



INTERNATIONAL EGG AND POULTRY REVIEW



China

On March 31, 2013 China experienced the start of an Avian Influenza (AI) H7N9 outbreak that lasted into early May, 2013. China's poultry industry lost more than 60 billion yuan (US\$9.8 billion). A second outbreak of AI has occurred in China and since the fourth quarter of 2013 over 200 cases of AI H7N9 have been reported.

In response to the second AI outbreak, the sales volume of poultry products during the Festival season dropped about 30% from previous years. In response to consumer concerns, poultry prices remained weak in January and February 2014. Poultry consumption traditionally peaks in January and February due to the Spring Festival.

China's chicken markets are divided into yellow feathered and white feathered markets. The yellow feathered bird market was hit hardest when live bird markets were closed in many regions due to the AI outbreak. Live bird markets used to be the major retail channel for yellow feathered chickens. White feathered poultry in China have not been affected as badly as yellow feathered poultry during the second AI outbreak because live bird markets are not the major marketing channel for them. Some parts of the country will eventually eliminate live poultry sales while others anticipate more consumers purchasing chilled poultry from supermarkets due to safety concerns.

In early 2014 Hong Kong closed its wholesale broiler market and culled 20,000 birds due to confirmed H7N9 detections. Between January 28 and February 28, 2014 Hong Kong banned live bird sales and, effective February 18, 2014 suspended live chicken imports from Mainland China for 4 months to protect its live bird markets.

On January 14, 2014 China's white feathered bird companies established an alliance. One of the alliance's short term aims is to restore poultry products' food safety reputation. Some have called on China's government to establish a chicken reserve similar to one already existing for the pork industry. China's government would purchase product when chicken prices go below a certain level in order to stimulate the market.

Because China's poultry companies have been experiencing poor market performance due the negative impact of AI outbreaks, the top 50 broiler companies reached an agreement in late 2013 to reduce breeder production capacity. As a result of the reduced breeder supply it is hoped the supply and over-expansion of the last several years will be corrected. The impact of China's latest AI outbreak started to fade in April with prices now slowly rebounding and 2014 expected to be a year of adjustment and restructuring. Poultry companies are forecast to recover in 2015 to 2012 levels.

China's total estimated broiler meat consumption in 2014 forecast to be 12.5 million metric tons (MT), 5% below 2013's estimated 13.2 million MT, but 26% above 2004. Because of consumer concerns over poultry, beef demand in China is forecast to increase 2% due to consumers switching proteins.

In response to a forecasted drop in broiler meat consumption in 2014 broiler meat production is forecasted at 12.7 million MT, 5% lower than 2013's estimated 13.4 million MT, but still 27% above 2004.

China's total broiler meat imports are forecast to decline about 4% for 2014 to 235 million MT from 244 million MT in 2013. China's 2014

forecasted broiler meat imports would be 35% above 2004's. In 2013 the United States (U.S.) broiler meat exports gained market share to 37% from 12% in 2012.

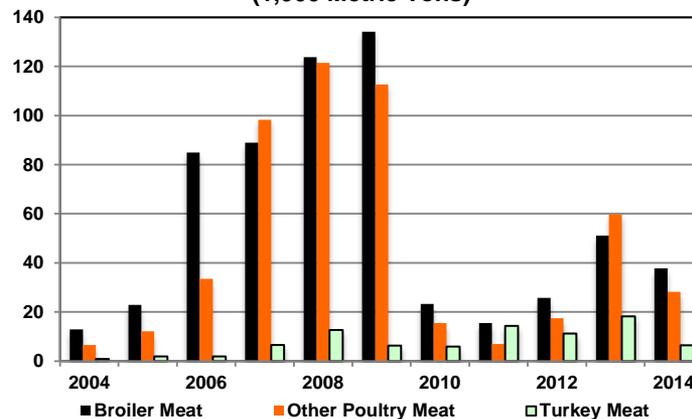
Brazil is China's largest broiler meat supplier commanding a 54% market share in 2013. Brazil has 24 plants approved to export chicken meat to China and recently received approval for 5 more plants to export chicken meat to China. China's chicken imports from Brazil have increased from 27,000 MT in 2009 to 190,000 MT in 2013. In 2013 China was the 6th largest importer of Brazilian chicken.

Estimated Total China Production, Consumption, Import & Export Comparisons (1,000 Metric Tons)

	2010	2011	2012	2013	2014
Broiler Meat					
Production	12,550	13,200	13,700	13,350	12,700
Consumption	12,457	13,015	13,543	13,174	12,505
Imports	286	238	254	244	235
Exports	379	423	411	420	430
Turkey Meat					
Production	6	6	6	6	6
Consumption	32	40	54	59	71
Imports	26	34	48	53	65
Exports	0	0	0	0	0

Source: USDA, Foreign Agricultural Service Official USDA PSD Online Estimates

U.S. Broiler Meat, Turkey Meat & Other Poultry Meat January-April Export Comparisons (1,000 Metric Tons)



Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics/USDA, Foreign Agricultural Service

When comparing U.S. January-April cumulative total export destinations China ranked 9th for broiler meat, 2nd for turkey meat and other poultry meat. When comparing 2014 U.S. January-April cumulative total exports to China with comparable time frames in 2013, broiler meat exports were down 26% while exports of turkey meat dropped 64% and other poultry meat declined 53%.

Sources: Rabobank International; The Poultry Site; USDA, Livestock Poultry & Grain Market News International Egg & Poultry Review April 23 and May 21, 2013; USDA/FAS GAIN Reports 14008 and 14012; USDA, Foreign Agricultural Service Official USDA PSD Online Estimates; Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics/USDA, Foreign Agricultural Service; various news sources.

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

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

Type	Year-To-Date*			
	2014	2013 /1	2014 /2	2013
Liquid	142	48	3,276	712
Frozen	0	0	39	40
Dried	0	0	196	56
Total	142	48	3,511	808

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

Type	Year-To-Date*			
	2014	2013 /1	2014 /2	2013
Liquid	9	179	2,525	4,092
Frozen	10	8	619	645
Dried	0	0	46	0
Total	19	187	3,190	4,737

INSPECTED SHELL EGGS

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

	Year-To-Date*			
	2014	2013 /1	2014 /2	2013
Jumbo	0	0	0	0
Extra Large	720	1,860	72,267	45,965
Large	1,500	3,440	156,221	86,500
Medium	0	885	7,782	14,538
Ungraded	6,192	10,590	385,679	100,268
Misc	0	0	15,240	0
Total	8,412	16,775	638,189	247,271

/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 May 31, 2014 (Preliminary)

	U.S. Fowl Slaughtered Domestically		Total Hens
	Light Hens	Heavy Hens	
	-----Thousands-----		
Head	1,371	1,400	2,771
Last Week	1,684	1,386	3,070
Same week yr ago	1,159	1,413	2,572
To-date/2014*	33,875	32,200	66,075
To-date/2013*	36,000	31,416	67,416

U.S. Fowl Slaughtered in Canada

	U.S. Fowl Slaughtered in Canada		Total Hens
	Light Hens	Heavy Hens	
	-----Thousands-----		
Head	206	0	206
Last Week	509	0	509
Same week yr ago	416	0	416
To-date/2014*	8,492	0	8,492
To-date/2013*	8,739	0	8,739

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	1,577	1,400	2,977
Last Week	2,193	1,386	3,579
Same week yr ago	1,575	1,413	2,988
To-date/2014*	42,367	32,200	74,567
To-date/2013*	44,739	31,416	76,155

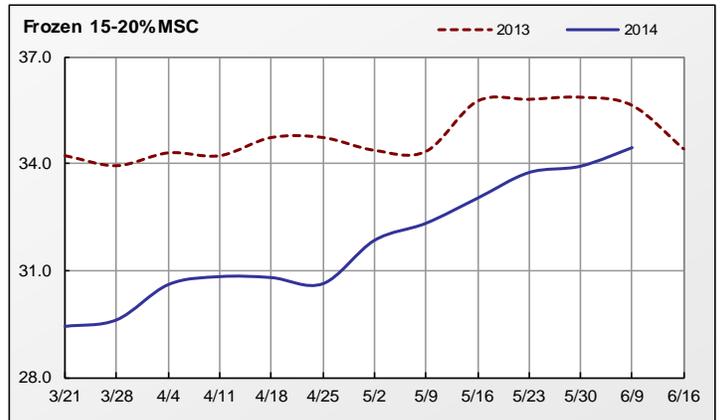
*Note: Year to-date totals reflect comparable time periods.

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 firm on all fat contents. Demand into domestic and export channels is moderate to mostly good with best interest and movement on fresh 15-20%. Supplies are light to moderate. Schedules are normal. Any excess MSC and frames are in good shape and clearing satisfactorily at firm prices. Finished product movement is moderate to good. Market activity is moderate to active. Raw material supplies are moderate. Frame prices are steady with trading levels 13.00-15.25 cents FOB.

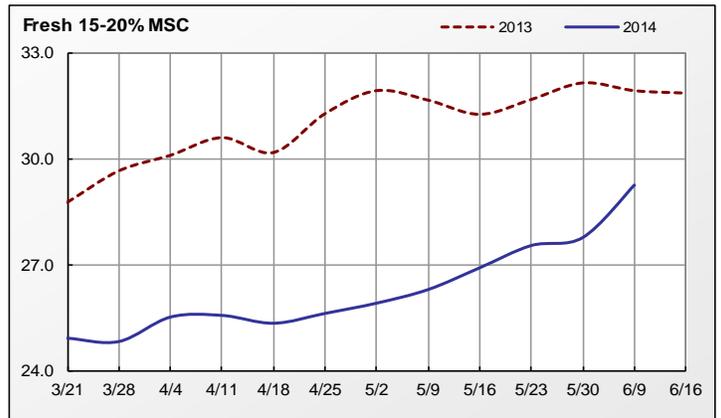
Weekly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

Fat Content	Frozen			Fresh		
	9-Jun-14	Last Week	Last Year	9-Jun-14	Last Week	Last Year
15% or Less						
Price Range	32.00	32.00	-	28.00 - 32.00	29.00	32.00-33.00
Wtd Avg Price	32.00	32.00	-	29.83	29.00	32.57
Volume Traded	40	40	-	245	184	143
Volume Exported	-	-	-	-	-	-
15-20%						
Price Range	33.00 - 36.50	32.00 - 36.00	33.00-37.00	26.00 - 31.00	26.00 - 32.00	29.00-36.00
Wtd Avg Price	34.45	33.92	35.80	29.26	27.77	31.68
Volume Traded	1,632	1,822	1,240	4,223	3,427	4,279
Volume Exported	1,592	1,702	1,000	1,061	979	938
20% or More						
Price Range	-	-	-	-	24.00 - 24.50	22.50
Wtd Avg Price	-	-	-	-	24.25	22.50
Volume Traded	-	-	-	-	82	82
Volume Exported	-	-	-	-	-	-



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

Fat Content	Frozen			Fresh		
	May 2014	Apr 2014	May 2013	May 2014	Apr 2014	May 2013
15% or Less						
Wtd Avg Price	31.33	31.00	33.00	28.15	27.69	32.65
Volume Traded	120	80	80	836	530	816
Volume Exported	-	-	-	-	-	-
15-20%						
Wtd Avg Price	33.05	30.71	34.81	26.94	25.51	31.73
Volume Traded	7,553	6,926	11,552	16,880	12,069	19,620
Volume Exported	6,937	5,605	11,112	2,815	1,754	2,570
20% or More						
Wtd Avg Price	-	-	-	22.73	22.39	22.50
Volume Traded	-	-	-	449	367	367
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/lpsmarketnews page)

NATIONAL YOUNG TURKEY PARTS

INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 06 JUNE 2014.

The market on bulk parts was steady. Demand and offerings light to moderate. White meat and white trims market is steady to firm. Demand moderate to good. Offerings light. The market on thigh meat is steady. Demand light to moderate. Offerings light. Trading for parts was slow. For domestic: fresh tom full-cut wings 73 cents, fresh tom necks 66 cents, fresh tails 56 cents, frozen tails 57 cents, fresh MST 37- 41 cents pet food, fresh wing meat 132 cents, fresh scapula 188-198 cents and frozen ggrade A breast non basted 12-16 lbs. 191 cents delivered. For export: fresh tom drums 90 cents and frozen tom breast meat 375 cents delivered to the Border.

EXPORT TRADING

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
FRIDAY, JUNE 06, 2014						
DRUMSTICKS, TOMS		M	110.00	240	110.00	240
WINGS FULL-CUT - TOMS		F	76.00	120		
WINGS, V-TYPE, TOM	89.00		89.00	54	89.00	54
TAILS						
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		R	175.96	47	175.96	47
THURSDAY, JUNE 05, 2014						
DRUMSTICKS, TOMS		M	110.00	240		
WINGS FULL-CUT - TOMS		F	76.00	120		
WINGS, V-TYPE, TOM		F	93.00	108		
TAILS						
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	170.00-177.00		175.96	47		
WEDNESDAY, JUNE 04, 2014						
DRUMSTICKS, TOMS		M	110.00	240		
WINGS FULL-CUT - TOMS		F	76.00	120		
WINGS, V-TYPE, TOM		F	93.00	108		
TAILS		W	57.00	40		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	170.67	60		
TUESDAY, JUNE 03, 2014						
DRUMSTICKS, TOMS		M	110.00	240		
WINGS FULL-CUT - TOMS		F	76.00	120		
WINGS, V-TYPE, TOM		F	93.00	108		
TAILS		W	57.00	40		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	170.67	60		

No Trading Reported on Monday, May 26, 2014 due to Memorial Day Holiday.

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.