

Chicken Fax

Editor : Kyle Deslauriers

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**Chicken Farmers
of Canada**
**Les Producteurs de
poulet du Canada**

Volume 26, Issue 5

**Section 1 - Production, Supply and
Disappearance**

Section 2 - Chicken Prices

Section 3 - Storage Stocks

Section 4 - American Chicken Market

The fresh supply for June year-to-date (YTD) was 715 Mkg, an increase of 5.8%, or 38.9 Mkg over last year. In turn, total supply for the same time frame was 759.5 Mkg, up 41.4 Mkg, or 5.8% over last year. Most of the increase in supplies came from domestic production, which experienced a 6.7% increase over last year.

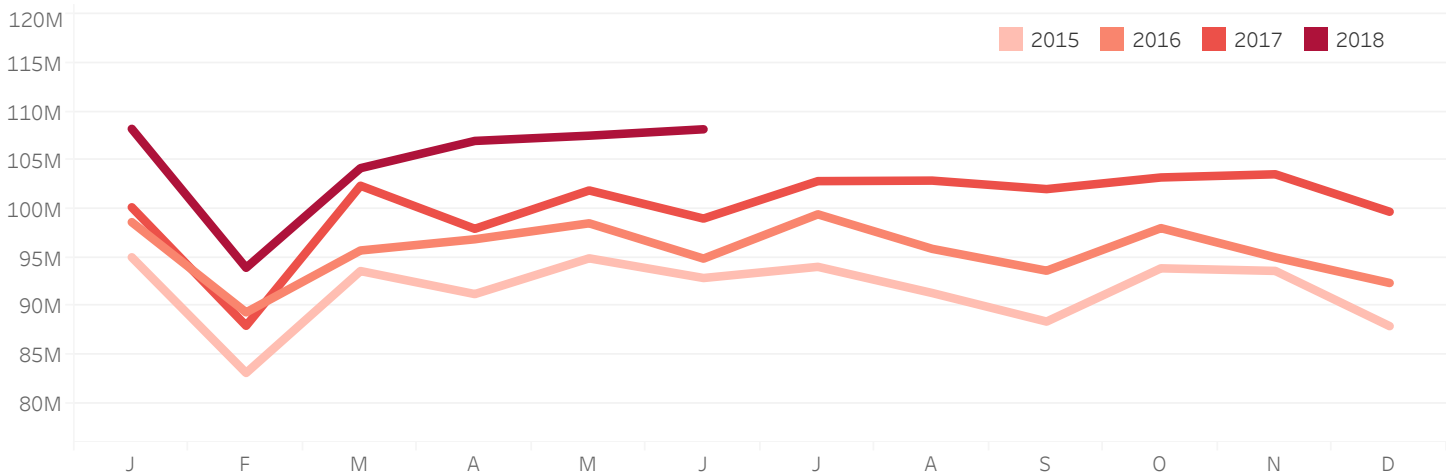
| | Supply and Disappearance | | Change | |
|------------------------|--------------------------|--------|--------|-------|
| | Jan. - Jun. | | | |
| | 2017 | 2018 | | |
| Opening Stocks | 42.0M | 44.5M | 2.5M | 5.9% |
| Production | 589.4M | 629.2M | 39.7M | 6.7% |
| Imports | 86.7M | 85.8M | -0.8M | -1.0% |
| Fresh Supply | 676.1M | 715.0M | 38.9M | 5.8% |
| Total Supply | 718.1M | 759.5M | 41.4M | 5.8% |
| Exports | 84.1M | 79.2M | -4.9M | -5.8% |
| Closing Stocks | 39.8M | 52.2M | 12.4M | 31.1% |
| Domestic Disappearance | 594.2M | 628.0M | 33.8M | 5.7% |

Source: Chicken Farmers of Canada, Agriculture and Agri-Food Canada, USDA

Note: The commentary provided is the view of CFC staff only. Reproduction of any section's commentary is permitted provided it is published in its entirety and proper credit is given.

Section 1 - Production, Supply and Disappearance

Canadian Chicken Production (Mkg) Production de poulet au Canada (Mkg)



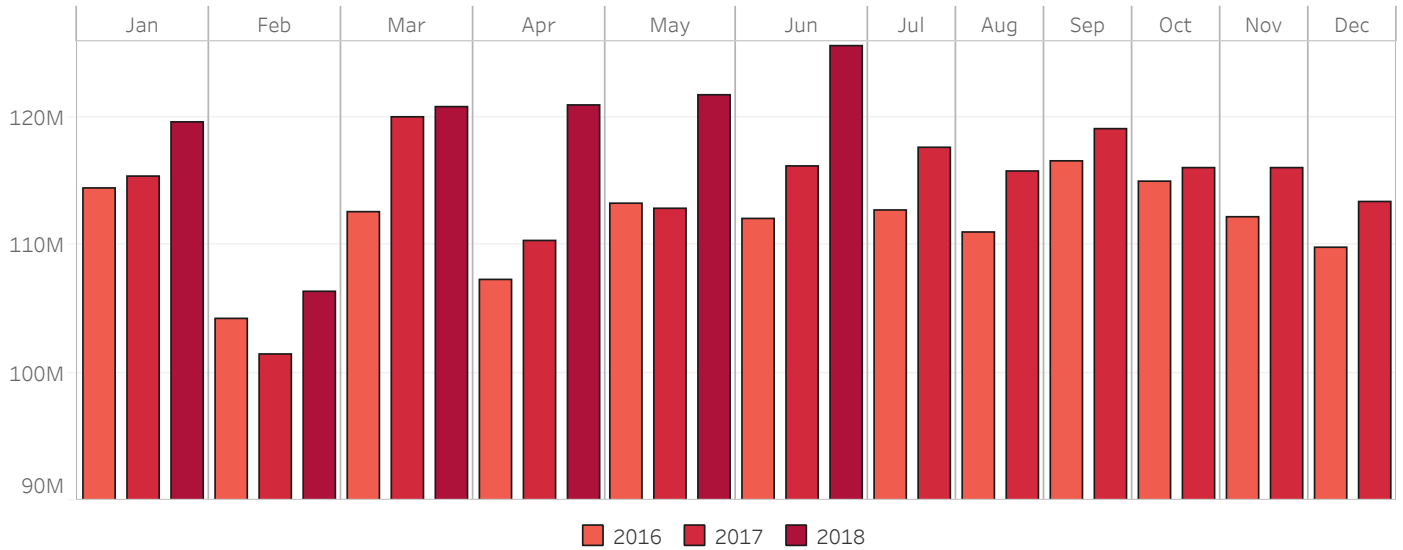
| | Production Jan. - Jun. Mkg | | Change | |
|---------------|----------------------------------|---------------|--------------|-------------|
| | 2017 | 2018 | | |
| BC | 83.6M | 92.3M | 8.6M | 10.3% |
| AB | 56.3M | 60.3M | 4.0M | 7.1% |
| SK | 22.6M | 23.3M | 0.6M | 2.9% |
| MB | 24.6M | 25.7M | 1.1M | 4.5% |
| ON | 194.0M | 211.3M | 17.3M | 8.9% |
| QC | 162.3M | 167.1M | 4.8M | 3.0% |
| NB | 16.0M | 17.2M | 1.2M | 7.6% |
| NS | 20.2M | 21.4M | 1.2M | 5.7% |
| PEI | 2.0M | 2.1M | 0.1M | 4.6% |
| NFLD | 7.7M | 8.5M | 0.7M | 9.7% |
| Canada | 589.4M | 629.2M | 39.7M | 6.7% |

Total YTD chicken production saw an increase of 39.7 Mkg (6.7%) over last year, bringing the volume to 629.2 Mkg as of June 2018. Volume increases have been noted in every province, although the greatest year-over-year percentage growth was in British Columbia (10.3%), Ontario (8.9%), and Newfoundland (9.7%).

| | Monthly Production Mkg | | | |
|---------------|---------------------------|--------------|---------------|---------------|
| | 2017 | | 2018 | |
| | May | June | May | June |
| BC | 14.7M | 14.3M | 16.1M | 16.0M |
| AB | 9.6M | 9.4M | 10.3M | 10.3M |
| SK | 3.8M | 3.8M | 4.0M | 4.0M |
| MB | 4.3M | 4.3M | 4.4M | 4.5M |
| ON | 34.4M | 33.1M | 35.3M | 35.4M |
| QC | 27.7M | 26.2M | 28.6M | 29.1M |
| NB | 2.4M | 2.9M | 3.2M | 3.2M |
| NS | 3.3M | 3.4M | 3.7M | 3.9M |
| PEI | 0.4M | 0.4M | 0.4M | 0.3M |
| NFLD | 1.4M | 1.3M | 1.5M | 1.5M |
| Canada | 101.9M | 99.0M | 107.6M | 108.2M |

Source: Chicken Farmers of Canada, Agriculture and Agri-Food Canada

Fresh Chicken Supply (Mkg)



YTD Domestic Disappearance was 628 Mkg, an increase of 33.8 Mkg (5.7%) over last year. The increase in domestic consumption can be attributed to a higher level of production, and a lower amount of exports—indicating that chicken products are staying in Canada to be consumed. Import levels are also down, showing that domestic supplies are sufficient in meeting demand.

Fresh Chicken Supply Mkg

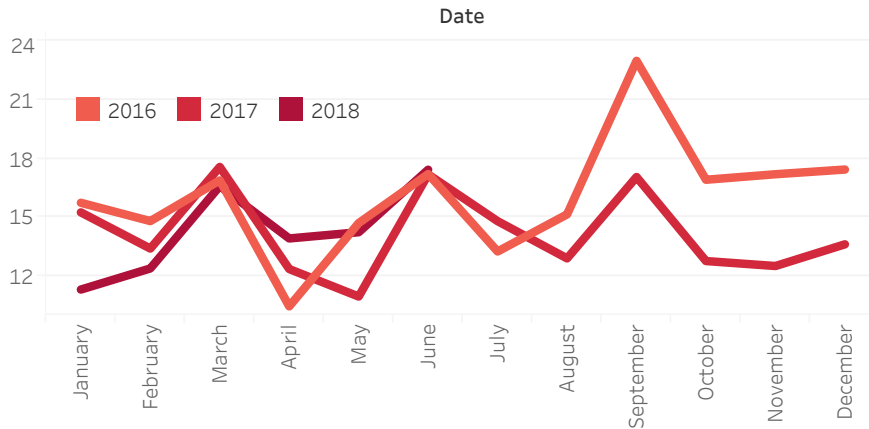
| | 2017 | 2018 |
|-----------|--------|--------|
| January | 115.4M | 119.6M |
| February | 101.4M | 106.3M |
| March | 120.0M | 120.8M |
| April | 110.3M | 120.9M |
| May | 112.9M | 121.8M |
| June | 116.2M | 125.6M |
| July | 117.7M | |
| August | 115.8M | |
| September | 119.1M | |
| October | 116.0M | |
| November | 116.1M | |
| December | 113.3M | |

Domestic Disappearance Mkg

| | 2017 | 2018 |
|-----------|--------|--------|
| January | 100.4M | 103.1M |
| February | 88.5M | 94.6M |
| March | 108.0M | 104.7M |
| April | 91.6M | 104.5M |
| May | 101.8M | 109.9M |
| June | 103.8M | 111.1M |
| July | 103.6M | |
| August | 103.5M | |
| September | 107.6M | |
| October | 99.8M | |
| November | 104.4M | |
| December | 99.4M | |

Source: Chicken Farmers of Canada, Agriculture and Agri-Food Canada

Total Chicken Imports (Mkg)



As was the case in May, June 2018 chicken imports were down in every category, with the exception of Parts (Boneless), and Further Processed, which each respectively saw increases of 5.3 Mkg (12.1%), and 1.1 Mkg (6.7%). Parts (Bone-in) experienced the largest volume drop, down 4.8 Mkg (20.4%) over last year. Additionally, a notable drop of 2.3 Mkg (71%) was seen in the Other category. While the Carcass category was down 64.2%, the volume drop itself of 0.1 Mkg was quite small in comparison to the other drops that we have noted.

| | Jan. - Jun. Kg | | Change | |
|-------------------|-------------------|--------------|--------------|--------------|
| | 2017 | 2018 | | |
| Live | 0.0M | 0.0M | 0.0M | |
| Carcass | 0.2M | 0.1M | -0.1M | -64.2% |
| Parts, Bone-in | 23.4M | 18.6M | -4.8M | -20.4% |
| Parts, Boneless | 43.4M | 48.7M | 5.3M | 12.1% |
| Other | 3.2M | 0.9M | -2.3M | -71.0% |
| Further Processed | 16.4M | 17.5M | 1.1M | 6.7% |
| Total | 86.7M | 85.8M | -0.8M | -1.0% |

| | 2017 | | 2018 | |
|-------------------|--------------|--------------|--------------|--------------|
| | May | June | May | June |
| Live | 0.0M | 0.0M | 0.0M | 0.0M |
| Carcass | 0.0M | 0.0M | 0.0M | 0.0M |
| Parts, Bone-in | 3.2M | 4.5M | 3.0M | 4.0M |
| Parts, Boneless | 5.0M | 9.3M | 8.5M | 9.5M |
| Other | 0.3M | 0.5M | 0.1M | 0.1M |
| Further Processed | 2.3M | 2.8M | 2.7M | 3.8M |
| Total | 10.9M | 17.2M | 14.2M | 17.4M |

Source: Agriculture and Agri-Food Canada

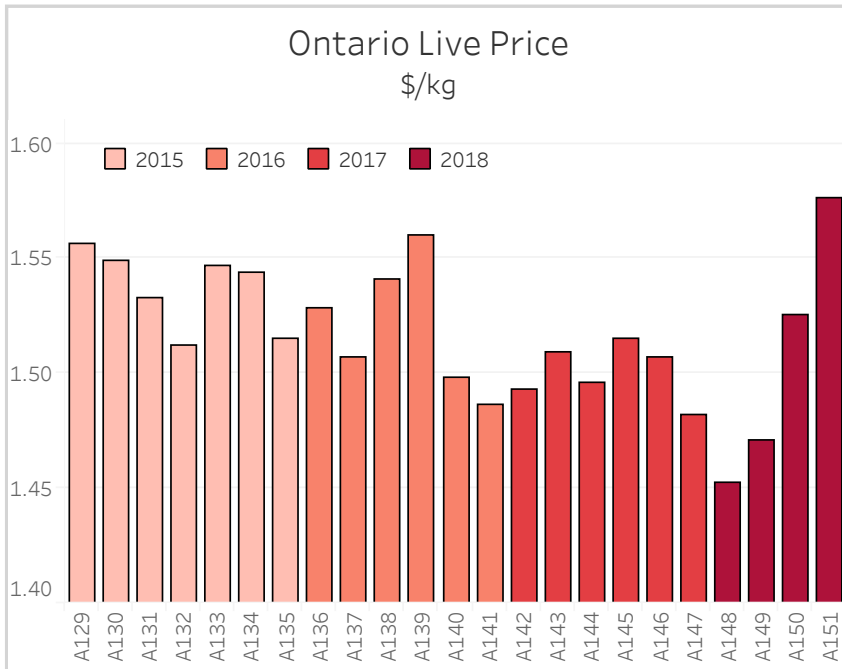
* Chicken imports are reported on eviscerated equivalent basis

Chicken Products Exported

| Jan. - Jun. Kg | |
|-------------------|-------|
| 2017 | 2018 |
| 84.1M | 79.2M |

Source: Agriculture and Agri-Food Canada

Section 2 - Chicken Prices



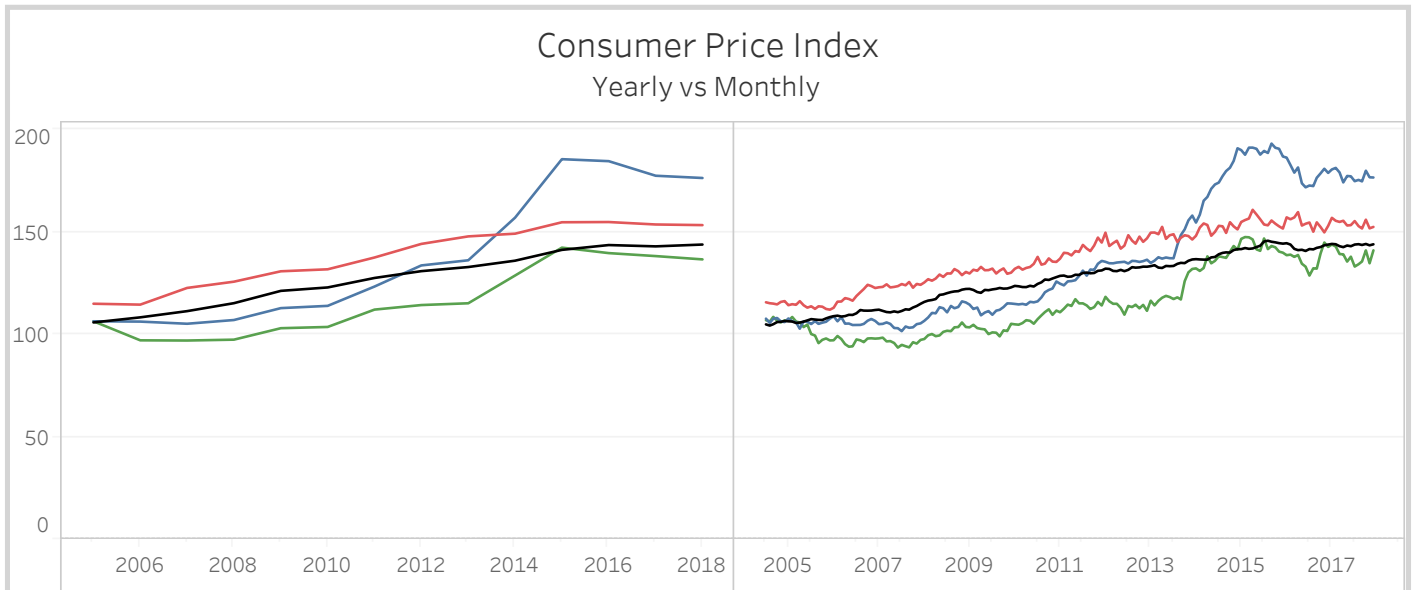
The Ontario live price has seen back-to-back gains since period A-148, which started in January 2018. A price of \$1.576 was set for the period A-151.

The CPI for chicken as of June 2018 was 152.7, down 0.3% from the same time last year. Declines in the CPI were also felt in competing meats. Beef was down 1.3%, bringing the CPI to 176.8. Pork was down 1.2% from last year, bringing the CPI to 141.2.



- Commodity**
- Food
 - Fresh or frozen chicken
 - Fresh or frozen beef
 - Fresh or frozen pork

Location
All

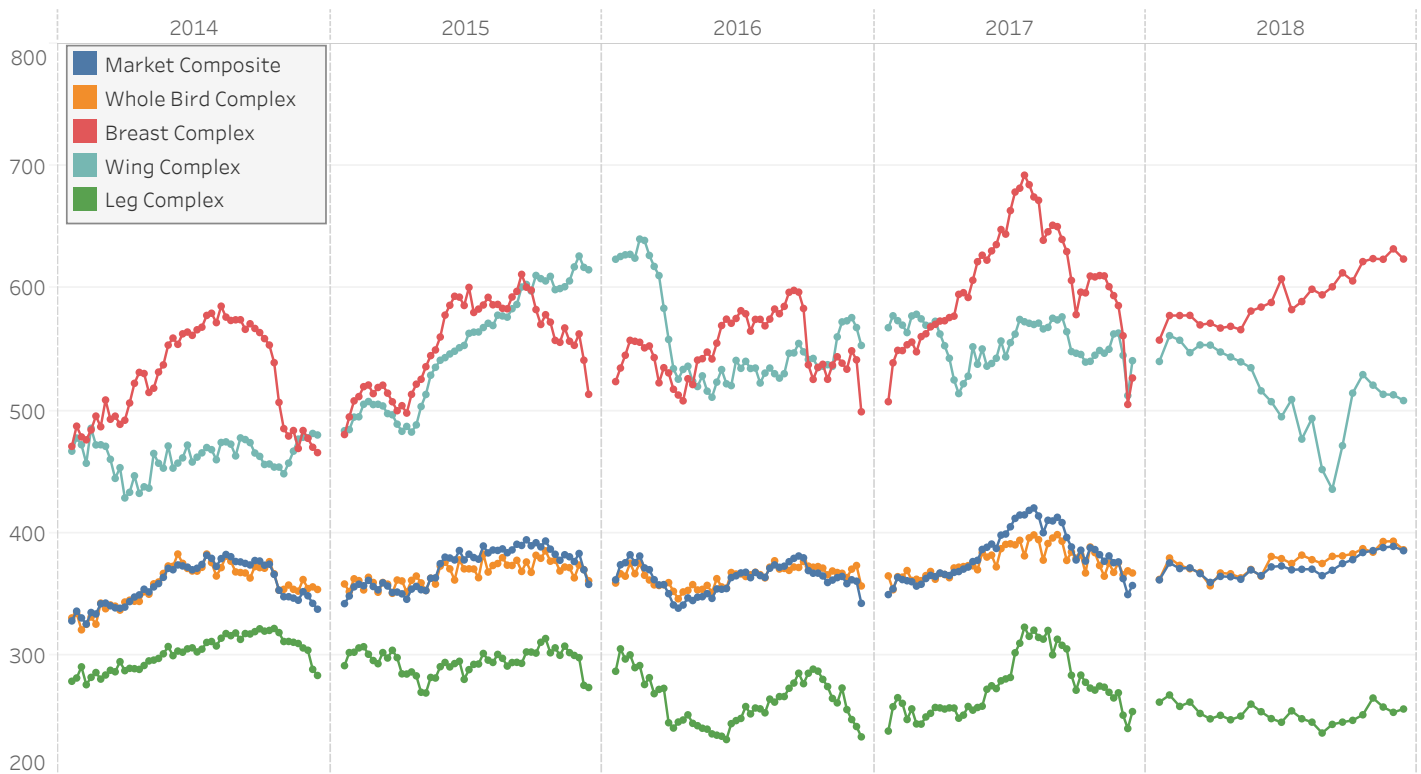


Canadian Wholesale Chicken Prices

¢/kg

| | 2017 | | | | 2018 | | | |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| | March | April | May | June | March | April | May | June |
| Market Composite | 365.7 | 368.8 | 382.3 | 393.9 | 367.3 | 369.7 | 376.6 | 387.0 |
| Whole Bird Complex | 365.9 | 370.5 | 376.8 | 383.0 | 369.7 | 377.8 | 383.0 | 389.2 |
| Breast Complex | 571.5 | 587.6 | 619.7 | 639.8 | 580.2 | 594.8 | 610.5 | 626.2 |
| Wing Complex | 564.6 | 526.5 | 544.3 | 545.6 | 524.7 | 485.3 | 487.8 | 513.9 |
| Leg Complex | 255.7 | 254.2 | 260.7 | 276.8 | 253.0 | 245.8 | 246.7 | 258.0 |

The market composite continued its rise into the summer month of June, at a price of \$3.87/kg. Still the highest priced, the breast complex at \$6.26/kg was up \$0.16 from last month, although down \$0.14 from last year. The wing complex bottomed out on May 6 at a price of \$4.36/kg, although quickly saw a rebound in June where the complex averaged \$5.14/kg. Meanwhile, the June 2018 whole bird complex was up \$0.06 over last year, and the leg complex was down \$0.19.



Source: EMI Express Markets Inc.

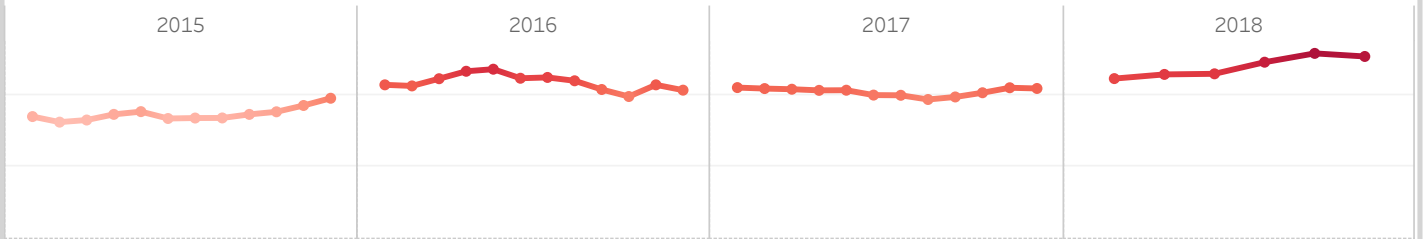
* The Market Composite price is the simple average of 5 sub-composites, which are the weighted average of individual products, further weighted by each product's percentage make-up of WOG

Section 3 - Storage Stocks

by Province '000 Kg

| | 2017 | | 2018 | |
|----------|--------|--------|--------|--------|
| | May | June | May | June |
| BC | 4,518 | 4,626 | 5,076 | 4,969 |
| AB | 2,895 | 3,007 | 2,459 | 2,049 |
| SK | 379 | 273 | 404 | 331 |
| MB | 1,200 | 1,069 | 1,251 | 1,151 |
| ON | 18,457 | 17,756 | 26,684 | 26,592 |
| QC | 13,376 | 12,768 | 15,037 | 14,997 |
| Atlantic | 422 | 398 | 523 | 493 |

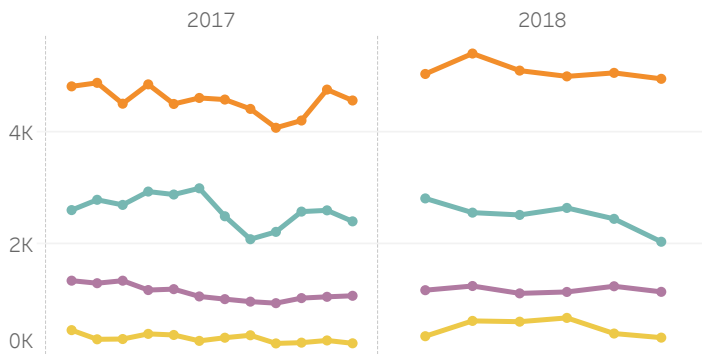
Canada Stocks



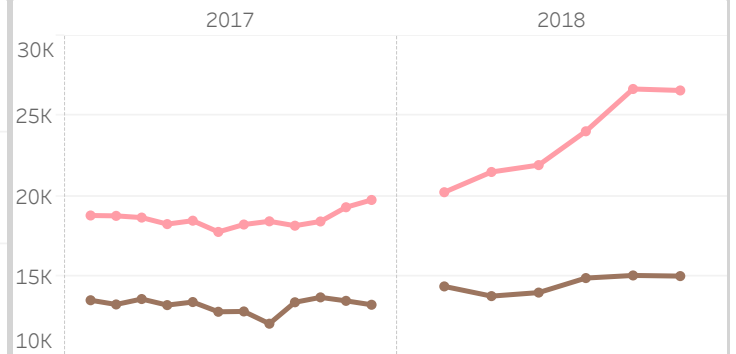
Stocks by Province
Canada Stocks

■ BC
 ■ AB
 ■ SK
 ■ MB
 ■ ON
 ■ QC

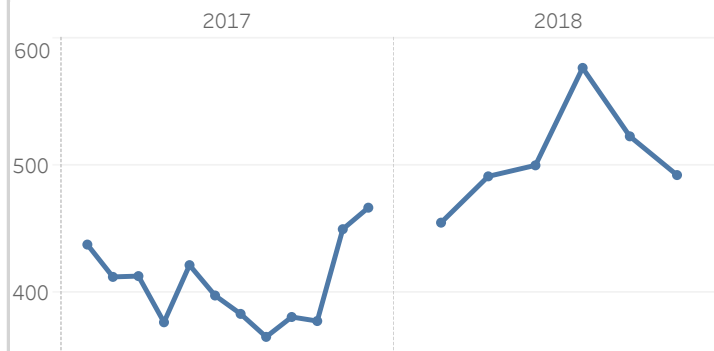
Western Canada



Central Canada

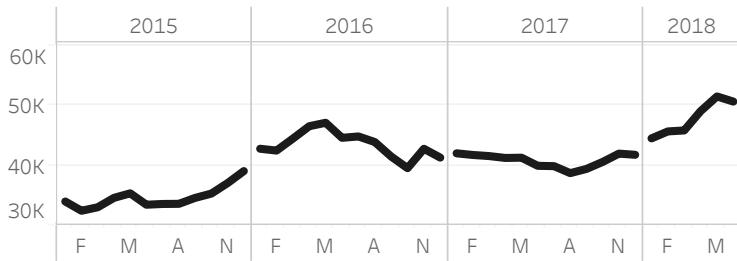


Atlantic Canada



Source: Agriculture and Agri-Food Canada

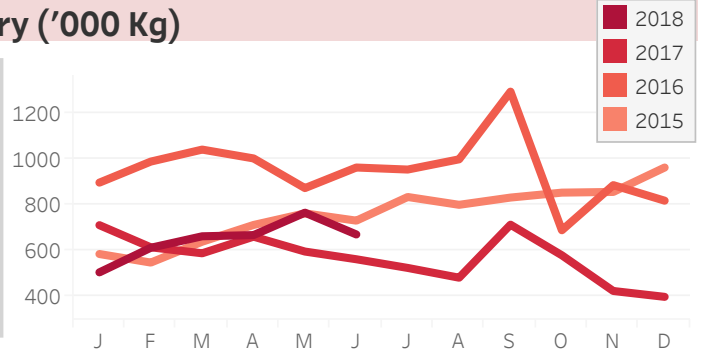
Total Chicken Storage Stocks ('000 Kg)



Storage stocks were growing for the better half of 2018, although they experienced their first decline in June 2018. The total volume for June 2018 was 50.6 Mkg, a decline of 0.8 Mkg over May 2018. Declines came from the Further Processed category, which fell 1.2 Mkg, and the Whole category, which fell 0.1 Mkg.

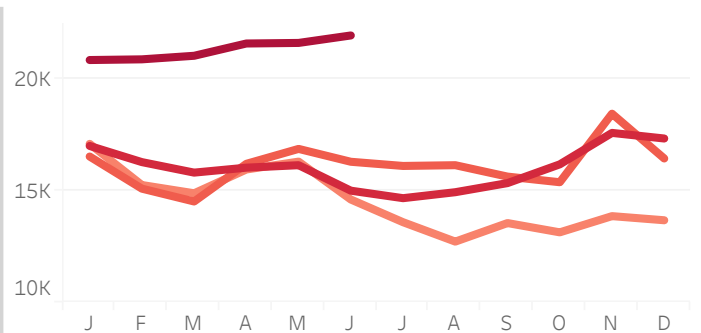
Whole Category ('000 Kg)

| | 2017 | | 2018 | |
|--------|------|------|------|------|
| | May | June | May | June |
| < 2 kg | 408 | 377 | 366 | 321 |
| > 2 kg | 189 | 187 | 400 | 351 |



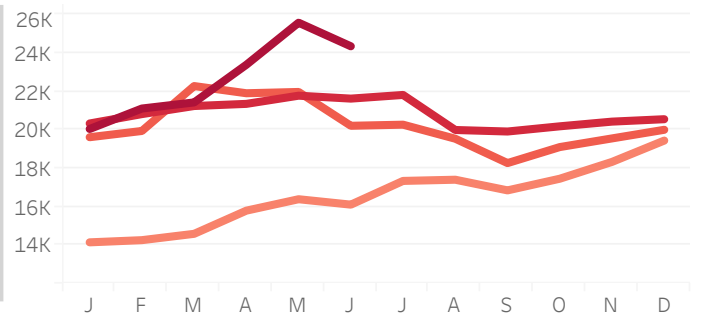
Cut-up Category ('000 Kg)

| | 2017 | | 2018 | |
|---------|-------|-------|-------|-------|
| | May | June | May | June |
| Legs | 4,011 | 3,175 | 4,592 | 4,058 |
| Breasts | 5,467 | 4,978 | 6,562 | 7,072 |
| Wings | 3,807 | 3,971 | 4,610 | 4,641 |
| Other | 2,874 | 2,891 | 5,882 | 6,211 |



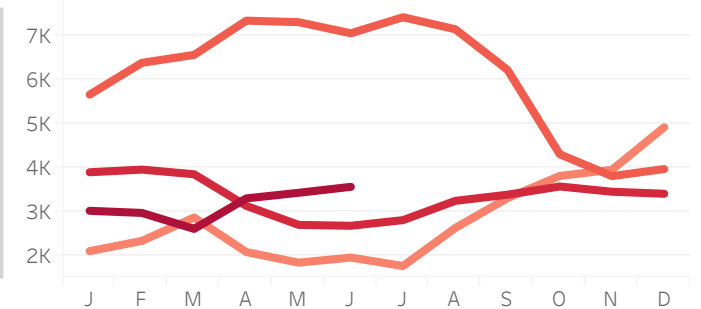
Further Processed Category ('000 Kg)

| | 2017 | | 2018 | |
|---------|--------|--------|--------|--------|
| | May | June | May | June |
| Breasts | 2,524 | 2,491 | 2,759 | 2,355 |
| Other | 19,264 | 19,144 | 22,830 | 22,006 |



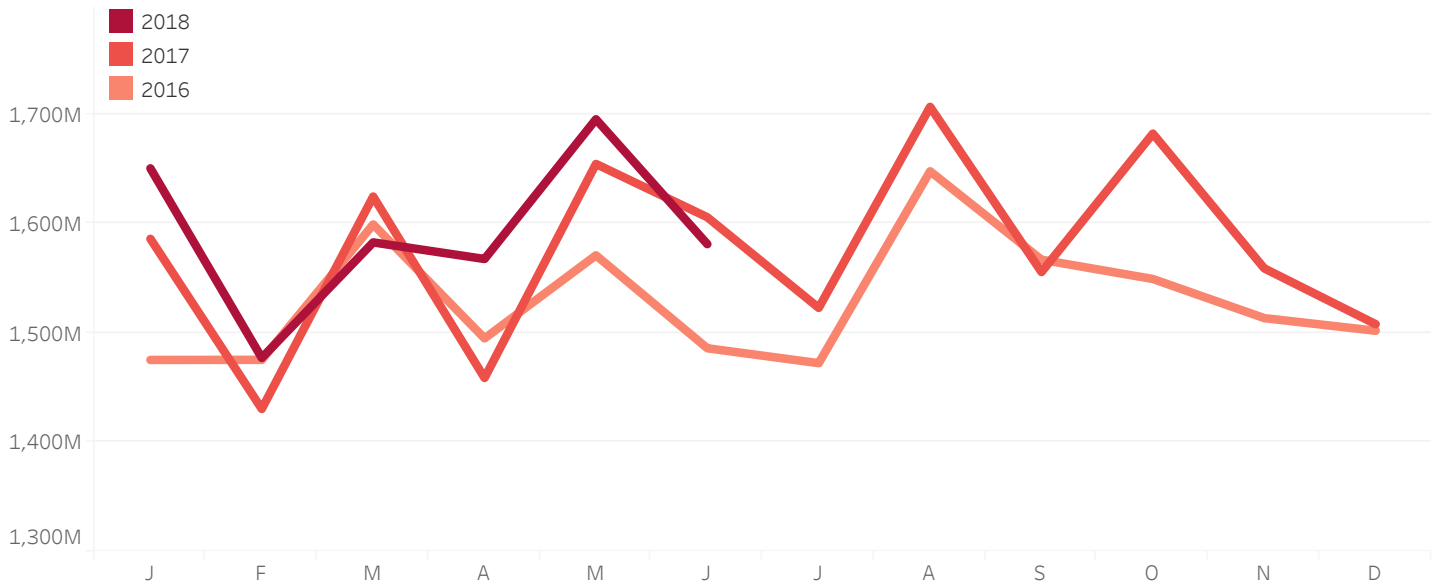
Miscellaneous Category ('000 Kg)

| | 2017 | | 2018 | |
|---------------|---------|---------|---------|---------|
| | May | June | May | June |
| Miscellaneous | 2,703.0 | 2,682.2 | 3,432.4 | 3,567.9 |



Section 4 - American Chicken Market

National Chicken Slaughter (Mkg)



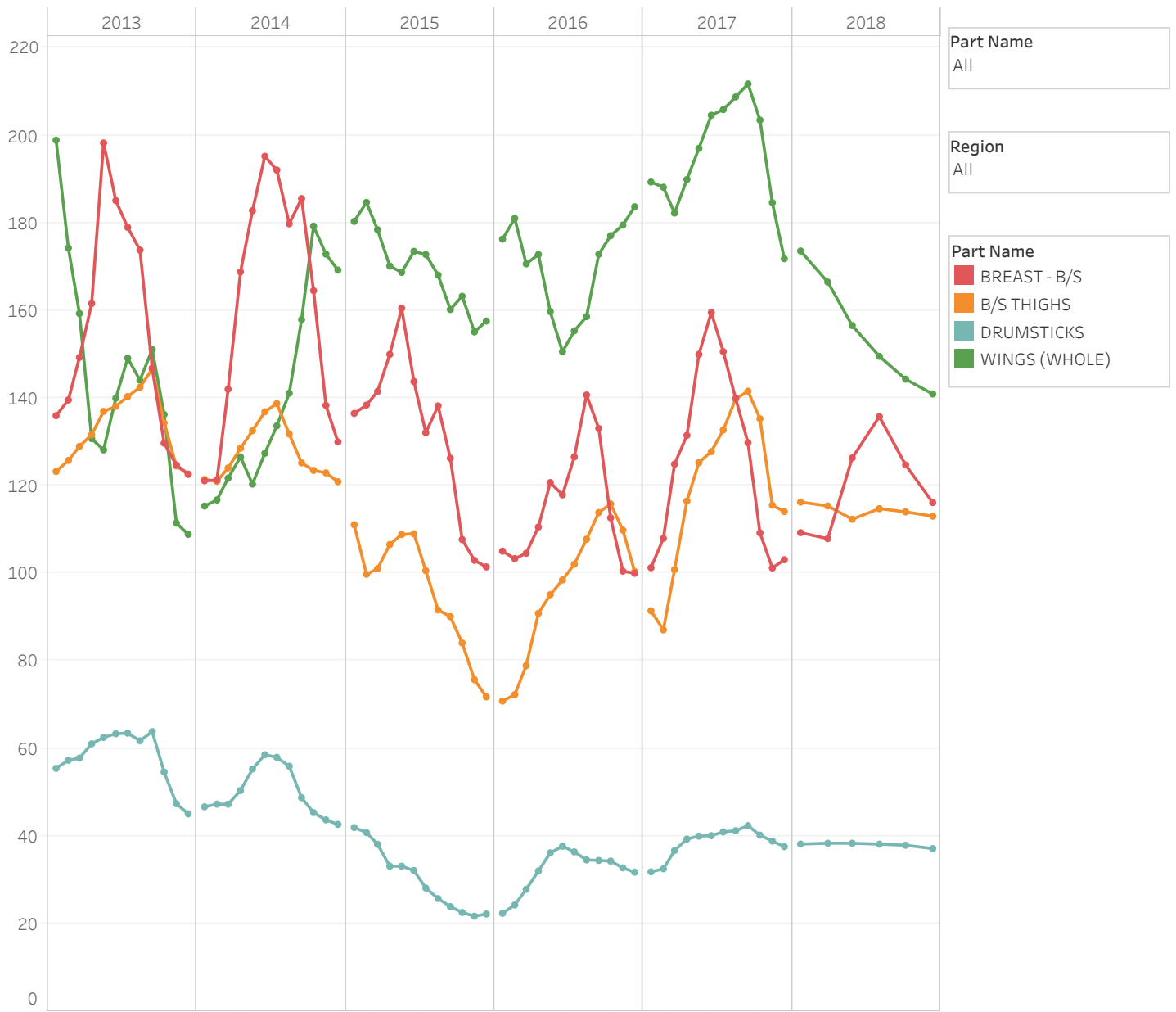
National Chicken Slaughter (Mkg)

| | 2017 | 2018 |
|-----------|----------|----------|
| January | 1,586.2M | 1,650.6M |
| February | 1,430.6M | 1,477.2M |
| March | 1,624.9M | 1,582.9M |
| April | 1,458.9M | 1,567.7M |
| May | 1,654.7M | 1,695.5M |
| June | 1,605.9M | 1,581.3M |
| July | 1,523.0M | |
| August | 1,706.9M | |
| September | 1,555.8M | |
| October | 1,682.4M | |
| November | 1,559.1M | |
| December | 1,508.1M | |

Source: United States Department of Agriculture

USDA - Wholesale prices

Weighted Average - Cents per pound



Source: United States Department of Agriculture

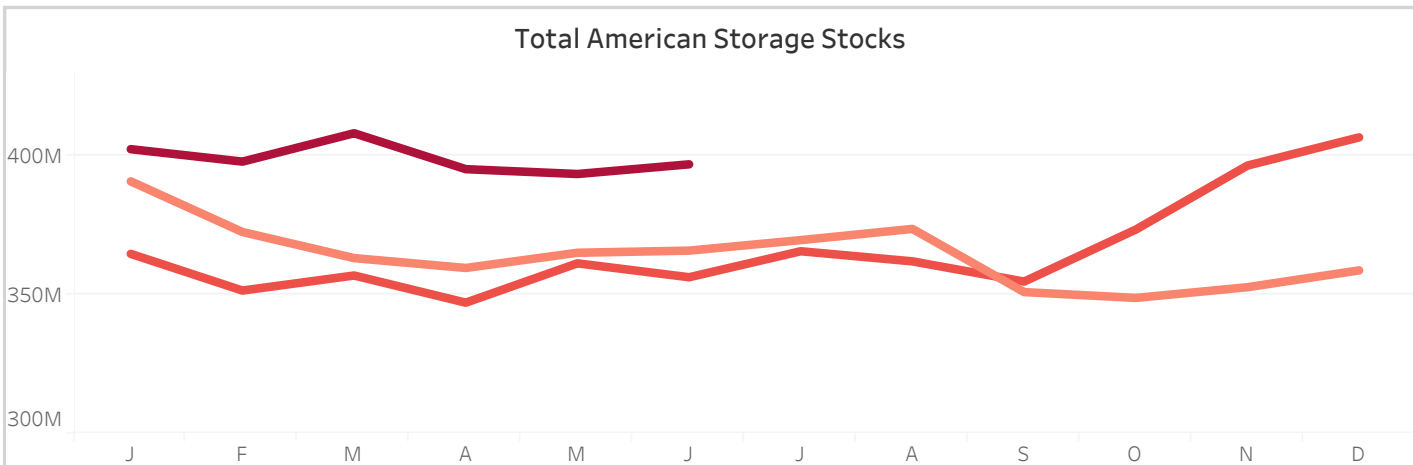
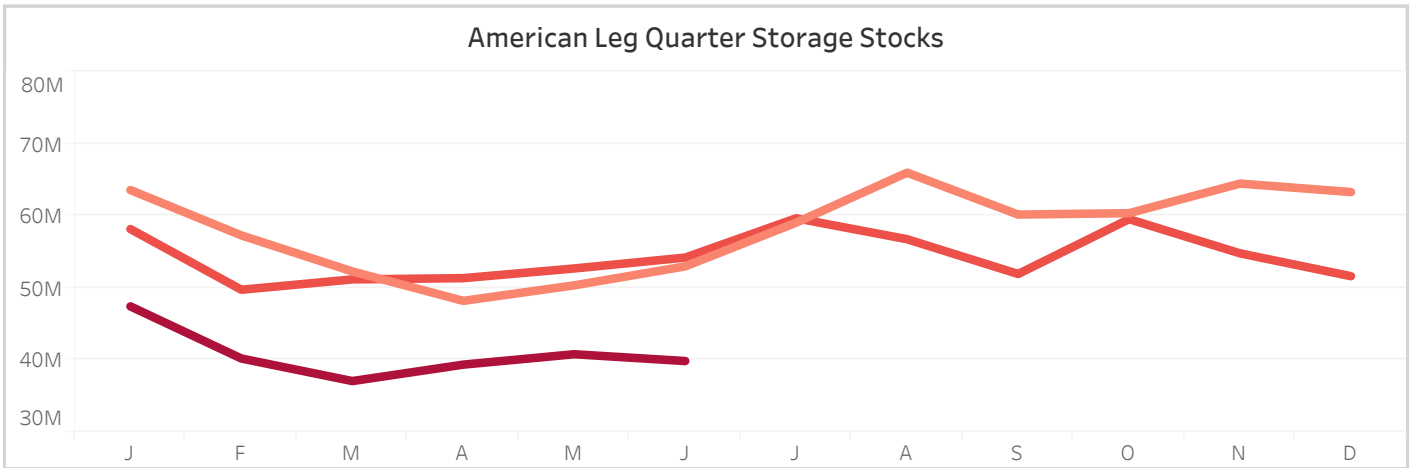
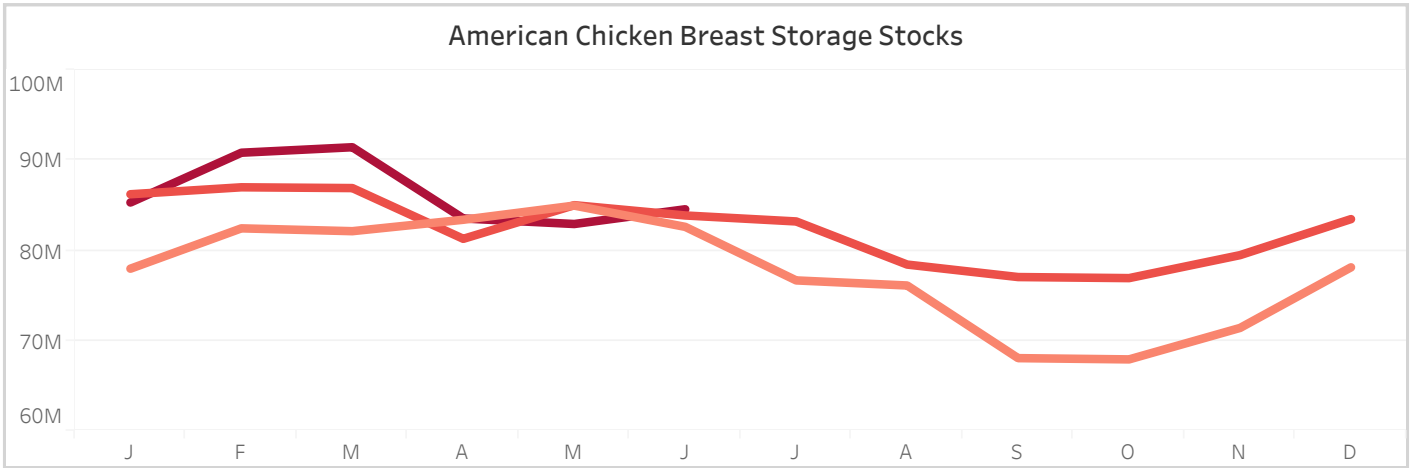
In the United States, the wing wholesale has been on the decline since September 2017. In June, the wholesale wing price averaged \$1.41/lb. The overall B/S breast price for June 2018 was \$1.16/lb, down \$0.43/lb from last year. In the Southern U.S., there was a gap of \$0.31/lb between the wing and B/S breast price for June 2018, while in the North-East that gap tightened at \$0.19/lb.

The June B/S thigh price came in at \$1.13/lb, down \$0.15/lb from last year. Meanwhile, the drumstick price has been relatively flat at \$0.37/lb, down \$0.03/lb from last year.

American Chicken Storage Stocks Mkg

| | 2017 | | | 2018 | | |
|---------------------|--------|--------|--------|--------|--------|--------|
| | April | May | June | April | May | June |
| Breast | 81.3M | 85.0M | 83.9M | 83.5M | 82.9M | 84.6M |
| Leg | 51.3M | 52.7M | 54.2M | 39.4M | 40.8M | 39.9M |
| Total Stocks | 347.1M | 361.3M | 356.3M | 395.2M | 393.5M | 397.0M |

2016 2017 2018



Source: United States Department of Agriculture

Chicken Farmers of Canada

350 Sparks Street
Suite 1007
Ottawa, Ontario
K1R 7S8

Tel. : (613) 241-2800
Fax : (613) 241-5999
Email : cfc@chicken.ca

www.chicken.ca