Chicken Fax

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December 2018

Chicken Farmers of Canada
Les Producteurs de poulet du Canada

Volume 26, Issue 8

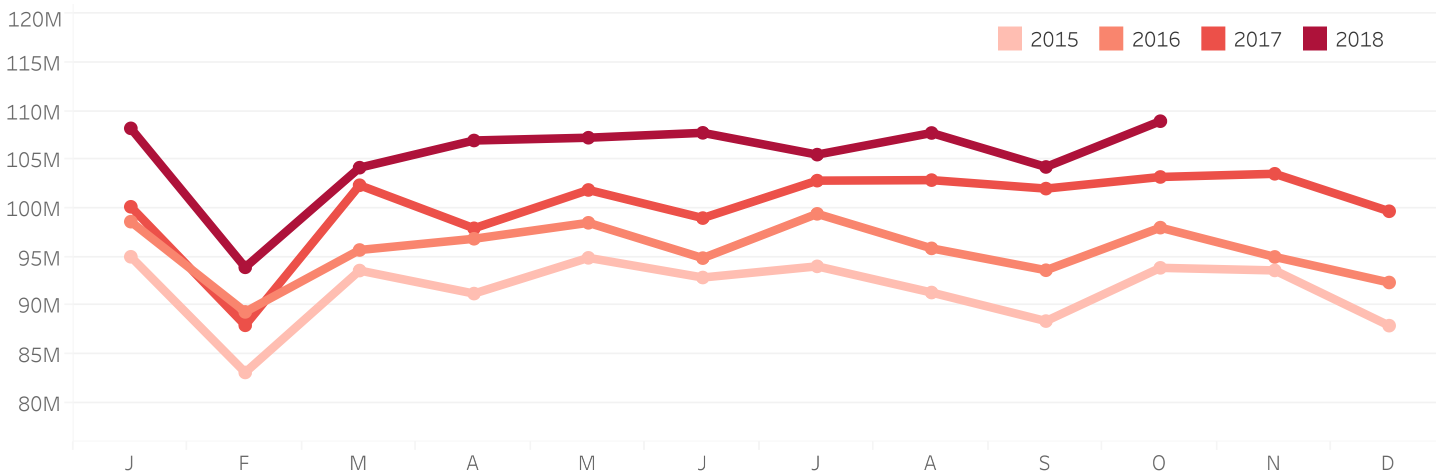
Fresh supply year-to-date (YTD) reached 1,194.9 Mkg, an increase of 50.2 Mkg (4.4%) over last year. On the same note, total supply was up 52.7 Mkg (4.4%), bringing it to 1,239.4 Mkg. Imports were down 3.0%, indicating that the majority of these supplies have been coming from domestic production.

Supply and Disappearance
Jan. - Oct.
Mkg

	2017	2018	Change	
Opening Stocks	42.0M	44.5M	2.5M	5.9%
Production	1,000.5M	1,055.1M	54.6M	5.5%
Imports	144.2M	139.8M	-4.4M	-3.0%
Fresh Supply	1,144.7M	1,194.9M	50.2M	4.4%
Total Supply	1,186.7M	1,239.4M	52.7M	4.4%
Exports	136.0M	125.2M	-10.8M	-7.9%
Closing Stocks	41.9M	47.2M	5.3M	12.5%
Domestic Disappearance	1,008.8M	1,066.9M	58.2M	5.8%

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

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



Production Jan. - Oct. Mkg	2017	2018	Change	
BC	143.0M	156.3M	13.3M	9.3%
AB	95.6M	102.0M	6.4M	6.7%
SK	37.8M	38.3M	0.5M	1.4%
MB	42.0M	42.9M	0.9M	2.1%
ON	332.2M	354.6M	22.4M	6.7%
QC	272.5M	280.0M	7.5M	2.8%
NB	27.0M	28.2M	1.2M	4.5%
NS	34.0M	35.3M	1.3M	3.8%
PEI	3.5M	3.8M	0.3M	7.6%
NFLD	13.0M	13.7M	0.8M	5.9%
Canada	1,000.5M	1,055.1M	54.6M	5.5%

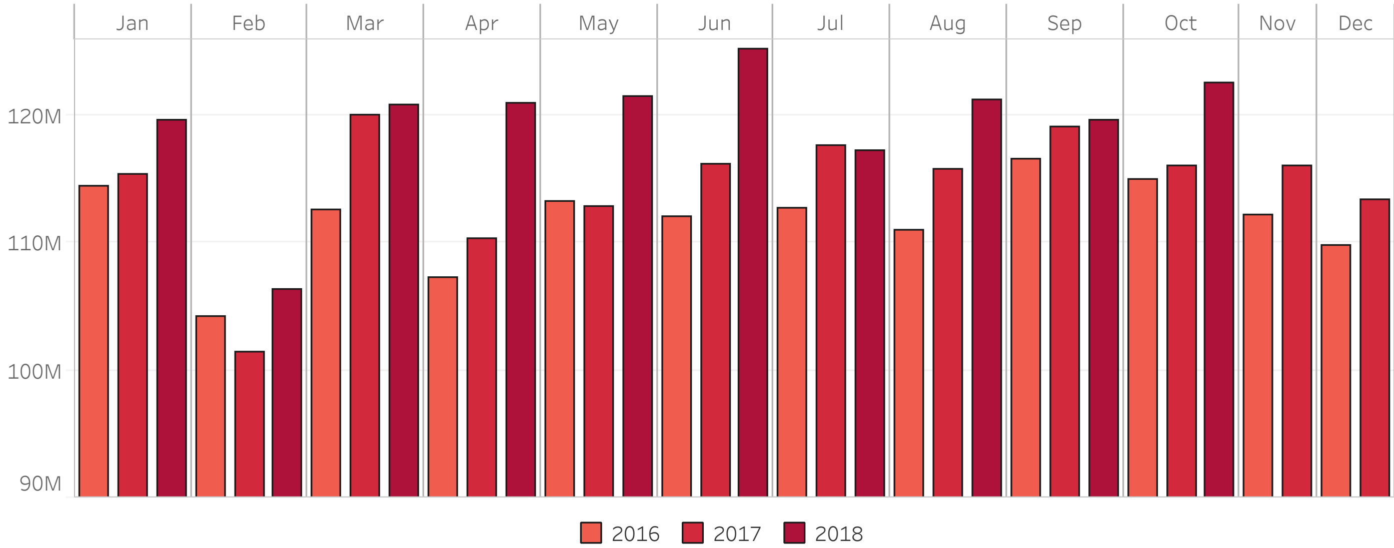
Production has remained consistently strong through 2018. Year-over-year production as of October 2018 was up 54.6 Mkg, or 5.5%. Production has been strongest in BC (9.3%), PEI (7.6%), Ontario (6.7%), and Alberta (6.7%).

Monthly Production Mkg

	2017		2018	
	September	October	September	October
BC	14.3M	15.3M	15.8M	16.3M
AB	9.9M	9.9M	10.1M	10.7M
SK	3.8M	3.9M	3.9M	3.9M
MB	4.4M	4.4M	4.3M	4.2M
ON	33.8M	35.2M	35.5M	36.2M
QC	27.7M	27.0M	26.8M	29.4M
NB	2.9M	2.5M	2.6M	3.0M
NS	3.4M	3.5M	3.7M	3.6M
PEI	0.5M	0.3M	0.3M	0.5M
NFLD	1.4M	1.2M	1.4M	1.3M
Canada	102.0M	103.2M	104.3M	109.0M

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

Fresh Chicken Supply (Mkg)



Domestic Disappearance for October YTD was 1,066.9 Mkg, marking an increase of 58.2 Mkg (5.8%) over the same time last year.

Fresh Chicken Supply Mkg

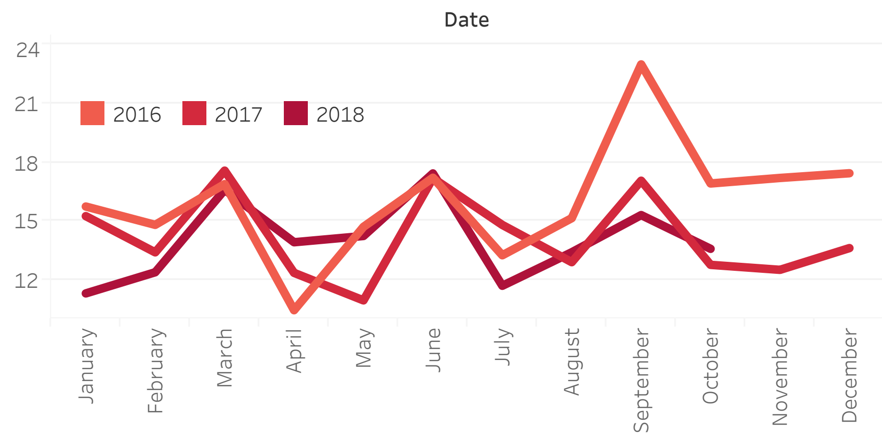
	2017	2018
January	115.4M	119.6M
February	101.4M	106.3M
March	120.0M	120.8M
April	110.3M	120.9M
May	112.9M	121.5M
June	116.2M	125.2M
July	117.7M	117.2M
August	115.8M	121.2M
September	119.1M	119.6M
October	116.0M	122.6M
November	116.1M	
December	113.3M	

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	109.7M
June	103.8M	110.7M
July	103.6M	108.0M
August	103.5M	111.5M
September	107.6M	108.8M
October	99.8M	111.2M
November	104.4M	
December	99.4M	

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

Total Chicken Imports (Mkg)



Chicken imports as of October 2018 were down 3.0% (4.4 Mkg). Most of the decline came from the parts bone-in and other category, which in respective order saw year-over-year decreases of 7.0 Mkg (18.6%) and 3.1 Mkg (66.7%). The carcass category also saw a significant drop of 92.3%, which translated into 1.1 Mkg. On the flipside, the parts boneless and further processed categories increased by 6.1 Mkg (8.3%) and 0.7 Mkg (2.6%) over last year.

	Jan. - Oct. Kg 2017	2018	Change	
Live	0.0M	0.0M	0.0M	
Carcass	1.2M	0.1M	-1.1M	-92.3%
Parts, Bone-in	37.5M	30.5M	-7.0M	-18.6%
Parts, Boneless	73.7M	79.8M	6.1M	8.3%
Other	4.6M	1.5M	-3.1M	-66.7%
Further Processed	27.2M	27.9M	0.7M	2.6%
Total	144.2M	139.8M	-4.4M	-3.0%

	2017		2018	
	September	October	September	October
Live	0.0M	0.0M	0.0M	0.0M
Carcass	0.4M	0.1M	0.0M	0.0M
Parts, Bone-in	3.9M	2.7M	3.4M	2.8M
Parts, Boneless	8.9M	6.9M	9.0M	7.6M
Other	0.4M	0.4M	0.2M	0.2M
Further Processed	3.6M	2.6M	2.7M	3.0M
Total	17.1M	12.8M	15.3M	13.6M

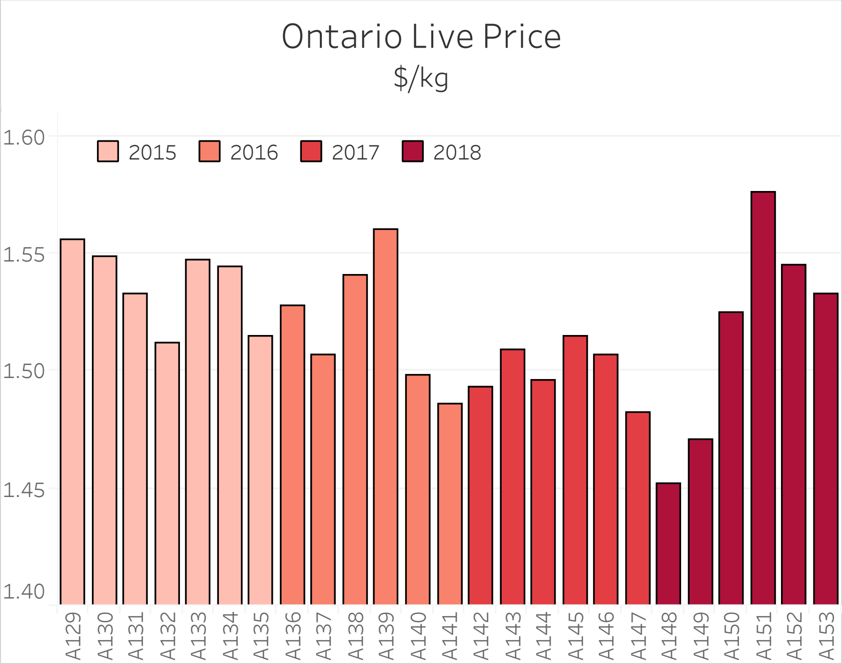
Source: Agriculture and Agri-Food Canada
* Chicken imports are reported on eviscerated equivalent basis

Chicken Products Exported

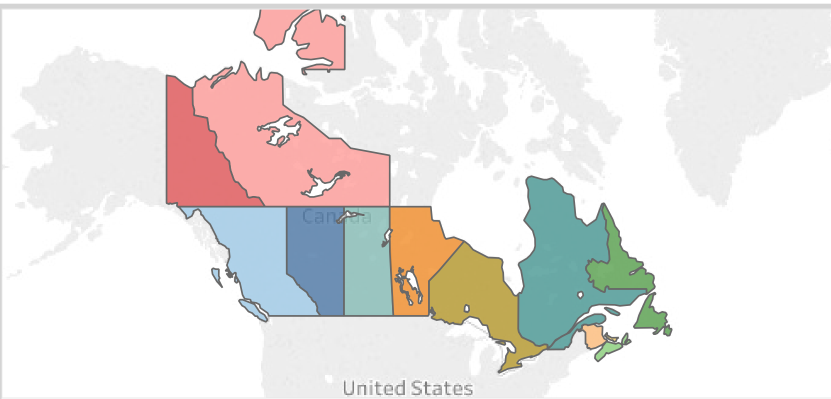
Jan. - Oct. Kg 2017	2018
136.0M	125.2M

Source: Agriculture and Agri-Food Canada

Section 2 - Chicken Prices



The consumer price index (CPI) for chicken as of October 2018 was 157.4, marking an increase of 1.7 points, or 1.1%. Meanwhile the CPI for beef dropped from 174.4 to 173.0, while pork increased from 139.3 to 141.0. The overall index for food increased from 142.8 to 143.8.

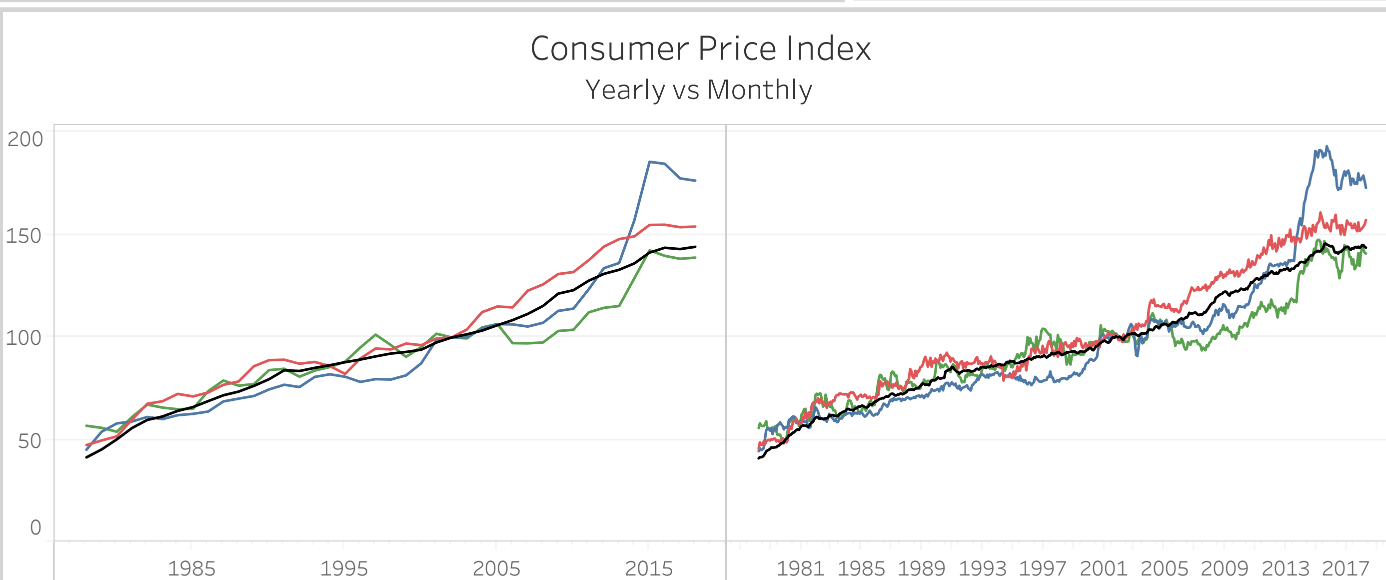


Commodity

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

Location

All



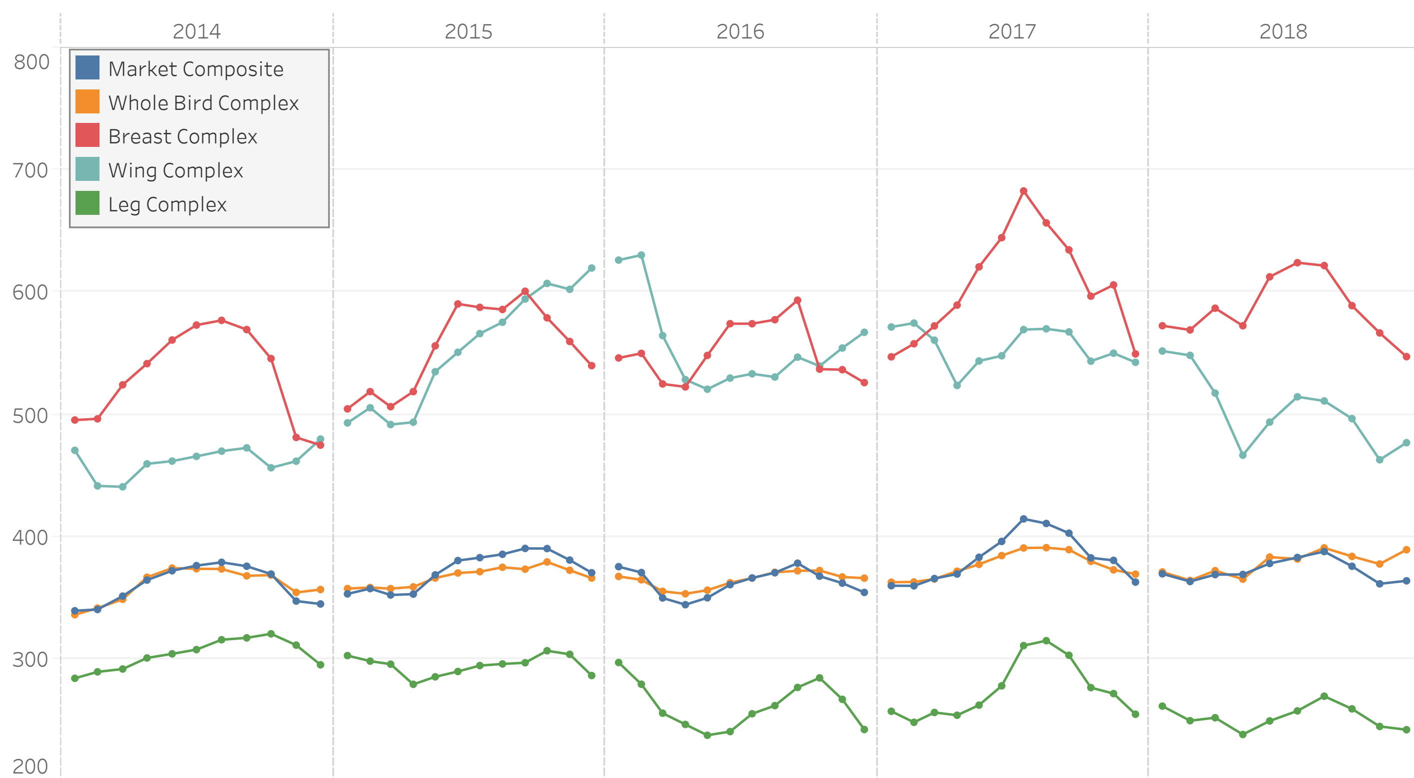
Source: Statistics Canada

Canadian Wholesale Chicken Prices

¢/kg

	2017				2018			
	July	August	September	October	July	August	September	October
Market Composite	414.5	410.7	402.8	382.6	387.8	375.7	361.4	363.8
Whole Bird Complex	390.7	390.9	389.3	379.8	390.8	383.8	377.6	389.3
Breast Complex	682.9	656.8	634.7	596.8	621.8	589.0	566.7	547.3
Wing Complex	569.4	570.1	567.6	543.6	511.0	496.6	462.9	476.8
Leg Complex	310.8	314.8	302.9	276.4	269.4	259.0	244.6	242.0

The market composite for October 2018 averaged $3.64/kg, a drop of $0.19 drop over last year. Declines have been felt in every complex, although some have seen larger dips than others. The largest drop was in the wing complex, which fell $0.67 from $5.43 to $4.77, followed by the breast complex, which fell $0.50 from $5.97 to $5.47. The leg and whole bird complexes had the smallest decline over year, dropping $0.34 and $0.10 respectively.

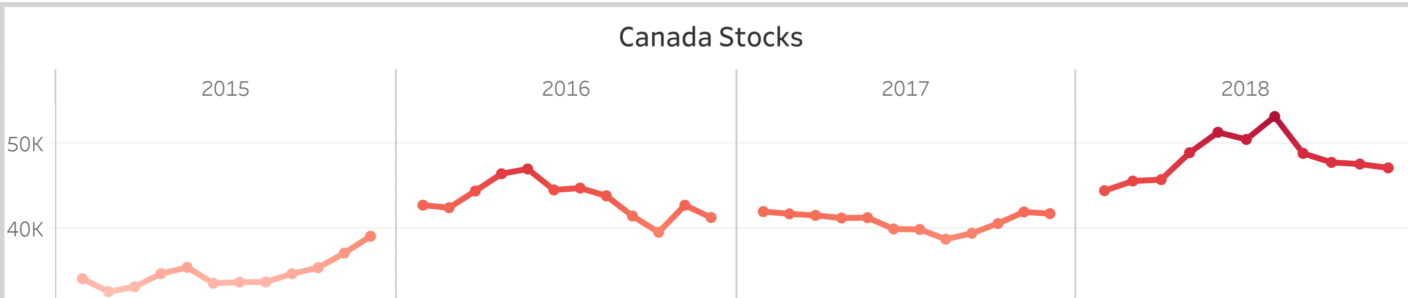


Source: EMI Express Markets Inc.

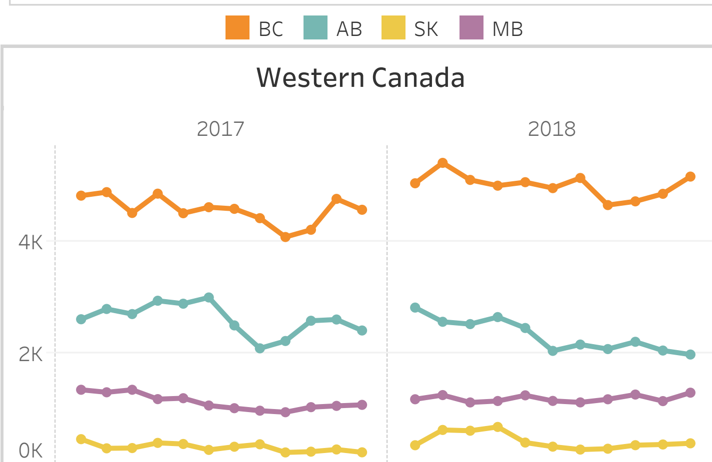
* The Market Composite price is the simple average of 5 sub-composites, which are the weighted average of individual products, further weighted by each product's percentage make-up of WOG

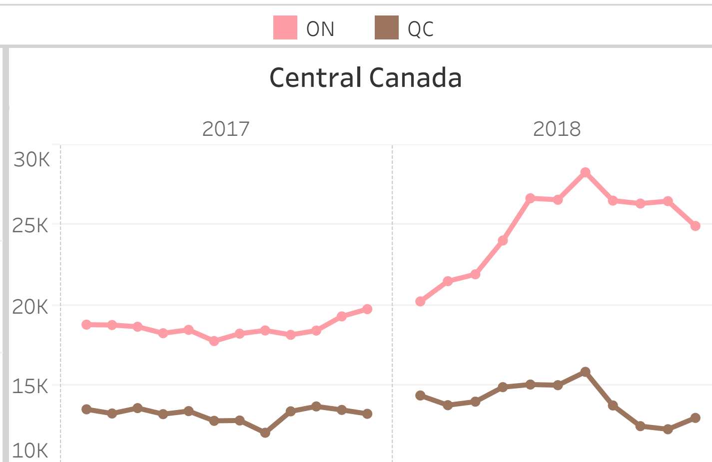
by Province
'000 Kg

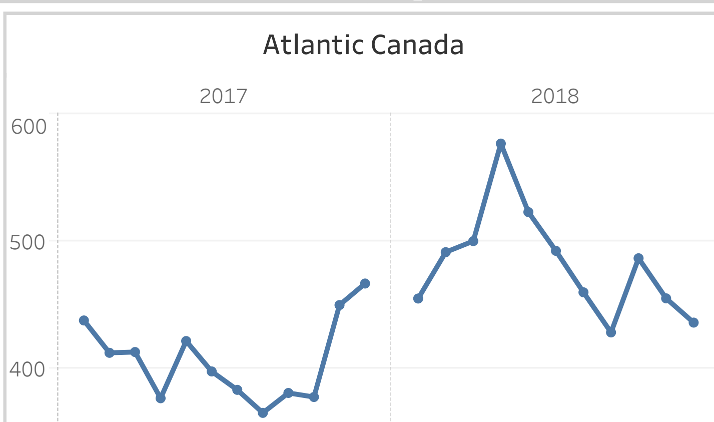
	2017		2018	
	October	November	October	November
BC	4,221	4,776	4,867	5,176
AB	2,589	2,612	2,055	1,984
SK	241	280	370	391
MB	1,039	1,062	1,148	1,299
ON	18,410	19,297	26,506	24,952
QC	13,668	13,450	12,241	12,951
Atlantic	378	450	455	437



Stocks by Province
Canada Stocks

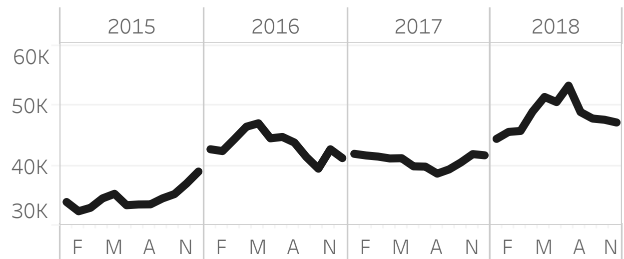






Source: Agriculture and Agri-Food Canada

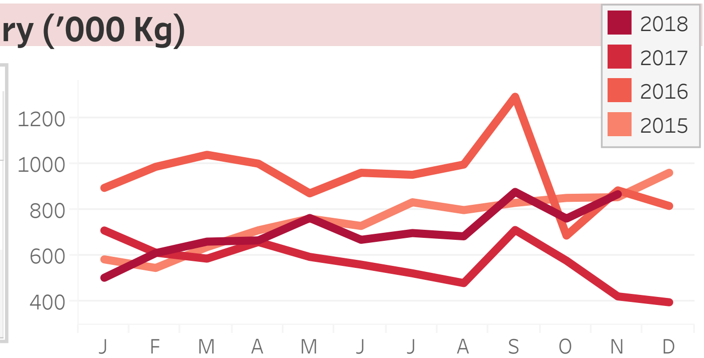
Total Chicken Storage Stocks ('000 Kg)



Storage stock levels for November 2018 were 47.2 Mkg, representing a drop of 0.4 Mkg over September 2018, and an increase of 5.3 Mkg over last year. At a provincial level, the year-over-year increase seems to have been most prominent in Ontario and British Columbia, which respectively saw increases of 5.7 Mkg (29.3%)and 0.4 Mkg (8.4%). Within the stock categories, the largest year-over-year increase came from cut-up storage, which increased 4.0 Mkg (22.8%) to 21.6 Mkg. The further processed category also increased by a moderate 1.6 Mkg (7.7%) over last year. Lastly, the whole category was up 0.4 Mkg (104.3%), while the miscellaneous category was down 0.8 Mkg (22.3%).

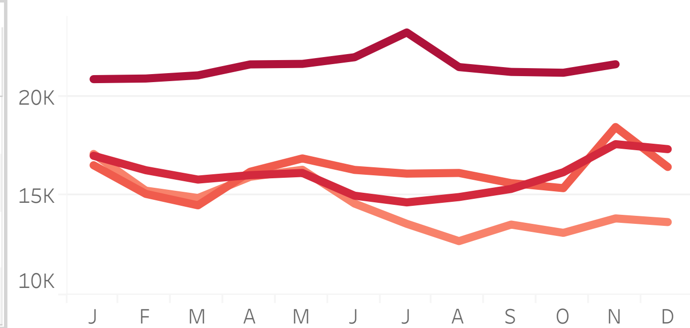
Whole Category ('000 Kg)

	2017		2018	
	October	November	October	November
< 2 kg	243	278	392	467
> 2 kg	338	147	372	402



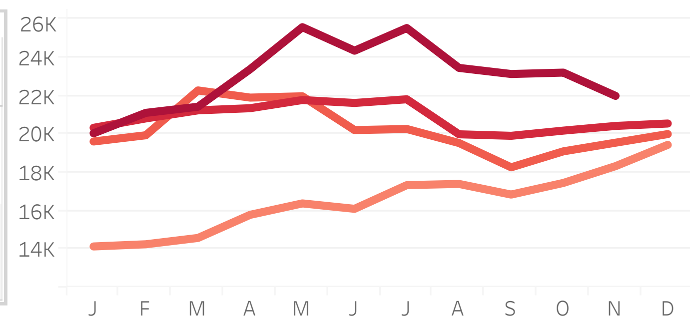
Cut-up Category ('000 Kg)

	2017		2018	
	October	November	October	November
Legs	3,724	3,911	3,644	3,946
Breasts	5,808	6,670	6,335	6,886
Wings	4,005	4,337	4,161	4,086
Other	2,660	2,691	7,062	6,712



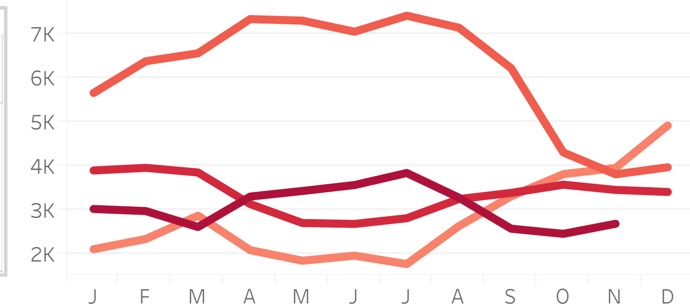
Further Processed Category ('000 Kg)

	2017		2018	
	October	November	October	November
Breasts	2,692	2,621	2,887	2,795
Other	17,500	17,815	20,331	19,209

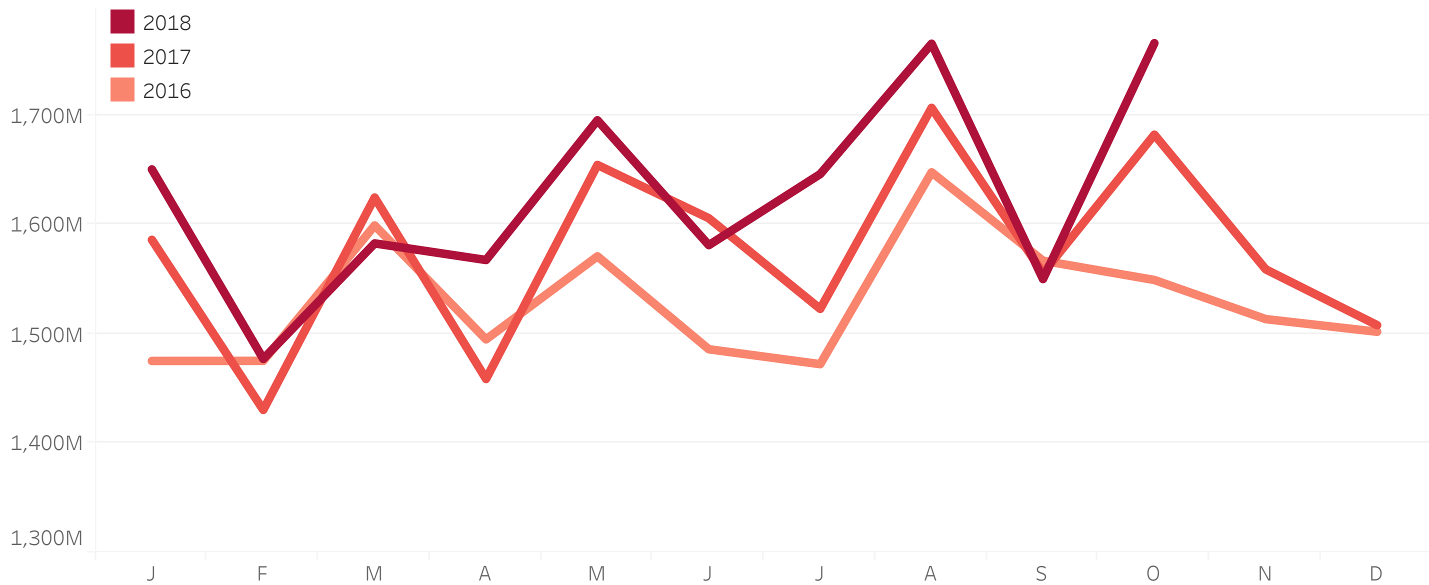


Miscellaneous Category ('000 Kg)

	2017		2018	
	October	November	October	November
Miscellaneous	3,576	3,456	2,457	2,686



National Chicken Slaughter (Mkg)



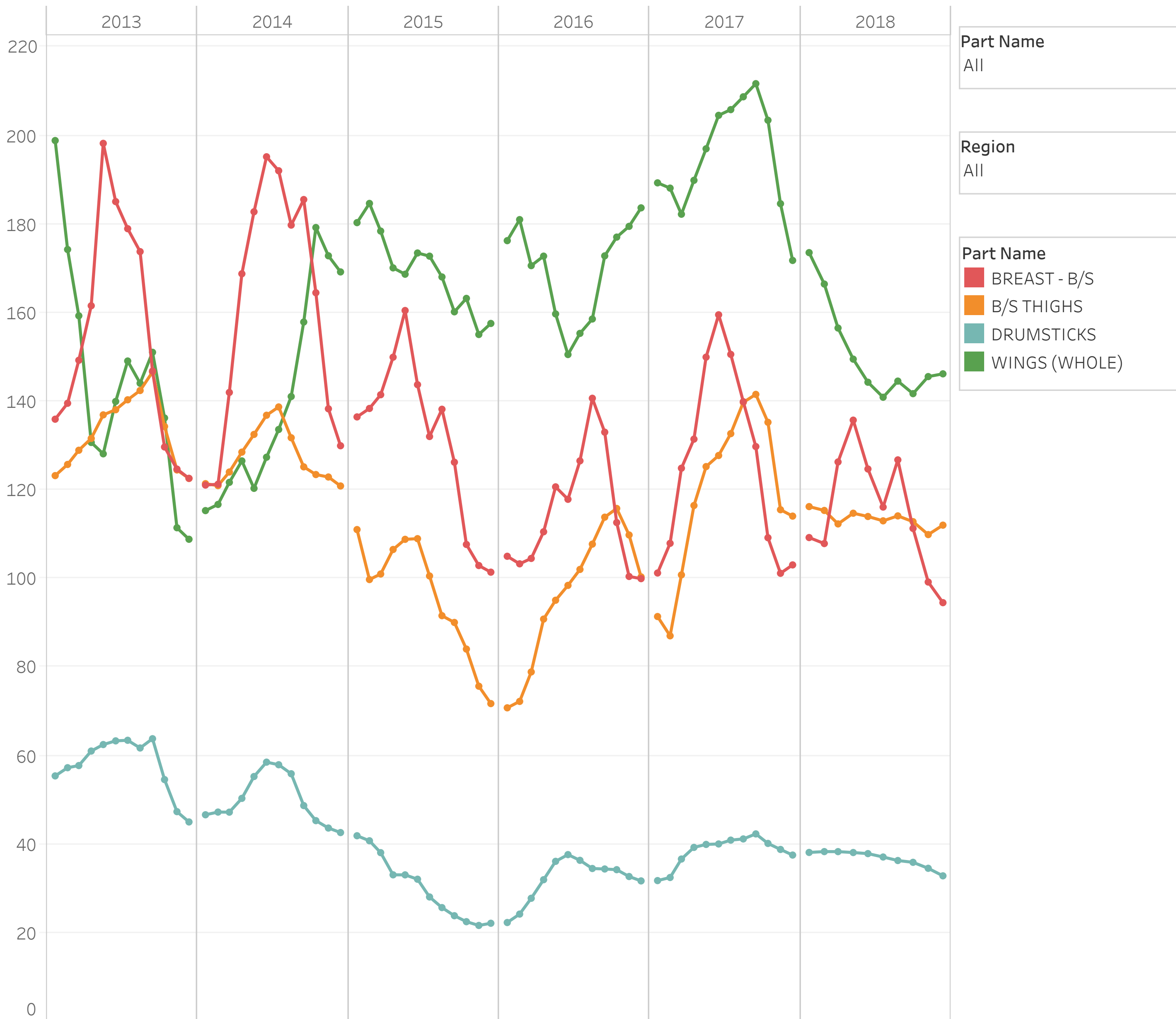
National Chicken Slaughter (Mkg)

	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	1,646.3M
August	1,706.9M	1,765.5M
September	1,555.8M	1,550.3M
October	1,682.4M	1,766.0M
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

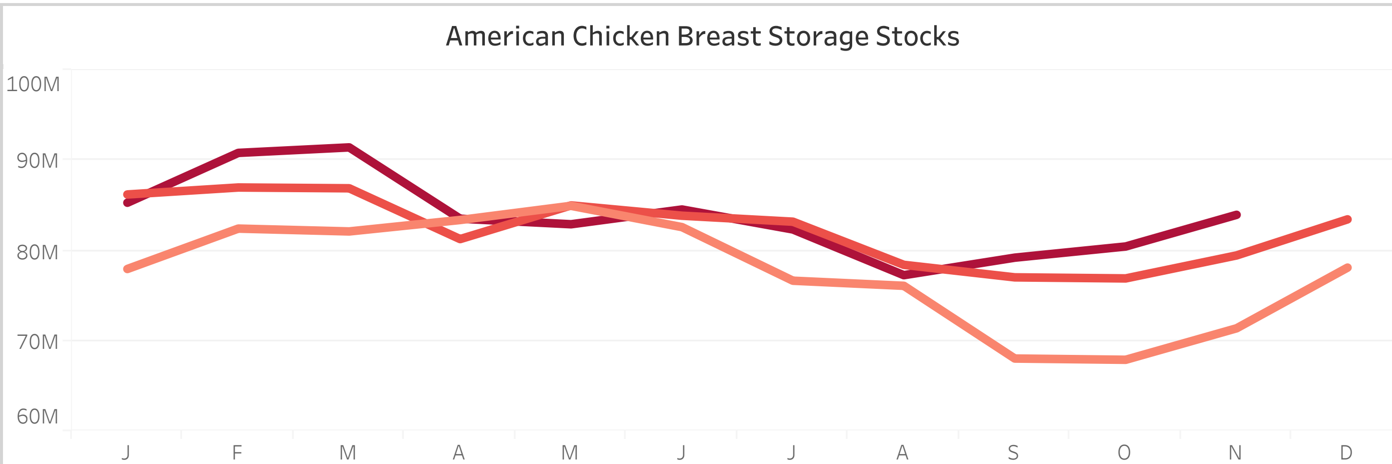
U.S. wholesale prices for October 2018 compared to September 2018 were positive for B/S thighs and wings, while down for the B/S breasts and drumsticks. On a year-over-year comparison, wings had seen one of the largest drops from $2.04/lb to $1.46/lb as of October 2018. B/S thigh prices were down from $1.35/lb to $1.12/lb, while B/S breast prices were down from $1.09 to $0.95. Lastly, drumstick prices were down slightly from $0.40/lb to $0.32/lb.

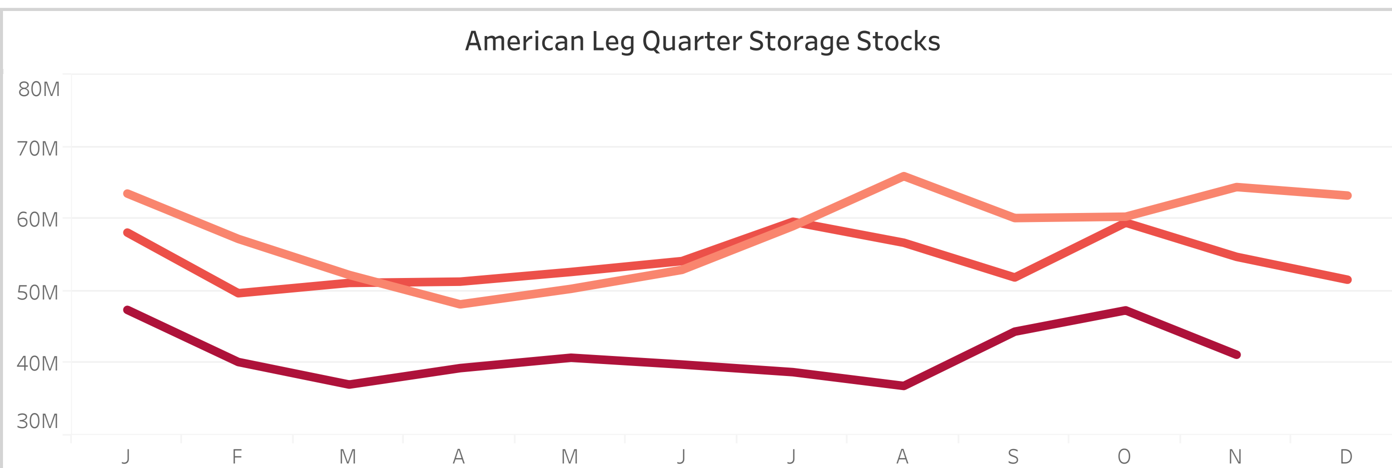
American Chicken Storage Stocks

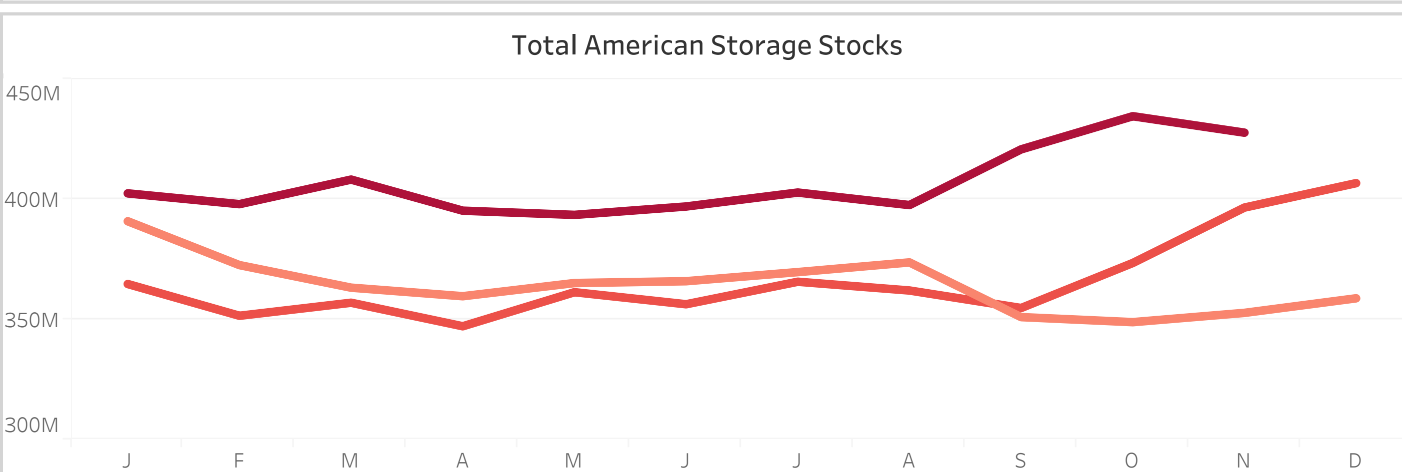
Mkg

	2017			2018		
	September	October	November	September	October	November
Breast	77.0M	76.9M	79.5M	79.2M	80.5M	84.0M
Leg	51.9M	59.5M	54.8M	44.4M	47.4M	41.2M
Total Stocks	354.7M	373.5M	396.5M	420.8M	434.5M	427.7M

2016 2017 2018







Source: United States Department of Agriculture

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