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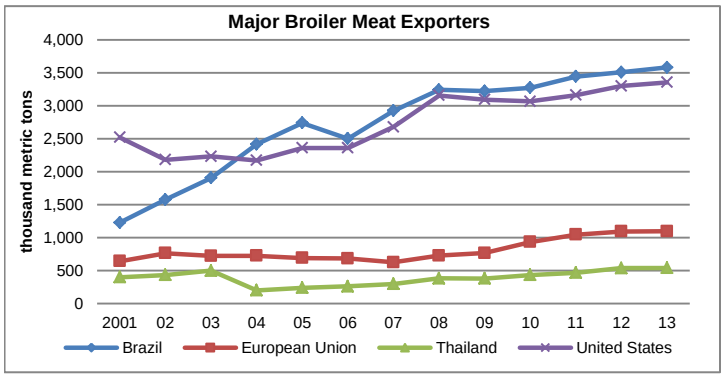
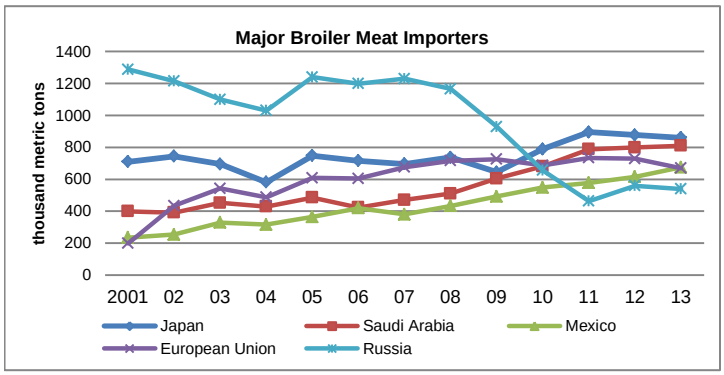
Assessing the Growth of U.S. Broiler and Poultry Meat Exports

A recent study from the USDA Economic Research Service examines the growth in broiler meat exports focusing on several major markets. The United States is the world's second largest broiler meat exporter, and exports have become a valuable source of income for the U.S. broiler industry. This study highlights the growth in broiler meat exports to several major markets. Factors that have affected U.S. broiler meat exports include increased efficiency in domestic production, income and population growth in destination markets, exchange rate shifts, trade policy and trade conflicts, and relative price changes for other meats. Exports have benefited in particular from foreign markets that prefer cuts that are less valued in the United States. Also, exports are supported by the general expansion of U.S. broiler production, which has been stimulated by slower consumer price increases than for most competing products and by consumer perceptions of the health benefits of eating poultry versus red meats. U.S. broiler meat exports are projected to rise about 12 % between 2013 and 2022.



Source: Foreign Agricultural Service, Official USDA Estimates

Two major developments occurred in international poultry trade during the first decade of the 21st century: a rapid increase in poultry meat exports from Brazil and a sharp decrease in imports by Russia. Between 2001 and 2012, Brazilian exports more than doubled, increasing from 1.2 mmt to 3.5 mmt. Brazil's broiler meat exports rose because of low corn prices and cheap labor. Total U.S. broiler meat exports grew by 9.2 % between 1997 and 2002 and by 31 % between 2001 and 2012. Growth in Russia's poultry industry, coupled with reduced tariff rate quota (TRQ) volumes for imported broiler meat, has contributed to a sharp decline in exports to Russia, especially over the past several years.



Source: Foreign Agricultural Service, Official USDA Estimates
Starting from August 2013, Production, Supply and Distribution (PSD) numbers for "European Union" reflect the addition of Croatia to the former EU-27. Croatia data no longer exists in the PSD after 1998/99; therefore, comparisons to data, including World Totals, will differ from those published prior to July 2013.

Economic growth in foreign countries, particularly middle- and lower-income countries with rising demand for animal proteins, has been an important driver of global consumer demand for broiler meat. Increases in meat disappearance are associated with population growth, changes in per capita income, urbanization, and other demographic factors. Among the major export markets for U.S. broiler meat, Angola and China have had sizable growth in broiler meat imports, fueled at least in part by strong growth in gross domestic product (GDP). Of the major broiler-meat export markets, Angola and Mexico have had the highest percent of population growth, which (along with strong-to-moderate growth in GDP) boosted their demand for broiler products. As incomes in many of these countries grew, many consumers increased the amount of meat in their diets. For these consumers, chicken meat was usually less expensive than most cuts of beef or pork.

Real GDP, population, and U.S. broiler meat export (percent) growth rates—for selected countries, 1997-2012

	Growth in real GDP	Growth in population	Growth in U.S. broiler exports
Canada	50.6	13.2	219.0
Mexico	48.6	19.9	398.0
Cuba	75.6	5.2	189.0
Russia	89.8	-7.2	-71.4
China	281.9	9.0	99.4
Hong Kong	76.1	10.6	-65.3
Angola	279.1	38.1	5,966.6

Note: GDP = gross domestic product. GDP growth is computed based on real 2005 values in U.S. dollars.
Source: U.S. Department of Agriculture, Economic Research Service, International Macroeconomic Data Set, and U.S. Department of Commerce, Census Bureau.

In many countries, growth in income facilitated higher broiler meat imports and per capita disappearance. Income growth accompanied population growth in most emerging markets for U.S. broiler meat exports. Russia is an exception, with negative population growth since 1997, but rising per capita incomes have contributed to stronger Russian demand for broiler meat. However, Russian domestic investment, trade policies, and the 2009 economic crisis have contributed to volatility in U.S. broiler meat exports to Russia.

In emerging markets like China and Angola, more people have migrated from rural to urban areas. Higher urban populations and rising poultry disappearance at restaurants prompted a higher demand for more processed broilers, which in turn spurred import growth. For example, in China, a much higher share of chicken in urban areas is consumed in the form of chicken parts rather than whole chickens (Hsu et al., 2002)

Because worldwide broiler meat exports are dominated by two low-cost producing countries, the United States and Brazil, broiler producers in some importing countries are not price competitive with major exporters. The cost of producing a broiler differs from country to country, depending on the price of feed, labor, birds, technology, and production facilities as well as the ability of producers to achieve economies of scale. For broiler production, feed is the largest single production cost. One reason that the United States and Brazil are major producers and exporters is their position as large feed grain producers, which allows their broiler industries access to feed at prices and quantities unavailable to many producers in importing countries.

For the full report go to: http://www.ers.usda.gov/publications/ldpm-livestock,-dairy,-and-poultry-outlook/ldpm-23101.aspx

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

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

Week Ending Jan 04, 2014 Year-To-Date*

Type	2014	2013 /1	2014 /2	2013
Liquid	96	48	96	48
Frozen	0	0	0	0
Dried	122	0	122	0
Total	218	48	218	48

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

Week Ending Jan 04, 2014 Year-To-Date*

Type	2014	2013 /1	2014 /2	2013
Liquid	5	34	5	34
Frozen	7	5	7	5
Dried	0	0	0	0
Total	12	39	12	39

INSPECTED SHELL EGGS

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

Week Ending Jan 04, 2014 Year-To-Date*

	2014	2013 /1	2014 /2	2013
Jumbo	0	0	0	0
Extra Large	5,280	240	5,280	240
Large	7,350	540	7,350	540
Medium	342	813	342	813
Ungraded	480	2,160	480	2,160
Misc	0	0	0	0
Total	13,452	3,753	13,452	3,753

/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 Jan 04, 2014 (Preliminary)

U.S. Fowl Slaughtered Domestically

	Light Hens	Heavy Hens	Total Hens
	----------Thousands----------		
Head	1,374	1,297	2,671
Last Week	896	706	1,602
Same week yr ago	1,730	1,595	3,325
To-date/2014*	1,374	1,297	2,671
To-date/2013*	1,730	1,595	3,325

U.S. Fowl Slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
	----------Thousands----------		
Head	425	0	425
Last Week	136	0	136
Same week yr ago	256	0	256
To-date/2014*	425	0	425
To-date/2013*	256	0	256

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	1,799	1,297	3,096
Last Week	1,032	706	1,738
Same week yr ago	1,986	1,595	3,581
To-date/2014*	1,799	1,297	3,096
To-date/2013*	1,986	1,595	3,581

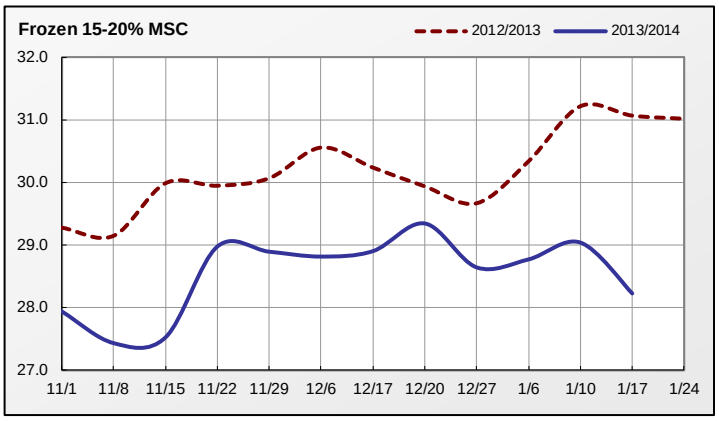
*Note: Year to-date totals reflect comparable time periods.

NATIONAL MECHANICALLY SEPARATED CHICKEN (F.O.B. Shipper Dock or equivalent; negotiated prices in trucklot and less-than-trucklot volumes reported in thousand pound quantities, cents/pound; delivery within 2 weeks.)

Prices of MSC on all fat contents are steady to weak. Demand into both domestic and export channels is light to moderate. Supplies are mostly moderate to instances heavy. Schedules are back to normal following last week's severe winter weather. Many in industry are keeping a close eye on the spot marketplace as it has seen little spurts of activity this week; however movement remains typical of this time of year. Spot MSC and frames are available and eventually clearing with most sellers trying to stay out front when possible. Finished product sales are average to below average in comparison to a year ago. Market activity is slow to moderate. Raw material supplies are moderate to heavy. Frame prices are generally steady with trading levels between 10-12.50 cents FOB.

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

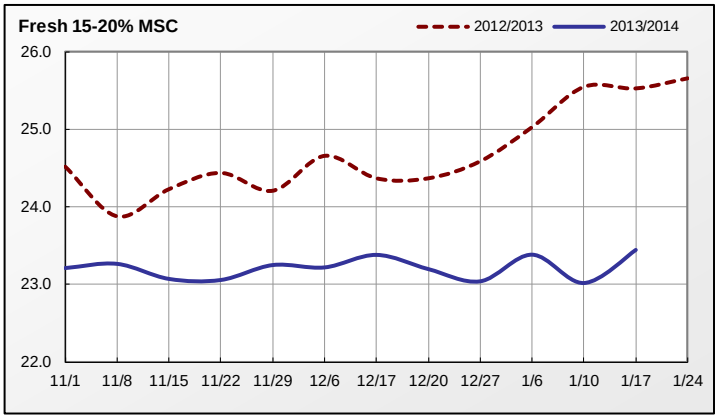
	Frozen			Fresh		
Fat Content	17-Jan-14	Last Week	Last Year	17-Jan-14	Last Week	Last Year
15% or Less						
Price Range	-	-	-	27.00 - 28.00	27.00 - 28.00	24.00-26.00
Wtd Avg Price			-	27.67	27.75	25.14
Volume Traded	-	-	-	184	163	143
Volume Exported	-	-	-	-	-	-
15-20%						
Price Range	26.00 - 31.00	27.00 - 31.00	28.00-32.00	20.50 - 27.00	18.50 - 26.00	22.00-27.00
Wtd Avg Price	28.23	29.04	30.34	23.45	23.02	25.03
Volume Traded	2,008	1,260	855	4,115	4,095	3,417
Volume Exported	1,408	1,070	815	694	694	530
20% or More						
Price Range	-	-	-	22.00 - 22.50	22.00 - 22.50	20.00
Wtd Avg Price	-	-	-	22.25	22.25	20.00
Volume Traded	-	-	-	163	82	82
Volume Exported	-	-	-	-	-	-



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

	Frozen			Fresh		
Fat Content	2013	2012	2011	2013	2012	2011
15% or Less						
Wtd Avg Price	32.17	30.19	28.00	29.85	26.34	26.20
Volume Traded	720	640	80	7,844	7,853	7,490
Volume Exported	-	-	-	-	-	-
15-20%						
Wtd Avg Price	32.13	31.36	28.76	28.03	24.54	24.21
Volume Traded	86,496	94,239	84,242	177,392	209,299	197,033
Volume Exported	78,209	82,427	75,407	28,599	24,701	25,216
20% or More						
Wtd Avg Price	-	-	-	21.96	22.19	20.04
Volume Traded	-	-	-	3,143	3,510	4,529
Volume Exported	-	-	-	-	-	-

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



Source: USDA AMS Livestock, Poultry & Grain Market News (www.ams.usda.gov/lpsmarketnewspage)

NATIONAL YOUNG TURKEY PARTS

INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 17 JANUARY 2014.

The market on bulk parts was steady. Demand and offerings was light to moderate. The market on white meat and white trims is steady. Demand and offerings light to moderate. Thigh meat market was steady. Demand light to moderate and best for fresh. Offerings was light to moderate. Trading slow to moderate. For domestic: fresh breast trim 146, fresh scapula meat 137-139 cents, punched drums 150 cents, fresh tails 59 cents and fresh full cut wings 66 cents delivered. For export: frozen tom machine defatted gizzards 91 cents and frozen scapula 135 cents delivered to Border or port.

EXPORT TRADING

FRIDAY, JANUARY 17, 2014	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS	92.00-97.00		94.87	188	96.94	416
WINGS FULL-CUT - TOMS	67.00-73.00		70.67	120	70.67	120
WINGS, V-TYPE, TOM		M	69.00	108	69.00	108
TAILS	59.50-60.00		59.75	80	59.42	268
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	152.00		152.00	40	152.20	200

THURSDAY, JANUARY 16, 2014	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		M	98.65	228
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM		M	69.00	108
TAILS		M	59.28	188
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		M	152.25	160

WEDNESDAY, JANUARY 15, 2014	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		M	98.65	228
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM		M	69.00	108
TAILS		M	59.28	188
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		M	152.25	160

TUESDAY, JANUARY 14, 2014	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		M	98.65	228
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM		M	69.00	108
TAILS		M	59.28	188
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		M	152.25	160

MONDAY, JANUARY 13, 2014	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	97.00-100.00		98.65	228
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM	69.00		69.00	108
TAILS	58.00-61.00		59.28	188
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	152.00-153.00		152.25	160

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.