

Poultry Sector Analysis and Forecast – 2022

DEPARTMENT OF ANIMAL PRODUCTION AND HEALTH

May 2022

Poultry industry is the fastest growing livestock industry in Sri Lanka. For the year 2020, poultry contributed to 0.68 of nominal GDP (at current price) which is 65% of the total contribution of Sri Lankan livestock.

Since 2020 poultry industry has to be adjusted to a new normal with the SARS CoV2 (COVID 19) control measures which demanded more expenditure over the production chain. With the failing of when the country's economy, restrictions were imposed on importation of goods and import procedures which further damaged the production processes. Most of the restrictions were taken place at the later part of 2021 and 2022, therefore the impact will manifest in 2022. Huge increases in cost of production, reduction of farm productivity, scarcity of raw materials, power and fuel shortage damaging farm operations etc could be highlighted as the more pronounced impact. Regular operations are vulnerable to be damaged by above facts making forecasting unrealistic and difficult. Therefore for this year we have decided to forecasts the productions for "normal" and "adjusted" conditions considering the current situation.

Broiler Sector

A total of three (03) grandparent (GP) farms are functioning in the country supplying parent birds of Cobb 500, Indian River and Arbor acres strains to 32 parent farms. According to the forward plans submitted to DAPH, 91% of the total parent bird requirement would be supplied through local production while the rest be imported for 2022.

Table 1. Comparison of Broiler Sector Performance for 2020 – 2022

Item	Unit	2020	2021	Change (2020 - 2021)	2022 forecast	prediction adjusted for trade issues
Grandparent Farms	Number	3	3			
Parent Farms	Number	34	33			
Grandparent Imports	Number	30,792	30,052	-2%	51,052	
Parent Local Production	Number	1,244,146	1,246,695	0	1,646,120	
Parent Imports	Number	152,557	264,914	74%	162,375	
Total Parent Bird Availability	Number	1,396,703	1,511,609	8%	1,808,495	
DOC Production	Million	159.78	176.92	11%	173.54	156.25
DOC Issues	Million	158.22	173.86	10%		
Meat Production	'000 MT	216.16	236.67	9%	241.83	220.80
Imports						
Chicken Meat	MT	157.28	75.01	-52%		
Exports						
Chicken Meat	MT	769.31	718.26	-7%		
Hatching Eggs	Million	0.24	0.31	29%		
Day Old Chicks	Million	0.05	0.07	40%		

*Estimations are based on imports and stocking plans of breeder farms

In 2021, parent DOC importation was increased by 74% while local production was remains more or less the same. As the result net availability of parent DOC was increased by 8% reaching 1,511,609 in year 2021. The commercial DOC production was increased by 11% in 2021 compared to 2020. However around 17 million DOC has to be drowned at hatcheries as sales were markedly dropped from the predicted quantities. The financial loss to the breeder farms is estimated around 1.69 billion rupees. Total chicken meat production including parent meat and layer culls were increased by 9% compared to 2020. Day old chick price ranged from 82.50 in January to 118.50 in November, December period in year 2021. The whole sale price of live broiler ranged between Rs. 302.75/kg in June to Rs. 557.50/kg in November, December period. The retail price of dressed chicken meat ranged from Rs.

548.00/ kg in January to Rs. 745.00/kg in December.

According to the input plans of broiler GP and parent farms 173 Mn DOC production is predicted for year 2022 if the industry could function normally. Accordingly it could be able to produce 242 ('000 MT) for the year with 2% growth compared to 2021. **However, the industry is suffering tremendously due to the prevailing situation of the country therefore the production is expected to be declined considerably to 156 Mn DOC and 220.8 ('000 MT) chicken meat . Further reductions in production has to be expected if the issues with feed and electricity supply.**

Table 2 - Monthly Procurement and Production Forecast 2022 - Broiler Sector

Month	Procurement of Parent Birds		Production of DOC (Mn)	Chicken Meat Production ('000 MT)	Predicted DOC production adjusted for trade issues	Predicted chicken meat production adjusted for trade issues
	Local	Import				
January	148,223	0	14.08	21.68	14.91	21.74
February	135,901	22,700	14.25	19.42	14.50	20.38
March	106,000	25,500	14.30	19.65	13.93	21.08
April	161,983	8,275	14.76	20.18	12.76	18.97
May	171,097	5,000	14.78	20.24	12.78	18.47
June	120,400	25,500	14.84	20.35	12.84	16.40
July	148,503	8,275	14.68	20.24	13.24	17.60
August	136,429	13,700	13.26	18.45	12.83	18.23
September	92,723	25,500	13.71	19.02	12.75	17.61
October	107,000	8,275	13.80	19.39	11.88	17.58
November	193,841	18,700	14.39	20.16	11.72	16.47
December	96,323	96,323	15.39	21.36	12.11	16.27
Total	1,619,323	195,200	172.24	240.14	156.25	220.80

**Estimates based on imports and stocking plans of breeder farms*

Layer Sector

Eleven layer breeder farms were operated within the year 2021. 91,829 layer parent DOC was imported in 2021. Out of the 10.14 Mn of layer DOCs produced by the breeder farms and 9 Mn DOC were sold for commercial operation for table egg production. The reduction of sales accounts for approximately 1.3 billion LKR. Annual egg production was amounted to 2934.55 Mn egg production.

In 2022, it was expected that the layer parent imports will remain around 90,000 with predicted egg production of 3,017.04 million. **However, due to the severe scarcity in feed supply it is predicted that the egg production will drastically reduce to 1929.7 Mn with the anticipation that the current issues will be resolved by August.** If not further reductions has to be observed. The reductions of egg supply in the local market will affect the protein consumption of the nation, especially of the low income groups as egg is the lowest cost food source of animal protein.

Table 3. Comparison of Layer Sector for 2020 - 2022

Item	Unit	2020	2021	Change (2020-2021)	2022 forecast	prediction adjusted for trade issues
Parent Farms	Number	12	11			
Layer Parent Imports	Number	101,700	91,829	-10%	89,870	
Layer DOC Production	Million	10.55	10.14	-4%	9.32	5.41
Layer DOC Issues	Million	10.44	9.00	-14%		
Egg Production	Million	2,435.96	2934.55	20%	3017.04	1929.7
Exports						
Table Eggs	Million	2.58	4.14	60%		
Pullet DOC	Million	0.012	0.017	42%		

**Estimations are based on imports and stocking plans of breeder farms*

The variability of the procurement of parent birds and forecasted layer DOC and egg production as per the original plan are depicted in Table 4.

Table 4 – Monthly Procurement and Production Forecast 2022 - Layer Sector

Month	Procurement of Parent Birds	Pullet DOC Production forecast (Mn)	Egg Production forecast (Mn)	Predicted pullet DOC production adjusted for trade issues	Predicted egg production adjusted for trade issues
January	15,500	0.84	264.65	0.65	268.53
February	2,500	0.81	261.64	0.51	265.53
March	9,200	0.81	256.18	0.48	207.60
April	0	0.80	247.31	0.35	186.28
May	15,000	0.71	244.82	0.35	155.45
June	6,000	0.71	245.05	0.35	161.85
July	7,200	0.78	243.64	0.35	141.09
August	3,650	0.84	244.24	0.54	132.16
September	9,500	0.84	241.66	0.50	111.77
October	10,320	0.80	237.39	0.44	105.45
November	11,000	0.74	235.84	0.46	99.41
December	0	0.76	236.33	0.43	94.57
Total	89,870	9.32	3017.04	5.41	1929.70

**Estimates based on imports and stocking plans of breeder farms*

Poultry Feed Production Sector

Feed production will be highly affected by the current economic crisis in the country. Out of the major feed raw materials only maize is produced within the country. Year 2021 maha season recorded the highest maize yield for last decade reducing import of cereals for feed production. This increase in maize production act as the main contributory factor on securing the production of required quantity of poultry feed in year 2021 amidst all the hardships industry was facing in importation of required feed raw materials. Importation of maize was further restricted in year 2021 adhering to the government policy of not importing crops that could be produced within the country. 206,701 MT of wheat was allowed to import by the registered feed manufacturers as a substitute. Although the production was secured through various means the producers has to struggle for obtaining foreign currency for importation. Obtaining USD through private money exchanges was the only viable option but increase the exchange rate. World market prices of raw materials also on inclining trend. As a result continuous increases of feed prices were observed within the year 2021. The average increase of prices was close to 35%.

For year 2022, with the predicted drop in egg and meat productions, 1200 ('000 MT) feed production is needed for the industry. The minimum requirement of cereals is estimated to be around 450,000 MT. The foreign currency supply issue will be further worsen during the year 2022. Lack of foreign currency at local banks, changes in LC terms, price increase in world market, rapid depreciation of LKR and difficulties in locating freight are few of the factors identified which hinders importation of raw materials. Therefore severe depletion in feed production has to be expected unless the government is able to dedicate around 30-35 USD per month for feed raw material importation. Securing of credit lines from importing countries, as similar to Indian credit line obtained through EXIM bank of India may be one of the viable options to safeguard the industry. Also research on alternative feed raw materials, use of underutilized agro-byproducts and agro wastes should be carried out.

Table 5. Comparison of Poultry Feed Production for 2020 - 2022

Item	Unit	2020	2021	Change (2020-2021)	2022 forecast	prediction adjusted for trade issues
Commercial Feed Production	MT	933,314.85	1,025,932.54	10%	930,539.40	
Self-Mixed Feed Production	MT	291,056.90	258,295.26	-11%	398,802.60	
Total Poultry Feed Production	MT	1,299,141.57	1,284,227.80	-1%	1,329,342.00	1,200,053.00
Cereal						
Local Maize Production (Maha)	MT	267,767.00	435,159	63%	206,375	
Extent (Maha)	Ha	66,486	97,122	46%	74,053	
Local Maize Production (Yala)	MT	45,753.50	40,291	-12%		
Extent (Yala)	Ha	1,1763.00	10,696	-9%		
Maize Import for Animal Feed	MT	26,932.06	4837.50	-82%		
Wheat Import for Animal Feed	MT	119,245	206,701	73%		
Oil Meal						
Local Soybean Production (Maha)	MT	130	123	-5%	878	
Extent (Maha)	Ha	88	80	-9%	761	
Local Soybean Production (Yala)	MT	7749.10	3670	-53%		
Extent (Yala)	Ha	3,450	1835	-47%		
Soybean Meal Import for Animal Feed	MT	213,610	192,565.53	-10%		

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

** Crop Forecast, Dept. of Agriculture - vol 05) Maha

Import & Exports

In year 2021, chicken meat importation has reduced by 52% when compared to 2020. Sri Lanka exports number of poultry products; mainly table eggs, hatching eggs, DOC, chicken meat and chicken feet. In 2021, except for chicken meat, all other exports increased considerably. The high cost of production makes our products less competitive in global market. However, the depreciation of LKR may reduce the gap between cost of production and export revenue. Therefore well planned export promotion program could be identified as a timely requirement to safeguard the industry at this difficult time.

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May, 2022