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Market News

Russia's Poultry Situation

Production

USDA FAS/Moscow unofficially forecasts Russian poultry production to hit 3.4 million metric tons (MMT) in 2015, 4.5% increase in broiler meat production when compared to revised production estimates for 2014. Despite a challenging economic environment in 2014 Russian broiler production was relatively strong, which is why USDA FAS increased its production estimate for Russia by 1.5% to 3.25 MMT, almost 8% higher than 2013 production levels. Industry profitability declined in late 2014 due in part to the depreciation of the Ruble, who's volatility also impacted production costs like price increases on feed, imported hatching eggs and day old chicks, production equipment, veterinary drugs, and vaccines.

Previous investments and modernization projects, which started in 2006 with the National Program of Agricultural Development, have come to fruition and demand for broiler meat remains relatively strong

Russia's Broiler Production, Supply, & Demand in Thousands of

Metric Tons (TMT) (ready-to-cook)

	2013		2014		2015	
	Jan 2013		Jan 2014		Jan 2015	
	Official	New Post	Official	New Post	Official	New Post
Production	3,010	3,010	3,200	3,250	3,400	3,400
Imports	540	540	385	450	340	320
Exports	30	30	25	42	15	40
Dom. Cons.	3,520	3,520	3,560	3,658	3,725	3,680

Note: Official USDA data is available at <http://apps.fas.usda.gov/psdonline>. USDA unofficial data excludes Crimean production and exports. However as of June 2014 the Russian Federal State Statistics Service (Rosstat) began incorporating Crimean production and trade data into its official estimates. Where possible, data reported by USDA FAS/Moscow is exclusive of information attributable to Crimea. Source: USDA FAS Gain Report RS1510

when compared to other meats. However no investments are expected in the short term given the country's economic situation. In fact, bankruptcies and acquisitions of some inefficient and indebted businesses are possible. According to sources, annual poultry production increased 2.6 MMT over 9 years and Russia is expected to reach its self-sufficiency target in 2015 by producing domestically over 90% of the poultry meat consumed in Russia.

Consumption

Russian broiler meat consumption is unofficially projected to reach 3.68 MMT in 2015, nearly a half percent more than revised estimates for 2014 (3.66 MMT). Average per capita broiler meat consumption in

Russian Broiler Meat Imports Excluding Belarus & Kazakhstan in Thousands of Metric Tons (TMT)

	2009	2010	2011	2012	2013	2014	%
US	694.4	294.9	239.3	262.9	263.2	137.7	-47.69%
Brazil	66.1	137.5	64.4	61.8	47.8	117.8	146.51%
EU-28	144.3	173.9	72.5	77.0	64.0	45.4	-28.97%
Argentina	4.7	6.8	4.7	14.0	8.2	21.7	165.89%
Turkey	0.0	0.0	0.1	0.3	0.0	16.0	
Ukraine	0.0	0.1	5.2	30.4	39.3	7.0	-82.09%
Others	3.7	5.7	3.8	10.1	2.3	1.0	-57.69%
World*	913.2	618.4	390.0	456.6	424.8	346.7	-18.39%

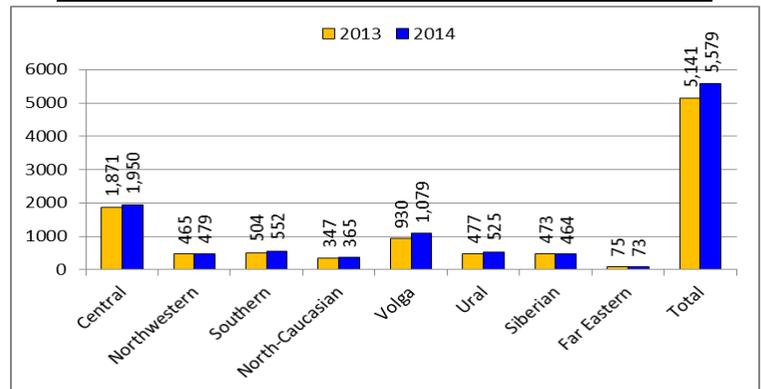
Note: Data is from January-December for 2009-2012 and January-April 2013 and 2014. World* = Excludes data for Belarus & Kazakhstan. Data includes HS020711, HS020712, HS020713, HS020714, and HS160232. Source: Federal Customs Service of Russia/USDA FAS Gain Report 1510

Russian Broiler Meat Imports from Belarus & Kazakhstan (TMT)

	2011	2012	2013	2014	%
Belarus	74.1	103.9	105.0	113.6	8.18%
Kazakhstan	0.0	1.4	2.6	5.3	102.10%
Total*	74.1	105.3	107.6	118.9	10.46%

Note: Data is from January-December. Total* = Includes only imports from Belarus & Kazakhstan. Includes data attributable to some products which are not reported in the PSD. Data includes HS0207. Source: Eurasian Economic Commission/USDA FAS Gain Report 1510

Russian Poultry Production by Region (TMT), Live Weight



Note: All data is January-December. Data for Central District, Northwest District, Southern District, North-Caucasian Federal District, Volga Federal District, Ural Federal District, Siberian Federal District, Far Eastern Federal District, and all of Russia. Source: Rosstat/USDA FAS Gain Report RS1510.

Russia has increased nearly 180% over the last 15 years. Despite higher prices to consumers in 2014 (e.g. +25% broiler carcasses, +17% quarters) broiler meat remains competitively priced compared to red meats. Additionally, Russian meat processors increasingly used poultry meat as a raw material in 2014 given its competitive price when compared to other meats and this trend is expected to continue.

Trade

Broiler meat imports in 2015 are unofficially forecast to drop 30% to be 320,000 MT or about 130,000 MT lower than 2014 levels (450,000 MT) due to ongoing restrictions on certain foreign suppliers, reduced market opportunities for foreign products due to the Ruble's depreciation, and increased domestic production. The import estimate for 2014 was increased 17% to 450,000 MT. Significant increases were seen in 2014 from Argentina (+165%), Belarus (+30%), Brazil (+150%), Serbia (+140%), and Turkey, which first appeared in 2014.

Russian exports are unofficially forecast to total 40,000 MT in 2015 and 42,000 MT in 2014. While a significant portion of Russian broiler exports to Asia continue to be comprised of sub-products in 2014, USDA FAS estimates Russia will export nearly 20,000 MT of broiler meat to non-CU member countries in 2014. A small decline in broiler meat exports is anticipated in 2015, when compared to 2014, due to demand for domestic broiler meat, Russian exporters are also expected to potentially avail themselves of new export opportunities given the attractive prices they may be able to offer for Russian poultry in the international market.

Russian Broiler Meat Exports Excluding Belarus & Kazakhstan in Thousands of Metric Tons (TMT)

	2009	2010	2011	2012	2013	2014	%
Hong Kong	1.2	8.4	11.1	10.7	14.7	24.2	65.06%
Vietnam	2.6	6.7	6.4	2.7	1.4	5.2	267.07%
Thailand	0.0	0.0	0.0	0.3	2.4	1.8	-25.05%
Others	2.7	4.1	1.6	2.0	2.9	5.2	82.38%
World*	6.5	19.2	19.1	15.8	24.8	36.5	47.16%

Note: Data is from January-December 2009-2012 and January-April 2013 and 2014. World* = Excludes data for Belarus & Kazakhstan. Data includes HS020711, HS020712, HS020713, HS020714, and HS160232. Includes data attributable to some products which are not reported in the PSD. Source: Federal Customs Service of Russia/USDA FAS Gain Report 1510

Russian Broiler Meat Exports to Belarus & Kazakhstan (TMT)

	2011	2012	2013	2014	%
Belarus	0.5	0.2	0.5	3.3	637.00%
Kazakhstan	18.4	25.5	26.2	17.6	-33.00%
Total*	18.9	25.7	26.7	20.9	-22.00%

Note: Data is from January-December. Total* = Includes only exports to Belarus & Kazakhstan. Includes data attributable to some products not reported in the PSD. Data includes HS0207. Source: Eurasian Economic Commission/USDA FAS Gain Report RS 1510

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

U.S. Exports to Canada, in Pounds (000) (Preliminary)
 Week Ending Mar 07, 2015 Year-To-Date*

Type	2015	2014 /1	2015 /2	2014
Liquid	0	45	96	804
Frozen	0	0	0	0
Dried	1	36	196	158
Total	1	81	292	962

U.S. Imports From Canada, in Pounds (000) (Preliminary)
 Week Ending Mar 07, 2015 Year-To-Date*

Type	2015	2014 /1	2015 /2	2014
Liquid	105	14	986	964
Frozen	47	22	400	367
Dried	0	0	7	46
Total	152	36	1,393	1,377

INSPECTED SHELL EGGS

U.S. Exports to Canada, In 30-Dozen Cases (Preliminary)
 Week Ending Mar 07, 2015 Year-To-Date*

Type	2015	2014 /1	2015 /2	2014
Jumbo	0	0	0	0
Extra Large	3,060	1,500	16,440	20,928
Large	8,450	9,250	57,807	62,220
Medium	30	0	60	1,752
Ungraded	13,620	25,368	118,680	100,772
Misc	0	72	300	5,160
Total	25,160	36,190	193,287	190,832

/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 07, 2015 (Preliminary)

	U.S. Fowl Slaughtered Domestically		Total Hens
	Light Hens	Heavy Hens	
Head	1,416	1,531	2,947
Last Week	1,443	1,640	3,083
Same week yr ago	1,268	1,344	2,612
To-date/2015*	14,031	14,480	28,511
To-date/2014*	13,645	13,051	26,696

U.S. Fowl Slaughtered in Canada

	U.S. Fowl Slaughtered in Canada		Total Hens
	Light Hens	Heavy Hens	
Head	469	0	469
Last Week	105	0	105
Same week yr ago	280	0	280
To-date/2015*	3,585	10	3,595
To-date/2014*	2,789	0	2,789

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	
Head	1,885	1,531	3,416
Last Week	1,548	1,640	3,188
Same week yr ago	1,548	1,344	2,892
To-date/2015*	17,616	14,490	32,106
To-date/2014*	16,434	13,051	29,485

*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 steady to higher on all fat contents. Demand into domestic and export channels is moderate to mostly good on both fresh and frozen MSC. Supplies are light to moderate. Schedules are normal. Industry is closely watching the spot marketplace with severe winter storms and cold temperatures significantly effecting production and availability in the last few weeks; but most especially now with recent confirmations of highly pathogenic avian influenza in Arkansas, Minnesota, and Missouri promising implications both in the domestic and export marketplace in regard to product availability and price. Market activity is moderate to active. Raw material supplies are light to moderate. Prices of frames are steady to firm with trading levels between 12.0-14.5 cents FOB.

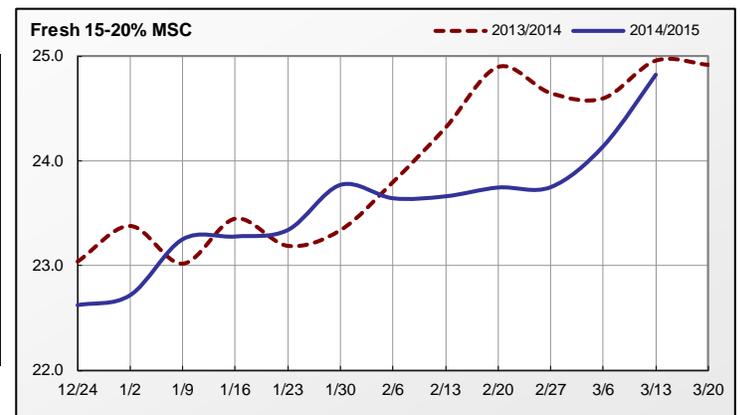
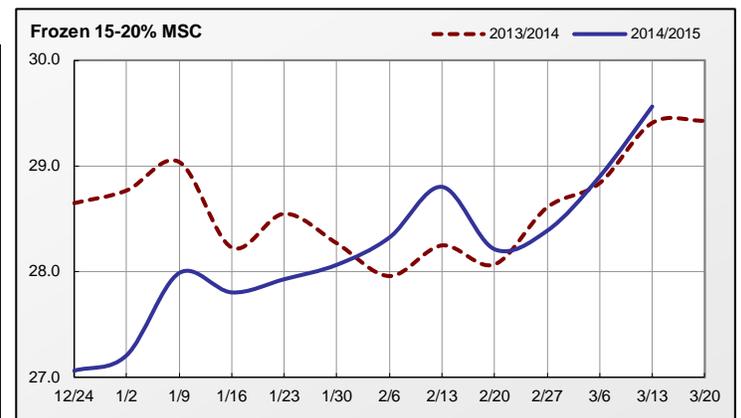
Weekly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

Fat Content	Frozen			Fresh		
	13-Mar-15	Last Week	Last Year	13-Mar-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	27.75
Volume Traded	-	-	-	82	143	163
Volume Exported	-	-	-	-	-	-
15-20%						
Price Range	28.00 - 33.00	27.00 - 31.00	27.00-31.00	23.00 - 28.00	23.00 - 27.00	22.00-27.00
Wtd Avg Price	29.57	28.90	29.41	24.83	24.14	24.96
Volume Traded	1,260	1,245	2,070	3,284	2,734	2,600
Volume Exported	1,220	1,205	1,910	816	286	234
20% or More						
Price Range	-	-	-	24.00	24.00	22.50
Wtd Avg Price	-	-	-	24.00	24.00	22.50
Volume Traded	-	-	-	82	82	82
Volume Exported	-	-	-	-	-	-

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

Fat Content	Frozen			Fresh		
	Feb 2015	Jan 2015	Feb 2014	Feb 2015	Jan 2015	Feb 2014
15% or Less						
Wtd Avg Price	-	-	-	27.00	26.63	27.79
Volume Traded	-	-	-	388	653	796
Volume Exported	-	-	-	-	-	-
15-20%						
Wtd Avg Price	28.45	27.78	28.27	23.70	23.27	24.45
Volume Traded	5,717	6,276	5,540	11,622	13,957	13,345
Volume Exported	4,737	5,556	5,320	1,510	3,060	816
20% or More						
Wtd Avg Price	-	-	-	24.00	24.00	22.32
Volume Traded	-	-	-	245	326	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 PartsIncluding bulk meat and frozen (unless specified), cents per lb., delivered first receivers, part and full trucklots as of **13 March 2015**.

The market for bulk parts is steady with tom two joints weak. Demand and offerings light to moderate. White meat and white trims market is steady. Demand and offerings light to moderate. Thigh meat market steady. Demand light. Offerings light to moderate. Mechanically separated turkey market was steady. Demand and offerings light to moderate. Trading slow to moderate. For domestic: frozen tails 51-55 cents, frozen hearts 40 cents, fresh full cut wings 53 cents, fresh scapula 213-219 cents, fresh wing meat 131 cents and grade A breast non basted 12-16 lbs. 221 cents delivered. For export: frozen livers 23 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, March 13, 2015						
Drumsticks, Toms		T	62.00	240	62.00	240
Wings Full-Cut - Toms		F	55.00	120		
Wings, V-Type, Tom		T	65.00	120	63.36	660
Tails		T	61.00	60	61.00	60
Mechanically Separated 2/		T	33.18	244	33.18	244
Thigh Meat - Frozen	127.00		127.00	40	128.91	294
Thursday, March 12, 2015						
Drumsticks, Toms		T	62.00	240		
Wings Full-Cut - Toms		F	55.00	120		
Wings, V-Type, Tom		T	65.00	120		
Tails		T	61.00	60		
Mechanically Separated 2/		T	33.18	244		
Thigh Meat - Frozen	129.00		129.00	160		
Wednesday, March 11, 2015						
Drumsticks, Toms		T	62.00	240		
Wings Full-Cut - Toms		F	55.00	120		
Wings, V-Type, Tom		T	65.00	120		
Tails		T	61.00	60		
Mechanically Separated 2/		T	33.18	244		
Thigh Meat - Frozen		T	129.57	94		
Tuesday, March 10, 2015						
Drumsticks, Toms	62.00		62.00	240		
Wings Full-Cut - Toms		F	55.00	120		
Wings, V-Type, Tom	65.00		65.00	120		
Tails	61.00		61.00	60		
Mechanically Separated 2/	29.00-34.00		33.18	244		
Thigh Meat - Frozen	129.00-130.00		129.57	94		
Monday, March 09, 2015						
Drumsticks, Toms		F	51.38	192		
Wings Full-Cut - Toms		F	55.00	120		
Wings, V-Type, Tom	63.00		63.00	540		
Tails		F	61.22	138		
Mechanically Separated 2/		F	34.00	360		
Thigh Meat - Frozen						

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.