



# INTERNATIONAL EGG AND POULTRY REVIEW

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### Poultry: World Markets and Trade Forecasts

Broiler production is forecast up 4% to 74 million tons in 2009. Production in China and Brazil are forecast up 8% and 5%, respectively while U.S. production is expected to decrease for the first time since 1973 due to relatively high feed and energy costs.

Total broiler exports are forecast slightly higher in 2009. Brazil and the U.S. account for nearly 80% of the world total. Brazil is forecast to hit another record as exports increase, mainly to Hong Kong, Japan, the United Arab Emirates, the EU-27, Saudi Arabia and Venezuela.

U.S. broiler exports are expected to decline due to a drop in Russian import demand. Exports to other markets, including China, Mexico, Canada, Cuba and Ukraine are expected to be relatively strong.

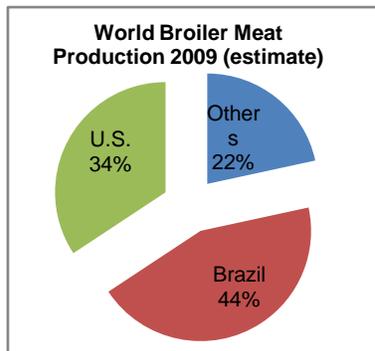
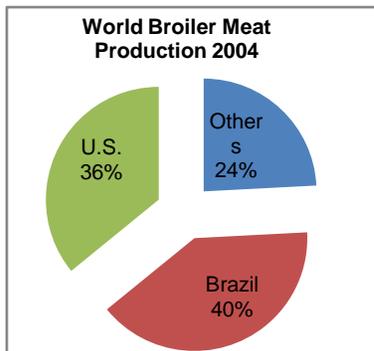
Global broiler imports are forecast slightly higher, mostly due to increased demand from the EU-27, Saudi Arabia, Mexico and Venezuela, while Russian imports will decline. The EU-27 is the second largest importer in the world. Domestic consumption is growing faster than production.

China has stopped broiler imports from Brazil due to problems with Brazilian plants not being registered with the Chinese Inspection Service (AQSIQ). The U.S. and other suppliers will fill the void.

### Broiler Meat Imports, Selected Countries, in 1,000 MT

	2004	2005	2006	2007	2008	2009 (Oct)
Russia	1,016	1,225	1,189	1,222	1,235	1,190
EU-27	489	609	605	640	670	680
Japan	582	748	716	696	680	680
U.S.	12	15	21	28	34	36
<b>World</b>	<b>5,452</b>	<b>6,139</b>	<b>6,276</b>	<b>6,974</b>	<b>7,747</b>	<b>7,862</b>

USDA/ Foreign Agricultural Service



Total world exports are forecast to reach 8,299,000 MT in 2009. Of that total, Brazil will account for 44% (3,660,000MT), the U.S 34% (2,846,000MT) and the EU-27 7% (610,000 MT).

Source: USDA/Foreign Agricultural Service

### Russia Postpones Chlorine Ban

On December 4, 2008, the Federal Service for Consumer Protection and Human Well-Being issued Resolution #66 "On Use of Solutions Containing Chlorine for Handling of Poultry Carcasses". This Resolution postpones, until January 1, 2010, the enforcement of a clause in Resolution # 33 which would have prohibited the common practice of using chlorine in antimicrobial washes to kill surface food borne pathogens such as Salmonella and E. coli. Resolution #33 would have prohibited the use of chlorine in levels that exceeded the level permitted for drinking water. The chlorine maximum residue level would have been 100 times more stringent the current level set in Russian regulations for poultry production.

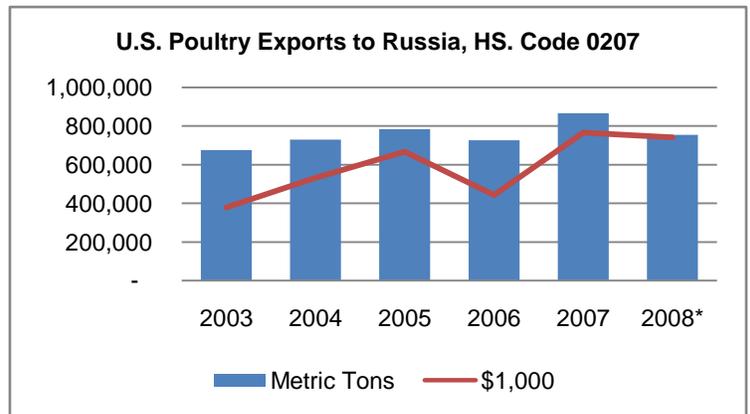
In April, 2008 the Russian Poultry Union (Rosptitsoyuz) had expressed its desire to restrict chlorine treatment and liquid content of poultry carcasses as it would effectively block all U.S. exports of poultry to Russia.

### U.S. and Russia Sign Protocol on Trade

The U.S. Trade Representative News Release on December 29, 2008 announced the U.S. and Russia had signed a protocol to the 2005 U.S. – Russia Agreement on Trade in Certain Types of Poultry, Beef, and Pork. The protocol makes adjustments to the in-quota quantity and out-of-quota tariff for U.S. pork and poultry exports to the Russian Federation.

The new poultry quota for 2009 is was lowered from 1.25 million MT to 952,000 metric tons, down almost 300,000 MT. The new U.S. quota will be 750,000 MT in 2009 with an in-quota tariff of 25% and an over quota tariff of 95% of value.

For the first 10 months of 2008, U.S. poultry exports to Russia increased 4.2% in quantity (725461 MT to 754,865 MT) and 17.59% in value (from \$629,432,000 to \$740,153,000) when compared to the same period a year earlier.



\*January-October

Source: USDA/Foreign Agricultural Service; U.S. Trade Representative Office; news wires

\*\*\* The following reports will be released when the information becomes available \*\*\*

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

**AND**

**U.S./CANADIAN LIVE POULTRY SLAUGHTERED UNDER INSPECTION**

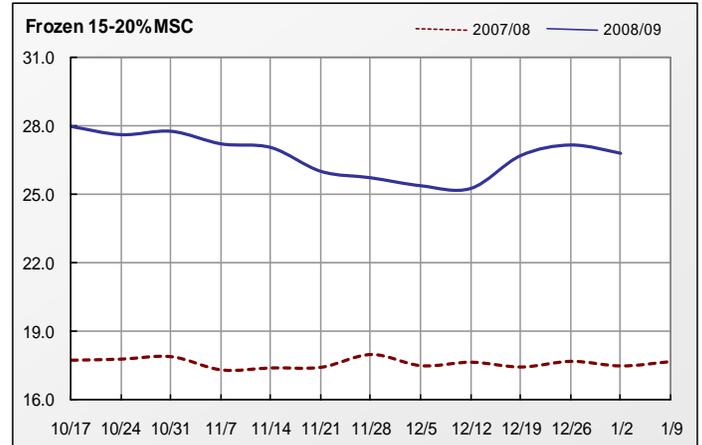
**NATIONAL MECHANICALLY SEPARATED CHICKEN**

(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.)

The MSC market tone was steady to fully steady. Supplies were adequate to well cleared. Demand was moderate to fairly good following the holiday. Raw materials were tight with good interest. Trading was moderate to good with most export activity from Mexico, Central America, and the Caribbean. New contracts begin this and next week at unchanged to higher, mostly moderately to sharply higher prices on fresh 15-20% and sharply higher prices on the balance. Schedules were reduced for the holiday week. Frame values were steady trading mostly between 10-11 cents FOB with new contracts starting at higher levels as well.

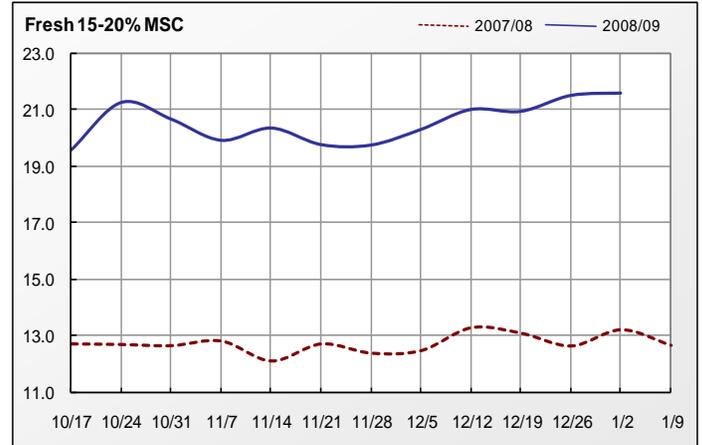
Weekly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

Fat Content	Frozen			Fresh		
	2-Jan-09	Last Week	Last Year	2-Jan-09	Last Week	Last Year
<b>15% or Less</b>						
Price Range			15.50	25.00 - 26.00	25.00 - 27.00	15.00-16.00
Wtd Avg Price			15.50	25.66	25.65	15.67
Volume Traded	-	-	54	236	269	361
Volume Exported	-	-	54	55	-	-
<b>15-20%</b>						
Price Range	25.00 - 32.00	24.00 - 33.00	16.00-21.00	19.75 - 26.00	19.75 - 28.00	11.00-16.00
Wtd Avg Price	26.83	27.20	17.47	21.57	21.49	13.21
Volume Traded	802	1,122	1,663	3,061	2,025	2,420
Volume Exported	682	922	1,543	756	184	216
<b>20% or More</b>						
Price Range	-	-	-	21.00	21.00	-
Wtd Avg Price	-	-	-	21.00	21.00	-
Volume Traded	-	-	-	82	80	-
Volume Exported	-	-	-	-	-	-



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

Fat Content	Frozen			Fresh		
	Dec 2008	Nov 2008	Dec 2007	Dec 2008	Nov 2008	Dec 2007
<b>15% or Less</b>						
Wtd Avg Price	26.00	24.00	16.31	24.96	24.28	15.79
Volume Traded	118	322	897	1,360	1,443	1,534
Volume Exported	118	160	897	226	220	54
<b>15-20%</b>						
Wtd Avg Price	25.95	26.34	17.48	20.81	19.96	12.89
Volume Traded	6,646	5,394	9,209	14,306	11,870	11,946
Volume Exported	6,126	4,961	8,640	2,488	1,921	3,085
<b>20% or More</b>						
Wtd Avg Price	-	-	-	21.17	21.00	-
Volume Traded	-	-	-	243	366	-
Volume Exported	-	-	-	-	-	-



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

**NATIONAL YOUNG TURKEY PARTS**, INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 02 JANUARY 2009.

The trade sentiment on most white meat items was steady to barely steady with the exception of rib breasts and tom breast meat, which remain steady to weak. The market tone on bulk parts and meats was generally steady. Overall demand for parts and meats was light going starting the new year as many buyers and sellers try to clean out inventories and reassess post holiday needs. Offerings were light to instances burdensome with tom necks tight; tom breast meat, rib breasts, and destrapped tenders were adequate to ample and in the longest position. For domestic: breeder hen drums traded at 37 cents delivered.

<b>EXPORT TRADING</b>	<b>PRICE RANGE</b>	<b>L.S.T. CODE 1/</b>	<b>WTD AVG PRICE</b>	<b>VOLUME (000)</b>	<b>WEEKLY WTD AVG PRICE</b>	<b>WEEKLY VOLUME (000)</b>
<b>FRIDAY, JANUARY 02, 2009</b>						
DRUMSTICKS, TOMS	55.00-55.50		55.17	120	55.32	440
WINGS FULL-CUT - TOMS	48.00		48.00	160	48.00	160
WINGS, V-TYPE, TOM	48.00		48.00	40	48.84	256
TAILS						
MECHANICALLY SEPARATED 2/						
THIGH MEAT - FROZEN		T	101.00	240	101.00	240

**NO EXPORT TRADING REPORTED DUE TO NEW YEARS DAY HOLIDAY ON THURSDAY, JANUARY 01, 2008**

<b>EXPORT TRADING</b>	<b>PRICE RANGE</b>	<b>L.S.T. CODE 1/</b>	<b>WTD AVG PRICE</b>	<b>VOLUME (000)</b>
<b>WEDNESDAY, DECEMBER 31, 2008</b>				
DRUMSTICKS, TOMS	55.00-56.00		55.43	280
WINGS FULL-CUT - TOMS		W	49.33	240
WINGS, V-TYPE, TOM	48.00-50.00		49.00	216
TAILS		W	44.00	40
MECHANICALLY SEPARATED 2/		W	28.50	40
THIGH MEAT - FROZEN		T	101.00	240

<b>EXPORT TRADING</b>	<b>PRICE RANGE</b>	<b>L.S.T. CODE 1/</b>	<b>WTD AVG PRICE</b>	<b>VOLUME (000)</b>
<b>TUESDAY, DECEMBER 30, 2008</b>				
DRUMSTICKS, TOMS	55.00		55.00	40
WINGS FULL-CUT - TOMS		W	49.33	240
WINGS, V-TYPE, TOM		W	48.00	108
TAILS		W	44.00	40
MECHANICALLY SEPARATED 2/		W	28.50	40
THIGH MEAT - FROZEN	101.00		101.00	240

<b>EXPORT TRADING</b>	<b>PRICE RANGE</b>	<b>L.S.T. CODE 1/</b>	<b>WTD AVG PRICE</b>	<b>VOLUME (000)</b>
<b>MONDAY, DECEMBER 29, 2008</b>				
DRUMSTICKS, TOMS		W	55.00	80
WINGS FULL-CUT - TOMS		W	49.33	240
WINGS, V-TYPE, TOM		W	48.00	108
TAILS		W	44.00	40
MECHANICALLY SEPARATED 2/		W	28.50	40
THIGH MEAT - FROZEN		W	102.00	94

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.