



INTERNATIONAL EGG AND POULTRY REVIEW



U.S. Department of Agriculture Agricultural Marketing Service Poultry Programs Market News and Analysis Branch

Shortage of Feed in Iraq

Drought conditions in 2008 and 2009 severely reduced Iraq's output of food and feed grain crops. The tight supply of feed wheat and barley has mostly affected the sheep sector. Feed wheat is also used extensively in the poultry sector.

Wheat production is currently estimated at 1.31 million metric tons for the 2009/10 season, 40% lower than the average expected crop of 2.3 million metric tons. The wheat loss was mainly in Northern Iraq, where the wheat produced is typically of low value and is used heavily as animal feed. Similar losses were noted during the 2008/09 season.

Barley production averaged 465,000 metric tons during 2008/09 and 2009/10, down 56% from a pre-drought average of 1.08 metric tons. Feed corn production also declined in recent years due to drought-induced irrigation restrictions and reduced support for seeds and fertilizer. Feed corn production during 2006/07 and 2007/08 may have been as high as 350,000 metric tons. The corn harvest is underway, but the Ministry of Agriculture estimates that less than 100,000 metric tons will be harvested this season. A conservative estimate is that domestic feed production has been roughly 1.8 million metric tons per year below pre-drought average.

Official Iraq Ministry of Agriculture animal census estimates have not been released in recent years. It is generally believed that the 2006 census estimates are inflated. Conservative estimates place livestock numbers about 15-30% lower due to the successive droughts and the impact on animal feed. There is little evidence that feed grain imports increased substantially in response to this situation.

Animal Numbers In Iraq

Iraq Livestock Estimates: 2006 – 2009 (million head) (includes KRG*)

	2006	2007	2008	2009	% change
Sheep	18.615	17.580	15.412	13.025	-30
Goats	1.897	1.860	1.710	1.614	-15
Cattle	1.437	1.365	1.228	1.166	-25
Buffalo	0.146	0.146	0.146	0.146	-0-
Camels	0.009	0.009	0.009	0.009	-0-

*KRG – Kurdistan Regional Government

2006 numbers are from the Iraqi Ministry of Agriculture

2007-2009 numbers are from USDA- Baghdad

Feed prices to the poultry sector have likely seen a small increase this year as the result of lower international commodity prices and increased familiarity and availability of pelleted feed.

Iraqi Poultry Meat Production, Imports, and Per Capita Consumption

	1997	2006	2007	2008	2009	2010F
Production	33	50	95	95	110	125
Imports	5	119	176	211	265	290
Per Capita Consumption	n/a	6.3	9.9	10.8	13.0	14.0

Production and imports in 1,000 MT; per capita consumption in kilograms.

Source: Foreign Agricultural Service

The interior market prices for feed products in Iraq highlight the competitive disadvantage that Iraqi livestock and poultry producers

face. Prices are well above what might be expected when transportation, handling and minimal border inspection fees and taxes (a 2.5% 'tax' is assessed on imports) are included.

Relative Costs of Feed – US\$ per Metric Ton (November 2009)

	Iraqi Wholesale Interior Price	Black Sea FOB	U.S. Gulf FOB	Iraqi Port of Umm Qasr CIF*	Syrian Port CIF*
Feed Wheat	\$445	\$145		\$205	
Feed Barley	\$438	\$140		\$200	
Corn	\$530	\$180	\$187	\$260 **	\$230**
Sunflower Meal	\$850	\$145			
Soybean Meal	\$975		\$390	\$465 **	\$435**
Dehydrated Alfalfa	\$950				\$385
Pelleted Feed	\$600				\$440**
Wheat Bran	\$125				

* CIF Pricing – a calculated value based upon current ocean freight rates ** U.S. origin *** FOB Syrian Mill

Discussion with truck drivers at border crossings with Jordan, Syria, and Turkey suggest that the transportation cost for bagged product delivered to interior points within Iraq is in the range of \$40 - \$60/MT. Handling and bagging, and inspection fees do not explain the \$120 - \$150/MT hard cost that direct importers report paying to get feed products into the country. Iraqi wholesale prices most likely involve substantial markup, as feed products may change hands a number of times, prices also vary widely based upon availability and quality of the product. Syrian feed mills currently quote grower pelleted poultry feed at \$425/MT FOB. With inland freight, border taxes, and testing fees, the derived CIF price to an Iraqi end user is \$480/MT.

Most feed grains are imported privately by truck via Jordan, Syria and Turkey, which is clearly more costly and subject to significant delays. Truckers report that they charge an additional \$50/day for each day over 5 days. This can add significantly to the delivered cost, which traders build into their price quotations depending on expected border conditions.

Source: USDA Foreign Agricultural Service GAIN Report

U.S. Poultry Meat Exports to the Middle East, 1,000 USD

	2006	2007	2008	January - October 2008	2009
Iraq	16,303	72,702	76,643	58,626	78,301
Turkey	64,711	55,274	66,004	58,900	43,076
UAE	9,501	23,802	62,966	51,236	41,547
Kuwait	9,284	21,683	38,705	29,413	16,589
Jordan	623	1,576	10,825	7,541	5,452
Saudi Arabia	3,331	3,738	10,049	9,441	4,514
Qatar	2,088	4,615	9,555	8,040	4,152
Oman	361	970	3,612	3,192	2,473
Bahrain	1,581	2,543	3,388	3,081	2,402
Lebanon	353	480	613	554	579
Yemen(*)	8	0	391	391	0
Israel(*)	115	453	272	250	306
Syria	0	113	0	0	0
Grand Total	108,257	187,948	283,023	230,665	199,391

Data Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics, Product Group: BICO-HS10

(*) denotes a country that is a summarization of its component countries.

**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	247	48	11,682	1,436
Frozen	0	0	135	84
Dried	0	48	759	532
Total	247	96	12,576	2,052

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

Type	Year-To-Date			
	2009	2008 /1	2009 /2	2008
Liquid	369	269	16,287	17,820
Frozen	0	0	276	552
Dried	0	0	50	707
Total	369	269	16,613	19,079

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	2,160	5,103	76,011	79,890
Large	13,580	8,660	196,628	102,869
Medium	750	1,608	47,173	49,186
Ungraded	8,400	15,510	405,187	443,586
Misc	0	1,872	10,711	10,760
Total	24,890	32,753	735,710	686,291

/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 5-Dec-09 (Preliminary)

U.S. fowl slaughtered domestically

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	1,059	1,383	2,442
Last Week	783	923	1,706
Same week yr ago	1,367	1,573	2,940
To-date/2009*	60,618	71,948	132,566
To-date/2008*	65,378	78,482	143,860

U.S. fowl slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	508	0	508
Last Week	292	0	292
Same week yr ago	258	0	258
To-date/2009*	14,974	43	15,017
To-date/2008*	14,986	69	15,055

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	1,567	1,383	2,950
Last Week	1,075	923	1,998
Same week yr ago	1,625	1,573	3,198
To-date/2009*	75,592	71,991	147,583
To-date/2008*	80,364	78,551	158,915

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

NATIONAL MECHANICALLY SEPARATED CHICKEN

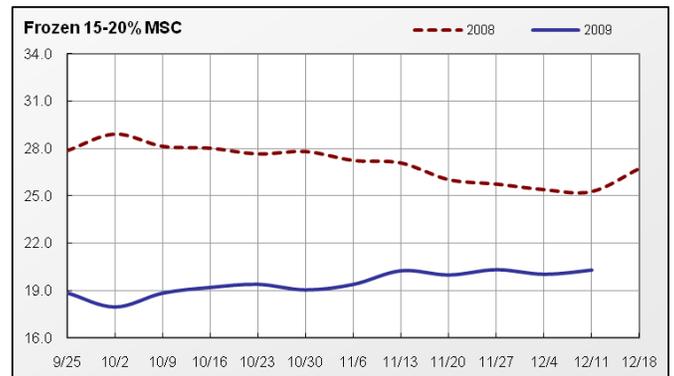
(FOB Shipper Dock or equiv., negotiated prices in trucklot and less-than-trucklot volumes reported in thousand lb. quantities, cents/lb.; delivery within 2 weeks.)

The trade sentiment on all fat contents was mostly steady. Supplies of fresh and frozen 15-20% ranged adequate to available with the balance of fat contents at least sufficient for current needs. Supplies of raw materials were available. Some contract negotiations persist, especially in regards to Mexico, with many dealers anxious to wrap things up.. Export and domestic demand was seasonally light to fair. Schedules were normal to reduced with some taking time for scheduled maintenance or citing slower sales on finished product. Frame values continued steady ranging 6-9 cents FOB, mostly 7-8 cents FOB.

CORRECTION TO LAST YEAR WEEKLY FIGURES

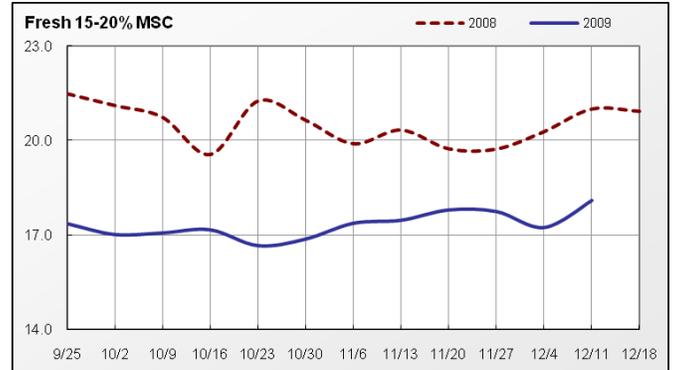
Weekly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

Fat Content	Frozen			Fresh		
	11-Dec-09	Last Week	Last Year	11-Dec-09	Last Week	Last Year
15% or Less						
Price Range			***26.00***	18.00 - 19.00	17.50 - 19.00	24.00-26.00
Wtd Avg Price			***26.00***	18.75	18.28	***24.77***
Volume Traded	-	-	***118***	324	285	***342***
Volume Exported	-	-	***118***	-	-	-
15-20%						
Price Range	17.00 - 23.00	17.00 - 23.00	24.00-30.00	14.00 - 21.50	14.00 - 21.50	19.00-28.00
Wtd Avg Price	20.30	20.03	***25.28***	18.09	17.24	***20.99***
Volume Traded	2,000	2,169	***2,587***	3,719	3,046	***4,066***
Volume Exported	1,718	1,489	***2,547***	612	979	***835***
20% or More						
Price Range	-	-	-	16.00	16.00	***21.50***
Wtd Avg Price	-	-	-	16.50	16.00	***21.50***
Volume Traded	-	-	-	163	163	***82***
Volume Exported	-	-	-	-	-	-



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

Fat Content	Frozen			Fresh		
	Nov 2009	Oct 2009	Nov 2008	Nov 2009	Oct 2009	Nov 2008
15% or Less						
Wtd Avg Price	-	20.00	24.00	18.41	18.69	24.28
Volume Traded	-	80	322	1,502	1,292	1,443
Volume Exported	-	-	160	-	-	220
15-20%						
Wtd Avg Price	19.97	18.85	26.34	17.60	16.94	19.96
Volume Traded	5,805	7,276	5,394	12,716	13,396	11,870
Volume Exported	5,205	6,435	4,961	1,754	2,733	1,921
20% or More						
Wtd Avg Price	-	-	-	16.67	17.00	21.00
Volume Traded	-	-	-	367	328	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 11 DECEMBER 2009.

The market tone on tom bulk parts was steady. Demand was slow to moderate while offerings were mixed, light to fully adequate. The trade sentiment on white meat items was steady to barely steady. Demand and trading was limited. Offerings were adequate to at times fully adequate. The market tone on thigh meat ranged steady to instances firm. Demand was light to moderate with best inquiry into export channels. Offerings were tight. For domestic: fresh breast trim 124-125, fresh scapula meat 113, fresh tom full-cut wings 72, fresh tom necks 36, fresh tails 28 cents delivered. For export: fresh thigh meat 109 cents delivered border.

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
FRIDAY, DECEMBER 11, 2009						
DRUMSTICKS, TOMS	56.00-60.00		58.68	164	58.68	164
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM		M	72.00	240	72.00	240
TAILS		T	32.00	40	32.00	80
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	18.00		18.00	120	18.00	120

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
THURSDAY, DECEMBER 10, 2009				
DRUMSTICKS, TOMS		F	57.00	108
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM		M	72.00	240
TAILS		T	32.00	40
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	16.00	108
		R	106.61	92

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
WEDNESDAY, DECEMBER 09, 2009				
DRUMSTICKS, TOMS		F	57.00	108
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM		M	72.00	240
TAILS		T	32.00	40
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	16.00	108
		R	106.61	92

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
TUESDAY, DECEMBER 08, 2009				
DRUMSTICKS, TOMS		F	57.00	108
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM		M	72.00	240
TAILS	32.00		32.00	40
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	16.00	108
		R	106.61	92

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
MONDAY, DECEMBER 07, 2009				
DRUMSTICKS, TOMS		F	57.00	108
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM	72.00		72.00	240
TAILS	32.00		32.00	40
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	16.00	108
		R	106.61	92

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.