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World Grain Situation

Six of the last seven years world grain production has fallen short of world use. World carryover of grain stocks are down to 57 days of consumption. Now with huge profits in converting grain into ethanol fuel there will be even less grain available for exports to other countries. Importing countries like Japan, Egypt, and Mexico are concerned that U.S. corn exports, which are 70 percent of the world total, will disrupt their poultry and livestock industries.

Other countries are also experiencing a decline in corn available for export. Argentina recently suspended export permits because of concerns over their domestic supply of corn. Exports from China are forecast to decline, and because of this, domestic prices are beginning to rise more rapidly throughout the country which could result in even less exports than currently expected.

The U.S. corn price for no.2 yellow corn in November averaged \$164 per ton, up US \$67 per ton, or 70 percent, from 2005. The Argentine export prices have also increased sharply in the recent months, to almost \$170 per ton, up US\$78 per ton from 2005. Other coarse grains have also been keeping a more firm market tone in recent months partly because of the spill over effect of corn. Sorghum in the U.S. has become less available and barley and oats supplies in Australia are down sharply. Canada also reports reduced barley production.

Corn Exports For October/September Fiscal Year In Thousand Metric Tons

	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>
Argentina	12,349	10,439	13,752	10,500	11,000
Brazil	3,181	5,818	1,431	2,828	2,000
Burma	113	144	150	250	300
China	15,244	7,553	7,589	3,727	4,000
E. Union	1,995	459	164	125	500
Paraguay	733	548	386	1,314	500
Romania	144	93	587	300	600
Serbia and Montenegro	353	57	589	1,200	1,000
South Africa	1,141	797	1,517	1,406	500
Ukraine	811	1,238	2,334	2,450	1,800
Others	1,445	3,284	2,641	2,414	1,525
Subtotal:	37,509	30,430	31,140	26,514	23,725
U.S.:	40,924	48,808	45,347	56,200	57,000
World Total:	78,433	79,238	76,487	82,714	80,725

Corn Imports For October/September Fiscal Year In Thousand Metric Tons

	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>
Algeria	1,643	1,765	2,046	1,900	2,000
Brazil	639	459	481	950	850
Canada	3,846	2,033	2,237	2,000	2,800
Chile	933	1,043	1,081	1,500	1,400
Colombia	2,112	1,999	2,256	3,100	3,100
Costa Rica	514	583	569	600	650
Cuba	279	469	546	600	650
Dominican	906	824	1,031	1,100	1,150
Egypt	4,848	3,743	5,398	4,500	4,800
E. Union	4,327	5,509	2,966	3,200	3,000
Guatemala	513	513	641	750	600
Indonesia	1,633	1,436	541	1,450	1,300
Iran	2,157	1,857	2,558	2,300	2,500
Israel	776	1,377	1,242	1,000	1,200
Japan	16,863	16,781	16,485	16,619	16,500
Korea	8,781	8,778	8,633	8,483	8,900
Malaysia	2,408	2,401	2,406	2,500	2,600
Mexico	5,269	5,739	5,945	6,700	6,300
Morocco	1,054	1,183	1,423	1,500	1,500
Peru	917	1,041	1,301	1,500	1,300
Saudi Arabia	1,424	1,621	1,224	1,400	1,500
South Africa	617	495	131	896	700
Syria	919	941	1,781	1,300	1,600
Taiwan	4,681	4,951	4,562	4,500	4,800
Tuisia	734	784	714	600	750
Others	8,606	7,984	7,798	8,529	6,555
Subtotal:	77399	76309	75996	79477	79005
Unaccounted:	660	2588	210	2987	1470
U.S.:	374	341	281	250	250
World Total:	78433	79238	76487	82714	80725

World Course Grain Markets At a Glance For October/September Fiscal Year In Million Tons

	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>% Change 2006 to 2007</u>
		(Estim.)	(Forecast)	
World Production	1,035.2	1,002.3	981.2	-2.1
World Trade	104.8	106.4	105.0	-1.3
Total World Utilization	991.2	998.7	1,017.4	1.9
World Food	175.6	178.8	183.2	2.5
World Feed	635.4	624.3	622.0	-0.4
Other Uses	180.2	195.6	212.2	8.5
Ending World Stocks	193.0	189.0	151.2	-20.0

Source: USDA/FAS FAO

INSPECTED EGG PRODUCTS-

U.S. & CANADA IMPORT/EXPORT TRADE

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

Week Ending December 2, 2006	Year-To-Date			
	2006	2005 1/	2006 2/	2005
TYPE				
Liquid	305	360	11,386	16,888
Frozen	0	0	172	59
Dried	0	40	737	847
Total	305	400	12,295	17,794

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

Week Ending December 2, 2006	Year-To-Date			
	2006	2005 1/	2006 2/	2005
TYPE				
Liquid	175	122	5,173	6,399
Frozen	8	0	914	668
Dried	0	0	66	371
Total	183	122	6,153	7,438

Inspected Shell Eggs

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

Week Ending December 2, 2006	Year-To-Date			
	2006	2005 1/	2006 2/	2005
TYPE				
Jumbo	0	10	150	184
Extra Large	2,010	1,180	85,311	190,774
Large	3,940	5,905	164,815	335,990
Medium	2,906	2,335	83,896	110,723
Ungraded	10,800	3,750	240,198	228,874
Misc	0	0	6,975	9,753
Total	19,656	13,180	581,345	876,298

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 & Analysis Branch.

U.S./CANADIAN LIVE POULTRY SLAUGHTERED UNDER INSPECTION

W/E 02-Dec-06 (PRELIMINARY)

U.S. Fowl Slaughtered Domestically

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	800	1,562	2,362
Last Week	560	921	1,481
Same week yr ago	1,281	1,499	2,780
To-date/2006	51,251	71,380	122,631
To-date/2005	68,362	67,875	136,237

U.S. Fowl Slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	249	0	249
Last Week	185	4	189
Same week yr ago	248	3	251
To-date/2006	7,302	50	7,352
To-date/2005	12,089	63	12,152

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	1,049	1,562	2,611
Last Week	745	925	1,670
Same week yr ago	1,529	1,502	3,031
To-date/2006	58,553	71,430	129,983
To-date/2005	80,451	67,938	148,389

Source: USDA/AMS Poultry Programs, Market News & Analysis 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.

December 08, 2006

CHICKEN WITH SKIN ADDED

FAT CONTENT	---- PRICES ----		---- VOLUME ----	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	18.00	14.00-17.00	361,200	300,000
WTD AVERAGE	18.00	15.00		
15-20%				
RANGE	14.00	11.00-16.00	1,280,400	326,400
WTD AVERAGE	14.00	14.16		
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

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.

December 08, 2006

CHICKEN WITH SKIN ADDED

FAT CONTENT	---- PRICES ----		---- VOLUME ----	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	15.50-16.00	401,000	-
WTD AVERAGE		15.75		
15-20%				
RANGE	15.50-22.50	12.00-15.00	2,060,000	1,300,000
WTD AVERAGE	17.16	13.53		
20% OR MORE				
RANGE	-	14.00	200,000	-
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 INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 08 DECEMBER 2006.

The market tone on tom necks was mostly steady, balance of tom bulk parts steady to fully steady. Demand on tom necks and tom 2-joint wings light to instances moderate, tom drums and tom full-cut wings moderate to good. Offerings of tom necks light to instances fully adequate, balance of tom bulk parts light. Decreased activity was starting to be noted on fresh tom breast meat for next week with some starting to note increased offers. Trading was active on fresh tom breast meat and fresh mechanically separated turkey for domestic shipments, active on fresh tom drums for domestic and export, balance light to moderate. For domestic: tails 28, yearling hen drums 31, tom defatted gizzards 73, fresh scapula 77-89 mostly 77-78, fresh breast trim 78-79, fresh wing meat with skin 76-82, Grade A non-basted 12-16 lb. breasts 183 and 16-18 lb. 188, plant grade non-basted 14-16 lb. breasts 180 and 16-18 lb. 185 cents delivered. For export: frozen MST -20% -60 days age 16-17, tom necks 31, fresh tom drums 38, fresh thigh meat 94 cents delivered.

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME	WEEKLY	WEEKLY
FRIDAY, DECEMBER 08, 2006	RANGE	CODE 1/	PRICE	(000)	PRICE	(000)
DRUMSTICKS, TOMS	38.00-39.00		38.50	80	38.43	280
WINGS FULL-CUT - TOMS		R	32.00	40	32.50	80
WINGS, V-TYPE, TOM		M	50.00	104	50.00	104
TAILS	27.50		27.50	20	27.50	20
MECHANICALLY SEPARATED 2/	16.00-17.00		16.25	160	16.75	472
THIGH MEAT - FROZEN	94.00-95.00		94.33	120	92.05	380

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
THURSDAY, DECEMBER 07, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	40.00		40.00	40
WINGS FULL-CUT - TOMS	32.00		32.00	40
WINGS, V-TYPE, TOM		M	50.00	104
TAILS				
MECHANICALLY SEPARATED 2/		W	17.00	312
THIGH MEAT - FROZEN		M	91.00	260

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
WEDNESDAY, DECEMBER 06, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		T	38.00	160
WINGS FULL-CUT - TOMS	33.00		33.00	40
WINGS, V-TYPE, TOM		M	50.00	104
TAILS				
MECHANICALLY SEPARATED 2/	17.00		17.00	312
THIGH MEAT - FROZEN		M	91.00	260

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
TUESDAY, DECEMBER 05, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	38.00		38.00	160
WINGS FULL-CUT - TOMS		F	32.00	40
WINGS, V-TYPE, TOM		M	50.00	104
TAILS				
MECHANICALLY SEPARATED 2/		F	16.00	80
THIGH MEAT - FROZEN		M	91.00	260

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
MONDAY, DECEMBER 04, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		F	38.33	480
WINGS FULL-CUT - TOMS		F	32.00	40
WINGS, V-TYPE, TOM	50.00		50.00	104
TAILS				
MECHANICALLY SEPARATED 2/		F	16.00	80
THIGH MEAT - FROZEN	91.00		91.00	260

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.