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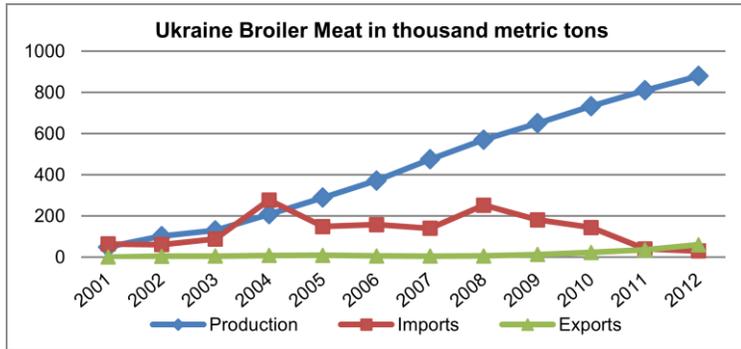
Agricultural Marketing Service

Poultry Programs

Market News and Analysis

Ukraine

Ukraine's poultry industry has grown steadily and is expected to reach 880 thousand metric tons in 2012. Poultry producers benefit from low labor and feed costs and favorable tax regimes. Poultry imports are restricted by the necessity to obtain import permits and by Customs officers valuing goods above their true value, thereby raising customs duties and value added tax owed. Broiler meat imports began trending downward 2008 while exports increased; in 2012 Ukraine is forecast to become a net exporter.



Source: USDA FAS

Ukraine's poultry industry is concentrated with the three largest producers controlling 72-75% of the market. Major poultry producers are looking at a 3 – 5 year investment horizon and are investing in broad vertical integration and risk mitigation, including new production and storage facilities, processing facilities for semi-cooked poultry products, feed mills, agricultural machinery and other inputs. Producers are also investing in arable land acquisitions (rent titles) to produce feed crops and moderate future price fluctuations. There is a moratorium on selling agricultural land so producers can't buy land.

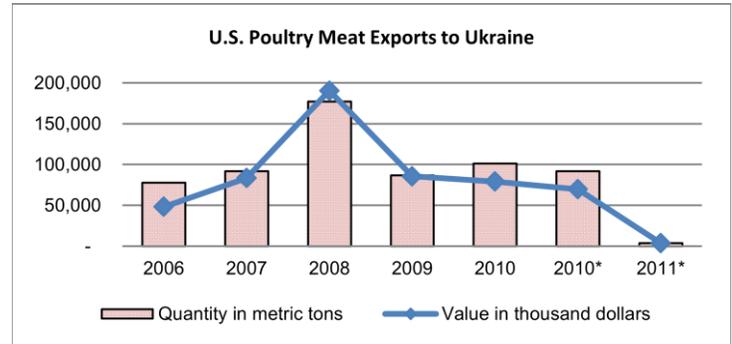
Ukraine's Poultry Imports* January – May, tons

| | Quantity | | | Percent Share | | |
|-------------|----------|--------|--------|---------------|------|------|
| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 |
| World | 72,045 | 45,565 | 16,096 | 100 | 100 | 100 |
| Germany | 8,937 | 4,696 | 2,975 | 12 | 10 | 18.5 |
| Netherlands | 3,830 | 3,240 | 2,707 | 5 | 7 | 16.8 |
| Poland | 1,225 | 2,106 | 2,051 | 2 | 5 | 12.7 |
| UK | 1,026 | 2,076 | 1,906 | 1 | 5 | 11.8 |
| Belgium | 2,985 | 3,896 | 1,880 | 4 | 9 | 11.7 |
| Hungary | 4,175 | 3,174 | 1,808 | 6 | 7 | 11.2 |
| France | 160 | 249 | 1,138 | - | 1 | 7.1 |
| US | 48,817 | 25,579 | 728 | 68 | 56 | 4.5 |
| Italy | 297 | 475 | 359 | - | 1 | 2.2 |
| Denmark | 10 | - | 240 | - | - | 1.5 |
| Kazakhstan | - | - | 240 | - | - | 1.5 |
| Brazil | 540 | 57 | 54 | 1 | - | 0.3 |
| Belarus | - | - | 11 | - | - | 0 |
| Russia | 24 | 17 | - | - | - | 0 |
| Spain | 21 | - | - | - | - | 0 |

*Poultry is defined as HS 020711, 020712, 020713, 020714 and 160232. Source: Global Trade Atlas

Prior to 2011, frozen imported U.S. poultry was sold for further processing to Ukrainian sausage, smoked products and bologna makers. Domestically produced chilled poultry (whole and parts) was mostly marketed into retail channels and only partially met the demand of processors for cheap meat. Whole chickens from Brazil couldn't compete and were priced out of the market. U.S. chicken leg quarters were priced under Ukrainian product and were in indirect competition due to different market segments. As Ukraine faced increased domestic production and limited export opportunities, domestic producers turned to domestic low-margin segments and are currently aimed at the leg quarter market.

The EU supplies the lowest market segment with mechanically deboned meat. So far the Ukrainian industry finds this segment unattractive, but this is likely to change as Ukraine increases its parts exports.



Data Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

Major Ukrainian poultry producers started expanding foreign markets three to four years ago. Kazakhstan and Moldova became the top markets for poultry meat; Vietnam and Hong Kong became the major markets for chicken paws. Exports to Russia are limited since only a few facilities are approved. There is potential since Ukraine can supply Russia with higher quality chilled products and the two countries have an FTA that keeps Ukrainian poultry outside of Russian import quotas.

The most recent inspection conducted by Rosselkhoznadzor was officially positioned as Custom Union (CU) Inspection. This means that all restrictions imposed will automatically be accepted by CU countries, including Kazakhstan. About 50% of Ukraine's poultry meat exports go to Kazakhstan, making the poultry industry dependent on import demand in Kazakhstan and the political situation in the Custom Union. Ukraine has formal Free Trade Agreements with most Former Soviet Union (FSU) countries that provide Ukrainian poultry with some trade protection.

Ukraine's Poultry Exports* January – May, tons

| | Quantity | | | Percent Share | | |
|------------|----------|--------|--------|---------------|------|------|
| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 |
| World | 3,404 | 13,466 | 19,387 | 100 | 100 | 100 |
| Kazakhstan | 1,681 | 6,720 | 9,723 | 49 | 50 | 50 |
| Vietnam | 1,482 | 2,560 | 3,131 | 44 | 19 | 19 |
| Moldova | 6 | 783 | 2,822 | - | 6 | 6 |
| Georgia | 127 | 395 | 806 | 4 | 3 | 3 |
| Jordan | - | 250 | 774 | - | 2 | 2 |
| Hong Kong | - | 1,495 | 550 | - | 11 | - |
| Russia | 12 | 2 | 424 | - | - | - |
| Kyrgyzstan | - | 134 | 360 | - | 1 | 1 |
| Armenia | 40 | 374 | 357 | 1 | 3 | 3 |
| Others | 57 | 748 | 434 | 2 | 6 | 6 |

*Poultry is defined as HS 020711, 020712, 020713, 020714 and 160232. Source: Global Trade Atlas

The industry did not reach agreement, but has announced market access negotiations with United Arab Emirates and Saudi Arabia. Ukraine is in negotiations with the EU for a deep and comprehensive free trade agreement as part of a future Association Agreement. Ukraine would like to have an 80 thousand ton zero duty export quota, while the EU is only offering a 10 thousand ton quota due to Ukraine's inability to fill an 80 thousand ton duty. If negotiations last a while longer Ukrainian poultry producers will be able to cancel this argument.

Source: USDA/FAS; USTR; European Commission; news wires

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

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

| Type | Year-To-Date* | | | |
|--------|---------------|---------|---------|-------|
| | 2011 | 2010 /1 | 2011 /2 | 2010 |
| Liquid | 50 | 197 | 2,133 | 4,362 |
| Frozen | 0 | 0 | 0 | 88 |
| Dried | 0 | 0 | 219 | 447 |
| Total | 50 | 197 | 2,352 | 4,897 |

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

| Type | Year-To-Date* | | | |
|--------|---------------|---------|---------|--------|
| | 2011 | 2010 /1 | 2011 /2 | 2010 |
| Liquid | 149 | 22 | 13,543 | 17,090 |
| Frozen | 9 | 3 | 985 | 610 |
| Dried | 0 | 0 | 54 | 200 |
| Total | 158 | 25 | 14,582 | 17,900 |

Inspected Shell Eggs

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

| Type | Year-To-Date* | | | |
|-------------|---------------|---------|---------|---------|
| | 2011 | 2010 /1 | 2011 /2 | 2010 |
| Jumbo | 0 | 0 | 0 | 0 |
| Extra Large | 3,750 | 1,320 | 89,899 | 78,501 |
| Large | 517 | 120 | 181,681 | 133,947 |
| Medium | 0 | 840 | 38,011 | 39,762 |
| Ungraded | 168 | 6,098 | 218,816 | 294,134 |
| Misc | 0 | 0 | 1,440 | 900 |
| Total | 4,435 | 8,378 | 529,847 | 547,244 |

/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 Nov 26, 2011 (Preliminary)

| | U.S. fowl slaughtered domestically | | |
|------------------|------------------------------------|------------|------------|
| | Light Hens | Heavy Hens | Total Hens |
| | -----Thousands----- | | |
| Head | 649 | 820 | 1,469 |
| Last Week | 1,339 | 1,507 | 2,846 |
| Same week yr ago | 817 | 844 | 1,661 |
| To-date/2011* | 62,867 | 72,024 | 134,891 |
| To-date/2010* | 64,150 | 66,299 | 130,449 |

| | U.S. fowl slaughtered in Canada | | |
|------------------|---------------------------------|------------|------------|
| | Light Hens | Heavy Hens | Total Hens |
| | -----Thousands----- | | |
| Head | 126 | 0 | 126 |
| Last Week | 489 | 0 | 489 |
| Same week yr ago | 95 | 23 | 118 |
| To-date/2011* | 16,076 | 462 | 16,538 |
| To-date/2010* | 15,894 | 530 | 16,424 |

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 | 775 | 820 | 1,595 |
| Last Week | 1,828 | 1,507 | 3,335 |
| Same week yr ago | 912 | 867 | 1,779 |
| To-date/2011* | 78,943 | 72,486 | 151,429 |
| To-date/2010* | 80,044 | 66,829 | 146,873 |

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

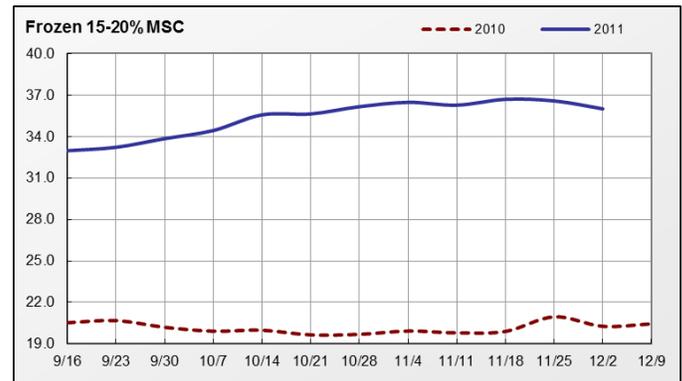
National Mechanically Separated Chicken

(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 of MSC trended steady on all fat contents. MSC supplies were light to moderate. Schedules were normal following the Thanksgiving holiday. Domestic demand was mostly moderate. Export demand was moderate to instances good with continued good interest on frozen 15-20%. The spot marketplace was status quo this week in relation to weeks past, however demand and pricing for next week is a bit stronger bucking seasonal patterns. A few 2012 contract negotiations continue to wrap up. Contract pricing for 2012 has been finalized on either a formula basis or at higher levels than those seen in 2011 and most preceding years. Market activity was light to moderate. Supplies of raw materials were light. Frames traded between 13-17 cents FOB.

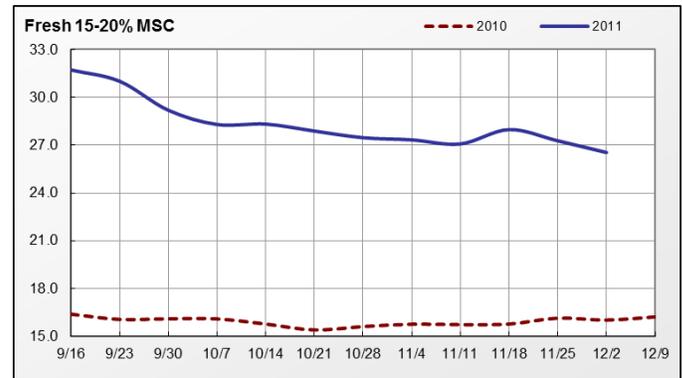
Weekly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

| Fat Content | Frozen | | | Fresh | | |
|--------------------|---------------|---------------|-------------|---------------|---------------|-------------|
| | 2-Dec-11 | Last Week | Last Year | 2-Dec-11 | Last Week | Last Year |
| 15% or Less | | | | | | |
| Price Range | | | - | 31.00 - 32.00 | 31.00 - 32.00 | 18.00-19.00 |
| Wtd Avg Price | | | - | 31.78 | 31.71 | 18.40 |
| Volume Traded | - | - | - | 184 | 143 | 102 |
| Volume Exported | - | - | - | - | - | - |
| 15-20% | | | | | | |
| Price Range | 34.00 - 40.00 | 34.00 - 39.00 | 15.00-26.00 | 22.00 - 32.00 | 22.00 - 32.00 | 13.00-20.50 |
| Wtd Avg Price | 36.00 | 36.58 | 20.26 | 26.54 | 27.27 | 16.02 |
| Volume Traded | 1,174 | 1,508 | 2,066 | 3,274 | 2,978 | 3,672 |
| Volume Exported | 934 | 1,388 | 1,466 | 571 | 204 | 653 |
| 20% or More | | | | | | |
| Price Range | - | - | - | 22.50 - 23.00 | 22.50 - 23.00 | 18.00-20.00 |
| Wtd Avg Price | - | - | - | 22.75 | 22.63 | 19.33 |
| Volume Traded | - | - | - | 163 | 163 | 122 |
| Volume Exported | - | - | - | - | - | - |



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

| Fat Content | Frozen | | | Fresh | | |
|--------------------|----------|----------|----------|----------|----------|----------|
| | Nov 2011 | Oct 2011 | Nov 2010 | Nov 2011 | Oct 2011 | Nov 2010 |
| 15% or Less | | | | | | |
| Wtd Avg Price | - | - | - | 31.74 | 30.86 | 18.50 |
| Volume Traded | - | - | - | 469 | 592 | 530 |
| Volume Exported | - | - | - | - | - | - |
| 15-20% | | | | | | |
| Wtd Avg Price | 36.48 | 35.47 | 20.04 | 27.39 | 28.01 | 15.85 |
| Volume Traded | 6,588 | 8,651 | 5,595 | 13,433 | 14,870 | 12,556 |
| Volume Exported | 5,465 | 7,811 | 4,755 | 2,285 | 3,182 | 2,856 |
| 20% or More | | | | | | |
| Wtd Avg Price | - | - | - | 22.55 | - | 19.38 |
| Volume Traded | - | - | - | 408 | - | 530 |
| 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 02 Dec 2011.

The market for tom bulk parts is steady. The market tone for meats is not fully tested and has a steady to weak undertone. Demand for parts and meats remains seasonally light. Offerings light to moderate. Trading was slow to moderate. For domestic: fresh scapula 168 cents. For export: frozen tom necks 54 cents and fresh tom drums 82 cents.

Export Trading

| | Price Range | L.S.T. Code 1/ | Wtd Avg Price | Volume (000) | Weekly Wtd Avg Price | Weekly Volume (000) |
|--|----------------|-------------------|------------------|-----------------|----------------------------|---------------------------|
| Friday, December 02, 2011 | | | | | | |
| Drumsticks, Toms | 83.50 | | 83.50 | 162 | 76.81 | 432 |
| Wings Full-Cut - Toms | | | | | | |
| Wings, V-Type, Tom | | | | | | |
| Tails | 50.00-51.00 | | 50.79 | 188 | 50.79 | 188 |
| Mechanically Separated 2/ Thigh Meat - Frozen | 144.00-146.0 | | 145.00 | 160 | 145.00 | 160 |
| Thursday, December 01, 2011 | | | | | | |
| Drumsticks, Toms | 72.00-74.00 | | 72.80 | 270 | | |
| Wings Full-Cut - Toms | | | | | | |
| Wings, V-Type, Tom | | | | | | |
| Tails | | | | | | |
| Mechanically Separated 2/ Thigh Meat - Frozen | | | | | | |
| Wednesday, November 30, 2011 | | | | | | |
| Drumsticks, Toms | | F | 95.00 | 94 | | |
| Wings Full-Cut - Toms | | | | | | |
| Wings, V-Type, Tom | | | | | | |
| Tails | | | | | | |
| Mechanically Separated 2/ Thigh Meat - Frozen | | W | 32.00 | 168 | | |
| Tuesday, November 29, 2011 | | | | | | |
| Drumsticks, Toms | | F | 95.00 | 94 | | |
| Wings Full-Cut - Toms | | | | | | |
| Wings, V-Type, Tom | | | | | | |
| Tails | | T | 57.00 | 40 | | |
| Mechanically Separated 2/ Thigh Meat - Frozen | | W | 32.00 | 168 | | |
| Monday, November 28, 2011 | | | | | | |
| Drumsticks, Toms | | F | 95.00 | 94 | | |
| Wings Full-Cut - Toms | | | | | | |
| Wings, V-Type, Tom | | | | | | |
| Tails | | T | 57.00 | 40 | | |
| Mechanically Separated 2/ Thigh Meat - Frozen | | W | 32.00 | 168 | | |
| | | M | 156.36 | 134 | | |

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.