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China

Broiler Production and Consumption

Broiler production in China is forecast to increase by about five percent in 2007 to a total of 10.9 million MT and another five percent increase is expected in 2008 to a total of 11.4 million MT. The increase is mainly due to rising demand as a result of swine disease and a reduced concern over avian influenza. Over the last two years China has had outbreaks of Porcine Reproductive and Respiratory Syndrome (PRRS) that have caused significant losses to their swine industry. The disease has caused more than 10 million swine to die or be culled. Even though pork continues to be the preferred meat choice in China the losses due to disease have caused pork prices to increase sharply and these high prices have encouraged consumers to purchase cheaper alternatives, including broiler meat. Significant decreases in reports of highly pathogenic avian influenza (HPAI) have also contributed to increased demand for broiler meat.

Broiler Imports

Broiler imports are forecast to increase by nine percent in 2008 to 560,000 MT. Even with broiler production in China on the rise, the increase in imports will not likely offset the decrease in pork production due to the previously mentioned disease problems. The reduction in pork production is also expected to cause an increase in broiler parts imports in 2008, which are expected to increase since chicken is the most popular substitute for pork in China. The United States is the largest supplier of broiler parts to China and is expected to remain on top in 2008 because of a weaker dollar and increased demand due to the 2008 Summer Olympic Games in China. The U.S. will face increased competition in the Chinese broiler parts market from Brazil and Argentina. Trade issues could also play a role in which countries will be supplying the most broiler meat to China in 2008. China has started a zero tolerance program for pathogens found in imported meat and have refused imports from several U.S. plants that have had problems with pathogens in the past.

China Broiler Meat Direct Imports (metric tons)

<u>Country</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
	<u>Jan-Dec</u>	<u>Jan-Dec</u>	<u>Jan-Jul</u>
U.S.	196,659	390,748	281,330
Brazil	142,872	142,812	153,775
Argentina	24,188	27,702	24,407
Chile	2,502	9,044	0
France	1,659	1,266	0
Philippines	59	488	0
Canada	2,758	150	0
Other	176	8	10
World	370,873	572,218	459,522

Source: USDA/FAS

Broiler Exports

Broiler exports in China are forecast to increase by about 10 percent to a total of 390,000 MT. The increases are expected to stay going to China's usual export market including: Japan, Hong Kong and South Korea with the majority of the exports going to South Korea. China had over 40 countries refuse their exports starting in 2004 because of AI. Since then only Malaysia has allowed Chinese broiler meat to come back into their country which has made the Chinese government optimistic that other countries will do the same.

China Broiler Meat Direct Exports (metric tons)

<u>Country</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
	<u>Jan-Dec</u>	<u>Jan-Dec</u>	<u>Jan-Jul</u>
Japan	178,411	196,282	119,356
Hong Kong	88,569	91,892	61,550
S. Korea	8,673	12,320	7,446
Malaysia	387	201	2,705
Bahrain	4,272	4,821	3,161
Macau	1,739	2,001	1,593
U.S.	4,154	3,027	424
Other	45,319	11,217	9,460
World	331,524	321,761	205,695

Egg Production

Although poultry egg production has remained mostly unchanged throughout 2007 it is expected to increase by about two percent in 2008 to a total of 29.5 million metric tons. The market is recovering slowly from the AI impact of 2004 and 2005 but it is showing improvement. Egg prices have increased by about forty-four percent because of limited laying hens but as production increased prices are expected to fall in 2008.

China Wholesale Broiler Meat Prices on Average

2004-2007 (U.S.\$/KG)

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Jan	1.03	0.93	1.14
Feb	1.03	0.94	1.18
Mar	1.11	0.90	1.20
Apr	1.10	0.90	1.30
May	1.12	0.92	1.26
Jun	1.11	0.89	1.43
Jul	1.05	0.93	1.39
Aug	1.06	1.00	
Sep	1.09	1.08	
Oct	1.01	1.13	
Nov	0.92	1.16	
Dec	0.91	1.12	

China Chicken Egg Prices on Average

2004-2007 (U.S.\$/KG)

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Jan	0.69	0.58	0.70
Feb	0.68	0.57	0.77
Mar	0.64	0.54	0.73
Apr	0.64	0.54	0.79
May	0.72	0.54	0.81
Jun	0.71	0.55	0.80
Jul	0.71	0.59	0.78
Aug	0.74	0.65	
Sep	0.72	0.74	
Oct	0.67	0.72	
Nov	0.62	0.74	
Dec	0.61	0.75	

INSPECTED EGG PRODUCTS-
U.S. & CANADA IMPORT/EXPORT TRADE

U.S. Exports to Canada, in Pounds (000) (Preliminary)
Week Ending October 27, 2007 Year-To-Date

Type	2007	2006 /1	2007 /2	2006
Liquid	102	445	3,176	9,973
Frozen	0	0	71	172
Dried	40	0	657	580
Total	142	445	3,904	10,725

U.S. Imports From Canada, in Pounds (000) (Preliminary)
Week Ending October 27, 2007 Year-To-Date

Type	2007	2006 /1	2007 /2	2006
Liquid	186	248	13,322	3,553
Frozen	3	0	282	891
Dried	40	0	857	66
Total	229	248	14,461	4,510

Inspected Shell Eggs

U.S Exports To Canada, In 30-Dozen Cases (Preliminary)
Week Ending October 27, 2007 Year-To-Date

	2007	2006 /1	2007 /2	2006
Jumbo	0	0	0	150
Ex Large	2,940	1,830	49,819	76,401
Large	4,140	2,870	77,935	146,474
Medium	2,100	1,770	53,714	74,652
Ungraded	23,418	15,840	145,692	202,658
Misc	0	0	7,849	6,975
Total	32,598	22,310	335,009	507,310

/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

U.S./Canadian Live Poultry Slaughtered Under Inspection
Week Ending October 27, 2007 (Preliminary)

U.S. fowl slaughtered domestically

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,050	1,608	2,658
Last Week	1,187	1,602	2,789
Same week yr ago	991	1,604	2,595
To-date/2007	47,424	63,058	110,482
To-date/2006	46,810	64,020	110,830

U.S. fowl slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	224	0	224
Last Week	246	0	246
Same week yr ago	156	5	161
To-date/2007	11,068	36	11,104
To-date/2006	6,571	46	6,617

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	1,274	1,608	2,882
Last Week	1,433	1,602	3,035
Same week yr ago	1,147	1,609	2,756
To-date/2007	58,492	63,094	121,586
To-date/2006	53,381	64,066	117,447

Source: USDA AMS Poultry Programs, Market News & Analysis Branch

On January 4, 2008 - The Central and Eastern Region MSC reports will be combined into the new National Mechanically Separated Chicken report and will no longer be available as a separate report. Until then, the new National MSC report will run concurrently and may be viewed at: <http://www.ams.usda.gov/poultry/mnscs/PDF%20Reports/MSC/msc.htm>

MECHANICALLY SEPARATED CHICKEN PRICES NEGOTIATED, FOB SHIPPER DOCK OR EQUIVALENT, IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

CENTRAL REGION

November 02, 2007

CHICKEN WITH SKIN ADDED
---- PRICES ---- ---- VOLUME ----

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS RANGE	-	15.50-16.00	183,600	-
WTD AVERAGE		15.67		

15-20% RANGE	16.00-20.00	11.00-15.00	2,840,800	1,398,800
WTD AVERAGE	17.20	12.27		

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

November 02, 2007

CHICKEN WITH SKIN ADDED
---- PRICES ---- ---- VOLUME ----

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS RANGE	18.00	15.50-16.00	642,000	320,000
WTD AVERAGE	18.00	15.93		

15-20% RANGE	16.00-21.00	11.00-16.00	2,324,000	1,404,000
WTD AVERAGE	18.11	13.65		

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, INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 02 NOVEMBER 2007.

The market tone on white meat continued steady to weak with breast trim the steadiest, however some spot weakness was noted on frozen. Demand light to instances moderate. Offerings were held with varied degrees of confidence and ranged from adequate to sometimes burdensome. The market tone on tom drums, tom full-cut wings was generally steady, balance steady to weak. Demand on tom drums light to mostly moderate and centered on fresh, balance light at best. Offerings of tom drums light to instances fully adequate, mostly adequate; tom full-cut wings adequate; tom necks and tom 2-joint wings adequate to instances burdensome. The market tone on tails was steady and defatted gizzards steady to fully steady. Demand moderate for the light to adequate offerings. Domestic trading was active on fresh tom drums, balance light. Export trading was active on tom 2-joint wings, moderate on tom drums, balance slow. For domestic: tom defatted gizzards 83, fresh wing meat with skin 92, fresh breast trim 132, Grade A non-basted rib breasts - 8-10 lb. 145, 12-16 lb. 190 cents delivered. For export: tom defatted gizzards 84 cents delivered.

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME	WEEKLY	WEEKLY
FRIDAY, NOVEMBER 02, 2007	RANGE	CODE 1/	PRICE	(000)	WTD AVG	VOLUME
					PRICE	(000)
DRUMSTICKS, TOMS	57.00		57.00	312	57.41	392
WINGS FULL-CUT - TOMS		R	48.50	80	48.50	80
WINGS, V-TYPE, TOM	53.00-57.00		56.69	676	56.69	676
TAILS	27.00		27.00	80	28.13	160
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	18.00		18.00	40	15.05	304

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
THURSDAY, NOVEMBER 01, 2007	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	58.00-60.00		59.00	80
WINGS FULL-CUT - TOMS	48.00-49.00		48.50	80
WINGS, V-TYPE, TOM		F	54.08	316
TAILS	32.00		32.00	40
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	14.00-15.00		14.61	264
		R	91.00	40

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
WEDNESDAY, OCTOBER 31, 2007	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		R	59.00	80
WINGS FULL-CUT - TOMS		R	49.00	40
WINGS, V-TYPE, TOM		F	54.08	316
TAILS	26.50		26.50	40
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	17.00	208
		R	91.00	40

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
TUESDAY, OCTOBER 30, 2007	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		R	59.00	80
WINGS FULL-CUT - TOMS		R	49.00	40
WINGS, V-TYPE, TOM		F	54.08	316
TAILS		F	27.37	328
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	17.00	208
		R	91.00	40

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
MONDAY, OCTOBER 29, 2007	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		R	59.00	80
WINGS FULL-CUT - TOMS		R	49.00	40
WINGS, V-TYPE, TOM		F	54.08	316
TAILS		F	27.37	328
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	17.00	208
		R	91.00	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.