



**June 2009 FAO Food Outlook: International Meat Prices Fall along with Weakening Demand**

World

The outlook on world poultry meat production was adjusted down to 94.7 million tons since November 2008 mostly due to avian influenza outbreaks in Asia. Global poultry meat production is forecast to increase by a mere 1% from 2008, one of the slowest growth rates of the decade. Despite lower feed costs in relation to that of poultry meat in the last quarter of 2008, consumer demand faltered in early 2009 reversing the relationship and indicating another year of low profits or even losses.

World poultry trade was revised downward and is expected to decline 3% in 2009 to just over 10 million tons despite relatively lower poultry meat prices in comparison to other proteins. Regarding imports, the forecasted reductions in poultry trade are attributed to lower shipments to China, Russia, and the Ukraine. Imports levels to the Ukraine would actually return to normal levels after exceptionally high import levels in 2008.

Increased meat prices in 2008 provided producers a temporary break from constant profit margin declines over the last few years. New data suggests profitability in 2009 is again declining due to the steady deterioration of international meat prices since hitting peak levels in October 2008. Though international meat prices appear to be showing signs of stabilization they have not yet returned to levels seen in the early 2007. The declines affected the bovine, ovine, and poultry meat sectors hardest. The fall in international meat prices reflects the deteriorating global economic environment's impact on consumption growth and demand, especially in the developed countries.

Asia

Most of Asia's poultry meat production is expected to increase. However China, whose poultry meat consumption has been fueled in recent years by its increased purchasing power provided mostly by its urban population, which has currently been struggling under the pressure of the ongoing international financial crisis, is now projected to decrease its poultry meat production by about 3% due to the expected sluggish domestic demand. Despite rising debts from high feed costs, poultry meat production in India, Indonesia, the Islamic Republic of Iran, and Thailand appears strong. Poultry production is expected to increase 6% in Thailand and 5% in Indonesia.

North America

Wholesale broiler prices increased in early 2009 due to sustained demand coupled with tight supplies, which were constrained by high

**World Meat Markets at a Glance**

	2007	2008*	2009**	% Change
<b>Production (million tons)</b>				
Poultry Meat	90.1	93.7	94.7	1.1
Bovine Meat	65.1	64.9	65.1	0.3
Pig Meat	99.8	103.9	106.1	2.1
Ovine Meat	14.0	14.2	14.2	0.5
<b>Total</b>	<b>274.4</b>	<b>282.1</b>	<b>285.6</b>	<b>1.2</b>
<b>Trade (million tons)</b>				
Poultry	9.8	10.5	10.2	-3.1
Bovine Meat	6.9	6.8	6.8	0.4
Pig Meat	5.2	6.1	5.4	-11.3
Ovine Meat	0.9	0.9	0.9	0.7
<b>Total</b>	<b>23.1</b>	<b>24.6</b>	<b>23.4</b>	<b>-4.8</b>
<b>Per Capita Consumption (kg/year)</b>				
Developed	82.4	81.9	81.7	-0.2
Developing	0.9	0.9	0.9	0.7
<b>World</b>	<b>41.5</b>	<b>42.2</b>	<b>42.3</b>	<b>0.3</b>

Note: % Change = Percentage Change from 2008-2009. 2008\* = Estimated figures. 2009\*\*\* = Forecasted figures. Source: FAO

costs. Despite this, early indications in the first half of 2009 suggest poultry production could drop 3% to 19.3 million tons from 2008. US poultry exports are expected to taper to volumes seen in 2007 following reduced profit margins and lower import quotas imposed by Russia.

Europe

Russia's poultry meat production is projected to decline to 9%, much weaker than the above average growth levels of 16% it has been experiencing recently. However little change is expected in the European Union (EU) as poultry exports are projected to be impacted by Russia's quota reductions and face SPS challenges at the plant level.

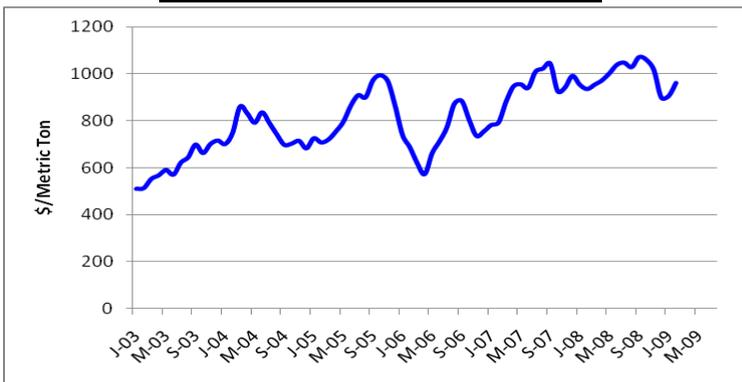
South America

Brazilian poultry production is forecast to increase 2% in 2009 as farmers are encouraged by the Brazilian Association of Poultry Exporters (ABEF) to reduce production for export in light of the world market situation. Brazilian poultry export growth is forecast to drop due to reduced credit availability, voluntary export restrictions, and suspended exports to China in early 2008 when doubts were raised regarding product origin in a registered firm, which the US helped cover. However discussions are underway between Brazil and China to set up inspection and guarantee procedures that could help lift these restrictions. Should the ban be suspended, the US would once again face Brazilian competition in the Chinese market.

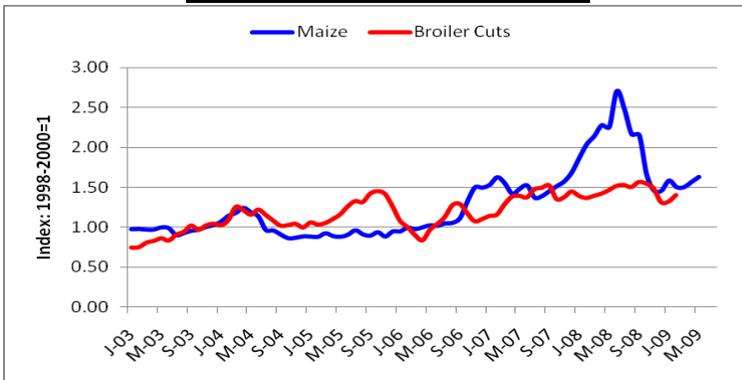
Africa

In recent months, farmers in Kenya, Nigeria, and Uganda have been struggling with higher feed costs, delayed and insufficient loans, and concerns have been raised about perceived egg shortages in local markets. On the other hand, South Africa's industry has shown signs of recovery in early 2009 after a difficult 2008 and is expected to have poultry production increases of 5% in 2009. Source: June 2009 Food Outlook by Food and Agriculture Organization of the United Nations (FAO)

**US Broiler Prices per unit Export Value**



**Poultry Sector Less Pressured by High Feed Prices; Relative Prices More into Historical Patterns**



Source: Food and Agriculture Organization of the United Nations (FAO)

**INSPECTED EGG PRODUCTS-**

**U.S. & CANADA IMPORT/EXPORT TRADE**

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

Type	Year-To-Date			
	2009	2008 /1	2009 /2	2008
Liquid	468	97	4,685	344
Frozen	0	0	0	39
Dried	43	10	303	286
Total	511	107	4,988	669

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

Type	Year-To-Date			
	2009	2008 /1	2009 /2	2008
Liquid	383	436	7,644	8,861
Frozen	2	0	173	288
Dried	0	0	0	240
Total	385	436	7,817	9,389

**Inspected Shell Eggs**

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

	Year-To-Date			
	2009	2008 /1	2009 /2	2008
Jumbo	0	0	0	0
Extra Large	1,350	2,130	23,193	22,420
Large	3,730	840	63,852	27,867
Medium	1,230	60	25,890	21,537
Ungraded	4,680	18,570	111,962	166,078
Misc	0	0	3,708	1,562
Total	10,990	21,600	228,605	239,464

/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 13-Jun-09 (Preliminary)

**U.S. fowl slaughtered domestically**

	Thousands		
	Light Hens	Heavy Hens	Total Hens
Head	1,485	1,461	2,946
Last Week	1,455	1,402	2,857
Same week yr ago	1,453	1,717	3,170
To-date/2009*	29,598	34,028	63,626
To-date/2008*	32,496	36,170	68,666

**U.S. fowl slaughtered in Canada**

	Thousands		
	Light Hens	Heavy Hens	Total Hens
Head	375	0	375
Last Week	409	0	409
Same week yr ago	326	0	326
To-date/2009*	6,434	11	6,445
To-date/2008*	7,763	30	7,793

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

**Total U.S. fowl slaughtered in the U.S. and Canada**

	Thousands		
	Light Hens	Heavy Hens	Total Hens
Head	1,860	1,461	3,321
Last Week	1,864	1,402	3,266
Same week yr ago	1,779	1,717	3,496
To-date/2009*	36,032	34,039	70,071
To-date/2008*	40,259	36,200	76,459

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

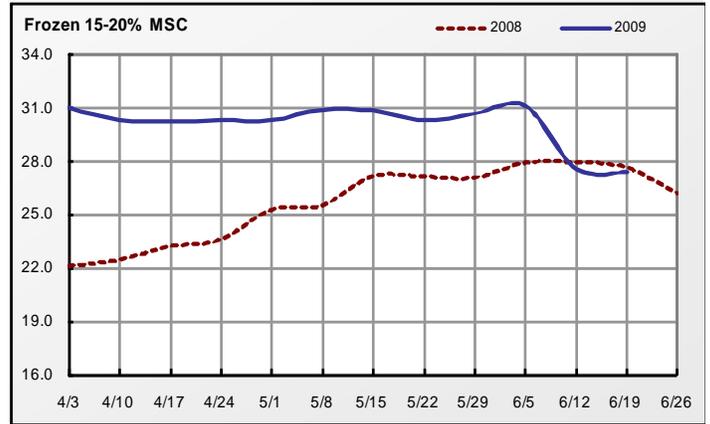
**NATIONAL MECHANICALLY SEPARATED CHICKEN**

(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.)

The market tone for all fat contents was steady to barely steady. Supplies of fresh and frozen 15-20% ranged adequate to available, and on the remainder of fat contents generally adequate. Raw materials were also adequate to available. Export and domestic demand ranged light to moderate. Schedules were mostly normal. Frames values were about steady to weak ranging mostly between 8-10 cents FOB.

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

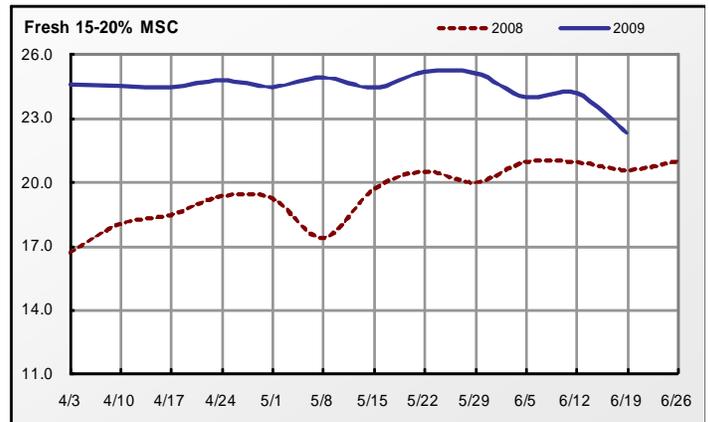
Fat Content	Frozen			Fresh		
	19-Jun-09	Last Week	Last Year	19-Jun-09	Last Week	Last Year
<b>15% or Less</b>						
Price Range			27.00	27.00 - 30.00	28.00 - 30.00	25.00-25.50
Wtd Avg Price			27.00	28.53	28.98	25.12
Volume Traded	-	-	55	336	264	161
Volume Exported	-	-	55	54	54	-
<b>15-20%</b>						
Price Range	22.00 - 34.00	21.00 - 35.00	23.00-30.00	18.00 - 28.00	17.00 - 28.00	16.50-26.00
Wtd Avg Price	27.39	27.56	27.65	22.26	24.15	20.57
Volume Traded	1,399	2,141	857	3,160	3,324	3,356
Volume Exported	1,321	1,862	776	1,673	1,142	694
<b>20% or More</b>						
Price Range	-	-	-	22.00	22.00	-
Wtd Avg Price	-	-	-	22.00	22.00	-
Volume Traded	-	-	-	82	41	-
Volume Exported	-	-	-	-	-	-



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

Fat Content	Frozen			Fresh		
	May 2009	Apr 2009	May 2008	May 2009	Apr 2009	May 2008
<b>15% or Less</b>						
Wtd Avg Price	-	33.00	25.34	29.12	28.65	23.96
Volume Traded	-	40	386	1,947	937	878
Volume Exported	-	-	266	272	215	-
<b>15-20%</b>						
Wtd Avg Price	30.53	30.61	26.32	24.83	24.54	19.28
Volume Traded	7,835	11,295	7,125	16,136	12,147	12,816
Volume Exported	6,515	10,263	6,705	5,916	1,795	2,806
<b>20% or More</b>						
Wtd Avg Price	-	-	-	22.00	22.00	-
Volume Traded	-	-	-	326	408	-
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 19 JUNE 2009.

The market tone on wings was mostly steady, drums steady to barely steady and necks barely steady to weak. Demand was light to moderate. Offers of wings were adequate to barely adequate with the remainder of parts adequate to fully adequate. The trade sentiment on white meat items was steady. Demand was slow to moderate. Offerings were adequate. The undertone for thigh meat was steady to barely steady. Demand was light to moderate with offerings adequate to fully adequate. Trading was limited and not well tested. Domestic: frozen non-basted A grade breasts 8-10 lbs. 115, 12-14 lbs. 125, 14-16 lbs. 130, 16-18 lbs. 130, fresh wing meat 106-107, fresh scapula meat 99 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, JUNE 19, 2009</b>						
DRUMSTICKS, TOMS		R	62.00	108	59.25	324
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM						
TAILS		R	29.00	40	28.50	160
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		T	76.88	214	76.88	214
<b>EXPORT TRADING</b>						
<b>THURSDAY, JUNE 18, 2009</b>						
DRUMSTICKS, TOMS	62.00		62.00	108		
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM						
TAILS	29.00		29.00	40		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		T	76.88	214		
<b>EXPORT TRADING</b>						
<b>WEDNESDAY, JUNE 17, 2009</b>						
DRUMSTICKS, TOMS		T	57.88	216		
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM						
TAILS		T	29.00	80		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		T	76.88	214		
<b>EXPORT TRADING</b>						
<b>TUESDAY, JUNE 16, 2009</b>						
DRUMSTICKS, TOMS	57.00-60.50		57.88	216		
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM						
TAILS	29.00		29.00	80		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	76.50-78.00		76.88	214		
<b>EXPORT TRADING</b>						
<b>MONDAY, JUNE 15 2009</b>						
DRUMSTICKS, TOMS		F	65.00	156		
WINGS FULL-CUT - TOMS		M	76.00	200		
WINGS, V-TYPE, TOM		M	83.00	270		
TAILS	27.00		27.00	40		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	78.72	444		

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.