



Livestock & Meat Advisory Council

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Market Watch Third Quarter 2019

Broiler Breeding:

Following the steady recovery of total broiler breeding stocks (growing and in-production) to 796,150 birds in May 2019, stocks declined by 11% to 705,046 birds in September, being similar to previous peak stock levels in 2013 and 2014. The highest stock levels on record was registered in March 2014, 819,859 with the lowest being 447,307 registered in September 2017. Broiler breeder in-production stocks peaked at 499,415 birds in May, before declining to 366,539 birds in August and thereafter increasing to 415,887 birds in September, while growing stocks averaged 314,927 birds per month for the period May to September.

Broiler Breeding Production, 2018 – September 2019

	<u>2018</u>				<u>2019</u>			% change
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
Female Parent Stock								
Chick Sales and Retentions	70,224	29,554	52,523	65,641	60,272	52,775	75,010	42
Growing	235,371	298,895	263,511	284,629	324,757	314,931	317,594	1
In-Production	281,594	268,530	347,463	351,564	410,923	463,921	404,742	-13

Hatching Egg Production

Hatching egg production from local broiler breeders averaged 7.9 million per month in the third quarter of 2019, being 3% lower than second quarter of 2019 but 32% up on Q3 of 2018. Dependence on imported hatching eggs declined dramatically by 63% to 355,000 per month in the third quarter compared with the second quarter. Total broiler hatching eggs average 8.3 million per month in the third quarter which was 9% lower than the second quarter and 23% down on the third quarter of 2018.

Hatching Egg Production, 2018 – September 2019

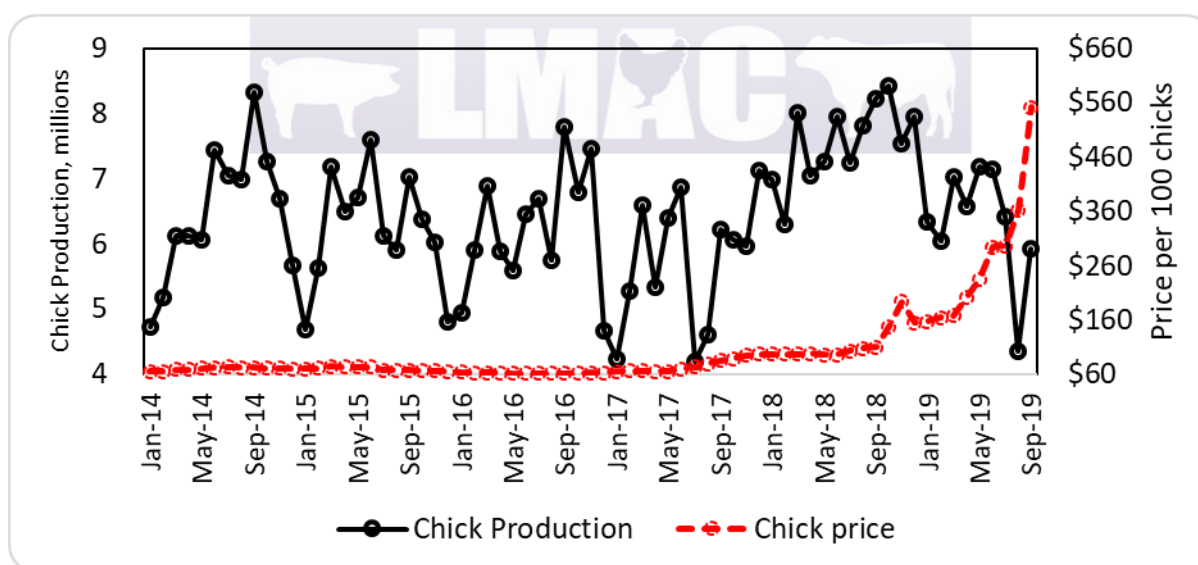
	2018				2019			% change
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
Hatching Eggs								
Produced	5,474,263	4,643,372	5,767,567	7,855,552	7,535,390	8,165,400	7,921,158	-3
Imported	3,623,785	4,773,830	4,998,829	2,245,098	935,440	960,933	355,000	-63
Total	9,098,048	9,417,203	10,766,395	10,100,650	8,470,830	9,126,333	8,276,158	-9

Broiler Day-Old Chick Production

Broiler day-old chick production averaged 5.6 million chicks per month in the third quarter, being 20% and 28% lower than the second quarter of 2019 and the third quarter of 2018, respectively. Chick prices continued to increase in the third quarter of 2019 and reached \$5.51 per chick in September. However, in USD terms, the price of DOC's is still in the same range as during the third quarter of 2018.

Broiler Day Old Chick Production, 2018 – September 2019

	2018				2019			% change
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
Day Old Chicks								
Chick Sales and Retentions	7,098,638	7,419,687	7,758,307	7,975,831	6,465,921	6,971,362	5,565,655	-20
Price per 100 chicks, USD	97.33	96.37	106.5	165.27	163	242.74	403.18	66



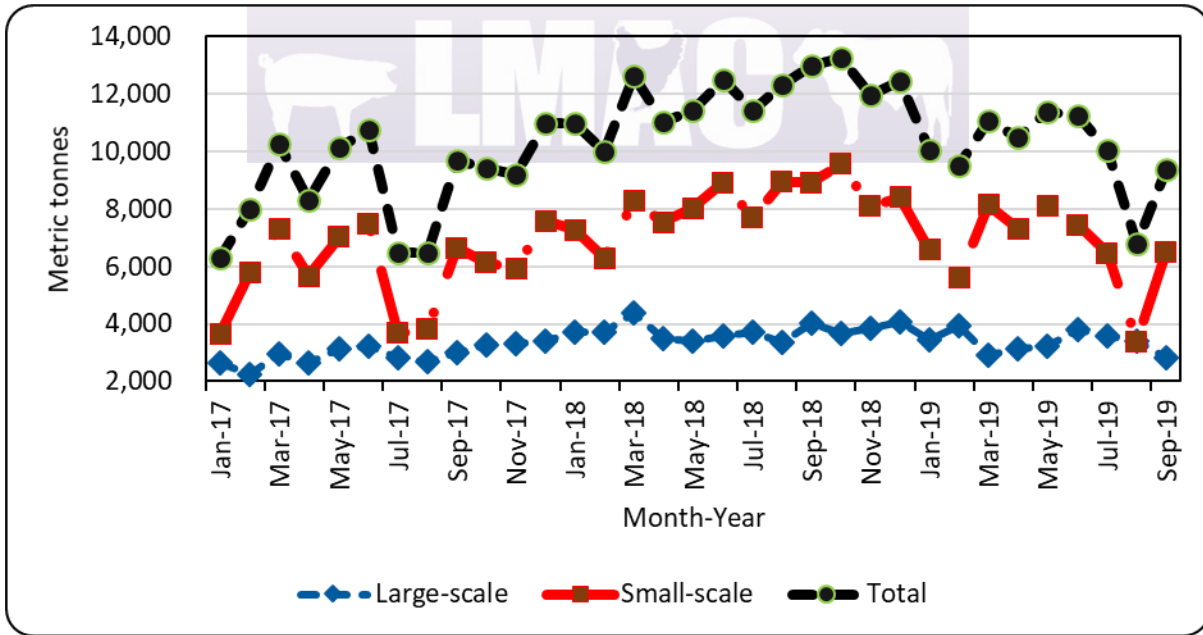
Day Old Chick Production and Prices, 2014 to September 2019

Broiler Meat Production

Returns from large-scale processors reveal that the number of birds slaughtered and broiler meat produced declined by 3% in the third quarter of 2019. Although the meat produced from this sector declined by 12% compared with the third quarter of 2018, it was still the second highest ever recorded. Small-scale broiler meat production estimated at 5,457mt/month decreased by 29% and 36% compared with the second quarter of 2019 and the third quarter of 2018, respectively. Consequently, a dramatic drop in both uptake and supply of broiler chicks has affected this sector. Total meat produced is estimated at 8,728mt/month, being 21% and 29% lower than that of the second quarter in 2019 and the third quarter in 2018, respectively.

Broiler Production, 2016 – 2019

	2018				2019			% change
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
Large-Scale Broilers								
Number slaughtered	2,345,540	2,142,989	2,248,578	2,348,471	2,054,557	2,030,127	1,977,208	-3
Average live weight	1.79	1.84	1.87	1.87	1.78	1.84	1.79	-2
Producer price, USD/kg	2.03	2.03	2.02	3.12	3.34	5.28	11.54	118
Total dressed weight, tonnes								
Large-Scale	3,935	3,481	3,721	3,869	3,429	3,403	3,270	-4
Estimated Small-Scale	7,278	8,163	8,521	8,694	6,777	7,639	5,457	-29
Total	11,213	11,644	12,242	12,563	10,205	11,042	8,728	-21

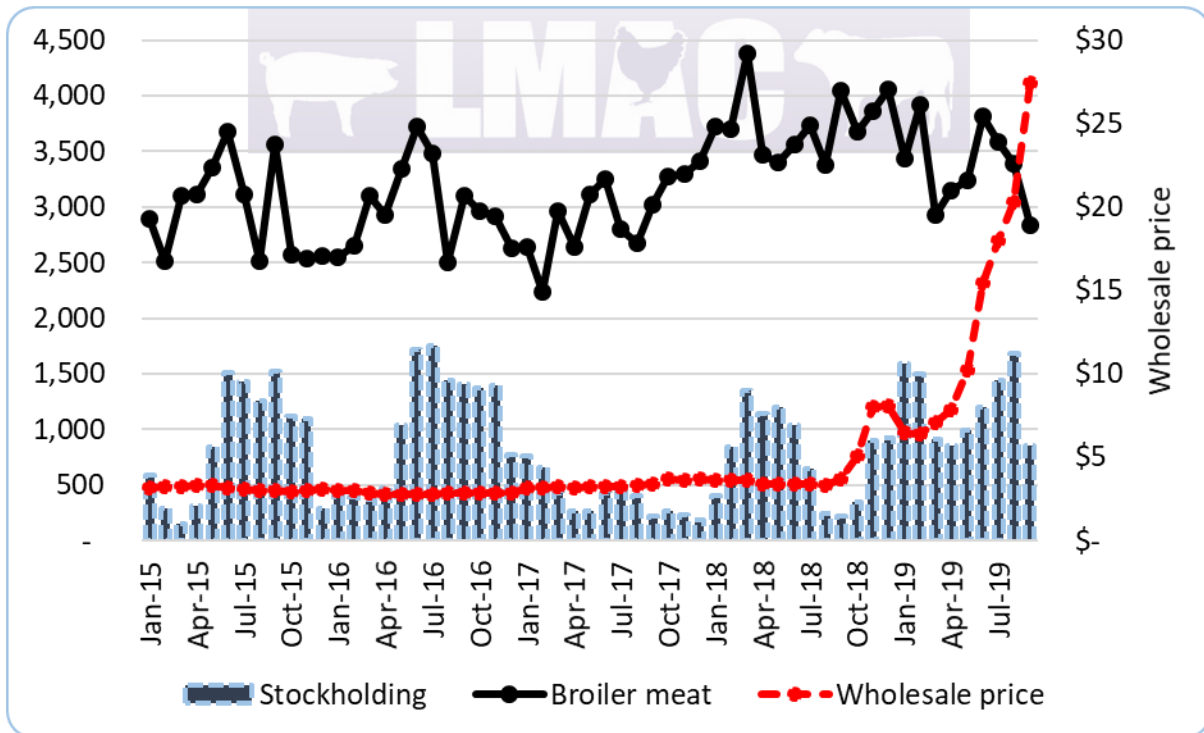


Large and Small-scale Broiler Production, 2017 – 2019

From March 2019, wholesale prices rose sharply each month reflecting the devaluation of the local currency and increasing cost of inputs, particularly feeds. Wholesale prices of whole bird and 2kg Individually Quick Frozen (IQF) pieces in September were \$27.42 and \$25.21/kg respectively.

Broiler Wholesale Prices (\$/kg), 2016 – 2018

	<u>2018</u>				<u>2019</u>			% change
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
Whole bird	3.61	3.42	3.46	7.05	6.65	11.16	21.91	96
Leg quarters	4.3	4.11	4.33	7.56	7.41	11.98	23.92	100
Breast	4.95	4.75	4.99	8.93	8.77	14.64	29.42	101
1kg IQF	3.96	3.55	3.77	6.8	6.84	11.68	23.98	105
2kg IQF	3.58	3.2	3.3	5.6	5.97	10.77	20.68	92
Stock holding (tonnes)	869	1,128	370	727	1,335	1,014	1,327	31



Largescale Meat Production, Stockholding and Wholesale Prices, 2015 to September 2019

Layer Breeding

Total layer breeder stocks (growing and in-production) averaged 73,577 birds per month in the third quarter of 2019, a decrease of 2% compared with the second quarter of 2019 but an increase of 43% compared with third quarter of 2018, the highest since 2013.

Layer Breeder Production, 2016 – 2019

Layers	2018				2019			% change
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
Chick Sales and Retentions	-	4,992	4,848	3,164	5,068	-	1,667	
Growing	16,103	16,854	21,770	25,726	35,062	29,752	24,048	-19
In-Production	17,275	24,338	29,843	44,786	36,046	45,137	49,529	10
Total Layer Breeder Stocks	33,378	41,192	51,613	70,512	71,108	74,889	73,577	-2

Production of layer hatching eggs in the third quarter averaged 1.1 million eggs per month, being 67 and 70% up on the second quarter of 2019 and the third quarter of 2018 and the highest since mid-2015.

Layer Hatching Egg Production, 2016 – 2019

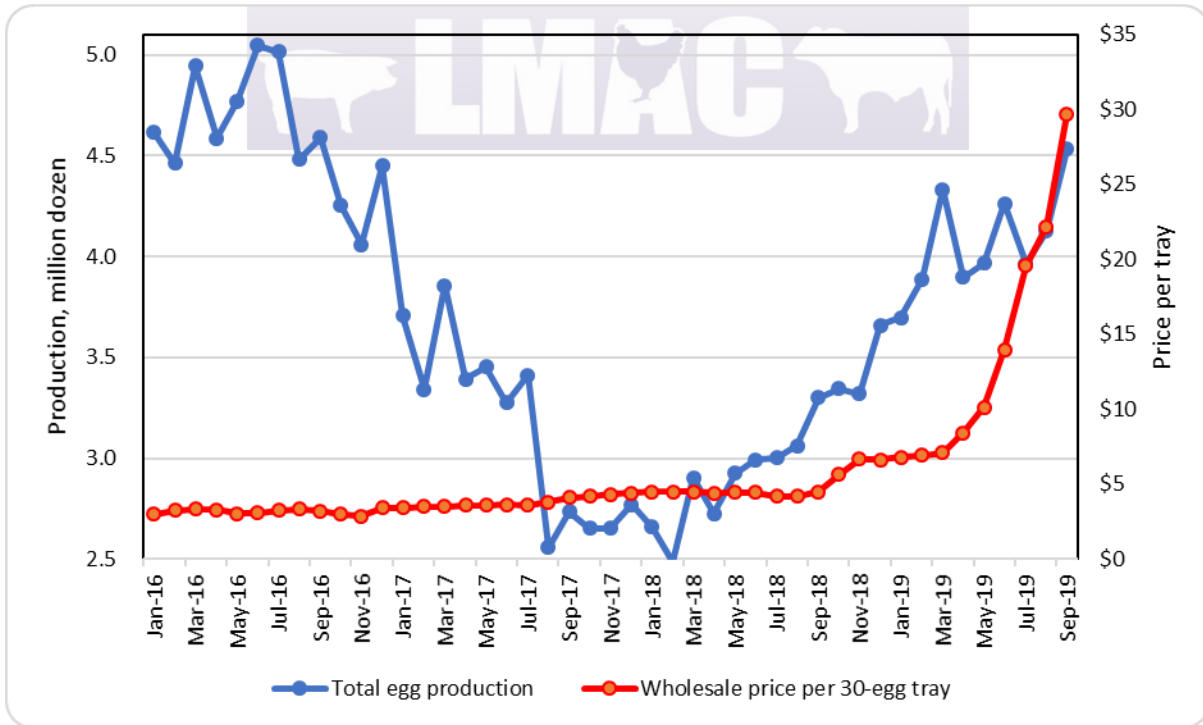
Layers	2018				2019			% change
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
Produced (ea)	342,074	436,845	621,491	902,054	822,590	631,967	1,056,397	67
Imported (ea)	-	-	-	-	18,000	-	-	
Total (ea)	342,074	436,845	621,491	902,054	840,590	631,967	1,056,397	67

Sexed pullet production (layer day-old chicks) averaged 253,641 per month in the third quarter, being increases of 7 and 29% over the second quarter of 2019 and the third quarter of 2018. The average price of sexed pullets rose by 130% in the third quarter and peaked at \$9.96 per pullet in September.

Table Egg Production

Large-scale layer production stocks (growing and in-lay) continued to increase and in the third quarter, averaged 1.2 million birds per month, increases of 2 and 11% over the second quarter of 2019 and the third quarter of 2018 and third highest figures after 2013 and 2014.

Large-scale table egg production remained static at 1.9 million dozen per month in the third quarter compared to the second quarter but represented an increase of 50% over the third quarter of 2018 and being similar to peak production recorded in 2013, 2014 and 2016. Small-scale table egg production is estimated to have increased by 8% to 2.3 million dozen per month, an increase of 25% over the third quarter of 2018. As a result, total egg production is estimated to have increased by 2% to 4.2million dozen per month, an increase of 35% over the third quarter of 2018. As with broiler meats, the wholesale price of table eggs has increased dramatically since March 2019 and in September was \$29.70 per tray of 30 eggs.

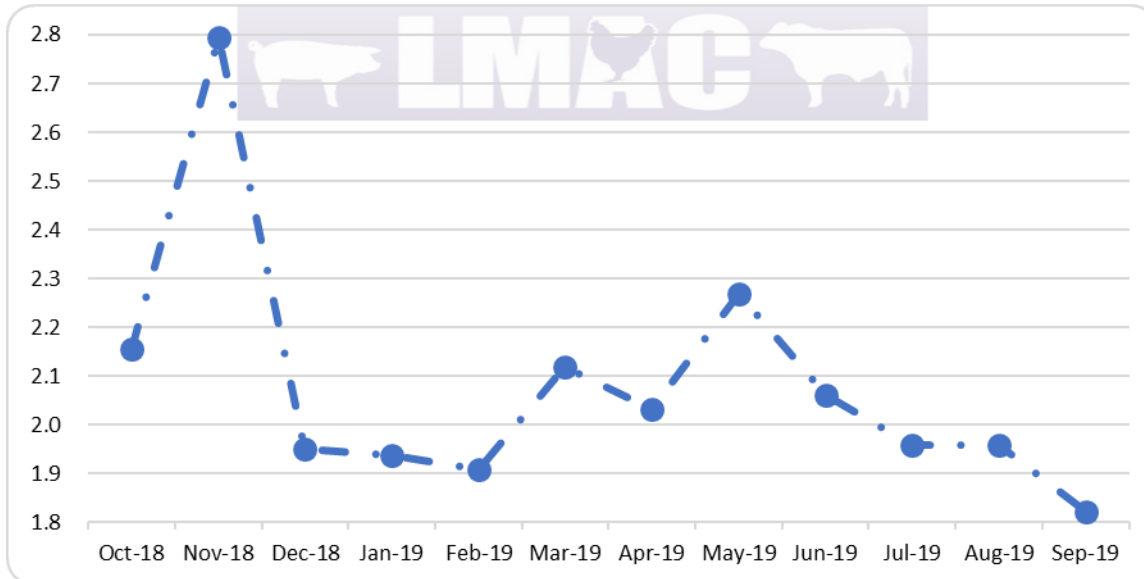


Egg Production and Wholesale Prices, 2016 to September 2019

Market Watch

Depreciation of the ZWL against the USD in the third quarter of 2019 continued to exert pressure on feed and day-old chick prices that were not matched by increases in consumer disposable incomes. However, demand remained strong largely due to greater increases in prices of alternative livestock proteins, primarily beef, pork and fish.

Dwindling stocks of maize coupled with restrictions on maize purchases from farmers brought about by the promulgation of Statutory Instrument 145 of 2019 implies that the feed sector will need to import maize which currently lands in the country at a price that is 36% higher than current producer price. Without increases in consumer purchasing power, this will further erode the margins from poultry production during the fourth quarter. The reduced margins have already driven down the producer prices of both day-old chicks, broiler meat and table eggs to lower than prevailing prices in neighbouring countries in USD terms, prompting some breeders and farmers to explore export markets.



Wholesale Price/Producer Price Ratio, October 2018 – September 2019

Imports

Statistics show limited importation of poultry products given the low local retail prices in USD terms. However, going forward, there is likely to be an upsurge in both legal and illicit imports of cheap poultry products if local feed producers fail to access adequate maize and soyabean meal that may force poultry farmers to curtail production.