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Italy

Italy is the sixth largest producer of poultry meat in the EU-27 (European Union-27). Its poultry production accounts for 10% of total production in the EU-27. However poultry takes a backseat to beef and pork production and consumption preference. Most of Italy's poultry production is centered in the northern part of the country in the following provinces: Veneto, Emilia-Romagna, Lombardia, and Piemonte. Poultry meat production is divided as follows: 64% broiler, 23% turkey, and 13% other species. Most of Italy's poultry industry is vertically integrated.

Italy's Broiler Meat Production, Supply, and Demand in Thousand Metric Tons (TMT)

	2010	2011	2012
Production	780	787	790
Intra EU Imports	*42*	*48*	*50*
Extra EU Imports	*2*	*3*	*3*
Total Imports	44	51	53
Intra EU Exports	*67*	*70*	*72*
Extra EU Exports	*33*	*40*	*42*
Total Exports	100	110	114
Consumption	724	728	729

Source: USDA FAS, Official USDA Estimates, PSD Online

Broiler Production

The production and consumption of broiler meat in Italy in 2011 is projected to increase about 1%. Italian broiler meat production and exports exceeded that of other competing proteins due to its cost advantage making 2010 a very good year for industry. Production of broiler meat increased 5% and exports 51% in 2010 over 2009. Domestic demand for broiler meat also increased in 2010 due to lower prices.

Italy's beef and pork industries either maintained or increased prices in 2010 in order to maintain their profit margins. Conversely, the broiler industry and retailers decreased meat prices in an effort to sway consumer demand towards broiler meat, which they successfully accomplished. However this strategy almost cost producers as prices fell to a minimum of 0.8 Euros/kilogram in light of high input costs. Producers continue to be cautious with the high feed costs.

In addition, broiler meat production in the EU-27 was also projected to increase slightly in 2011, due to rising domestic demand. However the broiler industry's competitiveness, expected production increases, and marginal profit margins could be adversely affected in the EU-27 by newly implemented animal welfare guidelines and high grain costs.

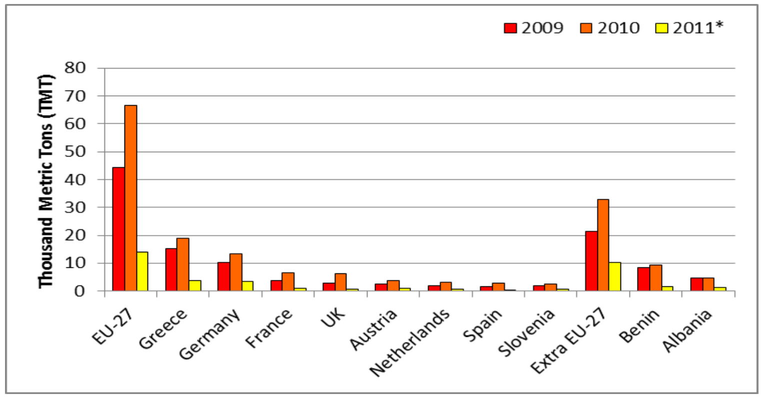
Broiler Consumption

The global economic crisis continues to influence total meat consumption in Italy. Demand for broiler meat has increased the past 3 years, due to comparatively lower prices. Italian consumption shifts have been attributed to innovation, freshness, functionality, and most importantly price. In 2010, per capita consumption reached a record high (11.93 kg), which is the highest it's been since 2001 (12.21 kg) during Italy's first outbreak of BSE. Of Italian households, about 78% buy broiler meat with 14.4% purchasing broiler meat once a week. By type, Italian consumption is as follows: 64% selected cuts (legs, breasts, etc.); 21% processed product (hot dogs, sausages, stuffed chicken); and 15% whole birds.

Broiler Exports

Italy only exports a small percentage of broiler meat as it is mostly self-sufficient. The small amount that is exported is shipped primarily within the EU-27; however Italy is exploring future opportunities with Hong Kong and Vietnam. As a whole, exports of EU-27 broiler meat are expected to remain steady due to its lack of international competitiveness and limited exportable supplies.

Italian Broiler Meat Exports by Country in Thousand Metric Tons (TMT)



Note: Note 2011 data is January-March, whereas all other data is January-December. UK = United Kingdom. Italian broiler meat exports totaled 65.8 TMT in 2009 and 99.6 TMT in 2010. From January-March, Italian broiler meat exports totaled 24.5 TMT in both 2010 and 2011. Source: USDA FAS/Istat.*

Italy's Turkey Meat Production, Supply, and Demand in Thousand Metric Tons (TMT)

	2010	2011	2012
Production	279	270	268
Intra EU Imports	*16*	*17*	*17*
Extra EU Imports	*4*	*2*	*3*
Total Imports	20	19	20
Intra EU Exports	*49*	*43*	*44*
Extra EU Exports	*15*	*22*	*25*
Total Exports	64	65	69
Consumption	235	224	219

Source: USDA FAS, Official USDA Estimates, PSD Online

Turkey Production

Turkey production and consumption in 2011 are expected to stay consistent; however both will be significantly impacted by feed prices. In 2010, production declined 4.6% from 2009 levels. Conversely, EU-27 turkey meat production is expected to decline in 2011 due to higher feed costs. EU-27 exports of turkey meat are also forecast to decline in 2011, due to limited exportable supplies.

Turkey Consumption

Turkey meat consumption declined 5% in 2010 following two years of consumption increase. Per capita consumption was 3.9kg in 2010. Of Italian households, about 48% purchased turkey meat with 6% buying turkey meat each week. By type, Italian consumption is as follows: 79% selected cuts (legs, breasts, etc.); 19% processed cuts (sausages, stuffed turkey, roasted turkey, wurstel, etc.); and 2% as whole birds.
Source: USDA FAS/USDA APHIS/OIE/News Wires

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

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

Week Ending Jul 02, 2011 — Year-To-Date*

Type	2011	2010 /1	2011 /2	2010
Liquid	48	0	723	1,933
Frozen	0	48	0	88
Dried	35	0	139	209
Total	83	48	862	2,230

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

Week Ending Jul 02, 2011 — Year-To-Date*

Type	2011	2010 /1	2011 /2	2010
Liquid	225	265	7,881	10,418
Frozen	2	0	487	204
Dried	0	0	0	0
Total	227	265	8,368	10,622

Inspected Shell Eggs

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

Week Ending Jul 02, 2011 — Year-To-Date*

	2011	2010 /1	2011 /2	2010
Jumbo	0	0	0	0
Extra Large	900	2,275	41,569	42,051
Large	2,960	2,500	72,453	59,065
Medium	810	0	21,715	24,492
Ungraded	900	972	80,570	94,883
Misc	0	0	0	0
Total	5,570	5,747	216,307	220,491

/1 Comparable Week, to-date figures may not total due to rounding.
/2 Includes revisions to previous week(s)
*Note: Year to-date totals reflect comparable time periods.
Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

U.S./Canadian Live Poultry Slaughtered Under Inspection

Week Ending Jul 02, 2011 (Preliminary)

U.S. fowl slaughtered domestically

	Light Hens	Heavy Hens	Total Hens
	----------------Thousands--------------------		
Head	1,156	1,530	2,686
Last Week	1,249	1,934	3,183
Same week yr ago	1,289	1,505	2,794
To-date/2011*	36,525	39,126	75,651
To-date/2010*	37,726	35,459	73,185

U.S. fowl slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
	----------------Thousands--------------------		
Head	342	4	346
Last Week	225	26	251
Same week yr ago	409	0	409
To-date/2011*	10,025	246	10,271
To-date/2010*	9,589	202	9,791

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	1,498	1,534	3,032
Last Week	1,474	1,960	3,434
Same week yr ago	1,698	1,505	3,203
To-date/2011*	46,550	39,372	85,922
To-date/2010*	47,315	35,661	82,976

*Note: Year to-date totals reflect comparable time periods.

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.)

Prices on all fat contents of MSC trended steady. Supplies of MSC were light to moderate. Schedules were reduced for the Independence holiday. Demand was moderate to good into both domestic and export channels. Market activity was moderate to active with most interest on fresh 15-20% MSC. Strong finished product sales continue to drive buyer activity on the spot marketplace. In addition, many industry players continue to face a variety of trucking challenges ranging from availability to cost. Raw material supplies were tight. Frame values were fully steady trading between 11-15 cents FOB, mostly 12-13 cents FOB.

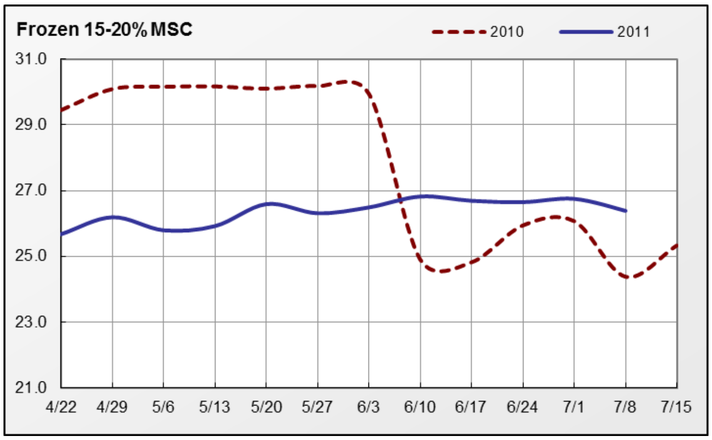
Weekly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

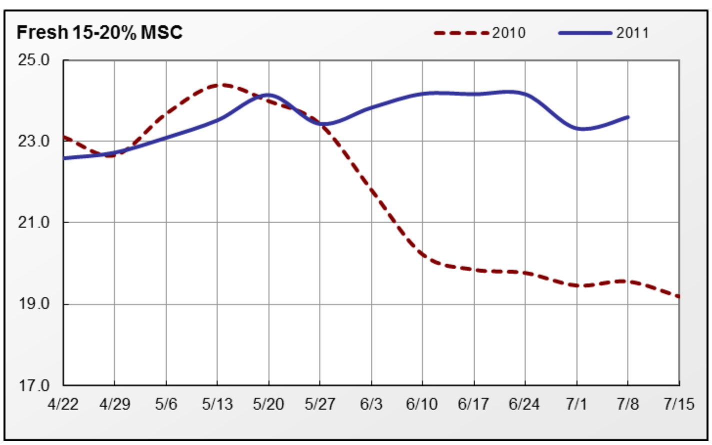
	Frozen			Fresh		
Fat Content	8-Jul-11	Last Week	Last Year	8-Jul-11	Last Week	Last Year
15% or Less						
Price Range			-	25.00	25.00	26.00
Wtd Avg Price			-	25.00	25.00	26.00
Volume Traded	-	-	-	61	122	445
Volume Exported	-	-	-	-	-	200
15-20%						
Price Range	24.00 - 28.00	24.00 - 28.00	17.50-32.00	20.50 - 28.00	20.00 - 26.00	17.50-25.00
Wtd Avg Price	26.38	26.75	24.38	23.60	23.32	19.56
Volume Traded	1,390	1,433	1,581	4,202	3,937	3,550
Volume Exported	1,390	1,343	1,341	326	286	449
20% or More						
Price Range	-	-	-	20.00	20.00	22.00
Wtd Avg Price			-	20.00	20.00	22.00
Volume Traded	-	-	-	82	82	82
Volume Exported	-	-	-	-	-	-

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

	Frozen			Fresh		
Fat Content	Jun 2011	May 2011	Jun 2010	Jun 2011	May 2011	Jun 2011
15% or Less						
Wtd Avg Price	-	-	-	25.65	24.88	26.13
Volume Traded	-	-	-	755	673	866
Volume Exported	-	-	-	-	-	305
15-20%						
Wtd Avg Price	26.66	26.13	26.22	24.09	23.54	20.44
Volume Traded	6,656	7,008	7,079	17,625	14,807	13,264
Volume Exported	5,816	6,186	6,499	898	938	653
20% or More						
Wtd Avg Price	-	-	-	20.00	19.78	20.60
Volume Traded	-	-	-	408	367	204
Volume Exported	-	-	-	-	-	-

Note: Volume exported refers to that portion of the total volume that is destined for export markets.
Source: USDA AMS Poultry Market News & Analysis





Source: USDA AMS Poultry Market News & Analysis

National Young Turkey Parts

Including bulk meat and frozen (unless specified), cents per lb., delivered first receivers, part and full trucklots as of 08 Jul 2011.

The market on bulk parts was steady. Demand was light to moderate. Offerings light to moderate. The market on white meat items was steady and not fully tested. Demand was light to moderate, mostly light. Offerings light to moderate. Trading was slow. For domestic: fresh hen breast meat 235 cents, frozen grade A breast 8-10 lb. 155 cents, 12-16 lb. 175 cents and 20-22 lbs. 195 cents. For export: fresh thigh meat 133 cents and fresh tom drums 74 cents delivered to border or port.

Export Trading

Friday, July 08, 2011	Price Range	L.S.T. Code 1/	Wtd Avg Price	Volume (000)	Weekly Wtd Avg Price	Weekly Volume (000)
Drumsticks, Toms	94.00-95.00		94.43	378	94.26	618
Wings Full-Cut - Toms						
Wings, V-Type, Tom		F	99.34	348		
Tails		R	42.00	38	42.00	38
Mechanically Separated 2/						
Thigh Meat - Frozen		R	135.00	216	135.00	216

Thursday, July 07, 2011	Price Range	L.S.T. Code 1/	Wtd Avg Price	Volume (000)
Drumsticks, Toms	94.00		94.00	120
Wings Full-Cut - Toms				
Wings, V-Type, Tom		F	99.34	348
Tails	42.00		42.00	38
Mechanically Separated 2/				
Thigh Meat - Frozen	135.00		135.00	216

Wednesday, July 06, 2011	Price Range	L.S.T. Code 1/	Wtd Avg Price	Volume (000)
Drumsticks, Toms		T	94.00	120
Wings Full-Cut - Toms				
Wings, V-Type, Tom		F	99.34	348
Tails		R	44.00	40
Mechanically Separated 2/				
Thigh Meat - Frozen		F	135.00	40

Tuesday, July 05, 2011	Price Range	L.S.T. Code 1/	Wtd Avg Price	Volume (000)
Drumsticks, Toms	94.00		94.00	120
Wings Full-Cut - Toms				
Wings, V-Type, Tom		F	99.34	348
Tails		R	44.00	40
Mechanically Separated 2/				
Thigh Meat - Frozen		F	135.00	40

No Export Trading on Monday, July 04, 2011, Due to Fourth of July Holiday

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.