectively. The prices for whole fresh chicken had the lowest increase, recorded at 2.33% during the same period.

When comparing the third quarter of 2023 to the second quarter of 2023, the Frozen chicken portions (non IQF) and fresh chicken portions prices increased by 2.15% and 0.24%, respectively. The price per kg whole fresh chicken, IQF chicken portions and chicken giblets decreased by 4.82%, 0.80% and 0.13% respectively during this period.

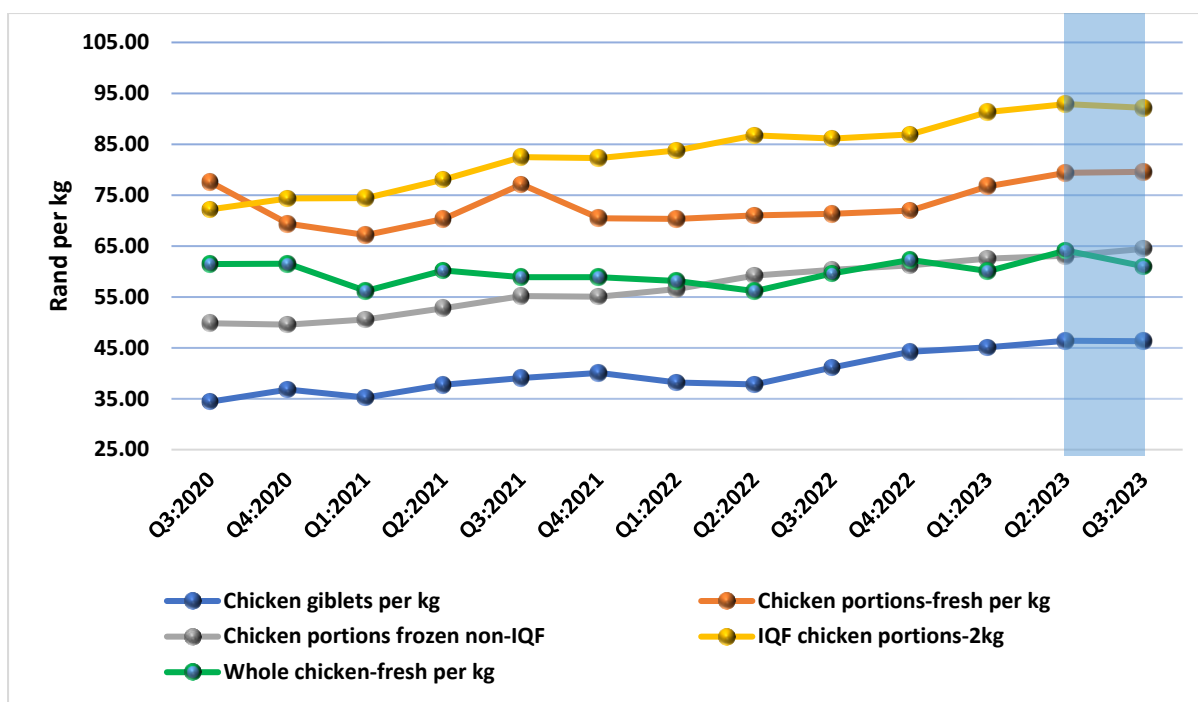


Figure 3: Average quarterly retail prices for selected processed and unprocessed chicken products

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 saw its first increase since March 2023 in September of the same year. This upturn is linked to global price hikes; for example, the sugar price index registered a significant increase of 9.8%, and the oil price index showed a noticeable rise, increasing from 3.1% reported in August 2023 to 3.9%. The prices of soybeans have risen due to severe drought conditions in countries such as Argentina and Southern Brazil, along with elevated production costs, in response to a diminished supply of the commodity.

In the third quarter of 2023, the average spot price for a ton of yellow maize was R3 701, indicating a 15.97% reduction compared to the corresponding period in 2022. However, it was 1.41% lower than the second quarter of 2023. In contrast, soybean prices rose to R9 145 per ton during the same quarter, reflecting a 4.63% increase compared to the previous year and a further 17.79% increase compared to the preceding quarter (Q2 2023).

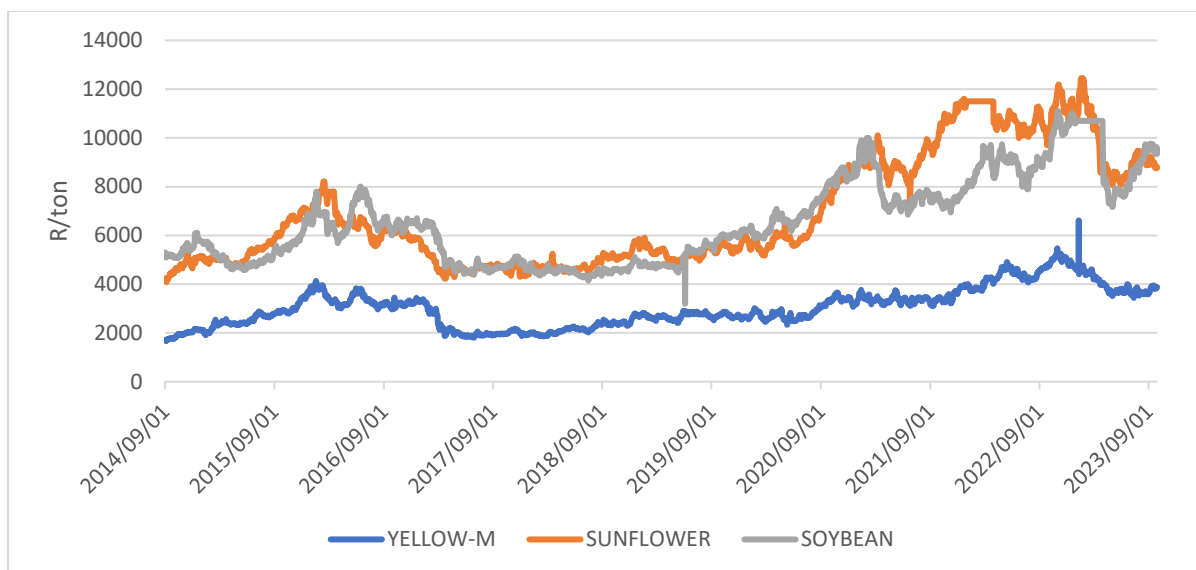


Figure 4: Quarterly spot prices per ton

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 represents the difference between what consumers pay for a food product at retail and the actual value of the farm product used in its production. Analysing the period from August to September 2023, there is a 3.20% increase in the real farm value proportion, with a 3.86% decrease in the real FTRPS for whole fresh chicken. The real farm value share for whole fresh chicken reached 60.23% in October 2023. Over the year-on-year span from October 2022 to October 2023, the real farm value share saw a growth of 16.74%, while the real FTRPS decreased by 24.46%. This shift may be attributed to various factors influencing competitiveness within the poultry value chain, including elements such as imports and the escalation of feed prices.

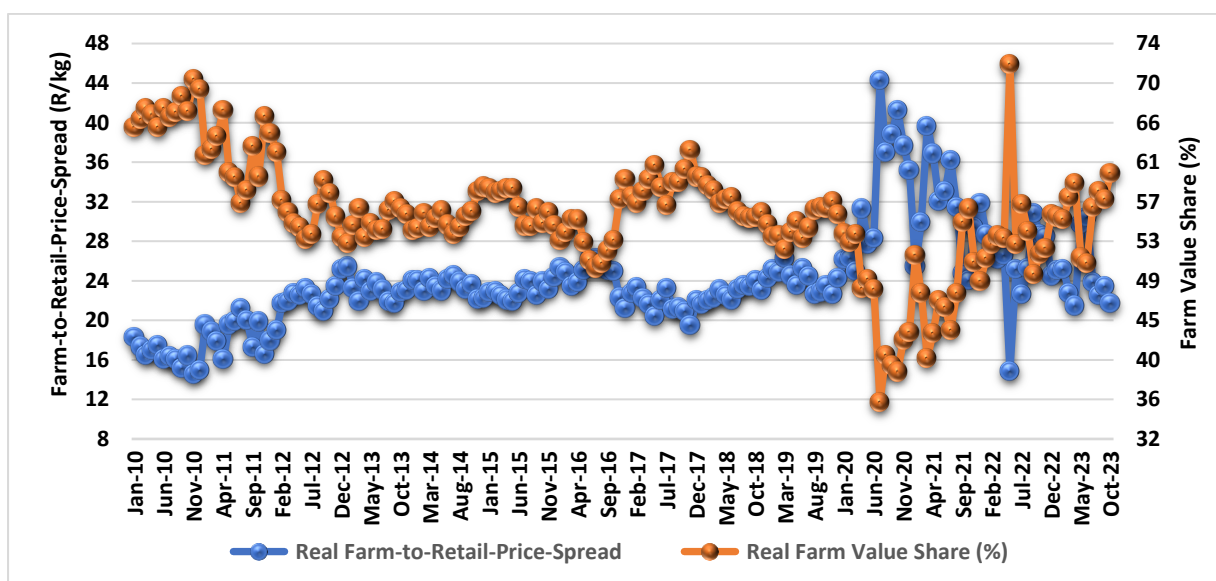


Figure 5: Real farm-to-retail-price-spread and farm value share of poultry

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

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