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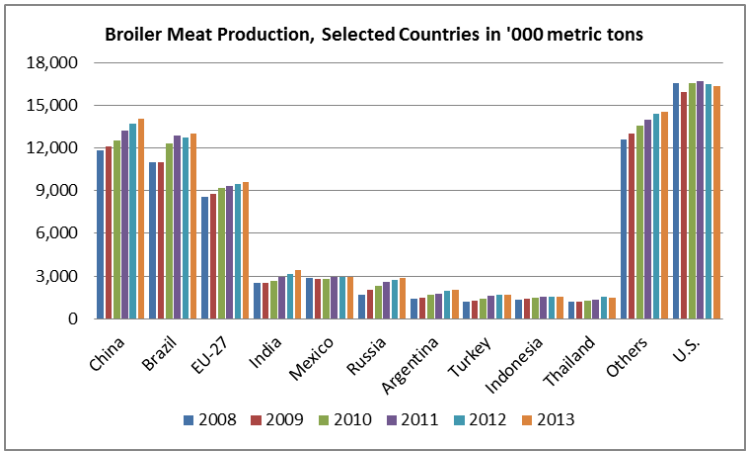
Record World Broiler Production Constrained by Rising Production Costs

Global production is forecast up 1 percent to a record 83.5 million tons. Demand for animal protein particularly in China, Brazil and India continues to stimulate global poultry production as a highly competitively priced option. Higher feed costs over the past few years have eroded profit margins, as larger producers have consolidated for cost-savings synergies and to help maintain margins.



China, India and Brazil Boost World Expansion

Rising incomes, an expanding middle class and stronger demand for animal protein have propelled production in China, India and Brazil. Combined, these countries represent 85 percent of the forecasted growth in global production for 2013.

China is forecast to increase 3 percent to 14.1 million tons as consumer demand for meat protein continues to grow. However, higher feed prices are expected to dampen the rate of growth despite producers' attempts to shift to lower-priced feed.

Brazil is forecast to rise 2 percent to 13.0 million tons. Production is supported by improved demand and abundant feed supplies. Government support may also mitigate the full impact of rising feed costs.

India is forecast to increase 8 percent higher to 3.4 million tons. Despite the past years' outbreaks of avian influenza, production is expanding rapidly on rising domestic consumption, changing culturally driven tastes and preferences, and ample domestic feed supplies.

Russia is forecast to increase 4 percent to 2.9 million tons as larger, modern facilities come into full operation. Government programs are aimed at mitigating rising feed costs and supporting the construction of new poultry farms.

The EU is forecast to rise 1 percent to 9.6 million tons as consumers substitute poultry for red meat. Production is expected to increase in all major EU producing countries, except France, where the industry is restructuring following the bankruptcy of the Doux poultry company, the largest exporter of broiler meat in the EU.

Argentina and Turkey are forecast up 4 and 1 percent to 2.0 and 1.7 million tons, respectively. Production is supported by greater domestic and foreign market demand. Argentina continues to expand production with government credit, ample supplies of feed grains and a more vertically integrated and efficient sector. Turkey production is higher to meet ever-increasing regional Middle East demand, as well as to offset short domestic supplies of red meat.

The United States, the world's largest broiler meat producer, is forecast to decline 1 percent to 16.3 million tons on tighter margins due to higher feed costs. Thailand is forecast to reduce output 6 percent to 1.5 million tons after last year's supply glut and this year's higher production costs, reversing the recent growth trend.

Trade

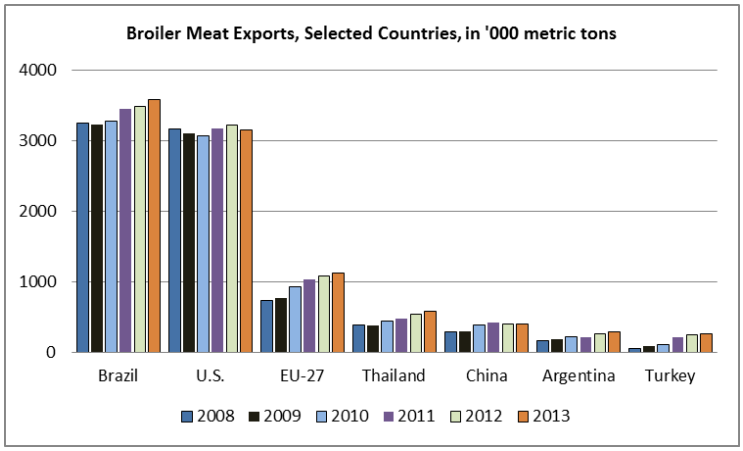
Global exports are forecast 2 percent higher to a record 10.1 million tons, primarily on East Asian and Sub-Saharan African demand. Traditional suppliers (Brazil, the United States and EU) will continue to dominate the world market, while smaller suppliers (Thailand, Turkey, and Argentina) expand their market share in new and developing markets.

Brazil, the leading exporter, is forecast to rise by 3 percent to 3.6 million tons driven by East Asia (China and Hong Kong) and the Middle East (Iraq and Egypt). Gains to the Middle East are supported by their ability to ship whole bird and halal-certified product provides comparative advantages.

The EU is up 4 percent to 1.1 million tons as more exports to Western and Southern African markets are expected to offset less to Saudi Arabia, Hong Kong and China. Thailand is forecast to rise by 7 percent to 580,000 tons based on the reopening of the EU market for fresh broiler meat. Additional growth is expected in Southeast Asia, South Korea and the United Arab Emirates.

Argentina and Turkey are forecast to boost exports by 10 and 4 percent to 285,000 and 260,000 tons, respectively. Both countries are expected to expand in emerging markets in the Middle East. Turkey continues to direct most shipments to Iraq, eroding U.S. and Brazilian market shares. Large investments in expanding export capacity will improve competiveness in shipping to developing markets such as Libya.

U.S. exports are forecast to decline 2 percent to 3.2 million tons due to tighter domestic supplies and waning demand by Russia and Hong Kong. U.S. exports have remained relatively flat over the past few years as declines in some major markets have been offset by gains in a large number of smaller markets.



Source: Foreign Agricultural Service/USDA, Office of Global Analysis, *Livestock and Poultry: World Markets and Trade, October 2012.* This circular is based on post reports submitted since July 2012 and on available secondary information.

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

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

Week Ending Oct 13, 2012 Year-To-Date*

Type	2012	2011 /1	2012 /2	2011
Liquid	192	97	1,356	1,790
Frozen	0	0	0	0
Dried	0	0	179	139
Total	192	97	1,535	1,929

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

Week Ending Oct 13, 2012 Year-To-Date*

Type	2012	2011 /1	2012 /2	2011
Liquid	109	114	10,481	12,327
Frozen	15	48	1,013	808
Dried	0	0	0	48
Total	124	162	11,494	13,183

INSPECTED SHELL EGGS

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

Week Ending Oct 13, 2012 Year-To-Date*

	2012	2011 /1	2012 /2	2011
Jumbo	0	0	0	0
Extra Large	4,121	2,070	81,372	70,309
Large	5,430	13,420	173,076	136,554
Medium	750	0	26,070	33,721
Ungraded	16,440	23,040	168,434	149,624
Misc	0	0	1,620	1,440
Total	26,741	38,530	450,572	391,648

/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 Oct 13, 2012 (Preliminary)

U.S. Fowl Slaughtered Domestically

	Light Hens	Heavy Hens	Total Hens
	----------Thousands----------		
Head	1,280	1,545	2,825
Last Week	1,384	1,602	2,986
Same week yr ago	1,249	1,710	2,959
To-date/2012*	62,525	66,792	129,317
To-date/2011*	55,948	63,779	119,727

U.S. Fowl Slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
	----------Thousands----------		
Head	291	0	291
Last Week	195	0	195
Same week yr ago	244	13	257
To-date/2012*	11,159	36	11,195
To-date/2011*	14,345	398	14,743

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	1,571	1,545	3,116
Last Week	1,579	1,602	3,181
Same week yr ago	1,493	1,723	3,216
To-date/2012*	73,684	66,828	140,512
To-date/2011*	70,293	64,177	134,470

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

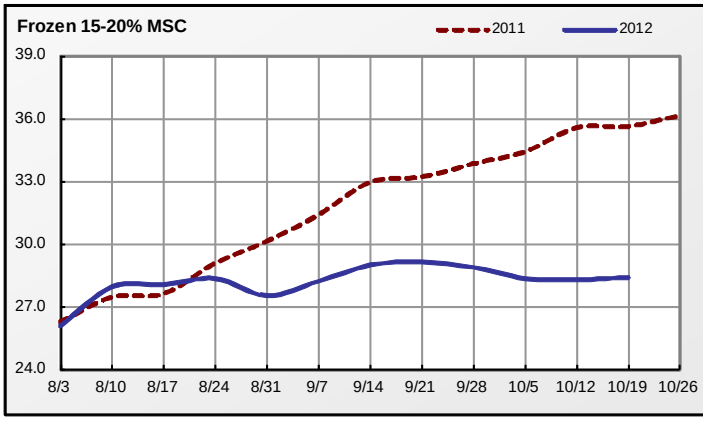
NATIONAL MECHANICALLY SEPARATED CHICKEN

(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 are steady. Supplies are moderate to at times heavy. Schedules are normal. Domestic and export demand is light to moderate. Despite the traditional decline in demand for hot dogs and other deli items, demand for stews, soups, potted meats, and other provisional items is currently moderate to good. Producers continue to sell more frames to keep MSC off the spot marketplace, as well as stay out front on spot sales of MSC. Most in industry maintain a close eye on influential market facts looking for any indication of future market direction. Negotiations for 2013 contracts continue with some progress to note. Market activity is slow to moderate. Raw material supplies are moderate to heavy. Spot frames traded between 11-14 cents FOB, mostly 12-13 FOB.

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

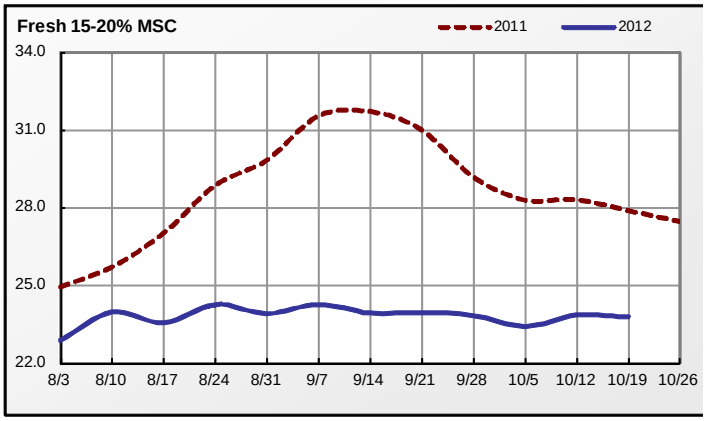
	Frozen			Fresh		
Fat Content	19-Oct-12	Last Week	Last Year	19-Oct-12	Last Week	Last Year
15% or Less						
Price Range	30.00	32.00	-	24.00 - 26.00	24.00 - 26.00	30.00-31.00
Wtd Avg Price	30.00	32.00	-	25.33	25.14	30.78
Volume Traded	40	40	-	184	143	184
Volume Exported	-	-	-	-	-	-
15-20%						
Price Range	27.00 - 31.00	26.50 - 31.00	32.00-40.00	20.00 - 26.00	20.00 - 26.00	21.00-33.00
Wtd Avg Price	28.41	28.31	35.64	23.78	23.85	27.89
Volume Traded	2,009	1,726	2,367	3,958	3,550	3,498
Volume Exported	1,489	1,526	2,087	530	204	653
20% or More						
Price Range	-	-	-	22.00	22.00	-
Wtd Avg Price	-	-	-	22.00	22.00	-
Volume Traded	-	-	-	41	82	-
Volume Exported	-	-	-	-	-	-



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

	Frozen			Fresh		
Fat Content	Sep 2012	Aug 2012	Sep 2011	Sep 2012	Aug 2012	Sep 2011
15% or Less						
Wtd Avg Price	30.00	30.00	-	25.50	25.65	32.06
Volume Traded	80	40	-	653	877	839
Volume Exported	-	-	-	-	-	-
15-20%						
Wtd Avg Price	28.84	27.43	32.48	24.00	23.70	30.69
Volume Traded	8,600	11,085	8,432	17,085	21,571	17,023
Volume Exported	8,080	10,205	7,872	2,203	1,468	4,406
20% or More						
Wtd Avg Price	-	-	-	22.29	22.20	-
Volume Traded	-	-	-	286	408	-
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 19 OCTOBER 2012.

The market on bulk parts was steady to fully steady. Demand was light to moderate. Offerings light. The market on tom breast meat is steady, instances weak. Demand was light to moderate. Offerings moderate. The market on thigh meat is steady to firm. Demand moderate. Offerings light. Trading was slow to moderate. For domestic: frozen tails 50 cents, fresh tails 49 cents, fresh full cut wings 42-45 cents and fresh scapula 105-110.5 cents delivered. For export: fresh tom drums 53-55, frozen scapula 107 and fresh thigh 125.25 delivered to border.

EXPORT TRADING

FRIDAY, OCTOBER 19, 2012	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS	69.00		69.00	540	69.00	540
WINGS FULL-CUT - TOMS	46.00		46.00	108	45.96	336
WINGS, V-TYPE, TOM		F	93.36	418		
TAILS						
MECHANICALLY SEPARATED 2/		F	39.00	54		
THIGH MEAT - FROZEN		T	122.00	40	122.00	40

THURSDAY, OCTOBER 18, 2012	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		F	74.45	594
WINGS FULL-CUT - TOMS	45.00-47.00		45.95	228
WINGS, V-TYPE, TOM		F	93.36	418
TAILS				
MECHANICALLY SEPARATED 2/		F	39.00	54
THIGH MEAT - FROZEN		T	122.00	40

WEDNESDAY, OCTOBER 17, 2012	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		F	74.45	594
WINGS FULL-CUT - TOMS		R	46.26	228
WINGS, V-TYPE, TOM		F	93.36	418
TAILS				
MECHANICALLY SEPARATED 2/		F	39.00	54
THIGH MEAT - FROZEN		T	122.00	40

TUESDAY, OCTOBER 16, 2012	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		F	74.45	594
WINGS FULL-CUT - TOMS		R	46.26	228
WINGS, V-TYPE, TOM		F	93.36	418
TAILS				
MECHANICALLY SEPARATED 2/		F	39.00	54
THIGH MEAT - FROZEN	122.00		122.00	40

MONDAY, OCTOBER 15, 2012	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		F	74.45	594
WINGS FULL-CUT - TOMS		R	46.26	228
WINGS, V-TYPE, TOM		F	93.36	418
TAILS				
MECHANICALLY SEPARATED 2/		F	39.00	54
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.