

Your omelette is not yet under threat despite the recent Western Cape bird flu outbreak

 By Paul Makube

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The biosecurity challenge continues as more cases of the highly pathogenic avian influenza (HPAI) are reported across the globe. The HPAI virus is highly contagious among birds and the usual response from authorities is culling and quarantining of affected properties followed by import bans.



Source: @zlikovec via [123RF](#)

Recent cases include an outbreak in wild birds in Brazil's Rio Grande do Sol according to the country's association of animal protein (ABPA). An outbreak of HPAI in Mexico recently prompted the Hong Kong authorities to suspend the country's imports of poultry meat and products.

In South Africa, a total of five HPAI cases were recently detected and confirmed in five commercial chicken operations in the Western Cape province. Consequently, a total of 550 thousand layers were depopulated and the properties were placed under quarantine to prevent the distribution of live birds and eggs.



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Although this creates an imbalance in supply and demand, it will have a short-term impact as the outbreak is confined to the WC and the culled birds make a small proportion of the national layer flock. Historically, shortages due to production challenges in the WC were met by imports from the rest of the country's inland provinces.

This is obviously disruptive to trade, causes serious losses for producers, and may increase consumer prices as domestic supplies tighten due to production cutbacks if the disease spreads further. A dozen of eggs at consumer level advanced by 1.6% m/m in April 2023 at R21.59/ dozen, a rebound of 5.9% year-on-year from a decrease of -0.6% year-on-year in March.

Producers are currently operating under tough conditions with intermittent electricity supply which still comes at a high cost with Eskom tariffs have risen by 18.5%, higher cost of running diesel generators for extended period, as well as the delapidated road infrastructure that increase distribution costs.

All these have almost outweighed the benefit of the 21% y/y decline in maize prices (-R999/t) which averaged R3,684/t and R3,592/t for yellow and white maize respectively in May 2023. This is critical for profitability as maize is a major ingredient in chicken feed.

On a parting note, your omelette is not yet under threat as the resilient industry will continue to strive to make eggs readily available despite tough trading conditions.

ABOUT PAUL MAKUBE

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