

# INTERNATIONAL EGG AND POULTRY REVIEW



U.S. Department of Agriculture

Agricultural Marketing Service

Livestock, Poultry and Grain Market News

#### **South Korea**

Chicken production in 2014 is estimated to be 746,000 metric tons (MT), 5.1% above 710,000 MT in 2013 due to an increase in parent stock (PS) inventory. Industry estimates of the total number of PS inventory for 2014 is 7.3 million chickens, 500,000 higher than the industry's optimal level of 6.8 million chickens.

# Annual Parental Stock (PS) Inventory by Year (Unit: 1,000 Birds)

Year	PS Inventor
2010	6,654
2011	6,363
2012	6,587
2013	7,075
2014	7,300 1/

Source: Korea Poultry Association (KPA)

1/: Industry estimate

From January 16, 2014 to July 28, 2014 about 14 million poultry birds, including layers and ducks, were culled due to highly pathogenic avian influenza (HPAI-H5N8 type). Included in the total 14 million total culled poultry birds were 3.4 million broilers and 10 million layers. An outbreak of HPAI-H5N8 was reported on September 24, 2014 in ducks bred for meat production. About 1,200 ducks died from the infection and an additional 19,800 were destroyed.

The January 16 – July 28, 2014 HPAI outbreak did not have a significant impact on production due to 1) the culled broiler numbers only accounted for 0.4% of annual slaughtered chicken numbers in 2013; 2) a reduced broiler chick mortality rate during the summer season because of favorable weather; and 3) increased PS inventory throughout 2014.

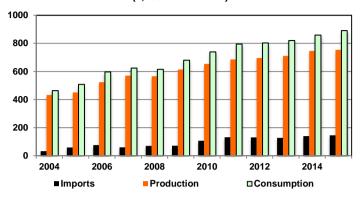
As a result of the estimated increased PS inventory in 2014, chicken production in 2015 is forecast to increase slightly to 753,000 MT. However, excessive chicken production and increased frozen reserve stocks from 2014 will reduce the pace of production in 2015 because of reduced profits along with decreased farm gate and wholesale prices.

On July 1, 2014 South Korea implemented a government inspection system; previously company veterinarians inspected poultry. The new system will be applied to establishments that process more than 80,000 birds per day from July 1, 2014; for plants that process more than 50,000 birds per day on January 1, 2015; and to those plants that process less than 50,000 birds per day on January 1, 2016.

The South Korean chicken industry had increased the chicken production up to 15% since the start of 2014 in the anticipation of increased demand from international sporting events (the February Sochi Olympics, the Brazil World Cup in June, and the September Incheon Asian Games). The South Korean chicken industry had experienced heightened sales in the past during such events. However, actual consumption did not meet expectations during the first 7 months of 2014 due to the HPAI outbreak, an April ferry accident that cause many consumers to limit eating for over 3 months, and because of the time differences between South Korea and Brazil many of the World Cup soccer matches were held in the early morning.

In 2015, chicken consumption is forecast to increase 1.5% from 864,000 MT in 2014 to 851,000 MT in 2015. The increase in chicken consumption is due to the relatively cheaper price than pork and in the foodservice industry.

South Korea Total Chicken Imports, production & Consumption 2004-2015 Comparisons (1,000 Metric Tons)



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

South Korea's chicken imports increased 10% during the first 6 months of 2014 to 68,241 MT from 61,994 MT in 2013 for the same time frame in anticipation of increased demand from the many international sports events, the HPAI outbreak, and PED outbreak in the swine industry.

Imports of frozen chicken are forecast to increase slightly in 2015 due to an increasing market share of U.S. bone-in chickens resulting from a reduced tariff rate of 12% under the KORUS FTA. South Korea's 20% tariff on imports in the dominant leg quarter category will be phased out by 2021 and tariffs on frozen breasts and wings eliminated by 2023. The 18% tariff on frozen turkey cuts will be eliminated by 2013.

# Tariff Rates Under KORUS

HSK 10	Description	<b>Base Rate</b>	2015	2016	2017
0207141010	Frozen Chicken Legs	20%	12.0%	10.0%	8.0%
0207141020	Frozen Chicken Breast	20%	13.3%	11.6%	10.0%
0207141030	Frozen Chicken Wing	20%	13.3%	11.6%	10.0%
0207141090	Other Frozen Chicken	20%	12.0%	10.0%	8.0%
0207271000	Frozen Turkey Cuts	18%	7.7%	5.1%	2.5%

Source: USDA/FAS Gain Report KS1437

Brazil is the United States (U.S.) strongest competitor for chicken exports to South Korea. Brazil's chicken exports to South Korea consists mostly of boneless products. Because of Russia's recently imposed ban on agricultural livestock imports from western countries it is anticipated Brazil will decrease chicken exports to South Korea in response to increased demand from Russia.

Sources: USDA/FAS GAIN Report KS1437; The Poultry Site

### U.S. Broiler Meat, Turkey Meat, Other Poultry Meat & Egg Product Exports to South Korea January-August Comparisons (Thousand Metric Tons)

	2010	2011	2012	2013	2014
Broiler Meat	53,901	84,352	45,053	34,213	45,234
Turkey Meat	1,656	1,290	2,183	1,808	1,557
Other Poultry Me	<b>at</b> 404	599	313	3,612	4,604
Egg Products	913	1,503	1,135	772	789
TOTAL*	56,874	87,744	48,683	40,405	52,184
*May Not Total Du	ie to Round	dina			

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

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INSPECTED EG	G PRODUCTS-L	J.S. & CANADA	A IMPORT/EXPO	RT TRADE	U.S./CANADIAN LIVE F	OULTRY SLAUGH	ITERED UNDER II	NSPECTION
U.S. Exports to	Canada, in Po	unds (000) (P	reliminary)		Week Ending Oct 18, 2		-	
Week Ending O		. , ,	Year-To-Date*			Fowl Slaughtered	Domestically	
Туре	2014	2013 /1	2014 /2	2013		Light Hens	Heavy Hens	<b>Total Hens</b>
Liquid	0	48	6,053	1,192		Thousands-		
Frozen	0	0	39	40	Head	1,174	1,841	3,015
Dried	41	0	783	159	Last Week	1.515	1.731	3,246
Total	41	48	6,875	1,391	Same week yr ago	1,460	1,568	3,028
U.S. Imports Fi	rom Canada, in	Pounds (000)	) (Preliminary)		To-date/2014*	61,759	65,184	126,943
Week Ending O	ct 18, 2014		Year-To-Date*		To-date/2013*	63.593	62.813	126,406
Туре	2014	2013 /1	2014 /2	2013		. Fowl Slaughter	- ,	120,400
Liquid	12	50	5,346	5,826	0.0	Light Hens	Heavy Hens	Total Hens
Frozen	5	18	1,404	1,262		Thousands		Total Helis
Dried	7	0	217	51	Head	341	0	341
Total	24	68	6,967	7,139	Last Week	_	-	420
		TED SHELL E				420	0	
U.S Exports to	•	Dozen Cases	•		Same week yr ago	457	0	457
Week Ending O	•		Year-To-Date*		To-date/2014*	16,045	0	16,045
	2014	2013 /1	2014 /2	2013	To-date/2013*	14,673	0	14,673
Jumbo	0	0	0	0	Data Source: Agriculture			
Extra Large	4,530	4,530	158,116	103,026	Total U.S. Fo	wl Slaughtered in		
Large	9,250	7,000	356,067	246,374		Light Hens	Heavy Hens	Total Hens
Medium	0	750	19,242	23,025		Thousands-		
Ungraded	33,756	9,240	894,771	323,922	Head	1,515	1,841	3,356
Misc	662	0	26,782	0	Last Week	1,935	1,731	3,666
Total	48,198	21,520	1,454,978	696,347	Same week yr ago	1,917	1,568	3,485
		•	al due to rounding	g.	To-date/2014*	77,804	65,184	142,988
/2 Includes revisi					To-date/2013*	78,266	62,813	141,079
*Note: Year to-da			'	Caatia	*Note: Year to-date total	s reflect comparable	e time periods.	
Data Source: Ag	ricuiture and Agri	i-⊧ood Canada,	AISD, AID, Poult	ry Section				

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.)

MSC prices on all fat contents are steady to weak. Demand into domestic and export channels are light to moderate at best. Supplies are moderate to heavy with additional MSC noted as available and slow in clearing. Industry continues to monitor the spot marketplace as contract negotiations for 2015 slowly begins. Market activity is slow to moderate. Supplies of raw materials are moderate to mostly heavy. Frames prices are steady to weak with trading levels at 9-12 cents FOB, mostly 10-12 cents FOB.

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

		F			Forel	
		Frozen		Fresh		
Fat Content	24-Oct-14	Last Week	Last Year	24-Oct-14	Last Week	Last Year
15% or Less						
Price Range	-	-	33.00	26.00 - 27.00	27.00 - 28.00	27.00-28.00
Wtd Avg Price			33.00	26.67	27.67	27.67
Volume Traded	-	-	40	122	122	122
Volume Exported	-	-	-	-	-	-
15-20%						
Price Range	27.00 - 34.00	28.00 - 34.00	25.00-32.00	21.00 - 26.00	19.00 - 26.00	18.50-28.00
Wtd Avg Price	29.79	29.68	27.69	22.99	23.09	23.76
Volume Traded	1,232	1,868	2,844	1,836	2,530	3,519
Volume Exported	1,032	1,668	2,804	204	775	694
20% or More						
Price Range	-	-	-	22.00	21.00	22.00
Wtd Avg Price	-	-	-	22.00	21.00	22.00
Volume Traded	-	-	-	82	82	82
Volume Exported	-	-	-	-	-	-



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

		Frozen		Fresh		
Fat Content	Sep 2014	Aug 2014	Sep 2013	Sep 2014	Aug 2014	Sep 2013
15% or Less						
Wtd Avg Price	32.00	32.00	33.00	32.56	33.00	30.59
Volume Traded	40	80	40	653	306	551
Volume Exported	-	-	-	-	•	-
15-20%						
Wtd Avg Price	32.01	35.69	30.93	25.53	29.31	27.38
Volume Traded	9,665	7,765	7,602	11,483	13,901	13,991
Volume Exported	8,585	7,160	6,202	2,734	2,319	3,223
20% or More						
Wtd Avg Price	-	-	-	22.29	24.11	22.00
Volume Traded	-	-	-	286	367	286
Volume Exported	-	-	-	-	-	-

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

25.0 25.0 8/8 8/15 8/22 8/29 9/5 9/12 9/19 9/26 10/3 10/10 10/17 10/24 10/31

---2013

2014

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

Fresh 15-20% MSC

#### **NATIONAL YOUNG TURKEY PARTS**

INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 24 OCTOBER 2014.

The market on bulk parts is steady. Demand and offerings light to moderate. Tom breast meat steady to weak and white meat items steady. Demand and offerings mixed. The thigh meat market is steady. Demand and offerings light to moderate. Mechanically separated turkey market is steady to barely steady. Demand is light. Offerings light to moderate. Market activity is slow. For domestic: fresh & frozen tails 55 cents, fresh full cut wings 77 cents, fresh tom necks 75 cents, fresh breast trim 201 cents, fresh wing meat 133-135 cents, fresh scapula 213-219 cents, livers for pet food 27 cents, frozen grade A basted breast 12-16 lbs. 221 cents, frozen hearts 43 cents, machine defatted gizzards 93 cents and fresh MST 25 pet food delivered. For export: hen drums 114 cents delivered to Border.

# **EXPORT TRADING**

EXPORT TRADING					\4/FF:/:\/	14/55171
FRIDAY, OCTOBER 24, 2014 DRUMSTICKS, TOMS	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
WINGS FULL-CUT - TOMS WINGS, V-TYPE, TOM	87.00		87.00	120	87.00	120
TAILS MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	27.00 172.00	Т	56.20 27.00 172.00	200 54 54	56.20 27.00 172.33	200 54 162
THURSDAY, OCTOBER 23, 2014 DRUMSTICKS, TOMS WINGS FULL-CUT - TOMS WINGS, V-TYPE, TOM	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)		
TAILS MECHANICALLY SEPARATED 2/		Т _	56.20	200		
THIGH MEAT - FROZEN		Т	172.50	108		
WEDNESDAY, OCTOBER 22, 2014 DRUMSTICKS, TOMS WINGS FULL-CUT - TOMS WINGS, V-TYPE, TOM	PRICE RANGE	L.S.T. CODE 1/ W	<b>WTD AVG PRICE</b> 125.00	<b>VOLUME</b> ( <b>000</b> ) 360		
TAILS MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		T W T	56.20 28.00 172.50	200 27 108		
TUESDAY, OCTOBER 21, 2014 DRUMSTICKS, TOMS WINGS FULL-CUT - TOMS WINGS, V-TYPE, TOM	PRICE RANGE	L.S.T. CODE 1/ W	WTD AVG PRICE 125.00	<b>VOLUME</b> ( <b>000</b> ) 360		
TAILS MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	55.00-57.00 172.00-173.00	W	56.20 28.00 172.50	200 27 108		
THOMEST TROLET						
MONDAY, OCTOBER 20, 2014 DRUMSTICKS, TOMS WINGS FULL-CUT - TOMS WINGS, V-TYPE, TOM TAILS	PRICE RANGE	L.S.T. CODE 1/ W	WTD AVG PRICE 125.00	VOLUME (000) 360		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		W	28.00	27		

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.