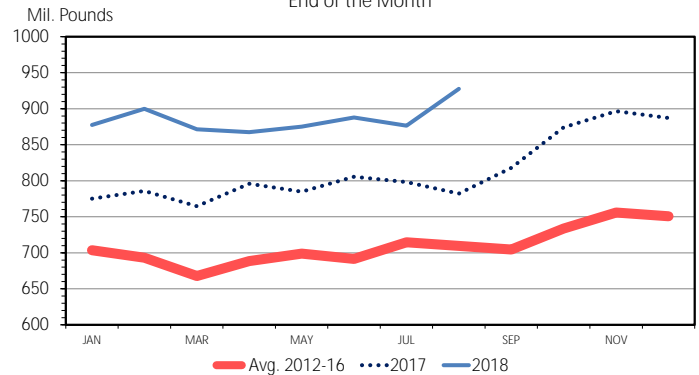


Chicken breast meat prices, basis the Northeast US wholesale market reported by USDA-Agricultural Marketing Service (AMS), broke below \$1.00 per pound in September and have been unable to rally. This price decline follows a month when frozen inventories of chicken increased from July to August by an unprecedented amount. Typically, frozen chicken inventories decline during August as hot weather leads to lighter bird processing weights, thereby limiting production, and consumer demand is on the upswing for the end of summer.

Average bird weight at time of processing this August increased by more than 1% from July. Usually, average bird weights hold steady or only increase by a fraction of a percent from July to August. The heavier bird weights supplement a 2% increase in hatchery output that translates directly into an increase in broiler slaughter in the third quarter. Broiler production for the quarter is projected to be up 300 million pounds (ready-to-cook weight) by Livestock Marketing Information Center (LMIC), a 3% increase from the summer of 2017.

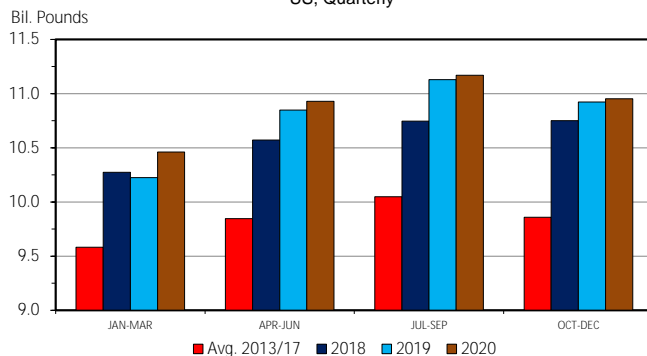
CHICKEN IN COLD STORAGE
End of the Month



Data Source: USDA-NASS
Livestock Marketing Information Center

P-S-05
09/24/18

RTC BROILER PRODUCTION
US, Quarterly

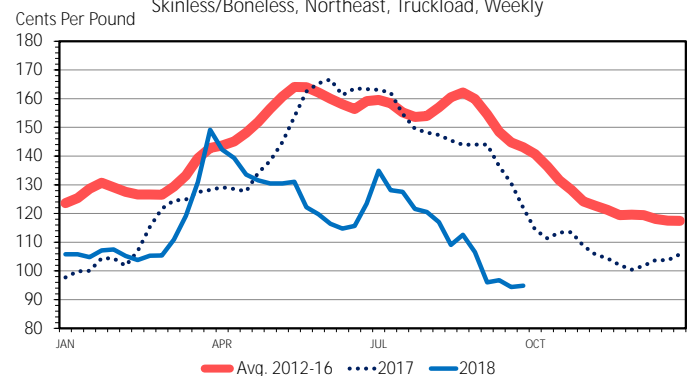


Data Source: USDA-NASS, Forecasts by LMIC
Livestock Marketing Information Center

M-S-30
10/02/18

Domestic use has trended up by 150-200 million pounds per quarter compared to a year ago during the first two quarters of 2018, and summer quarter usage indicators suggest a similar increase. This leaves 100-150 million pounds of additional broiler production that has to go into export channels or freezers. Exports were up 80 million pounds in the spring quarter and a similar increase is expected for the summer quarter. The increase in frozen chicken inventories is consistent with exports and domestic use falling short of the increase

WHOLESALE CHICKEN BREAST PRICES
Skinless/Boneless, Northeast, Truckload, Weekly

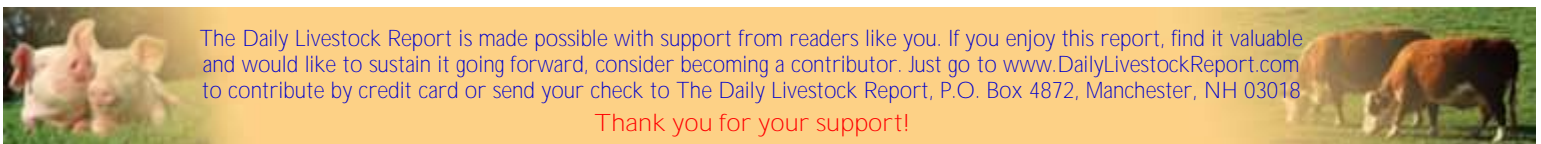


Data Source: USDA-AMS
Livestock Marketing Information Center

P-P-02
09/28/18

in production by 50-100 million pounds and the decline in breast meat prices is not surprising, considering the build up in frozen inventory.

It will be interesting to watch for cross-commodity price effects between chicken and beef or pork in the last quarter of 2018 or early 2019. In recent years, beef values have been able to move independently from chicken price trends. Fresh pork values, however, may be more vulnerable to competition with low priced chicken.



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