



WEEK END	PRICE	CHANGE	TOTAL	CHANGE
9/23/2022	per	+/-	LBS	+/-
DESCRIPTION	100 LB	Prior Wk	(000)	Prior Wk
WOG 2.5-4.0 LB.	119.05	(0.15)	7,519	(671)
8 & 9 PC MR	129.63	0.01	10,892	(532)
FRONT HALVES, ALL	113.17	(0.62)	3,673	477
B/S BREAST UNSZD, JUMBO	178.02	(14.95)	46,526	1,062
B/S BRST UNSZD, SML	376.31	(16.16)	393	(48)
TENDERS, JUMBO	275.83	(24.70)	9,872	545
TENDERS, SMALL	335.58	(19.79)	685	51
WINGS, MEDIUM	121.16	0.32	764	(40)
FR LEG QRTS, JUMBO	37.12	(1.13)	6,575	(591)
FZ LEG QTRS, JUMBO	55.65	0.78	3,270	(1,464)
THIGHS	68.59	(4.20)	3,532	81
B/S THIGH	173.78	(2.16)	11,031	123
DRUMSTICKS	56.10	(3.37)	2,329	(256)
MSC >15% FAT	35.53	0.03	13,339	1,580
TOTAL			120,083	

September 30, 2022 Issue

Random Thoughts on the Industry

-- By Mike Donohue

A few more eggs, a few more lbs. of chicken.

Production of chicken is rising, and prices are falling, in some cases rapidly.

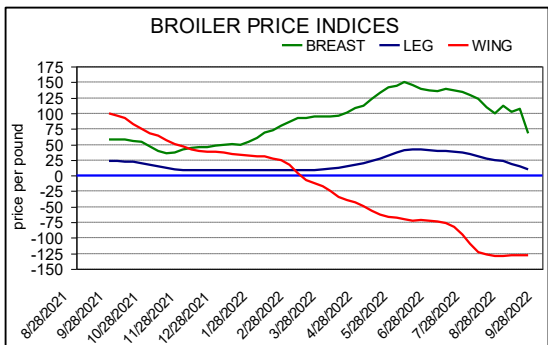
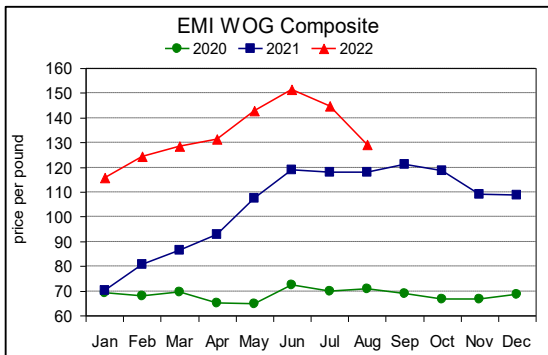
In late May, the EMI commodity price for unsized boneless breast meat hit a record high level of \$ 3.20 per lb., four months later, at the end of September, the same item is selling for \$ 1.65 per lb., 50% below the peak level.

Granted, demand is highest for chicken coming into Memorial Day and demand slackens late summer and into the fall every year, but supply of chicken is also increasing for several reasons including higher breeder chick placements in the last half of 2021 and into the first months of 2022, somewhat better hatchability in recent months accompanied by higher meat yields, all leading to 4% more lbs. available for sale in recent weeks compared to the same period last year.

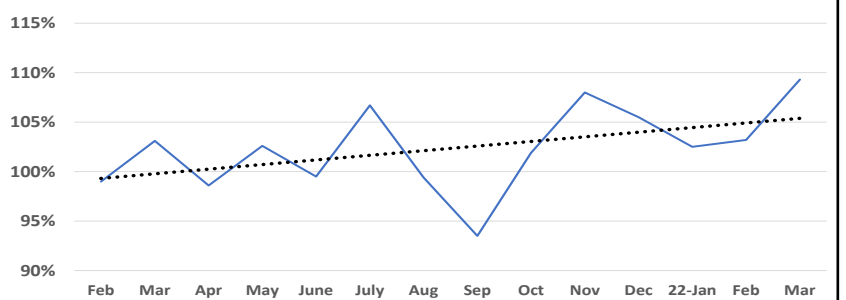
A seasonal trend in lower demand, an increase in supply, Econ 101 would indicate prices would decline. No rocket science here.

Breeder Chick Placements

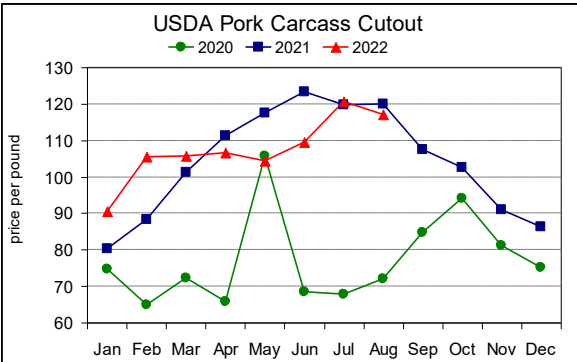
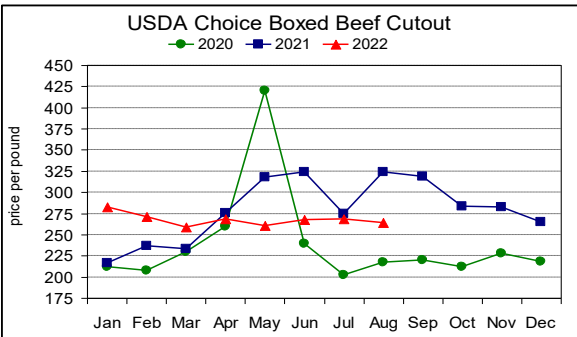
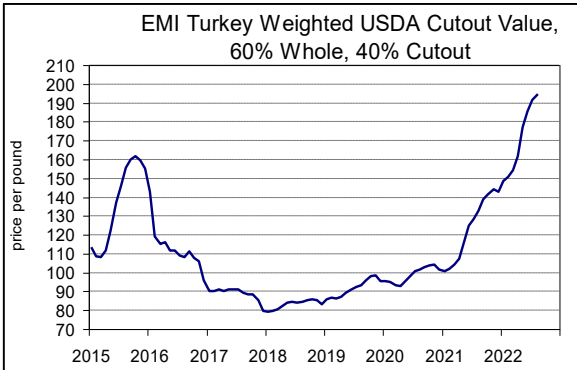
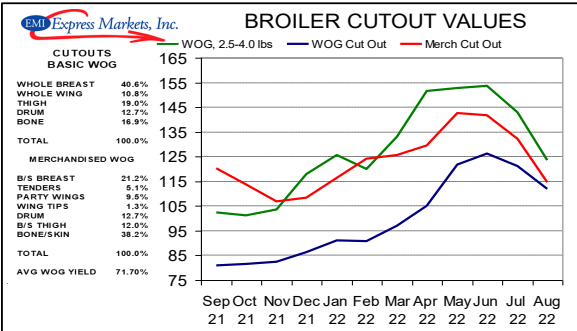
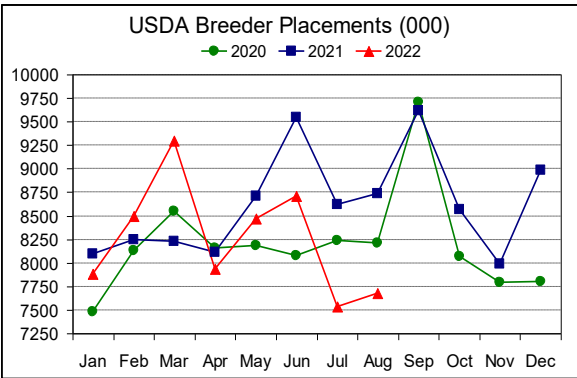
When a company purchases a day old broiler breeder chick from the genetics companies it is part of a planning schedule for broiler production some ten months down the road, six months for the day old pullet chick to start laying eggs, three weeks until the eggs get big enough to set in the incubators, three weeks hatch time and then anywhere from five to nine weeks for the broiler chicks to grow to the desired bird weight depending on the size of bird their customers require. All told, 40 weeks or so after the day-old pullet chick is delivered to the pullet farm.



Breeder Chick Placements by Month : % of Previous Year June 2021 through March 2022



The broiler chicks being placed today, at the beginning of October will be coming from the pullet chicks that were placed in February of 2021 through January 2022 and the flocks placed in the first quarter of 2022



Random Thoughts (Cont'd)

will be affecting broiler production levels the last quarter of 2022, a period where placement of day-old pullet flocks increased in 10 of the last 14 months.

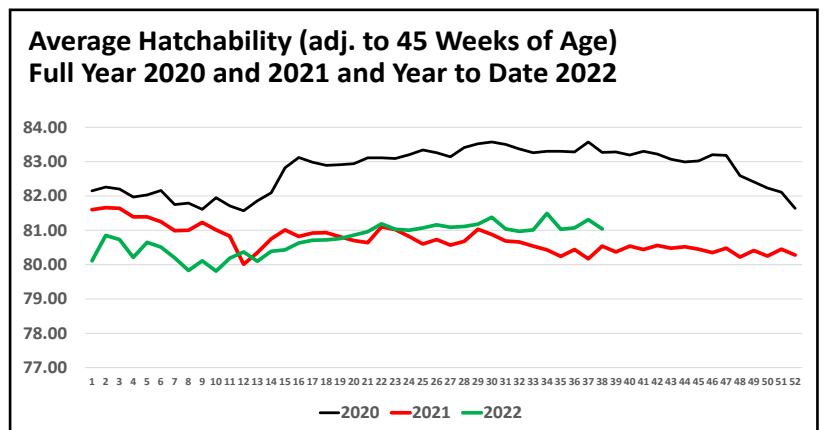
In recent months we've discussed how pullet mortality, which in the most recent months is at historically high levels, is affecting eventual broiler production. While still very high, the pullet mortality for most of the flocks currently in lay changed little over the same period that pullet chick placements were occurring.



Mortality in pullet flocks capitalized since March have experienced higher mortalities and that will have some effect on broiler production later this year and into the first quarter of 2023.

Hatchability

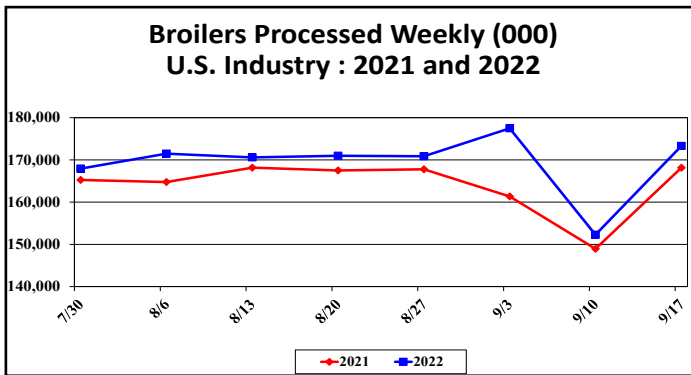
For the first time in several years broiler hatchability is improving vs. year earlier levels. Hatch through May of this year was largely below the levels of 2021 and well below the hatch % of 2020 but has rebounded in recent weeks and currently is about 0.5% improved over 2021 adding a few more chicks to the production mix.



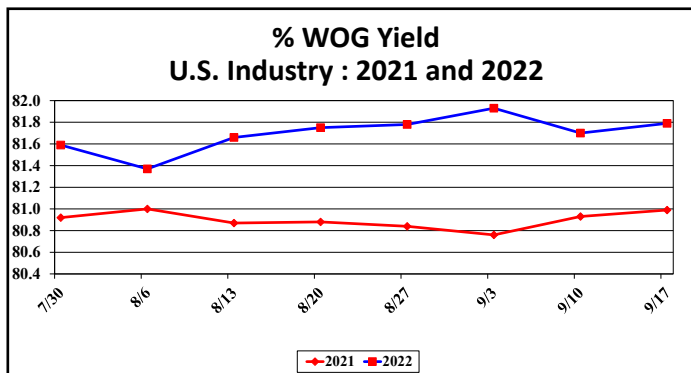
Broiler Production Levels

The combination of higher pullet placements and slightly better hatchability is contributing to an increase in the number of broilers processed each week, as shown in the USDA Weekly Poultry Slaughter report which indicates that the industry is again processing over 170 million birds per week, similar to the pre-Covid levels of 2019.

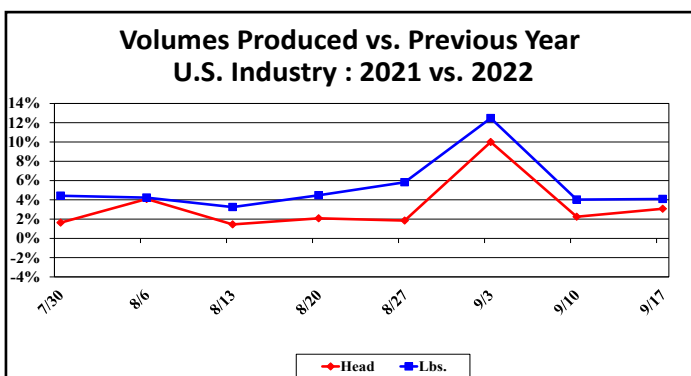
Random...Thoughts (Cont'd)



Average live weights were higher than previous year in seven of the last eight weeks and meat yields are improving as well...



...all leading most weeks to an estimated 2% increase in bird numbers and a total of 4% increase in lbs. processed over the last two months.

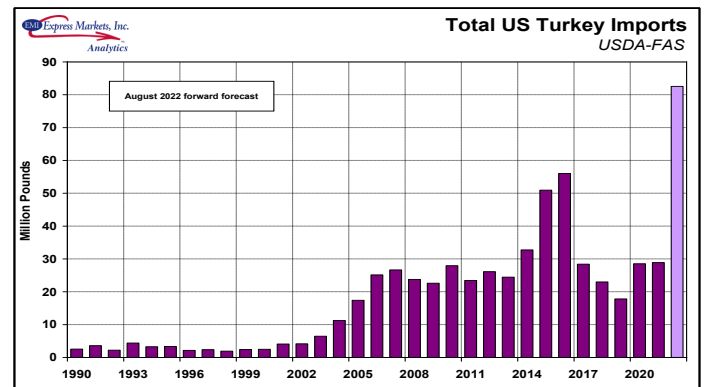


Breeder placements in the last few months are not showing the year-on-year increase seen at the end of 2021 and into the first months of 2022, as mentioned earlier, pullet mortalities are at the highest levels ever seen and broiler mortalities are averaging 0.5 to 0.7% above year earlier levels indicating that perhaps, the production increases are leveling off. However, this is the period of the year when domestic demand for chicken is reduced, and export demand will continue to be affected by the ongoing challenges in trying to control Avian Influenza. Overall, a good year for chicken producers but softening as we head into 2023.

Turkey Imports Reach Record Levels, thanks to Chile

-- By Amanda Martin

Poultry meat imports into the US are often not spoke of due to the imbalance of trade on these items as the US tends to export significantly more product than the country imports. On the turkey side alone, from 2011 to 2021, turkey exports averaged 645 million pounds per year compared to turkey imports of 32 million pounds per year. RTC turkey production averaged 484 million pounds a month during that same time period, so imports have definitely been a small piece of the pie. Even being a small piece of the pie, imports can be important, especially during a time of disease and record demand that the industry has been dealing with during 2021/2022.



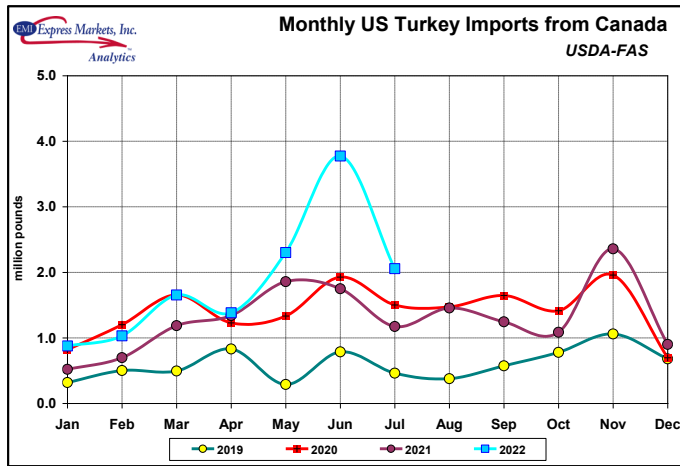
Before 2000, only 2 countries imported turkey meat into the US: Canada and Israel, with Canada importing nearly 8 to 9 times the amount Israel did at that point during the year. By late 2000, turkey imports from Mexico began to be allowed. It only took two years for Mexico to surpass Israel and become the #2 supplier of turkey to the US.

In early 2008, Chile shipped it's first turkey exports to the US. The proposed rule by USDA's Food Safety and Inspection Service (FSIS) to allow the export of poultry and poultry products from Chile was published in February 2007, following a thorough evaluation of Chile's poultry inspections system, laws, regulation and on-site reviews that began in 1997 after Chile requested approval to export these types of products to the US.

The rule became effective in December 2007 for certified establishments, with 50,000 pounds of turkey products first hitting the US in March 2008. The Chilean population has tended to prefer dark meat poultry items, so this allowed an opportunity for export of white meat items that are more in demand in the US.

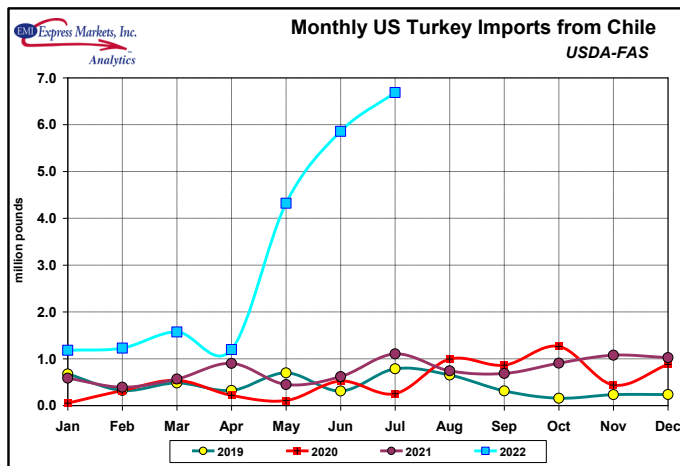
Turkey imports into the US remained relatively flat from 2006 through 2013, averaging 25 million pounds a year. Canada was the dominant player with averaging 16 million pounds a year, followed by Mexico with 5 million pounds, Chile with 3 million pounds, and Israel with just over 1 million pounds.

Turkey Imports...Record Levels (Cont'd)



During the first significant outbreak of HPAI during 2015, imports from Canada and Chile both reached new records during 2015 and 2016, with Canada imports reaching 28.4 and 25.8 million pounds, respectively during those years. Imports from Chile doubled from 2014 to 2015, moving from 9 million pounds to 18 million pounds during 2015. Imports jumped another 9 million pounds during 2016, totaling 25.7 million pounds, just a few thousand pounds shy of Canada's level.

COVID, inflation, record demand, and HPAI all threw a wrench into turkey production these past few years and created yet another opportunity for those importing product into the US. YTD through July, Chilean imports are on another record trajectory, exporting over 22 million pounds of turkey. This is only 3 million pounds shy of their previous annual record of 25.7 during 2016 with 6 months left in the year. Canada increased exports during the middle part of 2022, yet they have been dealing with HPAI outbreaks in their country, as well, which have hampered efforts to move additional product.

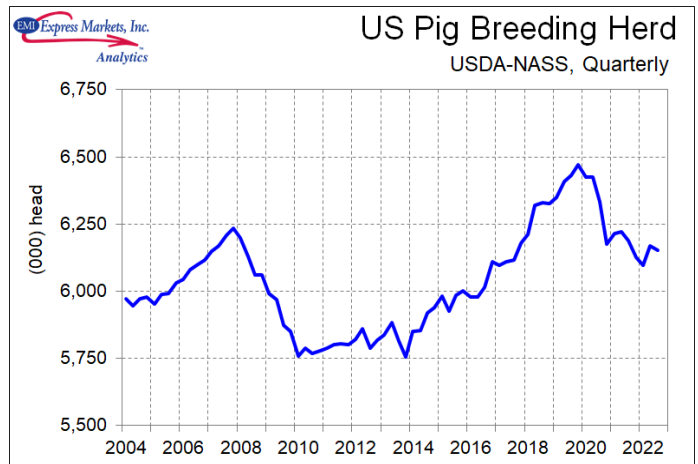


After only a month of reprieve, HPAI is yet again impacting domestic US production. Though imports will remain a small piece of the availability pie, any increase in that pie slice will be likely welcomed by buyers looking to fulfill their current demand.

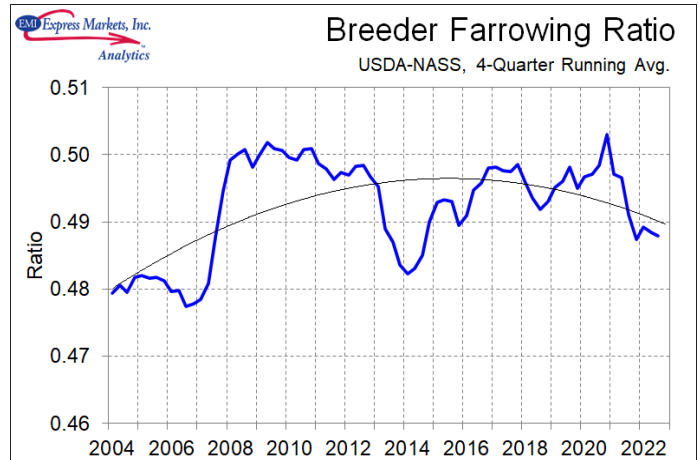
Fewer Hogs Expected Into 2023

-- By Ty Neff

The Quarterly Hogs and Pigs report was released on September 29th, 2022. The results were slightly lower than pre-report surveyed analysts had projected, with the biggest variances in the upcoming farrowing intentions for the next two quarters. The report suggests smaller hog supplies in the coming months and into 2023 due to a smaller breeding herd and reduced farrowing intentions. Uncertainty continues to contribute to producers keeping the breeding herd in check despite some positive returns for farrow-finish operations in the last 24 months.



There were 6.152 million head in the breeding herd, which was down 0.6% versus a year ago, and was down 0.3% from the previous quarter. This was 0.2% lower than surveyed analysts had estimated, but within the range of estimates. This was also the smallest decline for year-over-year changes since June 2020.

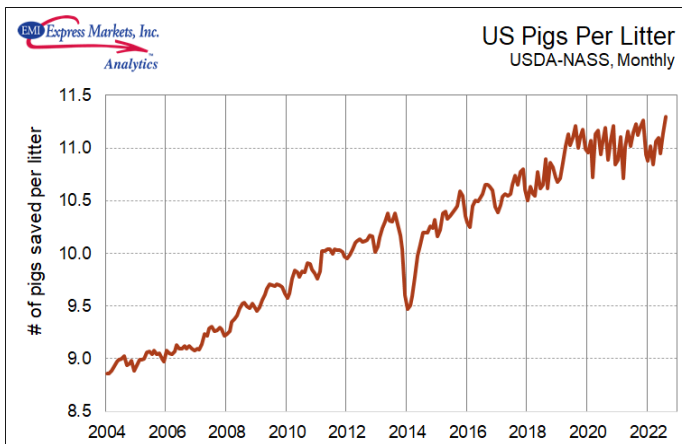


Farrowings, those sows that are giving birth to piglets, for Jun-Aug were in line with the breeder ratio in 2022 but have been running at their lowest levels since 2014. Some disease issues may be contributing to the lower

Fewer Hogs...Into 2023 (Cont'd)

farrowing rates, and challenges in having enough labor to manage the bred sows may also be playing a part in the lower farrowing rates.

Farrowing intentions for the Sep-Nov quarter in the hogs and pigs report is estimated at 2.973 million, down 2.5% versus a year ago. This was 1.3% smaller than the average of surveyed analysts, and 0.7% smaller than the lowest estimate. The Dec-Feb farrowing intentions are 2.902 million head, down 0.6% from the previous year and 1.1% smaller than the average of surveyed analysts. The decline in farrowing intentions suggest a smaller breeding herd over the next 2 quarters. Based on the current breeding ratio of .49, the breeding herd may end up near 6 million head in the March 2023 hogs and pigs report.



Although farrowing intentions were down, there was a positive note in the September report when it came to pigs per litter. There were 11.13 pigs per litter in the Jun-Aug quarter, which was flat with a year ago, but up 1.2% from the previous quarter. This was the second quarter in a row of an increase in productivity. In the monthly breakdown for the quarter, August was record high at 11.3 pigs per litter. According to the SHIC September Domestic Disease Monitoring report, the number of positive Porcine Reproductive and Respiratory Syndrome (PRRS) cases were below the range of 95% predicted confidence level, and the lowest number of cases in the past 3 years. PRRS cases usually subside during the summer months and will be something to watch for as the weather turns cooler.

Some of the uncertainty in the hog industry will be addressed on October 11, 2022 when the Supreme Court

of the United States will hear the challenge to the California's Proposition 12 law. California finalized its regulations for the law on September 7th, and the rules will become enforceable 180 days after that date. If the challengers to Prop 12 are successful in repealing the law, this may lead to a possible increase in hog numbers, but not likely until late 2023 and into 2024. It would also lead to the challenge of Question 3 in Massachusetts, and likely overturn that law as well. If the challenge is unsuccessful, hog numbers are likely to continue to decline.

Outside of animal welfare laws, there is still a struggling US economy that is dealing with rising costs from farm to fork that adds to the uncertainty for hog producers. Rising interest rates makes borrowing money to build more barns or make changes to existing ones more expensive, and a stronger dollar may limit US exports for global economies that are also struggling with many of the same issues. However, global pork production is also declining which may provide some opportunities for U.S. pork producers.

While some uncertainty may be answered in the next month, there are still other challenges ahead that may keep the breeding herd in check. Meanwhile, farrowing intentions for the next two quarters suggests the breeding herd is likely to continue to decline into 2023.

EMI Express Markets, Inc.

THANKS FOR ATTENDING & SEE YOU HOPEFULLY NEXT YEAR!

FALL PROTEIN
OUTLOOK CONFERENCE
HILTON DFW GRAPEVINE, TX
SEPTEMBER 7-9, 2022

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