



INTERNATIONAL EGG AND POULTRY REVIEW



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

World Poultry Outlook

Production

Poultry meat production in 2011 is forecast to increase 2% globally to 100 million metric tons (MT), which is half of last year's rate of increase. However the rate of increase for poultry meat production worldwide is much faster than that of other competing proteins. The reduced growth rate in production is attributed to high feed costs and a resurgence in disease. Those most affected by high feed costs are Brazil, China, the EU, and the US, which account for two thirds of the world's poultry meat production.

Slight gains in EU poultry meat production are expected in 2011 due to higher input costs and the recent implementation of new, more stringent animal welfare rules (EU Animal Welfare Action Plan 2006-2010 adopted January 2006 ensuring the basic 5 freedoms such as a ban on the use of battery cages for hens for both domestic and imported meat production; adoption of the follow-up plan 2011-2015 is expected December 2011).

Brazilian and US production growth is supported by strong consumer demand as a result of poultry's price competitiveness.

Russia is forecast to see double digit increases in 2011 production due to industry investments (about USD 2 billion in 2010), policies enhancing meat self-sufficiency, import barriers, and feed subsidies.

China's poultry meat production is expected to increase 3%, which is lower than the 7% increase in 2010 due to higher input costs. The production expansion is attributed to increased breeding stock availability, poultry meat's price competitiveness, and import restrictions (anti-dumping (AD) and countervailing duties (CVD) on US poultry in 2010).

Asia's overall poultry meat production is predicted to be about half that of 2010 in 2011 with a rate of growth at 2%. The resurgence of avian influenza (H5N1) since January 2011 has significantly hampered production in Bangladesh, Cambodia, Egypt, Hong Kong, India, Indonesia, Japan, the Republic of Korea, Mongolia, Myanmar, and Vietnam. Japan also suffered a 9.0 earthquake with subsequent tsunami, as well as a nuclear scare in March 2011 affecting about 17% of its domestic production. In contrast, production gains are anticipated for India, Turkey, the Islamic Republic of Iran, Iraq, Kazakhstan, Nepal, and Turkey, where the number of poultry farms have doubled since 2010.

Imports

Exports of poultry meat are projected to increase only 1.6% worldwide in 2011 to 11.7 million MT versus the 4% increase in 2010.

With the expiration of the 10 year old anti-dumping tariffs South Africa has against US poultry, imports are expected to increase and possibly offset reduced exports to other significant markets.

EU poultry imports are projected to be lower due to recent confusion over the EU-27 licensing system made effective in 2010 and the varying definition of the use of frozen poultry (European Commission Regulation No. 1047/2009 effective May 2010).

In light of Russia's TRQ reductions to 350,000 MT, poultry imports have been forecast lower for the fourth consecutive year. Until recently, Russia had been the world's largest poultry importer.

Poultry meat imports to Asia and the Middle East are forecast higher. Imports to Japan are expected to surpass the 1 million MT mark for the first time in order to counteract reduced domestic

production and placate shifting consumer preferences from fish to poultry. Increased shipments to the Republic of Korea are supported by a 50,000 MT tariff-free quota effective May 12, 2011 lasting through December 31, 2011, as well as strong consumer demand. In contrast, China is expected to import less poultry in 2011, due to the anti-dumping and countervailing duties in place against US poultry, China's primary supplier.

Exports

The US will likely lose its lead position as being the world's largest poultry exporter, due to tighter domestic supplies and ongoing trade restrictions with China and Russia.

Brazil is expected to lead the world in poultry exports in 2011 with exports exceeding 4 million MT or approximately one-third of the world's total poultry exports.

In Asia, larger shipments of Thailand's cooked poultry meat to the EU and Japan are expected in 2011. Chinese poultry exports are also expected to continue rising, especially to Asian markets, as the country continues to invest into its poultry operations.

Poultry Meat Statistics (thousand metric tons)

	Production		Imports		Exports	
	2010	2011	2010	2011	2010	2011
Asia	34,640	35,421	6,057	6,382	2,032	2,198
China	17,601	18,102	1,815	1,890	1,056	1,143
HK	45	45	1,039	1,145	550	600
India	2,670	2,720			2	2
Indonesia	1,435	1,438	7	7		
Iran	1,765	1,820	45	55	28	30
Japan	1,392	1,322	973	1,030	10	10
Korea	647	660	117	121	17	16
Kuwait	44	44	300	320	1	1
Malaysia	1,100	1,120	32	30	22	25
Saudi Arabia	590	600	684	726	3	3
Singapore	95	100	123	120	7	7
Thailand	1,208	1,305	1	1	659	725
Turkey	1,300	1,400	95	105	120	130
Yemen	145	147	110	115		
Africa	3,990	4,034	1,132	1,214	39	42
Angola	8	8	185	195		
South Africa	1,020	1,028	253	266	31	35
Central America	4,028	4,081	1,239	1,316	40	42
Cuba	34	34	240	270		
Mexico	2,659	2,699	700	736	14	16
South America	17,047	17,655	407	466	4,250	4,451
Argentina	1,346	1,472	7	6	250	293
Brazil	11,787	12,200	1	1	3,873	4,028
Chile	620	625	70	85	107	108
Venezuela	740	730	237	275		
North America	20,820	21,099	298	306	4,019	3,852
Canada	1,223	1,247	192	200	186	191
US	19,597	19,852	95	95	3,833	3,661
Europe	16,398	16,863	1,853	1,540	1,068	1,045
Europe	12,272	12,321	806	805	1,010	986
Russia	2,635	2,872	672	403	8	8
Ukraine	900	1,063	156	105	17	18
Oceania	1,049	1,067	61	64	33	33
Australia	886	900	7	9	26	26
New Zealand	140	144	1		7	7
World	97,972	100,220	11,047	11,288	11,482	11,664

Note: HK = Hong Kong, SAR. Iran = Islamic Republic of Iran. Korea = Republic of Korea. EU = European Union. Source: FAO Food Outlook June 2011/USDA AMS Poultry Market News and Analysis International Egg and Poultry Review/USDA FAS/World Organization for Animal Health (OIE)/International Society of Infectious Diseases/news wires.

Inspected Egg Products-U.S. & Canada Import/Export Trade

U.S. Exports to Canada, in Pounds (000) (Preliminary)
Week Ending Jul 23, 2011 Year-To-Date*

Type	2011	2010 /1	2011 /2	2010
Liquid	0	0	771	1,981
Frozen	0	0	0	88
Dried	0	0	139	259
Total	0	0	910	2,328

U.S. Imports From Canada, in Pounds (000) (Preliminary)
Week Ending Jul 23, 2011 Year-To-Date*

Type	2011	2010 /1	2011 /2	2010
Liquid	635	452	9,330	11,746
Frozen	14	8	562	267
Dried	48	0	48	102
Total	697	460	9,940	12,115

Inspected Shell Eggs

U.S Exports to Canada, In 30-Dozen Cases (Preliminary)
Week Ending Jul 23, 2011 Year-To-Date*

Type	2011	2010 /1	2011 /2	2010
Jumbo	0	0	0	0
Extra Large	930	1,270	43,909	48,901
Large	2,330	2,730	76,013	70,365
Medium	990	750	23,955	26,562
Ungraded	120	1,720	80,954	97,863
Misc	600	0	600	900
Total	4,970	6,470	225,431	244,591

/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 Jul 23, 2011 (Preliminary)

U.S. fowl slaughtered domestically

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,290	1,988	3,278
Last Week	1,390	1,553	2,943
Same week yr ago	1,308	1,576	2,884
To-date/2011*	40,359	44,240	84,599
To-date/2010*	41,543	40,128	81,671

U.S. fowl slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	259	0	259
Last Week	271	13	284
Same week yr ago	92	34	126
To-date/2011*	10,982	285	11,267
To-date/2010*	10,268	274	10,542

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	1,549	1,988	3,537
Last Week	1,661	1,566	3,227
Same week yr ago	1,400	1,610	3,010
To-date/2011*	51,341	44,525	95,866
To-date/2010*	51,811	40,402	92,213

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

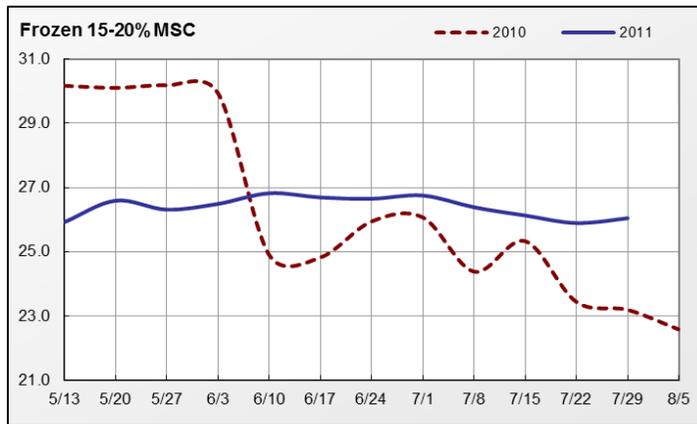
National Mechanically Separated Chicken

(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 trended steady to fully steady on all fat contents of MSC. Supplies of MSC were light to moderate. Schedules were normal. Domestic and export demand was moderate to good. Market activity was active with most buyer interest and movement on fresh 15-20% MSC, especially into Mexico. Finished product sales continue to follow a seasonal pattern with sales stronger than a year ago. The future of the spot marketplace remains unpredictable with the sustained high temps throughout the country, lighter bird weights, higher bird mortality rates, industry production cutbacks, high grain costs, seasonal domestic and improved export demand, and various other challenges. Many are already anticipating another arduous contract season. Raw material supplies continue tight and sought after. Frame values were steady trading mostly 13-14 cents FOB.

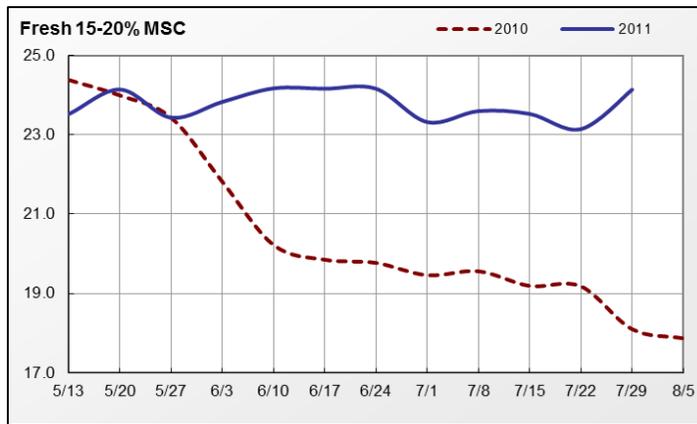
Weekly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

Fat Content	Frozen			Fresh		
	29-Jul-11	Last Week	Last Year	29-Jul-11	Last Week	Last Year
15% or Less						
Price Range			-	23.00 - 25.00	22.00 - 25.00	23.00-25.00
Wtd Avg Price			-	24.33	24.00	23.80
Volume Traded			-	122	122	333
Volume Exported			-	-	-	200
15-20%						
Price Range	24.00 - 28.00	24.00 - 28.00	20.00-28.00	19.00 - 26.00	18.00 - 26.50	12.00-21.00
Wtd Avg Price	26.04	25.89	23.19	24.14	23.14	18.10
Volume Traded	2,097	1,590	1,207	4,661	4,304	3,961
Volume Exported	1,837	1,430	1,087	653	571	286
20% or More						
Price Range	-	-	-	20.00	20.00	20.00
Wtd Avg Price	-	-	-	20.00	20.00	20.00
Volume Traded	-	-	-	82	82	82
Volume Exported	-	-	-	-	-	-



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

Fat Content	Frozen			Fresh		
	Jun 2011	May 2011	Jun 2010	Jun 2011	May 2011	Jun 2011
15% or Less						
Wtd Avg Price	-	-	-	25.65	24.88	26.13
Volume Traded	-	-	-	755	673	866
Volume Exported	-	-	-	-	-	305
15-20%						
Wtd Avg Price	26.66	26.13	26.22	24.09	23.54	20.44
Volume Traded	6,656	7,008	7,079	17,625	14,807	13,264
Volume Exported	5,816	6,186	6,499	898	938	653
20% or More						
Wtd Avg Price	-	-	-	20.00	19.78	20.60
Volume Traded	-	-	-	408	367	204
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

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National Young Turkey Parts

Including bulk meat and frozen (unless specified), cents per lb., delivered first receivers, part and full trucklots as of 29 Jul 2011.

The market on tom bulk parts is steady to instances firm. Demand was mixed and ranged from light to good. Offerings light to moderate. Fresh and frozen white meat is steady. Demand and offerings are light to moderate. Mechanically separated turkey market is steady. Demand was light to moderate. Offerings light. Trading for all parts was slow to moderate. For domestic: frozen breeder hen breast meat 215 cents, breeder tom breast meat 228 cents and 10-12 lb. A grade breast 165 cents.

Export Trading

	Price Range	L.S.T. Code 1/	Wtd Avg Price	Volume (000)	Weekly Wtd Avg Price	Weekly Volume (000)
Friday, July 29, 2011						
Drumsticks, Toms	88.00		88.00	54	90.17	324
Wings Full-Cut - Toms						
Wings, V-Type, Tom		R	105.00	240	105.00	240
Tails	44.00		44.00	40	44.73	148
Mechanically Separated 2/		W	31.00	40	31.00	40
Thigh Meat - Frozen		R	132.99	242	132.99	242
Thursday, July 28, 2011						
Drumsticks, Toms	92.00		92.00	216		
Wings Full-Cut - Toms		R	82.00	54		
Wings, V-Type, Tom	105.00		105.00	240		
Tails	45.00		45.00	108		
Mechanically Separated 2/		W	31.00	40		
Thigh Meat - Frozen	132.00-135.00		132.99	242		
Wednesday, July 27, 2011						
Drumsticks, Toms	85.00		85.00	54		
Wings Full-Cut - Toms		R	82.00	54		
Wings, V-Type, Tom						
Tails		F	43.00	40		
Mechanically Separated 2/	31.00		31.00	40		
Thigh Meat - Frozen		R	130.33	120		
Tuesday, July 26, 2011						
Drumsticks, Toms		F	90.67	162		
Wings Full-Cut - Toms		R	82.00	54		
Wings, V-Type, Tom						
Tails		F	43.00	40		
Mechanically Separated 2/		W	28.00	27		
Thigh Meat - Frozen		R	130.33	120		
Monday, July 25, 2011						
Drumsticks, Toms		F	90.67	162		
Wings Full-Cut - Toms		R	82.00	54		
Wings, V-Type, Tom		M	104.00	120		
Tails		F	43.00	40		
Mechanically Separated 2/		W	28.00	27		
Thigh Meat - Frozen		R	130.33	120		

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.