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Thailand

H5N1 was confirmed on July 26, 2006 in a fighting cock carcass from the northern province of Bang Mun Nak for the first time 8 months. The outbreak started on July 16 and include 31 cases and deaths with 264 animals destroyed. The virus has also been found in the northeast in Nakohn Panom province, bordering Laos. Approximately 310,000 hens on 78 farms have been culled and is the first case this year in commercial birds. The outbreak was blamed on egg merchants swapping contaminated flats instead of just the eggs. Outbreaks are also suspected in the southern part of the country. Currently growers are compensated 75% of the value of the poultry.

Trade with Laos is suspected by some a source of some the outbreaks because an outbreak was also reported in that country. Thailand had recently imposed a ban on poultry imports to prevent a new outbreak of bird flu in the country. The ban was put in place after some neighboring countries sent fowl samples for laboratory tests in Thailand and a few tested positive for the virus. Thailand has also vowed to jail farmers for failing to report poultry deaths.

The H5N1 virus arrived in Thailand in late 2003 and in 2004 Thailand culled approximately 29 million fowl, affecting an industry that accounts for .5% of gross domestic product. Thailand raised 260 million chickens in 2005. Since early 2004 when most countries banned imports of fresh poultry from Thailand, processors have been concentrating on cooked meat exports. Thailand is currently the world's fourth largest poultry exporter. Before bans were paced on Thailand's raw chicken exports in 2004 due to bird-flu fears, it was considered the number 1 exporter in the world. The European Community (EC) has announced that its ban on fresh poultry imports from Thailand would remain in effect until the end of 2007.

The shift to processed chicken has helped Thailand regain its exports after a 40% fall in 2004. In 2005, 270,000 tones of poultry were exported and in 2006 it is expected at least 300,000 tons with forecasts noted as high as 350,000 tons will be exported. The volumes are still below the 543,000 tons of total poultry meat exported in 2003. Japan (54%) and the EC (41%) are Thailand's major export markets by volume. Thailand is also expected to speed negotiations for exporting poultry products to other markets with high purchasing power. Some of these countries include the United States, United Arab Emirates, New Zealand and Australia.

Domestic broiler production in 2006 was estimated in the first of the year to grow 18% due to anticipated growth in domestic broiler meat consumption and exports. Domestic consumption was expected to grow 7% in response to rebounding confidence in the safety of cooked chicken meat among consumers and relatively competitive chicken meat prices against other meats. However, midway through the year domestic chicken prices still remained low with some companies blaming them for drops in profits. In order to prevent bird-flu from affecting exports, companies are placing requirements on where they buy poultry from and educating their workers on safety precautions.

Even though Thailand's currently exports mostly cooked poultry now, their exports could face price pressures from several fronts. The first front could be from Brazil due competition from them in both the EC and Japan markets. The second front from the EC. Even though the EC lost a battle at the World Trade Organization to restrict the import of cheap frozen, salted chicken from Thailand and Brazil through punitive tariffs, the EC is proposing a new tariff system on cooked chicken imports. Under the EC proposal, processed chicken imports in excess of quotas would be taxed as high as 53%, compared with rates between 8.5-15.4% currently. Meanwhile, some are projecting an 8-9% fall in European poultry consumption this year due bird-flu concerns.

A third front facing Thailand are anticipated slowing Asia and Thailand economies. Thailand's economic growth has slowed in the second quarter as due to high oil prices and 6 months without an elected government. Oil prices have increased 23% in the past year and Thailand imports almost all its crude oil. Surging fuel costs and higher global interest rates have started to stump demand for exports across Asia. First quarter economic growth in South Korea was the weakest in a year with consumer confidence falling to a 10 month low in July. Some are expecting the Philippines, which imports 95% of its oil, to cut next years growth forecast. Thailand's central bank is forecasting oil to average 71\$ a barely during the second half of 2006 before decreasing \$67 in 2007.

Source: USDA/FAS and various news articles.

	Thailand (1,000 Metric tons)					
	2001	2002	2003	2004	2005(p)	2006(f)
Broiler						
Production	1,230	1,275	1,340	900	950	1,100
Exports	392	427	485	200	240	300

(p) projected
(f) forecast
Source: USDA/FAS

US poultry Meat Exports to Select Asia Countries (January-May comparisons, Metric tons)

Country	2002	2003	2004	2005	2006
Singapore	6,639.4	5,893.6	1,476.1	5,077.0	6,257.7
Philippines	2,781.7	5,710.7	3,787.0	3,642.3	9,044.6
China, Peoples					
Repub	29,294.3	64,745.7	19,638.9	49,850.4	154,987.6
Taiwan	15,117.4	21,615.3	25,161.3	43,547.8	62,377.2
Hong Kong	205,044.9	132,461.7	40,072.9	79,083.9	40,721.9
Korea,					
Republic Of	58,706.8	42,140.7	15,992.2	12,445.7	35,362.4
Japan	14,559.9	10,087.5	4,191.2	12,724.7	11,898.8

Source: USDA/FAS

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

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

Week Ending July 29, 2006	Year-To-Date			
TYPE	2006	2005 1/	2006 2/	2005
Liquid	154	211	5,958	10,364
Frozen	0	0	172	42
Dried	40	0	365	393
Total	194	211	6,495	10,799

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

Week Ending July 29, 2006	Year-To-Date			
TYPE	2006	2005 1/	2006 2/	2005
Liquid	94	148	1,914	4,418
Frozen	12	0	726	464
Dried	0	0	66	346
Total	106	148	2,706	5,228

Inspected Shell Eggs

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

Week Ending July 29, 2006	Year-To-Date			
TYPE	2006	2005 1/	2006 2/	2005
Jumbo	0	14	150	114
Extra Large	1,770	2,244	48,501	139,046
Large	3,750	3,300	97,111	256,446
Medium	1,950	2,772	52,212	73,382
Ungraded	0	0	79,004	61,984
Misc	0	0	5,267	7,753
Total	7,470	8,330	282,245	538,725

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.

August 04, 2006

CHICKEN WITH SKIN ADDED

FAT CONTENT	--- PRICES ---		---- VOLUME ----	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	17.00	20,400	-
WTD AVERAGE		17.00		
15-20%				
RANGE	18.50-20.00	14.00-18.00	791,600	81,600
WTD AVERAGE	19.20	15.14		
15-20%				
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 29-Jul-06 (PRELIMINARY)

U.S. Fowl Slaughtered Domestically

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,040	1,487	2,527
Last Week	1,083	1,460	2,543
Same week yr ago	1,258	1,671	2,929
To-date/2006	33,927	43,989	77,916
To-date/2005	45,837	41,941	87,778

U.S. Fowl Slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	123	0	123
Last Week	97	0	97
Same week yr ago	78	0	78
To-date/2006	5,444	23	5,467
To-date/2005	8,002	33	8,035

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	1,163	1,487	2,650
Last Week	1,180	1,460	2,640
Same week yr ago	1,336	1,671	3,007
To-date/2006	39,371	44,012	83,383
To-date/2005	53,839	41,974	95,813

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.

August 04, 2006

CHICKEN WITH SKIN ADDED

FAT CONTENT	--- PRICES ---		---- VOLUME ----	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	16.00-17.50	18.00	646,000	366,000
WTD AVERAGE	17.07	18.00		
15-20%				
RANGE	15.00-21.00	13.50-17.00	1,456,000	936,000
WTD AVERAGE	17.31	14.77		
20% OR MORE				
RANGE	-	14.00	80,000	-
WTD AVERAGE		14.00		

* 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, INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 04 AUGUST 2006.

The market tone on breast meat and destrapped tenderloins was fully steady to firm for prompt shipments, balance of white meat steady to fully steady. Demand good on breast meat and destrapped tenderloins, balance moderate to instances good. Offerings short to light. The market tone on rib breast was steady to fully steady for the light to moderate demand, best on institutional sizes. Offerings spotty. The market tone on thigh meat was steady to fully steady. Demand moderate to good for domestic and export with resistance starting to be noted from export buyers. Offerings light at best. Trading moderate to good. For domestic: frozen -20% mechanically separated -45 days age 18, mixed breeder wings 24, fresh scapula 125, Grade A non-basted 8-10 lb. breasts 135 and 12-16 lb. 175, cents delivered. For export: fresh tom drums 30-31 cents delivered.

<u>EXPORT TRADING</u>	PRICE	L.S.T.	WTD AVG	VOLUME	WEEKLY	WEEKLY
FRIDAY, AUGUST 04, 2006	RANGE	CODE 1/	PRICE	(000)	PRICE	VOLUME
DRUMSTICKS, TOMS	31.00		31.00	240	31.64	728
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM		F	46.17	324		
TAILS	33.00		33.00	80	30.46	184
MECHANICALLY SEPARATED 2/	22.00		22.00	40	21.00	80
THIGH MEAT - FROZEN		F	77.50	80		

<u>EXPORT TRADING</u>	PRICE	L.S.T.	WTD AVG	VOLUME
THURSDAY, AUGUST 03, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	31.50-32.00		31.75	80
WINGS FULL-CUT - TOMS		R	34.00	54
WINGS, V-TYPE, TOM		F	46.17	324
TAILS		T	28.50	104
MECHANICALLY SEPARATED 2/	20.00		20.00	40
THIGH MEAT - FROZEN		F	77.50	80

<u>EXPORT TRADING</u>	PRICE	L.S.T.	WTD AVG	VOLUME
WEDNESDAY, AUGUST 02, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	31.00		31.00	104
WINGS FULL-CUT - TOMS		R	34.00	54
WINGS, V-TYPE, TOM		F	46.17	324
TAILS		T	28.50	104
MECHANICALLY SEPARATED 2/		R	18.50	108
THIGH MEAT - FROZEN		F	77.50	80

<u>EXPORT TRADING</u>	PRICE	L.S.T.	WTD AVG	VOLUME
TUESDAY, AUGUST 01, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	30.50-34.00		32.38	264
WINGS FULL-CUT - TOMS		R	34.00	54
WINGS, V-TYPE, TOM		F	46.17	324
TAILS	28.50		28.50	104
MECHANICALLY SEPARATED 2/		R	18.50	108
THIGH MEAT - FROZEN		F	77.50	80

<u>EXPORT TRADING</u>	PRICE	L.S.T.	WTD AVG	VOLUME
MONDAY, JULY 31, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	32.00		32.00	40
WINGS FULL-CUT - TOMS		R	34.00	54
WINGS, V-TYPE, TOM		F	46.17	324
TAILS		F	28.12	118
MECHANICALLY SEPARATED 2/		R	18.50	108
THIGH MEAT - FROZEN		F	77.50	80

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.