



Poultry Sector Forecast - 2016

DEPARTMENT OF ANIMAL PRODUCTION AND HEALTH

Poultry industry in Sri Lanka has shown a phenomenal growth over the recent past. As a result, poultry products have become essential food items in Sri Lankan menus. Demand of chicken meat and eggs have been fulfilled by local production.

Broiler sector

A total of three (03) grandparent farms are functioning in the country supplying parent birds of Hubbard Classic, Cobb 500 and Indian River strains to 33 parent farms. These 3 grandparent farms supplied 85% of the parent bird requirement in 2015 and is expected to supply 88% of the total parent bird requirement in 2016.

Table 1. Comparison of Broiler Sector for 2014-2016

Item	Unit	2014	2015	Change (2014-2015)	2016 est*
Grandparents and parents					
Grandparent farms	Number	3	3		
Parent farms	Number	31	31		
Grandparent imports	Number	22,148	35,625	61%	31,059
Parent imports	Number	226,192	176,674	-22%	144,181
Parent local production	Number	954,094	1,014,102	6%	1,061,156
Total parent bird availability	Number	1,180,286	1,190,776	1%	1,205,337
DOC production	Million	116.55	126.4	8%	125.26
DOC issues	Million	113.37	125.13	10%	
Meat production	000 MT	150.32	164.45	9%	168.41
Imports					
Chicken meat	MT	354	591.58	67%	
Exports					
Chicken meat	MT	1,964.7	1,080.3	-45%	
Broiler Hatching eggs	Million	8.57	2.11	-75%	
Broiler Day old chicks	Million	0.15	0.33	120%	

*Estimation are based on imports and stocking plan of breeder farms

A total of 33 broiler parent breeders produce day old chicks (DOC) to be sold to large, medium and small scale meat producers. Total availability of parent day old chicks was 1,190,776 in 2015 compared to 1,180,286 in 2014 with 1% increase. Out of the total requirement of parent chicks 88% is expected to be supplied through the local production for 2016. These parent stocks would continue to produce 125.26 million DOC in 2016 compared to 126.4 million in 2015. It is projected to produce a total of 168.41 '000 MT chicken meat (Broiler & Curry chicken) within the year, which will be 2% increment compared to 2015. Broiler sector will continue to grow, though at a slower rate, compared to 2015 to reach 7.9 kg/year per capita availability of chicken meat in 2016.

The farm-gate price of live broiler have been within a range of Rs. 195.00 - 328.75 per/kg during the year 2015. The price escalation noted particularly at the latter half of the year resulted in scarcity of chicken meat in the market at controlled price. Increments in the prices of feed ingredients, commercial feed and recent changes in Value Added Taxation have increased the cost of production thus the producer price of live broiler will rise further.

Layer Sector

The layer day old chicks (DOC) is being produced by 11 layer breeder farms. The DOC production for year 2015 had been decreased by 5% compared to year 2014. It will further decline by 7% in 2016, according to the estimates, and will be 6.77 million. Accordingly egg production will reduce by 5% during 2016 lowering per capita availability to 103 eggs/year.

Table 2. Comparison of Layer Sector for 2014-2016

Item	Unit	2014	2015	Change (2014-2015)	2016 est*
Parent Farms	Number	11	11		
Layer Parent Imports	Number	78670	56607	-28%	76100
Pullet DOC Production	Million	7.68	7.29	-5%	6.77
<i>Pullet DOC Issues</i>	<i>Million</i>	7.28	7.24	-1%	
Egg Production	Million	2232.02	2294.08	3%	2187
Exports					
Table eggs	Million	4.92	3.86	-22%	
Pullet DOC	Number	0.002	0.007	250%	

**Estimation are based on imports and stocking plan of breeder farms*

Purchase price of Brown eggs and White eggs varied from Rs. 12.50 - 15.75 and Rs. 11.00 - 14.75 respectively during 2015. The cost of production of an egg varied from Rs. 9.83 - 10.87 yielding higher profit especially in the latter part of the year. Comparatively higher market prices will be expected in 2016 which will further increase the profit of the farming.

Though the egg production will drop in 2016 compared to 2015, 76,100 parent birds will be imported in 2016 according to the import plans of the breeder farms. This is 34% growth compared to 2015. As a result DOC production will start rising by 2017 and sector growth is expected in 2017 and 2018.

Animal Feed Production Sector

Animal feed production has been grown by 14% in year 2015 compared to 2014. However the growth of the self-mixed feed production sector has slowed down since 2014 compared to commercial feed production sector.

Table 3. Comparison of Poultry Feed Production for 2014-2016

Item	Unit	2014	2015	Change (2014-2015)	2016 est
Commercial feed production	MT	426,627.5	528,523.5	24%	537,376.2*
Self-mixed feed production	MT	385,986.0	396,393.0	3%	397,191.1*
Total poultry feed production	MT	812,613.5	924,916.5	14%	934,567.3*
Maize					
Local Maize production (Maha)	MT	210,886	230,871		250,667**
<i>Extent (Maha)</i>	Ha	57,525	60,954		73,975**
Local Maize Production (Yala)	MT	29,702	30,244		
<i>Extent (Yala)</i>	Ha	9,694	9,017		6423**
Imports for animal feed	MT	98,615.5	64,896.7		
Soya bean					
Local Soya production (Maha)	MT	2,047	619		304**
<i>Extent (Maha)</i>	Ha	1,185	318		187**
Local Soya production (Yala)	MT	4,757	10,635		
<i>Extent (Yala)</i>	Ha	2,927	6,065		2045**
Imports for animal feeds	MT	153,844.6	171,771.3		

*Estimates are based on DOC import plans, imports and estimated production of DOC

** Dept. of Agriculture (forecast)

Animal feed cost is around 70% of total production cost of chicken meat and eggs. The local production of maize is increasing but not in a sufficient rate to fulfill the requirement for animal feed production. And also the market prices of locally produced maize is fairly high which varied between Rs. 39.50 - 60.50 in 2015 further limiting the use of locally produced maize for poultry feed production. Limitations on maize importation hinders the opportunities of importing maize when the international market prices are low, therefore cost of poultry feed and then costs of production of chicken meat and eggs will continue to increase if those restrictions not lifted.

The soya bean production is yet remain very low. Also the oil extraction and production of soya bean meal is not taking place at industrial scale, thus the use of locally produced soya bean for poultry feed production is limited.

Exports

Sri Lanka exports number of poultry products; mainly table eggs, hatching eggs, DOC and chicken meat. During the last year exportation of these products have been reduced probably as a result of high local demand. However, still the industry depend highly on importation for the supply of inputs. In year 2015 the industry reported a negative trade balance of Rs. 17,135 million even without considering the costs on importation of housing materials and poultry utensils. Searching for avenues to reduce cost of production and producing of quality product at competitive prices will be a necessity to win the export market.

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