



Global outlook for poultry and meat markets

Focusing on chicken marketing

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To set the scene



The world is
complex and
fast moving

Poultry is
relatively well
placed

Engaging deeply
with consumers
is even more
important

Be agile and act swiftly

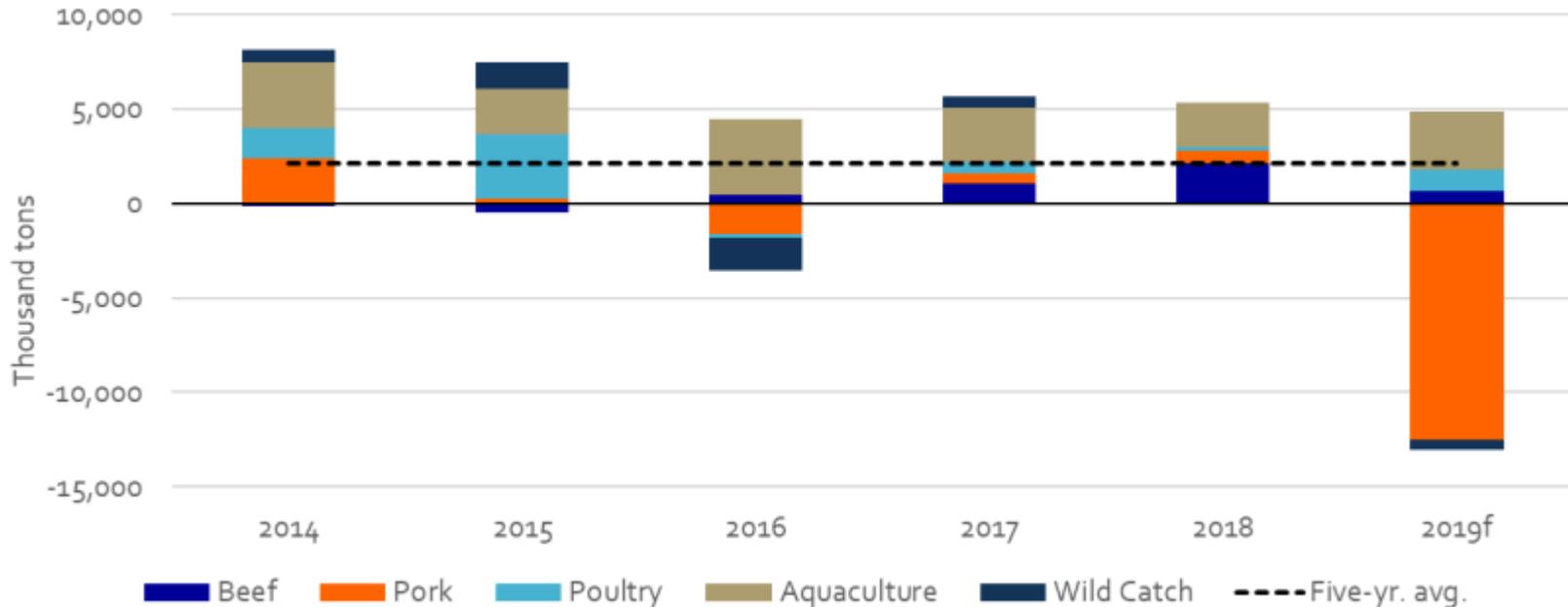
A photograph of a poultry processing plant. In the foreground, a worker wearing a white protective suit, a white hairnet, and blue gloves is seen from the back, working at a station. In the background, a conveyor belt system is moving numerous plucked chickens. The chickens are suspended by blue plastic clips. The environment is industrial and brightly lit.

Production outlook – growth opportunities, if markets are balanced

Global protein production picture dominated by pork



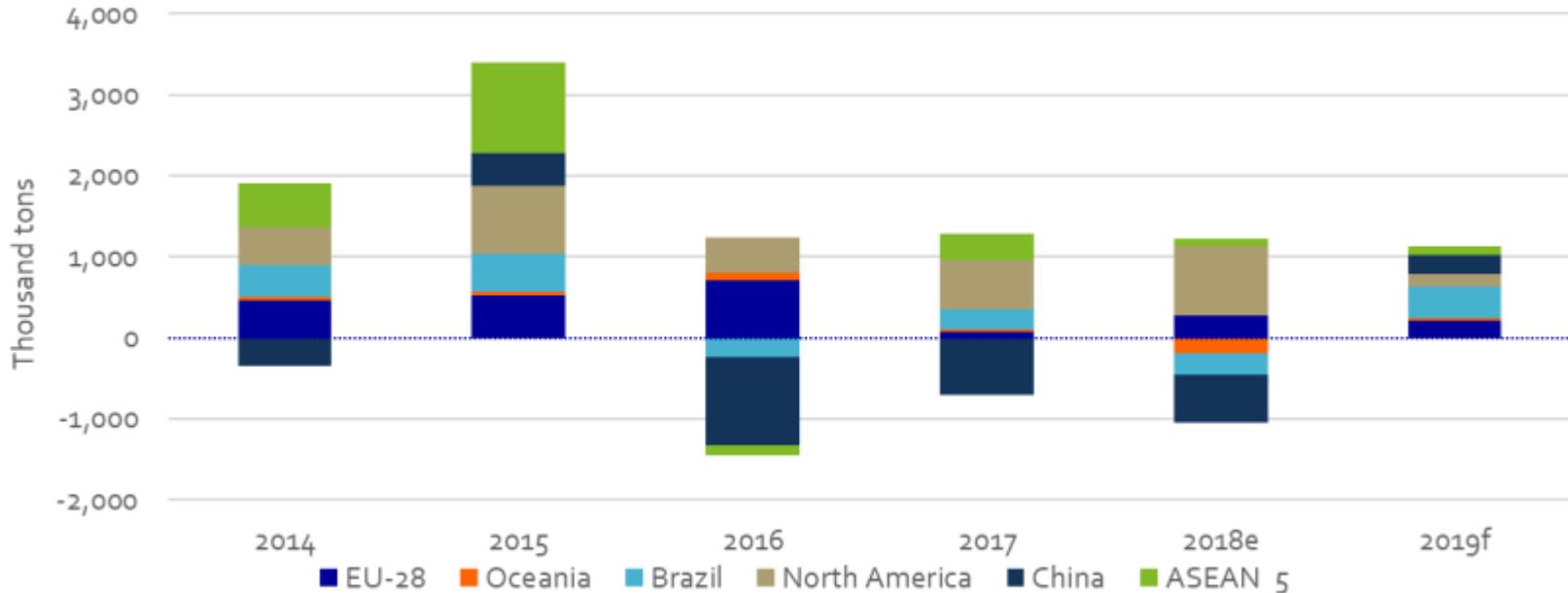
Poultry production expected to grow again this year



Poultry expected to grow everywhere



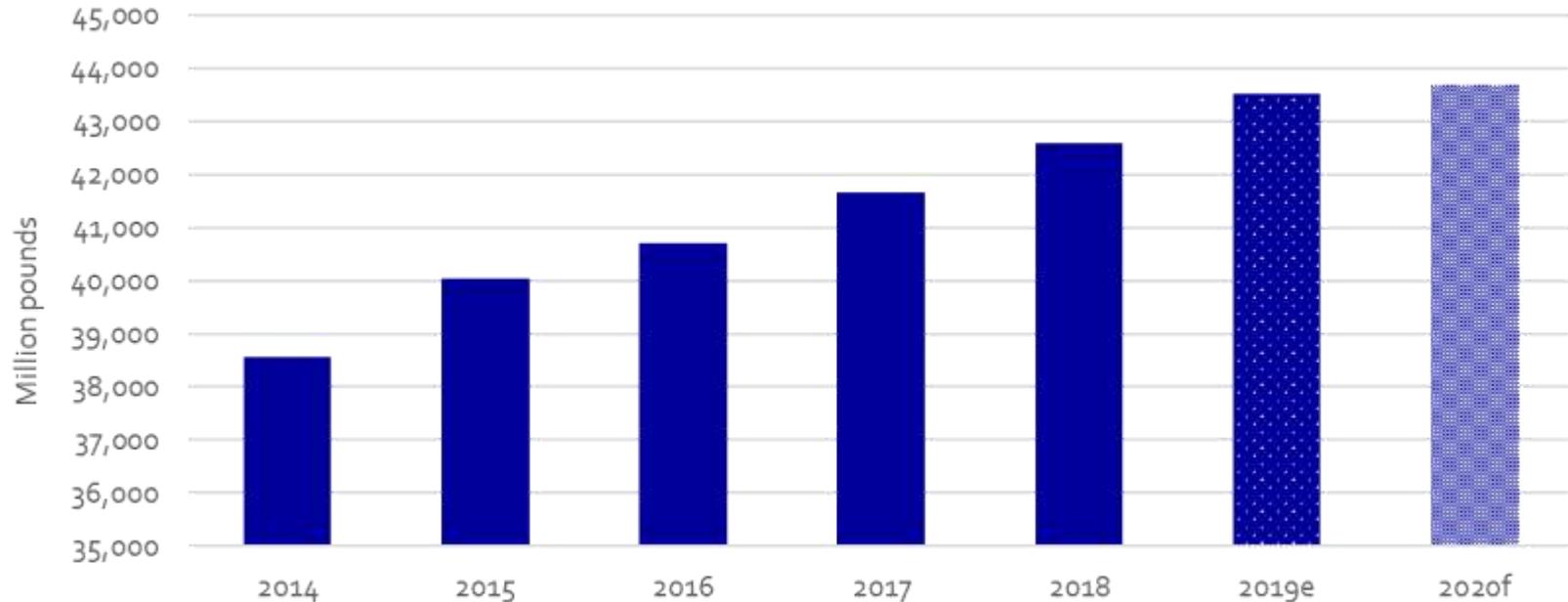
Production growth could exceed estimates



US broiler outlook shows steady growth, but challenges loom



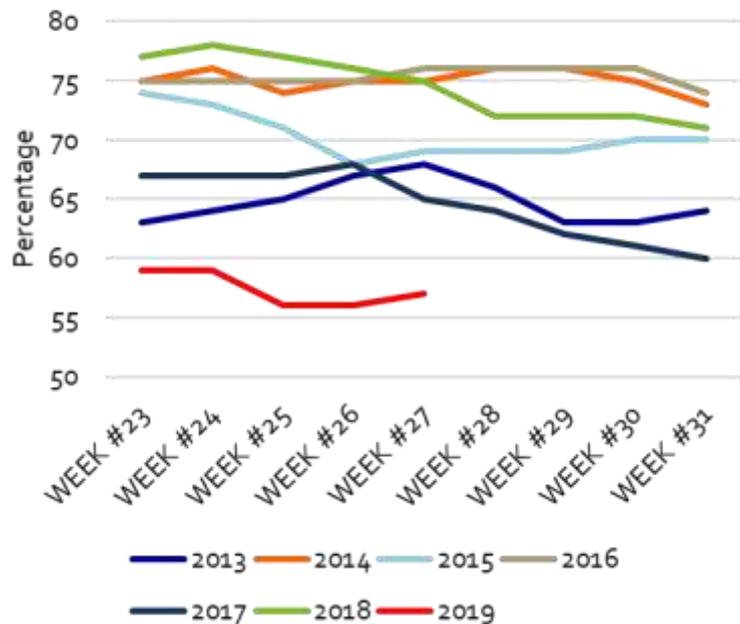
Limited trade, expanding alternatives and rising feed costs are weighing



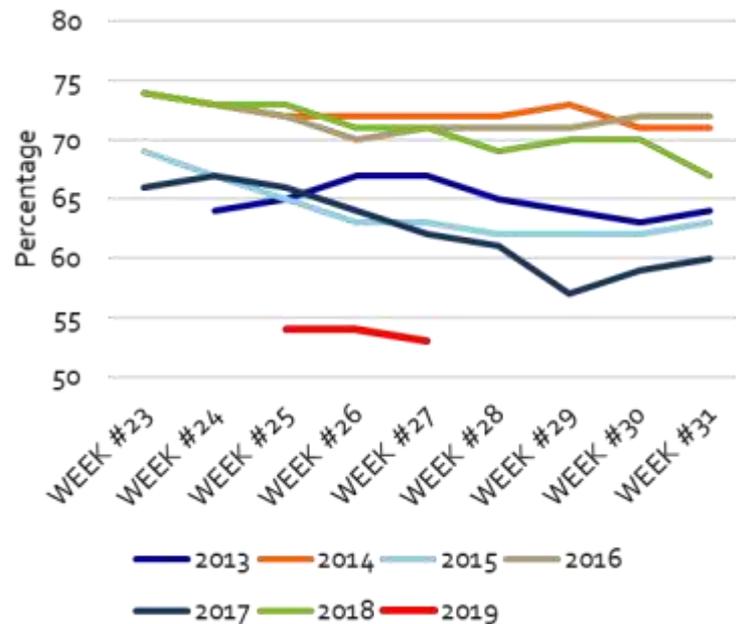
Overall, US crops are in a relatively poor condition



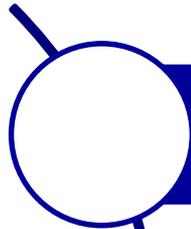
US corn crop shows low good/excellent



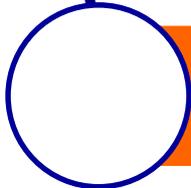
Soybeans also show low good/excellent



Main issues shaping the global outlook



African swine fever: a game changer



Trade access remains complicated



Consumer preferences are moving fast

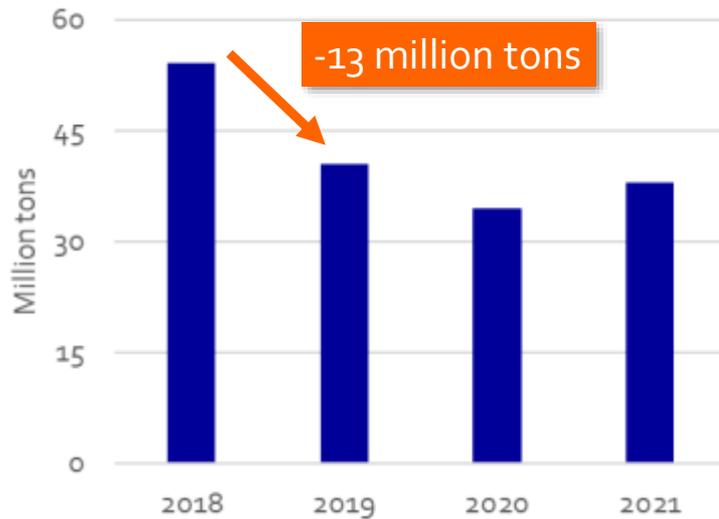


African swine fever is changing everything

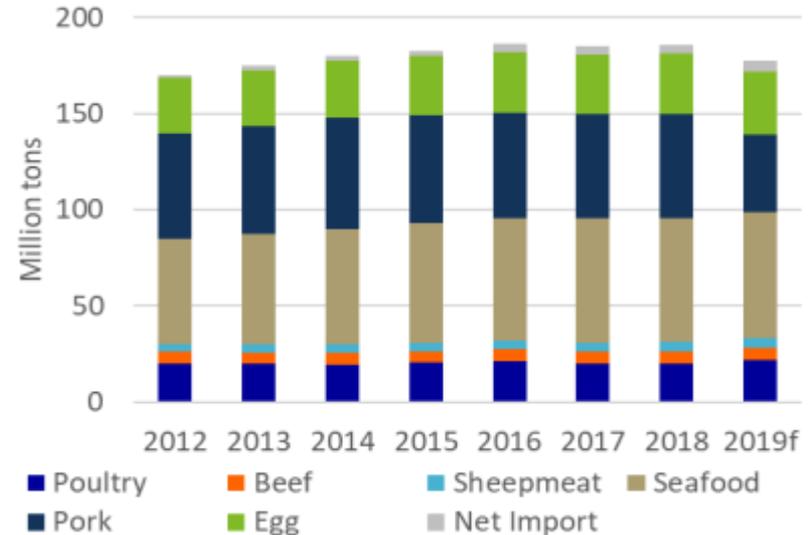
African Swine Fever: the game changer



Unprecedented decline in China's pork production



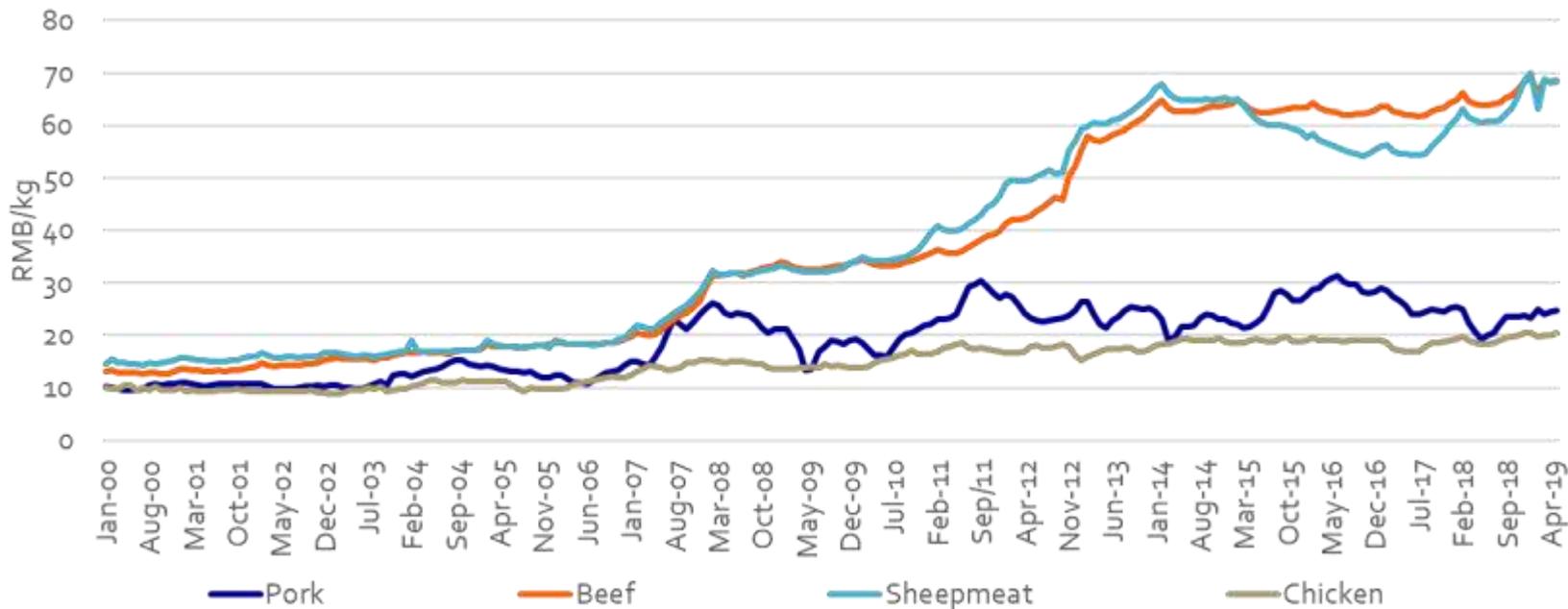
Total animal protein market will shrink by 8 million tons



Prices of other proteins have risen to/near record levels



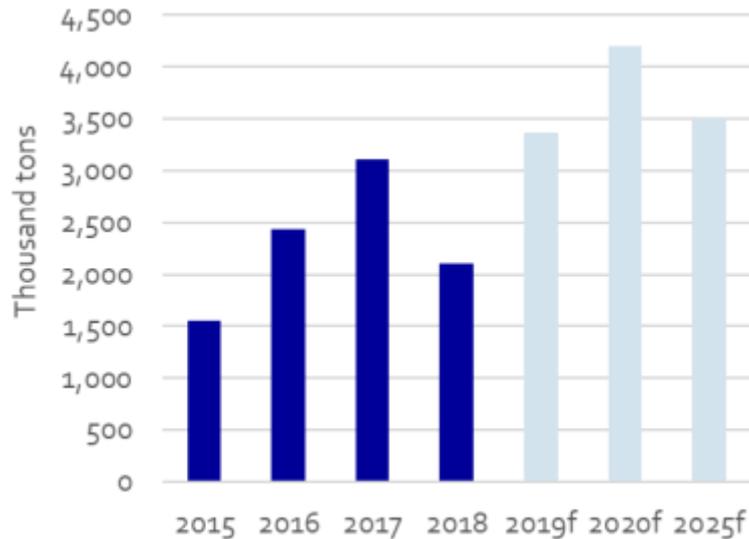
Pork prices correlate with poultry in retail markets, with poultry leading



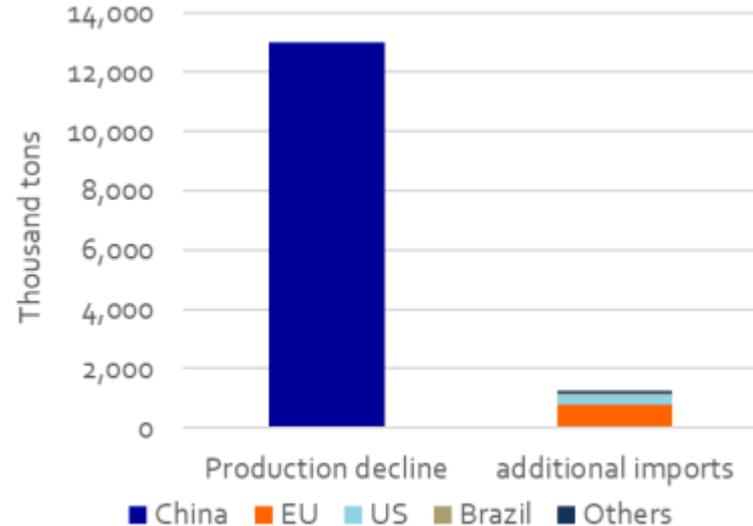
China's pork imports will stay strong for the next few years



China to import more pork in 2019, pushing up prices



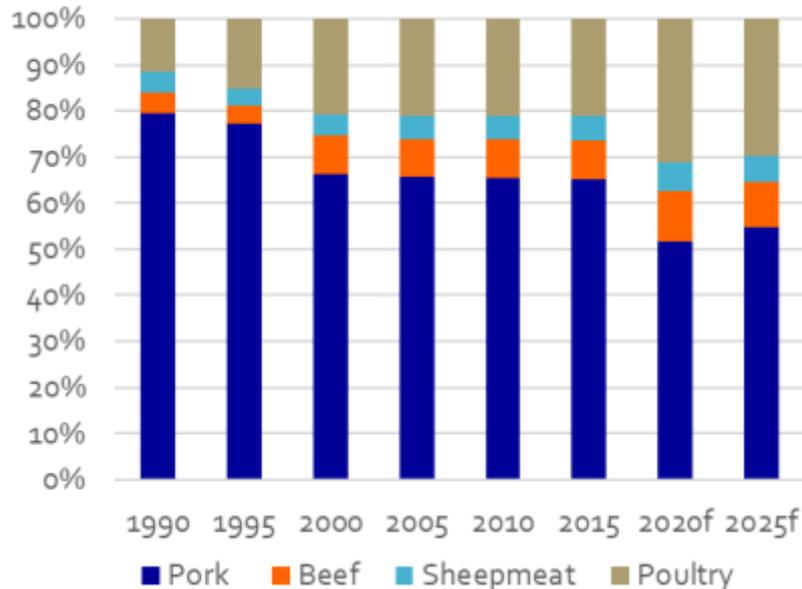
Available global protein supplies are insufficient to meet China's protein deficit



Poultry will benefit from ASF in China



Poultry will gain and maintain share



Pork is an integral part of rural life, so consumption will ultimately rebound



Poultry benefits from trends of eating out, rising health awareness, product innovation

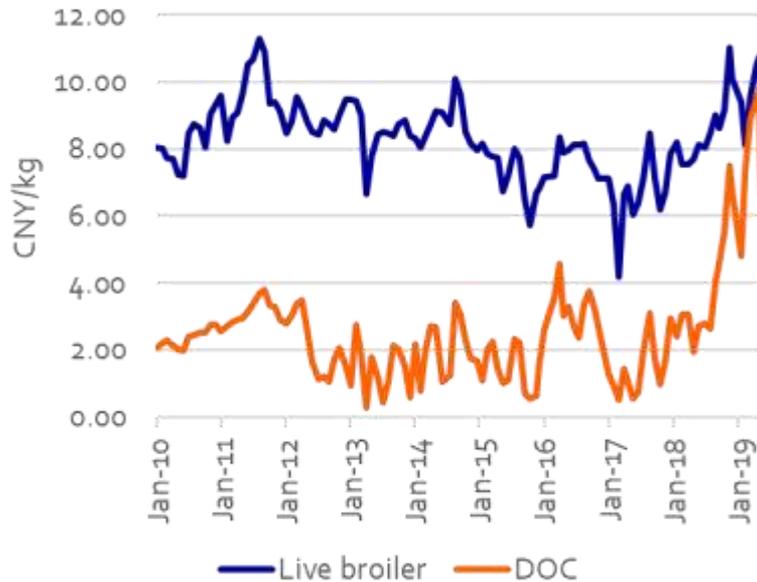


Beef demand driven more by premiumization than by substitution for pork

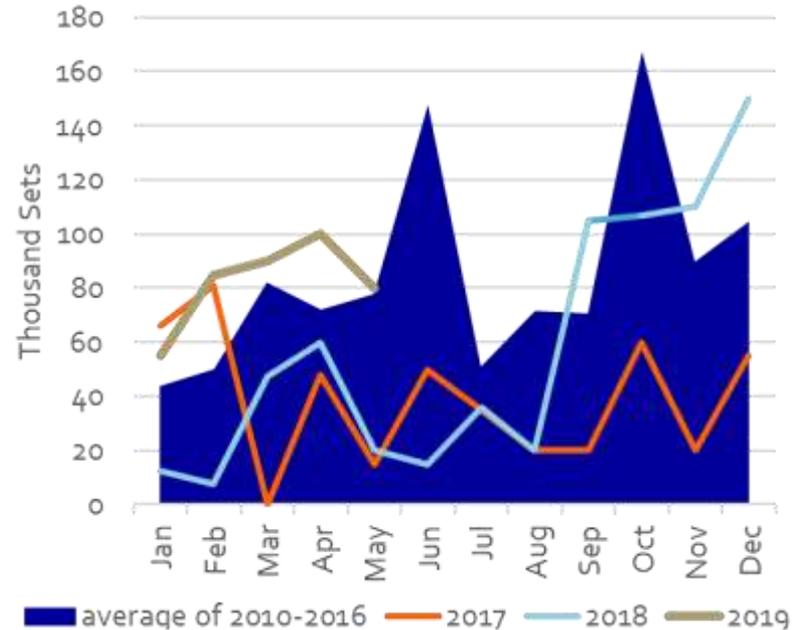
Poultry production is expanding in China



Live bird and DOC prices are rising



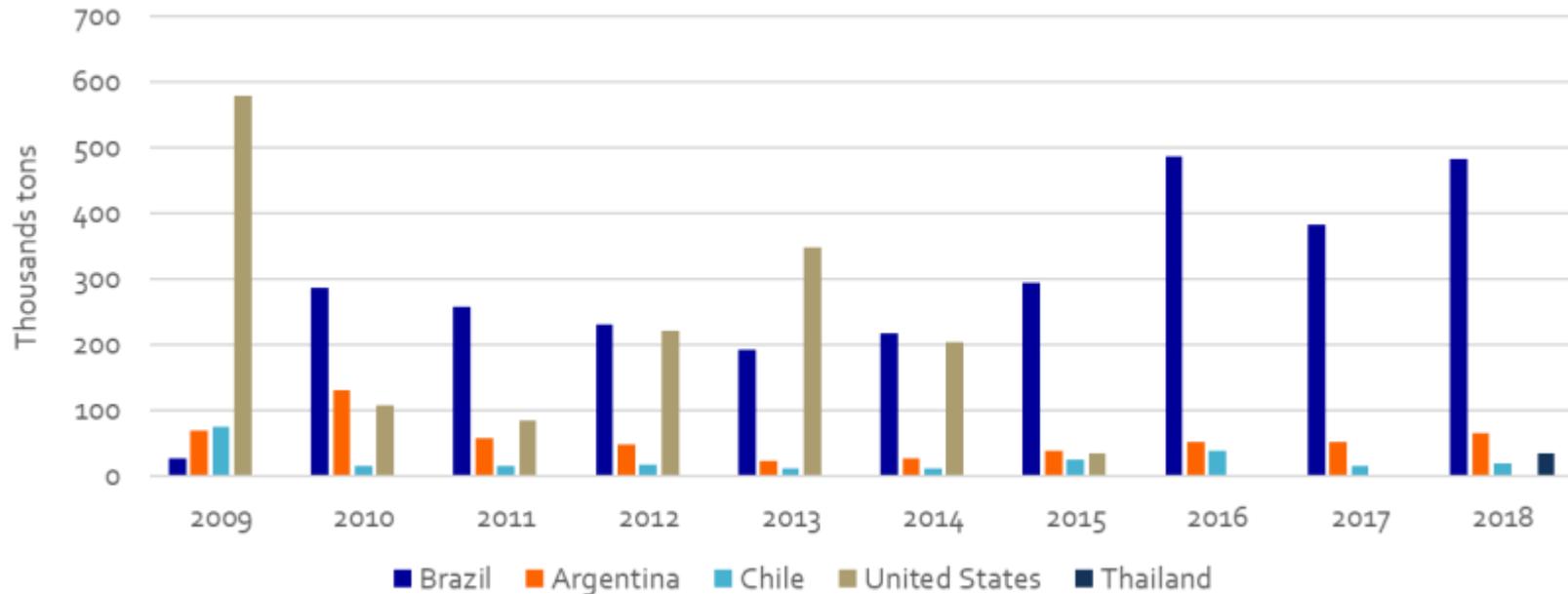
Imports of breeding stock are also rising



China is diversifying poultry import origins



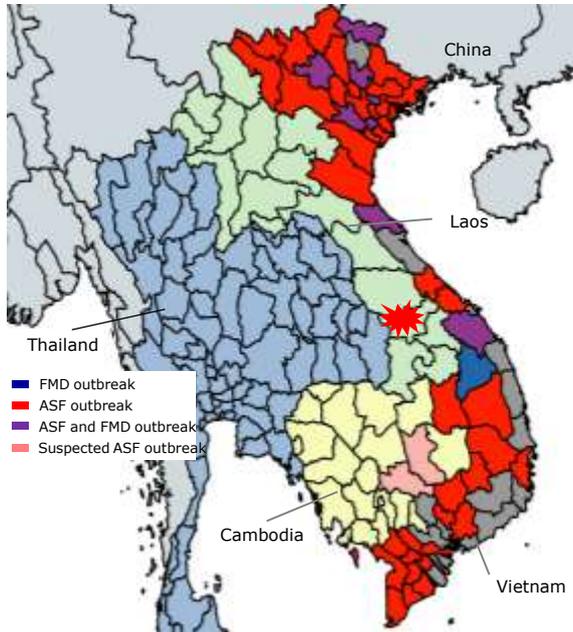
South American countries well placed, along with Thailand and Russia



ASF expected to reduce pork production in Vietnam by 15-20%

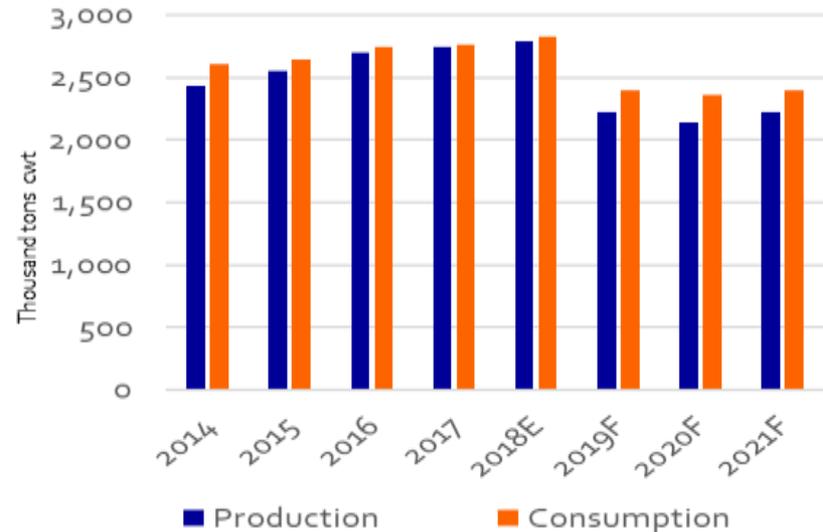


ASF has moved swiftly through Vietnam, and is now in Cambodia and Laos



Source: FAO; news media; OIE; Rabobank 2019

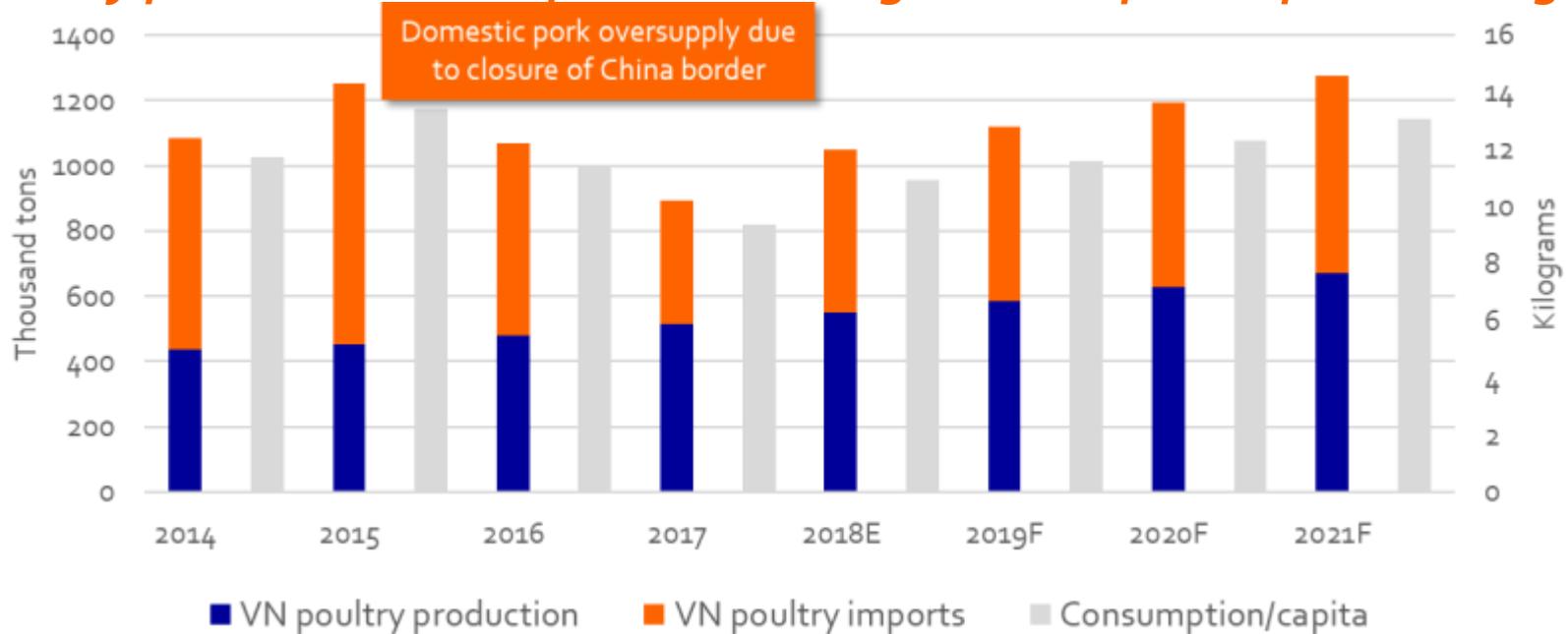
Given the development of ASF in China, Vietnam's production losses could run for years



Poultry demand seen rising in Vietnam in response to ASF



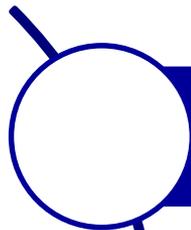
Poultry production and imports seen rising due to expected pork shortage



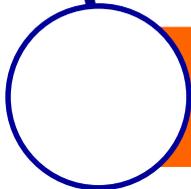


So what does this mean for marketing chicken?

In a complex, fast-moving world...



Keep it simple for consumers



Be aware, others might be smarter than us



Make it good (for you)

A simple message



Others are probably smarter than us



Make it good (for you)



the innocent news



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water, but fruity

innocent refreshers, our new blend of real fruit juice and mineral water.



The four issues that matter most to animal protein consumers



These issues stand out amongst the noise of claims and preferences

Health

Authenticity

Convenience

Trust



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