



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 fourth quarter of 2023 stood at 109.93 points, marking a 3.3% decrease compared to the 113.68 points recorded in the third quarter of 2023.
- Domestically, during the fourth quarter (Q4): On a year-to-year basis, data obtained from the South African Revenue Service (SARS) indicates that the country imported 87 771 tons of chicken meat in quarter 4 of 2023, reflecting an increase of 19.3% when compared to the 80 424 tons imported in quarter 4 of 2022. The main contributors to the observed increase in chicken meat imports during Q4 were whole frozen chicken, which increased by 9 944%, followed by boneless chicken breasts (395%), frozen chicken carcasses (126%), frozen chicken feet (33%) and frozen chicken leg quarters (29%).
- Comparing quarter 4 of 2023 to quarter 3 of 2023, domestic producer prices for frozen chicken, whole fresh chicken and IQF chicken portions producer prices increased by 8.43%, 7.96% and 5.31%, respectively. The recent increase in producer prices can be linked to multiple factors. First, the effects of Avian Influenza which resulted in the imposition of trade restrictions on day-old chicks, hatching eggs, table eggs and poultry meat from the administrative area of Pennsylvania in the USA. Furthermore, the persistent energy crisis in South Africa is also having repercussions on poultry producers.
- When comparing retail prices per kilogram (kg) for the fourth quarter of 2023 to the fourth quarter of 2022, the price of fresh chicken portions per kg, non-IQF frozen chicken portions, chicken giblets per kg, and whole chicken portions increased by 12.59%, 8.54%, 6.29% and 2.36%, respectively while the price of IQF chicken portions (2kg) decreased by 3.18% during the same period.
- During the fourth quarter of 2023, the average spot price for a ton of yellow maize was R3 919, indicating a 21.19% reduction compared to the corresponding period in 2022. However, it was 5.90% lower than the third quarter of 2023. On the other hand, soybean prices rose to R9 256 per ton during the same quarter, reflecting a 11.17% decrease compared to the previous year and a further 1.22% increase compared to the preceding quarter (Q3 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 cost 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 fourth quarter of 2015 (October -December) to the same period in 2023, with 2015 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 fourth quarter of 2023 stood at 109.93 points, marking a 3.3% decrease compared to the 113.68 points recorded in the third quarter of 2023. When comparing the fourth quarter of 2023 to the fourth quarter of 2022, the index decreased by 9.6% from 121.59 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.

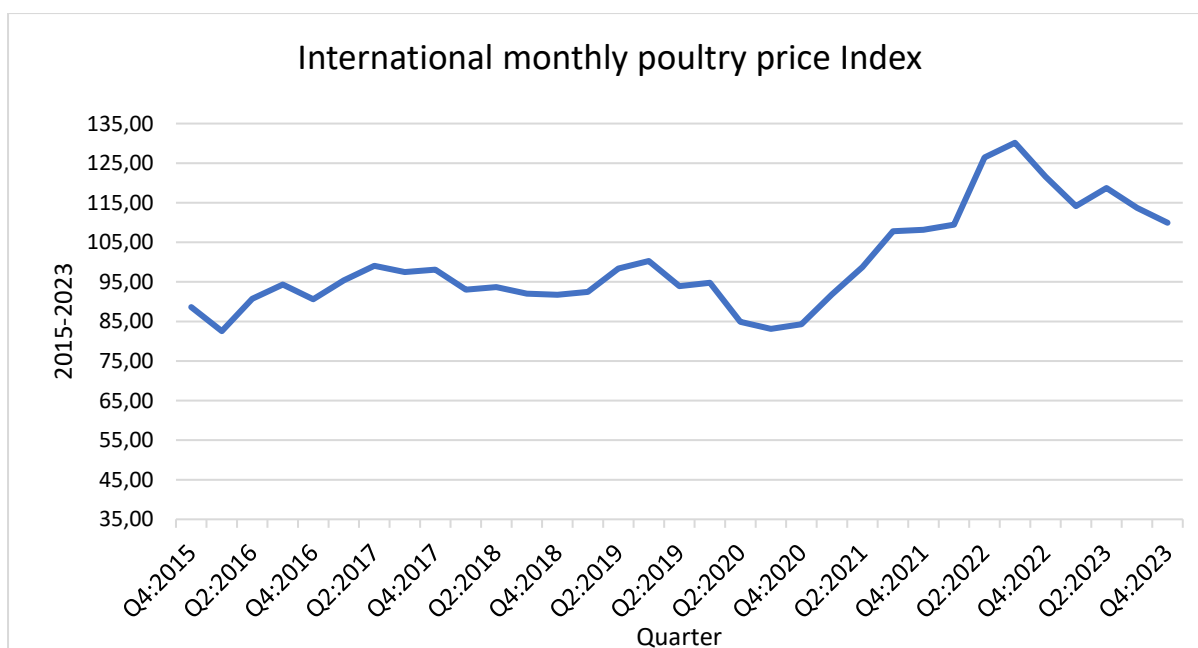


Figure 1: International Poultry Meat Real Price index (IPMRPI)

Source: FAO, 2024

3. Chicken meat imports

Fourth quarter: October-December 2023 and 2022; fourth quarter 2023 and third quarter 2023

This section compares the volume of chicken meat (in tons) imported into South Africa between quarter 4 (October-December) of 2023 and quarter 4 of 2022, as well as quarter 4 (October-December) of 2023 vs quarter 3 (July-September) of 2023.

On a year-to-year basis, data obtained from the South African Revenue Service (SARS) indicates that the country imported 87 771 tons of chicken meat in quarter 4 of 2023, reflecting an increase of 19.3% when compared to the 80 424 tons imported in quarter 4 of 2022. The main contributors to the observed increase in chicken meat imports during Q4 were whole frozen chicken, which increased by 9 944%, followed by boneless chicken breasts (395%), frozen chicken carcasses (126%), frozen chicken feet (33%) and frozen chicken leg quarters (29%), as shown in **Table 1**. When comparing the fourth quarter of 2023 to the third quarter of the same year, South Africa's chicken meat imports increased by 9.1%, rising from 80 424 tons to 87 771 tons. During this period, frozen half chicken, whole frozen chicken, and boneless chicken breasts, increased by 397%, 336%, and 255%, respectively as illustrated in **Table 1**.

Table 1: South Africa's chicken meat imports by volume (tons)

Tariff description	HS Code	Q4: 2022	Q3: 2023	Q4: 2023	Q4: 2023 vs Q4: 2022	Q4: 2023 vs Q3: 2023
		Tons	Tons	Tons	Annually % Change	Quarterly % Change
Frozen chicken MDM	0207.1210	44 353	45 298	51 168	15	13
Frozen chicken carcasses	0207.1220	733	1 873	1 658	126	-11
Whole frozen chicken	0207.1290	25	571	2 491	9 944	336
Fresh chicken cuts	0207.1300	7	0	0	-	-100
Boneless chicken breasts	0207.1411	102	142	505	395	255
Boneless chicken thighs	0207.1413	0	0	0	-	-
Boneless chicken other	0207.1415	296	68	81	-73	19
Frozen chicken livers	0207.1421	2 663	1 914	2 169	-19	13
Frozen chicken feet	0207.1423	9 136	12 898	12 167	33	-6
Frozen chicken heads	0207.1425	0	7	0	-	-100
Frozen chicken offal	0207.1429	4 685	4 488	4 231	-10	-6
Frozen half chicken	0207.1491	0	2	12	-	397
Frozen chicken leg quarter	0207.1493	5 378	8 960	6 929	29	-23
Frozen chicken wings	0207.1495	1 562	899	1 373	-12	53
Frozen chicken thighs	0207.1497	784	361	648	-17	80
Frozen chicken Drumsticks	0207.1498	3 539	2 598	3 972	12	53
Value-added processed	1602.3290	120	141	2	-98	-99
Other	0207.1499	298	197	365	22	85
TOTAL IMPORTS		80 424	73 590	87 771	19.3	9.1

Source: SARS, 2024

4. Average producer price trends

Fourth quarter: October-December 2023 and 2022; Fourth and third quarter (July-September) 2023

Figure 2 shows typical producer prices for frozen chicken (maximum brine allowed 10%), whole fresh chicken and Individual Quick Frozen (IQF) chicken pieces (maximum brine allowed 15%) from the fourth quarter of 2011 to the fourth quarter of 2023. When comparing the fourth quarters (October – December) of 2023 and 2022, producer prices for frozen chicken, whole fresh chicken and IQF chicken pieces increased by 17.64%, 14.30% and 8.56%, respectively. When comparing the fourth quarter of 2023 with the third quarter of the same year, frozen chicken, whole fresh chicken and IQF chicken portions producer prices increased by 8.43%, 7.96% and 5.31%, respectively. The recent increase in producer prices can be linked to multiple factors. First, the effects of Avian Influenza which resulted in the imposition of trade restrictions on day-old chicks, hatching eggs, table eggs and poultry meat from the administrative area of Pennsylvania in the USA. Furthermore, the persistent energy crisis in South Africa is also having repercussions on poultry producers.

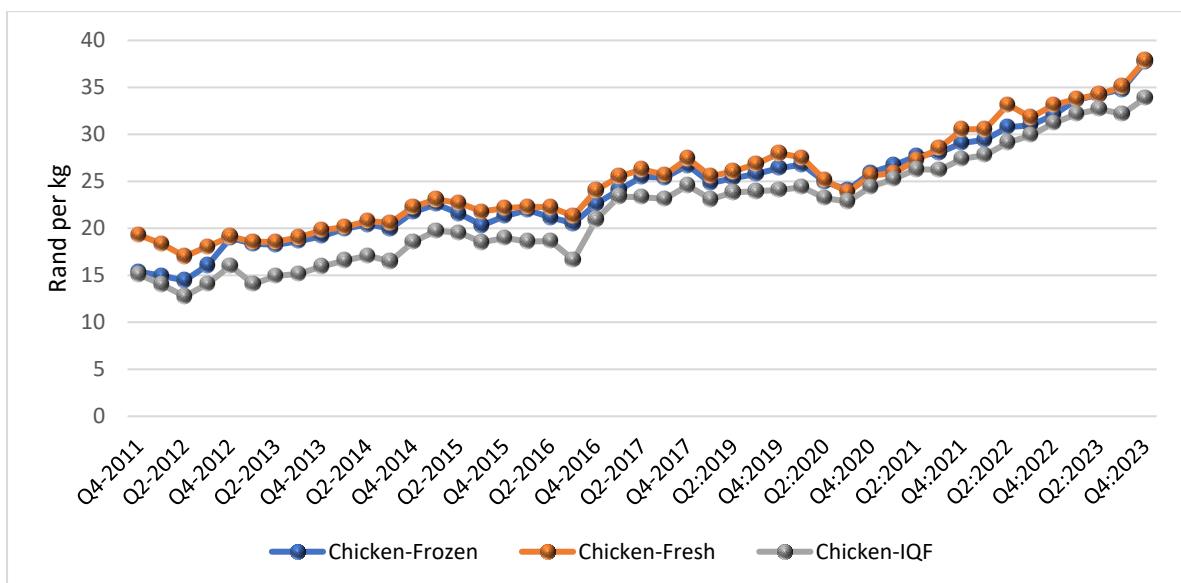


Figure 2: Quarterly average producer prices
Source: AMT, 2024

5. Average retail prices for selected poultry products

Fourth quarter: October - December 2023 and 2022; Fourth and third quarter (July-September) 2023

Figure 3 presents average quarterly retail prices for selected chicken products from the fourth quarter: October- December 2020 to the fourth quarter: October – December 2023. Over this period, prices of non-IQF frozen chicken portions, chicken giblets per kg, fresh chicken portions prices, IQF chicken portions (2kg), and whole chicken portions increased by 34.25%, 27.61%, 16.79%, 13.25% and 3.61% respectively. Between the fourth quarter of 2023 and the fourth quarter of 2022, poultry retail prices experienced exceptional increases. The price for fresh chicken portions (per kg), non-IQF frozen chicken portions, chicken giblets (per kg), and whole chicken portions increased by 12.59%, 8.54%, 6.29% and 2.36%, respectively while the price of IQF chicken portions (2kg) decreased by 3.18% during the same period. When comparing the fourth quarter of 2023 to the third quarter of 2023, prices of whole chicken portions, non-IQF frozen chicken portions, fresh chicken portions and chicken giblets (per kg) increased by 4.45%, 3.10%, 1.80% and 1.45%, respectively while the price of IQF chicken portions decreased by 8.65% during this period.

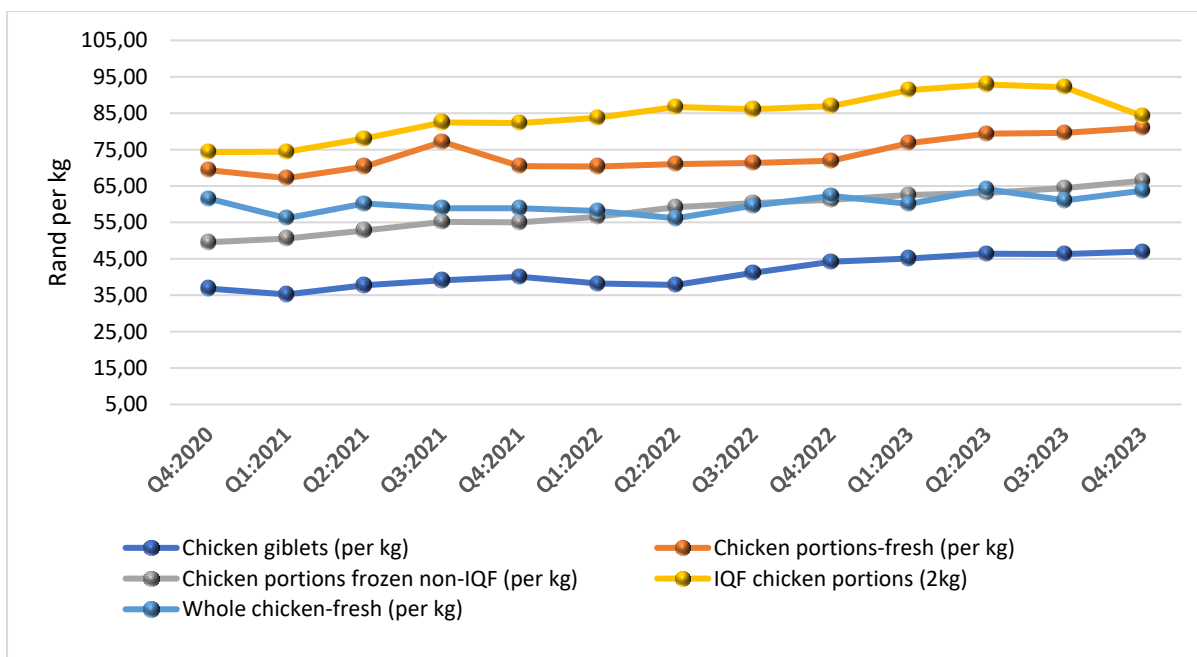


Figure 3: Average quarterly retail prices for selected processed and unprocessed chicken products.

Source: Stats SA, 2024

6. Feed prices

Figure 4 presents the quarterly SAFEX spot prices for yellow maize, sunflower seed and soybeans. The FAO global food price index recorded its first increase in September 2023, since March of the same year. This increase 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 from 3.1% reported in August 2023 to 3.9% in September 2023. Recently, in December 2023, the FAO cereal price index rose by 1.5% from November 2023, due to increases in wheat, maize, rice and barley prices, all of which saw rises during the reported period. Conversely, soybean prices continued to rise due to severe drought conditions in countries like Argentina and Southern Brazil, alongside heightened production costs, in reaction to reduced availability of the commodity.

In the fourth quarter of 2023, the average spot price for a ton of yellow maize was R3 919, indicating a 21.19% decline compared to the corresponding period in 2022. However, it was 5.90% lower than the third quarter of 2023. On the other hand, soybean prices rose to R9 256 per ton during the same quarter, reflecting a 11.17% decrease compared to the previous year and a further 1.22% increase compared to the preceding quarter (Q3 2023).

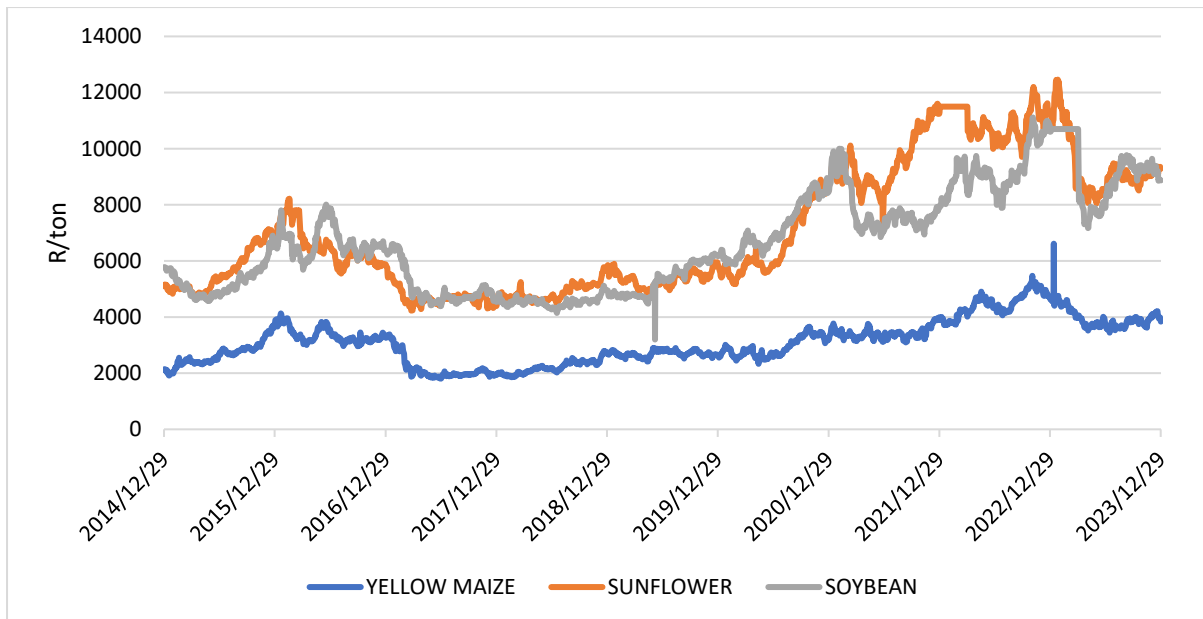


Figure 4: Quarterly spot prices per ton

Source: JSE-SAFEX, 2024

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 October to December 2023, there is a 1.66% decrease in the real farm value proportion, with an 8.87% increase in the real FTRPS for whole fresh chicken. The real farm value share for whole fresh chicken reached 59.23% in December 2023. Over the year-on-year span from December 2022 to December 2023, the real farm value share saw a growth of 5.93%, while the real FTRPS decreased by 3.61%. This shift may be attributed to various factors influencing competitiveness within the poultry value chain, including elements such as import restrictions and the escalation of feed prices.

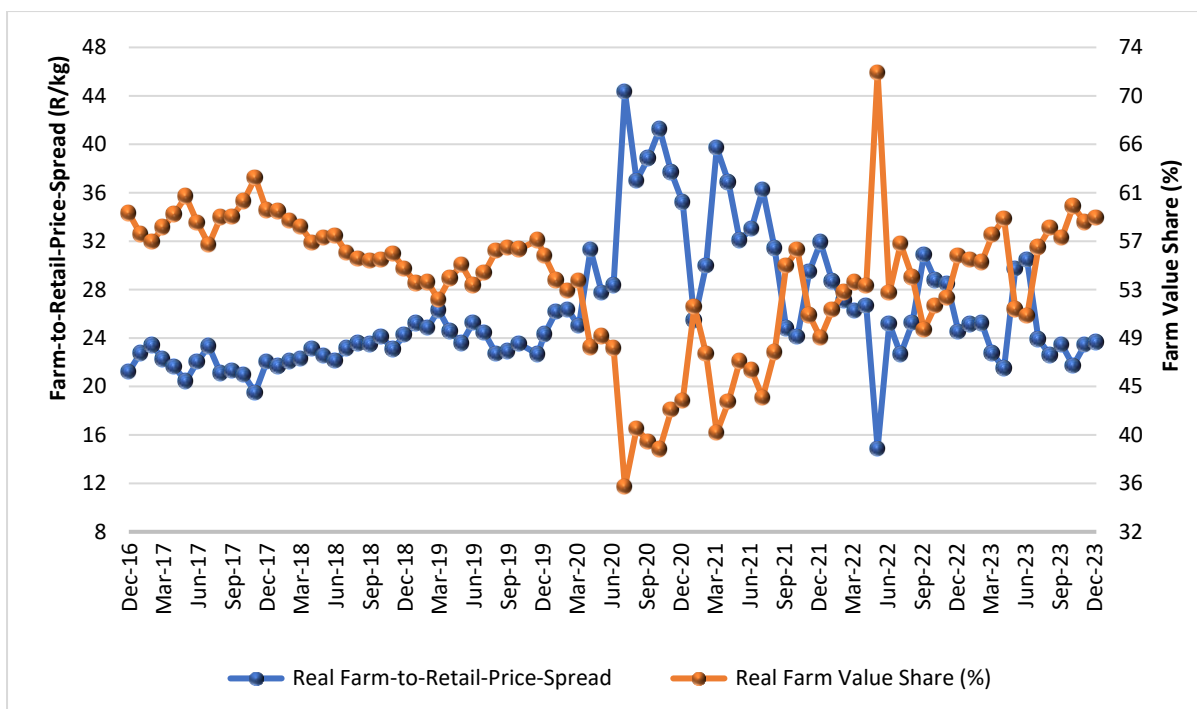


Figure 5: Real farm-to-retail-price-spread and farm value share of poultry

Source: Stats SA, AMT, and own calculations, 2024

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