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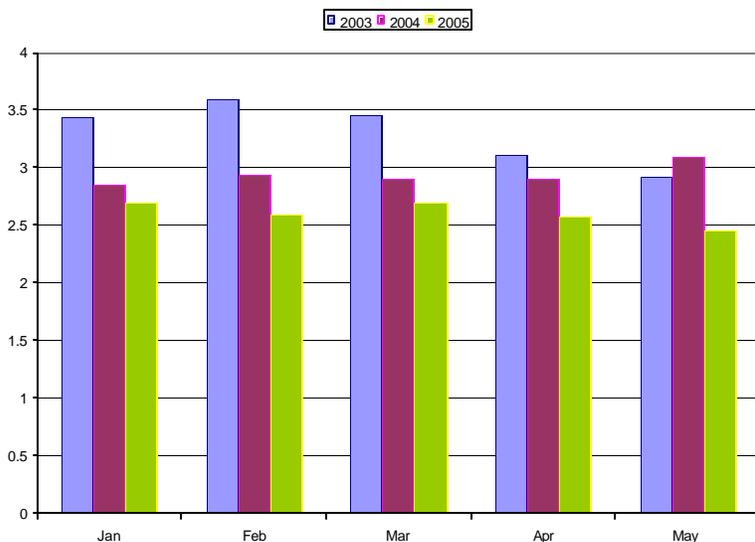
Brazil

Broiler production in Brazil is estimated to reach 8.8 million metric tons in 2005, up 5 percent from the record production level of 8.5 million metric tons in 2004. Domestic consumption accounted for 6.1 million tons, and 2.4 million metric tons were exported. In 2005 exports are projected to increase 5 percent. Exports grew 26 percent in 2004, in part due to the avian influenza outbreak in Asian countries.

The major production areas are the states of Rio Grande do Sul, Santa Catarina, Parana, Sao Paulo, Minas Gerais, Goias, Mato Grosso and Mato Grosso do Sul. On August 20, 2003 the Ministry of Agriculture officially declared these states as free of Newcastle disease. These states account for over 80 percent of poultry production and for the entire poultry production destined for exports.

Major constraints for exports are the strong Real and higher domestic interest rates combined with higher production costs. The Brazilian Real rose in value in 2004 and 2005, compared to the US Dollar.

Monthly Average Exchange Rate, Brazilian Real to 1 USD



Brazil's major export markets are Saudi Arabia, Japan, the EU and Russia. Exports to the EU actually fell about 9 percent in 2004. EU imports of salted poultry from Brazil and Thailand had soared in 2001 and continued to grow in 2002, due to the lower duty for salted product compared to raw product.

In 2002 the EU published EC No 1223/2002, reclassifying frozen boneless chicken cuts with a salt content of 1.2 percent or more as frozen chicken (0207) subject to a special safeguard duty of 102.4 euro per 100 kg net weight, compared to an ad valorem rate of 15.4 percent for salted meat (0210). In October, 2002 Brazil requested WTO consultations on EC No. 1223/2002. Through a joint letter dated June 17, 2004, Brazil and Thailand requested the WTO Director General determine the composition of the Panel. On May 30, 2005 the WTO published its Report of the Panel, concluding frozen boneless chicken

cuts with a salt content of 1.2 percent to 3 percent are covered under the heading 02.10 and that the EU acted inconsistently when it reclassified 1.2 percent to 1.9 percent salted chicken meat from 0210 to 0207. The EU intends to file an appeal.

Brazil: 2004 Chicken Exports

Country	Value US\$ FOB	Quantity Kilograms	Average Price/kg
Saudi Arabia	320,263,911	333,223,175	0.96
Japan	516,422,683	325,958,912	1.58
Russia	161,702,034	192,943,658	0.84
Hong Kong	132,379,497	179,298,738	0.74
So. Africa	78,632,946	130,823,217	0.6
UAE	113,022,339	121,749,974	0.93
Netherlands	211,527,405	113,033,625	1.87
Kuwait	89,077,770	102,674,521	0.87
Germany	136,571,560	73,135,904	1.87
Yemen	55,531,944	68,507,333	0.81
Singapore	71,802,680	66,515,145	1.08
Ukraine	35,010,666	50,719,078	0.69
UK	101,907,446	49,222,620	2.07
Romania	29,575,021	36,472,007	0.81
Angola	24,208,348	34,642,599	0.7
Oman	29,307,467	33,813,599	0.87
Qatar	26,140,956	28,037,440	0.93
Spain	30,758,834	24,385,650	1.26
Subtotal	2,163,843,507	1,965,157,195	1.05
Other Countries	431,039,426	504,539,178	0.95
Total	2,594,882,933	2,469,696,373	1.05

On May 30, 2005, Iagro (State Agency for Animal and Plant Health Protection) announced it had culled 17,000 birds the previous weekend after 6,000 birds died from an undiagnosed respiratory disease in Mato Grosso do Sul. In 2004 about 117.3 million chickens were produced in the State.

The farm and 107 neighboring properties were quarantined, roadblocks were set up on the three access roads to the property, and disinfectants were sprayed on passing cars and trucks. Samples from the poultry were sent to MAPA (Ministry of Agriculture, Fisheries and Food) in Campinas, Sao Paulo.

Infectious bronchitis was suspected after test results ruled out avian influenza and Newcastle disease. Infectious bronchitis is classified as a List B disease by the OIE. The incubation period is one to two days and mortality may be as high as 25 percent in young chicks. Adults usually recover after a few weeks.

Source: OIE, ProMed-mail: Undiagnosed Disease, Poultry - Brazil, Official Journal of the European Communities, WTO, USDA/FAS, Brazil's Ministry of Agriculture, news wires

Inspected Egg Products-U.S. & Canada Export/Import Trade

U.S. Exports to Canada, in Pounds (000) (Preliminary)

Week Ending May 28, 2005	Year-To-Date			
TYPE	2005	2004 1/	2005 2/	2004
Liquid	308	453	5,034	4,140
Frozen	0	11	21	11
Dried	0	40	107	311
Total	308	504	5,162	4,462

U.S. Imports From Canada, in Pounds (000) (Preliminary)

Week Ending May 28, 2005	Year-To-Date			
TYPE	2005	2004 1/	2005 2/	2004
Liquid	0	166	2,461	2,072
Frozen	0	9	327	771
Dried	0	0	340	1,329
Total	0	175	3,128	4,172

Inspected Shell Eggs

U.S Exports To Canada, In 30-Dozen Cases (Preliminary)

Week Ending May 28, 2005	Year-To-Date			
TYPE	2005	2004 1/	2005 2/	2004
Jumbo	0	17	33	160
Extra Large	840	5,115	26,930	33,620
Large	1,530	7,140	66,694	69,443
Medium	1,770	3,720	31,230	32,466
Ungraded	10,092	16,970	54,052	126,342
Misc	300	0	5,023	12,920
Total	14,532	32,962	183,962	274,951

1/ Comparable Week, to-date figures may not total due to rounding.

2/ Includes revisions to previous week(s).

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section
Source: USDA/AMS Poultry Programs, Market News Branch.

U.S./Canadian Live Poultry Slaughtered Under Inspection

W/E 28-May-05 (PRELIMINARY)

U.S. Fowl Slaughtered Domestically

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,646	1,401	3,047
Last Week	1,709	1,540	3,249
Same week yr ago	1,403	1,382	2,785
To-date/2005	32,582	28,614	61,196
To-date/2004	27,670	26,920	54,590

U.S. Fowl Slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	247	0	247
Last Week	370	0	370
Same week yr ago	169	8	177
To-date/2005	6,077	26	6,103
To-date/2004	5,170	68	5,238

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

Total U.S. Fowl slaughtered in the U.S. and Canada

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,893	1,401	3,294
Last Week	2,079	1,540	3,619
Same week yr ago	1,572	1,390	2,962
To-date/2005	38,659	28,640	67,299
To-date/2004	32,840	26,988	59,828

Source: USDA/AMS Poultry Programs, Market News Branch

CENTRAL REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Jun 03, 2005

CHICKEN WITH SKIN ADDED

FAT CONTENT	---- PRICES ----		---- VOLUME ----	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	29.00	26.00	142,800	-
WTD AVERAGE	29.00	26.00		
15-20%				
RANGE	4.50-28.00	8.00-26.00	1,866,000	337,200
WTD AVERAGE	25.77	20.75		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

EASTERN REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Jun 03, 2005

CHICKEN WITH SKIN ADDED

FAT CONTENT	---- PRICES ----		---- VOLUME ----	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	20.50	24.00-25.00	616,000	416,000
WTD AVERAGE	20.50	24.60		
15-20%				
RANGE	20.50-27.00	15.00-26.00	1,816,000	936,000
WTD AVERAGE	22.53	18.20		
20% OR MORE				
RANGE	-	19.00	80,000	-
WTD AVERAGE		19.00		

* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 3 JUNE 2005.

The market tone on tom breast meat was mostly steady, fresh destrapped tenderloins steady at best, frozen destrapped tenderloins steady to barely steady, frozen scapula steady to instances weak, frozen wing meat with skin barely steady to weak with some sellers looking for bids. Demand moderate on fresh tom breast meat, balance very light to instances moderate. Some processors have noted increased further processed activity. The market tone on frozen thigh meat continued steady to weak, fresh thigh meat steady to barely steady. Demand was active at the lower trending price levels. Offerings uneven with some held with more confidence than others. The market tone on fresh mechanically separated turkey was steady to weak, frozen steady at best. Demand light for the adequate to instances ample fresh offerings, frozen spotty. Industry members continued to watch Brazil for possible market ramifications. For domestic: Grade A non-basted 14-16 lb. breasts 148 and 18-20 lb. breasts 140, Grade A basted 8-10 lb. breasts 110 and 12-14 lb. breasts 140, ground wing meat with skin 54-56, fresh scapula 111-120.75 mostly 111 cents delivered. For export: fresh thigh meat 84 cents delivered.

<u>EXPORT TRADING</u>	<u>PRICE</u>	<u>L.S.T.</u>	<u>WTD AVG</u>	<u>VOLUME</u>	<u>WEEKLY</u>	<u>WEEKLY</u>
<u>FRIDAY, JUNE 03, 2005</u>	<u>RANGE</u>	<u>CODE 1/</u>	<u>PRICE</u>	<u>(000)</u>	<u>PRICE</u>	<u>(000)</u>
DRUMSTICKS, TOMS	43.00-48.00		45.19	352	46.38	656
WINGS FULL-CUT - TOMS	24.00		24.00	208	24.00	208
WINGS, V-TYPE, TOM	40.00		40.00	208	40.00	208
TAILS	24.00-27.00		24.83	72	24.83	72
MECHANICALLY SEPARATED 2/	45.50		45.50	80	46.25	160
THIGH MEAT - FROZEN	77.00-83.00		78.60	456	79.15	1,382

<u>EXPORT TRADING</u>	<u>PRICE</u>	<u>L.S.T.</u>	<u>WTD AVG</u>	<u>VOLUME</u>
<u>THURSDAY, JUNE 02, 2005</u>	<u>RANGE</u>	<u>CODE 1/</u>	<u>PRICE</u>	<u>(000)</u>
DRUMSTICKS, TOMS	45.00-50.00		47.42	264
WINGS FULL-CUT - TOMS		F	24.00	104
WINGS, V-TYPE, TOM				
TAILS		R	25.00	40
MECHANICALLY SEPARATED 2/		W	47.00	80
THIGH MEAT - FROZEN	75.00-81.00		79.26	886

<u>EXPORT TRADING</u>	<u>PRICE</u>	<u>L.S.T.</u>	<u>WTD AVG</u>	<u>VOLUME</u>
<u>WEDNESDAY, JUNE 01, 2005</u>	<u>RANGE</u>	<u>CODE 1/</u>	<u>PRICE</u>	<u>(000)</u>
DRUMSTICKS, TOMS	50.00		50.00	40
WINGS FULL-CUT - TOMS		F	24.00	104
WINGS, V-TYPE, TOM				
TAILS		R	25.00	40
MECHANICALLY SEPARATED 4/	47.00		47.00	80
THIGH MEAT - FROZEN	83.00		83.00	40

<u>EXPORT TRADING</u>	<u>PRICE</u>	<u>L.S.T.</u>	<u>WTD AVG</u>	<u>VOLUME</u>
<u>TUESDAY, MAY 31, 2005</u>	<u>RANGE</u>	<u>CODE 1/</u>	<u>PRICE</u>	<u>(000)</u>
DRUMSTICKS, TOMS		R	44.00	80
WINGS FULL-CUT - TOMS		F	24.00	104
WINGS, V-TYPE, TOM				
TAILS		R	25.00	40
MECHANICALLY SEPARATED 4/				
THIGH MEAT - FROZEN		F	77.65	300

NO EXPORT TRADING REPORTED
MONDAY, MAY 30, 2005
DUE TO MEMORIAL DAY HOLIDAY

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY
 2/ Product contains 15-20% fat with skin added.