

## **Chicken Prices**

Following in suit of meat and dairy, the price of chicken is about to increase. Like the rest of the agricultural industry the effects of the drought and rising fuel prices have caught up with the chicken industry. Chicken has long been a part of the Australian diet due to its comparatively low prices and versatility.

The Australian Chicken Meat Federation said “Over the past six months, the continuing global grain shortage has led to unprecedented prices for feed grains.” Grain is the major component of chicken feed and makes up approximately 60% of production costs. This coupled with, “fuel costs [that] have continued to rise from 115c per litre in November 2006 to 125c per litre in July 2007 and electricity costs have almost doubled.” The chicken industry have never experienced situations of this magnitude. The production costs can no longer be absorbed by the producers and will have to be passed onto the consumer.

Chicken meat, despite these recent price increases, still remains very affordable. Over the past decade other meats have continued to experience steady price increases. Chicken, however, has been able to maintain low prices through efficiency gains as a result of technology and better feeding methods. These improvements have allowed chicken to maintain low prices which now see it cheaper than in 1970. The effects of drought and fuel prices are devastating and will see the prices rise slightly.

The price increases will take effect in mid November and will affect all chicken products. Fresh and processed chicken products alike will be subject to price increases. This is due to increasing production costs causing the increases to be felt all the way down the supply chain. These increases add to an already dire situation with Australian’s feeling the pressure of price increases of nearly all agricultural products.