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National Bank of Ukraine Bans Advance Payments for Imports

In October, weakness in Ukraine's national currency, the hryvana, led to a run on banks. The exchange rate fell to 6.05 hryvna per U.S. dollar on October 24, down 21% from 4.77 on September 1, 2008.

The National Bank of Ukraine (NBU) began heavy foreign currency interventions on the Interbank Currency Exchange on October 9, 2008, as the hryvna (Ukraine's currency) fell in value. Sizable dollar injections only partially reached the target due to significant speculative demand growth for US dollar. Part of this speculative demand came from "fake importers" buying currency for virtual import contracts in hope to sell it later at better rate. Ukrainian legislation permits advanced payments abroad within 180 days prior to the delivery of imported commodity. This rule was abused by the currency speculators wiring purchased foreign currency abroad and undermining the NBU efforts.

In order to prevent the meltdown of Ukrainian banking system, on October 13, 2008 the National Bank of Ukraine enacted Decree #319. The Decree restricts foreign currency purchases if the currency is intended to be used for advance payment on import contracts. All payments prior to custom clearance of the imported commodity are considered to be advance. This makes execution of most concluded contracts impossible. The amount of U.S. agricultural commodities affected could be very significant.

The Decree sets severe limitation on extension of new loans for commercial banks; bans early deposit release; and limits the foreign currency retail Buy-Sell spread to 5%. The Decree also bans foreign currency purchases if the currency is intended to be used for advance payment on import contracts.

The advance payment is a common tool used by U.S. exporters to insure payments. In most import contracts the first payment is made when the vessel with product leaves the US port and the final payment is made when commodity reaches the Ukrainian port (typical CIF contract). Due to extremely complicated import rules and corruption the U.S. exporters usually prefer to stay away from transactions inside the country.

Chapter 4.4 of the NBU Decree bans foreign currency purchases for imports of products without proof that the product was delivered to Ukraine. In interpretation of Ukrainian commercial banks the only proof of delivery is Customs Freight Declaration (CFD) issued by the Ukrainian Customs Service upon customs clearance.

This way in order to be paid, the U.S. exporter would have to transfer ownership right to the Ukrainian importer, allow for custom clearance and duty payments, wait for currency exchange and hope to receive payment after that. All these would be in violation of the existing export contract terms. Significant risk not to be paid at all puts the entire import/export operations in danger.

The NBU did not allow for any transitional period for contracts in process. This puts all U.S. exports with products "en route" or in Ukrainian ports at risk. Due to a consequence of events, FAS/Kyiv estimates the amount of U.S. product that might be affected is between \$70 and \$100 million.

U.S. Frozen Broiler H.S.0207 Exports to Ukraine, in metric tons

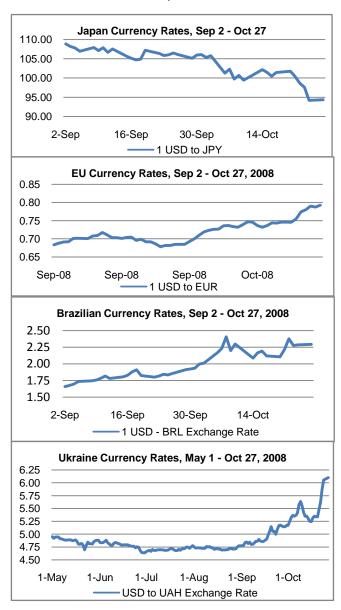
	Jan-Aug		Aug	gust
	2007 2008		2007	2008
Leg Quarters	56,300	93,412	5,665	16,973
Whole Broilers	211	4,221	157	1,555
Other	3,484	3,845	196	645
Total	59,995	101,478	6,018	19,172
Source: USDA/FAS				

U.S. Dollar and Japan's Yen Strengthen

The global crises is strengthening the U.S. dollar and the Japanese yen. Investors who borrowed money with low interest rates from the U.S. and Japan are liquidating risky investments and buying U.S. dollars and Japanese yen to repay those loans. In addition, the dollar is considered world's reserve currency and a safe haven.

The International Money Fund (IMF) responded to the financial turmoil and announced an initial \$2.1 billion two-year loan to Iceland and a \$16.5 billion loan to Ukraine to support economic recovery in those countries. The IMF also reached an agreement with Hungary on a set of policies to bolster Hungary's economy and will announce a financing package in the near future.

Source: International Monetary Fund, news wires



Source: www.oanda.com

INSPECTED EGG PRODUCTS-

U.S. & CANADA IMPORT/EXPORT TRADE U.S. Exports to Canada, in Pounds (000) (Preliminary)

0.3. Exports to Canada, in Founds (000) (Freininiary)							
Week Endi	ng Oct 18, 2008	3	Year-To-	-Date			
Type	2008	2007 /1	2008 /2	2007			
Liquid	100	155	931	3,074			
Frozen	0	2	39	71			
Dried	0	48	444	617			
Total	100	205	1,414	3,762			

U.S. Imports From Canada, in Pounds (000) (Preliminary) Week Ending Oct 18, 2008

week Endi	ng Oct 10, 200	JO	rear-10-Date		
Type	2008	2007 /1	2008 /2	2007	
Liquid	398	371	15,738	13,136	
Frozen	0	3	481	279	
Dried	0	40	590	817	
Total	398	414	16,809	14,232	
			_		

Inspected Shell Eggs

U.S Exports to Canada, In 30-Dozen Cases (Preliminary)							
Week Ending	Oct 18, 200	18	Year-To	o-Date			
	2008	2007 /1	2008 /2	2007			
Jumbo	0	0	0	0			
Extra Large	3,447	2,010	60,594	46,879			
Large	5,214	2,480	76,360	73,795			
Medium	699	3,120	39,681	51,614			
Ungraded	19,007	17,710	357,366	122,274			
Misc	0	0	5,974	7,849			
Total	28,367	25,320	539,975	302,411			

/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

Week Ending 18-Oct-08 (Preliminary)

U.S. fowl slaughtered domestically							
	Light Hens Heavy Hens Tota						
	Thousa	nds					
Head	1,281	1,803	3,084				
Last Week	1,353	1,730	3,083				
Same week yr ago	1,187	1,602	2,789				
To-date/2008	57,586	68,711	126,297				
To-date/2007	46,374	61,450	107,824				

	Light Hens		Total Hens					
	Thousands							
Head	215	0	215					
Last Week	237	0	237					
Same week yr ago	246	0	246					
To-date/2008	13,479	50	13,529					
To-date/2007	10,874	36	10,910					

U.S. fowl slaughtered in Canada

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section Total U.S. fowl slaughtered in the U.S. and Canada

Total 0.5. fowl slaughtered in the 0.5. and Canada						
	Light Hens	Heavy Hens	Total Hens			
	Thousa	nds				
Head	1,496	1,803	3,299			
Last Week	1,590	1,730	3,320			
Same week yr ago	1,433	1,602	3,035			
To-date/2008	71,065	68,761	139,826			
To-date/2007	57,248	61,486	118,734			
Source: USDA AMS	S Poultry Programs	, Market News & Ar	alysis Branch			

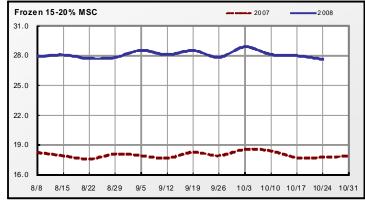
NATIONAL MECHANICALLY SEPARATED CHICKEN

(FOB Shipper Dock or equiv., negotiated prices in trucklot and less-than-trucklot volumes reported in thousand lb. quantities, cents/lb.; delivery within 2 weeks.)

The MSC market tone was generally steady on fresh 15-20%; steady to fully steady on the balance. Supplies of fresh 15-20% was noted as slightly more available but was mostly adequate overall with the balance adequate to close. Fresh demand was fair to moderate: frozen moderate to good. Supplies of raw materals remained tight. Domestic and export trading was at least moderatel. Buyers and sellers have begun contract negotiations for 2009.

Weekly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

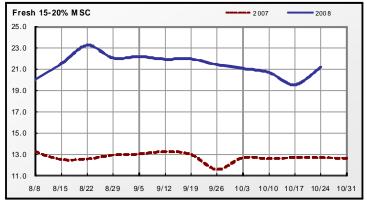
		Frozen			Fresh		
Fat Content	24-Oct-08	Last Week	Last Year	24-Oct-08	Last Week	LastYear	
15% or Less							
Price Range	32.00		18.00	24.00 - 26.00	24.00 - 26.00	15.00-16.00	
Wtd Avg Price	32.00		18.00	24.80	24.73	15.84	
Volum e Traded	40	-	262	201	221	800	
Volume Exported	-	-	262	-	-	52	
15-20%							
Price Range	24.00 - 32.00	22.00 - 32.00	16.00-21.00	18.00 - 24.00	16.50 - 25.00	11.00-16.00	
Wtd Avg Price	27.65	28.01	17.78	21.24	19.56	12.70	
Volum e Traded	916	1,066	2,090	1,429	1,908	3,103	
Volume Exported	676	783	1,910	110	469	695	
20% or More							
Price Range	-	-	-	21.00	21.00	14.00	
Wtd Avg Price			-	21.00	21.00	14.00	
Volum e Traded	-	-	-	82	122	120	
Volume Exported	-	-	-	-	-	-	



Monthly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

	Frozen				Fresh	
Fat Content	Sep 2008	Aug 2008	Sep 2007	Sep 2008	Aug 2008	Sep 2007
15% or Less						
Wtd Avg Price	27.49	29.00	18.11	27.17	25.52	15.74
Volum e Traded	316	320	1,085	1,148	1,508	1,569
Volume Exported	316	280	1,045	-	-	-
15-20%						
Wtd Avg Price	28.25	27.61	17.91	21.88	21.74	12.71
Volum e Traded	6,260	7,046	4,760	12,855	14,374	7,665
Volume Exported	5,142	5,761	4,500	3,915	2,757	2,166
20% or More						
Wtd Avg Price	-	-	-	21.00	21.00	13.83
Volum e Traded	-	-	-	322	522	483
Volume Exported	-	-	-	-	-	-

Note: Volume exported refers to that portion of the total volume that is destined for export markets.



NATIONAL YOUNG TURKEY PARTS, INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 24 OCTOBER 2008.

The market tone on tom necks was steady to instances fully steady with some increased confidence noted, tom drums and wings steady to fully steady, tails steady. Demand light to mostly moderate with increased interest noted on tom necks. Offerings of tom necks light to adequate and not as readily available as the early part of the week, balance of tom bulk parts light at best. The market tone on destrapped tenderloins and fresh tom breast meat continued steady at best while frozen tom breast meat was steady to weak. Instances of improved inquiry and demand was noted on destrapped tenderloins and fresh tom breast meat by some while others continued to note sluggish activity. Frozen tom breast demand light at best. Offerings available. The market tone on mechanically separated turkey (MST) ended the week steady to fully steady as some buyers found product harder to find as the week progressed. Demand light to moderate with the unseasonal strength coming from consumers as they continued to consume hot dogs and sausage items. Domestic trading slow to light and centered on fresh MST and white meat. Export trading slow to light and centered on frozen thigh meat. For domestic: hearts 25-29, fresh scapula 124-138 mostly 124-126, tails 45-47; tom drums 52 January-December, 2009 contract; fresh wing meat with skin 113, fresh breast trim 133, Grade A non-basted breasts - 8-10 lb. 1.45, 10-14 lb. 165, 18-20 lb. 176, For export: fresh thigh meat 102, frozen tom breast 167, 18-20 lb. 176 cents delivered.

EXPORT TRADING FRIDAY, OCTOBER 24, 2008 DRUMSTICKS, TOMS WINGS FULL-CUT - TOMS WINGS, V-TYPE, TOM TAILS MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	PRICE RANGE 54.00 51.00 24.00-29.00 100.00-104.0	L.S.T. CODE 1/ W W	WTD AVG PRICE 54.00 51.00 60.75 46.00 26.50 101.72	VOLUME (000) 80 80 216 40 80 223	WEEKLY WTD AVG PRICE 54.00 51.00 61.28 47.33 25.55 101.97	WEEKLY VOLUME (000) 200 80 376 120 508 371
EXPORT TRADING THURSDAY, OCTOBER 23, 2008 DRUMSTICKS, TOMS WINGS FULL-CUT - TOMS WINGS, V-TYPE, TOM TAILS MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	PRICE RANGE 56.00	L.S.T. CODE 1/ W W W	WTD AVG PRICE 56.00 60.75 46.00 26.08 102.50	VOLUME (000) 40 216 40 148 108		
EXPORT TRADING WEDNESDAY, OCTOBER 22, 2008 DRUMSTICKS, TOMS WINGS FULL-CUT - TOMS WINGS, V-TYPE, TOM TAILS MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	PRICE RANGE 60.50-61.00 46.00 25.00-29.00 102.00	L.S.T. CODE 1/ T	WTD AVG PRICE 53.00 60.75 46.00 26.08 102.00	VOLUME (000) 80 216 40 148 40		
EXPORT TRADING TUESDAY, OCTOBER 21, 2008 DRUMSTICKS, TOMS WINGS FULL-CUT - TOMS WINGS, V-TYPE, TOM TAILS MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	PRICE RANGE 53.00 62.00	L.S.T. CODE 1/ M M	WTD AVG PRICE 53.00 62.00 48.00 25.00	VOLUME (000) 80 160 80 280		
EXPORT TRADING MONDAY, OCTOBER 20, 2008 DRUMSTICKS, TOMS WINGS FULL-CUT - TOMS WINGS, V-TYPE, TOM TAILS MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	PRICE RANGE 46.00-50.00 25.00	L.S.T. CODE 1/ R F	WTD AVG PRICE 53.00 60.00 48.00 25.00	VOLUME (000) 54 120 80 280		

^{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.

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