

December 4, 2015

RE: Market Projections

The lasting effects of the Avian Influenza outbreak from first half of the year that took over 8,000,000 birds from industry production, and idled affected farms for three months while in cleansing stage, continues to be felt in the industry.

Once these farms are approved as safe to place poults again, the supply of poults is not sufficient to meet demand as quickly as farms require. In addition to the 8 million birds lost to AI, 15 breeder farms were hit, and these breeder hens are the producers of the eggs required to send to hatcheries that provide the poults required to restock farms. To replenish the breeder farms, first requires hen poults to grow to at least the age of 6 months before they will begin laying eggs; provided hen poults are available to restock these farms, as well.

The lack of poults is very obvious when reviewing the USDA Turkey Hatch report released November 17: Eggs in incubators on November 1, 2015, Down 10% from year prior. Poults Hatched during October Down 14% from prior year. Net Poults Placed during October Down 6% from prior year. In addition to fewer placements, the average weight of turkeys slaughtered in October was down 2% from prior year.

Turkey in Cold Storage at end of October was Down 9% from year ago.

Turkey breast meat market currently at \$5.85/lb., and demand continuing to out-weigh supply. Frozen whole turkey market is \$0.16/lb. above year prior.

Needless to say, the industry remains in a state of re-populating grow-out volume and returning to live weight averages held prior to the Avian Influenza outbreak. Most industry experts and news articles are stating this level of production may be reached mid to late second quarter of 2016; barring any additional outbreaks of Avian Influenza.