



Thailand Broiler Meat Production to Grow

Thailand's broiler meat production in 2010 is estimated at 1.28 million metric tons (MMT), up 7% from the previous year, and is expected to grow to 1.38 million metric tons in 2011, an increase of 8%. This compares to a 3% increase from 2008 to 2009. The combination of slow growth and strong demand resulted in favorable returns, which led to rapid expansion. Production capacity in poultry farms grew by 15-20% in 2010 and early 2011, but trade sources don't believe production will increase that much because most producers have large integrated facilities and are able to reduce production once a market glut looms, and thus avoid falling prices.

Broiler Meat Production, Supply and Demand (1000 metric tons)

	2006	2007	2008	2009	2010	2011
Production	1,100.00	1,050.00	1,170.00	1,200.00	1,280.00	1,380.00
Exports	261.00	296.00	383.00	379.00	410.00	440.00
Consumption						
Total	811.00	821.00	790.00	820.00	861.00	900.00
Per Capita (kg)	12.38	12.45	11.89	12.30	12.80	13.30

In addition to expanded capacity, the new facilities have evaporative cooling systems and use improved genetics in broiler breeding stocks, which results in increasing yields. Biosecurity is strictly enforced and improved farming systems have increased production and reduced disease exposure and mortality rates. All integrated producers are strictly implementing biosecurity measures from the farm level to the processing level. This has been a factor for not having any HPAI incidents since the last affected flocks were depopulated on November 12, 2008.

In 2008-2009 chick prices averaged 12-13 baht/bird but rose to a record high 20-21 baht/head in May 2010 with a production cost of 8-9 baht/bird. Trade sources estimate that total chick production capacity increased from 18 million birds per week in early 2010 to a current capacity of 20-21 million birds and will increase to 22 million birds in early 2011 and 23 million birds by mid 2011. Since most breeding farms are integrated farms, they will likely respond to changes in market dynamics in a reasonable time period to avoid falling prices.

In 2010 average live broiler production costs are estimated to increase almost 10% to 35-36 baht/kg (51-52 cent/lb) from 32-33 baht/kg (47-48 cents/lb) in 2009, due to higher prices of chicks and feed. Prices for corn, which accounts for 60% of the broiler feed ration, is expected to increase by 16-17% in 2010 from 2009. Fishmeal, which accounts for 5%, has risen by 3%. Prices for soybean meal, accounting for 25% of the feed ration, have decreased 12-13% from 2009 which is enough to offset the increase in corn and fishmeal prices. Trade sources forecast that in 2011 live broiler productions costs will increase 2-5% in anticipation of stronger prices for bulk feed ingredients, which would offset any savings from a possible reduction in chick prices.

Despite sharply higher domestic prices, domestic consumption is estimated to grow 5% in 2010 due to chicken's price competitiveness compared to other meats and a favorable economic growth (GDP is estimated to grow 6.5 to 7.5%). For the first seven months of 2010, average domestic prices for live broilers increased by 24% over the same period in 2009, to 42.37 baht/kg (about 62 cents/lb.), mainly due to increased production costs and strong export demand for chicken. Average retail prices for chicken boneless breast meat in Bangkok rose 27% to 87.54 baht/kg (\$1.27/lb) the from 2009 level.

Domestic consumption is expected to grow by 5% in 2011 as broiler meat prices are expected to soften due to an oversupply in broiler production. An increase in consumption should be partly attributed

efforts in promoting new ready-to-eat chicken menus by quick service restaurants (QSR) and food processors. The ready-to-eat market should grow 10-15% annually in the next five years.

Total exports for 2010 are expected to reach 410,000 MT, up 8% from 2009. In 2011, an expected oversupply in the domestic market could lead to cheaper product which is more competitive with Brazil and China. Carryover stocks are estimated at 32,000 MT in 2010, increasing to 72,000 MT at the end of 2011. Thailand's broiler meat exports should grow by 7% in 2011, with most of the growth in Asian markets, including Japan, ASEAN countries, Hong Kong and South Korea. Exports to Japan are anticipated to increase almost 10%. The lower prices should help Thailand expand into other markets. Currently, the EU and Japan account for 85-90% of market share. The bulk of chicken products for export consist of made to order products that are processed or prepared by heat (such as grilling, steaming, boiling, etc.) and are usually puffed or seasoned (with salt, Japanese sauce, etc.).

**Thai Cooked Poultry Meat Exports in metric tons
Other prepared or preserved meat, meat offal or blood**

HS-Code	October		January-October		Jan-Dec
	2010	2009	2010	2009	2009
1602.3290	34,556	31,986	326,218	289,840	353,766
1602.3900	2,581	2,534	23,617	30,514	34,821

Source: Thai Customs Department

Several importing countries are likely to lift a ban on Thai uncooked frozen chicken meat in the near future as Thailand meets its OIE HPAI free requirements. Currently, countries which have lifted the HPAI ban on Thai uncooked frozen chicken meat include Hong Kong, South Africa, Bahrain and Russia. The Thai government authorities reported that a Russian inspection team has approved several processing plants in Thailand for export eligibility to Russia. No exports have occurred so far mainly because Thai exporters consider prices offered by Russian importers too low and are wary of the financial terms on the possible trades.

Under the EU quota administration Thailand receives 92,610 MT out of a total quota of 264,245 MT for uncooked salted poultry meat (EU HS code 02109939), but has been unable to fill the quota due to the EU ban on uncooked poultry meat. Quota for cooked chicken meat (EU HS code 16023219) for Thailand is 160,033 MT, out of a total quota of 250,953 MT, and in-quota imports from Thailand will be subject to an 8% tariff. The out-of-quota rate for cooked chicken meat is 1,024€/ton. Thailand's cooked chicken meat (EU HS code 16023219) reached the quota ceiling of 160,033 MT in 2008.

Thailand's request to the EU to increase the prevailing quota of 160,000 metric tons for cooked chicken meat products and to lift a ban on uncooked chicken meat is still pending. In addition, the EU raised import tariffs on 8 poultry meat products in 2009, including uncooked chicken meat products containing more than 57 percent chicken meat, cooked chicken meat products containing 25-57 percent chicken meat, and cooked chicken meat products containing less than 25 percent chicken meat. These chicken meat products are currently not under the EU tariff-rate-quota. The import tariff applied for products containing 57 percent chicken meat and below is 10.9 percent. Thailand has thus far enjoyed this tariff to export products containing 57 percent and below content out of the quota system. The export under this category should reach 20-25,000 metric tons in 2010, as compared to 17,657 metric tons in 2009.

Source: USDA GAIN Report

**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	48	341	4,554	12,023
Frozen	0	0	88	135
Dried	0	30	447	789
Total	48	371	5,089	12,947

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

Type	Year-To-Date*			
	2010	2009 /1	2010 /2	2009
Liquid	248	454	17,656	16,741
Frozen	40	4	665	280
Dried	0	0	200	50
Total	288	458	18,521	17,071

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	4,350	2,900	84,891	78,911
Large	9,839	14,120	154,035	210,748
Medium	1,076	1,653	41,758	48,826
Ungraded	9,212	10,482	304,282	415,669
Misc	1,560	0	2,460	10,711
Total	26,037	29,155	587,426	764,865

/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 Dec 11, 2010 (Preliminary)

U.S. fowl slaughtered domestically

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	1,177	1,594	2,771
Last Week	1,043	1,503	2,546
Same week yr ago	1,402	1,412	2,814
To-date/2010*	66,370	69,396	135,766
To-date/2009*	62,020	73,360	135,380

U.S. fowl slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	369	12	381
Last Week	466	0	466
Same week yr ago	509	0	509
To-date/2010*	16,729	542	17,271
To-date/2009*	15,483	43	15,526

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	1,546	1,606	3,152
Last Week	1,509	1,503	3,012
Same week yr ago	1,911	1,412	3,323
To-date/2010*	83,099	69,938	153,037
To-date/2009*	77,503	73,403	150,906

*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.)

Prices for MSC trended steady on all fat contents. Supplies of fresh 15-20% were moderate to heavy with the balance mostly moderate. Schedules were seasonally normal. Demand into domestic and export channels was generally light with continued good interest on frozen 15-20% into export markets. Market activity remains slow to moderate. For most, contracts for 2011 have been finalized domestically, however many continue at the negotiation table with Mexico. Prices for 2011 contracts have been confirmed at prices at or below last year's low side. Many continue to sell MSC out front to stay ahead in the spot marketplace, as well as sell or render frames, especially in light of the anticipated slow down associated with the holidays. Some trucking issues were also noted this week. Supplies of raw materials were moderate to heavy. Frame values were steady at mostly 6-8 cents FOB.

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

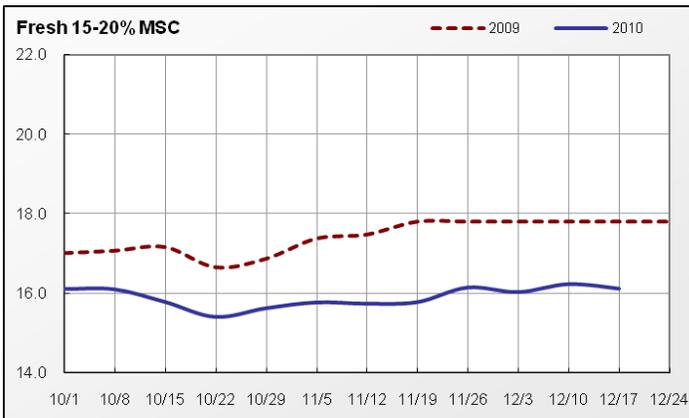
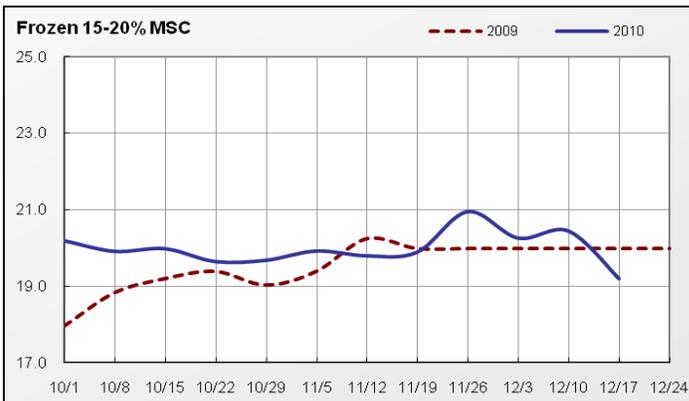
Fat Content	Frozen			Fresh		
	17-Dec-10	Last Week	Last Year	17-Dec-10	Last Week	Last Year
15% or Less						
Price Range			-	18.00 - 19.00	18.00 - 19.00	18.00-19.00
Wtd Avg Price			-	18.50	18.50	18.50
Volume Traded	-	-	-	163	163	82
Volume Exported	-	-	-	-	-	-
15-20%						
Price Range	15.00 - 26.00	15.00 - 26.00	17.00-23.00	13.00 - 20.50	13.00 - 20.50	16.00-21.50
Wtd Avg Price	19.19	20.44	20.05	16.11	16.22	17.83
Volume Traded	1,794	1,728	1,488	3,994	3,468	3,582
Volume Exported	1,514	1,448	1,408	898	530	979
20% or More						
Price Range	-	-	-	18.00 - 20.00	18.00 - 20.00	16.00
Wtd Avg Price	-	-	-	19.33	19.33	16.00
Volume Traded	-	-	-	122	122	82
Volume Exported	-	-	-	-	-	-

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

Fat Content	Frozen			Fresh		
	Nov 2010	Oct 2010	Nov 2009	Nov 2010	Oct 2010	Nov 2009
15% or Less						
Wtd Avg Price	-	-	-	18.50	18.55	18.41
Volume Traded	-	-	-	530	775	1,502
Volume Exported	-	-	-	-	-	-
15-20%						
Wtd Avg Price	20.04	19.86	19.97	15.85	15.79	17.60
Volume Traded	5,595	7,428	5,805	12,556	14,895	12,716
Volume Exported	4,755	6,668	5,205	2,856	3,305	1,754
20% or More						
Wtd Avg Price	-	-	-	19.38	18.00	16.67
Volume Traded	-	-	-	530	204	367
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



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 17 DECEMBER, 2010.

The market on bulk parts is steady, except tom full-cut wings steady to weak. Inquiry was light to moderate. Offerings light except for tom full-cut wings moderate. Fresh tom breast meat is steady to weak, balance of white meat steady. Demand was light. Offerings of fresh tom breast meat moderate, balance of white meat light. Trading was slow. For domestic: fresh tom full-cut wings 81-82 cents, fresh tom necks 40 cents, fresh tails 38-40 cents and fresh mechanically separated turkey 13-16 cents for pet food. For export: fresh tom drums 71-73 cents to border.

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
FRIDAY, DECEMBER 17, 2010						
DRUMSTICKS, TOMS		R	75.00	40	75.00	40
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM						
TAILS		M	39.00	1	39.00	1
MECHANICALLY SEPARATED 2/		F	24.00	108		
THIGH MEAT - FROZEN	131.00		131.00	40	131.00	40

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)		
THURSDAY, DECEMBER 16, 2010						
DRUMSTICKS, TOMS	75.00		75.00	40		
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM		R	83.00	162		
TAILS		M	39.00	1		
MECHANICALLY SEPARATED 2/		F	24.00	108		
THIGH MEAT - FROZEN		F	135.00	27		

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)		
WEDNESDAY, DECEMBER 15, 2010						
DRUMSTICKS, TOMS		R	75.00	54		
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM		R	83.00	162		
TAILS		M	39.00	1		
MECHANICALLY SEPARATED 2/		F	24.00	108		
THIGH MEAT - FROZEN		F	135.00	27		

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)		
TUESDAY, DECEMBER 14, 2010						
DRUMSTICKS, TOMS		R	75.00	54		
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM		R	83.00	162		
TAILS		M	39.00	1		
MECHANICALLY SEPARATED 2/		F	24.00	108		
THIGH MEAT - FROZEN		F	135.00	27		

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)		
MONDAY, DECEMBER 13, 2010						
DRUMSTICKS, TOMS		R	75.00	54		
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM		R	83.00	162		
TAILS	39.00		39.00	1		
MECHANICALLY SEPARATED 2/		F	24.00	108		
THIGH MEAT - FROZEN		F	135.00	27		

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.