FEBRUARY 14, 2012
VOL. 15 NO. 07

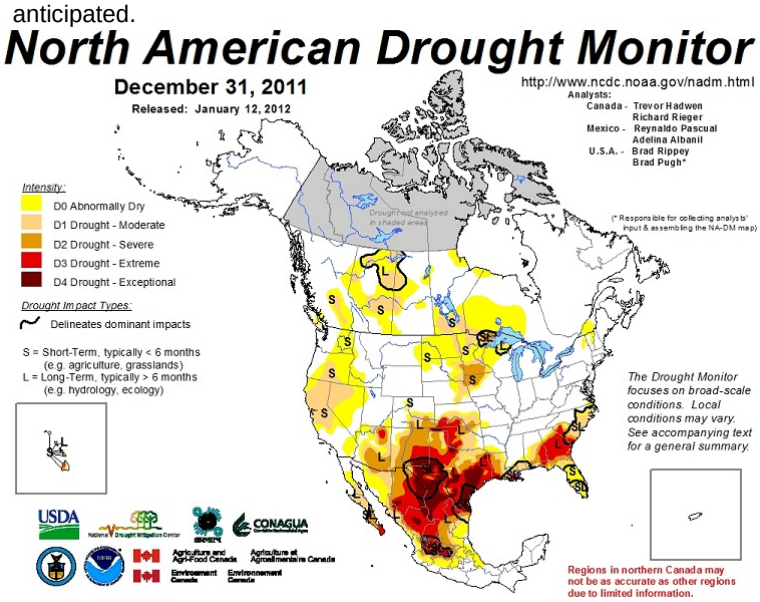
INTERNATIONAL EGG AND POULTRY REVIEW

ISSN 1522-5100

U.S. Department of Agriculture | Agricultural Marketing Service | Poultry Programs | Market News and Analysis

Mexico

Mexico is experiencing the worst drought on record in 70 years of recording. About 19 of its 31 states have been affected, however the hardest hit have been Coahuila, Chihuahua, Durango, San Luis Potosi, and Zacatecas. President Felipe Calderon signed a "Decree for Actions to Mitigate the Drought that Several Entities are Experiencing" in January 2012 providing about $2.4 billion dollars in aid to ensure drinking water and basic food requirements effective January 25, 2012. The effects of the drought have been compounded with recent freezing temperatures. The weather pattern responsible, also known as La Nina, has affected leading grain producers and exporters Argentina and Brazil, as well as Paraguay and Uruguay. Likewise severe drought conditions have affected the southern US. Significant losses for both grain and livestock production are anticipated.



Source: National Oceanic and Atmospheric Administration, National Climatic Data Center, North American Drought Monitor December 2011. http://www.ncdc.noaa.gov/temp-and-precip/drought/nadm/nadm-maps.php?lang=en&year=2011&month=12&submitted=true

January 19, 2012 Mexico's Secretariat of Economy (SE) issued a preliminary determination of its antidumping investigation on fresh, chilled, or frozen US chicken leg quarters (HS0207.13.03 and HS0207.14.04) exported to Mexico. Sufficient evidence was found to indicate dumping conditions existed on US imports of chicken leg quarters. SE announced the investigation would continue without the imposition of any provisional compensatory duties as both parties declared interest in a conciliatory process. However SE revealed the price discrimination margins for some producer/exporter businesses to be between 62.90% and 129.77%. Other exporting businesses will be applied to the same residual price discrimination margin of 129.77% as there was insufficient information to calculate specific dumping margins. The SE-UPCI (International Commercial Practices Unit) has until March 1, 2012 to gather sufficient data and submit its final resolution. In the meantime, the conciliatory process will continue parallel to the SE-UPCI. The investigation was conducted in response to a petition submitted July 2, 2010 to UPCI by Bachoco, Patsa, and Buenaventura. Despite the investigation and severe drought, Mexico has become one of the US's largest and fastest growing trading partners, especially for poultry. Based on data, total US broiler meat exports to Mexico have increased 88.9% since 2007 and 23.7% since 2009. Whereas exports of leg quarters to Mexico under HS0207.140.010 have increased 210.2% since 2007 and 38.7% since 2009.

Mexico's Broiler Meat Production, Supply, and Demand (1,000 Metric Tons (MT) and Kilograms (KG))

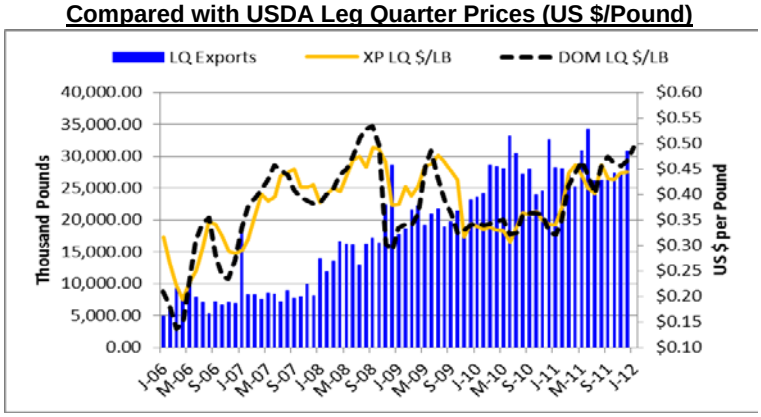
Broiler	2007	2008	2009	2010	2011	2012
Production	2,683	2,853	2,781	2,810	2,922	2,892
Imports	380	433	492	549	590	625
Exports	2	5	9	14	20	23
Total Cons.	3,061	3,281	3,264	3,345	3,492	3,494
Per Capita Cons.	28.16	29.84	29.35	29.70	30.70	30.40

Note: Total Cons.=Total Consumption. Per Capita Cons.=Per Capita Consumption. Per Capita Consumption is reported in kilograms (kg), whereas all other data is reported in thousands of metric tons. Source: USDA FAS, PSD Online, Official USDA Estimates

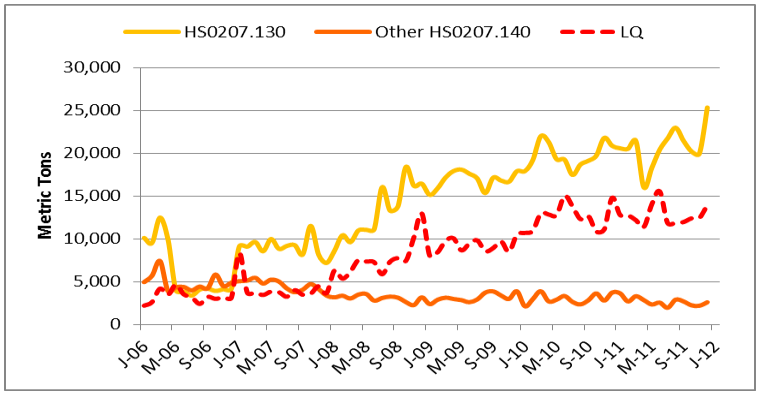
Recently, Mexico declared itself as free of Exotic Newcastle Disease and OIE reports the incidents as being resolved. The outbreak was reported on some broiler farms in the states of Jalisco and Aguascalientes in November 2011. About 900,000 birds were destroyed and the appropriate measures taken. No new incidents have been reported. On another note, Mexico lifted its import ban on live poultry, poultry products, and by-products from Polk County, Missouri in December 2011. The ban had been in place since April 2011 after reports of low pathogenic avian influenza (H7N3).

SENASICA, Mexico's National Service of Health, Food Safety, and Food Quality, issued new Letterhead Certificates to accompany imports of raw poultry (fresh), poultry offal (other than organs), raw poultry offal (organs), thermally processed poultry, poultry edible fats, processed egg products, poultry dried meat, and poultry bacon effective December 15, 2011. The new certificates are in compliance with the zoosanitary requirements of the new HRZ system (MCRZI).
Source: USDA FAS/OIE/News Wires

US Leg Quarter (LQ) Exports to Mexico ('000 Pounds) Compared with USDA Leg Quarter Prices (US $/Pound)



US Broiler Meat Exports HS0207.130 and HS0207.140 under Investigation to Mexico in Metric Tons (MT)



Note: LQ=Leg Quarters HS0207.140.010. XP LQ $/LB=USDA FAS Export Leg Quarter Prices per Pound. DOM LQ $/LB=USDA PMNA Domestic Leg Quarter Prices per Pound. Source: Department of Commerce, US Census Bureau, Foreign Trade Statistics/USDA FAS/USDA AMS Poultry Market News & Analysis (PMNA)

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

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

Week Ending Feb 04, 2012 Year-To-Date*

Type	2012	2011 /1	2012 /2	2011
Liquid	2	49	151	240
Frozen	0	0	0	0
Dried	0	0	0	0
Total	2	49	151	240

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

Week Ending Feb 04, 2012 Year-To-Date*

Type	2012	2011 /1	2012 /2	2011
Liquid	294	434	1,187	1,726
Frozen	82	12	148	34
Dried	0	0	0	0
Total	376	446	1,335	1,760

INSPECTED SHELL EGGS

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

Week Ending Feb 04, 2012 Year-To-Date*

	2012	2011 /1	2012 /2	2011
Jumbo	0	0	0	0
Extra Large	570	0	3,570	699
Large	120	0	1,266	575
Medium	840	750	840	895
Ungraded	1,314	936	5,598	6,923
Misc	0	0	0	0
Total	2,844	1,686	11,274	9,092

/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 Feb 04, 2012 (Preliminary)

U.S. Fowl Slaughtered Domestically

	Light Hens	Heavy Hens	Total Hens
	----------Thousands----------		
Head	1,221	1,530	2,751
Last Week	1,640	1,630	3,270
Same week yr ago	1,325	1,355	2,680
To-date/2012*	7,851	7,698	15,549
To-date/2011*	7,144	7,032	14,176

U.S. Fowl Slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
	----------Thousands----------		
Head	295	24	319
Last Week	361	0	361
Same week yr ago	381	24	405
To-date/2012*	1,880	36	1,916
To-date/2011*	1,925	46	1,971

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	1,516	1,554	3,070
Last Week	2,001	1,630	3,631
Same week yr ago	1,706	1,379	3,085
To-date/2012*	9,731	7,734	17,465
To-date/2011*	9,069	7,078	16,147

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

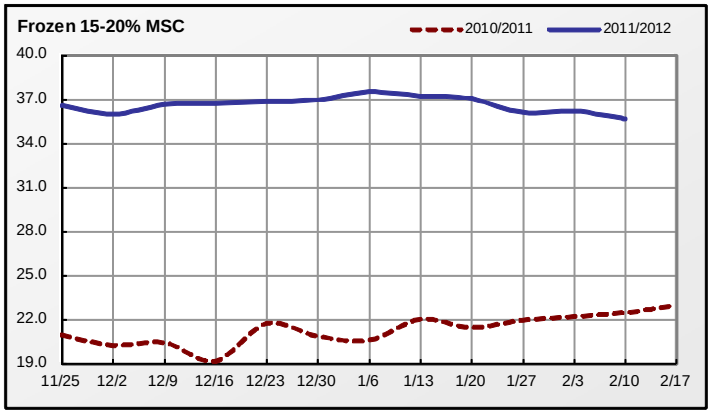
NATIONAL MECHANICALLY SEPARATED CHICKEN

(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 for all fat contents trended steady to weak. Supplies are moderate to heavy. Schedules normal. Domestic demand is light to moderate at best. Export demand is moderate. Frozen 15-20% MSC continues to capture most buyer interest, especially into export channels; however many suppliers are noting more resistance to current asking prices. The spot marketplace is sluggish and reflective of more traditional seasonal patterns. Higher priced finished goods continue to get resistance and pushback from retail levels, resulting in fewer orders, larger inventories of finished goods, reduced contractual supply needs, and more spot availability of MSC and frames. Suppliers reacted utilizing a variety of options. Some expect the marketplace to remain slow with some slight uptick in demand before the start of Lent in coming weeks. Industry maintains a close eye on things waiting to see when and where it will settle. Market activity slow to moderate. Raw material supplies moderate. Spot frames traded between 10.5-16 cents FOB.

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

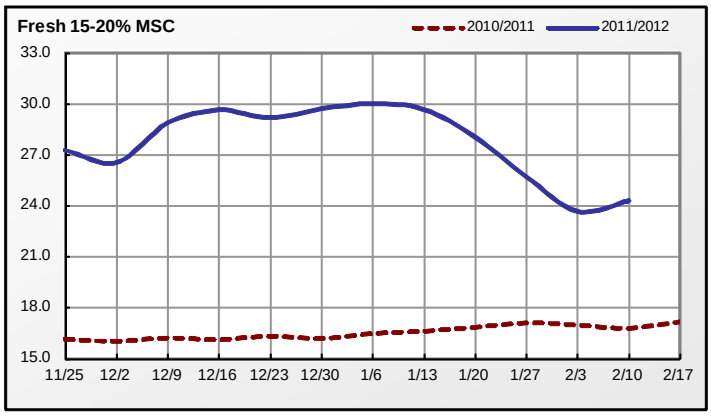
	Frozen			Fresh		
Fat Content	10-Feb-12	Last Week	Last Year	10-Feb-12	Last Week	Last Year
15% or Less						
Price Range			-	27.00 - 28.00	27.00 - 28.00	18.00-20.00
Wtd Avg Price			-	27.83	27.67	19.00
Volume Traded	-	-	-	245	122	82
Volume Exported	-	-	-	-	-	-
15-20%						
Price Range	30.00 - 38.00	34.00 - 38.00	21.00-24.00	20.00 - 33.50	21.00 - 29.00	15.00-20.50
Wtd Avg Price	35.66	36.22	22.48	24.30	23.67	16.78
Volume Traded	1,900	1,762	1,718	3,703	3,019	4,036
Volume Exported	1,619	1,602	1,478	653	367	408
20% or More						
Price Range	-	-	-	22.50	22.00	18.00-20.00
Wtd Avg Price			-	22.50	22.00	18.67
Volume Traded	-	-	-	41	41	122
Volume Exported	-	-	-	-	-	-



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

	Frozen			Fresh		
Fat Content	Jan 2012	Dec 2011	Jan 2011	Jan 2012	Dec 2011	Jan 2011
15% or Less						
Wtd Avg Price	-	-	-	31.81	31.89	18.48
Volume Traded	-	-	-	734	714	632
Volume Exported	-	-	-	-	-	-
15-20%						
Wtd Avg Price	37.00	36.64	21.37	28.51	28.89	16.77
Volume Traded	6,795	6,422	4,805	14,390	19,182	14,210
Volume Exported	6,195	5,542	4,105	1,306	5,183	1,061
20% or More						
Wtd Avg Price	-	-	-	22.36	22.59	19.07
Volume Traded	-	-	-	286	449	612
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 (www.ams.usda.gov/pymarketnews.htm)



NATIONAL YOUNG TURKEY PARTS

INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 10 FEB 2012.

The market on bulk parts was steady. Demand and offerings were light to moderate. The market on white meat is steady to weak. Demand was light to moderate. Offerings were moderate to heavy. Thigh meat market was steady. Demand and offerings was light to moderate. Trading for all parts was slow to moderate with improved interest from export destinations noted. For domestic: fresh breast trim 114 cents, frozen hen breast meat 197 cents, plant grade breast 20 lbs. up 170 cents, fresh full-cut wings 68 cents, fresh tom necks 47 cents and fresh tails 49-50 cents. For export: fresh tom drums 72 cents and frozen tom necks 51 cents delivered to border.

EXPORT TRADING

FRIDAY, FEBRUARY 10, 2012	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS	66.00-75.00		71.09	404	72.40	1,142
WINGS FULL-CUT - TOMS		R	69.00	162	68.38	432
WINGS, V-TYPE, TOM	95.00		95.00	162	95.00	378
TAILS		R	50.50	160	50.50	160
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		R	31.11	364	31.08	484

THURSDAY, FEBRUARY 09, 2012	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	73.00-75.00		73.86	378
WINGS FULL-CUT - TOMS	68.00-71.00		69.00	162
WINGS, V-TYPE, TOM	95.00		95.00	216
TAILS	50.00-51.00		50.50	160
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	31.00-32.00		31.11	364

WEDNESDAY, FEBRUARY 08, 2012	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		T	72.33	360
WINGS FULL-CUT - TOMS	68.00		68.00	270
WINGS, V-TYPE, TOM		F	89.00	162
TAILS		F	50.00	54
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		T	31.00	120

TUESDAY, FEBRUARY 07, 2012	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	72.00-73.00		72.33	360
WINGS FULL-CUT - TOMS		F	69.00	54
WINGS, V-TYPE, TOM		F	89.00	162
TAILS		F	50.00	54
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	31.00		31.00	120

MONDAY, FEBRUARY 06, 2012	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		F	68.67	324
WINGS FULL-CUT - TOMS		F	69.00	54
WINGS, V-TYPE, TOM		F	89.00	162
TAILS		F	50.00	54
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN				

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.):
M=MONDAY T=TUESDAY W=WEDNESDAY R-THURSDAY F=FRIDAY
2/ 15-20% fat with skin added.