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Poultry Programs

Market News Branch

European Commission Measures to Support the Poultry Market

On June 21, 2006, the management committee for eggs and poultry approved a Commission proposal to allow the co-financing by the EU budget of measures to support the poultry market. Outbreaks of highly pathogenic avian influenza across the EU earlier this year resulted in an excess supply of poultry meat and eggs after consumers lost confidence in the safety of those commodities. Poultry consumption fell as much as 70 percent in some countries. FAO revised the 2006 forecast of global poultry meat consumption down nearly 4 million tons.

The combination of high inventories, additional costs for storage and associated low commodity prices led to a market crisis. European poultry stocks reached over 300,000 MT. Up to this time, the only market support measures were export subsidies. There was no possibility to provide EU aid due to market problems linked to a fall in sales caused by a loss of consumer confidence.

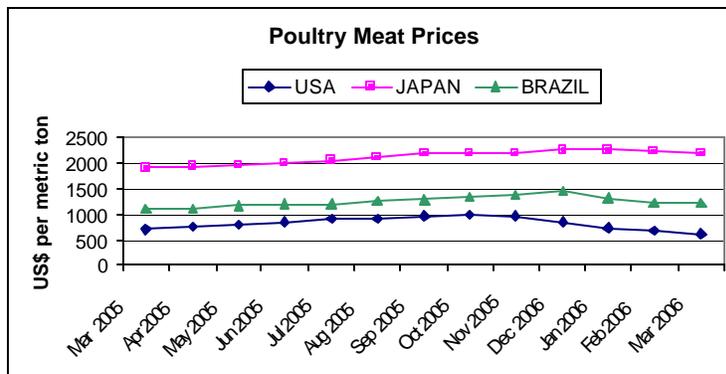
The new aid measures are aimed to temporarily reduce production, not to provide aid for private storage or the destruction of existing stocks of meat. Mariann Fischer Boel, Commissioner for Agriculture and Rural Development, said "Thanks to the recent improvement in the market situation, the industry should be able to use existing stocks."

The expected cost to the EU budget of the measures proposed is between €50 and €65 million (US\$63.8* and US\$82.8* million). The aid measures which can be covered are: the destruction of hatching eggs; processing of hatching eggs; the destruction of chicks (of chicken, guinea fowl, duck, turkey and goose); the early slaughter of some of the breeding flock; the extension of periods of temporary non-production beyond three weeks; voluntary reduction in output by reduced placing of chicks; early slaughter of ready to lay pullets.

Fourteen Member States have requested aid measures: Czech Republic, Germany, Greece, Spain, France, Ireland, Italy, Cyprus, Hungary, the Netherlands, Austria, Poland, Portugal and Slovakia. Cases of avian influenza H5N1 in wild birds have occurred in fourteen Member States and outbreaks in domestic poultry have occurred in France, Sweden, Germany, Denmark and Hungary.

*On July 10 €1 = \$1.2736

Source: Europa Press Release, Food and Agriculture Organization, news wires



On July 10 €1 = \$1.2736 Source: Food and Agriculture Organization

European Commission Investigates Italy

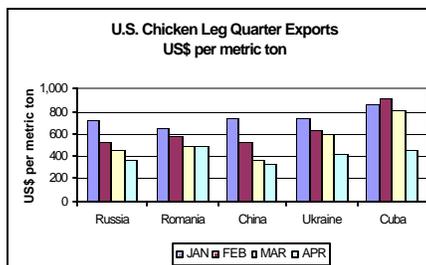
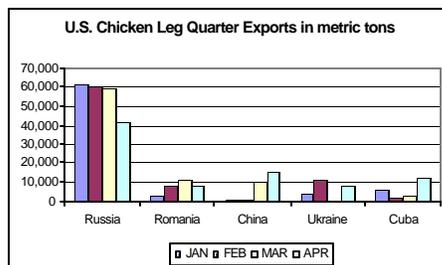
On July 4, 2006, the EC decided to launch an investigation into the measures taken by Italy to deal with the AI crisis. Italy's government planned to purchase 17,000 metric tons of poultry meat and other poultry products, to suspend tax payments and social security contributions and payments for operators in the poultry sector, and to grant aid for loans for conversion and restructuring of poultry undertakings affected by the crisis in the poultry sector.

Italy's commercial flocks have not had a case of Highly Pathogenic Avian Influenza H5N1. After several wild swans and ducks tested positive in February 2006, Italian authorities reacted quickly and applied the emergency measures called for in the national plan, which complies with EU and international requirements.

Average per capita consumption in Italy before the AI scare was about 18 kilos of poultry meat and 200 eggs per. After AI was found in wild bird in Italy, consumption fell sharply. In ordinary times, Italy has 2,750 broiler farms producing 700,000 MT of meat annually, 700 turkey farms producing 350,000 MT of meat annually and 2,000 farms producing 13 billion eggs each year.

Italy has one month to respond to the investigation and to provide necessary details. Once the decision is published in the Official Journal of the European Union, other stakeholders will have one month to send in their comments.

Source: European Commission, USDA Foreign Agricultural Service, news wires



U.S. Chicken Leg Exports, values in thousands dollars

	January	February	March	April	Total
Russia	44,250	32,036	27,104	15,728	119,118
Romania	1,786	4,583	5,348	3,759	15,475
China	251	181	3,586	5,006	9,023
Ukraine	2,690	6,718	126	3,290	12,824
Cuba	5,001	1,434	2,010	5,536	13,981
World	83,620	66,642	65,665	52,737	268,665

Source: United States Department of Agriculture, Foreign Agricultural Service

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

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

Week Ending July 01, 2006	Year-To-Date			
TYPE	2006	2005 1/	2006 2/	2005
Liquid	209	350	5,291	9,071
Frozen	0	0	131	21
Dried	40	0	307	287
Total	249	350	5,729	9,379

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

Week Ending July 01, 2006	Year-To-Date			
TYPE	2006	2005 1/	2006 2/	2005
Liquid	41	250	1,652	3,859
Frozen	5	5	579	418
Dried	0	0	66	345
Total	46	255	2,297	4,622

Inspected Shell Eggs

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

Week Ending July 01, 2006	Year-To-Date			
TYPE	2006	2005 1/	2006 2/	2005
Jumbo	0	0	150	67
Extra Large	1,110	2,170	42,981	125,902
Large	960	3,810	80,211	240,656
Medium	1,800	3,630	43,242	61,575
Ungraded	0	0	70,244	61,204
Misc	0	0	4,337	6,973
Total	3,870	9,610	241,165	496,377

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.

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.

July 07, 2006

CHICKEN WITH SKIN ADDED

FAT CONTENT	--- PRICES ---		--- VOLUME ---	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	14.50-19.00	17.00	140,400	-
WTD AVERAGE	16.00	17.00		
15-20%				
RANGE	15.00-19.50	12.00-16.25	1,096,800	244,800
WTD AVERAGE	17.42	14.33		
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

U.S./Canadian Live Poultry Slaughtered Under Inspection

W/E 01-Jul-06 (PRELIMINARY)

U.S. Fowl Slaughtered Domestically

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,006	1,614	2,620
Last Week	1,019	1,557	2,576
Same week yr ago	1,574	1,452	3,026
To-date/2006	29,793	38,401	68,194
To-date/2005	40,438	35,973	76,411

U.S. Fowl Slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	103	0	103
Last Week	107	0	107
Same week yr ago	240	0	240
To-date/2006	5,106	19	5,125
To-date/2005	7,187	33	7,220

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	1,109	1,614	2,723
Last Week	1,126	1,557	2,683
Same week yr ago	1,814	1,452	3,266
To-date/2006	34,899	38,420	73,319
To-date/2005	47,625	36,006	83,631

Source: USDA/AMS Poultry Programs, Market News Branch

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.

July 07, 2006

CHICKEN WITH SKIN ADDED

FAT CONTENT	--- PRICES ---		--- VOLUME ---	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	16.50	16.00-17.00	470,000	-
WTD AVERAGE	16.50	16.50		
15-20%				
RANGE	15.00-20.00	11.00-15.00	1,642,000	882,000
WTD AVERAGE	16.68	12.74		
20% OR MORE				
RANGE	-	13.00-14.00	120,000	-
WTD AVERAGE		13.67		

* 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, INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 07JULY 2006.

The market tone on fresh tom breast meat was fully steady to firm for prompt shipments, steady to fully steady for deferred, balance of white meat steady to firm. Demand on white meat was moderate to good for the short to instances adequate offerings. The market tone on 4-8 lb. breasts was instances barely steady to fully steady. Demand light for the uneven offerings. The market tone on institutional sized breasts was steady to firm. Demand light to moderate for the short to instances light offerings. For domestic: fresh body chopping skin 25, fresh hen drums 33, fresh scapula 124-125, fresh breast trim 125-150 mostly 125-132, frozen breeder hen breast meat 167, Grade A basted 8-10 lb. rib breasts 135 and 12-16 lb. 170, plant grade basted 20-24 lb. breasts 160, plant grade non-basted 18-20 lb. breasts 170, For export: tom necks 22-26, hen wings 28, fresh tom drums 30, fresh thigh meat 73 cents delivered.

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME	WEEKLY	WEEKLY
FRIDAY, JULY 07, 2006	RANGE	CODE 1/	PRICE	(000)	WTD AVG	VOLUME
					PRICE	(000)
DRUMSTICKS, TOMS	31.50		31.50	312	31.42	462
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM	40.00		40.00	104	40.00	212
TAILS		R	31.50	40	31.50	40
MECHANICALLY SEPARATED 2/	21.00		21.00	20	21.00	20
THIGH MEAT - FROZEN	68.00		68.00	40	69.22	592

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
THURSDAY, JULY 06, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	31.00-32.00		31.57	70
WINGS FULL-CUT - TOMS		R	30.50	26
WINGS, V-TYPE, TOM		M	40.00	108
TAILS	31.50		31.50	40
MECHANICALLY SEPARATED 2/		F	20.17	60
THIGH MEAT - FROZEN	68.00-70.00		69.33	512

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
WEDNESDAY, JULY 05, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		M	31.00	80
WINGS FULL-CUT - TOMS		R	30.50	26
WINGS, V-TYPE, TOM		M	40.00	108
TAILS		W	34.00	40
MECHANICALLY SEPARATED 2/		F	20.17	60
THIGH MEAT - FROZEN		M	69.00	40



**NO EXPORT TRADING REPORTED ON TUESDAY, JULY 04, 2006 -
DUE TO INDEPENDENCE DAY HOLIDAY**



EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
MONDAY, JULY 03, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	31.00		31.00	80
WINGS FULL-CUT - TOMS		R	30.50	26
WINGS, V-TYPE, TOM	40.00		40.00	108
TAILS		W	34.00	40
MECHANICALLY SEPARATED 2/		F	20.17	60
THIGH MEAT - FROZEN	69.00		69.00	40

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.