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Poultry Situation and Outlook

U.S. broiler production in the first quarter 2000 was 4 percent higher than 1999, however second quarter production is expected to be only 2 percent higher than the second quarter 1999. Production increases for the third and fourth quarters are expected to be small compared to the previous year. Adding to the expected slowdown, the broiler hatchery flock in July was down 1.5 percent from a year earlier and slaughter of broiler-breeder type hens was 2 percent higher than the previous year. Exports for the first five months of 2000 totaled 2.264 billion pounds, 25 percent higher than last year. Total exports to Russia (either directly or through the Baltic countries) rebounded strongly and exports to China continued to grow. Supporting growth in exports is the economic recovery and growth in Russia and China (including Hong Kong), both major markets. Broiler exports are also expected to show strong increases to Korea and Taiwan.

Turkey production was up 6 percent in the first quarter, however only small gains are expected for the remainder of the year. Exports in 2000 are forecast at 434 million pounds, a 14 percent increase from 1999. Much of the increase is due to the sharp upturn in exports the first quarter, when shipments rose more than 48 percent. Higher energy prices early this year boosted the economies of both Russia and Mexico. Mexico is the largest market for turkey.

Table egg production rose 4 percent in the first quarter and is expected to increase 3 percent in the second quarter. Total U.S. egg exports were down 26 percent in 1999, however the first five months of 2000 have been about even with the previous year. Stronger imports to Mexico and Japan have offset declines in shipments to Canada and Hong Kong. The outlook for shell egg exports to Hong Kong have been declining as more shell eggs are imported from the Chinese mainland.

Source: USDA/Economic Research Service

Exports of U.S. Broiler Cuts to Major Markets

| | Quantity | | Value | |
|-----------|----------|---------|---------|---------|
| | 1999 | 2000 | 1999 | 2000 |
| China | 24,554 | 36,285 | 16,945 | 20,303 |
| Hong Kong | 235,519 | 247,156 | 128,078 | 135,078 |
| Mexico | 48,440 | 55,034 | 26,096 | 32,380 |
| Russia | 76,735 | 238,713 | 36,060 | 105,621 |

Volume in metric tons, Value in 1000 dollars

Source: USDA/Foreign Agricultural Service

Argentina Levies Antidumping Penalties on Brazil

In late July Argentina imposed antidumping penalties on chicken imported from Brazil. The penalty is \$.92/kg for product from Sadia, and \$.98/kg for Avipal and other firms. Two companies, Frigorifico Nicolini and Seara Alimentos, were excluded from the penalties. The antidumping penalties will remain in effect for three years.

Poultry industries from both countries negotiated a voluntary annual export quota of 7 percent of Argentine broiler production in 1998. The agreement was discontinued in December 1999 by an Argentine court decision. Instead, a monthly quota of 3,742 metric tons was established for imports of Brazilian broilers.

The Argentine poultry industry also opened an investigation of dumping against the Brazilian poultry industry. A report produced by the National Foreign Trade commission in Argentina claims that there is a Brazilian dumping margin of 14 percent in the price of broilers exported to Argentina. Brazilian sources said that exports of Brazilian broilers to Argentina in 1999 accounted for only 6 percent of an estimated Argentine poultry production of 855,000 metric tons. Argentina's Poultry Processing Company Center claimed imports of Brazilian chickens is 34 million chickens, equivalent to 10 percent of Argentina's own chicken production.

| | 1999 | | January - May (in metric tons) 2000 | |
|---------|--------|--------|-------------------------------------|--------|
| | Total | Brazil | Total | Brazil |
| Exports | 11,008 | 784 | 10,856 | 73 |
| Imports | 18,594 | 18,438 | 22,706 | 22,452 |

Source: USDA/Foreign Agricultural Service, SENASA and various sources

JAPANESE FROZEN BROILER IMPORTS (IN TONS)

| Month | United States | China | Brazil | Thailand | Total |
|--------------|---------------|---------------|---------------|---------------|----------------|
| | 1999 | | | | |
| January | 6,554 | 15,060 | 8,078 | 11,662 | 41,354 |
| February | 10,128 | 16,275 | 6,595 | 10,159 | 43,157 |
| March | 8,333 | 13,517 | 3,741 | 9,434 | 35,025 |
| April | 9,185 | 16,201 | 5,691 | 11,728 | 42,805 |
| Total | 34,200 | 61,053 | 24,105 | 42,983 | 162,341 |
| 2000 | | | | | |
| January | 4,800 | 18,128 | 5,057 | 10,134 | 38,119 |
| February | 5,365 | 13,655 | 9,741 | 10,752 | 39,513 |
| March | 6,331 | 17,853 | 9,714 | 10,090 | 43,988 |
| April | 7,781 | 20,981 | 9,431 | 11,530 | 49,723 |
| Total | 24,277 | 70,617 | 33,943 | 42,506 | 171,343 |

Source: ALIC Monthly statistics

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

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

| Type | Week Ending Jul 22, 2000 | | Year-To-Date | |
|--------|--------------------------|--------|--------------|-------|
| | (000) | 1999/1 | (000) | 1999 |
| Liquid | 187 | 134 | 3,548 | 8,095 |
| Frozen | 0 | 0 | 126 | 6 |
| Dried | 36 | 22 | 340 | 355 |
| Total | 223 | 156 | 4,014 | 8,456 |

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

| Type | Week Ending Jul 22, 2000 | | Year-To-Date | |
|--------|--------------------------|--------|--------------|-------|
| | (000) | 1999/1 | (000) | 1999 |
| Liquid | 48 | 166 | 3,282 | 2,484 |
| Frozen | 0 | 15 | 406 | 173 |
| Dried | 0 | 0 | 643 | 141 |
| Total | 48 | 181 | 4,331 | 2,798 |

Inspected Shell Eggs

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

| Type | Week Ending Jul 22, 2000 | | Year-To-Date | |
|-------------|--------------------------|--------|--------------|---------|
| | 2000 | 1999/1 | 2000 | 1999 |
| Jumbo | 120 | 17 | 981 | 584 |
| Extra Large | 910 | 1,300 | 24,495 | 19,049 |
| Large | 2,052 | 1,400 | 80,862 | 68,200 |
| Medium | 766 | 1,349 | 19,351 | 29,276 |
| Ungraded | 13,320 | 9,080 | 156,964 | 309,711 |
| Misc | 900 | 0 | 7,887 | 3,588 |
| Total | 18,068 | 13,146 | 290,540 | 430,408 |

/1 Comparable Week, to-date figures may not total due to rounding.
Source: USDA/AMS Poultry Programs, Market News Branch in cooperation with Agriculture Canada, Poultry Development Division.

CENTRAL REGION PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND FOR DELIVERY WITHIN TWO WEEKS. 21-JUL-00

CHICKEN PRICES

| FAT CONTENT | -----FROZEN----- | | -----FRESH----- | |
|-------------|------------------|-----------|-----------------|-----------|
| | FOB DOCK | DELIVERED | FOB DOCK | DELIVERED |
| 15% OR LESS | - | - | - | - |
| RANGE | - | - | - | - |
| WTD AVERAGE | - | - | - | - |

0 pounds, this includes 0 pounds for export shipment.

CHICKEN PRICES, WITH ADDED SKIN

| | | | | |
|-------------|---|-------|-------|---|
| 15% OR LESS | - | 20.00 | 14.00 | - |
| RANGE | - | 20.00 | 14.00 | - |
| WTD AVERAGE | - | 20.00 | 14.00 | - |

121,600 pounds, this includes 0 pounds for export shipment.

| | | | | |
|-------------|---|-------|-------------|-------------|
| 15-20% | - | 17.00 | 11.00-13.00 | 12.50-22.00 |
| RANGE | - | 17.00 | 11.30 | 14.34 |
| WTD AVERAGE | - | 17.00 | 11.30 | 14.34 |

1,426,400 pounds, this includes 40,800 pounds for export shipment.

| | | | | |
|-------------|---|---|---|---|
| 20% OR MORE | - | - | - | - |
| RANGE | - | - | - | - |
| WTD AVERAGE | - | - | - | - |

0 pounds, this includes 0 pounds for export shipment.

* INCLUDES THE FOLLOWING STATES: AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

LIVE POULTRY SLTRD UNDER INSPECTION W/E 22-Jul-00 (PRELIMINARY)

U.S. FOWL SLAUGHTERED DOMESTICALLY

| | LIGHT HENS | HEAVY HENS | TOTAL HENS |
|------------------|------------|------------|------------|
| | THOUSANDS | | |
| HEAD | 1,959 | 1,609 | 3,568 |
| LAST WEEK | 1,882 | 1,428 | 3,310 |
| SAME WEEK YR AGO | 2,217 | 1,507 | 3,724 |
| TO-DATE/2000 | 56,984 | 40,635 | 97,619 |
| TO-DATE/1999 | 62,846 | 39,396 | 102,242 |

U.S. FOWL SLAUGHTERED IN CANADA

| | LIGHT HENS | HEAVY HENS | TOTAL HENS |
|------------------|------------|------------|------------|
| | THOUSANDS | | |
| HEAD | 332 | 29 | 361 |
| LAST WEEK | 587 | 16 | 603 |
| SAME WEEK YR AGO | 471 | 10 | 481 |
| TO-DATE/2000 | 14,004 | 124 | 14,128 |
| TO-DATE/1999 | 14,358 | 192 | 14,550 |

SOURCE: AGRICULTURE CANADA, POULTRY DEVELOPMENT DIVISION

TOTAL U.S. FOWL SLAUGHTERED IN THE U.S. AND CANADA

| | LIGHT HENS | HEAVY HENS | TOTAL HENS |
|------------------|------------|------------|------------|
| | THOUSANDS | | |
| HEAD | 2,291 | 1,638 | 3,929 |
| LAST WEEK | 2,469 | 1,444 | 3,913 |
| SAME WEEK YR AGO | 2,688 | 1,517 | 4,205 |
| TO-DATE/2000 | 70,988 | 40,759 | 111,747 |
| TO-DATE/1999 | 77,204 | 39,588 | 116,792 |

EASTERN REGION PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND FOR DELIVERY WITHIN TWO WEEKS. 28-JUL-00

CHICKEN PRICES

| FAT CONTENT | -----FROZEN----- | | -----FRESH----- | |
|-------------|------------------|-----------|-----------------|-----------|
| | FOB DOCK | DELIVERED | FOB DOCK | DELIVERED |
| 15% OR LESS | 16.00 | - | - | - |
| RANGE | 16.00 | - | - | - |
| WTD AVERAGE | 16.00 | - | - | - |

200,000 pounds, this includes 0 pounds for export shipment.

CHICKEN PRICES, WITH ADDED SKIN

| | | | | |
|-------------|-------------|-------------|-------|-------------|
| 15% OR LESS | 14.00-16.00 | 15.00-18.00 | 17.00 | 16.00-17.40 |
| RANGE | 14.00-16.00 | 15.00-18.00 | 17.00 | 16.00-17.40 |
| WTD AVERAGE | 15.63 | 16.00 | 17.00 | 16.62 |

1,165,000 pounds, this includes 248,000 pounds for export shipment.

| | | | | |
|-------------|-------------|---|-------------|-------------|
| 15-20% | 12.00-15.00 | - | 12.00-12.50 | 12.00-15.00 |
| RANGE | 12.00-15.00 | - | 12.00-12.50 | 12.00-15.00 |
| WTD AVERAGE | 13.71 | - | 12.36 | 13.79 |

1,772,280 pounds, this includes 472,000 pounds for export shipment.

| | | | | |
|-------------|---|---|---|-------|
| 20% OR MORE | - | - | - | 12.75 |
| RANGE | - | - | - | 12.75 |
| WTD AVERAGE | - | - | - | 12.75 |

320,000 pounds, this includes 0 pounds for export shipment.* INCLUDES THE FOLLOWING STATES: CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT

FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS

JULY 28, 2000

Thigh meat was available with most trades into export channels. Supplies of breast trims were limited and fresh breast meat was about adequate. The market tone on fresh breast meat ranged steady to firm, fresh and frozen destrapped tenders were steady. One load of fresh scapula traded at 106 seller's dock. Tom parts were at least adequate for the light demand, most hen parts were tight. Plants kept production of mechanically separated turkey in a close balance with demand.

FRIDAY, JULY 28, 2000**EXPORT TRADING**

| | PRICE RANGE | L.S.T. CODE 1/ | WTD AVG PRICE | VOLUME (000) | WEEKLY WTD AVG PRICE | WEEKLY VOLUME (000) |
|---------------------------|-------------|----------------|---------------|--------------|----------------------|---------------------|
| DRUMSTICKS, TOMS | | R | 25.15 | 344 | 23.70 | 806 |
| WINGS FULL-CUT - TOMS | | R | 22.00 | 120 | 21.32 | 752 |
| WINGS, V-TYPE, TOM | 21.00-22.00 | | 21.50 | 208 | 21.50 | 208 |
| TAILS | | W | 19.50 | 400 | 19.50 | 400 |
| MECHANICALLY SEPARATED 2/ | | R | 14.00 | 52 | 14.83 | 396 |
| THIGH MEAT - FROZEN | 55.00-55.50 | | 55.32 | 328 | 56.43 | 732 |

THURSDAY, JULY 27, 2000**EXPORT TRADING**

| | PRICE RANGE | L.S.T. CODE 1/ | WTD AVG PRICE | VOLUME (000) |
|---------------------------|-------------|----------------|---------------|--------------|
| DRUMSTICKS, TOMS | 25.00-26.00 | | 25.15 | 344 |
| WINGS FULL-CUT - TOMS | 22.00 | | 22.00 | 120 |
| WINGS, V-TYPE, TOM | | F | 24.00 | 208 |
| TAILS | | W | 19.50 | 400 |
| MECHANICALLY SEPARATED 2/ | 14.00 | | 14.00 | 52 |
| THIGH MEAT - FROZEN | 56.00 | | 56.00 | 80 |

WEDNESDAY, JULY 26, 2000**EXPORT TRADING**

| | PRICE RANGE | L.S.T. CODE 1/ | WTD AVG PRICE | VOLUME (000) |
|---------------------------|-------------|----------------|---------------|--------------|
| DRUMSTICKS, TOMS | 22.25 | | 22.25 | 400 |
| WINGS FULL-CUT - TOMS | 21.00-21.50 | | 21.21 | 560 |
| WINGS, V-TYPE, TOM | | F | 24.00 | 208 |
| TAILS | 19.50 | | 19.50 | 400 |
| MECHANICALLY SEPARATED 2/ | | T | 14.50 | 240 |
| THIGH MEAT - FROZEN | 55.00 | | 55.00 | 160 |

TUESDAY, JULY 25, 2000**EXPORT TRADING**

| | PRICE RANGE | L.S.T. CODE 1/ | WTD AVG PRICE | VOLUME (000) |
|---------------------------|-------------|----------------|---------------|--------------|
| DRUMSTICKS, TOMS | | M | 25.00 | 62 |
| WINGS FULL-CUT - TOMS | | M | 21.00 | 72 |
| WINGS, V-TYPE, TOM | | F | 24.00 | 208 |
| TAILS | | F | 19.92 | 676 |
| MECHANICALLY SEPARATED 2/ | 14.50 | | 14.50 | 240 |
| THIGH MEAT - FROZEN | | M | 60.24 | 164 |

MONDAY, JULY 24, 2000**EXPORT TRADING**

| | PRICE RANGE | L.S.T. CODE 1/ | WTD AVG PRICE | VOLUME (000) |
|---------------------------|-------------|----------------|---------------|--------------|
| DRUMSTICKS, TOMS | 25.00 | | 25.00 | 62 |
| WINGS FULL-CUT - TOMS | 21.00 | | 21.00 | 72 |
| WINGS, V-TYPE, TOM | | F | 24.00 | 208 |
| TAILS | | F | 19.92 | 676 |
| MECHANICALLY SEPARATED 2/ | 16.00 | | 16.00 | 104 |
| THIGH MEAT - FROZEN | 60.00-61.00 | | 60.24 | 164 |

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY 2/ Product contains 15-20% fat with skin added.