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TO WORLD POULTRY TRENDS

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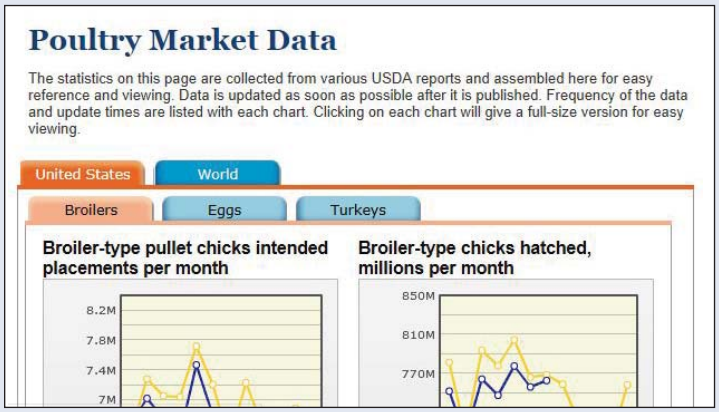

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WATT Executive Guide to World Poultry Trends offers improved way to access additional data online

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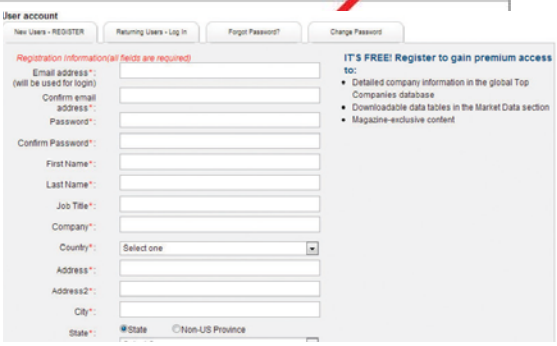

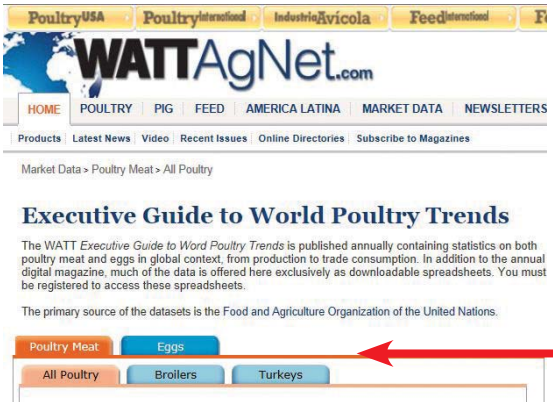

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Below the chart, click on "Download Excel file for more data" to download the dataset to your computer. You must be registered and logged in to download the datasets.

Welcome to the latest edition of the *WATT Executive Guide to World Poultry Trends*. This resource is designed to help you stay up-to-date on the major aspects of the poultry and egg industries worldwide.

Covering production, trade, consumption and more for the global poultry meat and egg industries, the *Executive Guide* offers a unique source of data compiled in one place. Accompanying each report within the guide, you will find charts on data and trends relating to sectors, countries and world regions.

New for this year, we are pleased to offer an expanded Market Data section of www.WATTAgNet.com, which has dedicated areas for all the downloadable datasets for the guide, additional poultry data and Top Companies data.

To access these datasets, please first login or sign up as a member on www.WATTAgNet.com. You can then simply go to the *Executive Guide* page of the Market Data section — **www.WATTAgNet.com/marketdata/executiveguide** — to access a listing of datasets by category and download the data as spreadsheets.

The primary source of the datasets is the Food and Agriculture Organization of the United Nations; www.fao.org.

The *Executive Guide* is your reference to the current situation for poultry worldwide and to the forecasts from leading analysts about the development of the market over the next five to 10 years.

We have great pleasure in presenting the *WATT Executive Guide to World Poultry Trends* for 2012-13. We are confident that it will be a valuable tool for your business throughout the coming year. **EG**

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High feed costs impact poultry meat, egg production worldwide

High input costs may limit market growth in developed countries.

In 2012, global meat production is projected to expand by nearly 2 percent to 302 million metric tons, according to estimates from the Food and Agriculture Organization of the United Nations. This growth will be driven by gains in pig meat production and poultry production, which for the first time in history exceeded 100 million metric tons, reaching a record 101.6 million metric tons in 2011, according to FAO (Figure 1). Overall, the meat market's growth will depend on feed prices and animal diseases. Much growth will come from developing countries in 2012, while developed countries may see a second year of lower output and profitability with stagnating domestic meat consumption, high input costs and competition from developing countries.

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- **Largest egg producing countries in 2010 – www.wattagnet.com/154312.html**
- **World meat market production and trade estimates 2010-12 – www.wattagnet.com/154424.html**
- **EU egg imports by product 2011-2012 – www.wattagnet.com/154421.html**
- **Population growth rates by world region to 2021 – www.wattagnet.com/154466.html**

Poultry meat production and consumption

Global poultry production is expected to increase 1.8 percent by the end of 2012 to a projected 103.5 million metric tons (Table 1). Much of the growth in poultry production will come from Asia, specifically, China, India, Japan, the Republic of Korea and Turkey. Production of broiler meat in India is expected to reach a record 3.2 million metric tons in 2012 thanks to vertical integration among producers and an expanding middle-class population, according to estimates from the Foreign Agricultural Service/U.S. Department of Agriculture. However, with a record seven Asian countries reporting outbreaks of Avian influenza in February 2012, production growth in this region will depend on these poultry health concerns for the remainder of the year.

Global broiler meat production growth will remain suppressed and profitability will be a concern for producers also facing high feed prices and trade disputes. Projections completed in April 2012 by the Foreign Agricultural Service/USDA for broiler meat production in Brazil, the United States

FIGURE 1: WORLD POULTRY MEAT PRODUCTION TREND 1995-2012

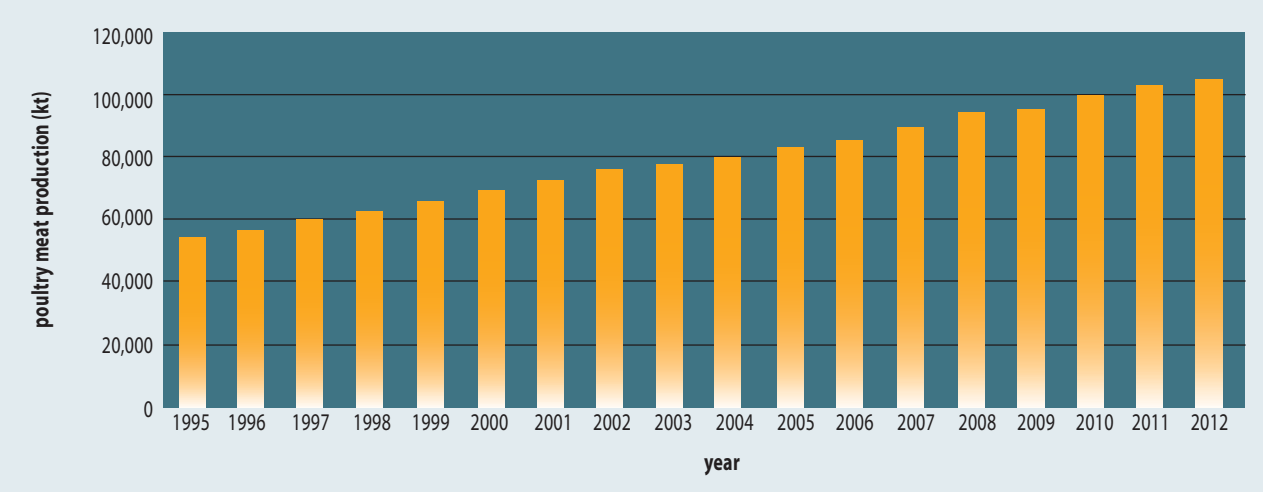
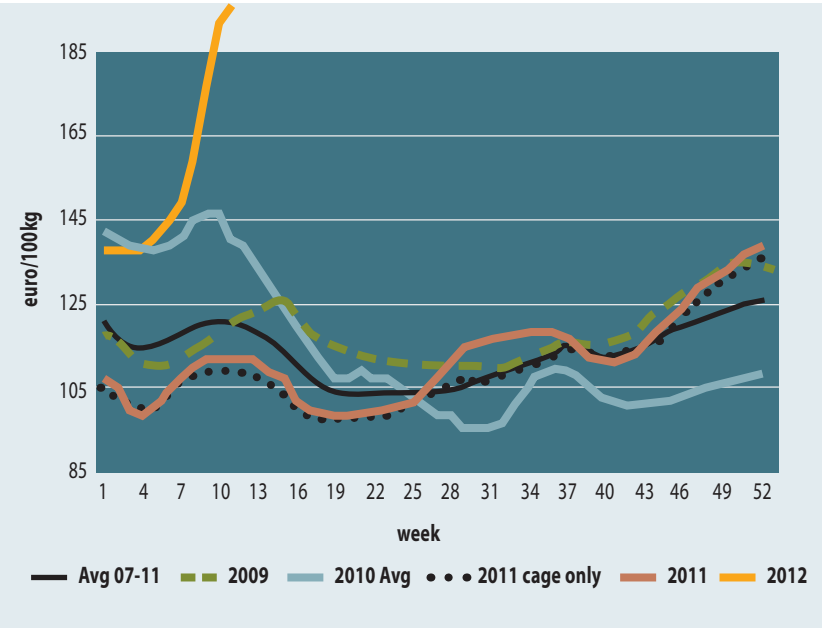


TABLE 1: WORLD MEAT MARKET PRODUCTION AND TRADE ESTIMATES				
	2010	2011 estimate	2012 forecast	Change: 2012 over 2011
WORLD BALANCE		Production (million metric tons)		%
Total meat production	294.6	297.2	302	1.6
Bovine meat	67.5	67.5	67.5	-
Poultry meat	98.2	101.6	103.5	1.8
Pig meat	109.9	109	111.7	2.6
Ovine meat	13.5	13.5	13.6	0.9
Trade	26.6	28.5	29.2	2.4
Bovine meat	7.7	7.8	8.1	4
Poultry meat	11.6	12.6	13	3.1
Pig meat	6.2	7.1	7	-0.7
Ovine meat	0.8	0.7	0.7	1.4
SUPPLY AND DEMAND INDICATORS				
		Per capita food consumption (kg per year)		
World	42.5	42.3	42.5	0.5
Developed	79.2	78.9	78.4	-0.5
Developing	32.4	32.3	32.8	1.5
FAO MEAT PRICE INDEX (2002-2004=100)	2010	2011	2012 (January-April)	% change (January-April 2012 over January-April 2011)
	152	157	179	3.3
Source: FAO Food Outlook May 2012				

FIGURE 2: EVOLUTION OF EGG PRICES IN THE EU



and China were all lowered from earlier projections to 13.3 million tons, 16.4 million tons and 13.7 million tons, respectively. Globally, broiler meat production was revised downward by 881,000 from previous forecasts to 82.2 million tons.

Despite trade disputes, poultry meat trade is still forecast to rise by 3 percent to 13 million metric tons in 2012. World poultry import growth will be led by countries in the Middle East, Southeast Asia and Latin America, according to FAO. After a World Trade Organization-induced increase in the poultry tariff-rate quota, Russia's poultry meat imports are expected to pick up slightly again in 2012 when it joins, but progressively decline with increased domestic production. EU poultry meat imports will also slow as the industry conforms to the EU Animal Welfare Directive banning the use of conventional battery cages in 2012.

Moreover, world meat consumption continues to grow at one of the highest rates compared to other major agricultural commodities, in spite of United Nations projections that world population growth will slow to an average of 1.02 percent per year over the next decade. Africa will experience the fastest population growth at more than 2 percent per year, more than double any other region (Table 2).

Rising domestic demand with an increasing population will continue to raise imports in Africa, notably in Egypt, a country also hit by the spread of Avian influenza outbreaks in early 2012, as well as in Angola, Benin and Ghana, where regional dependency on imports is currently estimated at 24 percent of domestic consumption, up from 18 percent in 2009.

Changes in egg production in the EU

The year 2012 also brought about changes in the egg market as a result of the EU Animal Welfare Directive banning conventional battery cages. On January 1, a 12-year transitional period expired requiring that EU member states be fully compliant with the directive.

As a result, European egg prices spiked after the January 1 deadline (Figure 2). This was partially attributed to a shortage of eggs as producers switched from using conventional cages, as well as increased costs of production in alternative housing (Figure 3). Not only did the EU see a spike in shell egg prices, but the price of eggs in the breaking market also increased to nearly double what is normal. EU egg prices have since been steadying slightly and decreasing, said Herman Versteijlen, director agricultural markets for the European Commission.

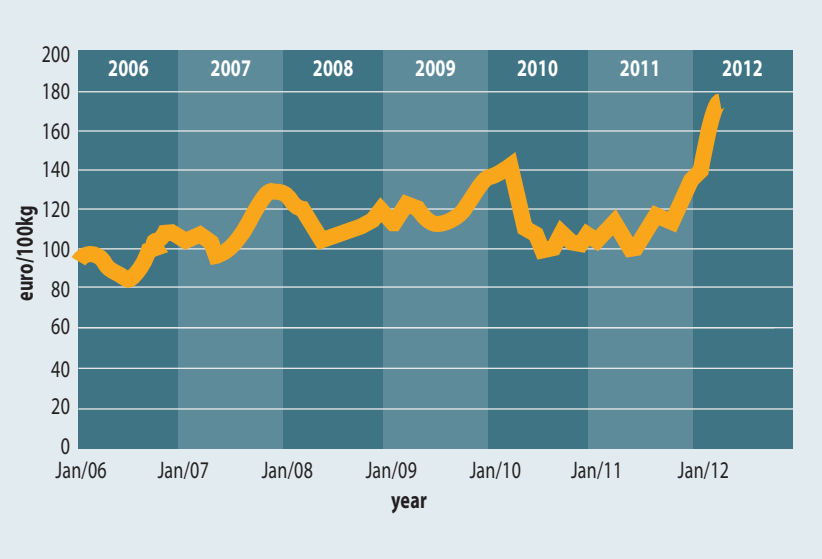
Prices of eggs in China, the world's largest producer, have also been on the rise this year due to decreased output caused by weather and rising costs of feed ingredients, among other factors. The

TABLE 2: POPULATION GROWTH RATES BY WORLD REGION

	Average annual growth rate %		Number of additional people (millions)
	2002-11	2012-21	2012-2021
World	1.17	1.02	678
Africa	2.38	2.29	233
Latin America and Caribbean	1.19	0.97	55
North America	0.92	0.82	27
Europe	0.19	0.11	7
Asia and Pacific	1.14	0.91	345
China	0.52	0.3	43
India	1.46	1.2	160
Oceania Developed	1.56	1.16	3

Source: OECD-FAO Agricultural Outlook 2012-2021, UN World Population Prospects

FIGURE 3: EU EGG PRICE 2006-2012



average price of whole eggs in China rose by 7.3 percent on August 11 from July 21, which is also fueling inflation concerns in that country, where the consumer price index hit a 30-month low in July. Inflation is expected to remain at 1.9 percent and 2.5 percent, respectively, in the third and fourth quarters of 2012, given price increases in agricultural products and fuel, China Merchants Securities estimates.

In Australia, consumer demand for free-range eggs as opposed to cage eggs has picked up, where the market share has increased from about 8 percent in 2002 to nearly 25 percent in 2011.

Egg exports set records in the US

In the U.S., exports for table eggs and egg products set new records for volume and value in the first four months of 2012, according to Jim Sumner, president, USA Poultry & Egg Export Council, which follows a record-setting 2011. An estimated 275 million dozen eggs were exported from the U.S. in 2011, 30 percent more than the 10-year average for annual U.S. exports. Hong Kong remains the largest market for U.S. egg exports, followed by Canada. Sumner said further opportunities for growth in the U.S. egg export market exist in the EU, where U.S. eggs can serve as a replacement for eggs lost during the transition from conventional cages. Another potential market of growth for U.S. eggs is India, where domestic production will be unable to keep up with consumption as the population grows at a projected annual growth rate of 1.2 percent from 2012 to 2021. **EG**

Global poultry and egg market projections

Poultry and egg consumption, production changes as population grows over the next decade.

In the year 2021, world poultry meat production is projected to reach 127.2 million metric tons. Although the world's population growth rate is expected to slow to just 1.02 percent per year over the next decade (Figure 1), nearly 680 million additional people will need food, fiber and fuel by 2021.

World population growth slows

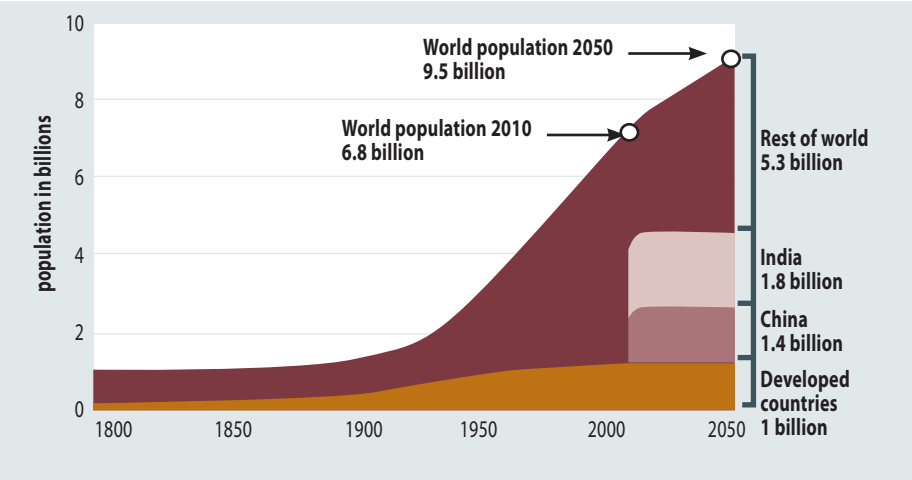
In 2030, the world will have an estimated 8.3 billion people, and in 2050, the world will be home to 9.3 billion people. This means that a 70 percent increase in food production will be necessary between now and 2050 in order to keep up with the growing global population, according to a presentation given by Carl Hausmann, managing director at Bunge Ltd.

In preparing the latest "Agricultural Outlook" publication on global projections for the agriculture and food sectors from 2012 through 2021, the Food and Agriculture Organization of the United Nations and the Organisation for Economic Co-operation and Development based the projections on a series of assumptions. Some of these assumptions included the eventual containment of the sovereign debt and banking-sector problems in the Euro zone that are currently slowing economic growth, as well as high energy and oil prices.

The nominal crude oil price is expected to be higher than in the past on account of higher crop costs, increasing at an average annual growth rate of 2.9 percent, from $111 per barrel in 2011 to $142 per barrel in 2021.

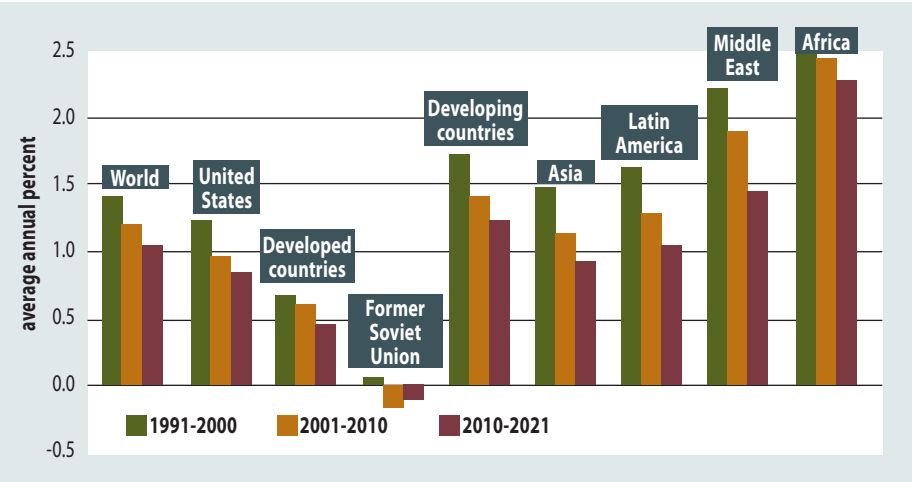
The greatest population growth will be in developing countries (Figure 2). Developing countries will contain about 6.9 billion people by 2030, and will account for 85 percent of the global population in 2050. Thus, these countries will make up much of the demand growth for poultry meat and eggs during that time.

FIGURE 2: POPULATION GROWTH TO 2050 IN DEVELOPED AND DEVELOPING COUNTRIES



Source: United Nations Population Reference Bureau (from "The Challenge of our Times: Why Feeding the World will Require Finding the Optimal Combination of Natural and Human Resources," by Carl Hausmann, managing director, Bunge Ltd.)

FIGURE 1: POPULATION GROWTH RATE PERCENTAGES BY WORLD REGION



Among OECD countries, Turkey is expected to have the highest growth rate over the next 10 years, at more than 4 percent per year. Brazil, Russia, India and China are all expected to continue growing over the next ten years at about 8 percent per year.

Egg consumption on the rise in developing countries

Projections from FAO suggest that global egg consumption will rise from 6.5 kg per person per year in 1997/99 to 8.9 kg per person per year in 2030 in developing countries. In industrial countries, egg consumption is projected to rise from 13.5 kg per person per year in 1997/99 to 13.8 kg per person per year in 2030.

More than 67 percent of demand for eggs by 2015 will come from Asia, according to Professor Hans-Wilhelm Windhorst. In China, where egg consumption is more than double the average for developing countries, a rise in consumption from 15 kg per person per year in 1997/99 to 20 kg per person per year in 2030 is likely based on FAO data.

Additional data from FAO suggest that the world's production of eggs will reach 70.4 million metric tons in 2015 and 89.9 million metric tons in 2030, at a growth rate of 1.6 percent per year from 2015 through 2030. Of this global total, developing countries will produce 50.7 million metric tons of eggs in 2015 and 69 million metric tons of eggs in 2030.

Shifts in the makeup of global meat markets

Globally, meat production is also expected to slow from previous growth rates over the next decade (Table 1). FAO projects world meet production will slow from an average growth rate of 2.2 percent per year in

FIGURE 4: WORLD MEAT MARKET SHARES IN 2021

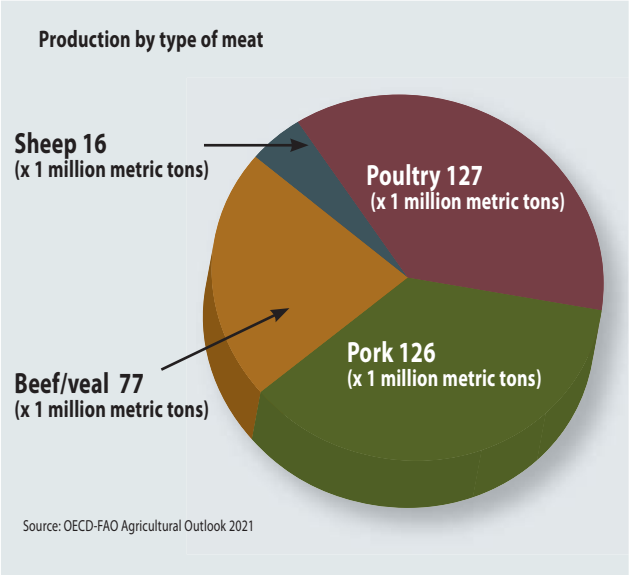


TABLE 1: WORLD MEAT PRODUCTION PROJECTION TO 2021

Meat	World region type	2009-11	2021	Amount increase	% growth 2012-2021
Poultry meat (Kt)	Developed	40,595	47,438	6,843	1.36
	Developing	58,075	79,763	21,688	2.75
Pork (Kt)	Developed	41,417	45,189	3,772	0.73
	Developing	67,214	81,053	13,839	1.73
Beef/veal (Kt)	Developed	29,726	32,396	2,670	1.45
	Developing	35,905	44,107	8,202	2.02
Sheep meat (Kt)	Developed	3,115	3,462	347	1.2
	Developing	9,996	12,397	2,401	1.97
All meats (Kt)	Developed	114,853	128,485	13,632	4.74
	Developing	171,190	217,320	46,130	8.47

(Poultry meat is expressed as ready-to-cook equivalent weight, pork and beef/veal as carcass-weight equivalent)
Source: OECD-FAO Agricultural Outlook 2021

FIGURE 3: PRODUCTION GROWTH BY MEAT TYPE 1995-2021

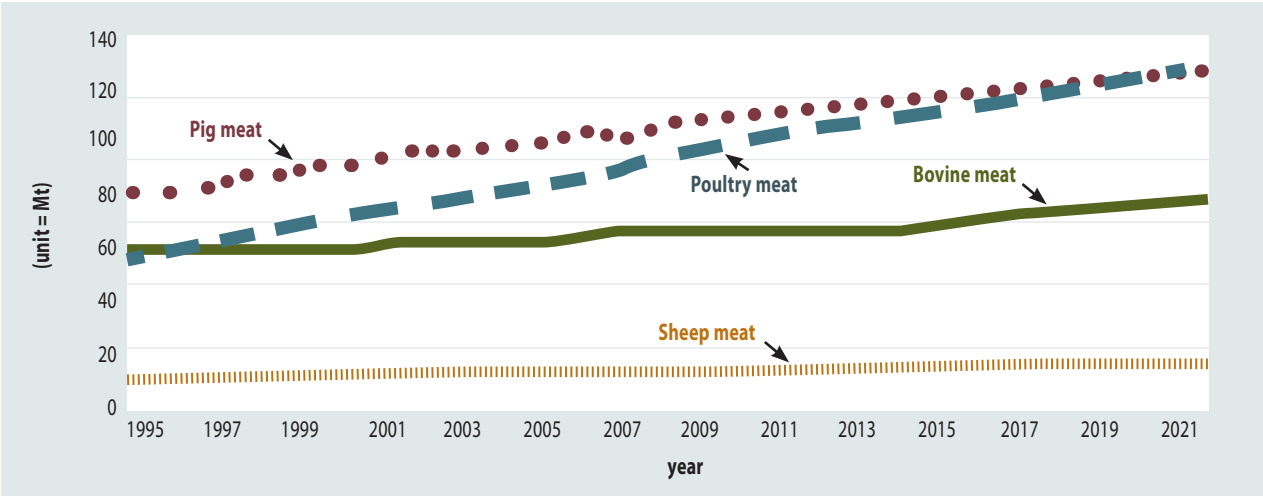
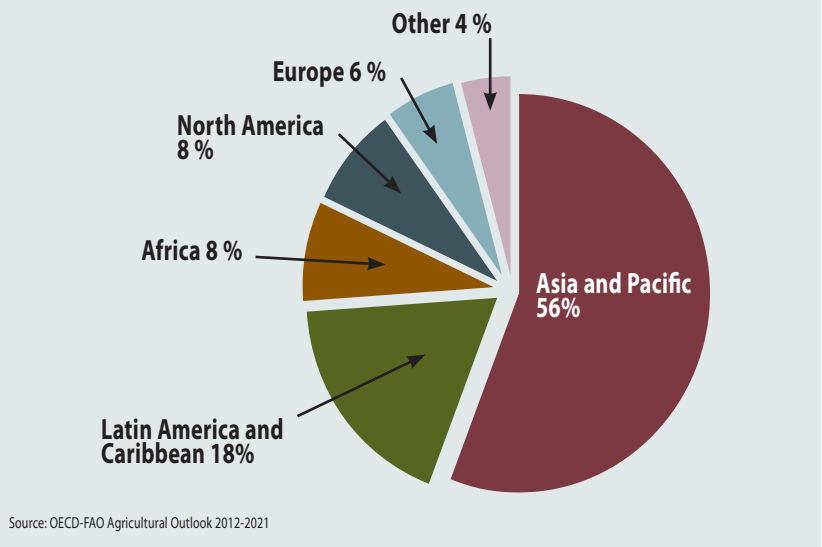


FIGURE 5: INCREASE IN MEAT CONSUMPTION BY WORLD REGION BETWEEN 2009-11 AND 2021



Source: OECD-FAO Agricultural Outlook 2012-2021

the previous decade to 1.8 percent per year, which is largely attributed to slower growth rates in Latin American countries, especially Brazil and Argentina, as well as to high input costs.

Poultry and pig meat production, which grew by 14 percent per year and 5 percent per year, respectively, over the last decade, are projected to average growth in the 2 percent per year range to 2021 (Figure 3). In general, developing countries will account for 77 percent of additional meat production growth during the period to 2021. Poultry production will continue to grow at the fastest rate (2.2 percent per year) compared to other meats, and will have overtaken pig meat by the end of 2021 with the highest production volume. By 2021, poultry meat production will likely reach more than 127 million metric tons, compared to pig meat's nearly 126 million metric tons (Figure 4).

As with demand for eggs, much of the global consumption of meat will be in Asia and Pacific countries, which are projected to make up 56 percent of the increase in meat demand between 2009-11 and 2021 (Figure 5). The rise in meat consumption globally between 2009-11 and 2021 will also shift the goods consumers choose. By 2021, consumers in developed countries will select poultry

More data available in Market Data section of WATTAgNet

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- ➥Poultry meat consumption forecasts to 2021 www.wattagnet.com/154316.html
- ➥World poultry meat projection to 2021 www.wattagnet.com/154344.html
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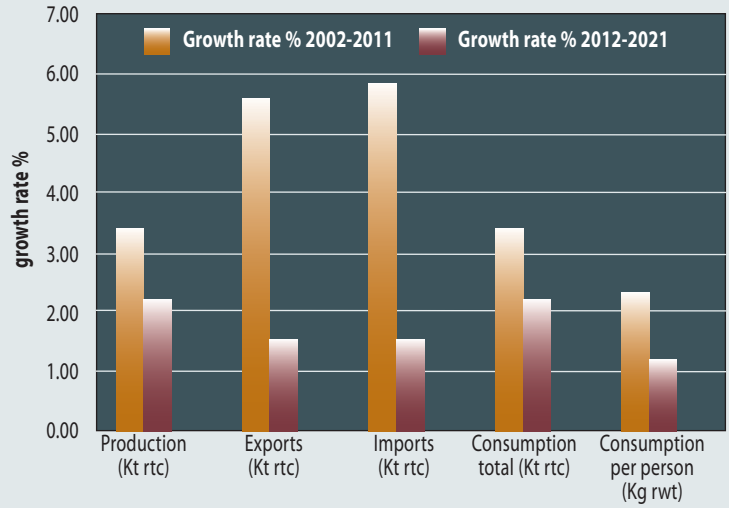
- ➥Meat production projections by year to 2021 www.wattagnet.com/154412.html
- ➥Global egg production and growth projections 1997-2030 www.wattagnet.com/154404.html
- ➥Production growth by meat type 1995-2021 www.wattagnet.com/154415.html

meat as 90 percent of their extra meat, except for in Eastern Europe. Consumers' purchases in developing countries, on the other hand, will reflect mixed preferences: 62 percent poultry, 19 percent pig meat, 13 percent beef and 6 percent sheep meat.

Additionally, poultry meat consumption in developed economies in 2021 will likely reach 44.7 million metric tons, whereas developing economies will consume 82.3 million metric tons of poultry meat.

While meat exports overall are projected to rise by 19 percent by 2021 compared to 2009-11, led by an expansion in poultry and beef shipments, annual trade growth overall for poultry will slow significantly relative to earlier periods (Figure 6). Poultry trade, which grew at an annual rate of 5.5 percent over the last decade, will grow at a rate of less than 2 percent to 2021. The largest contributors to poultry trade growth will be the U.S. and Brazil, which will account for nearly 80 percent of world poultry trade expansion by 2021. Import growth will also be led by countries in the Middle East, Southeast Asia and Latin America. **EG**

FIGURE 6: WORLD POULTRY MEAT GROWTH RATE PROJECTIONS



Source: OECD-FAO Agricultural Outlook 2012-2021

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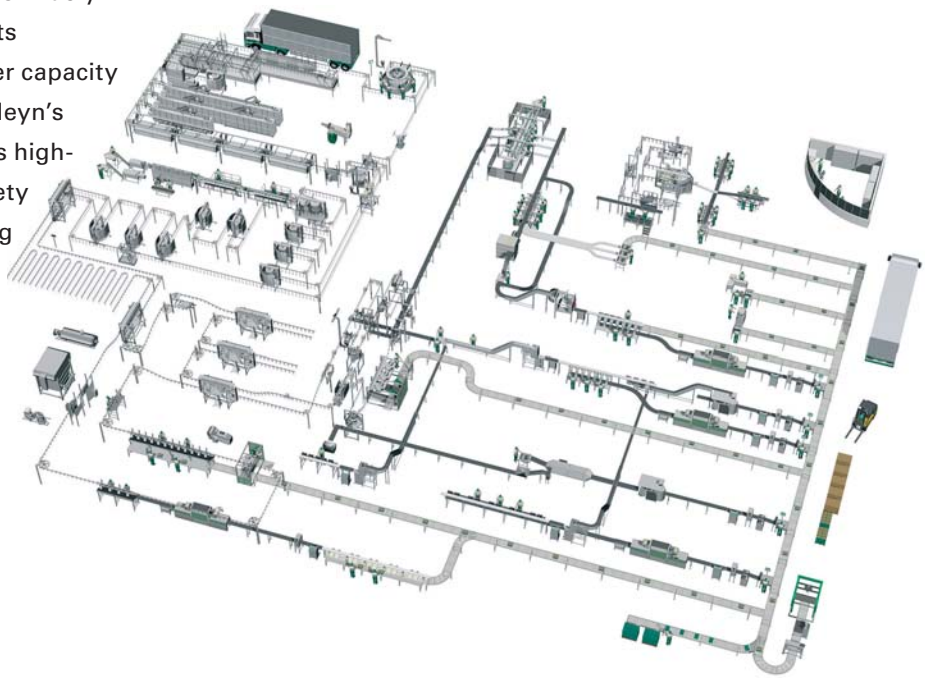

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Developing countries fuel poultry meat production growth

High feed costs limit growth in many countries.

Demand in rapidly growing developing countries will drive world meat production to expand over the next decade, led by poultry meat production growing at a rate of about 2 percent per year. Nearly 104 million metric tons of poultry meat will be produced in 2012 after surpassing the 100-million-metric-ton mark for the first time in history in 2011 (Figure 1). Of this total, global broiler production will account for nearly 82 million metric tons, according to a recent U.S. Department of Agriculture World Agricultural Supply and Demand Estimates report.

High input costs drive up poultry meat prices

Prices in the poultry meat market are expected to remain high, due to high input costs, specifically high prices for feed grains and energy. Prices for all meats are currently at their highest levels in the past 15 to 20 years. In fact, in April, the Food and Agriculture Organization of the United Nations' meat price index rose to the

TABLE 1: BROILER MEAT PRODUCTION AND CONSUMPTION BY COUNTRY 2008-2012

(x 1 million metric tons, ready-to-cook equivalent)

Country Production	2008	2009	2010	2011	2012 (Oct.)	2012 (April)
China	11.84	12.1	12.55	13.2	13.8	13.73
Brazil	11.033	11.023	12.312	12.863	13.602	13.25
EU-27	8.594	8.756	9.202	9.42	9.63	9.6
India	2.49	2.55	2.65	2.9	2.75	3.2
Mexico	2.853	2.781	2.822	2.9	2.892	2.925
Russia	1.68	2.06	2.31	2.575	2.75	2.725
Argentina	1.435	1.5	1.68	1.77	1.775	1.85
Turkey	1.17	1.25	1.43	1.614	1.65	1.687
Indonesia	1.35	1.409	1.465	1.515	1.54	1.54
Thailand	1.17	1.2	1.28	1.35	1.42	1.42
Others	12.687	13.003	13.465	13.619	14.662	13.865
Total Foreign	56.302	57.632	61.166	63.726	66.471	65.792
United States	16.561	15.935	16.563	16.694	16.603	16.401
Total	72.863	73.567	77.729	80.42	83.074	82.193

Source: USDA-FAS http://www.fas.usda.gov/psdonline/circulars/livestock_poultry.pdf

FIGURE 1: WORLD MEAT PRODUCTION TREND 2000-2012

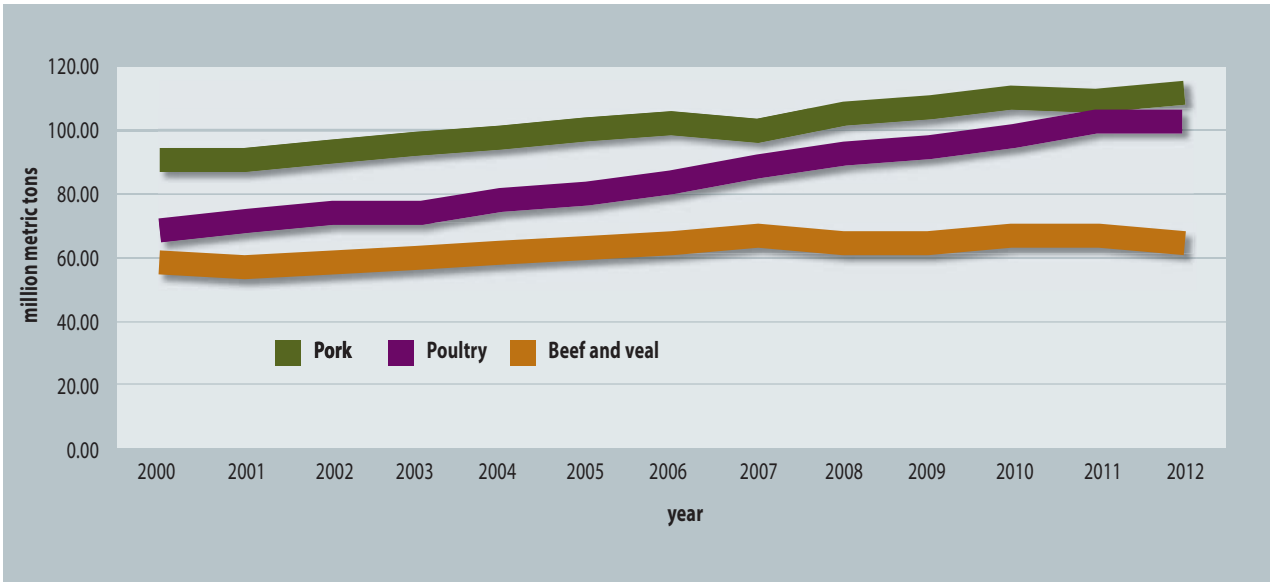

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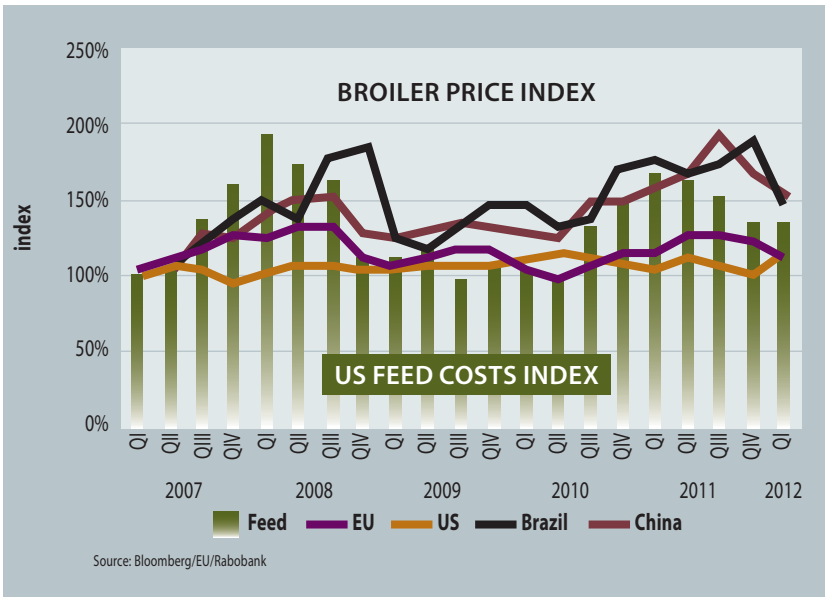
FIGURE 2: GLOBAL BROILER PRICE INDEX VERSUS FEED COST INDEX



highest level of 182 points, surpassing the record set in November 2011 when the index reached 181. Poultry meat prices are projected to remain close to current levels, according to FAO, so long as energy and feed costs remain high. Figure 2 illustrates the trend of rising broiler prices compared to rising feed prices in major broiler-producing countries. However, as the industry adapts to higher costs, poultry producers should see their profitability increase. Increasing on-farm productivity will also be important for gains over the next decade. For example, the number of birds is projected to increase over the next decade to 24.3 billion head, but an increase in efficiency on farms means less feed per bird will be required.

The expansion in meat production over the next 10 years will be largely due to production growth in developing countries, while growth slows in many developed countries. Between 2009-11 and 2021, developing countries will account for 77 percent of the growth in global meat production, compared to 23 percent from developed countries (Figure 3). Developing countries are expected to increase their share of global poultry meat production to 63 percent by 2021 thanks to increases in productivity on farms and increasing returns to scale

FIGURE 3: MEAT PRODUCTION INCREASE BETWEEN THE BASE PERIOD 2009-11 AND 2021

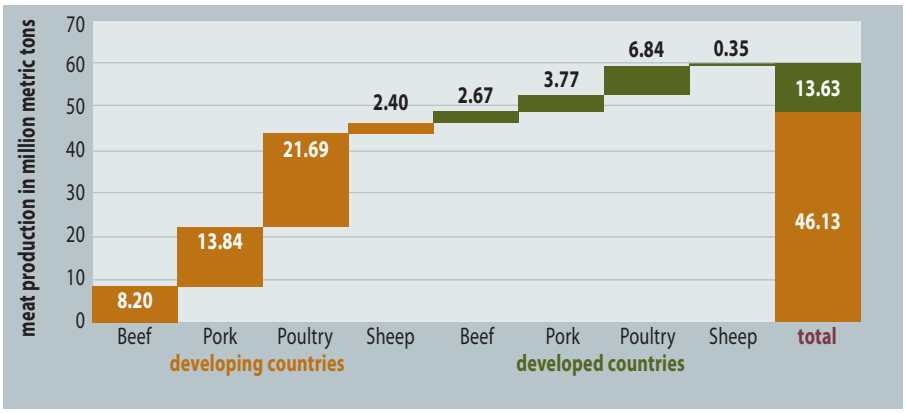


FIGURE 4: DEVELOPMENT OF WORLD POULTRY MEAT PRODUCTION

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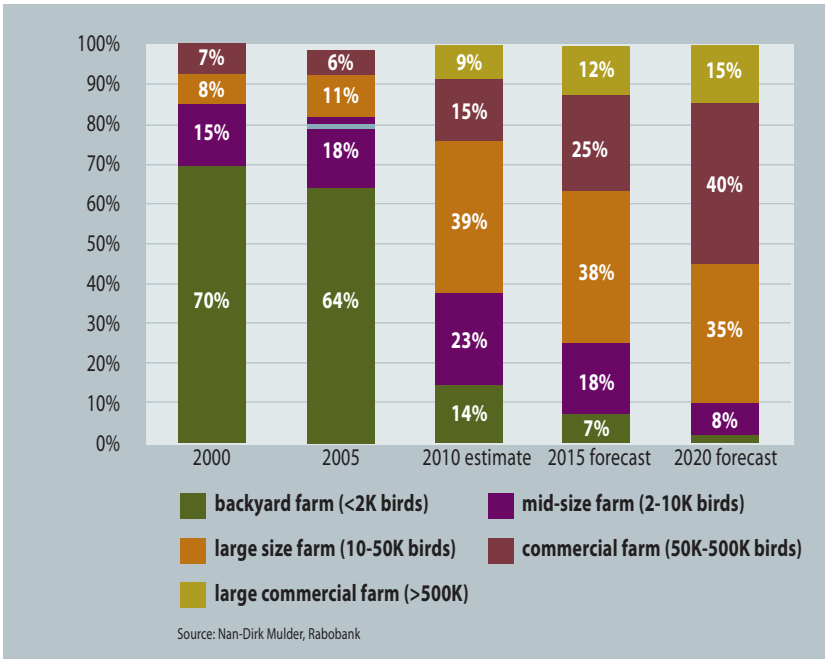
FIGURE 5: BROILER FARM MODERNIZATION TREND IN CHINA



Source: Nan-Dirk Mulder, Rabobank

with larger farms.

More specifically, the Asian countries of China, India, Japan, Korea and Turkey will drive poultry meat production growth over the next decade (Figure 4), although growth will be limited by the resurgence of avian influenza outbreaks.

The Office of Agricultural Affairs in Beijing lowered previous forecasts for Chinese broiler meat production in 2012, now projecting the country of China will produce 13.7 million metric tons of broiler meat in 2012, due to lower slaughter weights. Lower pork prices and higher poultry meat prices in that country are shifting consumer demand from poultry to pork as consumers substitute their meat preferences. Figure 5, provided by Nan-Dirk Mulder of Rabobank, shows the changes in broiler production in China over the past decade. Increasing

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TABLE 2: USA POULTRY PRODUCTION, DISAPPEARANCE, MARKET PRICES

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Production, million lb										
Broilers	34,063	35,365	35,500	36,126	36,906	35,511	36,911	**37,391**	**38,040**	**37,100**
Turkeys	5,454	5,504	5,682	5,958	6,246	5,663	5,643	**5,727**	**5,775**	**5,935**
Per capita disappearance, retail lb										
Broilers	84.4	85.8	86.5	85.4	83.5	79.6	82.2	**84.5**	**84.3**	**80.5**
Turkeys	17.1	16.7	16.9	17.5	17.6	16.9	16.4	**16.1**	**16.2**	**16.3**
Market prices										
Broilers, 12 City, cents/lb	74.10	70.80	64.4	76.40	79.70	77.60	82.9	**82-85**	**83-89**	**83-90**
Turkeys, Eastern, cents/lb	69.70	73.40	77.0	82.10	87.50	79.50	90.4	**97-101**	**92-100**	**101-110**

Forecasts are in bold.
Source: USDA World Agricultural Supply and Demand Estimates and Supporting Materials.

vertical integration and modernization in China means more broilers will be produced on commercial farms over the coming decade than in the past and will account for the majority (40 percent) of production by 2020. In comparison, the vast majority (70 percent) of broilers were produced on farms with less than 2,000 birds just a decade ago in China. Furthermore, India's production of broiler meat is projected to increase from 2.9 million metric tons in 2011 to a record 3.2 million metric tons in 2012; an expanding middle class will also fuel demand in this country, and thus, greater production, also driven by vertical integration.

Production growth in Latin America slows

Overall, world poultry meat production growth will slow from an average of 2.2 percent per year the previous decade to 1.8 percent per year over the next decade, largely because of slower growth in Latin America, according to FAO. Rabobank estimates that Brazil, one of the world's largest broiler-producing countries, will see broiler production growth slow to just 3 percent in 2012, while Argentina's broiler production grows at 4.5 percent in 2012. As Table 1 from USDA shows, Brazil's production forecast was revised lower to approximately 13.3 million metric tons of poultry meat in 2012, and Argentina's production will increase only slightly from about 1.8 million metric tons in 2011 to 1.9 million metric tons. Likewise in Mexico, broiler production growth will have slowed to just 0.9 percent in 2012, Rabobank estimates, bringing total broiler meat production in Mexico close to 2.93 million metric tons in 2012.

In the U.S., falling chick placements will lead broiler meat production growth to decline in 2012 by 1.8 percent. USDA forecasts the U.S., the top producer, will have an output of nearly 16.4 million metric tons of broiler meat in 2012, with growth slowed by high feed costs. This is the equivalent of approximately 38,040 million pounds of broiler meat produced in 2012, declining to nearly 37,100 million pounds of broiler meat in 2013 (Table 2). Additionally, the U.S. will produce 5,775 million pounds of turkey meat in 2012.

High feed costs and a contracting number of animal heads are also affecting the European Union's meat production sector, which is expected to decline overall by 0.4 percent in 2012 and 1 percent in 2013. Poultry meat, in contrast, remains the only meat in the EU for which production is expected to increase in 2012 and 2013. The European Commission forecasts an expansion in EU poultry meat production by about 1 percent in 2012 and 0.3 percent in 2013, in spite of new animal welfare rules. This fourth-largest producing region is expected to produce 9.6 million metric tons of broiler meat in 2012.

Africa's poultry meat production growth in 2012 has also been limited by the effects of high feed costs and rising imports in such countries as Ghana, Angola, Benin and the Congo.

Russia's poultry meat production growth, which grew at an average of 14 percent annually over the last decade, according to FAO, is projected to slow to an average of about 2 percent a year over the coming decade to 2021. Russia's government will spend more than $9 billion on domestic agriculture in 2013, including poultry production. Since 2006, the country has either added or modernized more than 400 poultry facilities. By 2020, Russia's production of poultry meat is expected to stand at 4.5 million metric tons, making the country almost self-sufficient. **EG**

China remains world's top egg producer in 2012

More than half of world's total egg production from only five countries.

Only five countries provided 55 percent of the world's total egg production of nearly 64 million metric tons in 2011. Hen eggs, produced by a world total of about 6.5 billion egg-laying hens, comprise more than 90 percent of global egg production. Again in 2012, just a few countries will supply a majority of the world's eggs.

If the egg production trend continues, Food and Agriculture Organization of the United Nations' projections show the world will produce a total of 70.4 million metric tons of eggs in 2015 and 89.9 million metric tons of eggs in 2030, the vast majority of which will come from developing countries (Figure 1).

China, the world's top egg producer, reportedly produced 27.9 million metric tons of eggs in 2011, and currently holds about 45 percent of the world's total production of eggs (Figure 2). The country will produce an estimated 28.3 million metric tons of eggs in 2012. Additionally, China's projected 2 percent compound annual growth rate means the country will produce an estimated 34.2 million metric tons of eggs by 2020 and 39 million metric tons by 2030, based on calculations from FAO data.

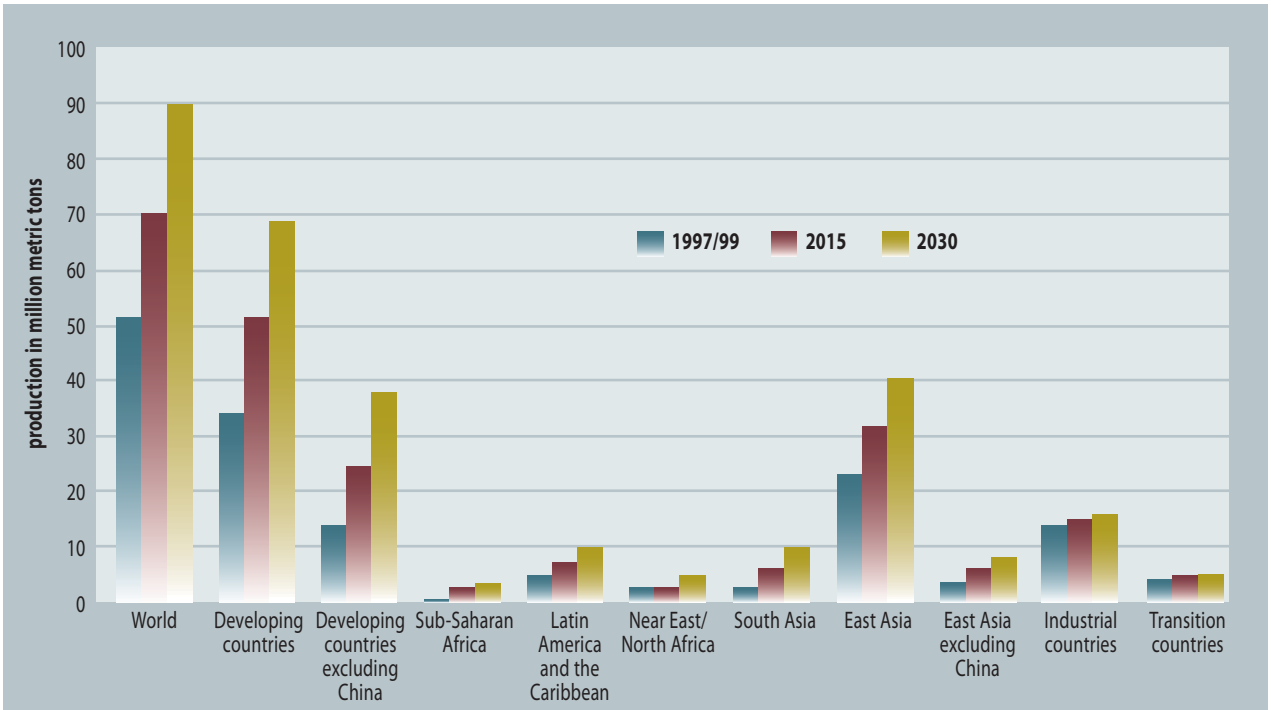
Following China, the United States, India, Japan and Mexico round out the top five egg-producing countries.

A recent U.S. Department of Agriculture World Agricultural Supply and Demand Estimates report shows U.S. egg production in 2012 will be

TABLE 1: EU-25/EU-27 EGG PRODUCTION

Year	Region	Gross production x 1 million metric tons	% change
2004	EU-25	6.875	
2005	EU-25	6.833	-0.6
2006	EU-25	6.534	-4.4
2007	EU-25	6.521	-0.2
2007	EU-27	6.957	
2008	EU-27	7.067	1.6
2009	EU-27	6.896	-2.4
2010	EU-27	7.049	2.2
2011	EU-27	7.112	0.9
2012	EU-27	7.04	-1

FIGURE 1: GLOBAL EGG PRODUCTION PROJECTION 1997-2030



Source: FAO (http://www.fao.org/docrep/005/y4252e/y4252e07.htm#Ch5)

FIGURE 2: CHINA ANNUAL EGG PRODUCTION TREND 1980-2012

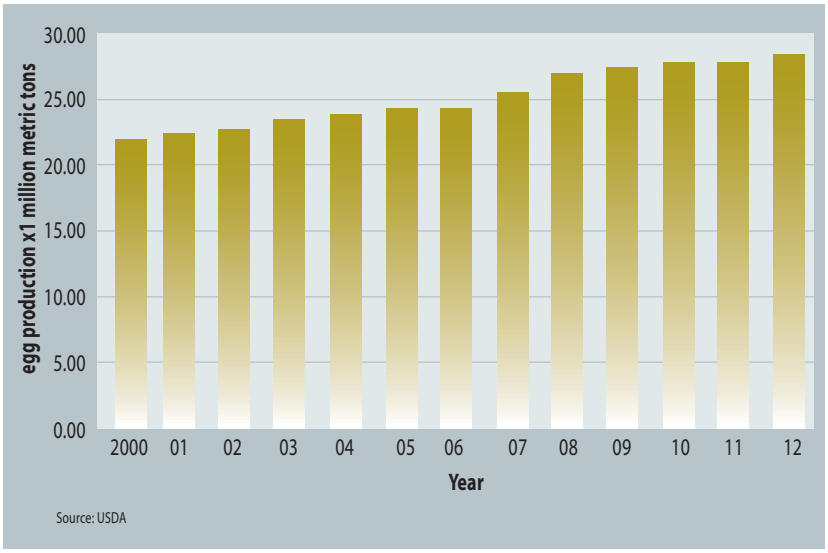
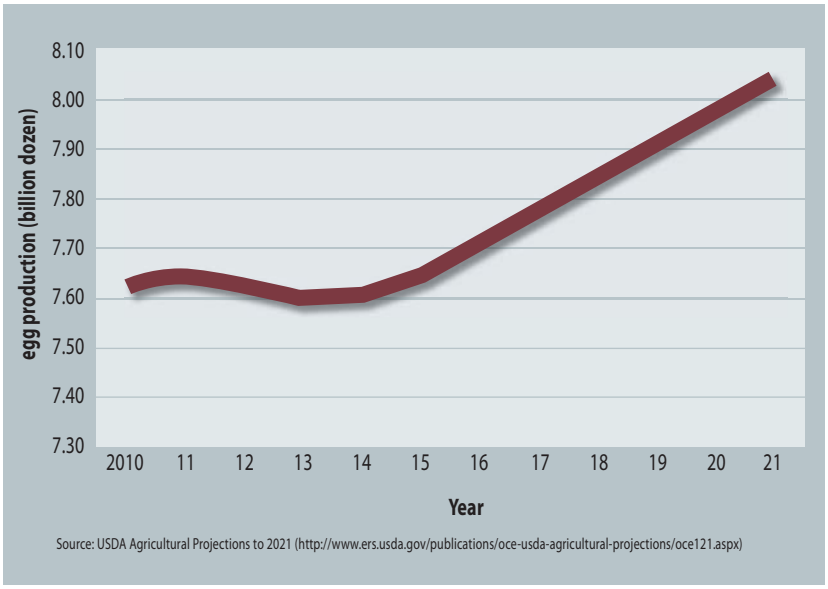


FIGURE 3: US EGG LONG-TERM PRODUCTION PROJECTION TO 2021



fractionally higher than 2011's 7.66 billion dozen eggs produced. In 2012, this second-largest egg producer is expected to produce 7.68 billion dozen eggs, while the most recent projection for 2013 egg production shows a slight drop to about 7.5 billion dozen fueled by higher feed costs (Figure 3).

The majority of eggs produced are table eggs for consumption; in 2013, the U.S. is expected to produce approximately 6.6 billion dozen table eggs, an increase of less than 1 percent over 2011. While feed prices are expected to moderate, declines in egg prices and cut backs in the size of layer flocks will keep table-egg output from greater expansion. Production of hatching eggs in 2012 will also remain below levels in 2011 as broiler producers cut back on production.

As in many countries around the world, the majority of U.S. table eggs, 95 percent, according to a study released by

TABLE 2: INDIA EGG PRODUCTION AND PER CAPITA AVAILABILITY

Year (March-Feb.)	Egg production (million)	Human population (million)	Per capita availability
2001-02	38,729	1,040	37
2002-03	39,823	1,056	38
2003-04	40,403	1,072	38
2004-05	45,201	1,089	42
2005-06	46,235	1,106	42
2006-07	50,663	1,122	45
2007-08	53,583	1,138	47
2008-09	55,562	1,154	48
2009-10	60,267	1,170	51
2010-11	63,024	1,186	53
2011-12 (est.)	65,480		

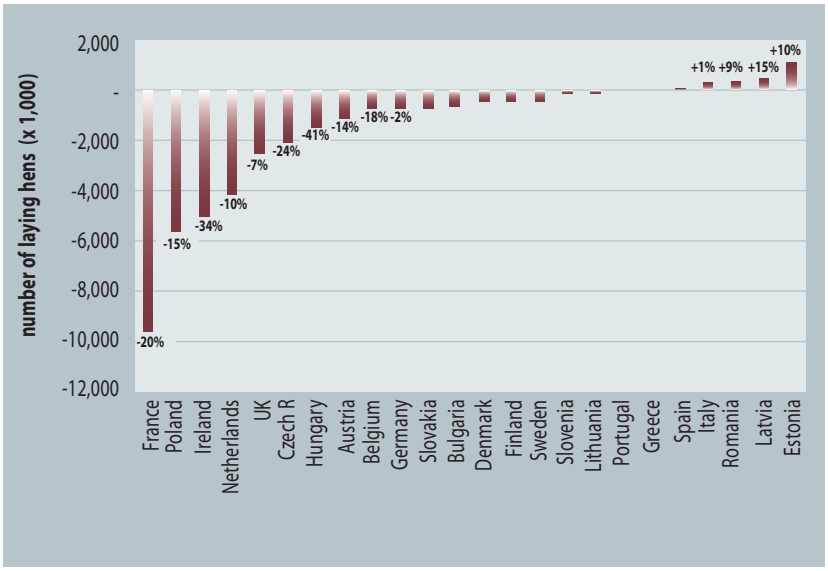
Source: State/UT Animal Husbandry Departments

TABLE 3: NUMBER OF LAYER FARMS AND LAYERS IN JAPAN

	Number of Layer Farms	Number of Layers	Average head per farm
Year	farms	thousand head	thousand head
2003	4,340	137,299	31.6
2004	4,090	137,216	33.5
2005	-	-	-
2006	3,610	136,894	38
2007	3,460	142,765	41.3
2008	3,300	142,523	43.2
2009	3,110	139,910	45
2010	-	-	-
2011	2,930	137,352	46.9
2012	2,810	135,477	48.2

Source: Ministry of Agriculture, Forestry and Fisheries, "Livestock Statistics"

FIGURE 4: PERCENT CHANGE IN EU LAYING HEN POPULATION BETWEEN 2012Q1 AND 2011Q1



the United Egg Producers, are produced in layer houses with conventional cage systems. In contrast, January 1 marked the end of a 12-year transitional period banning the use of these popular conventional cage systems in another major egg-producing region, the European Union. Figure 4 illustrates the change in laying hens in the EU between the first quarter of 2011 and the first quarter of 2012.

EU egg production falls

With a smaller laying hen population as producers invest in new cage systems and convert production out of battery cages, egg production in the EU is forecast to be about 1 percent lower in 2012 than in 2011, at about 7.04 million metric tons (Table 1). The region's largest egg producers remain France and Spain, followed by Italy, Germany, the Netherlands and the UK.

The third-largest egg-producing country, India, produces nearly 2.86 million metric tons of eggs annually, according to the Associated Chambers of Commerce and Industry of India. Table 2 shows the trend of egg production in India and per capita availability of eggs to the country's population. Japan, the fourth largest producer, is thought to have seen a drop in egg production in 2011 and 2012, as the number of layers and layer farms in that country decreases. In 2011, Japan had 2,930 layer farms with nearly 137.4 million layers. However, this number will decrease slightly in 2012 to 2,810 layer farms with 135.5 million layers (Table 3).

Egg production is expected to grow in some other egg producing countries in 2012, such as Brazil. The first quarter of 2012 marked the country's fourth consecutive increase in egg production with growth of 1.4 percent, an increase of 8.2 percent over the first half of 2011. The Brazilian Institute for Geography and Statistics reported that Brazil's production of eggs totaled 671.1 million dozen eggs in the first three months of 2012. Similarly, Russia has seen its egg production increase each year since 2008, from 38.1 billion eggs to a projected 41.9 billion eggs in 2012, according to Russian Minister of Agriculture Nikolai Fyodorov. **EG**

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Poultry meat and egg trade in international markets

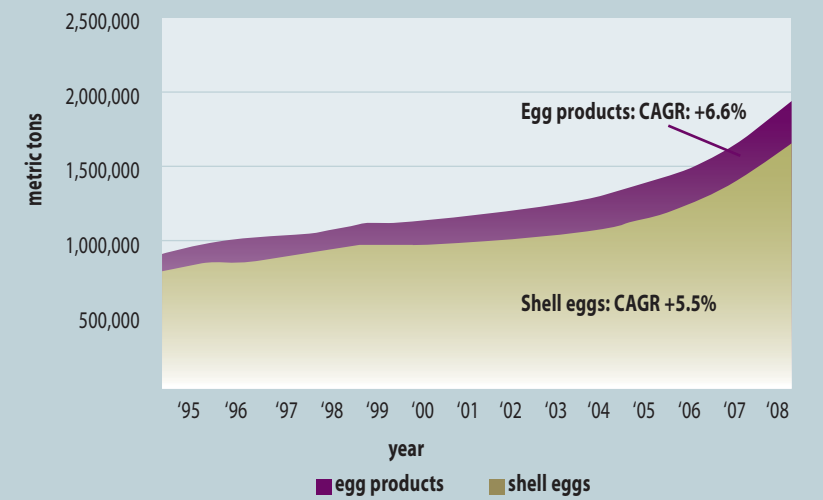
Population increases, rising costs lead to trade growth in poultry and egg products.

A growing population and demand growth in the market for livestock products, especially in developing countries, has led to rapid trade growth in poultry and egg products.

Changes in the trade of egg products

In the global market for eggs, shell eggs have historically been the most commonly traded form of eggs (Figure 1); however, the market for eggs is expected to shift over the next decade on Rabobank projections that egg industry consolidation will continue and increasing globalization will occur in the egg processing and egg products industries.

FIGURE 1: GLOBAL TRADE OF SHELL EGGS AND EGG PRODUCTS



Source: Nan-Dirk Mulder/Rabobank

TABLE 1: EU EXPORTS OF EGGS TO MAIN TRADING PARTNERS

	Total egg exports (except hatching) in product weight (metric tons)	
Country	2011	2010
Switzerland	36,600	39,070
Angola	17,496	10,414
Japan	8,785	6,401
United Arab Emirates	7,905	5,600
Oman	2,792	2,600
Argentina	1,695	1,678
USA	1,661	4,118
Albania	1,303	4,118
Israel	1,112	991
Norway	878	196
Russia	604	652
Ukraine	567	709
India	468	925
Croatia	380	395
Libya	226	201

Source: European Commission

One country expected to see growth in its egg processing sector over the coming years is India. Figure 2 shows the country's relatively low egg production costs compared to the EU and some Asian countries, making it a potential growing exporter over the next decade. India's dried egg products are already well accepted in Europe, but are only produced by a few companies, so the country shows much potential for expansion in the global export market.

Total U.S. exports of shell eggs rose in the first half of 2012, up 31 percent to 6.91 million dozen. U.S. table egg exports in the first half of 2012 rose 34 percent to a record 49.6 million dozen, valued at $43.7 million. The top export markets for U.S. eggs in 2012 remain Hong Kong, followed by Canada, United Arab Emirates, the Bahamas and Angola. Exports to Japan, an important market for the U.S. and typically the largest exporter of processed egg product, decreased in the first half of 2012 by 25 percent to $21.8 million. However, the EU's ban on conventional cages has increased egg production costs in that region, opening the market in 2012-13 and possibly beyond for more exports of U.S. eggs. During the first half of 2012, the EU-27 region imported 120 percent more egg products from the United States than during the same time in 2011, valued at $26.7 million, accounting for 38 percent of U.S. total exports globally, according to the United States Department of Agriculture's Foreign Agricultural Service.

In 2013, exports of eggs and egg products in the U.S. are expected to continue to expand to the equivalent of 266 million dozen eggs in 2013,

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TABLE 2: EU EGG IMPORTS BY PRODUCT IN 2011 (February 2011-January 2012)

	Volume	
Egg Product	metric tons egg equivalent	metric tons product
Shell eggs imports	1,686	1,686
Liquid/frozen whites	956	824
Liquid/frozen whole eggs	280	242
Dried whole eggs	10,559	2,336
Dried egg yolk	3,220	1,309
Frozen/liquid yolk	51	44
Dried whites	3,025	353
Total metric tons	19,777	6,794

Source: International Egg Commission, "The European egg market situation," Herman Versteijlen, director agricultural markets, European Commission

which is slightly higher than the forecast for 2012. Growth in the U.S. egg export market will be driven by strong demand from growing Asian countries, notably Hong Kong, Japan and Korea. EU-27 member states exported 111,121 metric tons of eggs in 2011, 83,543 metric tons of which are for consumption. Switzerland was the top destination of main trading partners for EU-27 eggs, as that country imported 36,600 metric tons of eggs in 2011, 29,939 metric tons of which were eggs for consumption (Table 1).

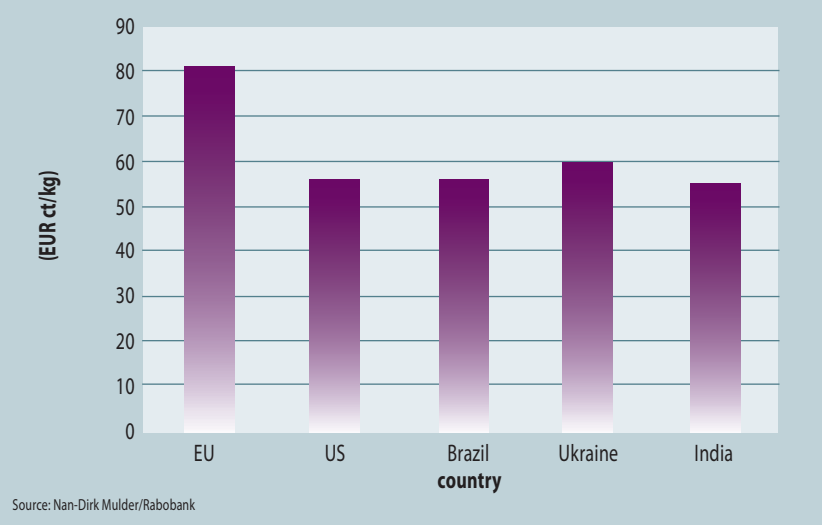
Of the 6,788 metric tons of eggs imported by EU-27 member states, 1,799 metric tons were eggs for consumption. The EU region will again import the greatest amount of dried whole eggs compared to other egg products by the end of 2012; most recent data available show the region's 2011 dried whole egg import volume totaled 10,559 metric tons in eggs equivalent (Table 2).

Poultry meat trade driven by demand from Asian countries

In the international market for poultry meat, a total of 7.126 million metric tons will be imported in 2012 by major importing countries and that number is projected to grow over the next decade by 1.5 million metric tons (21 percent), according to the latest agricultural projections from USDA. Major importers are expected to trade 8.634 million metric tons of poultry meat by 2021.

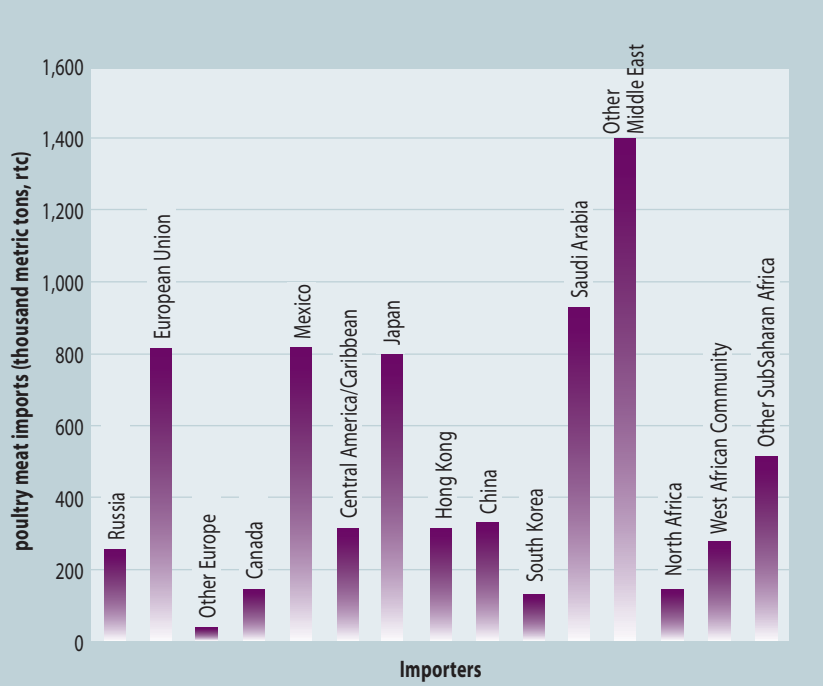
Russia, historically the largest world importer of poultry meat, will see its import volume decline from an estimated 374,000 metric tons, ready-to-cook, of poultry meat in 2012, to 254,000 metric tons in 2013, which will decline further

FIGURE 2: PRODUCTION COST OF EGGS BY COUNTRY



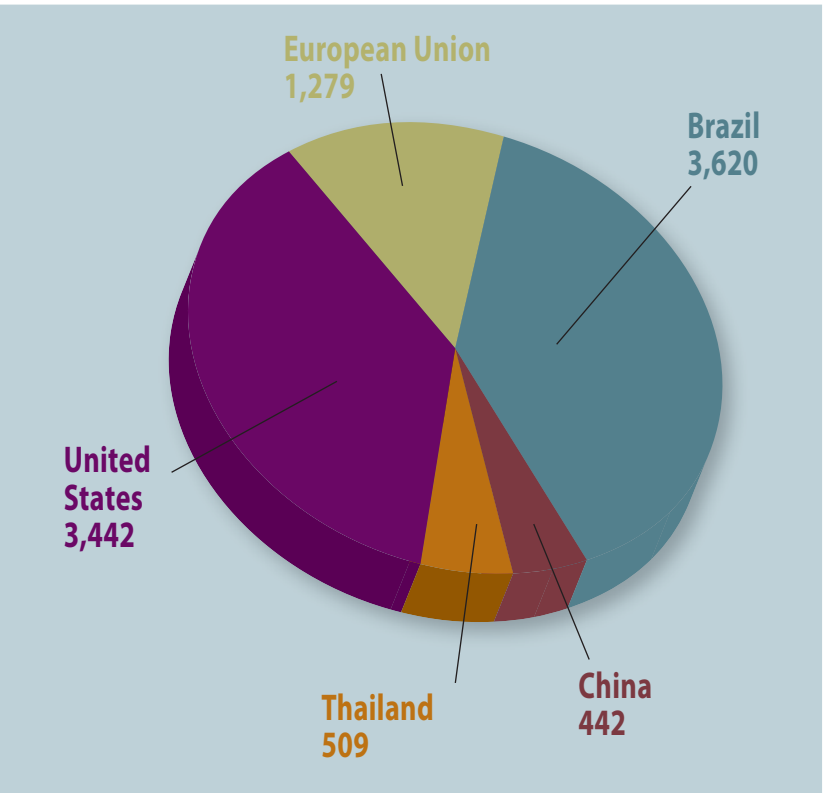
Source: Nan-Dirk Mulder/Rabobank

FIGURE 3: 2013 POULTRY MEAT IMPORT PROJECTION



Source: USDA Agricultural Projections to 2021 (http://www.usda.gov/oce/commodity/archive_projections/USDAAgriculturalProjections2021.pdf)

FIGURE 4: 2013 POULTRY EXPORT PROJECTION IN MILLION METRIC TONS, RTC

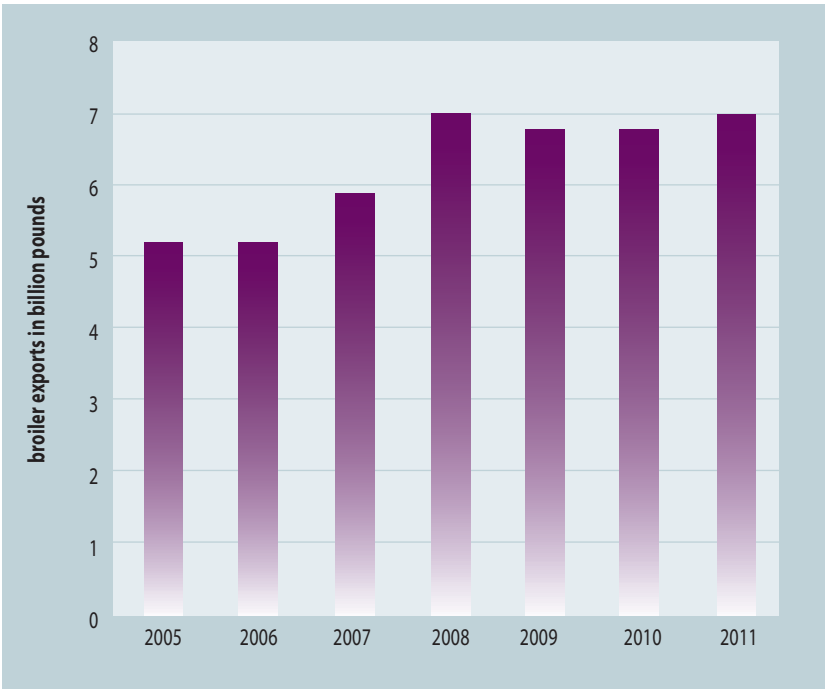


to reach eventually an estimated 114,000 metric tons in 2021 (Figure 3). Poultry meat imports in the Middle East now account for more than 40 percent of imports by major importers and is expected to increase to more than 50 percent by 2021. The largest single-country importer is now Saudi Arabia, which will import an estimated 880,000 metric tons of poultry meat in 2012 and 926,000 in 2013. Japan, the world's second largest poultry meat importer, will import an estimated 805,000 metric tons in 2012, declining to 800,000 metric tons in 2013. The third largest poultry meat importer in 2012, the EU, will import nearly 800,000 metric tons in 2012 but is expected to take over as the second largest importer in 2013 at an estimated 808,000 metric tons. Mexico is also becoming one of the world's largest importers of poultry meat. The country's import volume is projected to rise from 760,000 metric tons in 2011 to 789,000 metric tons in 2012 and 804,000 metric tons in 2013.

Total exports of poultry meat in 2012 by major traders will total an estimated 9.163 million metric tons, based off USDA forecasts, and are projected to rise to 11.067 million metric tons over the next decade to 2021.

Brazil, the world's largest exporter, will ship approximately 3.555 million metric tons of poultry meat in 2012 and 3.620 million metric tons in 2013. The U.S., a close second, is estimated to export 3.413 million metric tons in 2012 and 3.442 million metric tons in 2013 (Figure 4). Over the coming years, the U.S. market share may increase thanks to trade with Saudi Arabia, Japan and Hong Kong, where the compound average growth rate is growing faster than in Brazil, according to Adrian Westerstrate, global co-head of Rabobank's Animal Protein Sector. Concurrently, though, U.S. exports have grown slower than Brazil's in China, Japan and Kuwait. For example, U.S. exports of broiler meat have remained steady, as the country exported 6.9 billion pounds of broiler

FIGURE 5: US BROILER EXPORT TREND



meat in both 2009 and 2010, which was down just slightly from 7 billion pounds in 2008, according to USDA/ Economic Research Service (Figure 5). Additionally, Brazil's poultry meat imports to China, where U.S. exports were shut out, have since increased and are expected to near 300,000 tons in 2012, according to Westerstrate. In the long term, projections show the U.S. will export 3.697 million metric tons of poultry meat by 2021, while Brazil will remain the largest major exporter at 4.813 million metric tons by 2021.**EG**

World's top poultry, egg companies

Consolidation continues to be seen in two top chicken markets.

According to the latest survey of chicken producing and processing companies in America, conducted by *WATT PoultryUSA*, the US chicken industry is dominated by three main companies, whose share accounted for 46.64 percent of the market in 2011, while the top five held a market share of 58.73 percent. Tyson Foods, Pilgrim's and Sanderson Farms produced 165.86, 130.82 and 53.95 million pounds, respectively, of ready-to-cook chicken in 2011. Table 1 lists the top 10 broiler producers in the U.S. in 2011. The US chicken industry's consolidation reflects the larger trend of consolidation among chicken producers and processors around the world (Figure 1).

Similarly, the main market of Brazil is also dominated by just a few companies, as was shown by Rabobank's global poultry ranking (Figure 2). Topping the list for 2012 was Tyson Foods, in the U.S., followed by JBS Pilgrim's, Brasil Foods and Marfrig, all in Brazil. Table 3 forecasts earnings for some of the world's top producers, such as Tyson and Brasil Foods, in 2012 and 2013.

Aside from Brazil, WATT's most recent survey of Latin American broiler producers shows that the countries of Mexico and Argentina also contribute significantly to production in this region (Table 2). Mexico's Bachoco was also ranked among top poultry producers in 2012.

Top poultry meat, egg company names at a glance

Visit **www.wattagnet.com/worldtoppoultry.html and sign in or sign up as a user** to access WATT's Top Companies database for more information about big operators in the world of commercial poultry production, processing and marketing. The following abstracts illustrate how companies range in activities and background as well as size.

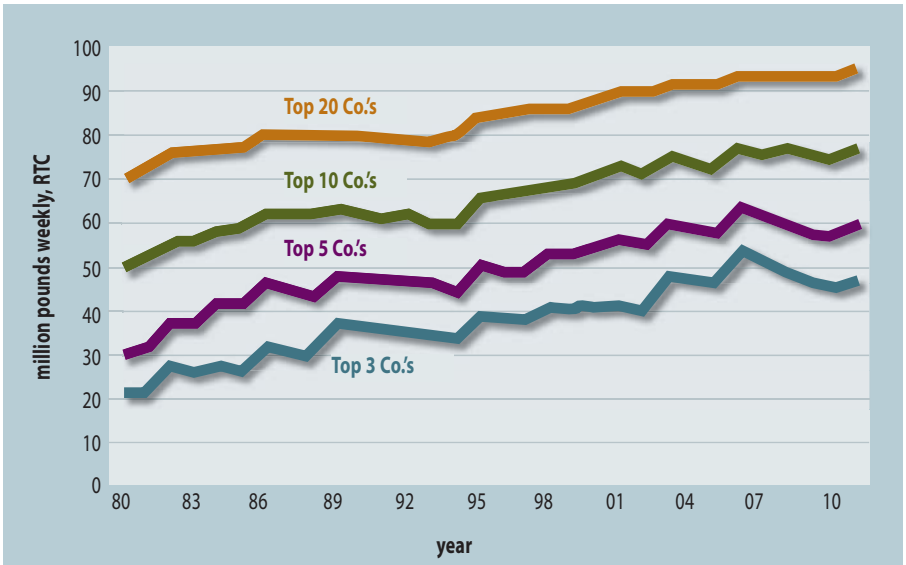
Argentina: Granja Tres Arroyos is the country's top poultry producer and currently exports 30 percent of its total production. Ovobrand SA serves the South American market with its 1 million Hy-Line layers in production.

Australia: The top poultry producers, Baiada Poultry and Inghams Enterprises, supply more than 70 percent of the country's chicken meat. Baida operates eight processing plants and broiler and breeder farms, as well as a number of feed mills and hatcheries throughout Australia. Inghams operates 10 processing plants, nine further processing plants and 11 feed mills.

Canada: Olymel L.P. is the country's largest poultry processor. In 2011, the company announced a joint venture with Groupe Westco to build a CAD40 million slaughter and processing plant. The plant is expected to be operational in late 2012 with a slaughtering capacity of 450,000 birds per week.

Chile: Agrosuper is Chile's leading poultry producer and exporter, capturing 45 percent of the domestic market share for

FIGURE 1: US CHICKEN INDUSTRY CONSOLIDATION 1980-2011



Source: *WATT PoultryUSA*. Note: 1980-82 % based on slaughter; 1983-2011 % based on lbs. ready-to-cook.

Consolidation in the chicken industry has continued, as the top three companies in the US combined represented more than 46 percent of production in 2011.

FIGURE 2: WORLD'S TOP POULTRY PRODUCING COMPANIES 2012

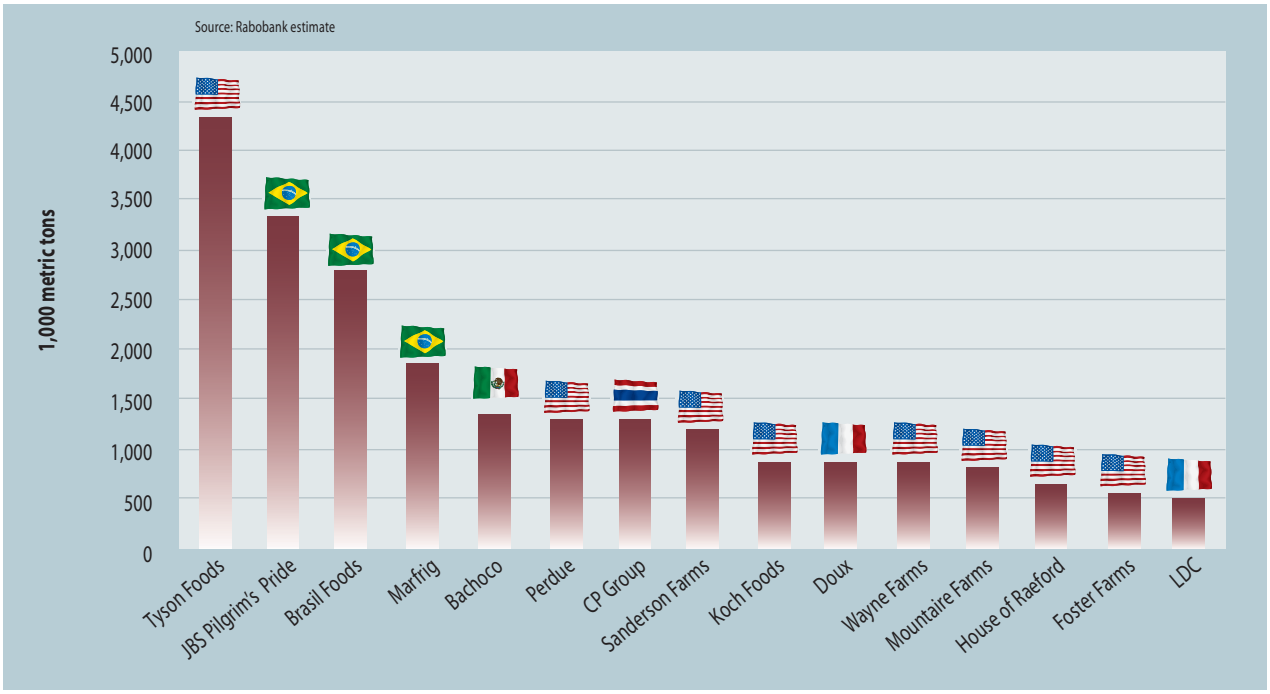


TABLE 1: TOP 10 US BROILER PRODUCERS IN 2011

Company	Slaughter Plants	Million Head	Million lbs. Liveweight	Average Liveweight (lbs.)	Million lbs. RTC
1. Tyson Foods, Inc.	33	37.00	204.95	5.57	165.86
2. Pilgrim's Pride Corporation	26	31.58	167.72	5.31	130.82
3. Sanderson Farms, Inc.	9	8.35	62.22	7.45	53.95
4. Perdue Farms Incorporated	10	11.75	68.17	5.80	53.54
5. Wayne Farms, LLC	8	5.88	42.74	7.27	37.36
6. Mountaire Farms, Inc.	3	5.39	42.02	7.80	36.12
7. Koch Foods, Inc.	6	9.50	47.50	5.00	35.15
8. Peco Foods, Inc.	5	4.17	28.94	6.94	21.88
9. House of Raeford Farms, Inc., (Poultry Div.)	5	3.60	26.10	7.25	21.40
10. Foster Farms	5	5.76	34.52	5.99	20.37
TOTALS	**110**	**122.98**	**724.88**	**64.38**	**576.45**

chicken meat. In 2011, the company produced an estimated 166 million birds and expects to reach 174 million heads in 2012.

China: Fujian Sunner Development Co. Ltd. is one of China's largest poultry producers. Sunner Group breeds, slaughters and processes broilers, as well as sells chicken. Sales income from chicken accounts for 95 percent of the company's business income. COFCO is a modern agricultural enterprise that integrates feed processing, breeding, slaughter, and fine processing of poultry and cold-chain distribution. The company operates a slaughter plant, processing plant, further processing plant and a feed mill. DaChan Food Ltd. operates the largest chicken processing enterprise and is also one of the largest chicken suppliers at fast-food chains. The company produces nearly 2.6 million head weekly.

Egypt: Cairo Poultry operates the region's leading integrated poultry production operation with 193 breeder houses and 349 broiler houses. The company markets its poultry under the brand names Americana and Koki.

Ethiopia: Alema Farms is the second-largest fully integrated poultry production, processing and marketing operation in the country. The company built a high-tech feed mill in 2011 to expand its operations and sell excess feed and pullets to local farmers. Genesis Farms, Ethiopia's third-largest private

poultry company, operates a hatchery that produces about 4,500 chicks weekly and produces 12,000 eggs daily. Elfora Agro-Industries, the country's largest livestock company, has a slaughtering capacity of 500,000 kg per year.

France: Groupe Doux is Europe's largest producer of poultry and poultry-based processed products. Bank Barclays will assume control of indebted Groupe Doux, acquiring an 80 percent stake in the company in exchange for forgiving debt of US$175 million. The plan will allow the bank to come up with a turnaround plan for Doux.

TABLE 2: 2012 POULTRY PRODUCTION AT THE NATIONAL LEVEL

Country	Number of chicken	Number of layers	Number of turkey
Argentina	791,666,000	34,000,000	0
Bolivia	249,000,000	5,064,000	30,300
Brazil	5,909,100,000	83,303,235	44,100,000
Chile	304,847,000	12,500,000	9,960,300
Colombia	609,885,014	32,001,326	0
Costa Rica	63,800,000	2,890,000	0
Cuba	11,000,000	7,200,000	0
Ecuador	239,857,015	11,342,000	750,000
El Salvador	60,000,000	3,600,000	0
Guatemala	139,725,000	6,975,000	80,000
Honduras	86,350,000	4,000,000	0
Mexico	1,438,784,000	145,656,000	1,428,000
Nicaragua	59,400,000	1,600,000	0
Panama	76,745,000	1,726,000	0
Paraguay	47,500,000	2,500,000	0
Peru	524,335,687	16,000,000	2,450,000
Puerto Rico	683,000	594,000	2,000
Dominican Republic	163,000,000	7,000,000	0
Uruguay	27,000,000	3,250,000	0
Venezuela	482,720,000	14,672,000	2,016,000
TOTALS	**11,285,397,716**	**395,873,561**	**60,816,600**

Germany: PHW-Wiesenhof is Germany's largest poultry producer, posting a 6.3 percent sales increase in 2011. In total, the group is comprised of more than 40 mid-size companies.

India: SKM Egg Products Export produces 164 million eggs annually to convert into egg products. The company operates one of the largest egg processing plants in Asia with a capacity to process 1.8 million eggs per day for producing as much as 6,500 tons of egg powder annually.

Iraq: Rasun, part of the Vano Group, is one of the largest poultry companies in the Middle East, and with the acquisition of a slaughterhouse and other investments in 2011, it has become the first fully integrated poultry producer in Iraq. Rasun owns both grandparent and parent stock hatcheries for the Ross 308, with a total annual hatching capacity of more than 4 million chicks.

Latvia: Balticovo produces 500 million eggs per year from about 1.93 million laying hens and exports products to all countries of the European Union. Lielzeltiņi Ltd. is one of the largest and most modern poultry breeding and processing companies in Latvia. Roughly 82 percent of the company's product is sold in Latvia, while the other 18 percent is exported throughout the EU.

Kenya: Sigma Supplies has a table egg laying capacity of 1 million eggs and a rearing capacity of 40,000 chickens. The company hatches 180,000 chicks weekly in two hatcheries and also has a feed mill with the capacity to manufacture 2 tons per hour.

Malaysia: Teo Seng is one of the largest layer farming companies in Malaysia. The company operates nine layer farms, five pullet farms and two brooding farms in Yong Peng, Johor.

Mexico: Industrias Bachoco is the largest poultry company in Mexico, producing approximately 503 million head in 2011. The company operates more than 700 production and distribution facilities throughout Mexico. Pilgrim's de México is the country's second largest broiler producer with 17 distribution centers in Mexico. The company produces everything from chicken to fresh and frozen cuts, Ross broilers, and further-processed and fully cooked products. The third largest broiler producer, Tyson de México, produces 3.02 million head weekly, approximately 157 million birds in 2011. Along with processing plants, Tyson de México has a dedicated further processing plant, a cooked product plant and eight distribution centers. In addition to being the top producer of Cobb broilers, the company also produces whole fresh chicken, rotisserie chicken and further processed poultry products.

Netherlands: Plukon Royale Group supplies large Dutch, German, Belgian and French food retailers. The company completed its purchase of Stolle in January 2012. Van Leendert BV keeps 225,000 laying hens in two hen houses with battery cage systems and one free-range hen house. The chickens begin laying eggs at 20 weeks. During the

TABLE 3: POULTRY COMPANIES BY EARNINGS

	EPS			P/E		EBITDA	
Company name	2011	2012e	2013e	2012e	2013e	2012e	2013e
Tyson	1.89	1.96	2.02	7.8	7.6	1,824	1,760
Pilgrim's Pride	-2.13	0.83	0.9	6	5.5	444	504
Sanderson Farms	-5.47	2.86	4.02	13.3	9.5	174	209
Brasil Foods	1.82	1.57	2.19	18.9	13.5	1,510	1,980
Marfrig	-1.56	-0.2	0.2	-46.5	46.5	976	1,093
Charoen Pokphand	2.38	2.83	3.2	12.4	11.7	948	1,138
DaChan Food	0.19	N/A	N/A	N/A	N/A	N/A	N/A
LDC	6.91	8.25	8.34	10.2	10.1	221	232
Cherkizovo	3.44	3.12	3.26	3.4	3.2	316	350
MHP	2.28	2.39	2.68	4.9	4.6	436	494

Source: Bloomberg 2012 (from Rabobank Poultry Quarterly-Q3 2012)
EPS - Earnings per share; P/E - Price Earnings Ratio; EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization

laying period of 52 weeks, one chicken lays about 320 eggs with an average weight of approximately 62.5 grams.

Oman: A'Saffa Foods operates one of the country's most modern feed mills in Oman with a capacity of 15 metric tons per hour, in addition to its environmentally controlled commercial broiler shed with a capacity to house 32,500 chickens. Modern Poultry Farms, owned by IFFCO, is the largest egg producer in Oman and owner of the Dana brand.

Philippines: Bounty Fresh Foods operates the country's first large-scale broiler farm to use environmentally controlled houses. The company produces 48 million eggs per year and supplies chicken to Chooks-to-Go, the country's largest chain of roast chicken outlets.

Russia: Borovskaya Poultry Farm is an egg producer and processor. In 2011, the company became part of JSC Poultry Bohr. The company produces table eggs, egg products and quail eggs from about 3 million laying hens. It expects to reach 1 billion eggs in 2012.

Singapore: Elite KSB Holdings Ltd. processes an estimated 25 percent of Singapore's daily fresh chickens. Soonly, a subsidiary, has the capacity to slaughter up to 80,000 chickens per day. N&N Agriculture Ltd. produces about 9 percent of Singapore's total egg supply. The poultry company produces 400,000 eggs daily and has six layer houses with 80,000 hens and two grower houses with 80,000 DOC's.

UK: 2 Sisters Food Group operates 13 manufacturing sites in the UK, among other facilities, and produced approximately 312 million head total in 2011. Havensfield Happy Hens is a family owned UK egg business and one of the longest established free-range egg producers in the country. The company produces nearly 22.5 million eggs annually, both on site and on contract with local farmers, many of which are used to supply schools and retailers.

Venezuela: Granja La Caridad produces 151 million Ross broiler chicks and sells 14.5 million chicks annually. Protinal CA, along with affiliate Proagro CA, is the country's largest fully integrated poultry company that

produces Cobb broilers, as well as livestock feed. In 2011, the company produced an estimated 168 million head.

Zimbabwe: Suncrest Chickens is the country's largest producer of dressed chickens, currently owning 65 percent of the local market. Hubbard Zimbabwe specializes in day-old broilers, layer chicks, poultry breeder stock, commercial eggs, broiler production and processed poultry meat. In 2011, Hubbard sold 11 million DOCs, up from 8.5 million in 2010. **EG**

Egg consumption growth driven by developing countries

Table egg consumption increases due to population growth, increased uptake of egg products.

Consumption of eggs and a wider variety of egg products has increased over recent years and is projected to grow to approximately 1,154 billion units by 2015, according to market research publisher Global Industry Analysts Inc.

Much of the growth in egg consumption has come from developing countries. Between 1997/99 and 2030, consumption is projected by the Food and Agriculture Organization of the United Nations to grow from 6.5 kg per person per year to 8.9 kg in developing countries. Consumption is projected to rise from 13.5 kg per person per year to 13.8 kg in industrial countries over the same period.

In Asian countries, population increases and a growing middle class will drive growth in consumption over the next decade (Figure 1). In China, one of the largest egg-consuming countries in the world, egg consumption is currently nearly double the average of other developing countries. Consumption of eggs in China will grow from 15 kg per person per year in 1997/99 to 20 kg in 2030 as urbanization continues and incomes rise (Figure 2).

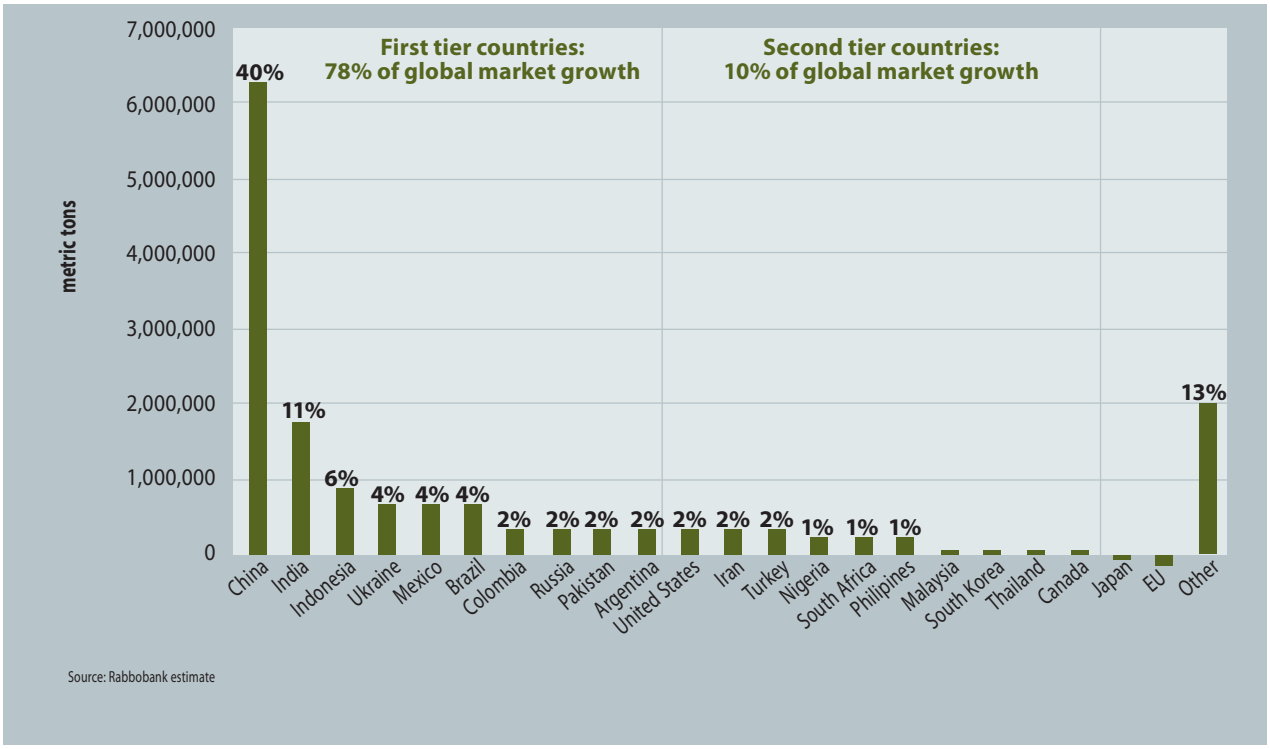
In the U.S., per capita egg consumption declined by approximately 170 eggs from 1970 to the mid 1990s, largely due to dietary concerns about cholesterol. However,

TABLE 1: EU-27 EGG CONSUMPTION AND PRICES

	2009 Eur-27 (estimate)	2010 Eur-27 (forecast)	2011 Eur-27 (forecast)	2012 Eur-27 (forecast)
Consumption (million dozen)	5,982	6,126	6,133	6,066
Population (average per year in million)	498.494	499.990	501.490	502.994
Consumption (kg/person)	12.00	12.25	12.23	12.06
Price (ECU/100 kg)	119.89	111.68	114.52	

Source: European Egg Processors Association (http://www.eepa.info/Statistics.aspx)

FIGURE 1: EGG MARKET GROWTH BY WORLD REGION

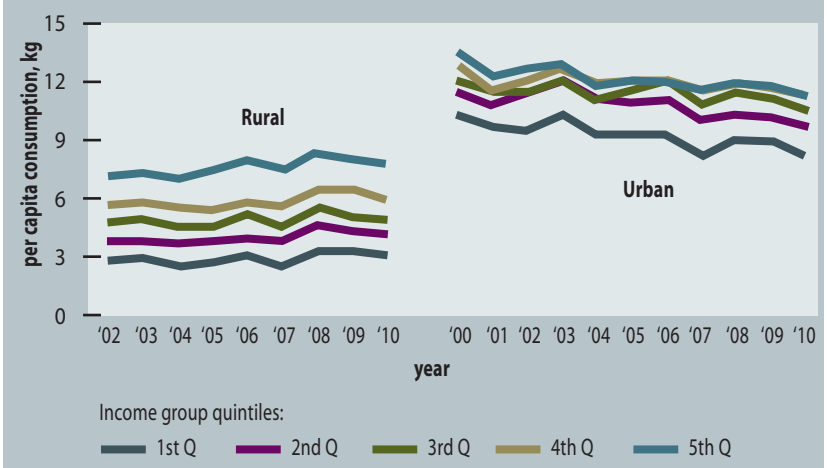


Vietnam egg demand

Vietnam's demand for eggs is projected to double over the next decade. The Agriculture Ministry's Department of Livestock Production attributes the egg consumption increase to Vietnam's increasing population and rising living standards.

per capita consumption of eggs and egg products has picked up over the past two decades (Figure 3). For 2012, the American Egg Board estimates that Americans will consume 248.9 eggs per capita, which is only slightly higher than 247.7 in 2011. Still, of the more than 90 billion eggs produced annually by U.S. egg companies, more than three-fourths of production is for the table-egg market (eggs produced for human consumption). United States Department of Agriculture projections show the decline in egg consumption in the U.S. will likely continue over the next decade. USDA projects egg consumption per capita to decline to approximately 239 eggs in 2021 (Figure 3).

FIGURE 2: PER CAPITA CONSUMPTION OF POULTRY EGGS IN CHINA BY INCOME GROUP



Source: Zhou, Z.Y., Tian, W.M., Wang, J.M., Liu, H.B. and Cao, L.J. (2012) Food Consumption Trends in China, research report submitted to the Australian Department of Agriculture, Fisheries and Forestry in Canberra, May 2012.

Egg consumption linked to income levels

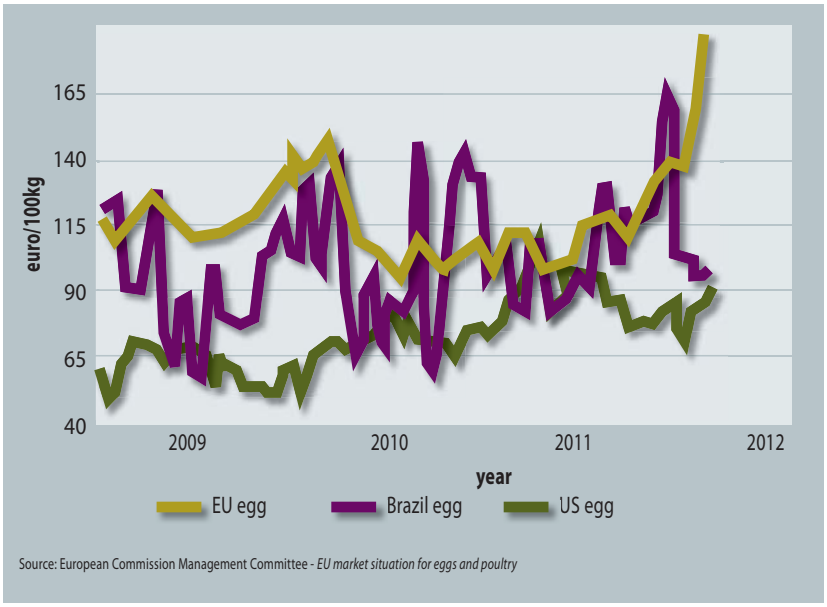
Of course, consumption of eggs in any country is related to egg prices and the disposable incomes of the nation's residents. In the U.S., for example, egg consumption declined from 2009-11, and will rise just slightly in 2012 as the U.S. economy is recovering slowly from an economic recession. During this period, U.S. egg prices also rose overall to their highest point at the end of 2011, before dropping at the beginning of 2012 and beginning to level out (Figure 4). In contrast, in the EU egg prices remained at some of the lowest levels in recent years in 2010 and 2011 (Table 1), but

FIGURE 3: US PER CAPITA EGG CONSUMPTION TREND AND PROJECTION

Source: American Egg Board

Source: USDA Agricultural Projections to 2021 (http://www.ers.usda.gov/publications/oce-usda-agricultural-projections/oce121.aspx)

FIGURE 4: WEEKLY EGG PRICES IN BRAZIL, USA AND EU



Source: European Commission Management Committee - *EU market situation for eggs and poultry*

spiked at the beginning of 2012 after the ban on conventional cages went into effect. The exception to this is in Brazil, however, where egg consumption per capita of roughly 7.5 kg is below the world's average of 8.8 kg, according to Euromonitor International. While egg prices in that country remain fairly low in comparison to other countries, Euromonitor's *Eggs in Brazil* report attributes the lower consumption to the fact that eggs are not traditionally consumed as a breakfast food there, as they typically are in countries like the U.S. **EG**

More data available in Market Data section of WATTAgNet

Sign in or sign up as a user on www.WATTAgNet.com to download these datasets as spreadsheets.

- ➥World poultry meat production trend 1995-2012 – www.wattagnet.com/154342.html
- ➥Largest egg producing countries in 2010–www.wattagnet.com/154312.html
- ➥World meat market production and trade estimates 2010-12 – www.wattagnet.com/154424.html
- ➥USA egg long-term projections to 2021 - www.wattagnet.com/154320.html
- ➥USA egg consumption trend 1997-2012 – www.wattagnet.com/154349.html
- ➥EU egg balance sheet 2004-2012 – www.wattagnet.com/154395.html
- ➥Per capita consumption of poultry eggs in China by income group 2000-2009 – www.wattagnet.com/154398.html
- ➥EU egg imports by product 2011-2012 – www.wattagnet.com/154421.html

Executive Guide
TO WORLD POULTRY TRENDS

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