

Egg prices to rise sharply due to drought-induced shortage

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Egg prices are likely to rise by about 8% due to a shortage caused by many small farmers going bankrupt, the South African Poultry Association warned on Friday. Small farmers - defined as those with between 5,000 and 40,000 hens - were squeezed out of business by the drought pushing feed prices up, according to the association.



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Stats SA's producer price index (PPI) shows cereal prices doubled between August 2014 and December 2016, while milk and egg prices remained flat. The association said egg prices fell between January and April 2016 as farmers going out of business dumped their stock.

"It was very difficult for the farmers to cope with the high feed prices and the low market prices for eggs. Farmers were unable to recover any of the losses suffered as a result of the increases in the price of feed. This hardship resulted in the exit of many of the small-scale farmers," the association said.

"As a result of extremely low profit margins, a number of producers have not been able to replenish laying hens at the end of their productive cycle or have had to cull early to raise funds to be able to meet commitments to creditors," the association's senior executive Charlotte Nkuna said in Friday's statement.

The age at which farmers slaughtered their hens fell from 74.8 weeks in 2015 to 71.8 weeks in 2016, according to the association's statistics. "This is manifested in an acute shortage of eggs following an almost year-long decline in the size of the productive laying flock and associated numbers of eggs produced," Nkuna said.

Source: BDpro

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