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Livestock, Poultry and Grain Market News

Ukraine

Despite political and economic turmoil, Ukraine was able to increase poultry production and exports in 2014. In 2015, production growth will continue slowing down-- impacted by currency exchange rate swings and weakening domestic demand. Exports will serve as the major revenue source for large producers. Russia's role as an export market will become negligible. Ukraine is expected to completely fulfill Europe's import TRQs. Access to EU products in Ukraine will remain subject to import duties. Import demand will continue to concentrate on the lower-end market segment, mainly for product for further processing.

PSD numbers for 2014 were reviewed, and correspond to official statistics. Official poultry production numbers were released after this report was published, while only preliminary export trade statistics for 2014 calendar year were available. Export forecasts for both 2014 and 2015 have been modified slightly to reflect recent trends.

Broiler Meat PSD Table* in '000 metric tons Market Year Begin: January

| | 2013 | | 2014 | | 2015 | |
|------------|----------|------|----------|------|----------|------|
| | Official | Post | Official | Post | Official | Post |
| Production | 899 | 899 | 970 | 964 | 1,010 | 980 |
| Imports | 63 | 63 | 40 | 55 | 30 | 40 |
| Exports | 141 | 141 | 170 | 165 | 190 | 170 |
| Dom. Cons. | 821 | 821 | 840 | 854 | 850 | 850 |

Dom. Cons. – Domestic Consumption

*Not Official USDA Data

Exports of chicken paws (Ukrainian HS 0207149900) to China, Vietnam and Hong Kong are excluded from the export numbers.

Production

Commercial poultry production in Ukraine remains strong as red meat consumption falls. All major producers report stronger consumer demand and increases in sales. However producers also reported lower revenue due to the devaluation and real decline in prices.

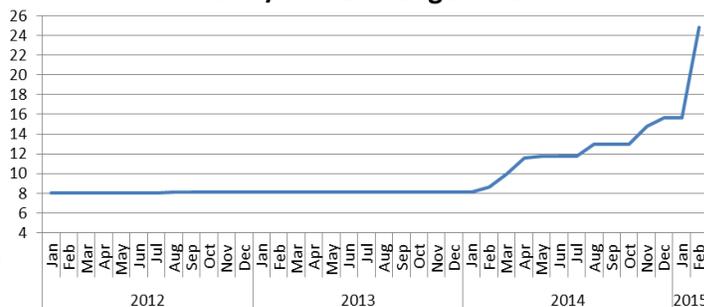
Price volatility in 2014/15 is a direct consequence of volatile exchange rates. The UAH sharply fell in January-February 2015, as the National Bank of Ukraine abandoned some restrictive administrative measures and allowed the free market to regulate the exchange rate. Current and future devaluation will have a negative impact on imports. Reliable trade forecasts are hardly possible given these circumstances. Exports are expected to grow due to a significant decline in domestically produced inputs (labor cost, bulk feeds, electricity, water etc.), but most market players view devaluations as risky.

The vast majority of industrial poultry production is concentrated between two major enterprises: MHP and Agromars. The largest producer – MHP with over 50 percent market share have finished populating their poultry houses in a new facility near Vinnitsa (Western Ukraine). This allowed for an increase in production in the fourth quarter of 2014 and increased the company's total production to 0.5 MMT, which is 18 percent above 2013. MHP had to stop production at one of its facilities situated in an area currently not controlled by the Ukrainian government in Eastern Ukraine. The hatching eggs shortage in the market was covered through imports. There is limited information on Agromars. The company continues its operations supplying from two production sites near Kyiv and Kharkov oblasts.

Consumption

In 2012-13, poultry consumption has shown signs of stabilizing around 0.83 MMT. Due to price hikes for red meat and heavy dependency on Ukraine's market for imported pork, domestic demand for poultry meat resumed growth in 2014. Further increases are possible in 2015; however, consumer incomes are unlikely to support it. The 2015 forecast remains at 2014 levels.

UAH/USD Exchange Rate



Source: National Bank of Ukraine data on Interbank Commodity Exchange, own calculations

Most UAH denominated salaries negligibly increased in 2014 providing little room for a consumption increase. Consumption in 2015 is expected to shift into low-priced market segments and remain comparable to 2014 numbers.

Trade

Ukraine continued to fulfill available EU import TRQ which moved Netherlands to the list of top export destinations. Some shipments were sent to Germany and Ireland. The once dominant Russian market is now ninth with a four-percent export volume. If trade barriers remain in place, exports to Russia will not be taking place in 2015.

Introduction of MHP's new production facilities in late fall resulted Ukraine's increase in exports. Inability to sell poultry domestically for the same high price also supported an increase in exports. Some export growth is expected in 2015 as well.

Ukraine's Poultry Exports and Imports (11 months of 2014)

| Poultry Exports | | Poultry Imports | |
|-----------------|-----|-----------------|-----|
| Moldova | 8% | UK | 8% |
| Netherlands | 8% | U.S. | 6% |
| Kazakhstan | 11% | Netherlands | 7% |
| Uzbekistan | 14% | Others | 9% |
| Iraq | 20% | Hungary | 9% |
| Others | 39% | Germany | 37% |
| | | Poland | 24% |

Source: State Statistics Service of Ukraine

Imports will continue to concentrate in the lowest end poultry market segment with offal responsible for over ¾ of all sales. The U.S. poultry exporters continue to lose market and their share shrunk from 22 to 6 percent of the market. The EU suppliers are responsible for over ¾ of the import market.

Poultry Imports (11 months of 2014)

| | |
|---|-----|
| Offal | 76% |
| Prepared or preserved chicken meat of offal | 4% |
| Other parts and offal | 4% |
| Halves and quarters | 7% |
| Liver | 9% |

Source: State Statistics Service of Ukraine

Source: USDA FAS GAIN Report UP1504

U.S Exports to Ukraine in metric tons

| | 2013 | 2014 | % Change |
|-------------------------|-------|-------|----------|
| Poultry meat & products | 7,654 | 3,035 | -60% |

Data Source: U.S. Census Bureau Trade Data

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

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

| Type | Year-To-Date* | | | |
|--------|---------------|---------|---------|------|
| | 2015 | 2014 /1 | 2015 /2 | 2014 |
| Liquid | 0 | 45 | 48 | 616 |
| Frozen | 0 | 0 | 0 | 0 |
| Dried | 41 | 0 | 84 | 122 |
| Total | 41 | 45 | 132 | 738 |

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

| Type | Year-To-Date* | | | |
|--------|---------------|---------|---------|------|
| | 2015 | 2014 /1 | 2015 /2 | 2014 |
| Liquid | 59 | 76 | 548 | 650 |
| Frozen | 79 | 0 | 331 | 296 |
| Dried | 0 | 0 | 7 | 46 |
| Total | 138 | 76 | 886 | 992 |

INSPECTED SHELL EGGS

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

| | Year-To-Date* | | | |
|-------------|---------------|---------|---------|---------|
| | 2015 | 2014 /1 | 2015 /2 | 2014 |
| Jumbo | 0 | 0 | 0 | 0 |
| Extra Large | 2,100 | 2,950 | 11,580 | 15,940 |
| Large | 9,400 | 7,210 | 41,927 | 32,350 |
| Medium | 30 | 570 | 30 | 942 |
| Ungraded | 11,040 | 13,092 | 81,320 | 53,384 |
| Misc | 0 | 1,440 | 300 | 2,880 |
| Total | 22,570 | 25,262 | 135,157 | 105,496 |

/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 Feb 21, 2015 (Preliminary)

| | U.S. Fowl Slaughtered Domestically | | Total Hens |
|------------------|------------------------------------|------------|------------|
| | Light Hens | Heavy Hens | |
| | -----Thousands----- | | |
| Head | 1,554 | 1,395 | 2,949 |
| Last Week | 1,464 | 1,671 | 3,135 |
| Same week yr ago | 1,382 | 1,433 | 2,815 |
| To-date/2015* | 11,172 | 11,309 | 22,481 |
| To-date/2014* | 10,866 | 10,213 | 21,079 |

U.S. Fowl Slaughtered in Canada

| | U.S. Fowl Slaughtered in Canada | | Total Hens |
|------------------|---------------------------------|------------|------------|
| | Light Hens | Heavy Hens | |
| | -----Thousands----- | | |
| Head | 129 | 0 | 129 |
| Last Week | 316 | 0 | 316 |
| Same week yr ago | 202 | 0 | 202 |
| To-date/2015* | 3,011 | 10 | 3,021 |
| To-date/2014* | 2,414 | 0 | 2,414 |

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 | 1,683 | 1,395 | 3,078 |
| Last Week | 1,780 | 1,671 | 3,451 |
| Same week yr ago | 1,584 | 1,433 | 3,017 |
| To-date/2015* | 14,183 | 11,319 | 25,502 |
| To-date/2014* | 13,280 | 10,213 | 23,493 |

*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.)

MSC prices are trending mostly steady on all fat contents. Domestic and export demand is light to moderate for fresh MSC; moderate to good for frozen. Supplies are moderate. Schedules are normal to reduced due to inclement weather conditions disrupting processing schedules. Market activity is slow to moderate. Raw material supplies are moderate. Frame prices are steady with trading levels between 10.0-13.0 cents FOB, mostly 11.0-12.5 cents FOB.

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

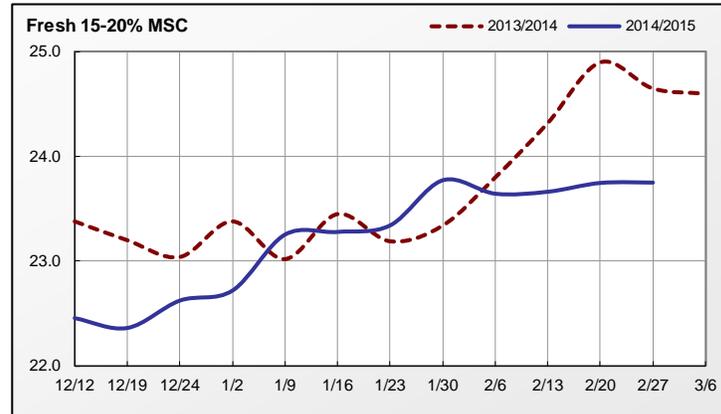
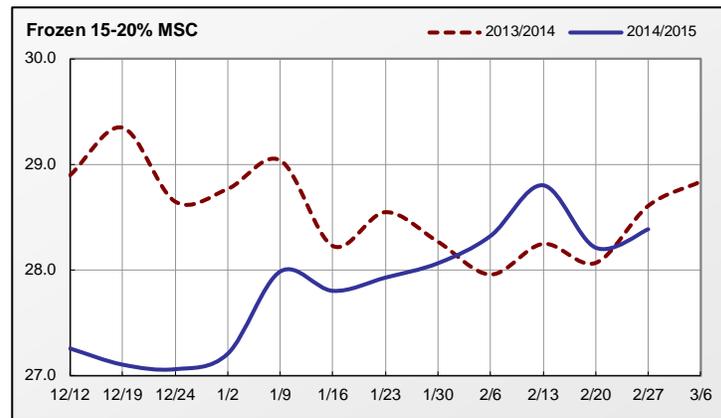
| Fat Content | Frozen | | | Fresh | | |
|--------------------|---------------|---------------|-------------|---------------|---------------|-------------|
| | 27-Feb-15 | Last Week | Last Year | 27-Feb-15 | Last Week | Last Year |
| 15% or Less | | | | | | |
| Price Range | - | - | - | 27.00 | 27.00 | 27.00-28.00 |
| Wtd Avg Price | - | - | - | 27.00 | 27.00 | 27.80 |
| Volume Traded | - | - | - | 102 | 163 | 204 |
| Volume Exported | - | - | - | - | - | - |
| 15-20% | | | | | | |
| Price Range | 27.00 - 31.00 | 27.00 - 32.00 | 26.50-31.00 | 22.00 - 26.00 | 22.00 - 26.00 | 22.00-27.00 |
| Wtd Avg Price | 28.39 | 28.21 | 28.61 | 23.75 | 23.75 | 24.65 |
| Volume Traded | 1,255 | 1,415 | 2,035 | 3,238 | 2,427 | 3,488 |
| Volume Exported | 1,055 | 1,255 | 1,975 | 490 | 286 | 653 |
| 20% or More | | | | | | |
| Price Range | - | - | - | 24.00 | 24.00 | 22.00-22.50 |
| Wtd Avg Price | - | - | - | 24.00 | 24.00 | 22.17 |
| Volume Traded | - | - | - | 41 | 82 | 122 |
| Volume Exported | - | - | - | - | - | - |

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

| Fat Content | Frozen | | | Fresh | | |
|--------------------|----------|----------|----------|----------|----------|----------|
| | Jan 2015 | Dec 2014 | Jan 2014 | Jan 2015 | Dec 2014 | Jan 2014 |
| 15% or Less | | | | | | |
| Wtd Avg Price | - | 28.00 | 31.50 | 26.63 | 26.60 | 27.58 |
| Volume Traded | - | 200 | 80 | 653 | 612 | 775 |
| Volume Exported | - | - | - | - | - | - |
| 15-20% | | | | | | |
| Wtd Avg Price | 27.78 | 27.26 | 28.53 | 23.27 | 22.58 | 23.27 |
| Volume Traded | 6,276 | 7,561 | 7,528 | 13,957 | 11,791 | 19,565 |
| Volume Exported | 5,556 | 6,241 | 6,178 | 3,060 | 4,651 | 3,060 |
| 20% or More | | | | | | |
| Wtd Avg Price | - | - | - | 24.00 | 21.33 | 22.18 |
| Volume Traded | - | - | - | 326 | 245 | 449 |
| 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)



NATIONAL YOUNG TURKEY PARTS

INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 27 FEBRUARY 2015.

The market for bulk parts is steady with hen drums and tom two joints weak. Demand and offerings light to moderate. White meat and white trims market is steady to weak. Demand light. Offerings light to moderate. High meat market steady to barely steady. Demand light. Offerings light to moderate. Mechanically separated turkey market was steady to fully steady. Demand and offerings light to moderate. Trading slow. For domestic: fresh tom necks 43 cents, fresh wing meat 131-132 cents, frozen tail 55-59 cents, fresh scapula 213-219 cents, frozen livers 25 cents pet food, fresh whole tenders 287 cents, grade A non-basted breast 8-10 lbs. 224 cents, 10-14 lbs. 215 cents and 20-22 lbs. 225 cents delivered. For export: frozen livers 22 cents, frozen hearts 40 cents delivered port.

EXPORT TRADING

| | PRICE RANGE | L.S.T. CODE 1/ | WTD AVG PRICE | VOLUME (000) | WEEKLY WTD AVG PRICE | WEEKLY VOLUME (000) |
|--|-------------|----------------|---------------|--------------|----------------------|---------------------|
| FRIDAY, FEBRUARY 27, 2015 | | | | | | |
| DRUMSTICKS, TOMS | | F | 62.00 | 40 | | |
| WINGS FULL-CUT - TOMS | | R | 60.14 | 218 | 58.77 | 326 |
| WINGS, V-TYPE, TOM | | | | | | |
| TAILS | | | | | | |
| MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN | | F | 133.00 | 40 | | |
| THURSDAY, FEBRUARY 26, 2015 | | | | | | |
| DRUMSTICKS, TOMS | | F | 62.00 | 40 | | |
| WINGS FULL-CUT - TOMS | 55.00-62.00 | R | 60.14 | 218 | | |
| WINGS, V-TYPE, TOM | | R | 80.00 | 54 | | |
| TAILS | | | | | | |
| MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN | | F | 133.00 | 40 | | |
| WEDNESDAY, FEBRUARY 25, 2015 | | | | | | |
| DRUMSTICKS, TOMS | | F | 62.00 | 40 | | |
| WINGS FULL-CUT - TOMS | | M | 56.00 | 108 | | |
| WINGS, V-TYPE, TOM | | R | 80.00 | 54 | | |
| TAILS | | | | | | |
| MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN | | F | 133.00 | 40 | | |
| TUESDAY, FEBRUARY 24, 2015 | | | | | | |
| DRUMSTICKS, TOMS | | F | 62.00 | 40 | | |
| WINGS FULL-CUT - TOMS | | M | 56.00 | 108 | | |
| WINGS, V-TYPE, TOM | | R | 80.00 | 54 | | |
| TAILS | | | | | | |
| MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN | | F | 133.00 | 40 | | |
| MONDAY, FEBRUARY 23, 2015 | | | | | | |
| DRUMSTICKS, TOMS | | F | 62.00 | 40 | | |
| WINGS FULL-CUT - TOMS | 56.00 | R | 56.00 | 108 | | |
| WINGS, V-TYPE, TOM | | R | 80.00 | 54 | | |
| TAILS | | | | | | |
| MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN | | F | 133.00 | 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.