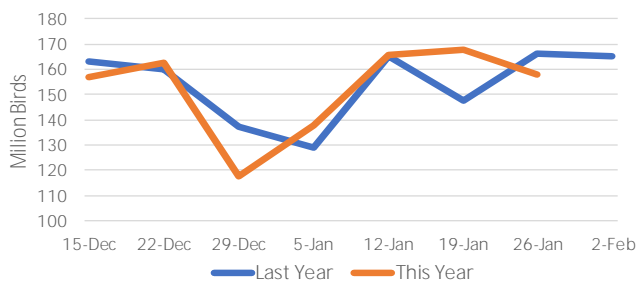


Chicken prices have been on the upswing since early December. Wing prices topped the five year average last week for the first time since 2017. The national composite whole bird price reported by USDA-Agricultural Marketing Service (AMS) on a weekly basis, usually indicative of smaller birds sold as rotisserie product, jumped 30% from the first week in October to the first week in January. Since then, prices have weakened by about 10%.

Underlying the price recovery of chicken items has been both improving demand and limited supplies. The chicken industry has faced challenges keeping production balanced with consumption in recent years as larger supplies of pork and beef, along with lower prices of those competing meats proved to be a distraction for consumers.

Chicken hatchery output in 2018 was restrained below maximum levels that would have been the norm in prior years as freezer inventories accumulated to record volumes. That finally led to prices pressured below cost of production for larger birds oriented to boneless meat production and export market channels by the second half of the summer.

### YOUNG CHICKEN SLAUGHTER



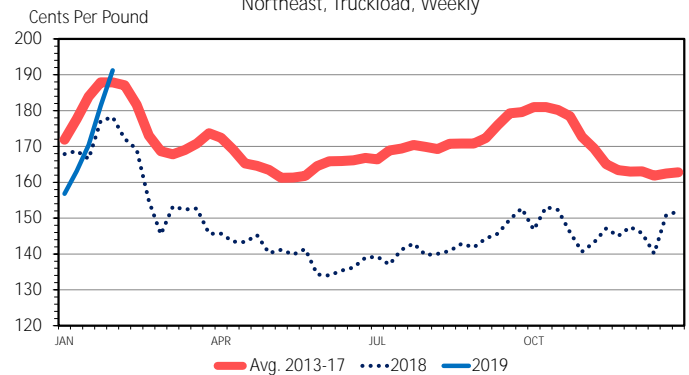
Data Source: USDA-AMS  
Livestock Marketing Information Center

Beginning in September, hatchery output started to run below year earlier levels by a fraction of a percent, and this lower level of chick hatchings began to produce declines in young chicken slaughter by November. December young chicken slaughter fell below year earlier levels in three of the four weeks. Production, in meat terms, fell below the prior year in all four weeks as average bird weights at time of processing were also lighter than a year earlier.

Young chicken (broiler) production during the four weeks in January was up about 3% from a year earlier. Processing plant schedules disrupted by the mid-week Christmas holiday appear to have shifted some production from December to January. A storm in

### WHOLESALE CHICKEN WING PRICES

Northeast, Truckload, Weekly



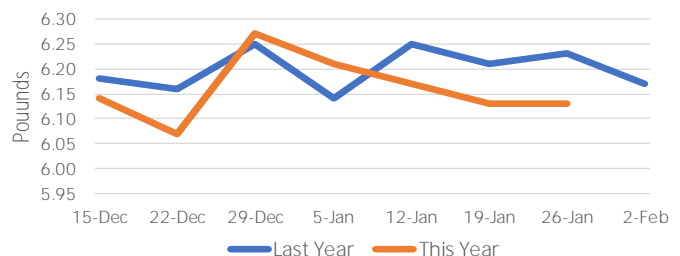
Data Source: USDA-AMS  
Livestock Marketing Information Center

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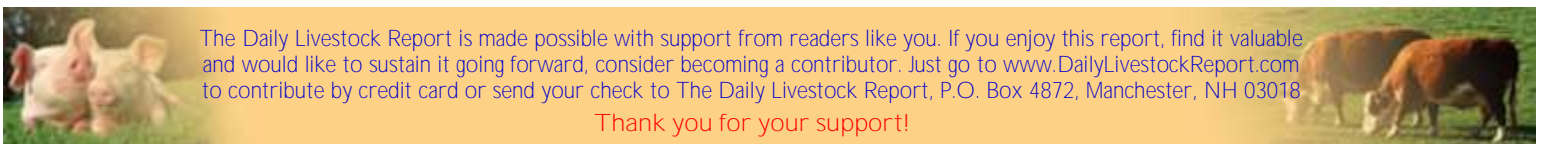
the third week of January 2018 reduced processing in that week, resulting in a 14% increase in slaughter for that week.

Lighter (smaller) birds could be a notable trend for the coming year as the industry searches for the best way to keep supplies in line with product demand. Average bird weights have been lighter than a year ago in 5 of the last 7 weeks, with declines of 1% or more in each of the last three weeks. Production of smaller birds oriented to the rotisserie market and mid-weight birds, traditionally channeled into markets with product sold by the piece (e.g. 8-piece in a bucket or box), instead of by the pound, have remained more profitable than large birds merchandised as deboned meat. The market for smaller birds has shrunk, proportionally, relative to larger birds in recent years, and could make pricing more sensitive to changes in supplies, which will be a challenge for the chicken industry.

### AVERAGE BIRD WEIGHTS AT TIME OF SLAUGHTER



Data Source: USDA-AMS  
Livestock Marketing Information Center



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