

WEEKLY BROILER MARKET RECAP

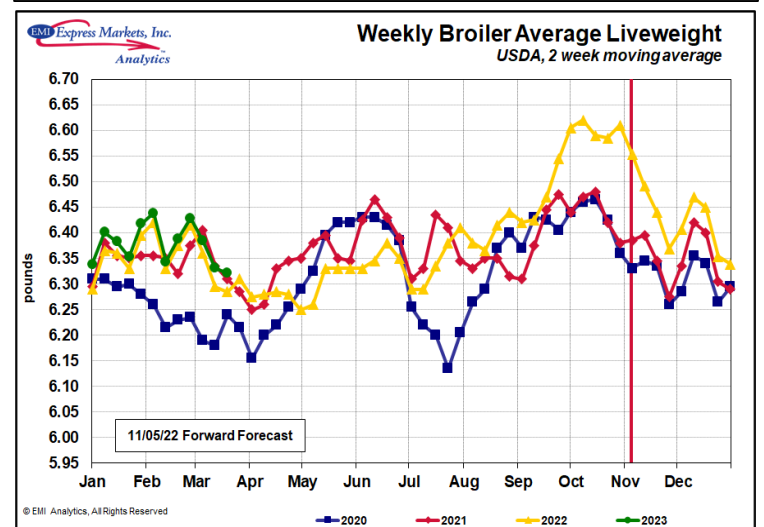
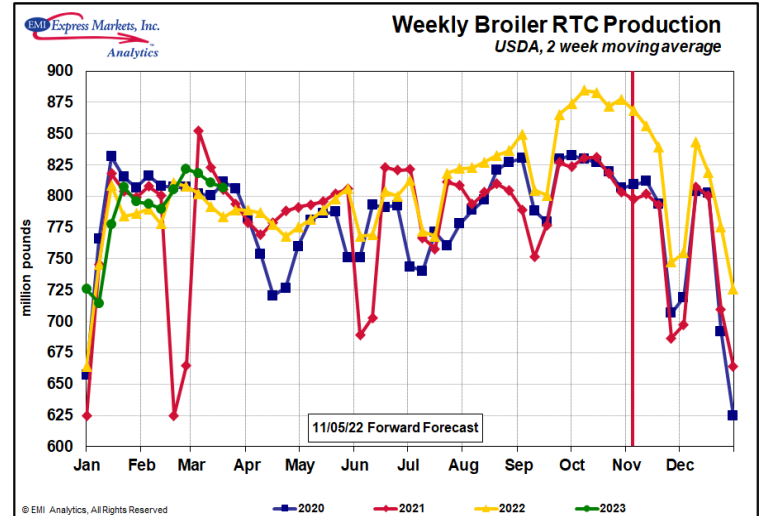
By Amanda Martin, Director of Poultry, amartin@expressmarketsinc.com

November 8, 2022

Supply and Demand Factors

- Weekly RTC Production for the week ended October 29th increased 10.9% from year ago levels to 879.9 million pounds; production the previous year decline 0.7%.** The number of broilers processed increased 6.8% from year prior to 175.4 million head. Average broiler weights moved slightly lower from the previous week, averaging 6.60, but was still a 3.8% increase from year prior. We have heard mentions of processors battling with Saturday production, with some continuing to do so to try and combat higher liveweights yet others not wanting to continue to pull production forward. Upcoming holiday closures may compound these issues. Q2 weekly RTC Production increased 1.2% during the quarter, with liveweights declining nearly 1% from year prior. Q3 RTC production increased 3.4% from year prior on a weekly basis, as slaughter did not slow as much around the Labor Day holiday as it has in previous years. Current estimates for Q4 look for RTC production to increase approximately 7% versus year prior with increases on both increased slaughter and record liveweights.
- 19 State Weekly Egg Sets declined 2.5%, while 19 State Chick Placements increased 3.6% from year prior for the week ended October 29th; the corresponding week a year prior for Egg Sets increased 7.7%.** 19 State Chick Placements totaled 175.4 million. These placements will hit slaughter during the mid-December. Hatchability remained steady this week, averaging 80.1% on USDA's weekly report. Based on current eggs sets alone and changes versus year prior, chick placements are anticipated to increase 1.8% from year prior over the next 3 weeks. Egg Sets / Chick Placements did not see the typical seasonal declines the industry has become accustomed to over the years these past few months, which has been a factor is the large changes over year prior. We will be watching closely to see how this affects production during the holidays.
- September Broiler Exports 1% above year prior levels.** Exports during the month totaled 600.2 million pounds. Along with the increase versus year prior, exports also increased 25 million pounds from August's levels. Leg Quarters remained the top exported product, with 317 million pounds exported during the month at a value of \$174 million. Mexico remained the number 1 export destination during the month, with Cuba and Angola rounding out the top 3 destinations.
- HPAI Update— 35K Broiler Breeders depopulated in Lawrence County, MS, according to a November 5th confirmation from APHIS and USAPEEC. This is first HPAI in Mississippi so far in 2022.** YTD, 238K broiler breeders, 74K broiler breeder pullets, 2.2 million meat broilers have been depopulated. While these numbers remain relatively small in the grand scheme of broiler production, recent depopulations in Arkansas, and now Mississippi, will likely have greater impacts on exports, as state level bans will be enacted by some trading partners, including Japan, Taiwan, Korea, and South Africa, just to name a few. With the most recent occurrence, only the broiler producing states of Louisiana, Alabama, and West Virginia remain eligible to export to the Taiwanese market.

Market	Comments	Price Bias
B/S Breast	Buyers re-entering the ring if they have storage capacity.	Sideways
Leg Qtrs	Export concerns with add'l HPAI cases.	Sideways
Hogs	Weakness in retail mkt, higher production costs, fewer hogs	Sideways
Cattle	Cutout Rally Cont., Cattle #'s declining, Gas/Oil \$ weakens?	Higher
Corn	87% of corn harvested, Nov WASDE production changes?	Sideways
Beans	94% of SB harvested, slowing U.S. exports?	Sideways
Soybean Meal	Tighter End Stks for SB, Chinese SBM stocks low	Sideways
Equities	Labor Mkt remains strong, Fed aim to continue to raise rates	Sideways



Copyright © 2022, All Rights Reserved. Disclaimer: EMI Analytics' Weekly Broiler Market Recap is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle and only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.

Market Trends

- WOG markets steady to slightly higher again this week as record liveweights again tighten availability in lighter categories.** Retail and QSR demand continues with a consistent pull. Front halves and whole breast are steadier on EMI markets with boneless declines slowing. 8&9 Piece markets remain mostly steady and demanded into QSR locations. Marinated WOGs and 8&9 Piece remain steady and demanded into retail deli, as well. As focus shifts overall towards larger birds in some facilities, availability on small to mid-sizes sizes is anticipated to remain tighter than their >4.0 pound counterparts into next year.
- Breast Meat continued to decline last week, but steadier markets anticipated with additional buyers entering the market and a slow down on the hatchery side.** All sizes moved lower last week, but at a much slower rate than just a week ago. Medium markets declines slow as retail has been taking a second look at white meat for the first time in months, with increased featuring beginning to be seen in some locations. Small markets continue to be supported to some extent by QSR promotions and tighter production anticipated into 2023. The percentage of mix of jumbo bird slaughter increased again from prior week; w/e 10/29 was reported at 29.3% of slaughter, up 1 percentage point from week prior. Small bird percentage of slaughter also increased this past week; 4.25 lbs and down was reported at 14.2% for w/e 10/29, up from 13.9% a week prior. White Meat trim declines continue, but the rate of decline has also slowed here.
- Double digit declines in Tender market continued last week; still appear to be more available than their B/S Breast counterpart.** Largest declines remain on the Medium side, with the EMI market declining almost 50 cents last week. Both Jumbo and Medium remain available this week at discount, but the rate of decline has slowed significantly. Smaller sized tenders rated more steady with tighter production scenario in play. As markets move below 5 year average pricing, those buyers that have freezer space may look to make additional purchases. The turn of the calendar to November also may have some consumers looking towards purchasing for holiday gatherings.
- Wing markets remain mixed, but discounting is slowing here, as well.** Both Jumbo and Medium markets declined last week, as needs continue to be easily supplied across most processors. Small markets moved higher this week on both whole and party wing items. Softened markets and football season may have some buyers re-evaluating promotional items heading into fall and have more one location style restaurants jumping back into the wing game after exiting mid year of 2021. Football not doing much to improve wing movement, as consumers still dealing with increased prices on restaurant menus. Cold storage stock levels and increased production may also limit the magnitude of upward market movement the next few months.
- Dark Meat items mixed; Thighs remain available at discount as both Legmeat and B/S Thigh Meat markets continue to decline.** HPAI restrictions and strengthened US dollar may be impacting movement to some locations. B/S Drums and Legs are steadier, as are Leg Quarters. Both fresh and frozen MSC seasonally softening. Pet food purchasing likely to continue to impact MSC and backs/frames into 2023, though consumers are having to make difficult decisions on what to do with any extra money they have to spend, therefore, potentially trading down from higher end and wet pet food products.

	Current Week Ended	Prior Week Ended	Change
Whole Broilers	11/4/2022	10/28/2022	
EMI WOGs, >= 4 lbs. (weekly wtd avg)	112.97	112.46	0.5
EMI WOGs, 2.5 to 4 lbs. (weekly wtd avg)	121.08	118.98	2.1

	Current Week Ended	Prior Week Ended	Change
Breast Meat/Tenders	11/4/2022	10/28/2022	
USDA NE B/S Breast Meat (weekly wtd avg)	101.13	105.55	-4.4
EMI B/S Breast, Jumbo (weekly wtd avg)	107.62	109.72	-2.1
EMI B/S Breast, Medium (weekly wtd avg)	121.14	122.08	-0.9
EMI B/S Breast, Small (weekly wtd avg)	280.88	292.40	-11.5
USDA NE Tenders (weekly wtd avg)	119.98	138.72	-18.7
EMI Tenders, Jumbo (weekly wtd avg)	122.04	133.09	-11.1
EMI Tenders, Medium (weekly wtd avg)	159.47	208.03	-48.6
EMI Tenders, Small (weekly wtd avg)	203.27	198.76	4.5

	Current Week Ended	Prior Week Ended	Change
Dark Meat	11/4/2022	10/28/2022	
USDA NE Leg Quarters (weekly wtd avg)	38.40	35.07	3.3
EMI Leg Quarters, Regular, Fresh (wtkly wtd avg)	31.85	33.42	-1.6
EMI Leg Quarters, Jumbo, Fresh (wtkly wtd avg)	27.32	28.63	-1.3
EMI Leg Quarters, Regular, Frozen (weekly wtd avg)	37.41	36.25	1.2
EMI Leg Quarters, Jumbo, Frozen (weekly wtd avg)	51.56	53.45	-1.9
USDA NE Thighs (weekly wtd avg)	62.74	62.17	0.6
EMI Thighs, Fresh (weekly wtd avg)	51.22	51.31	-0.1
USDA NE Drumsticks (weekly wtd avg)	46.16	44.40	1.8
EMI Drumsticks, Jumbo (weekly wtkly wtd avg)	37.31	36.04	1.3
EMI Drumsticks, Fresh (weekly wtkly wtd avg)	47.71	50.25	-2.5
USDA NE B/S Thigh Meat (weekly wtd avg)	108.19	124.50	-16.3
EMI B/S Thigh Meat, Fresh (weekly wtd avg)	102.90	112.62	-9.7

	Current Week Ended	Prior Week Ended	Change
Wings	11/4/2022	10/28/2022	
USDA NE Wings (weekly wtd avg)	106.68	106.09	0.6
EMI Whole Wings, Small (weekly wtkly avg)	89.91	89.36	0.5
EMI Whole Wings, Medium (weekly wtkly avg)	91.48	97.73	-6.2
EMI Whole Wings, Jumbo (weekly wtd avg)	98.45	108.07	-9.6
EMI Drumette/Midjoint, Small (weekly wtd avg)	125.79	123.11	2.7
EMI Drumette/Midjoint, Medium (weekly wtd avg)	131.99	133.97	-2.0
EMI Drumette/Midjoint, Jumbo (weekly wtd avg)	127.54	132.58	-5.0

