



INTERNATIONAL EGG AND POULTRY REVIEW



U.S. Department of Agriculture

Agricultural Marketing Service

Poultry Programs

Market News and Analysis

Mexico

Recently, media reports noted that negotiations between the US and Mexico regarding the anti-dumping case have ceased. According to unofficial reports, the proceedings now lay in the hands of the Mexican government. Prior to this, the last official report was a preliminary determination issued January 19, 2012 by Mexico's Secretariat of Economy (SE) finding sufficient evidence to indicate dumping conditions did exist on US imports of chicken leg quarters. An investigation continued after the announcement without the imposition of any provisional compensatory duties as both countries entered conciliatory negotiations.

In the preliminary determination, SE revealed the price discrimination margins for some producer/exporter businesses to be between 62.90% and 129.77%. Other exporting businesses would be applied to the same residual price discrimination margin of 129.77% due to insufficient information to calculate specific dumping margins. The investigation was conducted in response to a petition submitted July 2, 2010 to SE-UPCI (International Commercial Practices Unit) by Bachoco, Patsa, and Buenaventura. Presently, it is unclear when a final determination regarding the anti-dumping investigation of US fresh, chilled, and frozen chicken leg quarters (HS0207.13.03 and HS0207.14.04) will be issued by Mexico. However the final determination could drastically change any recent trade forecasts posted by USDA FAS. The US exported a total of \$142,730,000 worth of chicken leg quarters to Mexico, 26.4% more than 2010 (\$112,949,000) and 58.3% higher than 2009 (\$90,189,000).

Production

USDA Foreign Agricultural Service (FAS) recently revised its broiler meat production forecasts for Mexico in 2012 slightly higher to 2.9 million metric tons (MMT). The rise is attributed to the growing prevalence and importance of vertical integration, increased industrial and commercial integration to satisfy domestic consumers with better and more affordable products (i.e. ready-to-cook, marinated), and industry's establishment and addition retail points of sale.

Despite forecasted production increases Mexico's broiler industry will have to contend with high grain prices, increased competition for feed from the pork and beef sectors, and the worst drought on record in 70 years affecting 19 of 31 states. Vertical integration will help offset some of the negative effects of high grain prices. It is estimated that feed costs represent between 75-80% of total production. In 2011, average feed costs ranged from 13-18.2 pesos per kilogram (US \$0.47 to \$0.66 per pound).

Consumption

Broiler meat consumption in 2012 is projected slightly higher than previously estimated as consumer demand remains strong. Broiler meat continues to be one of the most affordable proteins, especially dark meat (i.e. chicken leg quarters), behind eggs for low-income consumers. Generally households with higher incomes prefer higher value cuts and value-added products. Domestic broiler meat prices have increased 20% in the first quarter of 2012, along with pork and beef prices. As a result, poultry meat consumption is expected to remain stable. Broiler meat was marketed as follows in 2011: 31% live chickens, 24% for roasting purposes, 20% for distribution in public markets, 15% marketed in chain stores, 7% sold as cuts, and 3% marketed as value-added products. It is estimated that broiler meat sales will follow a similar trend in 2012 with the exception of live chicken sales climbing to 33%.

Trade

Import forecasts for Mexico are projected slightly higher in 2012 (630,000 MT) as increased domestic production is not expected to fulfill domestic consumption. Mexico continues to aggressively market broiler meat exports to other markets primarily located in Asia and

Central America, especially high value processed products and lower value broiler cuts. However USDA export forecasts for 2010, 2011, and 2012 were revised downward to reflect the removal of certain chicken parts not considered broiler meat manifesting in Mexico's export trade statistics from USDA data. In particular, trade figures have been reduced to exports to Vietnam, Hong Kong, and other Asian markets that most likely included chicken paws. Unofficial forecasts predict 2012 exports to be 9,000 MT.

On another note, USDA FAS recently published an attaché report listing some procedures and measures for US exporters to follow to help prevent border entry difficulties, shipment delays, and additional costs. Suggestions include ensuring product meets import regulations and have proper documentation, certification, and labeling, as well as promoting the use of experienced freight forwarders and Mexican customs brokers. In the event of product detainment and rejection, the Agricultural Trade Office (ATO) in Monterrey, Mexico is able to assist in clarifying the problem and determining the actions needed in resolving the trade issue. *Source: USDA FAS Attaché/News Wires*

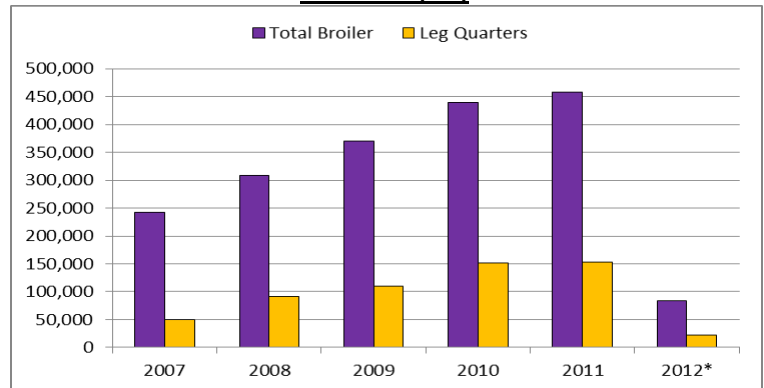
Mexico's Poultry Meat Production, Supply, and Demand (1,000

Metric Tons (MT) and Kilograms (KG)

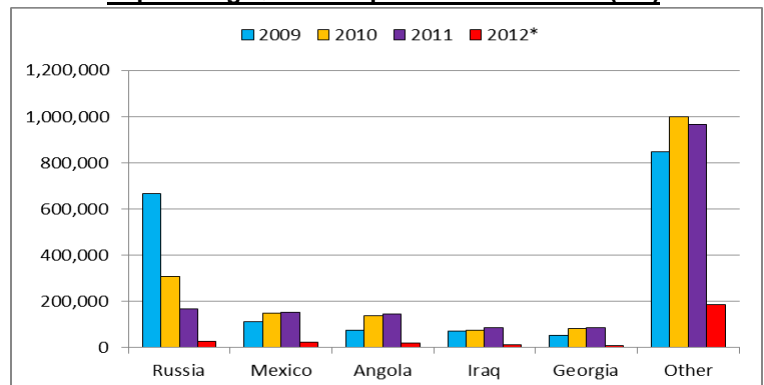
Chicken	2008	2009	2010	2011	2012
Production	2,853	2,781	2,810	2,922	2,892
Imports	433	492	549	590	625
Exports	5	9	14	20	23
Domestic Consumption	3,281	3,264	3,345	3,492	3,494
Per Capita Consumption	29.84	29.35	29.70	30.70	30.40

Note: Per Capita Consumption is in kilograms, whereas all other data is in thousands of Metric Tons. Source: USDA FAS, PSD Online, Official USDA Estimates

Total US Broiler Meat Exports versus US Leg Quarter Exports to Mexico (MT)



Top US Leg Quarter Export Markets in 2011 (MT)



Note: 2012 data is for January-February only, whereas all other data is from January-December. Total Broiler Meat Exports includes HS Codes: 0207.110, 0207.120, 0207.130, 0207.140, 1602.320, and 1601.000. Leg Quarter Exports include HS0207.140.010. Source: Department of Commerce, US Census Bureau, Foreign Trade Statistics/USDA FAS*

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

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

Type	Year-To-Date*			
	2012	2011 /1	2012 /2	2011
Liquid	40	0	382	338
Frozen	0	0	0	0
Dried	0	0	0	0
Total	40	0	382	338

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

Type	Year-To-Date*			
	2012	2011 /1	2012 /2	2011
Liquid	201	394	5,577	5,295
Frozen	0	9	352	249
Dried	0	0	0	0
Total	201	403	5,929	5,544

INSPECTED SHELL EGGS

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

Type	Year-To-Date*			
	2012	2011 /1	2012 /2	2011
Jumbo	0	0	0	0
Extra Large	1,860	4,830	23,580	20,389
Large	6,311	6,800	51,212	35,940
Medium	120	1,770	10,102	7,525
Ungraded	3,480	3,422	35,688	24,258
Misc	0	0	0	0
Total	11,771	16,822	120,582	88,112

/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 Apr 14, 2012 (Preliminary)

U.S. Fowl Slaughtered Domestically

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,828	1,402	3,230
Last Week	1,722	1,271	2,993
Same week yr ago	1,321	1,337	2,658
To-date/2012*	24,012	21,977	45,989
To-date/2011*	21,464	22,100	43,564

U.S. Fowl Slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	309	0	309
Last Week	300	0	300
Same week yr ago	505	0	505
To-date/2012*	4,466	36	4,502
To-date/2011*	5,909	121	6,030

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	2,137	1,402	3,539
Last Week	2,022	1,271	3,293
Same week yr ago	1,826	1,337	3,163
To-date/2012*	28,478	22,013	50,491
To-date/2011*	27,373	22,221	49,594

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

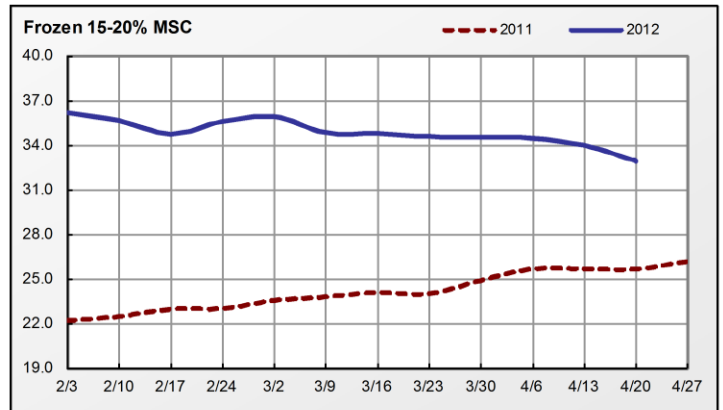
NATIONAL MECHANICALLY SEPARATED CHICKEN

(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 trended mostly steady on MSC. Supplies are moderate to heavy. Schedules are normal. Domestic and export demand is light to moderate. The spot marketplace remains slow with industry anticipating interest and buying to pick up as buyer build inventories of finished goods for the summer season. Meanwhile, producers maintain a cautious and conservative outlook on the future marketplace and continue to utilize all options available to stay ahead on spot sales of MSC in the present. Market activity is light to moderate. Raw material supplies are moderate to heavy. Spot frame trading is between 11-14 cents FOB, mostly 12-13 FOB.

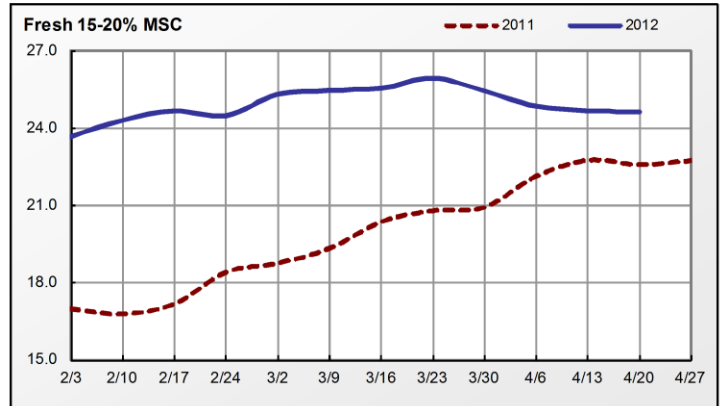
Weekly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

Fat Content	Frozen			Fresh		
	20-Apr-12	Last Week	Last Year	20-Apr-12	Last Week	Last Year
15% or Less						
Price Range			-	-	24.00 - 25.00	25.00
Wtd Avg Price			-	-	24.80	25.00
Volume Traded			-	-	204	122
Volume Exported			-	-	-	-
15-20%						
Price Range	28.00 - 37.00	31.00 - 37.00	24.00-28.00	18.00 - 27.00	22.00 - 28.00	19.00-27.00
Wtd Avg Price	32.96	33.98	25.68	24.61	24.68	22.58
Volume Traded	2,241	1,466	1,659	3,259	3,231	3,487
Volume Exported	1,601	1,306	1,359	204	571	-
20% or More						
Price Range	-	-	-	22.50	22.50	18.00-20.00
Wtd Avg Price				22.50	22.50	19.00
Volume Traded				41	41	82
Volume Exported						



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

Fat Content	Frozen			Fresh		
	Mar 2012	Feb 2012	Mar 2011	Mar 2012	Feb 2012	Mar 2011
15% or Less						
Wtd Avg Price	-	-	-	26.92	27.56	20.83
Volume Traded	-	-	-	775	653	245
Volume Exported	-	-	-	-	-	-
15-20%						
Wtd Avg Price	34.92	35.46	23.86	25.56	24.33	19.80
Volume Traded	9,964	7,800	6,170	19,562	15,773	13,826
Volume Exported	8,629	6,839	5,930	4,264	2,693	1,183
20% or More						
Wtd Avg Price	-	-	-	22.30	22.38	18.91
Volume Traded	-	-	-	408	163	449
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 20 APR 2012.

The market on bulk parts was steady. Demand was light to moderate. Offerings was mixed. The market on white meat is steady to weak. Demand was light to moderate. Offerings moderate. Thigh meat market is steady to weak. Demand was light. Offerings moderate. Trading was slow. For domestic: fresh scapula 104 cents, frozen grade A 8-10 lbs. breast non basted 167 cents and 12-16 lbs. 177 cents.

EXPORT TRADING

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
FRIDAY, APRIL 20, 2012						
DRUMSTICKS, TOMS	77.00-83.25		80.13	324	77.05	434
WINGS FULL-CUT - TOMS		F	55.50	648		
WINGS, V-TYPE, TOM	106.50		106.50	162	106.50	162
TAILS		M	51.00	40	51.00	40
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		T	135.50	80	131.71	280
THURSDAY, APRIL 19, 2012						
DRUMSTICKS, TOMS		M	68.00	110		
WINGS FULL-CUT - TOMS		F	55.50	648		
WINGS, V-TYPE, TOM		R	103.25	216		
TAILS		M	51.00	40		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		T	135.50	80		
WEDNESDAY, APRIL 18, 2012						
DRUMSTICKS, TOMS		M	68.00	110		
WINGS FULL-CUT - TOMS		F	55.50	648		
WINGS, V-TYPE, TOM		R	103.25	216		
TAILS		M	51.00	40		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		T	135.50	80		
TUESDAY, APRIL 17, 2012						
DRUMSTICKS, TOMS		M	68.00	110		
WINGS FULL-CUT - TOMS		F	55.50	648		
WINGS, V-TYPE, TOM		R	103.25	216		
TAILS		M	51.00	40		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	135.00-136.00		135.50	80		
MONDAY, APRIL 16, 2012						
DRUMSTICKS, TOMS	68.00		68.00	110		
WINGS FULL-CUT - TOMS		F	55.50	648		
WINGS, V-TYPE, TOM		R	103.25	216		
TAILS	51.00		51.00	40		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	129.00-135.00		130.20	200		

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.