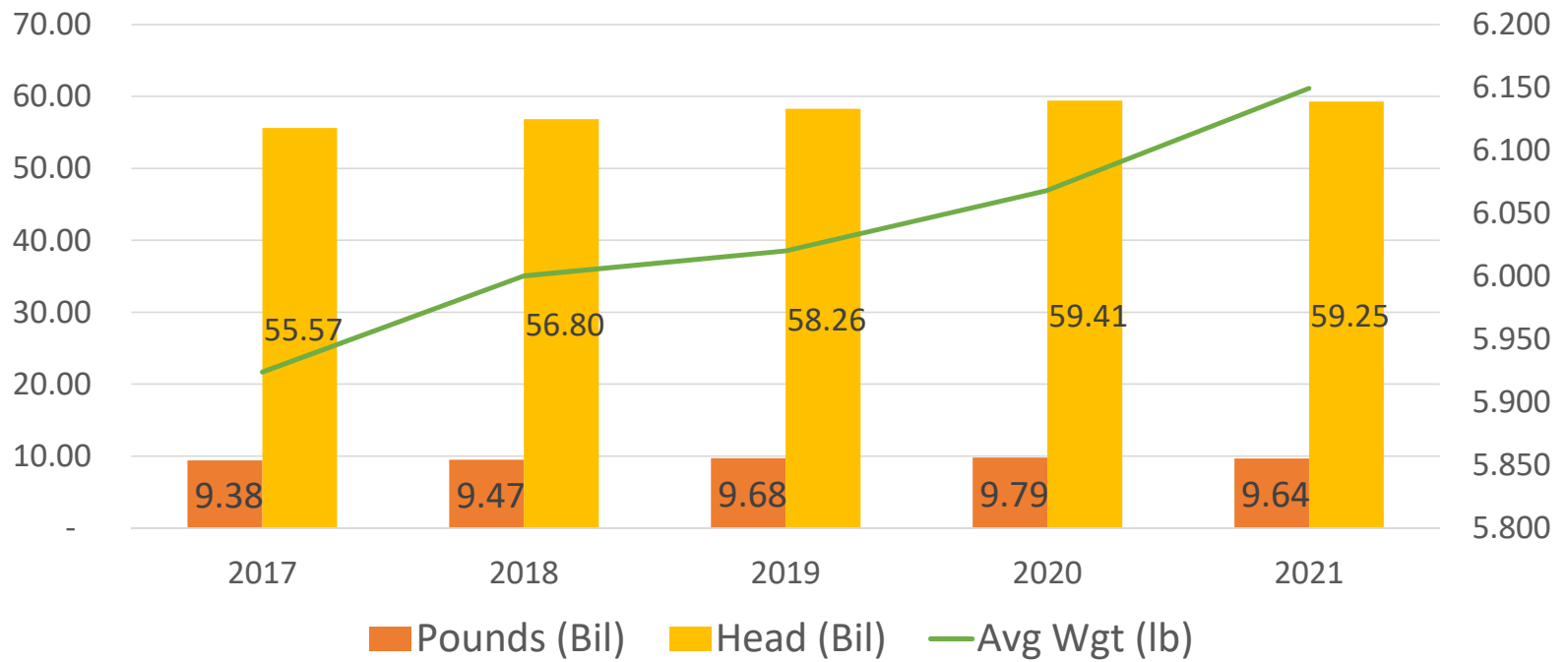
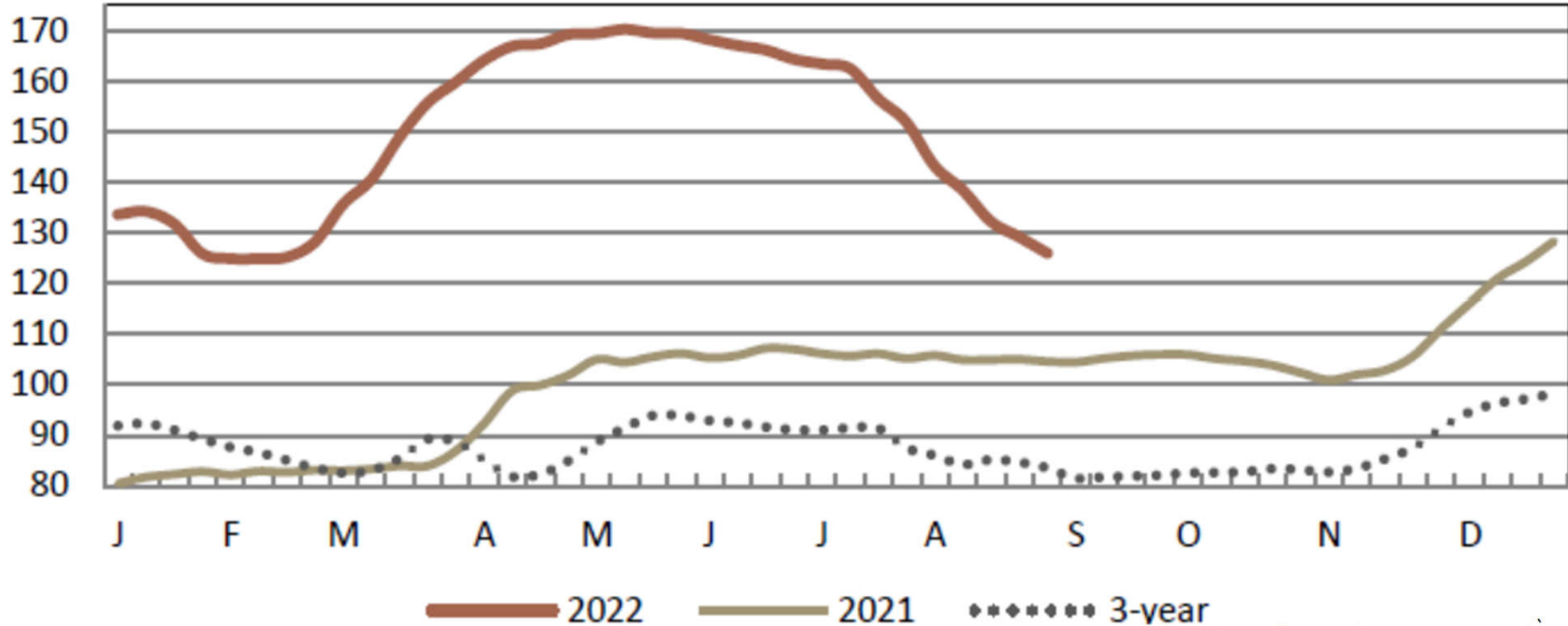


Broiler Production Trend



“Riding the \$\$ Wave”

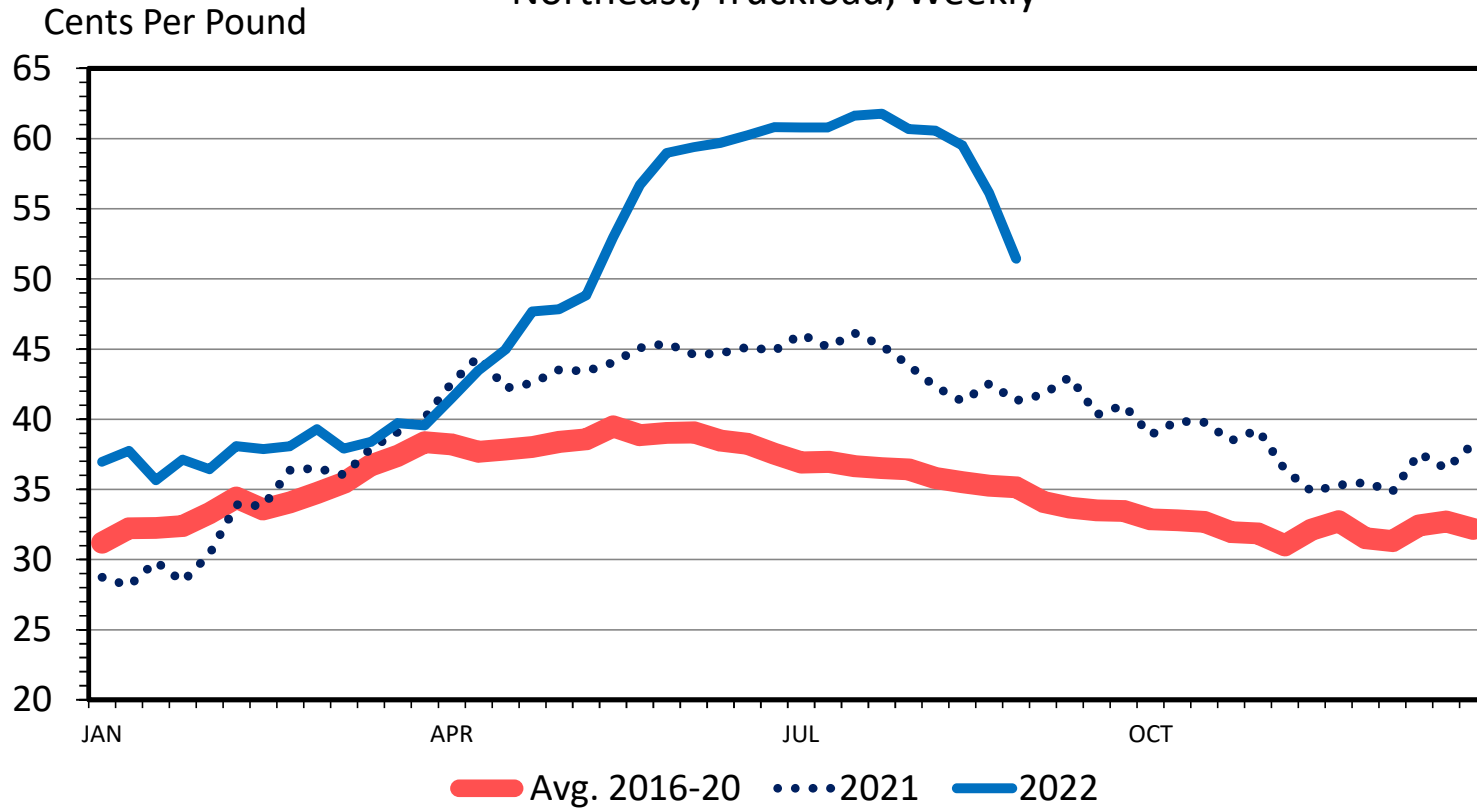
Monthly Composite Weighted Average - \$/cwt



<https://mymarketnews.ams.usda.gov/viewReport/2758>

WHOLESALE CHICKEN LEG QUARTER PRICES

Northeast, Truckload, Weekly



Data Source: USDA-AMS

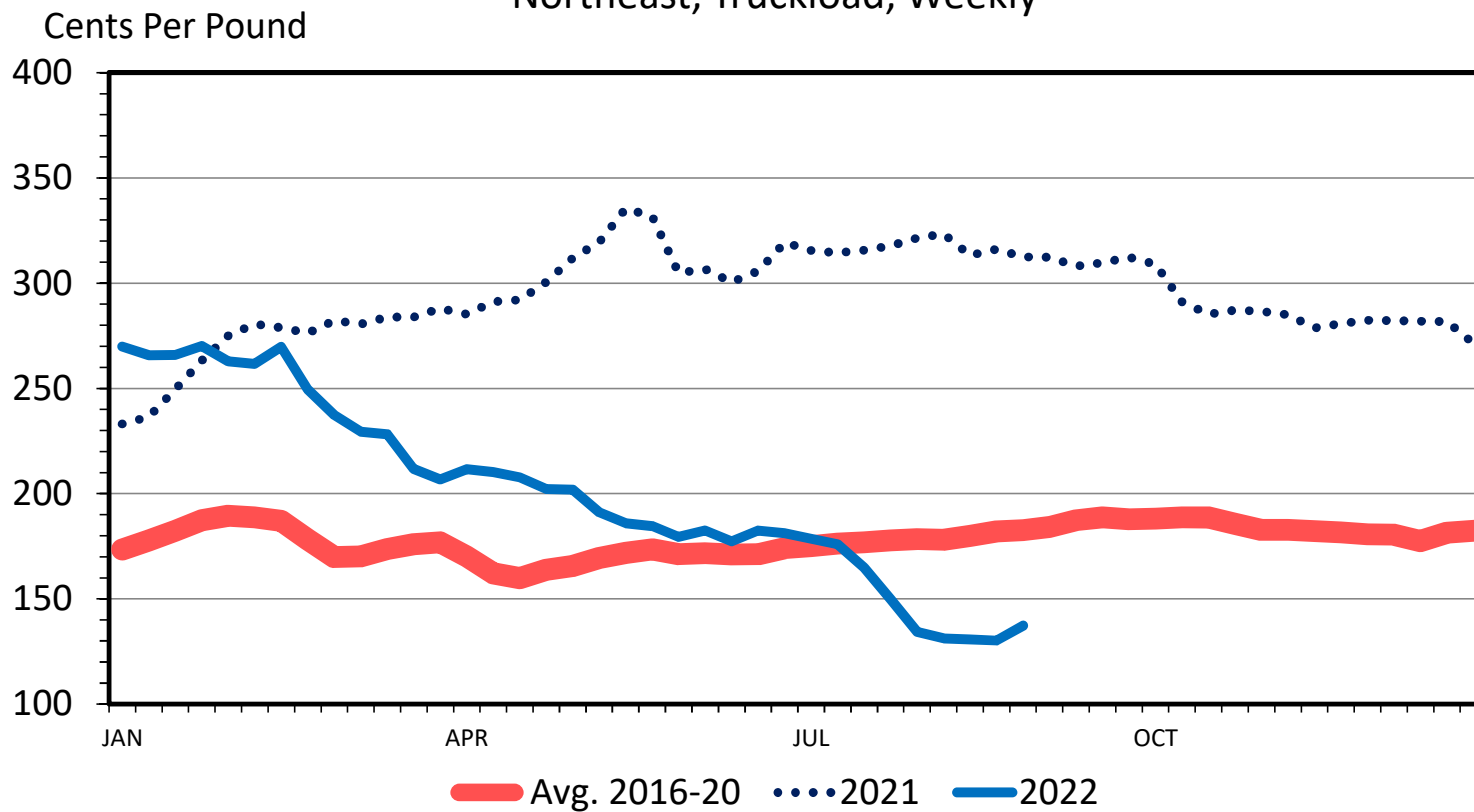
Livestock Marketing Information Center



09/02/22

WHOLESALE CHICKEN WING PRICES

Northeast, Truckload, Weekly



Data Source: USDA-AMS

Livestock Marketing Information Center



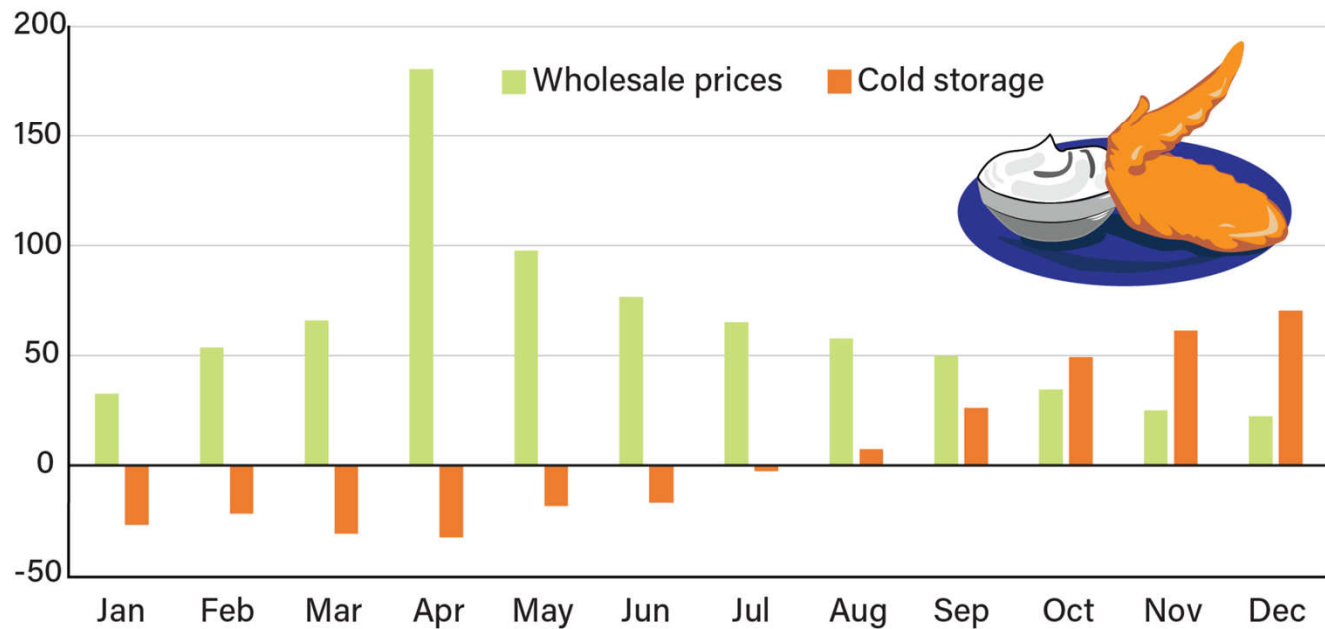
P-P-07

09/02/22

Chicken wing wholesale prices and cold storage inventory percent change, 2020-21

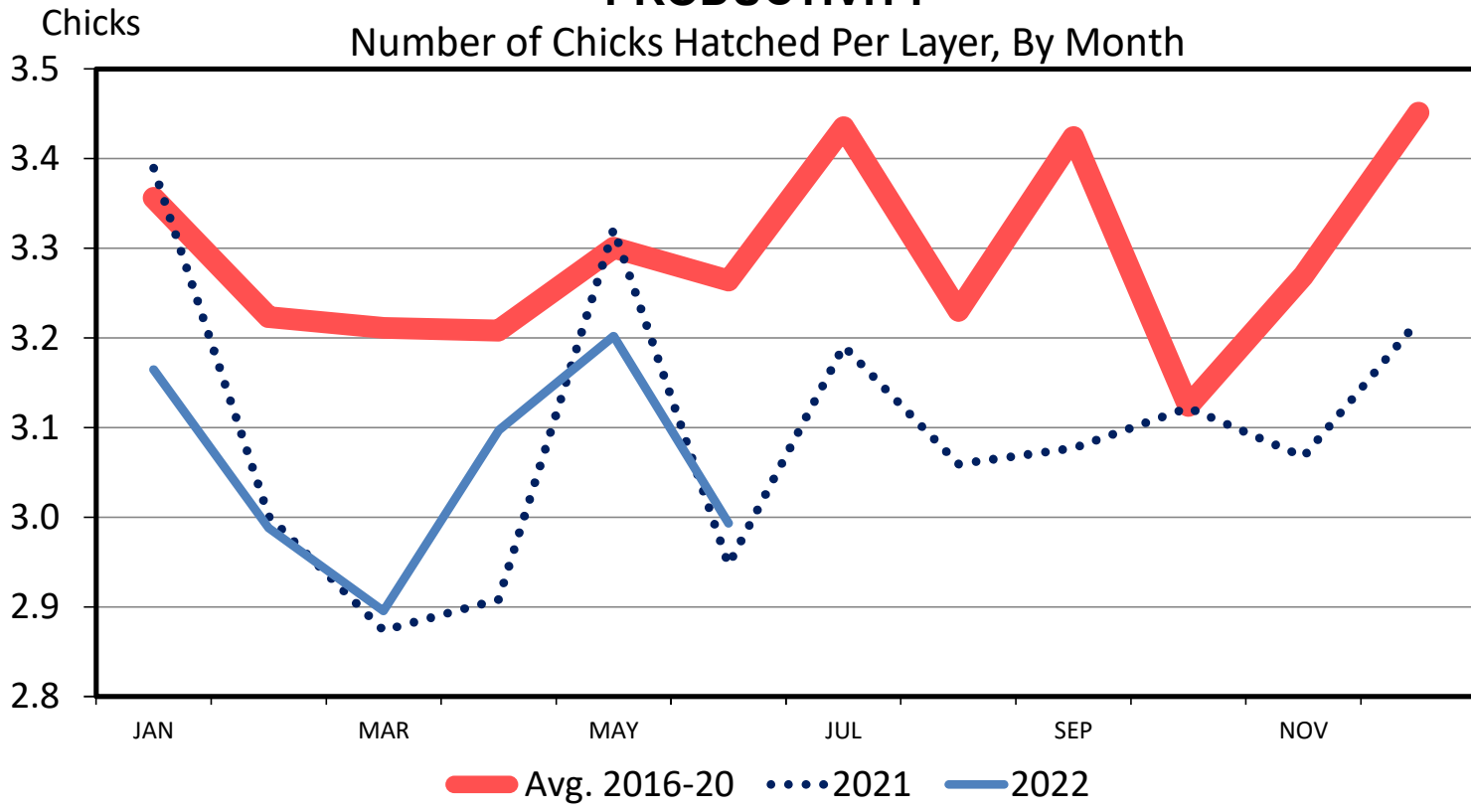
USDA Economic Research Service
U.S. DEPARTMENT OF AGRICULTURE

Percent change in 2021 from 2020



Source: USDA, National Agricultural Statistics Service, and USDA, Agricultural Marketing Service

WEEKLY AVERAGE BROILER-TYPE LAYER PRODUCTIVITY



Data Source: USDA-NASS

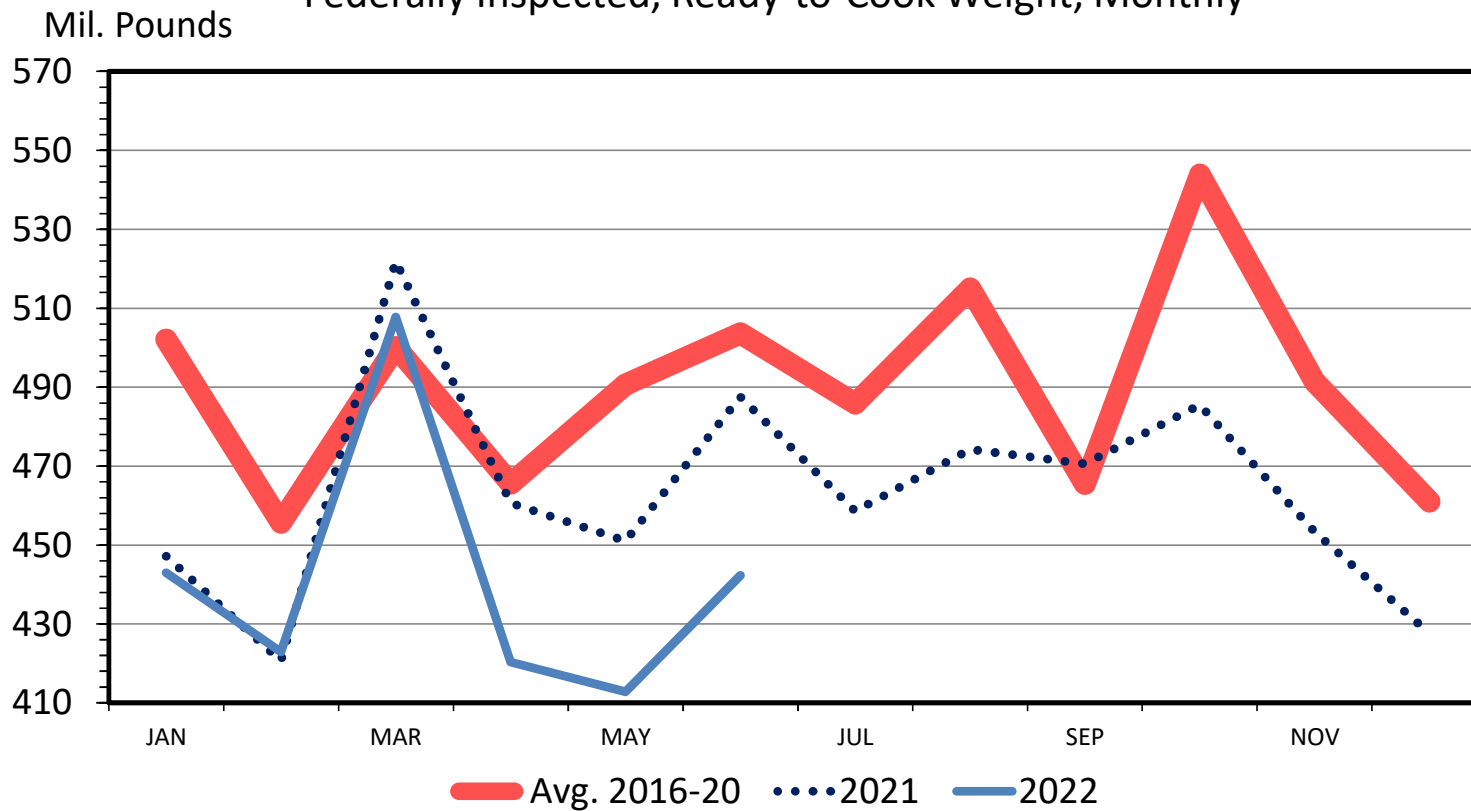
Livestock Marketing Information Center



08/03/22

TURKEY PRODUCTION

Federally Inspected, Ready-to-Cook Weight, Monthly



Data Source: USDA-NASS

Livestock Marketing Information Center

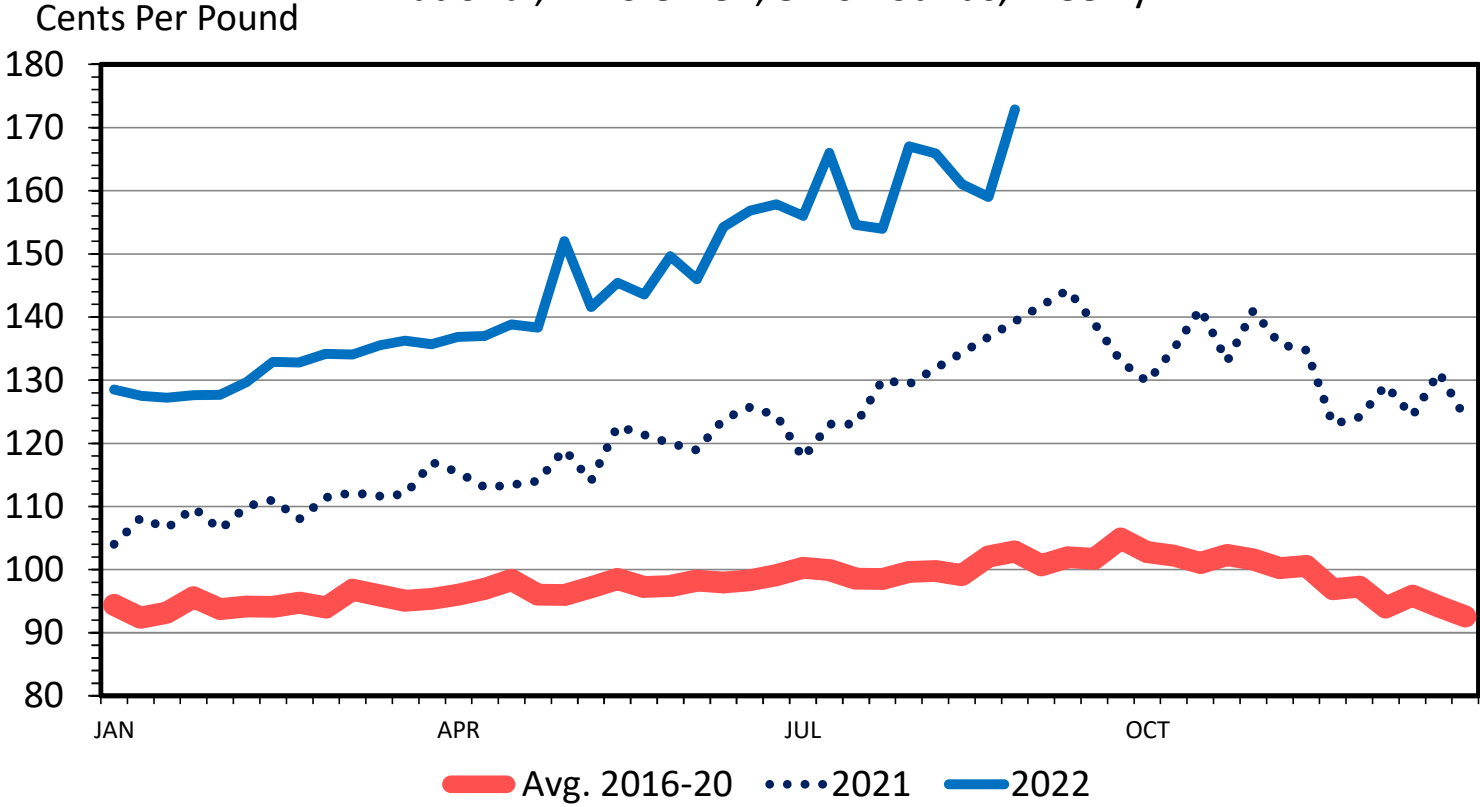


P-S-02

08/03/22

TURKEY PRICES

National, Whole Hen, 8-16 Pounds, Weekly



Data Source: USDA-AMS

Livestock Marketing Information Center



P-P-08

09/02/22

Chicken S & D Pressures

- Inflation in general
- Beef and Pork prices
- “Generation Z prefers chicken” – 46% 1st choice - upserve.com
- ABF production continues to be implemented across the industry
 - 52% NAE/ABF
 - 22% “Ionophores Only”
 - 26% Reduced Usage of NMIA
 - ALL equal, lower production at higher costs
 - Sustainable?
- HPAI – Didn’t go away
- GAP III Production – 6.0lb/SF (or similar)

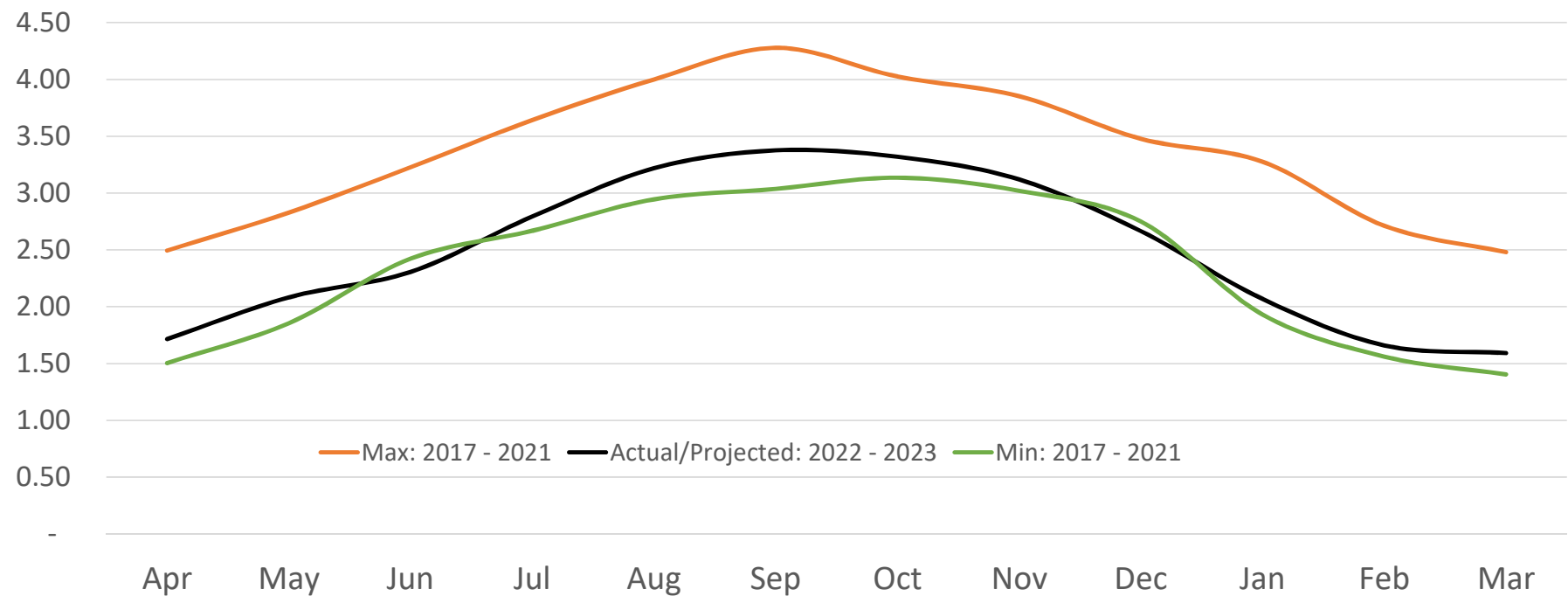
Housing Needed Across the Industry

- 1500 – 2000 broiler houses currently needed - US
- \$18 – \$22 per SF “bird-ready”
 - Utility access/deposits, insurance, excavation
 - 4 – 54' x 500' = \$2,160,000 (no land cost included)
- Integrator Incentives
 - \$9 - \$12 / SF (\$1,296,000)
 - 10 – 15 years with contract tie-in
 - \$378,000 year 1, \$42,000 year 2 – 10
 - Serious tax liability concerns
- Some across-the-board pay increases
 - Avg approaching \$0.075/lb

....however,

Total U.S. Projected Propane Inventory: 2022 - 2023 (Billions of Gals)

Source: Energy Information Agency, www.eia.gov



Grower Net Farm Income Variations

Pullet Farm Income Estimates	2 - 40'x400', 1 - 40'x250'	
	Farm "A"	Farm "B"
Total Square Footage	42,000	42,000
Gross Revenue per SF	\$ 3.15	\$ 3.35
Gross Revenue	\$ 132,300.00	\$ 140,700.00
Variable Expenses	\$ (39,690.00)	\$ (28,140.00)
Income Before Debt Service	\$ 92,610.00	\$ 112,560.00
Debt Service Assignment (50%)	\$ (66,150.00)	\$ (70,350.00)
Annual Net Farm Income	\$ 26,460.00	\$ 42,210.00
ANFI per SF	\$ 0.63	\$ 1.01

Broiler Farm Income Estimates	2 - 66' X 600'	
	Farm "A"	Farm "B"
Total Square Footage	72,000	72,000
Gross Revenue per SF	\$ 2.75	\$ 3.25
Gross Revenue	\$ 198,000.00	\$ 234,000.00
Variable Expenses	\$ (69,300.00)	\$ (58,500.00)
Income Before Debt Service	\$ 128,700.00	\$ 175,500.00
Debt Service Assignment (50%)	\$ (99,000.00)	\$ (117,000.00)
Annual Net Farm Income	\$ 29,700.00	\$ 58,500.00
ANFI per SF	\$ 0.71	\$ 1.39

- Pullet Farm
- Paid per SF per week
- 37% NFI difference
- 74% of the total NFI difference is due to change in expenses
- \$0.82 / SF avg.

- Broiler Farm
- Paid per #
- 49% NFI difference
- 37.5% of the total NFI difference is due to change in expenses
- \$1.05 / SF avg.

Outlook for Poultry

- “All gas, no brakes!”
 - Line speeds
 - Plant automation
- Feed costs were more than offset by prices
- HPAI- 2022 mostly hit eggs and turkeys, 2023??
- Exports may be going up further– China pork 2X\$
 - HPAI restrictions not as broad as before
- Larger farms
- Further consolidation?
- Increased “cost-plus” marketing contracts
- Grower supply and demand

“Transparency in Poultry Grower Contracting and Tournaments” – USDA-ERS

“(1) access to critical information needed to properly assess farm revenue streams, and
(2) information related to the distribution of inputs affecting performance among tournament participants.”

- Transparency / Changes Sought:
 - Stocking density *
 - Out time *
 - Chick “quality” (parent flock age, health, breed)
 - Feed quality, delivery
 - Veterinary decision transparency
 - Clear contract terms generally *
 - Longer contracts *
 - Improved return on assets

Public Comments:

- “In short, providing the conditions for efficient growth and good animal welfare requires significant dedication and commitment to doing the job right. Without the incentives provided by the tournament system..... Why bother?” – D.L.
- **“This rule falls short by failing to abolish the tournament system and establish a firm base price the farmer will be paid. Tournament systems are on their face discriminatory and therefore illegal. The establishment of a firm base price is crucial to a farmer’s ability to make sound financial decisions.” – N.P.
- “I do not want everyone to make the same amount of money! ...You should get paid on how good your chickens are not the same amount across the board! That stinks!!!” – M.M.
- “I support the transparency requirements of the rule, which will help give farmers the tools they need to protect themselves against unfair practices from integrators.” – C.L.

- “The company controls the chick quality, feed quality, bird health, and delivery of all inputs and should be responsible for low performance based off these factors. We support the rule.” – LFBF
- “The NCPF strongly opposes the proposed rule, because it would prove damaging for the North Carolina poultry industry and hard-working family farmers, ...” – NCPF
- Sentiment is divided

USDA-ERS statement:

“Finally, under proposed § 201.100(d)(5), the live poultry dealer would be required to supply the contact information for the State university extension service office or the county farm advisor's office that can provide relevant information to the current or prospective poultry grower about grower costs and poultry farm financial management in the grower's geographic area. AMS believes that growers can benefit from the expertise and experience, as well as the information publicly available, from these sources, if they choose to access it.”