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Market News and Analysis Branch

## Brazil Broiler Exports Fall in 2009

Brazil's poultry exports have suffered from the global economic crises and credit crunch. In 2009, exports were down in volume and value compared to the previous year. Poultry exports were also hampered by a strong Real versus a weak US\$ which restricted competitiveness. However, lower corn prices resulted in wider margins of profit. In 2010 the USDA's Office of Global Analysis forecasts Brazil's broiler meat production to increase 4% and exports grow 6% to a record of over 3.3 million tons. This compares to U.S. exports which are forecast 5% lower in 2010, at 2.9 million tons.

## Brazil's Exports "Fresh" Chicken Meat In million US\$ and thousand MT

2010	US\$	MT	2009	US\$	MT	2008	US\$	MT
Jan-10	333.5	208.0	Jan-09	338.4	244.5	Jan-08	379.8	242.0
Feb-10	404.5	255.7	Feb-09	294.1	231.5	Feb-08	421.0	260.1
Mar-10	495.7	306.2	Mar-09	356.7	279.0	Mar-08	463.9	282.6
Apr-10			Apr-09	424.4	308.2	Apr-08	406.9	240.3
May-10			May-08	381.1	265.2	May-08	582.6	327.7
Jun-10			Jun-08	458.4	301.8	Jun-08	539.3	293.0
Jul-10			Jul-08	448.4	288.8	Jul-08	589.2	306.1
Aug-10			Aug-08	409.5	261.5	Aug-08	605.4	296.7
Sep-10			Sep-08	409.9	260.9	Sep-08	578.3	288.5
Oct-10			Oct-08	464.5	301.4	Oct-08	538.1	283.9
Nov-10			Nov-08	373.4	237.0	Nov-08	358.7	206.5
Dec-10			Dec-08	460.9	287.2	Dec-08	358.7	240.6

Source: MDIC/SECEX Carne de frango "in natura"

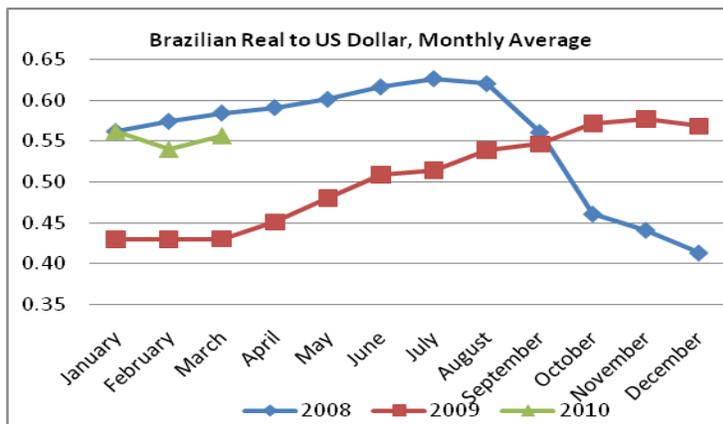
Broiler producers cut back production by 3% during the first quarter of 2009. Producer profit margins were higher in the first half of 2009 due to lower input prices, primarily corn, stable exports, and firm domestic demand. Brazil's 2009/2010 corn production is projected at 51 million metric tons (MMT), the same production level as last year even with a 7% reduction in planted area. Sindiracoos, the Brazilian Feed Associate, estimates total Brazilian feed production in 2008 at 59 million tons of which poultry production used about 33 million tons.

## Sao Paulo: Broiler production costs and wholesale prices for broilers (RTC), corn and soybean meal.

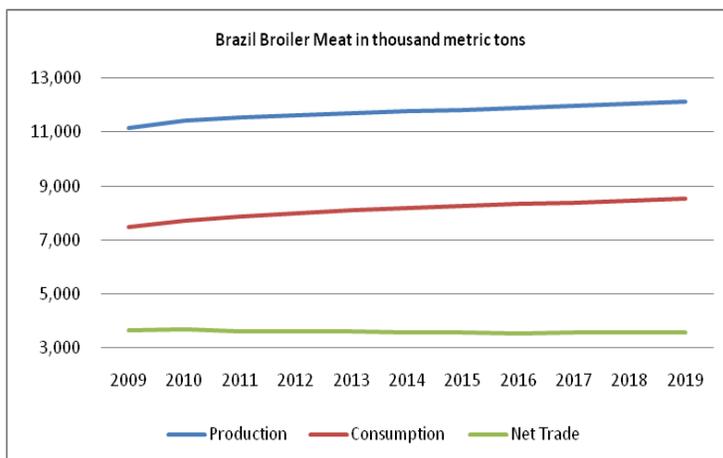
Year	Wholesale Prices			
	Broiler Cost US\$/kg Live Weight	Broiler RTC (US\$/kg)	Corn (US\$/60 kg)	Soybean Meal (US\$/kg)
2005	0.56	0.55	7.33	0.21
2006	0.54	0.65	8.00	0.21
2007	0.77	1.07	11.99	0.28
2008	0.99	1.27	13.89	0.39
2009 (Jan-Jun)	0.81	1.29	10.01	0.38

In May 2009 Brazil instituted new tax incentives (the Integrated Drawback) for exporters (mainly agri-businesses); consisting in the elimination of the IPI value-added tax (5%), or the PIS/Cofins social contribution on the basis of the turnover (9.5%) on purchases of inputs (local and imported) to be used in the manufacture of exported products. The benefit is mostly to products that use corn, soybeans, feed, drugs and packing and other inputs of the production process, such as poultry. FAPRI's 2010 Agricultural Outlook expects Brazil's fiscal incentives and subsidies from local government to continue and to encourage large new investments in broiler production.

Source: USDA FAS GAIN Reports; USDA FAS Livestock and Poultry; World Markets and Trade; WTO OMC Report on G20 Trade and Investment Measures



Source: <http://www.oanda.com/currency/average>



Net trade equals exports minus imports

Source: OECD-FAO Agricultural Outlook

## Brazil Poultry\* Exports to Select Countries, in kilograms

	Jan - Sep 2009	Jan - Sep 2008	Jan - Dec 2008
UAE	162,591,000	162,605,730	204,872,608
Iraq	99,248,212	45,725,201	55,928,752
Kuwait	136,679,984	121,866,694	157,121,060
Saudi Arabia	365,949,621	285,807,966	396,598,636
Hong Kong	330,080,955	308,140,497	415,083,245
Japan	223,569,979	333,926,610	421,369,942
South Africa	117,850,736	109,256,673	125,078,571
Venezuela	134,288,631	253,853,747	316,620,554

## Brazil Poultry\* to Select Countries in US\$ FOB

	Jan - Sep 2009	Jan - Sep 2008	Jan - Dec 2008
UAE	239,249,689	304,679,447	372,462,100
Iraq	132,491,705	72,149,239	86,538,761
Kuwait	178,322,925	222,245,900	272,353,045
Saudi Arabia	532,629,864	551,766,807	728,290,581
Hong Kong	440,492,897	423,983,315	563,458,740
Japan	447,126,783	886,350,373	1,165,332,852
South Africa	89,116,093	91,841,224	145,830,317
Venezuela	239,179,274	418,453,064	531,433,148

\*HS 020711 through 020714

Source: Brazil Secretariat of Foreign Trade (MDIC/SECEX)

**INSPECTED EGG PRODUCTS-**

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

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

Type	Year-To-Date			
	2010	2009 /1	2010 /2	2009
Liquid	0	91	1,359	1,067
Frozen	0	0	0	0
Dried	40	0	156	182
Total	40	91	1,515	1,249

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

Type	Year-To-Date			
	2010	2009 /1	2010 /2	2009
Liquid	267	320	4,881	4,101
Frozen	0	5	109	117
Dried	0	0	0	0
Total	267	325	4,990	4,218

**Inspected Shell Eggs**

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

	Year-To-Date			
	2010	2009 /1	2010 /2	2009
Jumbo	0	0	0	0
Extra Large	750	1,380	6,930	8,153
Large	6,200	5,520	24,890	27,898
Medium	0	1,560	7,710	8,220
Ungraded	3,768	7,710	48,924	55,076
Misc	0	0	0	1,437
Total	10,718	16,170	88,454	100,784

/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 27-Mar-10 (Preliminary)

**U.S. fowl slaughtered domestically**

	Thousands		
	Light Hens	Heavy Hens	Total Hens
Head	1,458	1,281	2,739
Last Week	1,466	1,426	2,892
Same week yr ago	1,197	1,471	2,668
To-date/2010*	17,342	16,044	33,386
To-date/2009*	14,819	18,053	32,872

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

	Thousands		
	Light Hens	Heavy Hens	Total Hens
Head	224	24	248
Last Week	442	0	442
Same week yr ago	368	0	368
To-date/2010*	4,110	80	4,190
To-date/2009*	3,355	11	3,366

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	1,682	1,305	2,987
Last Week	1,908	1,426	3,334
Same week yr ago	1,565	1,471	3,036
To-date/2010*	21,452	16,124	37,576
To-date/2009*	18,174	18,064	36,238

\*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 on frozen 15-20% was fully steady to firm, generally steady on fresh 15-20% with a somewhat firm undertone, and about steady on the balance. This week supplies of frozen 15-20% were closely balanced to tight, fresh 15-20% adequate to available and about adequate on the remainder. Supplies of raw materials were mostly in balance. Export and domestic demand was moderate to good on frozen 15-20% and light on fresh 15-20% this week. Best movement continues into the Caribbean and Central American countries; Mexico very quiet in observance of the Easter holiday. Interest and trading on frozen 15-20% remains good with firm trading levels and asking prices out front. In addition, interest and trading on fresh 15-20% for next week and possibly out front has picked up with steady to higher trading levels noted next week due to some plant disruptions. Schedules were irregular with increased product movement into rendering and other channels and reductions noted for the holiday as well as other plant disruptions. Frame values were steady with trading levels ranging 8-12 cents FOB, mostly 8-10 cents FOB.

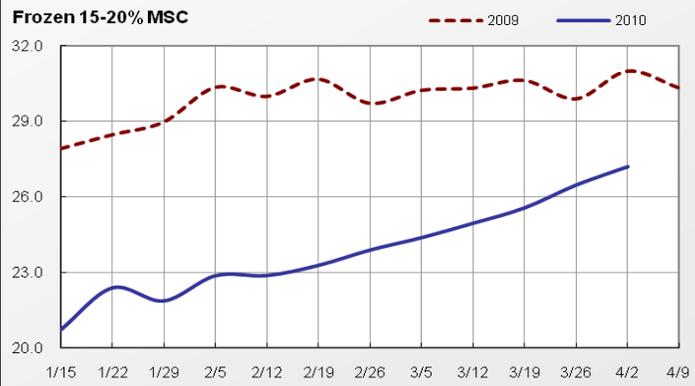
**Weekly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)**

Fat Content	Frozen			Fresh		
	2-Apr-10	Last Week	Last Year	2-Apr-10	Last Week	Last Year
<b>15% or Less</b>						
Price Range	31.00	-	-	25.00 - 30.00	25.00	28.00-29.00
Wtd Avg Price	31.00	-	-	28.10	25.00	28.19
Volume Traded	40	-	-	132	41	212
Volume Exported	-	-	-	-	-	52
<b>15-20%</b>						
Price Range	23.00 - 33.00	23.00 - 30.00	27.00-36.00	13.00 - 24.00	17.00 - 22.00	20.00-32.00
Wtd Avg Price	27.18	26.46	31.00	18.83	19.57	24.58
Volume Traded	2,564	2,016	5,083	2,948	3,978	3,488
Volume Exported	2,364	1,736	5,001	326	877	163
<b>20% or More</b>						
Price Range	-	-	-	20.00	19.00	22.00
Wtd Avg Price	-	-	-	20.00	19.00	22.00
Volume Traded	-	-	-	41	41	82
Volume Exported	-	-	-	-	-	-

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

Fat Content	Frozen			Fresh		
	Mar 2010	Feb 2010	Mar 2009	Mar 2010	Feb 2010	Mar 2009
<b>15% or Less</b>						
Wtd Avg Price	25.00	24.50	-	23.30	19.93	28.56
Volume Traded	40	40	-	408	1,182	1,208
Volume Exported	-	-	-	-	-	217
<b>15-20%</b>						
Wtd Avg Price	25.48	23.18	30.27	19.37	17.96	25.26
Volume Traded	5,689	7,348	6,474	14,453	18,692	11,295
Volume Exported	4,937	5,815	5,620	1,958	4,039	2,815
<b>20% or More</b>						
Wtd Avg Price	-	-	-	18.50	16.63	22.00
Volume Traded	-	-	-	245	326	326
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

**NATIONAL YOUNG TURKEY PARTS**, INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 02 APRIL, 2010.

The market tone on white meat steady to firm. The strength on frozen tom breast meat was strongest on new production. The market tone on tom bulk parts steady to firm with a few processors wondering if exporters will continue to pay the higher trending prices on drums. The market tone on thigh meat and mechanically separated turkey (MST) was steady to firm for post holiday needs. Demand light to moderate on white meat, thigh meat and parts, moderate to good on MST for post holiday needs. Some fresh MST buyers were looking for additional loads above contract for after Easter. Offerings mixed in partial response to processors taking a long holiday weekend. Trading active on fresh MST for domestic, balance slow. For domestic: fresh wing meat with skin 113 cents shipping point; Grade A non-basted breasts: 8-10 lb. 115, 10-12 lb. 120, 12-16 lb. 125 fresh tom full-cut wings 68-69, fresh tom necks 67, tails 35, fresh scapula 125-127 cents delivered. For export: mixed and hen machine defatted gizzards 87 cents shipping point.

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>	<b>WEEKLY</b>	<b>WEEKLY</b>
<b>FRIDAY, APRIL 02, 2010</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>	<b>WTD AVG</b>	<b>VOLUME</b>
					<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS		T	72.00	120	70.76	174
WINGS FULL-CUT - TOMS		T	68.00	54	68.00	54
WINGS, V-TYPE, TOM						
TAILS		T	38.00	108	38.00	108
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	123.00	40		
<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>		
<b>THURSDAY, APRIL 01, 2010</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>		
DRUMSTICKS, TOMS		T	72.00	120		
WINGS FULL-CUT - TOMS		T	68.00	54		
WINGS, V-TYPE, TOM						
TAILS		T	38.00	108		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	123.00	40		
<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>		
<b>WEDNESDAY, MARCH 31, 2010</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>		
DRUMSTICKS, TOMS		T	72.00	120		
WINGS FULL-CUT - TOMS		T	68.00	54		
WINGS, V-TYPE, TOM						
TAILS		T	38.00	108		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	123.00	40		
<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>		
<b>TUESDAY, MARCH 30, 2010</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>		
DRUMSTICKS, TOMS	72.00		72.00	120		
WINGS FULL-CUT - TOMS	68.00		68.00	54		
WINGS, V-TYPE, TOM						
TAILS	38.00		38.00	108		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	123.00	40		
<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>		
<b>MONDAY, MARCH 29, 2010</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>		
DRUMSTICKS, TOMS	68.00		68.00	54		
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM						
TAILS		F	38.50	80		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	123.00	40		

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.