

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a Greek letter alpha (α) in orange, all on a dark red background.

Tyson Foods, Inc. F2Q09 (Qtr End 03/28/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Heather Jones - BB&T Capital Markets

Heather Jones - BB&T Capital Markets

I had a quick question on chicken, going back I think it was December or January, so you all have made comments regarding taking down your weight there as you work through inventory, and given that you returned a profitability in late February and I would presume a profitable now, are you intending to bring those weights back up or are you going to maintain lower weights for a while.

Donnie Smith

Our weight really hasn't changed meaningfully in Q2 versus Q1. We did draw down significantly our inventory. I don't expect a meaningful change in our, the mix in other words, of our current weight distribution among plants.

Heather Jones - BB&T Capital Markets

In your mix, but what the average weights in Q3 versus Q2.

Donnie Smith

I would not expect a meaningful change in our average live weight from Q2 to Q3.

Operator

Your next question comes from the line of Farha Aslam - Stephens, Inc.

Farha Aslam - Stephens, Inc.

Going back to chicken, you had mentioned that international demand has been strong, could you highlight more on how the swine flu or the H1N1 virus is impacting international demand for chicken and what that's doing for leg quarter pricing.

Rick Greubel

Yes, you're asking really about H1N1 and potentially the impact on chicken and I think its really too early to say if there's been any impact at all on chicken demand internationally and leg quarter pricing

specifically. What I will tell you that is impacting late quarter demand is increased liquidity into the major markets that we export our leg quarters too, and more importantly the reduction in inventory that occurred during the last quarter and both of those effects as well as maybe a third effect that some of the export markets, their economies are starting to recover a little bit, are having a positive impact on pricing.

Farha Aslam - Stephens, Inc.

And where are leg quarter pricing right now in the international markets.

Rick Greubel

Well if you look at just kind of the industry reported numbers, we have seen about an average increase that has gone from somewhere in the low 20's at the beginning of Q2 to something right now that is in the low 40's.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.