SOUTH AFRICAN POULTRY ASSOCIATION
Founded 1904

EGG INDUSTRY PRODUCTION REPORT FOR MARCH 2020

Disclaimer: *Information in this report reflects assumptions and also actual data. The projections presented in the report are based upon specific production standards and indicate historic and forecasted trends only.*

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PLEASE NOTE:

- The source base of stats on day-old pullets placed includes all suppliers.
- The model was adjusted from July 2017 to account for the culling of layers due to the HPAI outbreak; 4.69 million hens were taken out up to the end of October 2017. A further 30 000 laying hens were removed in June 2018.
- The model has been adjusted to allow for the day-old pullet exports as from January 2018, and point of lay pullets exported from March 2020.
- **September 2019: New breed standards have been applied to the model and the laying cycle has been extended by 4 weeks to 78 weeks.** This was gradually phased in from November 2017 so that the changes were fully implemented by January 2019. Hen and egg numbers have increased as a result.

EGG PRODUCTION STANDARDS

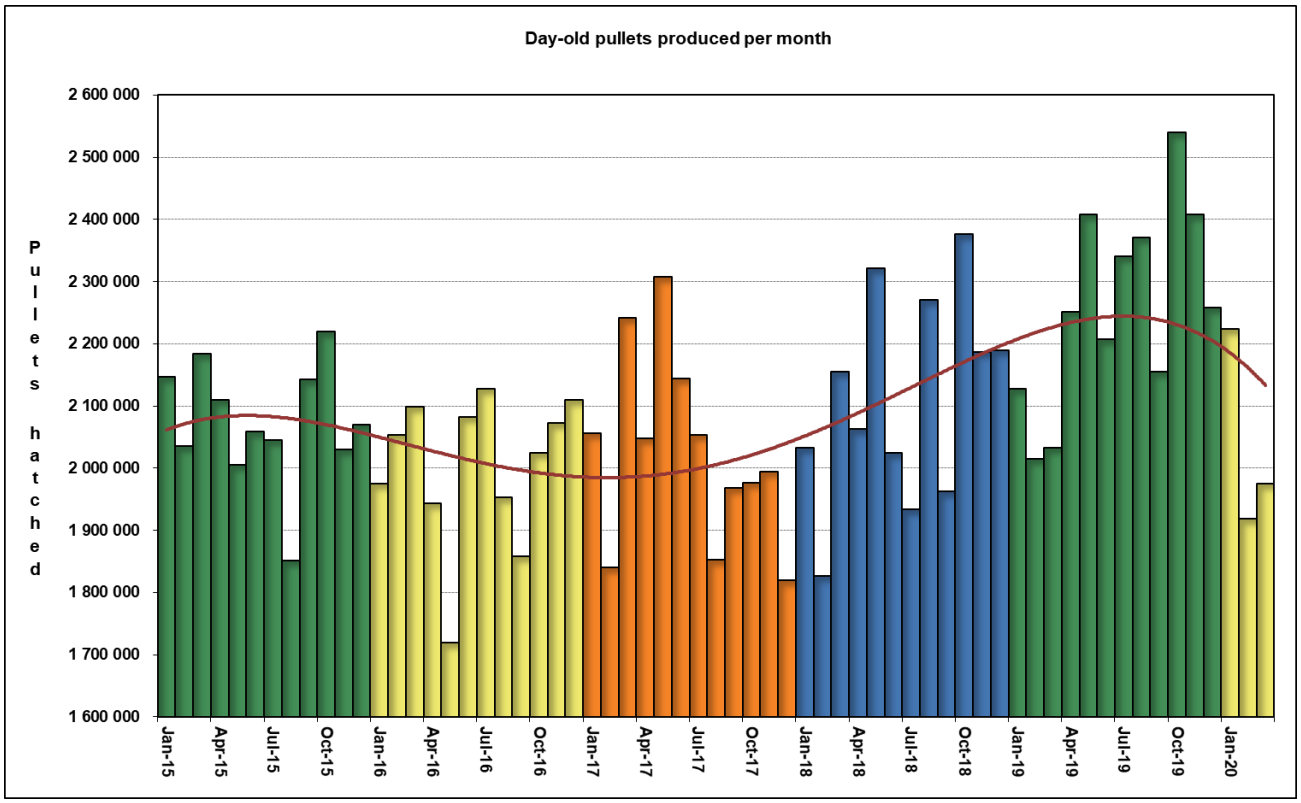
The projected national laying flock and potential cases of eggs produced per week are based on the following standards:

	2011 Production Standards	**2019 Production Standards**
Fully implemented:	December 2011	January 2019
Survival rate during the rearing phase	96%	96%
Mortality per week during the laying cycle	0.13%	0.09%
Laying cycle (see note above)	18 to 74 weeks	18 to 78 weeks
Average hen-day production	84.5%	86.3%

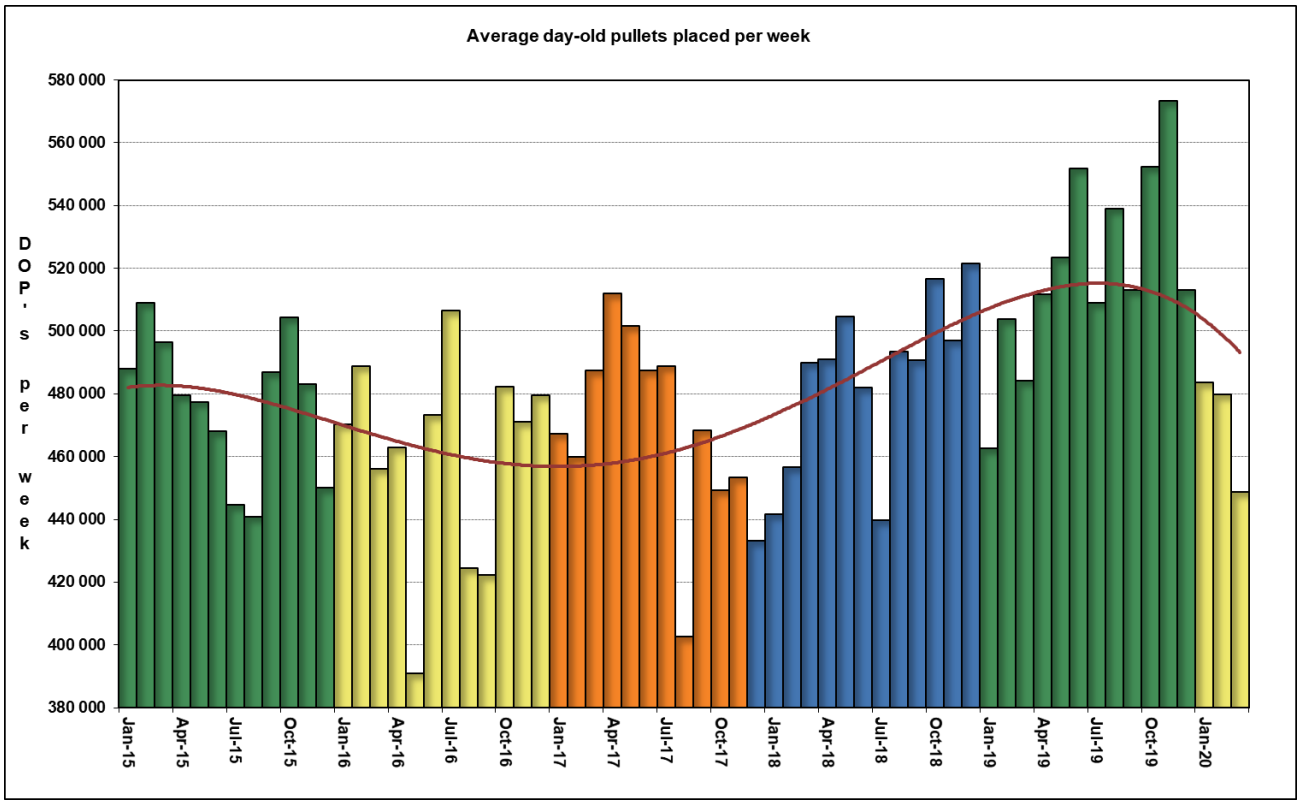
1. DAY-OLD PULLET PRODUCTION

1.97 million day-old pullets were produced in March 2020. This is an increase of 55 300 (+2.9%) compared to February 2020 and a decrease of 58 500 (-2.8%) pullets compared to March 2019 (Graph 1). Variations between consecutive months may be attributed in part to varying numbers of hatching days per month.

The weekly average number of day-old pullets hatched for March 2020 was 448 800 (Graph 2). This is a month-on-month decrease of 31 100 (-6.5%) and a year-on-year decrease of 35 300 (-7.3%) pullets.



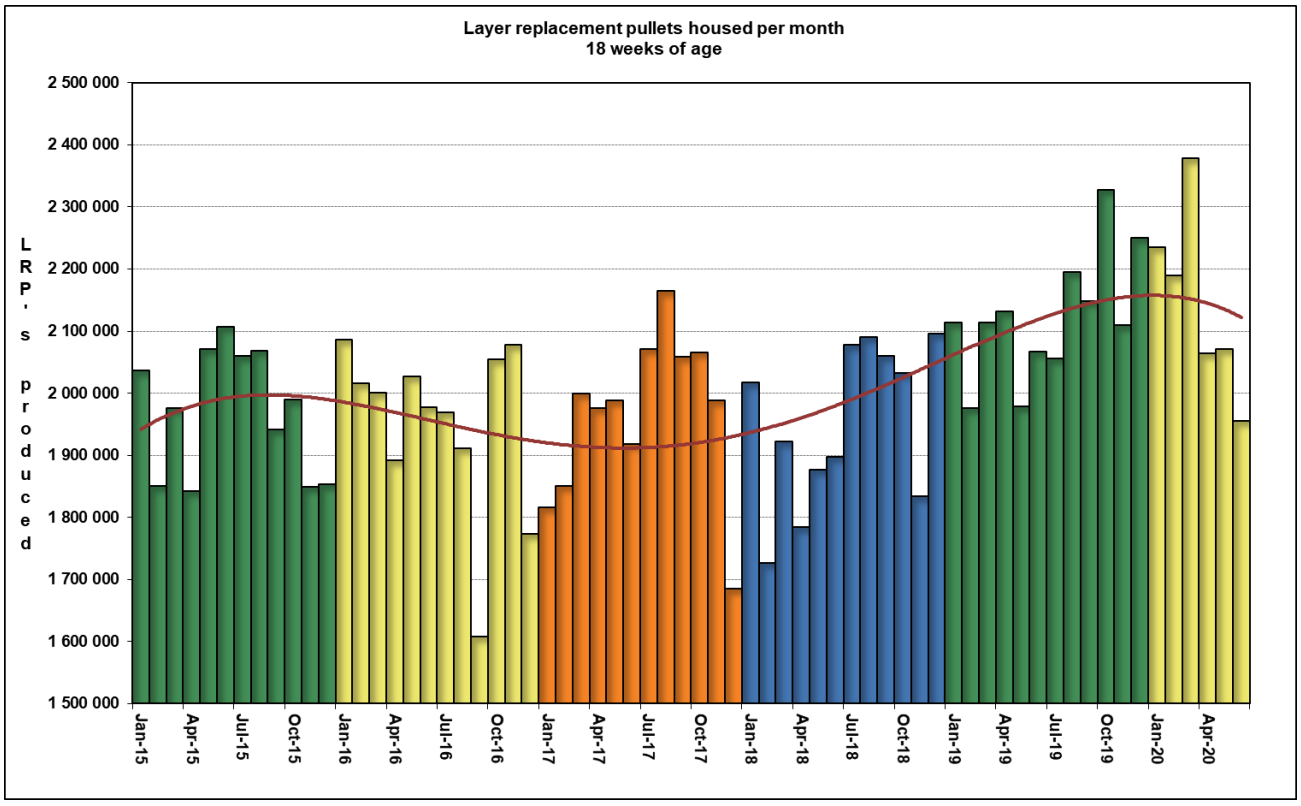
GRAPH 1: Monthly day-old pullet production



GRAPH 2: Weekly day-old pullet production

2. POINT-OF-LAY PULLETS

A total of 2.38 million layer replacement pullets were transferred to the laying flock during the month under review (Graph 3). Compared to the same month of the previous year this is an increase of 264 600 birds (+12.5%). The projected number of point-of-lay pullets to be transferred in June 2020 is 1.95 million.

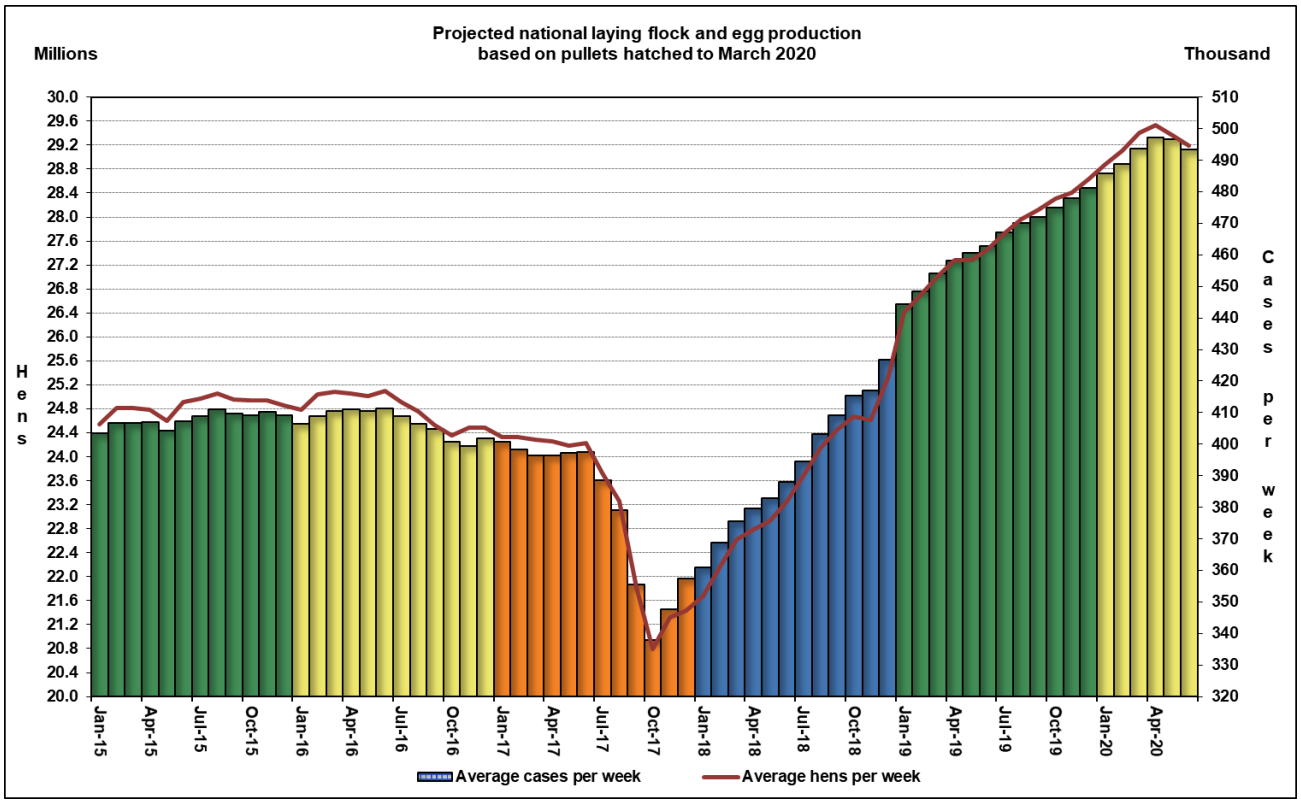


GRAPH 3: The projected number of layer replacement pullets

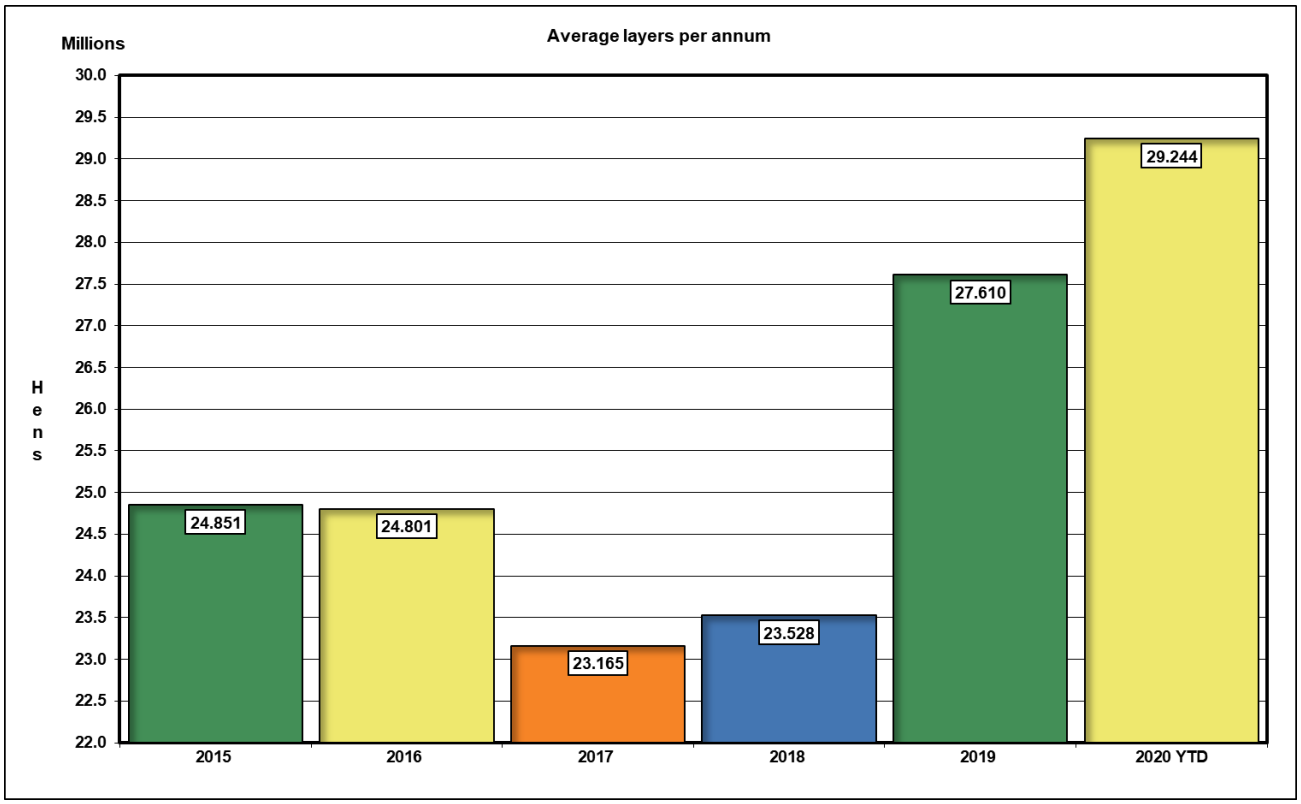
3. PROJECTED LAYING FLOCK

A laying flock of 29.4 million hens was estimated for March 2020. This is a month-on-month increase of 302 100 hens (+1.0%) and a year-on-year increase of 2.40 million hens (+8.9%; partly due to the extended laying cycle). The projected number of laying hens for June 2020 is 29.2 million (Graph 4).

The annual average number of laying hens from 2015 onwards is illustrated in Graph 5. The average flock size for 2019 was 17.4% larger than it was in 2018. This is due in part to the 7.0% annual increase in day-old pullet production in 2019. The remainder is a consequence of the extended laying cycle and new breed standards applied to the forecasting model. The average flock size for 2020 (to June is expected to be 5.9% larger than it was in 2019.



GRAPH 4: The projected national laying flock and cases of eggs

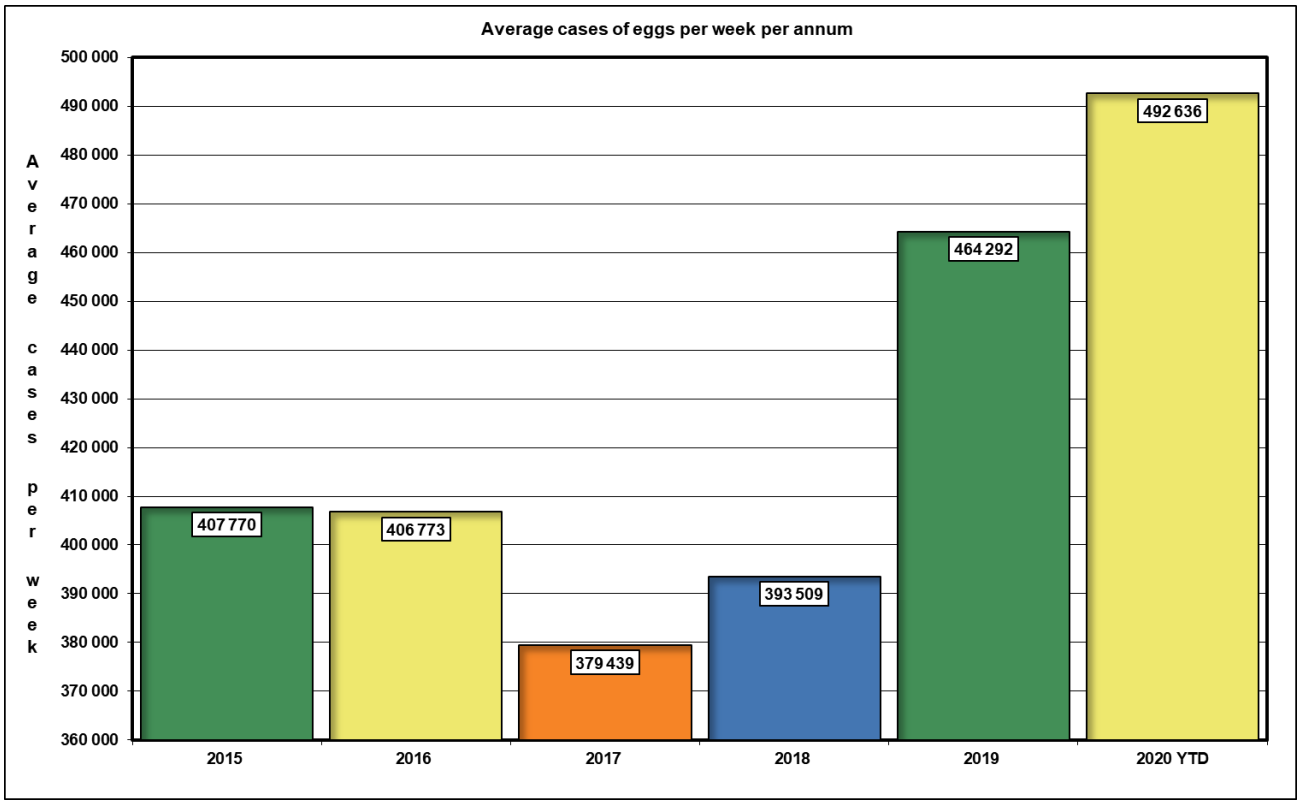


GRAPH 5: The size of the national laying flock since 2015

4. FORECASTED EGG PRODUCTION

In March 2020 an average of 493 600 cases of eggs was produced per week (Graph 4); a monthly increase of 4 700 cases (+1.0%). The average weekly egg production during March 2020 increased by 39 400 cases (+8.7%) compared to March 2019. The rate of lay for the national flock for the month under review was estimated to be 86.3%. The increasing trend in egg numbers has been intensified by the changes to the model.

An average of 492 600 cases per week is expected for the year 2020 (up to June, Graph 6); an increase of 6.1% over 2019 volumes.

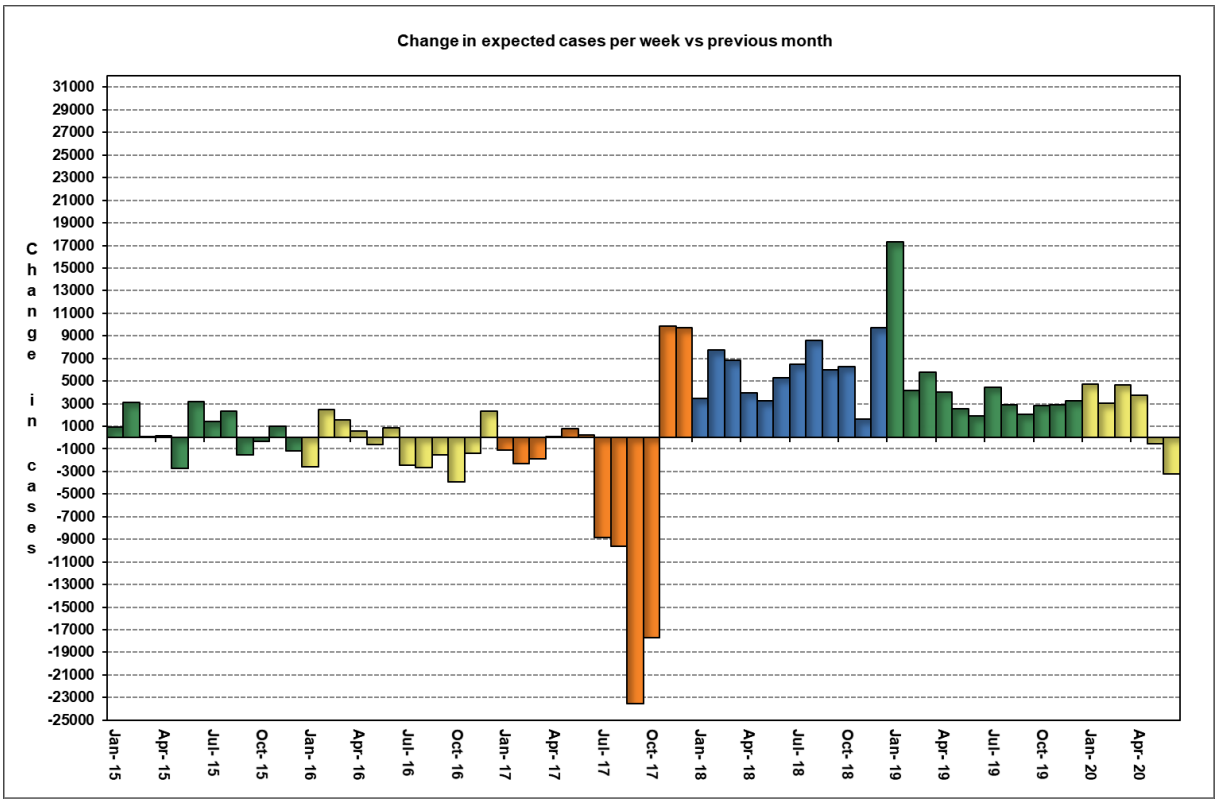


GRAPH 6: The trend in egg production since 2015

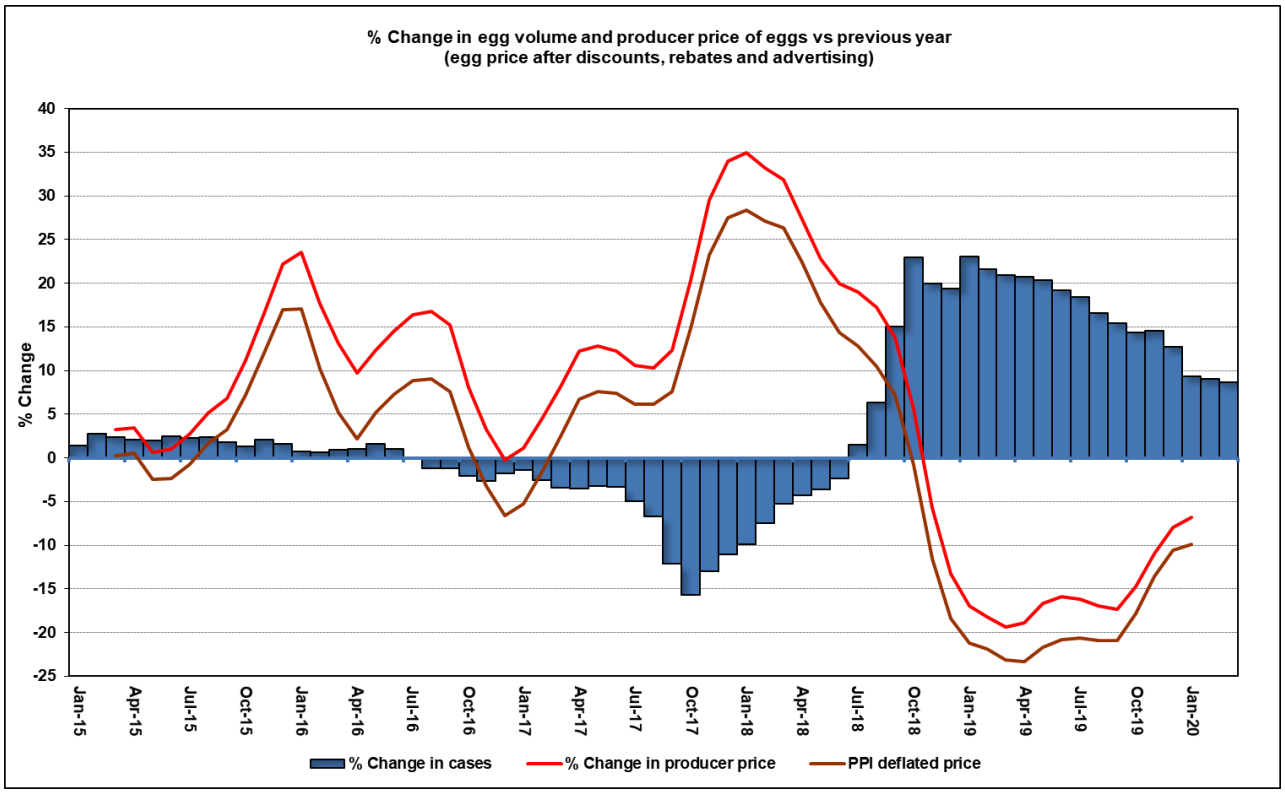
The month-on-month change in volume of eggs produced is shown in Graph 7. The effect of the HPAI outbreak on egg volumes is evident in the second half of 2017. In June 2020, 3 200 fewer cases per week are expected compared to May 2020. The jump in volumes in 2019 is caused by the changes to the egg forecasting model. There was a steady increase during the year; the difference between January 2019 and December 2019 is expected to be 37 000 cases per week (all using the same standards). The first decrease in egg numbers is expected in May 2020.

Graph 8 illustrates the relationship between annual changes in egg volumes and producer price. The large decrease in volumes in the second half of 2017 caused an escalation in the egg price. The prices continued to show year-on-year increases to September 2018, but at a slower rate. From October 2018 to December

2019 the prices decreased year-on-year as volumes increased.



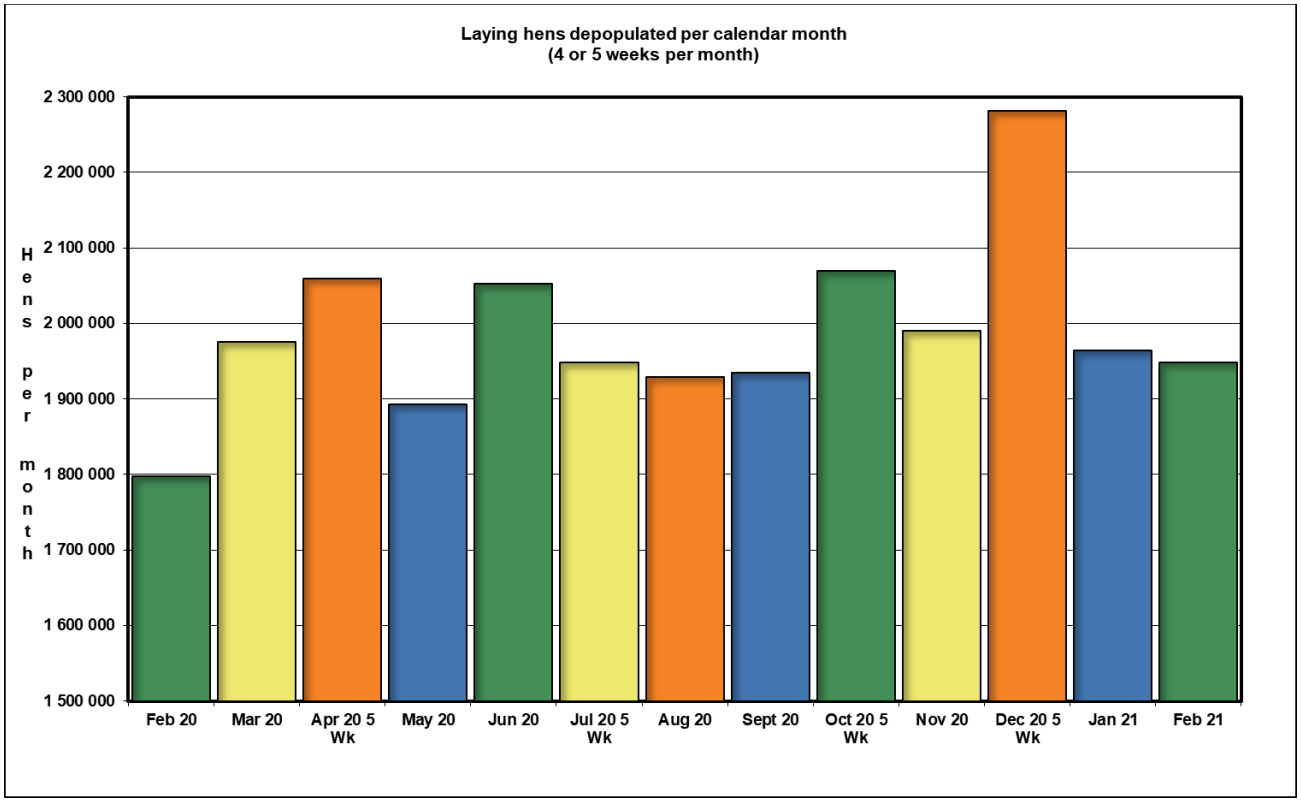
GRAPH 7: The monthly movement in egg volumes



GRAPH 8: The relationship between egg supply and producer price

5. HEN DEPOPULATION

Graph 9 shows the forecasted monthly number of layers to be depopulated at 78 weeks of age, to February 2021 In March 2020, 1.98 million spent hens were due to be culled.



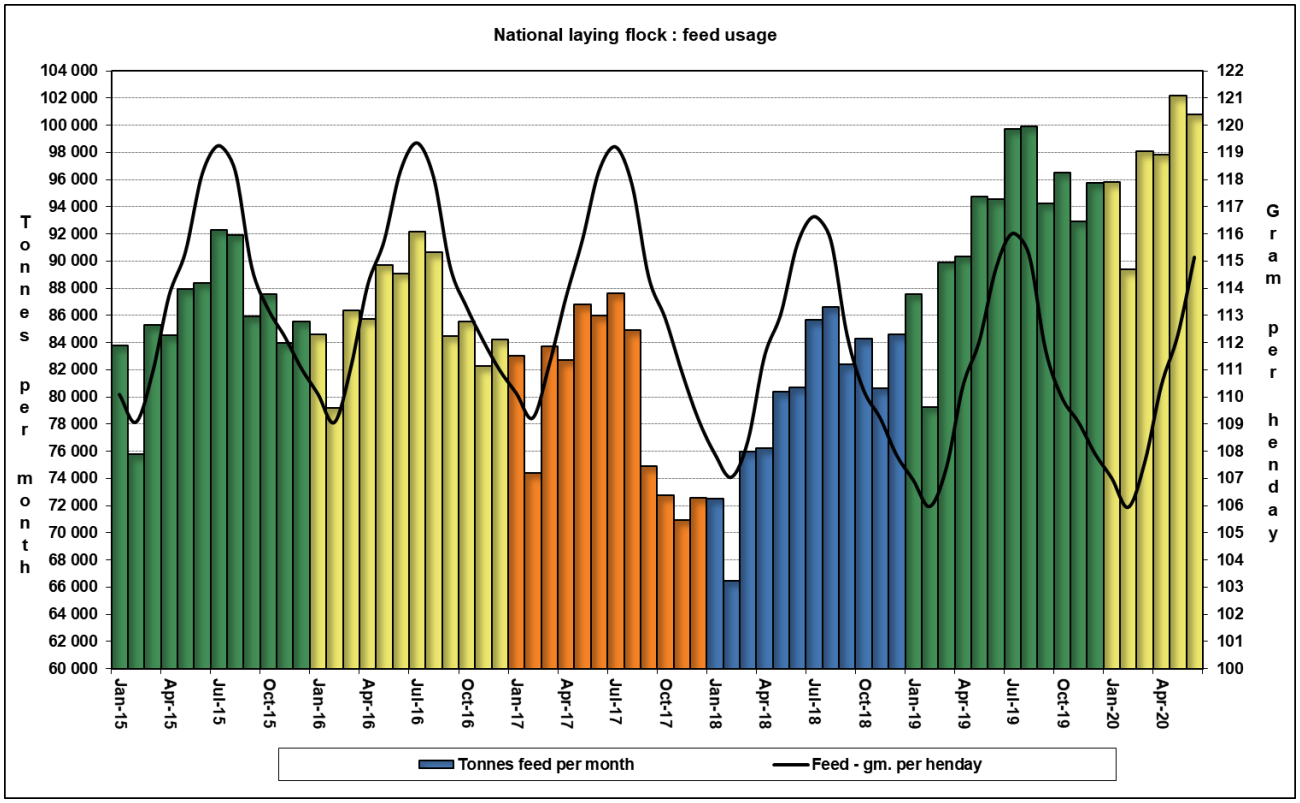
Graph 9: Laying hens depopulated

6. FEED USAGE

98 100 tonnes of layer feed were expected to be consumed during March; 8 200 tonnes (+9.1%) more than in March 2019. An average g/hd intake of 107.6 was forecast for the month (Graph 11). Feed conversion was estimated at 1.50 kg/dozen or 2.04 kg/kg.

Total tonnages have increased owing to the growth in the size of the national laying flock. Gram per hen day intakes have decreased as a result of the introduction of new breed standards (performance objectives), which give weighted average intakes of 111 g/hd compared to 114 g/hd in the old standards.

Note: A seasonal trend index is applied to the model to allow for temperature-related seasonal changes in feed intake.



GRAPH 10: Tonnes of feed consumed and gram per henday intakes

EGG INDUSTRY : KEY RESULTS - MARCH 2020

(Projections are based on day-old pullets placed per week to March 2020)

	Hatch days	Calendar Days	Day-old Pullets placed		Laying hens	Eggs Produced (Cases)	
Month on Month	**/Month**	**/Month**	**/Month**	**/Week**	**Average**	**/Month**	**/Week**
March 2020	22	31	1 974 593	448 771	29 406 483	2 185 778	493 563
February 2020	20	29	1 919 283	479 821	29 104 358	2 025 329	488 873
Change			55 310	-31 050	302 125	160 449	4 690
% Change			2.88%	-6.47%	1.04%	7.92%	0.96%
Year on Year	**/Month**	**/Month**	**/Month**	**/Week**	**Average**	**/Month**	**/Week**
March 2020	22	31	1 974 593	448 771	29 406 483	2 185 778	493 563
February 2019	21	31	2 033 096	484 070	27 006 629	2 011 309	454 167
Change			-58 503	-35 299	2 399 854	174 469	39 396
% Change			-2.88%	-7.29%	8.89%	8.67%	8.67%
Year to date	**/Period**	**/Period**	**/Period**	**/Week**	**Average**	**/Period**	**/Week**
	January-March		January-March		Jan-Mar	Jan-Mar	
2020	65	91	6 118 020	470 700	29 130 183	6 362 522	489 425
2019	64	90	6 175 752	483 451	26 708 789	5 772 159	448 946
Change			-57 732	-12 750	2 421 394	590 362	40 479
% Change			-0.93%	-2.64%	9.07%	10.23%	9.02%
Full year forecasts	**/Period**	**/Period**	**/Period**	**/Week**	**Average**	**/Period**	**/Week**
Jan-Dec 2019	261	365	27 116 566	519 762	27 614 913	24 214 408	464 386
Jan-Dec 2018	261	365	25 343 047	485 410	23 535 903	20 526 488	393 659
Change			1 773 519	34 352	4 079 010	3 687 920	70 727
% Change			7.00%	7.08%	17.33%	17.97%	17.97%

NOTE:
Month or Period: Refers to a calendar month or period
Week: Refers to an average 7 day week of which all 7 days fall within the specified month or period

ASSUMPTIONS
1: All surviving day-old pullets placed will be transferred to the laying flock at 18 weeks of age.
2: Depopulation age: Nov 2013 - 74 weeks; Nov 2017 - 78 weeks
3: No deviation from the accepted production standards and procedures, due to disease, changes in production planning, etc. is expected.

APPENDIX A – SAPA: WEEKLY SCHEDULE

Starting Monday	Reporting month	Weeks/ month
07-Jan-19	January	4
14-Jan-19	2019	
21-Jan-19		
28-Jan-19		
04-Feb-19	February	4
11-Feb-19	2019	
18-Feb-19		
25-Feb-19		
04-Mar-19	March	4
11-Mar-19	2019	
18-Mar-19		
25-Mar-19		
01-Apr-19	April	5
08-Apr-19	2019	
15-Apr-19		
22-Apr-19		
29-Apr-19		
06-May-19	May	4
13-May-19	2019	
20-May-19		
27-May-19		
03-Jun-19	June	4
10-Jun-19	2019	
17-Jun-19		
24-Jun-19		
01-Jul-19	July	5
08-Jul-19	2019	
15-Jul-19		
22-Jul-19		
29-Jul-19		
05-Aug-19	August	4
12-Aug-19	2019	
19-Aug-19		
26-Aug-19		
02-Sep-19	September	5
09-Sep-19	2019	
16-Sep-19		
23-Sep-19		
30-Sep-19		
07-Oct-19	October	4
14-Oct-19	2019	
21-Oct-19		
28-Oct-19		
04-Nov-19	November	4
11-Nov-19	2019	
18-Nov-19		
25-Nov-19		
02-Dec-19	December	5
09-Dec-19	2019	
16-Dec-19		
23-Dec-19		
30-Dec-19		

Starting Monday	Reporting month	Weeks/ month
06-Jan-20	January	4
13-Jan-20	2020	
20-Jan-20		
27-Jan-20		
03-Feb-20	February	4
10-Feb-20	2020	
17-Feb-20		
24-Feb-20		
02-Mar-20	March	5
09-Mar-20	2020	
16-Mar-20		
23-Mar-20		
30-Mar-20		
06-Apr-20	April	4
13-Apr-20	2020	
20-Apr-20		
27-Apr-20		
04-May-20	May	4
11-May-20	2020	
18-May-20		
25-May-20		
01-Jun-20	June	5
08-Jun-20	2020	
15-Jun-20		
22-Jun-20		
29-Jun-20		
06-Jul-20	July	4
13-Jul-20	2020	
20-Jul-20		
27-Jul-20		
03-Aug-20	August	5
10-Aug-20	2020	
17-Aug-20		
24-Aug-20		
31-Aug-20		
07-Sep-20	September	4
14-Sep-20	2020	
21-Sep-20		
28-Sep-20		
05-Oct-20	October	4
12-Oct-20	2020	
19-Oct-20		
26-Oct-20		
02-Nov-20	November	5
09-Nov-20	2020	
16-Nov-20		
23-Nov-20		
30-Nov-20		
07-Dec-20	December	4
14-Dec-20	2020	
21-Dec-20		
28-Dec-20		