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Brazil Poultry Situation

Broiler production is forecast to grow by 3% in 2014, as compared to Post's revised downward production level in 2013. FAS Brasilia believes that the production estimate at 12.7 million metric tons in 2014 reflects the current expectations of producers to continue with a strategy to adjust supply and demand for boilers, and maintain their profit margins. Post's forecasts are not official USDA estimates.

Producers are likely to benefit from reduced production costs in 2014 assuming estimated record soybean and corn crops combined with higher exports. However, there are some constraints that could affect this year's broiler production: the uncertainty with the economic outlook and rising inflation which could slow down the growth path of domestic consumption, the continued high level of indebtedness of Brazilian consumers, higher competition from beef and pork, and the on-going major dry spell in the Center-South that could affect the current soybean and corn crops, and provoke power shortages in some producing regions of the country, as well as higher energy costs. Post revised 2013 broiler production to 12.3 million metric tons, a drop of nearly 3% from our last forecast, reflecting the problems faced by Brazilian producers with high feed costs during the first quarter of the year and their decision to adjust supply and demand combined with a decline in domestic demand and exports.

Brazil: Poultry Meat in 1000 Metric Tons

Broiler	2011	2012	2013	2013*	2014	2014*
	USDA	USDA	USDA	Post*	USDA	Post*
Production	12,863	12,645	12,770	12,308	13,020	12,678
Exports	3,443	3,508	3,580	3,482	3,625	3,586
Domestic Consumption	9,422	9,139	9,191	8,827	9,396	9,093
Turkey						
Production	489	510	520	501	535	514
Exports	141	170	175	161	180	170
Domestic Consumption	348	340	345	340	355	344

*Post data is unofficial. USDA data is official.

Source: Foreign Agricultural Service, Official USDA Estimates

The cost of broiler production in 2013 dropped by 5.5% compared to the previous year, according to the Brazilian Agricultural Research Service of the Ministry of Agriculture, Livestock and Food Supply. Higher availability of soybean meal and corn at lower prices contributed to improved profit margins for broiler producers.

Post revised 2014 domestic consumption of broiler meat upward by 3%, reflecting processors optimism with higher demand from the food service industry in view of the World Soccer Championship games in June-July. However, higher broiler prices and the aforementioned economic uncertainties combined with competition from beef and pork could reduce such optimism.

Post forecasts 2014 broiler exports to increase by 3%, 2% lower from Post's last forecast. The growth in exports is likely to be driven by depreciation of the Brazilian currency and higher sales of whole broilers, and chicken parts to China and Hong Kong, in respectively. Trade sources also expect greater broiler exports to the European Union, Egypt, Nigeria and Iraq. Brazilian exporters are trying to open markets in Myanmar, Pakistan and Nigeria. Market promotions are concentrated in major world fairs such as Gulfood (Dubai) and Sial (Paris). In addition, specific trade missions are concentrated in strategic markets, such as Japan. Higher tariffs in India and South Africa are a major constraint for exports to these countries.

Post revised downward the increase in turkey production in 2014, mostly driven by a slowdown in the growth path of domestic demand. This is expected to occur due to higher turkey prices and competition

from alternative broiler products that meet the preference of consumers during major holidays, such as Christmas. Turkey exports are estimated to rebound in 2014, although at a lower rate than Post's forecast made last year. The increase in exports should be caused by the depreciation of the Brazilian currency. Exports are expected to increase to the European Union, Angola and Chile, among other markets in the Middle East.

Brazil Poultry Meat Exports in Metric Tons

Broiler	2012	2013	Turkey	2012	2013
Angola	93,930	85,222	Angola	14,496	15,041
China	227,445	190,322	Argentina	1,359	1,001
Cuba	38,625	36,676	Benin	18,630	15,654
Egypt	119,326	87,385	Chile	2,832	4,069
EU	280,905	245,486	Congo	4,599	4,772
Hong Kong	306,780	335,668	Congo, D.R.	728	1,209
Ghana	34,863	33,313	Gabon	941	951
Iran	28,485	12,746	Guinea, E.	2,935	2,444
Iraq	105,716	75,694	EU	82,426	76,156
Japan	382,566	389,697	Hong Kong	1,530	573
Jordan	41,013	58,985	Peru	2,149	4,124
Kuwait	116,436	113,624	Russia	7,929	5,878
Oman	55,055	61,998	Saudi Arabia	1,283	1,693
Philippines	28,040	19,677	South Africa	20,760	19,289
Qatar	55,149	60,280	Switzerland	2,702	2,718
Russia	65,529	47,292	Others	4,719	5,386
Saudi Arabia	628,627	688,884	Grand Total	170,018	160,958
Singapore	77,972	79,192			
South Africa	186,637	168,899			
South Korea	65,296	53,285			
UAE	239,198	244,963			
Yemen	67,809	85,292			
Venezuela	99,373	162,563			
Others	395,948	376,156			
Grand Total	3,740,723	3,713,299			

Source: USDA GAIN Report Number BR 0928

Brazil Shell Egg* Exports in kilograms

MCN8 Code	2013	2012
04072100	9,452,287	24,390,675
04072900	511,277	663,118

04072100 = Fresh eggs of birds of the species gallus domesticus

04072900 = Fresh eggs of other birds

* Export codes for shell eggs were revised on January 1, 2012 and cannot be compared with previous years' figures.

Source: AliceMercosul System - Ministry of Development, Industry and Foreign Trade

Brazil Egg Product Exports in kilograms

MCN8 Code	2013	2012	2011	2010
04081100	1,000	1,300	2,000	1,000
04081900	706	56,628	533,295	1,088,387
04089100	2,300	2,500	6,621	23,222
04089900	925,246	1,044,434	744,318	872,285
35021100	277,733	381,123	621,980	644,200
35021900	22	300	-	-

04081100 = Dried egg yolks

04081900 = Fresh/cooked by steaming/by boiling in water egg yolks

04089100 = Bird's eggs, not in shell, dried

04089900 = Other birds' eggs, no shell, fresh, cooked by boiling water, etc

35021100 = Dried egg albumins

35021900 = Other egg albumins

Source: AliceMercosul System - Ministry of Development, Industry and Foreign Trade

INSPECTED EGG PRODUCTS-U.S. & CANADA IMPORT/EXPORT TRADE

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

Type	Year-To-Date*			2013
	2014	2013 /1	2014 /2	
Liquid	46	48	710	241
Frozen	0	0	0	0
Dried	0	0	122	16
Total	46	48	832	257

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

Type	Year-To-Date*			2013
	2014	2013 /1	2014 /2	
Liquid	24	323	768	1,810
Frozen	49	51	345	287
Dried	0	0	46	0
Total	73	374	1,159	2,097

INSPECTED SHELL EGGS

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

	Year-To-Date*			2013
	2014	2013 /1	2014 /2	
Jumbo	0	0	0	0
Extra Large	3,488	600	19,428	9,440
Large	18,370	2,530	50,720	12,710
Medium	810	1,530	1,752	5,613
Ungraded	22,020	150	75,404	9,569
Misc	1,560	0	4,440	0
Total	46,248	4,810	151,744	37,332

/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 Mar 01, 2014 (Preliminary)

	U.S. Fowl Slaughtered Domestically		Total Hens
	Light Hens	Heavy Hens	
-----Thousands-----			
Head	1,511	1,494	3,005
Last Week	1,382	1,433	2,815
Same week yr ago	1,366	1,304	2,670
To-date/2014*	13,751	13,004	26,755
To-date/2013*	14,025	12,784	26,809

U.S. Fowl Slaughtered in Canada

	U.S. Fowl Slaughtered in Canada		Total Hens
	Light Hens	Heavy Hens	
-----Thousands-----			
Head	95	0	95
Last Week	202	0	202
Same week yr ago	373	0	373
To-date/2014*	2,934	0	2,934
To-date/2013*	2,635	0	2,635

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

Total U.S. Fowl Slaughtered in the U.S. and Canada

	Total U.S. Fowl Slaughtered in the U.S. and Canada		Total Hens
	Light Hens	Heavy Hens	
-----Thousands-----			
Head	1,606	1,494	3,100
Last Week	1,584	1,433	3,017
Same week yr ago	1,739	1,304	3,043
To-date/2014*	16,685	13,004	29,689
To-date/2013*	16,660	12,784	29,444

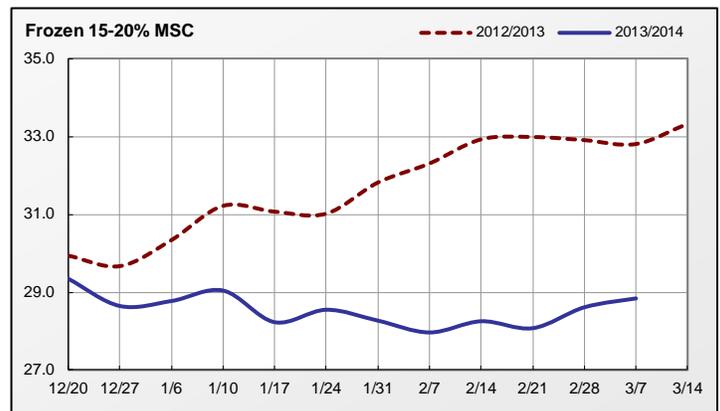
*Note: Year to-date totals reflect comparable time periods.

NATIONAL MECHANICALLY SEPARATED CHICKEN (F.O.B. Shipper Dock or equivalent; negotiated prices in trucklot and less-than-trucklot volumes reported in thousand pound quantities, cents/pound; delivery within 2 weeks.)

Prices of MSC are trending steady to instances firm on all fat contents. Domestic and export demand is light to instances good. Supplies are light to moderate. Schedules are normal to reduced for various reasons. The spot marketplace seems to have slowed some going into the Lenten season in contrast to the brisk movement seen the past few weeks; yet despite this trading levels are still within the same price range. There is good interest being noted out front as industry begins to plan future preparations for the summer season. Industry continues to monitor the marketplace and manage enduring trucking challenges. Market activity is moderate. Supplies of raw materials are moderate to available and slow to clear. Frame prices are steady with trading levels 10-13 cents FOB, mostly 11-12 cents FOB.

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

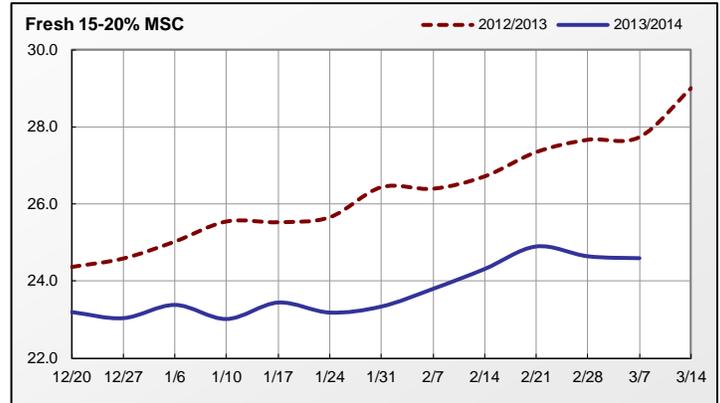
Fat Content	Frozen			Fresh		
	7-Mar-14	Last Week	Last Year	7-Mar-14	Last Week	Last Year
15% or Less						
Price Range	31.00	-	30.00	27.00 - 28.00	27.00	26.00-28.00
Wtd Avg Price	31.00	-	30.00	27.67	27.80	26.80
Volume Traded	40	-	40	184	204	102
Volume Exported	-	-	-	-	-	-
15-20%						
Price Range	27.00 - 31.00	26.50 - 31.00	31.00-35.00	21.50 - 27.00	22.00 - 27.00	24.00-31.00
Wtd Avg Price	28.84	28.61	32.99	24.60	24.65	27.35
Volume Traded	1,080	2,035	1,875	3,774	3,488	3,815
Volume Exported	1,080	1,975	1,675	1,061	653	775
20% or More						
Price Range	-	-	-	22.00 - 22.50	22.00	22.00
Wtd Avg Price	-	-	-	22.25	22.17	22.00
Volume Traded	-	-	-	163	122	41
Volume Exported	-	-	-	-	-	-



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

Fat Content	Frozen			Fresh		
	Feb 2014	Jan 2014	Feb 2013	Feb 2014	Jan 2014	Feb 2013
15% or Less						
Wtd Avg Price	-	31.50	30.00	27.79	27.58	26.43
Volume Traded	-	80	40	796	775	714
Volume Exported	-	-	-	-	-	-
15-20%						
Wtd Avg Price	28.27	28.53	32.59	24.45	23.27	26.70
Volume Traded	5,540	7,528	5,957	13,345	19,565	17,289
Volume Exported	5,320	6,178	5,357	816	3,060	2,815
20% or More						
Wtd Avg Price	-	-	-	22.32	22.18	22.00
Volume Traded	-	-	-	449	449	245
Volume Exported	-	-	-	-	-	-

Note: Volume exported refers to that portion of the total volume that is destined for export markets.



Source: USDA AMS Livestock, Poultry & Grain Market News (www.ams.usda.gov/lpsmarketnewspage)

NATIONAL YOUNG TURKEY PARTS

INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 07 MARCH 2014.

The market on bulk parts was steady. Demand and offerings was light to moderate. The market on fresh and frozen tom breast meat and white meat is firm. Demand moderate to good. Offerings light to instances moderate. The market on thigh meat is steady to firm. Demand was moderate to good. Offerings light to moderate. Trading slow to moderate. For domestic: fresh tom full-cut wings 64 cents, frozen tails 56-57 cents and fresh scapula 137-143 cents delivered.

EXPORT TRADING

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
FRIDAY, MARCH 07, 2014						
DRUMSTICKS, TOMS	91.00-95.00		92.18	85	92.68	253
WINGS FULL-CUT - TOMS	64.00		64.00	120	64.50	240
WINGS, V-TYPE, TOM	65.00-67.00		66.33	180	66.00	300
TAILS		M	54.00	108	54.00	108
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	45.00 91.00-95.00		45.00 92.18	54 85	45.00 92.68	54 253
THURSDAY, MARCH 06, 2014						
DRUMSTICKS, TOMS		M	92.93	168		
WINGS FULL-CUT - TOMS		T	65.00	120		
WINGS, V-TYPE, TOM		M	65.50	120		
TAILS		M	54.00	108		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN						
WEDNESDAY, MARCH 05, 2014						
DRUMSTICKS, TOMS		M	92.93	168		
WINGS FULL-CUT - TOMS		T	65.00	120		
WINGS, V-TYPE, TOM		M	65.50	120		
TAILS		M	54.00	108		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN						
TUESDAY, MARCH 04, 2014						
DRUMSTICKS, TOMS		M	92.93	168		
WINGS FULL-CUT - TOMS	65.00		65.00	120		
WINGS, V-TYPE, TOM		M	65.50	120		
TAILS		M	54.00	108		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		T	153.00	40		
MONDAY, MARCH 03, 2014						
DRUMSTICKS, TOMS	91.00-94.00		92.93	168		
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM	65.50		65.50	120		
TAILS	54.00		54.00	108		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		T	153.00	40		

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.):

M=MONDAY T=TUESDAY W=WEDNESDAY R-THURSDAY F=FRIDAY

2/ 15-20% fat with skin added.