



# Livestock, Dairy, and Poultry Outlook: July 2022

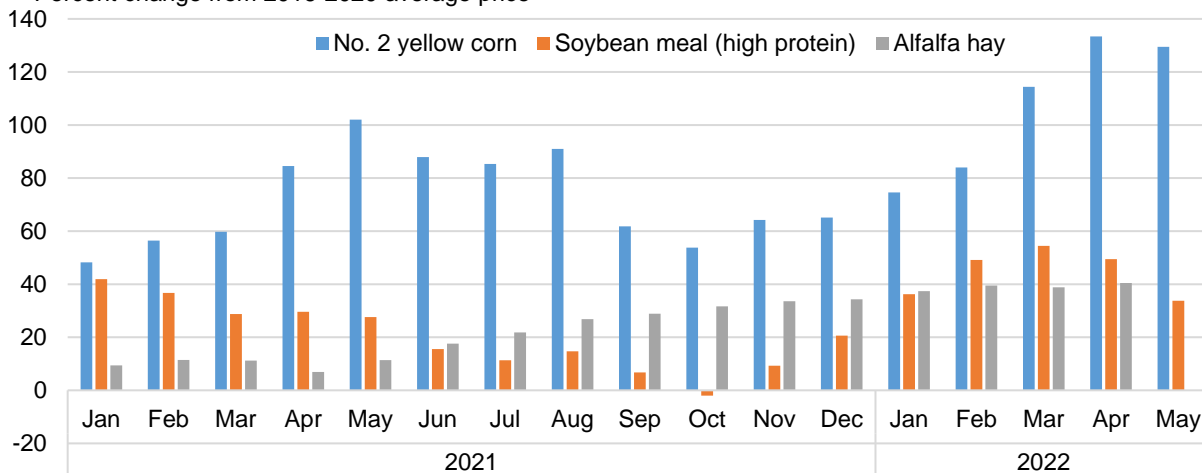
In this report:  
“Retail Beef Prices Rise After Input Price Hikes”  
[Special Article](#)

## Gains in Animal Feed Prices in 2021 and 2022

The figures below display recent price changes of key feed ingredients for livestock and poultry. Corn is the main ingredient in diets for cattle, swine, and poultry. Soybean meal is also commonly fed to livestock and poultry, and alfalfa hay is a significant part of cattle diets. The prices of these feed ingredients have been relatively high the past 2 years. Of these ingredients, corn has undergone the greatest rise in prices. In May 2021, the no. 2 yellow corn market price in Central Illinois had more than doubled from the 2016–2020 average corn price. In May 2022, this price was nearly 130 percent more than the 5-year average price. For high-protein soybean meal, the May 2021 market price was 28 percent above the 2016–2020 average, and in May 2022 it was 34 percent above the 5-year average price. For alfalfa hay, the May 2021 farm price was 11 percent above the 5-year average farm price, and in May 2022 it was 40 percent above the 5-year average. Feed is the highest input cost in livestock and poultry production, and rising feed prices have affected producer returns.

**Changes to animal feed prices from five-year average price**

Percent change from 2016-2020 average price



Source: USDA, Economic Research Service, Feed Grains Database.

## Summary

**Beef/Cattle:** Conditions continue to elevate beef cow culling rates and placement of calves on feed at a faster-than-expected pace. Lower expected carcass weights in second-half 2022 are more than offset by higher expected fed cattle slaughter in the fourth quarter. This slightly raised projected 2022 production; however, lower weights were carried into first-quarter 2023, marginally reducing next year's production. Fed cattle prices in third-quarter 2022 were raised on packer demand but unchanged in 2023. Feeder cattle prices are raised on tighter expected supplies. Import projections are unchanged, but exports are raised on Asian demand and stronger demand from smaller markets.

**Dairy:** The all-milk price in May 2022 was \$27.30 per hundredweight (cwt), \$0.20 higher than April and \$8.20 higher than May 2021. The all-milk price forecast for 2022 and has been lowered to \$26.15 per cwt (-5 cents), but the 2023 forecast has been raised to \$24.15 per cwt (+35 cents). The milk production forecasts for 2022 and 2023 have been decreased as lower expected yield per cow more than offsets steady expected milk cow numbers. Due to higher prices, which should be reflected at retail level, the domestic use for dairy products was adjusted lower for 2022 and 2023.

**Pork/Hogs:** Inventory changes and breeding expectations reported in the June *Quarterly Hogs and Pigs* suggest modest adjustments in pork production in the second half of 2022 and the first half of 2023. The pork export forecast for the balance of 2022 is reduced due to weak demand in important importing regions and declining competitiveness of U.S. pork in foreign markets, a result of the ongoing appreciation of the U.S. dollar from increasing U.S. interest rates.

**Poultry/Eggs:** The broiler production forecast for 2022 has been decreased by 25 million pounds. Broiler export expectations for 2022 were raised. Forecasts for both production and exports in 2023 are unchanged. The annual average forecast broiler price forecast for 2022 has been lowered to 152.9 cents per pound. The 2022 table-egg production forecast is revised up based on recent production indicators. Following the recent sharp price increases, the price (wholesale, New York, Grade A, Large) forecasts for the next four quarters are revised up. The egg and egg product export forecast for 2022 is revised down, while the 2022 import forecast is revised up. Turkey production forecasts are unchanged for the second quarter and raised slightly the third and fourth quarters of 2022 on strong poult placements. The 2023 production forecast is unchanged. Turkey ending stocks for 2022 and 2023 are unchanged. Turkey exports continue to recover from HPAI restrictions, and the forecast for 2022 is raised 15 million pounds. Import expectations for 2022 are raised as well as more imports cover for lowered production. The trade forecast for 2023 is unchanged. Turkey prices are raised 16 cents for the third quarter and 5 cents for the fourth quarter of 2022 and for each quarter of 2023.

**Special article: Special article: "Retail Beef Price Inflation Expected To Continue Concurrent With Input Price Hikes"**- The farm-to-retail price spread for beef remains higher than its 12-month average prior to the COVID-19 shutdown. Following 2 years of annual inflation of over 9 percent in 2020 and 2021, retail prices for beef and veal are projected to rise another 6 to 7 percent in 2022. This special article explores rising beef prices and recent price increases for key inputs, including feed, hay, fuel, and labor.

# Beef/Cattle

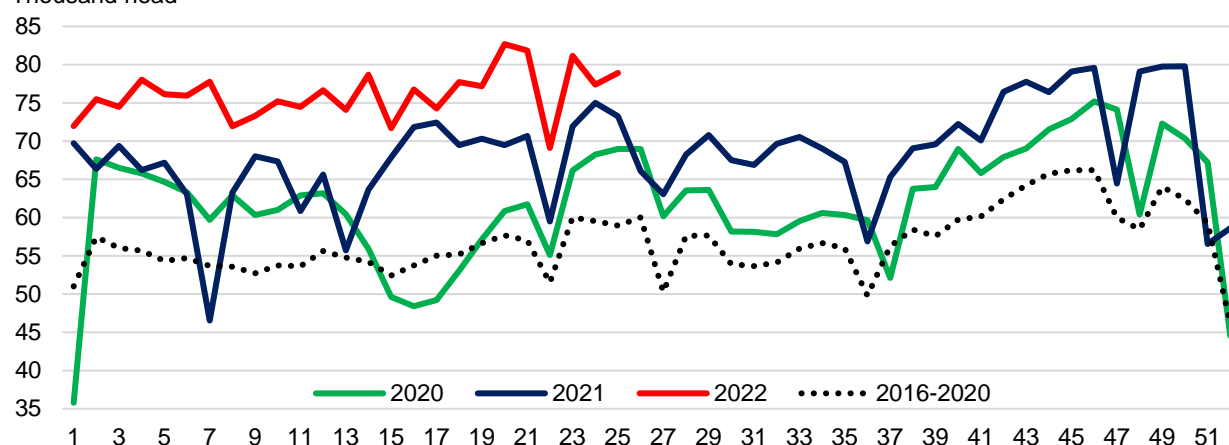
Russell Knight and Hannah Taylor

## Temporal Shifts in Slaughter More Than Offset Lower Weights

At the close of the year's second quarter, beef cattle producers continue to cull a large portion of their breeding herds, as shown in the following chart below of weekly volumes of Federally inspected beef cow slaughter for the previous 3 years.

### Weekly Federally inspected beef cow slaughter remains robust

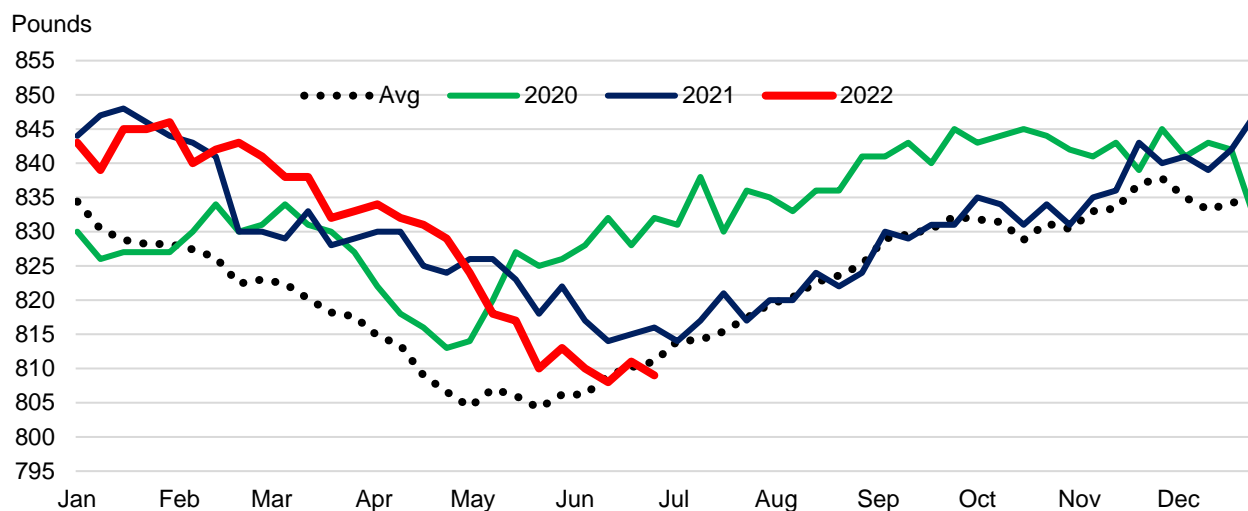
Thousand head



Source: USDA, Economic Research Service calculations using data from USDA, Agricultural Marketing Service.

When a higher number of cows are introduced into the slaughter mix, average carcass weights tend to decline, as cows weigh less than steers and heifers. Further, when fed cattle are marketed for slaughter in a timely manner, steer and heifer carcass weights tend to follow seasonal trends. With an increase in year-over-year cow slaughter and a faster pace of Federally inspected fed cattle slaughter, average carcass weights have dropped at a steeper-than-normal pace to levels below last year in the second quarter of 2022 (see chart below).

## Average cattle carcass weights decline below 2021 levels in second quarter



Source: USDA, Economic Research Service calculations using data from USDA, Agricultural Marketing Service.

Based on production data for April and May, USDA, Agricultural Marketing Service (AMS) actual weekly slaughter numbers, and weights through June 25 and estimated slaughter over the last days of the month, second-quarter 2022 production is unchanged from last month.

Despite the overall improved pace of fed cattle slaughter in the second quarter over the prior year, the pace is slower than expected in the previous forecast. As a result, anticipated fed cattle slaughter in third-quarter 2022 was lowered while cow slaughter was raised. Based on recent carcass weight data and a change in the projected slaughter mix, expected weights for the third quarter of 2022 were reduced. Overall, third-quarter production is projected 35 million pounds lower than the previous forecast.

In the latest *Cattle on Feed* report, USDA, National Agricultural Statistics Service (NASS) reported a June 1 feedlot inventory of 11.846 million head, a series record for the month and about 1 percent higher than June 2021. Feedlot net placements in May were down almost 3 percent year over year at 1.793 million head. Marketings in May were 1.914 million head, up over 2 percent year over year with 1 more weekday in the month. NASS will release the *Cattle* report on July 22, providing an opportunity to calculate the percent of cattle outside feedlots on July 1 and a glimpse into possible feedlot placements in second-half 2022.

Net placements in May were higher than expected, and as a result anticipated second-quarter 2022 net placements were raised. Along with a slower expected pace of steer and heifer slaughter in the third quarter, this is expected to lead to higher marketings in fourth-quarter 2022. Further, in the fourth quarter, anticipated cow slaughter was reduced as cows were pulled forward into the second and third quarters. Anticipated average carcass weights were also reduced. The increase in fed cattle slaughter in the fourth quarter more than offsets lower expected cow slaughter and lighter expected carcass weights, increasing projected production by 50 million pounds.

Projected commercial beef production in 2022 is up 15 million pounds to 27.9 billion pounds, nearly equal to last year. Beef production in 2023 is adjusted downward slightly as anticipated lower carcass weights were carried into the first quarter for an overall decline of 10 million pounds to 25.9 billion pounds.

## Support for Cattle Prices

Further, on July 11, the price for feeder steers 750–800 pounds at the Oklahoma City National Stockyards was reported at \$166.82 per cwt. Based on stronger than expected placements in May 2022 and current price data, the second-half 2022 price forecasts are raised for an annual forecast of \$163.30 per cwt. Feeder steer price forecasts in 2023 are raised \$1 to \$199.00 per cwt. Weekly fed steer prices reached a new high this year, moving counter-seasonally at \$146.16 per cwt during the week ending July 3. The fed steer price for the 5-area marketing region for the week ending July 10 was \$144.35 per cwt, more than \$22 above a year ago. A generally faster pace of slaughter from packers than last year, lighter weights, and strong boxed beef prices are providing support to fed cattle prices. Based on current price data, the third-quarter 2022 fed steer price is projected higher at \$139 per cwt, for a new annual price of \$141.30 per cwt. The 2023 fed steer price is unchanged from last month at \$153.00 per cwt.

## 2022 and 2023 Forecasts Raised on Record May Exports

Beef exports in May reached a new record for the month at 321 million pounds, the second-largest monthly export overall behind August 2021. Exports to China were over 55 million pounds, the second-largest shipment on record to that country. Exports to South Korea were the fourth-largest on record at nearly 75 million pounds.

As the table below shows, cumulative exports to all destinations from January through May this year were 6 percent above last year. The largest increase was to China, where the share of exports has increased 4 percent over last year. Increases to other countries not in the top 5 have also contributed to the strength in exports. Year-to-date exports to Taiwan were up 25 million pounds, over 35 percent above a year ago. The next five largest year-to-date increases were to Indonesia, Netherlands, Colombia, Dominican Republic, and the Philippines, a cumulative year-over-year increase of over 27 million pounds.

### U.S. beef exports by volume to top five destinations, Jan.–May 2021 and 2022 (in million pounds unless otherwise noted)

Country	May 2022 exports	Year-to-date exports				Share of YTD exports, percent	
		2022	2021	Year-over-year volume change	Year-over-year percent change	2021	2022
South Korea	74.9	347.2	340.5	6.7	2	25	24
Japan	75.9	332.5	345.0	-12.4	-4	25	23
China	55.1	254.0	181.0	72.9	40	13	17
Canada	24.5	112.1	113.4	-1.3	-1	8	8
Mexico	25.2	111.6	136.8	-25.2	-18	10	8
ROW	65.4	313.4	272.6	40.8	15	20	21
<b>Total</b>	<b>321.0</b>	<b>1,470.7</b>	<b>1,389.3</b>	<b>81.5</b>	<b>6</b>		

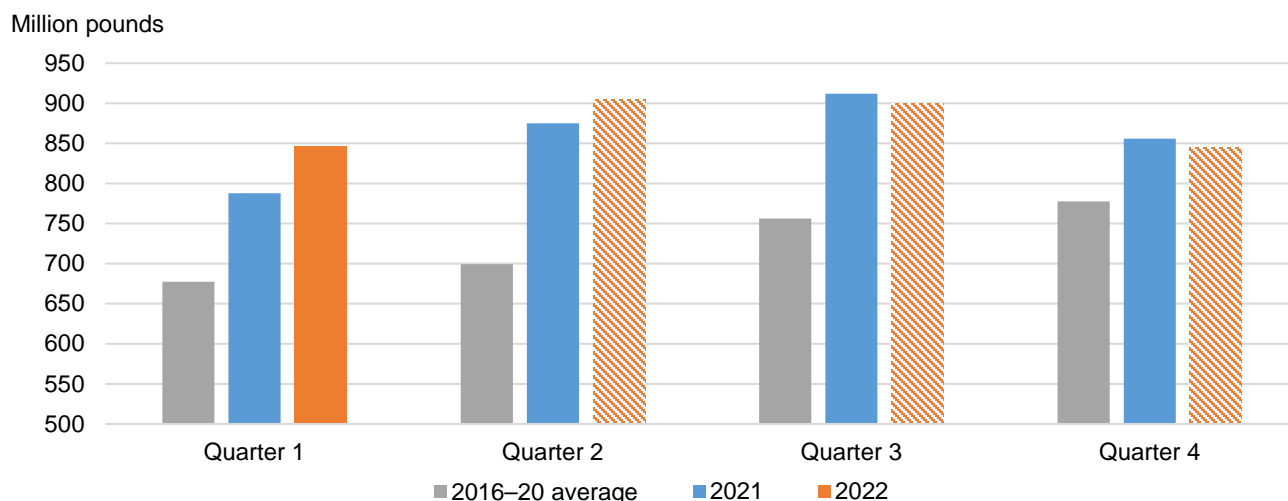
Notes: Top 5 countries based on 2022 year-to-date exports; YTD = year-to-date; ROW = rest of world.

Source: USDA, Economic Research Service calculations using data from U.S. Department of Commerce, Bureau of the Census.

Based on continued strong demand in Asia along with other smaller markets, the export forecasts for the second-, third-, and fourth-quarters of 2022 are increased 25 million pounds each to 905, 900, and 845 million pounds, respectively. However, as shown in the chart below, second-half 2022 is still expected to show a year-over-year decline of just over 1 percent.

Despite strong exports in the first half of the year, U.S. beef exports may continue to face obstacles over the remainder of the year, including supply chain issues and a strong U.S. dollar, making U.S. beef exports more expensive. The annual export forecast is increased 75 million pounds to 3.496 billion, a year-over-year increase of 2 percent.

### Quarterly U.S. beef exports



Note: 2022 quarters 2,3 and 4 are forecasts.

Source: USDA, Economic Research Service calculations using data from U.S. Department of Commerce, Bureau of the Census; USDA, World Agricultural Outlook Board.

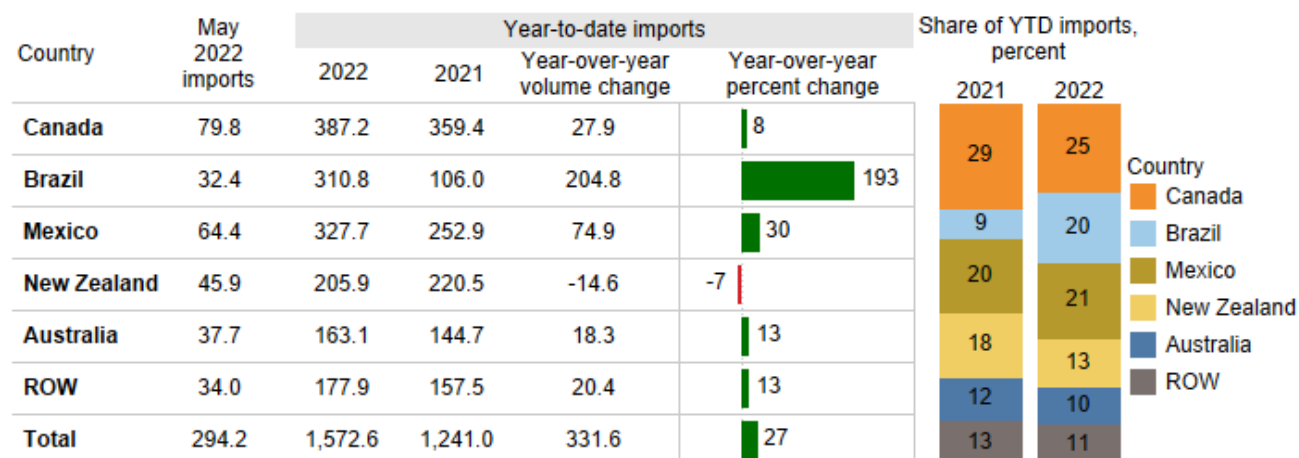
Based on continued demand for U.S. beef, the export forecast for first-quarter 2023 is increased 20 million pounds to 680 million and the second-quarter forecast is increased 10 million pounds to 750 million. The forecast for the second half of 2023 is raised an additional 10 million pounds, raising the annual forecast 40 million pounds to 2.980 billion.

## Beef Import Forecasts Unchanged From Last Month

Beef imports in May were 294 million pounds, a year-over-year increase of about 9 percent. Monthly imports from Brazil were up about 36 percent, and imports from Mexico were up over 15 percent. Imports from Australia were up 33 percent from last year. However, May imports from Canada and New Zealand were down year over year.

The table below shows that year-to-date total imports have increased nearly 27 percent. Among the top five suppliers, the only decrease has been from New Zealand, down 7 percent from last year. The largest increase has been from Brazil, which has sent 311 million pounds so far this year, an increase of nearly 200 percent. Imports from Brazil in May were 32 million pounds, 33 percent lower than in April. The quota under which the United States imports fresh beef from Brazil was filled in April. Therefore, for the remainder of the year, Brazil will be subject to a 26.4 percent tariff on the value of these imports. Monthly imports from Brazil have decreased month-over-month since March after the higher tariff was triggered at the beginning of April.

**U.S. beef imports by volume from top five suppliers, Jan.–May 2021 and 2022 (in million pounds unless otherwise noted)**



Notes: Top 5 countries based on 2022 year-to-date imports; YTD = year-to-date; ROW = rest of world.

Source: USDA, Economic Research Service calculations using data from U.S. Department of Commerce, Bureau of the Census.

The second-quarter import forecast remains unchanged from last month at 890 million pounds. The forecasts for the remainder of this year also remain unchanged, for an annual forecast of 3.515 billion pounds. The 2023 annual forecast is unchanged from last month at 3.200 billion pounds, a year-over-year decrease of 9 percent.

# Dairy

Angel Terán

## Recent Wholesale Dairy Product Prices

From the week ending June 11 to the week ending July 9, dairy product prices reported in the USDA *National Dairy Products Sales Report* (NDPSR) declined for cheese and dry whey but were raised for butter and nonfat dry milk (NDM). The price of 40-pound blocks of Cheddar cheese decreased 13.9 cents to \$2.2034 per pound, and the price of 500-pound barrels (adjusted to 38-percent moisture) decreased 13.7 cents to \$2.2306 per pound. The price of dry whey declined to \$0.5264 (-9.4 cents). Prices for butter and NDM increased to \$2.9740 (+7.2 cents), and \$1.8423 (+2.3 cents) per pound, respectively.

### Dairy wholesale product prices, June 11 and July 9, 2022

Dollars per pound

	For the week ending		Change
	Jun 11	Jul 9	
Butter	2.9023	2.9740	0.0717
Cheddar cheese			
40-pound blocks	2.3421	2.2034	-0.1387
500-pound barrels *	2.3678	2.2306	-0.1372
Nonfat dry milk	1.8198	1.8423	0.0225
Dry whey	0.6207	0.5264	-0.0943

\* Adjusted to 38-percent moisture.

Source: USDA, Agricultural Marketing Service, *National Dairy Products Sales Report*, July 13, 2022.

For the trading week ending July 8,<sup>1</sup> the spot price for 40-pound blocks of Cheddar cheese traded on the Chicago Mercantile Exchange (CME) averaged \$2.0913 per pound and averaged \$2.1756 per pound for 500-pound barrels, both lower than the most recent NDPSR prices. Prices for butter, NDM, and dry whey were also lower than the most recent NDPSR prices, averaging \$2.9475, \$1.7469, and \$0.4925 per pound, respectively.

Except for Oceania butter, U.S. wholesale prices of major dairy products have continued to be competitive compared to international export prices.<sup>2</sup> For the month of June, Oceania and Western Europe export prices for butter were \$2.74 and \$3.58 per pound, respectively. Skim milk powder (SMP) export prices for Oceania and Western Europe were \$1.93 and \$1.96 per pound, respectively. The Oceania export price for cheese was \$2.41 per pound. The Western Europe dry whey export price averaged \$0.66 per pound in June.

<sup>1</sup> While the end of each week for NDPSR average prices falls on a Saturday, the trading week for CME usually ends on a Friday.

<sup>2</sup> The source for Oceania and Western Europe prices is USDA *Dairy Market News*. International prices are in U.S. dollars, free on board (F.O.B.) port. Prices listed in this report are at the midpoints of the ranges.



### Dairy product export prices for Oceania and Europe, May–June, 2022

Dollars per pound

Product	Region	May 2022	Jun 2022	Change
Butter	Oceania	2.801	2.744	-0.057
	Western Europe	3.460	3.576	0.116
Cheddar cheese	Oceania	2.685	2.414	-0.271
Skim milk powder	Oceania	1.891	1.932	0.041
	Western Europe	1.974	1.959	-0.015
Dry whey	Western Europe	0.699	0.655	-0.044
Whole milk powder	Oceania	1.750	1.843	0.093
	Western Europe	2.556	2.536	-0.020

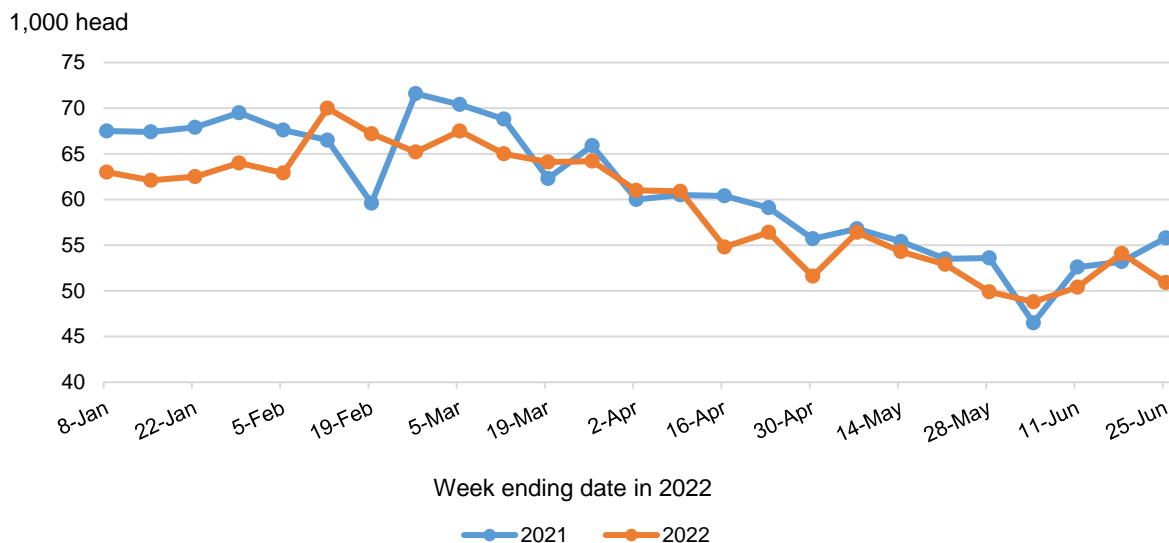
Source: USDA, Agricultural Marketing Service, *Dairy Market News*.

## Recent Dairy Supply and Use Data

According to USDA, National Agricultural Statistics Service (NASS), in May 2022 milk production in the United States totaled 19.7 billion pounds, down 0.7 percent from May 2021. The number of milk cows on farms totaled 9.41 million head in May, 2,000 head more than the previous month but 102,000 head less than May 2021. May milk production per cow averaged 2,096 pounds, 8 pounds above the same month in 2021.

The May all-milk price was \$27.30 per hundredweight (cwt), \$0.20 higher than April and \$8.20 higher than May 2021. The alfalfa hay price in May 2022 was \$244 per short ton, \$1 higher than April and \$34 higher than May 2021. The 5-State weighted-average price for premium alfalfa hay in May 2022 was \$274 per short ton, \$3 higher than April and \$48 higher than May 2021. Although farmgate prices are relatively high, the high cost of cattle feed and relatively low inventory of replacement heifers appears to have limited expansion in the number of cows. So far this year, dairy cow slaughter rates are relatively low, as the chart below shows.

## Weekly federally inspected milk cow slaughter



Source: USDA, Agricultural Marketing Service.

Dairy exports were strong in May, setting a record high for that month. On a milk-equivalent milk-fat basis, May exports totaled 1.177 billion pounds, 33 million pounds below April but 168 million pounds higher than May 2021. On a milk-equivalent skim-solids basis, May dairy exports totaled 4.999 billion pounds, 355 million higher than April and 175 million higher than May 2021. Notably, May exports of cheese totaled 89.0 million pounds, 21 million higher than May 2021 (a year-over-year increment of 31.0 percent). May exports of whey products<sup>3</sup> were also robust at 126.9 million pounds, 2.1 million higher than May 2021. Lactose exports totaled 96.4 million pounds in May, 13.7 million higher than May 2021, reaching a new record high for any month.

Dairy imports were also strong in May. On a milk-fat basis, May imports totaled 653 million pounds, 10 million higher than April and 125 million above May 2021. On a skim-solids basis, May imports totaled 573 million pounds, 49 million higher than April and 75 million higher than May 2021. Notably, imports of milk protein products in May totaled 27.3 million pounds, 7.2 million higher than April and 3.4 million higher than May 2021. In May, imports of butterfat products<sup>4</sup> totaled 17.4 million pounds, 1.1 million higher than April and 5.8 million higher than May 2021.

For the 3-month period from March to May 2022, domestic use on a milk-fat basis totaled 54.305 billion pounds, 1.4 percent lower than the same period in 2021. On a skim-sold basis, March-through-May domestic use totaled 44.842, 1.9 percent lower than the same 3-month period of 2021. For the 3-month period from March to May 2022, domestic use totals for American cheese and dry skim milk products were 59.3 million and 48.4 million lower, respectively, than the same 3-month period in 2021. On the other hand, from March to May 2022, domestic use totals for other-than-American cheese and dry whey were 65.4 million and 36.3 million pounds higher, respectively, than the same period in 2021.

May ending commercial stocks on a milk-fat basis totaled 18.049 billion pounds, 1.050 billion higher than April. On a skim-solids basis, May ending commercial stocks totaled 12.516 billion

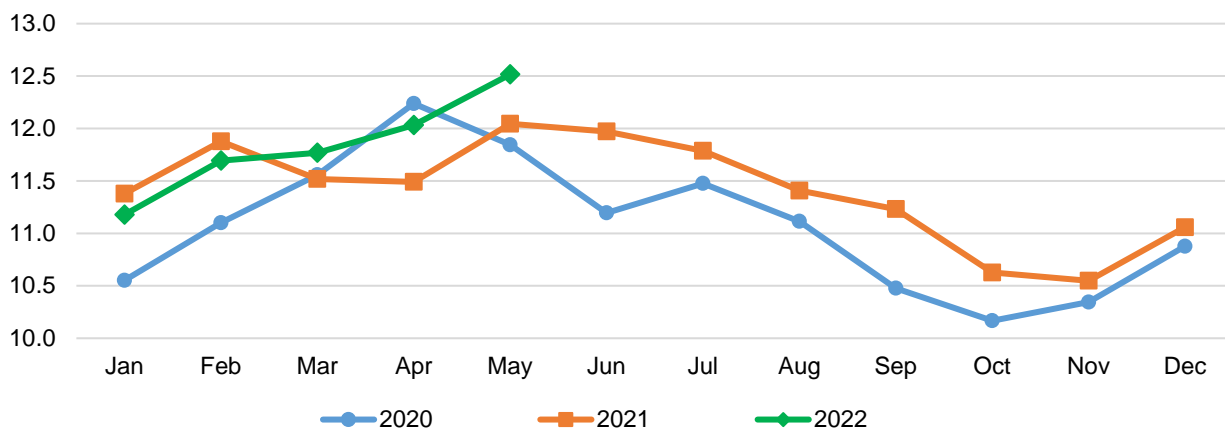
<sup>3</sup> Whey products include dry whey, whey protein concentrate, modified whey, and milk albumin.

<sup>4</sup> Butterfat products include butter, anhydrous milkfat, butteroil, and high milk-fat dairy spreads.

pounds, a record high for any month and an increase of 483 million from April. The biggest increase in ending stocks from May 2021 to May 2022 was for natural cheese, with an increase of 53.6 million pounds. The year-over-year increase for lactose in May was 41.3 million pounds. The most noticeable declines in ending stocks from May 2021 to May 2022 were for butter, down 92.3 million pounds, and dry skim milk products (NDM and dry skim milk for animal use), down 33.8 million.

### Ending stocks, skim-solids milk-equivalent basis

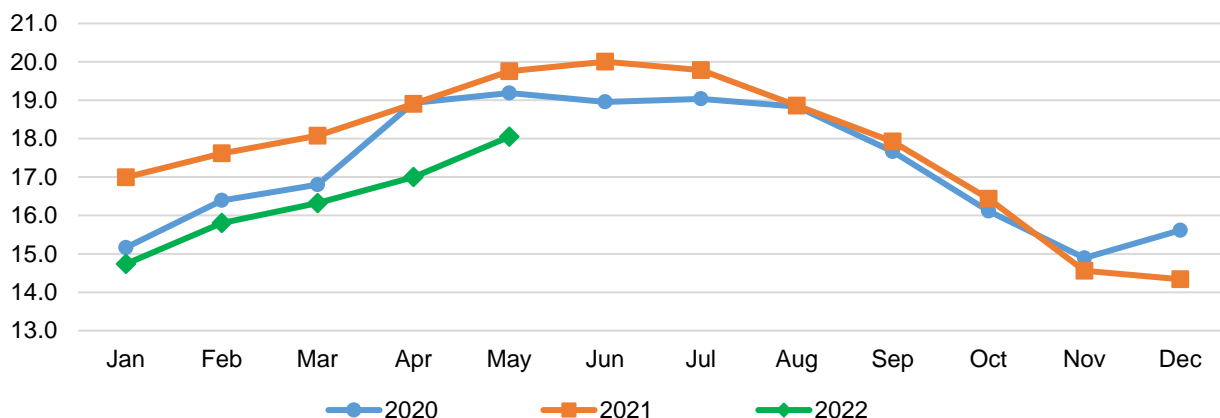
Billion pounds



Source: USDA, Economic Research Service calculations; USDA, National Agricultural Statistics Service.

### Ending stocks, milk-fat milk-equivalent basis

Billion pounds



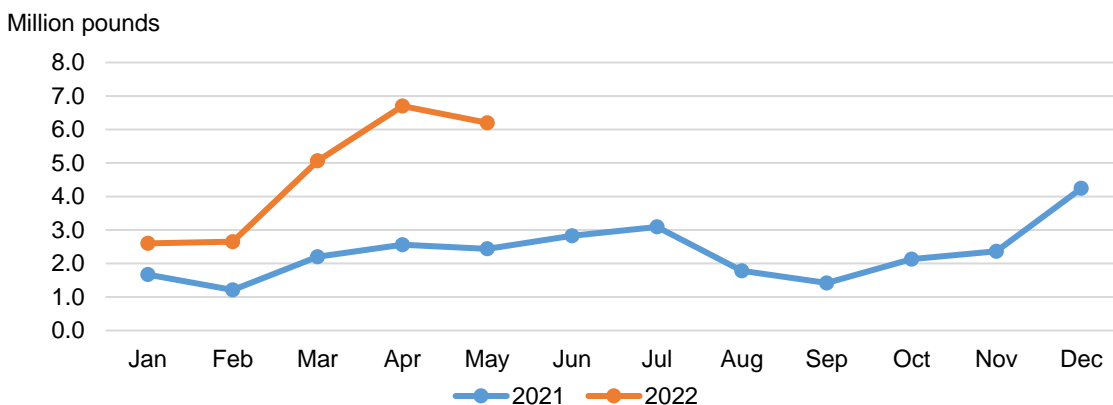
Source: USDA, Economic Research Service calculations; USDA, National Agricultural Statistics Service.

## Infant Formula Imports Down in May

Infant formula imports, which fall under a broader category of “preparations suitable for infant and young children, put up for retail sale,” decreased from April to May 2022. Excluding certain non-dairy products, imports of these products totaled 6.2 million pounds in May 2022. This

marked a 0.5-million-pound decrease from April but a 3.8-million-pound year-over-year increase from May 2021.

### United States imports of preparations suitable for infants and young children, put up for retail sale\*



\*Includes most products imported under Harmonized Tariff Schedule number 1901.10. Does not include products that are specifically designated as non-dairy products.

Sources: USDA, Economic Research Service calculations; USDA, Foreign Agricultural Service; and U.S. Department of Commerce, Bureau of the Census.

On June 10, the U.S. Food and Drug Administration (FDA) provided an update on recent increased flexibilities regarding importation of certain infant formula products to ease the current infant formula supply shortage. Early in July, a major infant formula manufacturer started limited production after being shut down due to heavy rains.

## Dairy Forecasts for 2022

Based on recent data, the projection for milk cows for 2022 is 9.400 million head, unchanged from the previous month. The projected annual yield per cow for 2022 has been lowered to 24,040 pounds, 50 pounds less than the previous month's estimate due to higher feeding costs. The milk production forecast for 2022 has been lowered to 226.0 billion pounds, 0.4 billion lower than last month.

Due to strong exports in May 2022, dairy export forecasts are projected upward in 2022. On a milk-fat basis, exports are 12.2 billion pounds, 0.2 billion pounds higher from last month's projection. On a skim-solids basis, exports are forecast at 50.5 billion pounds, 0.4 billion higher than forecast last month. With competitive prices on international markets, higher exports of NDM, dry whey products, cheese, butter, and lactose are expected throughout 2022.

The 2022 import forecast on a milk-fat basis is 7.1 billion pounds, 0.1 billion higher than last month's forecast due to higher anticipated imports of butterfat products. On a skim-solids basis, the projection for imports is 6.1 billion pounds, unchanged from last month's projections.

The 2022 domestic forecast is adjusted down due to lower-than-anticipated domestic use in May; lower domestic use is expected the second, third and fourth quarters of the year. On a milk-fat basis, the 2022 domestic use projection is 221.2 billion pounds, 0.6 billion lower than last month's forecast. On a skim-solids basis, the 2022 domestic use forecast is 180.5 billion pounds, 0.9 billion lower than last month's forecast.

The 2022 price forecast for cheese is \$2.185 per pounds (-1.0 cent), with high stock levels contributing to the lower forecast. The price forecast for butter is \$2.780 (+1.5 cents) per pound, as demand remains strong. However, 2022 price forecasts for NDM and dry whey are unchanged from last month's forecasts, at \$1.755 and \$0.640 per pound, respectively.

The Class III price forecast for 2022 has been adjusted to \$22.80 per hundredweight (cwt), 10 cents lower than last month's forecast due to lower cheese prices. The 2022 Class IV price was adjusted to \$24.70 per cwt, 5 cents higher than last month's projection due to higher butter prices. The all-milk price forecast for 2022 is \$26.15 per cwt, 5 cents lower than the June forecast.

## Dairy Forecasts for 2023

Following the 2022 forecast, milk cow numbers projected for 2023 are expected to remain steady at 9.400 million head. The forecast for milk per cow is 24,290 pounds, 110 pounds lower than last month's forecast but 250 pounds higher than 2022 forecast. The projection for 2023 milk production has been lowered to 228.3 billion pounds, 1.0 billion lower than last month's forecast but 2.3 billion pounds above the 2022 forecast.

On a milk-fat basis, the export forecast for 2023 is 11.6 billion pounds, unchanged from last month's forecast. In 2023, dairy exports are projected to total 51.0 billion pounds on a skim-solids basis, 0.1 billion higher than the previous month's forecast, as strong skim exports of dry skim milk products are expected in 2023. The dairy import forecasts are unchanged from last month's projection, at 6.9 billion pounds on a milk-fat basis and 6.0 billion pounds on a skim-solids basis.

Due to higher projected domestic prices and a lower expected farm milk supply, the 2023 forecast for domestic use is adjusted down. On a milk-fat basis, the annual domestic use forecast for 2023 is 221.8 billion pounds, 0.9 billion lower than the previous forecast. On a skim-solids basis, the forecast for domestic use is 181.4 billion pounds, 1.1 billion lower than last month's forecast.

Due to recent price strength trends and lower expected milk production, 2023 wholesale price forecasts for Cheddar cheese, butter, and NDM have been adjusted upward from last month's projections to \$2.070 (+2.0 cents), \$2.440 (+5.5 cents), and \$1.640 (+2.0 cents) per pounds, respectively. However, the 2023 price forecasts of dry whey are slightly down at \$0.510 (-0.5 cent) per pound, due to recent weakness in international whey prices.

Due to the higher cheese price projection, the Class III milk price forecast for 2023 is \$20.85 per cwt, \$0.35 higher than the previous month's forecast. With higher butter and NDM price forecasts, the Class IV milk price projection for 2023 is \$22.30 per cwt, \$0.40 higher than last month's forecast. The all-milk price forecast for 2023 is \$24.15 per cwt, an increase of \$0.35 from last month's forecast.

# Pork/Hogs

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Mildred Haley

## The June Quarterly Hogs and Pigs Report: Very Little Drama

The *Quarterly Hogs and Pigs* report released by USDA on June 29 showed 1-percent reductions across almost all June 2022 enumerated categories—inventories of hogs and pigs, breeding inventories, weight classes, first-half 2022 farrowings, second-half 2022 farrowing intentions, and first-half 2022 pig crops—compared with year-earlier values. Only the March–May litter rate, at 11 pigs per litter, was fractionally higher from a year earlier. What modest impact the report will likely have on current forecasts for commercial pork production in the second-half of 2022 and in the first-half of 2023 comes mostly through small revisions in first-half 2022 farrowings and small year-over-year declines in second-half 2022 farrowing intentions. The modest pork production changes implied by the June report suggest similarly minor adjustments to 2022 and 2023 hog price forecasts.

The June report adjusted first-half 2022 farrowings upward by 15,000 head, from 5.889 million to 5.904 million. This change, mostly a revision for the first quarter, bumped up the first-half pig crop slightly, by 123,000 head (out of a first-half pig crop of almost 65 million head). The practical effect of the farrowing revision for third-quarter commercial pork production is to leave the forecast little changed from last month at 6.6 billion pounds, a fractional decrease from a year ago. The fourth-quarter 2022 pork production forecast was only slightly impacted by the farrowing revision, due again, to the minimal farrowing change. Fourth-quarter pork production is expected to be about 7.1 billion pounds, 1.5 percent below a year ago. Correspondingly, third- and fourth-quarter forecasts for average prices of live equivalent 51-52 percent lean hogs are unchanged from last month: \$76 per cwt for the third quarter and \$66 per cwt for the fourth quarter.

The June report indicates that producers intend to farrow 1 percent fewer animals in the second half of 2022 compared with a year ago. This 6-month period includes producers' second intentions for the June–August quarter of 3.019 million head, 12,000 head lower than producers' first intentions reported in the March *Quarterly Hogs and Pigs*, as well as producers' first intentions for the September–November quarter of 3.007 million head. If producers follow through on their stated intentions, and with modest increases in litter rates, the resulting pig crops would yield a first-quarter 2023 commercial pork production of about 7 billion pounds, unchanged from last month and 1.4 percent above year-earlier production. Second-quarter 2023 commercial production is expected to be 6.5 billion pounds, about 1.7 percent below a year earlier. This small increase (67 million pounds) from last month's second-quarter forecast is largely attributable to higher expected imports of Canadian hogs for immediate slaughter.

Adjustments to first-half 2023 hog price forecasts are limited, given the modest changes set out in the June report. The first-quarter hog price forecast is unchanged at \$66 per cwt. The second-quarter 2023 forecast is reduced by \$1 to \$74 per cwt, corresponding with the slight upward post-report production adjustment. For 2023, annual hog prices are expected to average about \$70 per cwt.

## May Exports Sharply Lower

U.S. pork exports were about 549 million pounds in May, almost 20 percent below volumes shipped a year ago. Sharply lower exports to China\Hong Kong combined with generally weak demand from other Asian and Western Hemisphere countries more than offset increased shipments to Mexico (+16 percent), Colombia (+19 percent), and the Dominican Republic<sup>4</sup> (+118 percent). Major characteristics of May pork exports are summarized in the table below.

<b>U.S. pork exports: Volumes and export shares of the 10 largest foreign destinations in May 2021 and 2022</b>					
Country	Exports		Percent change (2022/2021)	Export share	
	May 2021	May 2022		May 2021	May 2022
	(Million pounds)	(Million pounds)		Percent	Percent
World	684,730	548,720	-19.9		
Mexico	165,289	192,263	16.3	24	35
Japan	114,679	99,577	-13.2	17	18
South Korea	56,609	52,474	-7.3	8	10
China\Hong Kong	160,428	48,666	-69.7	23	9
Canada	46,754	39,887	-14.7	7	7
Colombia	23,777	28,397	19.4	3	5
Dominican Republic	11,433	24,927	118.0	2	5
Australia	17,159	14,646	-14.6	3	3
Honduras	13,756	11,283	-18.0	2	2
Philippines	30,362	9,292	-69.4	4	2

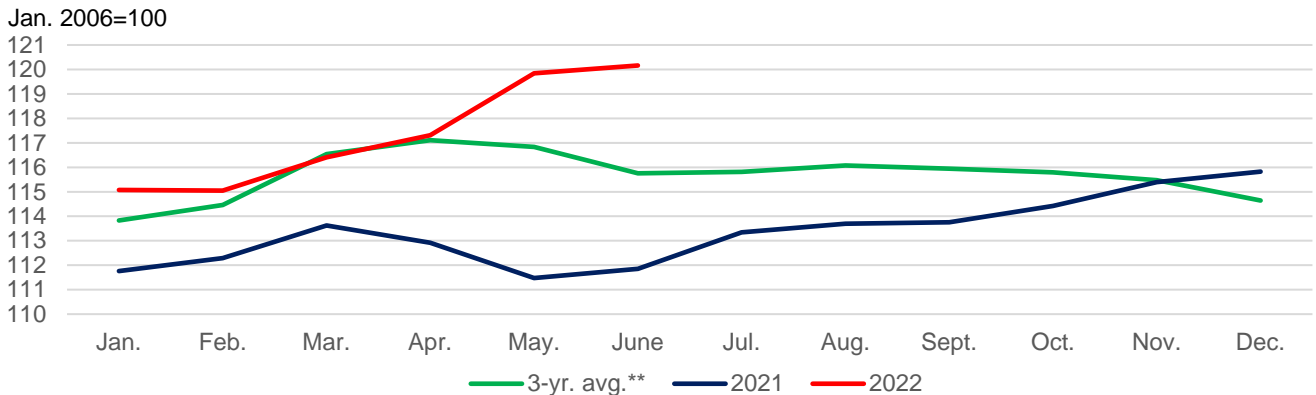
Source: USDA, Economic Research Service.

Forecasts for U.S. pork exports in 2022 are reduced 45 million pounds—about 0.7 percent from last month—on continued lukewarm foreign demand and declining competitiveness of U.S. pork in important foreign markets due to an appreciating U.S. dollar. It is notable that as the Board of Governors of the Federal Reserve System raises U.S. interest rates, the value of the U.S. dollar typically appreciates, eroding the competitiveness of U.S. pork in foreign markets. The recent upward trajectory of the value of the U.S. dollar is represented in the figure below by the Nominal Broad Dollar Index, calculated by the Federal Reserve. The Index is a weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of major U.S. trading partners.<sup>5</sup> Also noteworthy in the figure is the discrete jump in the May index from 117.3 to 119.84, the month in which the Federal Reserve increased the Federal funds rate by 50 basis points. Further increases in U.S. interest rates are likely to appreciate the value of the dollar and reduce competitiveness of U.S. pork in foreign markets.

<sup>4</sup> The United States exports pork cuts, free of tariff barriers, to Colombia under the terms of the U.S.-Colombia Trade Promotion Agreement (entered into force May 15, 2012), and to the Dominican Republic, under the terms of the Dominican Republic-Central America Free Trade Agreement (signed August 5, 2004).

<sup>5</sup> Board of Governors of the Federal Reserve System. Foreign Exchange Rates-H.10.

## Nominal Broad Dollar Index\*



\*Higher values of the index indicate U.S. dollar appreciation.

\*\*3-year average = 2019–2021.

Expectations for lower 2022 exports are distributed across the remaining quarters of the year as follows: Expected second-quarter exports are reduced by 10 million pounds to 1.61 billion pounds, more than 15 percent below a year earlier. The third-quarter export forecast is reduced to 1.575 billion pounds from 1.6 billion pounds, almost 2 percent above exports last year, and the fourth-quarter forecast is lowered 10 million pounds, to 1.85 billion pounds, almost 12 percent above the year-earlier exports. The total projection for the year, 6.576 billion pounds, is 6.4 percent lower than exports in 2021.

For 2023, total pork exports for the year are expected to be 6.515 billion pounds, about 5 million pounds higher than last month's forecast but 1 percent lower than expected exports this year. The first-quarter 2023 forecast is raised 100 million pounds to 1.64 billion pounds, as increasing 2022 hog and pork prices in China likely signal supply deficits with lagged import demand increases expected in the first half of 2023. Second-quarter U.S. exports are forecast at 1.63 billion pounds, about 1 percent higher than shipments in the April–June quarter of 2022.



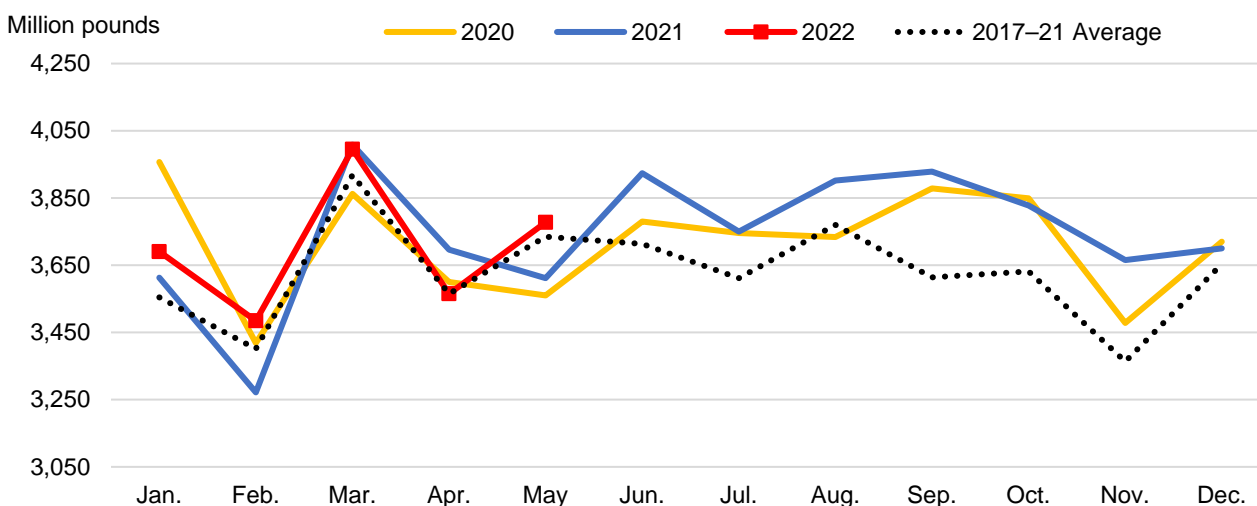
# Poultry

Grace Grossen, Adriana Valcu-Lisman, and Margaret Cornelius

## Broiler Production Decreased Slightly in 2022

May broiler production totaled 3.778 billion pounds, 4.6 percent more than the same month last year. This increase was partially a result of an additional slaughter day compared with last May. On a similar per day basis, slaughter was 5.6 percent higher. However, this was partly offset by lower bird weights. Average weights in May were 0.6 percent below a year ago but were slightly higher than April. Preliminary data does not indicate that June production was much stronger than last year. Consequently, the second-quarter production estimate was revised down to 11.250 billion pounds.

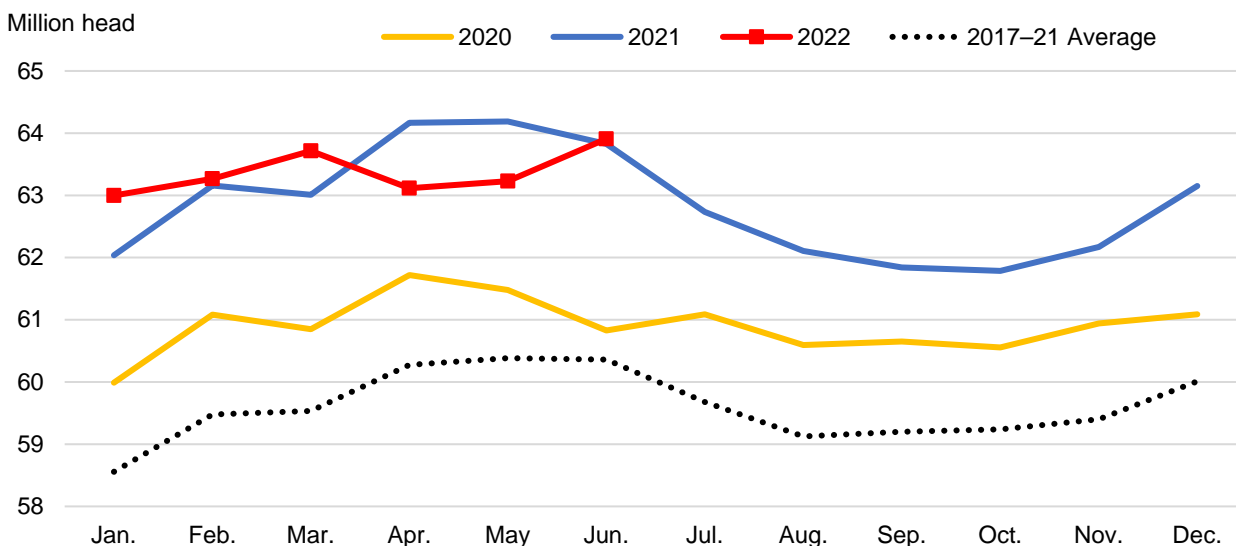
### Monthly broiler production



Source: USDA, National Agricultural Statistics Service.

The inventory of broiler-type layers on the first of May was revised up to 63.2 million head, only 1.5 percent below the same time a year ago. Inventory on June 1 increased over the May inventory by 1 percent, bringing it to about the same level as on June 1, 2021. As a result, the third-quarter production forecast was adjusted up by 25 million pounds to 11.625 billion pounds. With the fourth-quarter forecast remaining unchanged at 11.250 billion pounds, the 2022 forecast is now 45.295 billion pounds, an increase of 1 percent over 2021 production. The 2023 production forecast is unchanged at 45.675 billion pounds, representing 1-percent growth over 2022.

## Inventory of broiler-type layers on the first of the month, 2017–2022



Source: USDA, National Agricultural Statistics Service.

## Broiler Export Forecast Adjusted Up Slightly

May broiler exports were estimated at 657.5 million pounds, an increase of 9.7 percent over May 2021. Among the major destinations for U.S. broiler meat, large year-over-year increases in shipments to Mexico (+23.0 million pounds), Taiwan (+41.3 million pounds), the United Arab Emirates (+15.4 million pounds), and the Philippines (+6.2 million pounds) helped to offset decreases in shipments to Cuba (-30.7 million pounds), China (-7.8 million pounds), Canada (-5.1 million pounds), and Guatemala (-7.1 million pounds). Based on strong May shipments, forecast 2022 exports were adjusted up by 20 million pounds to 7.416 billion pounds.

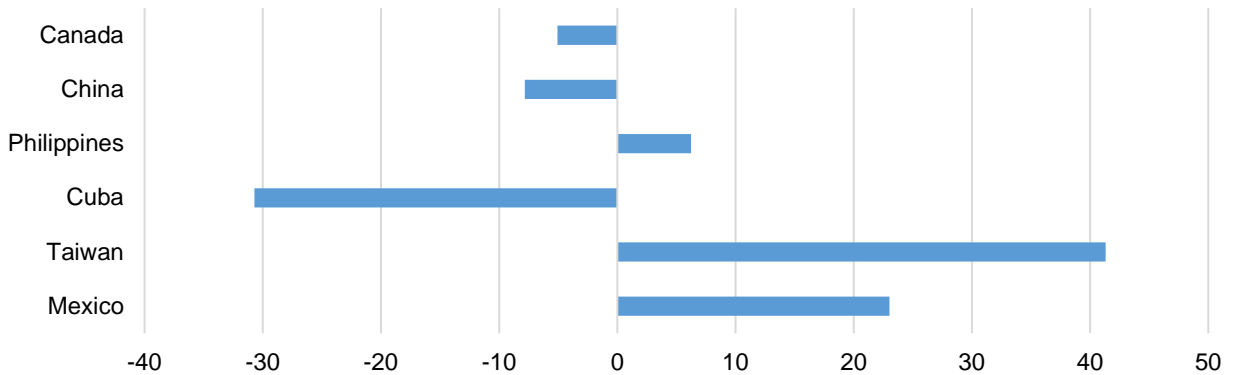
Country	Volume (million pounds)			Export share (percent)	
	May 2021	May 2022	Change in volume	May 2021	May 2022
<b>Mexico</b>	132.542	155.572	23.031	22.1	23.7
<b>Taiwan</b>	34.439	75.759	41.319	5.7	11.5
<b>Cuba</b>	62.122	31.412	-30.710	10.4	4.8
<b>Philippines</b>	33.858	40.092	6.233	5.7	6.1
<b>China</b>	27.462	19.640	-7.822	4.6	3.0
<b>Canada</b>	29.523	24.461	-5.063	4.9	3.7
<b>Guatemala</b>	27.996	20.905	-7.092	4.7	3.2
<b>Angola</b>	14.404	14.831	0.427	2.4	2.3
<b>Vietnam</b>	14.621	17.223	2.602	2.4	2.6
<b>Haiti</b>	15.721	19.711	3.990	2.6	3.0
<b>South Africa</b>	11.219	10.934	-0.286	1.9	1.7
<b>United Arab Emirates</b>	5.590	20.990	15.400	0.9	3.2
<b>ROW</b>	189.660	205.976	16.316	31.7	31.3
<b>World</b>	599.158	657.505	58.346		

Note: Largest markets are based on 2022 year-to-date export volumes. ROW = Rest of World.

Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census.

While the same six partners accounted for just over half of broiler exports, the respective shares have shifted. Taiwan's share more than doubled from 5.7 to 11.5 percent, while Cuba's share dropped from 10.4 to 4.8 percent. Shares for the Philippines and Canada are similar to last year, with the Philippines gaining about half-a-percentage-point and Canada declining by 1.2 percentage points. The share of exports to Mexico, the largest destination for U.S. broiler meat, increased by 1.5 percentage points.

**Change in export shipments to top six partners from May 2021 to May 2022, million pounds**

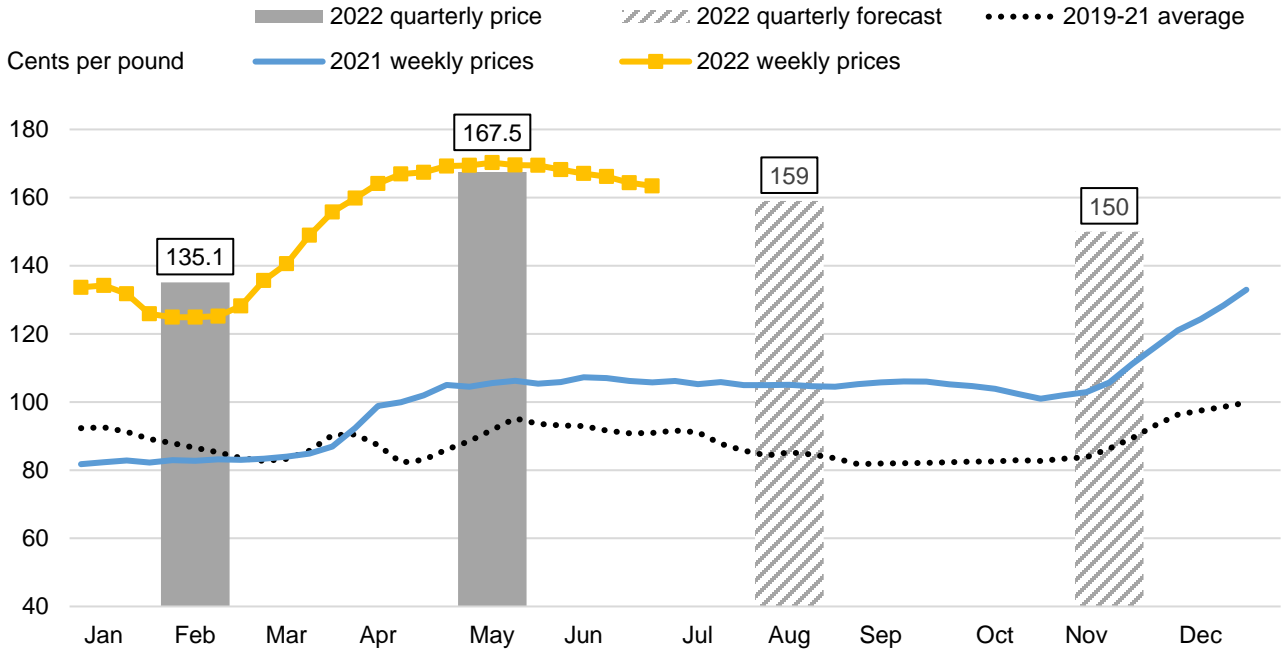


Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census.

## Wholesale Broiler Prices Declined From May Peak

The June average wholesale composite whole-broiler price was 165.83 cents per pound, making the second-quarter average 167.5 cents per pound. Weekly prices have continued the decline that began in mid-May, averaging 162.48 cents per pound in the first week of July. The third-quarter forecast price was decreased by 6 cents to 159 cents per pound on this price softening. Forecasts for the fourth-quarter of 2022 and all of 2023 remain unchanged.

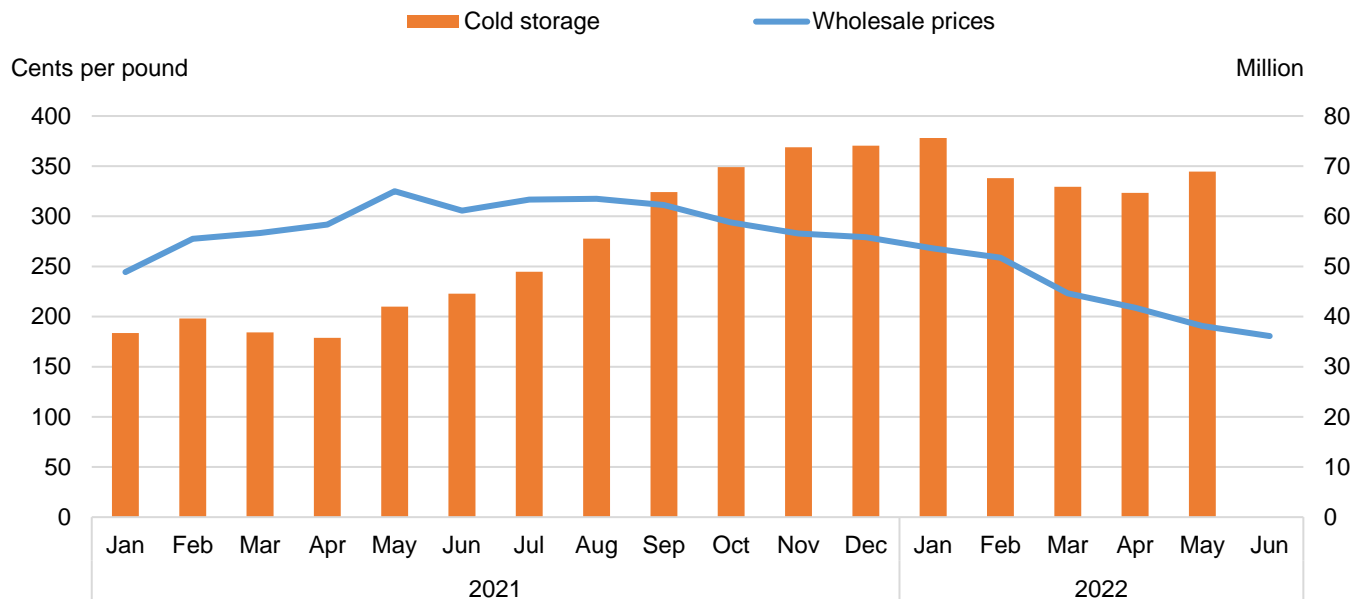
### National composite wholesale broiler price



Source: USDA, Agricultural Marketing Service and USDA, *World Agricultural Supply and Demand Estimates*.

While wholesale prices for most chicken parts, including legs, tenders, and thighs, increased month over month, prices for both boneless skinless breasts and wings have decreased. Wing prices have been declining since late summer 2021, but the June average fell to 180.59 cents per pound, the lowest since June of 2020. While wings in cold storage are down from the peak at the end of January, they increased 6.5 percent from the end of April to the end of May. Greater availability of wings in a season without a major sporting event to drive demand likely helped pull prices down.

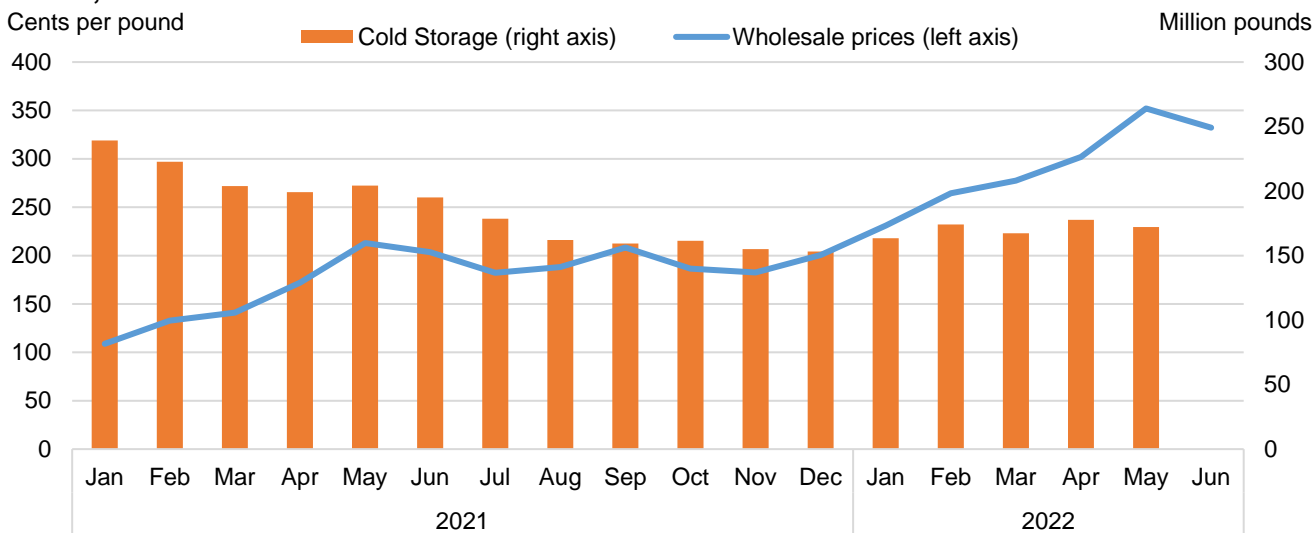
### Chicken wing wholesale prices and cold storage stocks at the end of the month, Jan 2021-Jun 2022



Source: USDA, Agricultural Marketing Service and USDA, National Agricultural Statistics Service.

Wholesale prices for boneless/skinless chicken breasts finally fell from record highs to 332.13 cents per pound on average in June. This is 129 cents above the previous June but a decrease of 20 cents from the May average. While breast meat in cold storage is still below average, it has leveled off in recent months, ending May 2022 at 172 million pounds. Relatively small changes in stocks from one month to the next indicate that demand is likely not outpacing the month's production, nor is monthly production outpacing the month's demand. This likely lessened the upward pressure on prices.

**Boneless/skinless chicken breast wholesale prices and cold storage stocks at the end of the month, Jan 2021–Jun 2022**

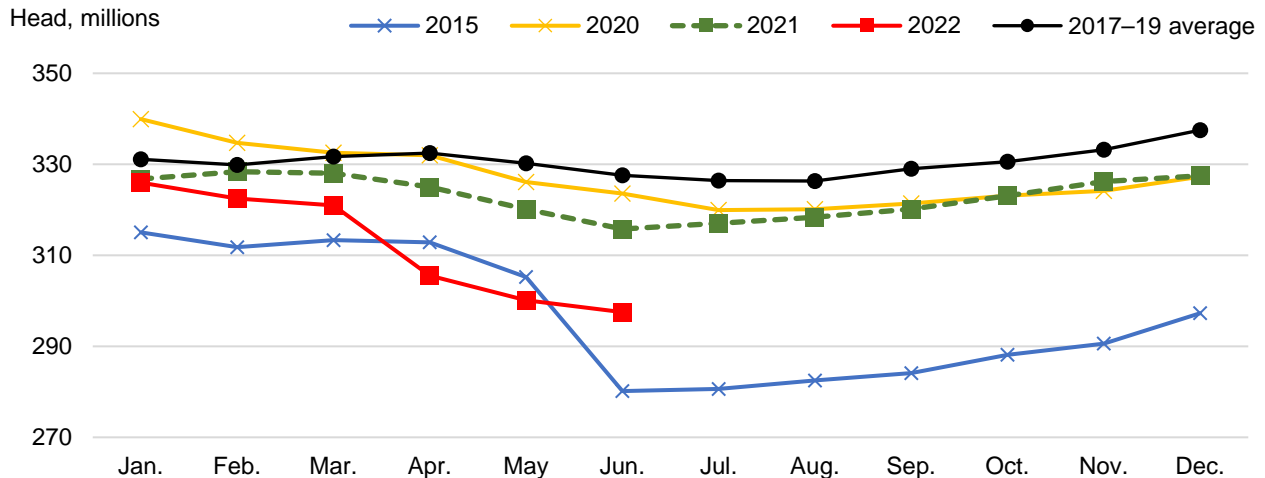


Source: USDA, Agricultural Marketing Service and USDA, National Agricultural Statistics Service.

## 2022 Egg Production Forecast Revised Up Based on Recent Data

May table-egg production was estimated at 637.5 million dozen, a 4-percent year-over-year decrease. The table-egg layer flock averaged 298.8 million layers, a 6.0-percent year-over-year decrease. May lay rate averaged 82.6 eggs per 100 layers per day, a 2.2-percent increase from May of last year. At 297.5 million table-egg layers, June 1 inventory points to a slight decline in the size of the table-egg laying flock that aligns with the seasonal trends. The June 1 inventory estimate likely reflects in part the 1.93 million table-egg layers lost to the Highly Pathogenic Avian Influenza (HPAI) outbreak at the beginning of June. No other losses have been reported since then.

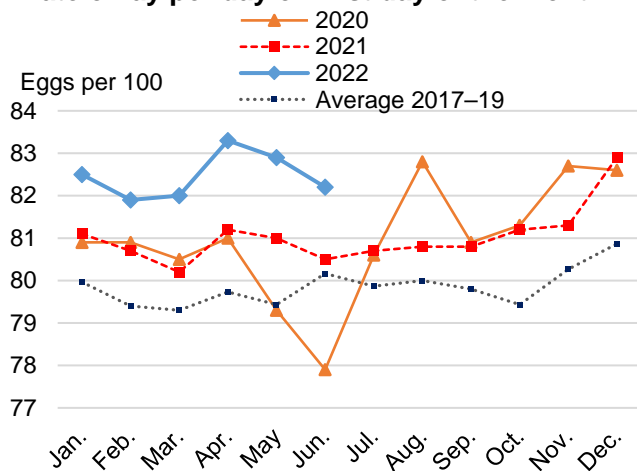
## Monthly table-egg layer flock size at the beginning of the month, 2015 and 2017–2022



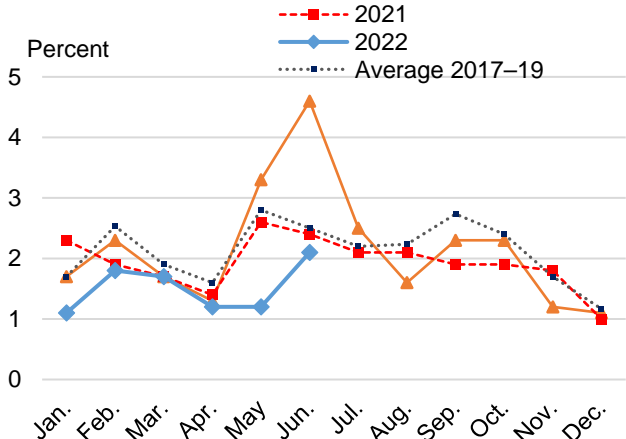
Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service.

In May, producers continued to rely on higher lay rates and lower molting rates to support table-egg production levels in the near term. The above indicators for May continued to trend below (molting) or above (lay rate) the 3-year (2017–2019) average, albeit at lower (lay rate) or higher (molting) levels than in the previous month (see charts).

### Rate of lay per day on first day of the month



### Percent layers in molt on the first day of the month



Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service.

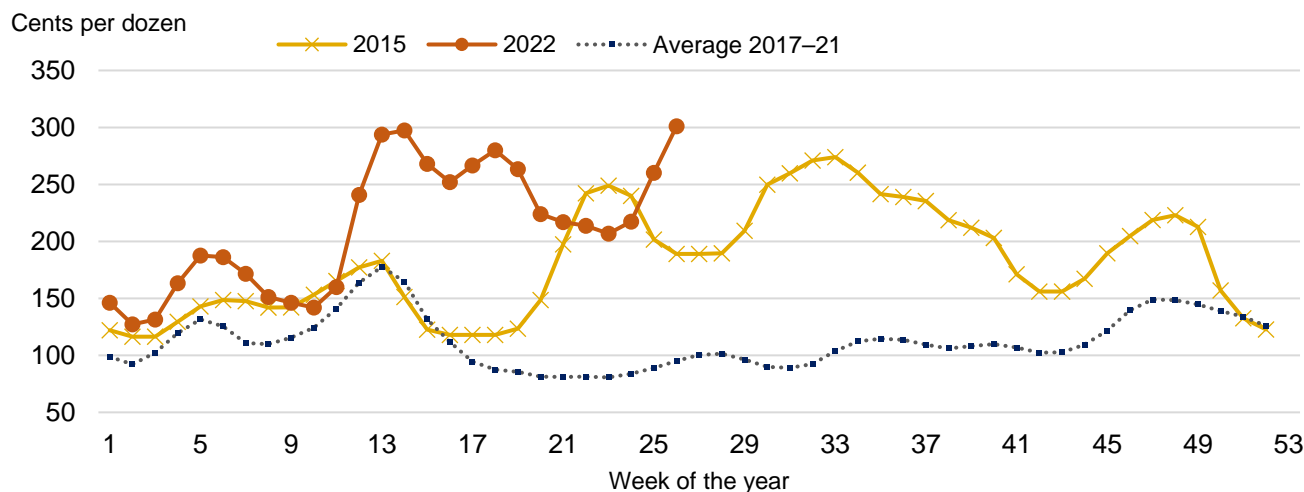
The table-egg production forecast for the second quarter is revised up 20 million dozen to 1,860 million dozen, while the forecasts for the outlying quarters are unchanged. Consequently, 2022 total table-egg production is forecast at 7,744 million dozen, less than a 3.0-percent year-over-year decrease.

## Wholesale Table-Egg Prices (New York, Grade A, Large) New Record High for June

June wholesale egg prices (New York, Grade A, Large) averaged 237.8 cents per dozen, a new record high for the month. This represents a 166.7-percent year-over-year increase but a 2.8-

percent decrease from May. Daily prices trended down at the beginning of June but climbed sharply for the rest of the month. As of July 11, as the climb continued undeterred, the daily prices reached an all-time high of 325 cents per dozen.

### Weekly average midpoint prices for New York eggs (wholesale, large grade A)



Source: USDA, Economic Research Service using data from USDA, Agricultural Marketing Service.

Relative insensitivity of egg demand to price changes can partly explain the large increase in prices given the more modest reduction in production. Another factor explaining upward pressure on wholesale egg prices might be demand of commercial egg users of processing-grade eggs. At the same time, eggs remain a relatively cheap source of protein compared to chicken, beef, and pork.

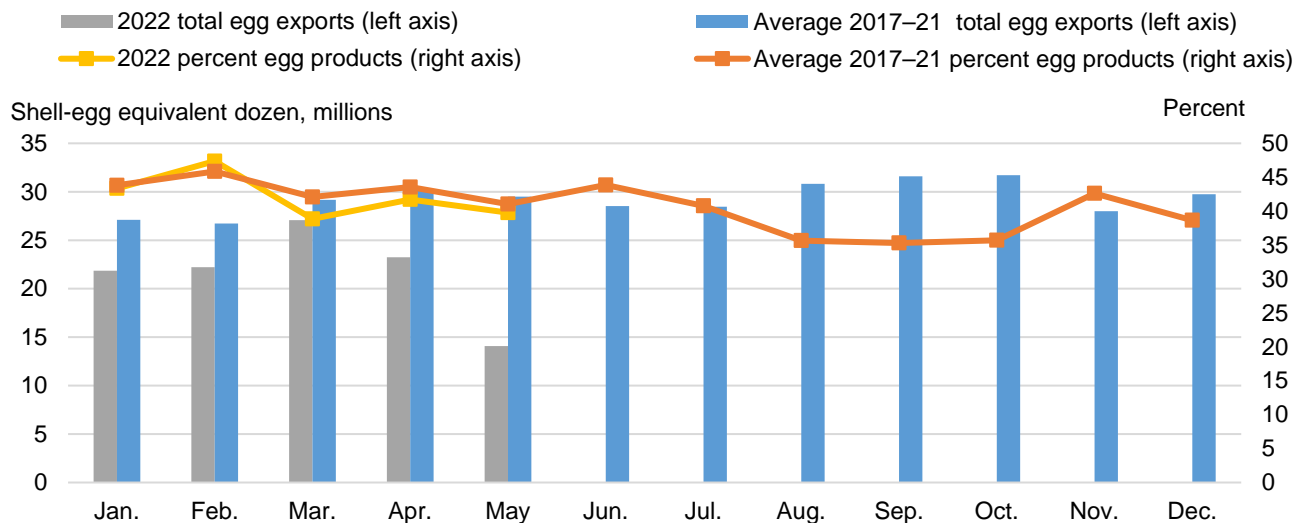
Given the trend observed in wholesale egg prices, the third-quarter price forecast is raised 45 cents to 235 cents per dozen, while the fourth-quarter price forecast is raised 15 cents to 185 cents per dozen. This change brings the 2022 average wholesale egg price forecast to 210.6 cents per dozen, a 77.7-percent year-over-year increase. The 2023 price forecasts for first and second quarter are raised 5 cents each, bringing the 2023 average price forecast to 151.3 cents per dozen, a 28-percent year-over-year decrease.

## Egg Trade Updates: Export Expectations Lowered While Import Expectations Raised

May trade data highlights the impact of HPAI on eggs and egg product exports and imports: A sharp decrease in exports and a sharp increase in imports.

May egg and egg product exports were estimated at 14.1 million dozen shell-egg equivalent. This is 59.8 percent below the same month in 2021. Shipments of both shell eggs and egg products declined, by 66.6 and 45.1 percent, respectively. The top export destinations in May were Canada, Mexico, Japan, and Jamaica, with Jamaica the only destination with year-over-year larger shipments. Given the larger-than-expected decline in May shipments as well the recent trends in domestic wholesale egg prices and the strong dollar, the 2022 export forecast is adjusted down by 27 million dozen shell-egg equivalent. This change brings the export forecast for 2022 to 254.1 million dozen, representing a 35.2 -percent year-over-year decrease. The 2023 export forecast remains unchanged at 320 million dozen shell-egg equivalent.

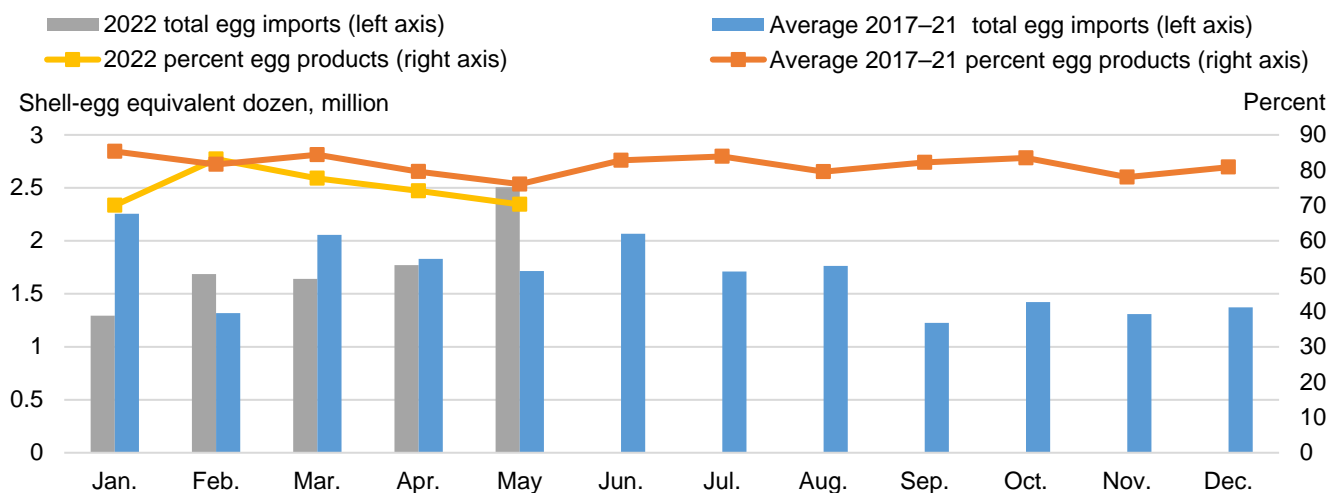
### Monthly total egg exports and egg products as a percentage of total exports, 2017–2022



Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census.

May total imports of eggs and egg products are estimated at 2.51 million dozen. This represents a 51.4-percent year-over-year increase. The estimate May imports also represent a 41.5-percent increase from April imports. May imports consisted of egg products (70 percent) and shell-eggs (30 percent). More than 93 percent of May imports originated from Canada, Mexico, China, Taiwan, and Germany. With larger-than-expected May imports, the 2022 egg and egg product import forecast is adjusted up by 2.5 million dozen to 22.6 million dozen shell-egg equivalent. The forecast for 2023 is unchanged at 18.5 million dozen shell-egg equivalent.

### Monthly egg imports and egg products as percentage of total imports, 2017–2022



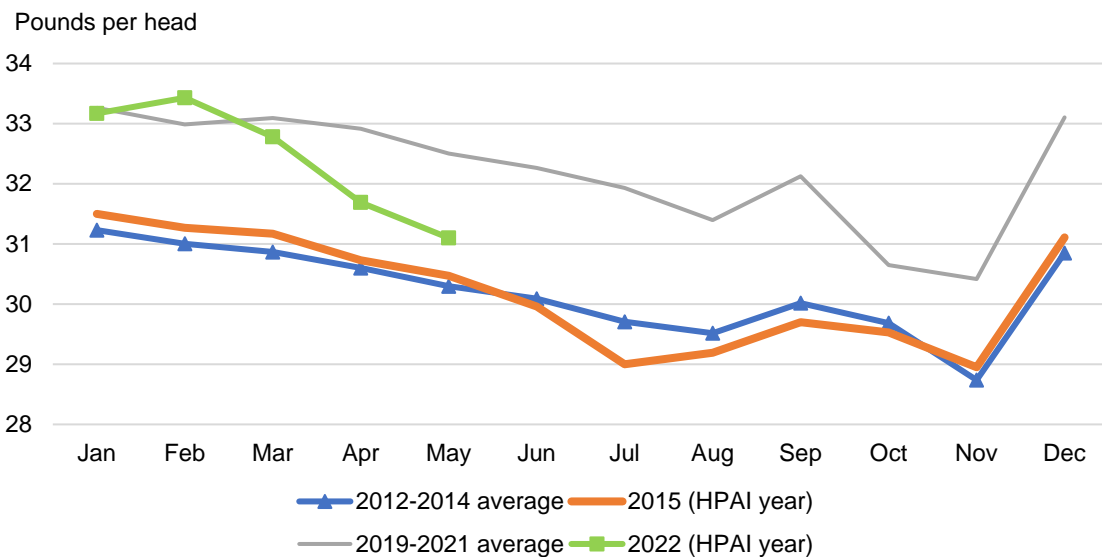
Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census.



## Turkey Production Low in Second Quarter, Expected To Rebuild in Third and Fourth Quarters

The forecast for second-quarter turkey production remains unchanged at 1,290 million pounds. May production was 1.8 percent below April production at 412.8 million pounds, but strong preliminary weekly slaughter numbers for June suggest that production in June will likely have been higher than the previous 2 months. The decrease in production from April to May can be attributed to lower slaughter weights. The number of turkeys slaughtered in May nearly equaled the number slaughtered in April, and both months had the same number of slaughter days. However, May live weights at slaughter averaged 31.1 pounds per head, which was 1.9 percent below April weights. In comparison with 2021, May per day slaughter decreased 8.6 percent year over year, and live weights decreased 5 percent year over year.

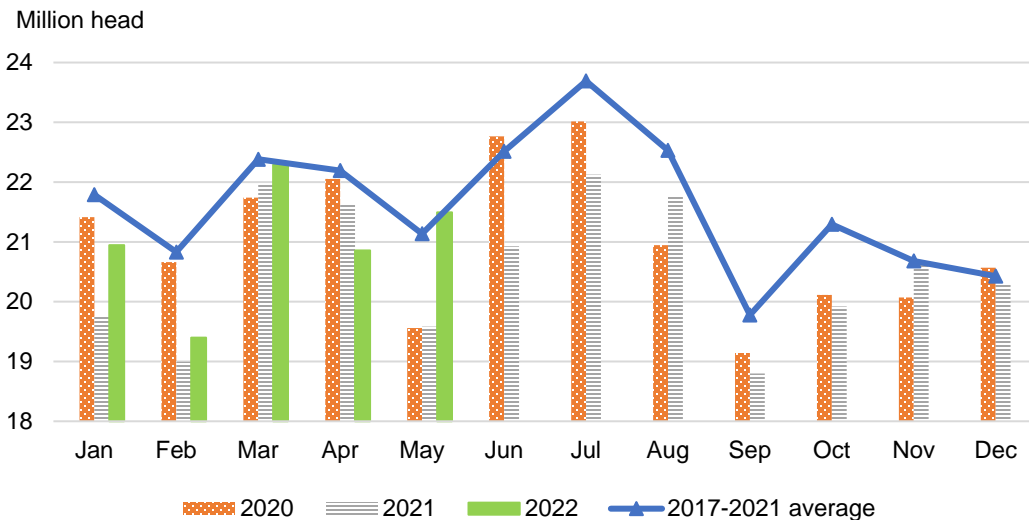
### Live slaughter weights: HPAI in 2015 vs. HPAI in 2022



HPAI=Highly Pathogenic Avian Influenza  
 Source: USDA, National Agricultural Statistics Service.

No new HPAI cases in commercial turkey facilities have been reported since last month's report. The production forecast for the third quarter is raised 5 million to 1,330 million pounds on strong May placements. May placements increased 3 percent from April, and they were 1.4 percent above the 2017–2021 5-year average for placements. The production forecast for the fourth quarter is also raised 5 million to 1,365 million pounds. Production forecasts for 2023 remain unchanged.

## Net turkey poult placements



Source: USDA, National Agricultural Statistics Service.

May cold storage stocks of turkeys increased 13.1 percent from April, largely reflecting increases in whole birds. Still, aggregate May stocks are 3.7 percent less than what they were a year ago. The forecast for 2022 ending stocks remains unchanged at 170 million pounds, with the expectation that mid-year gains in stocks will be used by the holiday season as production overall lags from HPAI. The forecast for 2023 ending stocks remains unchanged.

## Exports Begin To Recover from HPAI Restrictions, Imports Up

The turkey export forecast for 2022 is raised 15 million pounds to 402 million pounds. May exports totaled 41 million pounds, which was a 33-percent increase from the previous month but an 18-percent decrease year over year. Mexico was the top destination and Benin the second largest destination for U.S. turkey exports in May. Mexican imports increased by 40 percent over the previous month, but exports to China (-46 percent), Hong Kong (-49 percent), and Canada (-41 percent) decreased. Exports to smaller markets such as Chile, the Philippines, and South Korea rebounded in May. State, zone, and county-level import restrictions remain in place for key turkey markets, but most of these restrictions permit heat-treated products from the HPAI-affected areas, which is aiding the recovery of turkey export volume. The 2023 export forecast remains unchanged.

May imports from Canada increased 76.2 percent from the previous month to 2.2 million pounds, and imports from Chile increased 261.2 percent to 4.3 million pounds. The import forecast for 2022 is raised to 6 million pounds, with the expectation that high prices in the United States will continue to draw more imports from these countries to supplement reduced production after HPAI. The 2023 import forecast remains unchanged.

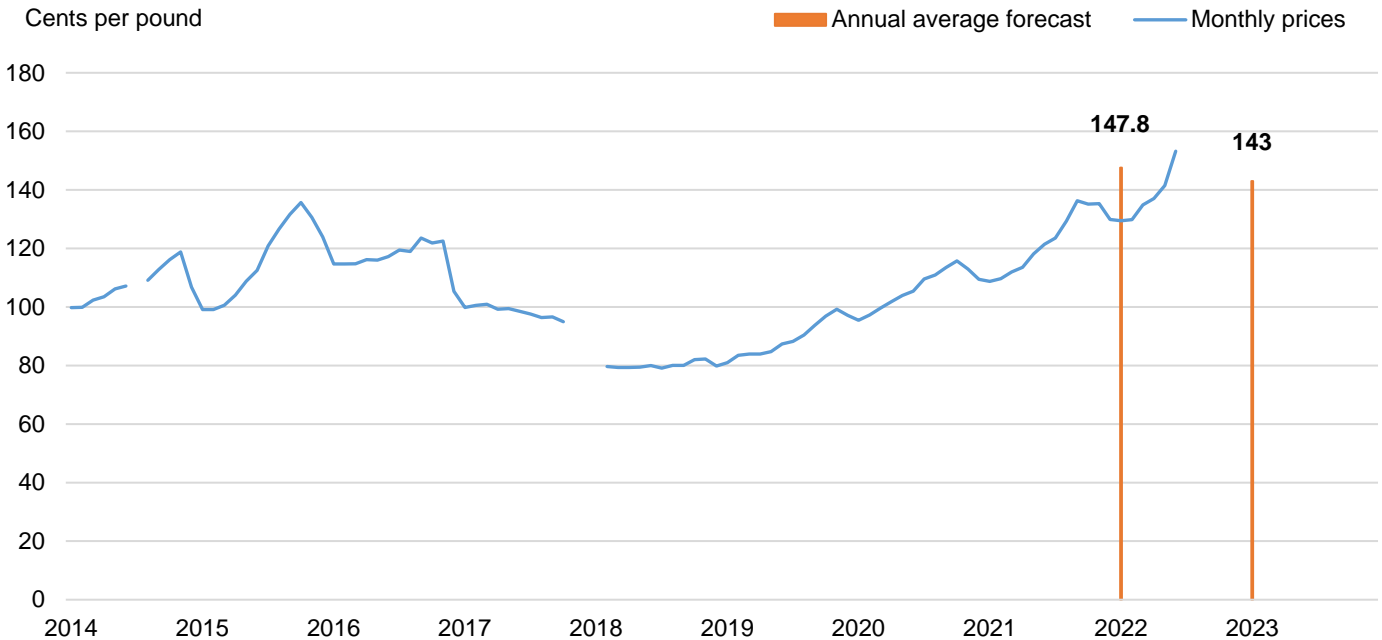
## Turkey Prices Raised in 2022 and 2023

The second-quarter frozen whole-hen price was reported at 143.9 cents per pound. The average June price was 153.2 cents per pound due to light supply and firm demand. This is an 8.3-percent increase from the previous month and a 26.2-percent increase from June 2021. Turkey-part prices also continued to rise in June. The Grade A turkey breast price rose 11.4

percent from last month to 233.7 cents per pound, the full-cut tom wings price rose 12.1 percent to 107.9 cents per pound, and mechanically separated turkey rose 8.5 percent to 82.8 cents per pound.

The third-quarter whole-hen price forecast is raised 16 cents to 161 cents per pound and the fourth-quarter price is raised 5 cents to 155 cents per pound based on the expectation that these unusually high turkey prices will still follow the seasonal pattern of peaking in the fall and remaining elevated through the end of the year. The 2023 annual average price is raised 5 cents to 143 cents per pound with the expectation that firm demand and relatively slow growth in late-year production will limit price declines.

### Monthly wholesale whole-hen frozen turkey prices and annual forecasts



Note: Gaps in the price trend line are months in which the monthly average wholesale whole-hen frozen turkey price is unreported.  
 Source: USDA, Agricultural Marketing Service and USDA, *World Agricultural Supply and Demand Estimates*.

# Special Article

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LaPorchia A. Collins

## Retail Beef Price Inflation Expected To Continue Concurrent With Input Price Hikes

The Economic Research Service (ERS) meat price spread data series is used to monitor short-run fluctuations in beef, pork, and poultry prices at different stages of the farm-to-retail marketing chain.<sup>6</sup> The farm-to-retail price spread for beef is the difference between the value of an animal's retail meat cuts and the value of the meat to the farmer. The farm-to-retail spread is made up of the farm-to-wholesale spread—the difference between the value of meat to the farmer and the value of meat as it leaves the packing plant—and the wholesale-to-retail spread—the difference between the value of meat at the packing plant and the value of meat at the grocery store.

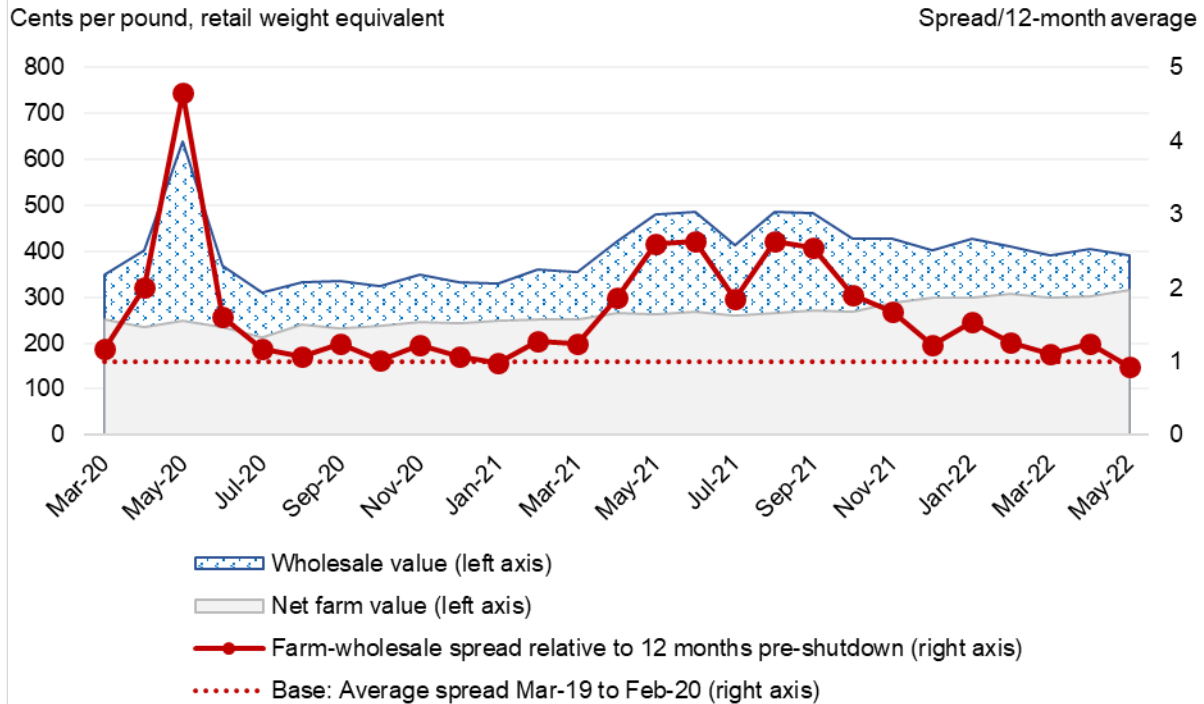
Through April 2022, monthly beef price spreads measured in cents per pound (retail weight equivalent) remained higher than the 12-month average prior to the COVID-19 shutdown. In May 2022, the farm-to-wholesale spread was 8 percent lower than its pre-shutdown average, while the wholesale-to-retail spread was 40 percent higher than its pre-shutdown average. Trends from March 2020 to May 2022 suggest that changes in the beef farm-to-wholesale and wholesale-to-retail spreads were largely driven by changes in beef wholesale values. Though beef wholesale values have declined since the start of 2022, higher net farm values may signal a squeeze on the margins of meat processors.

Except from April to June 2020 (the months immediately after the start of the COVID-19 shutdown), monthly beef farm-to-retail spreads increased year over year from 2019 to 2022. The May 2022 farm-to-retail spread for beef was 29 percent higher than the 12-month average pre-shutdown. In contrast, the monthly farmer's share—the share of the retail value received by farmers—largely declined year over year in 2020 and 2021. Through May 2022, monthly farmer's shares have remained below pre-pandemic levels.

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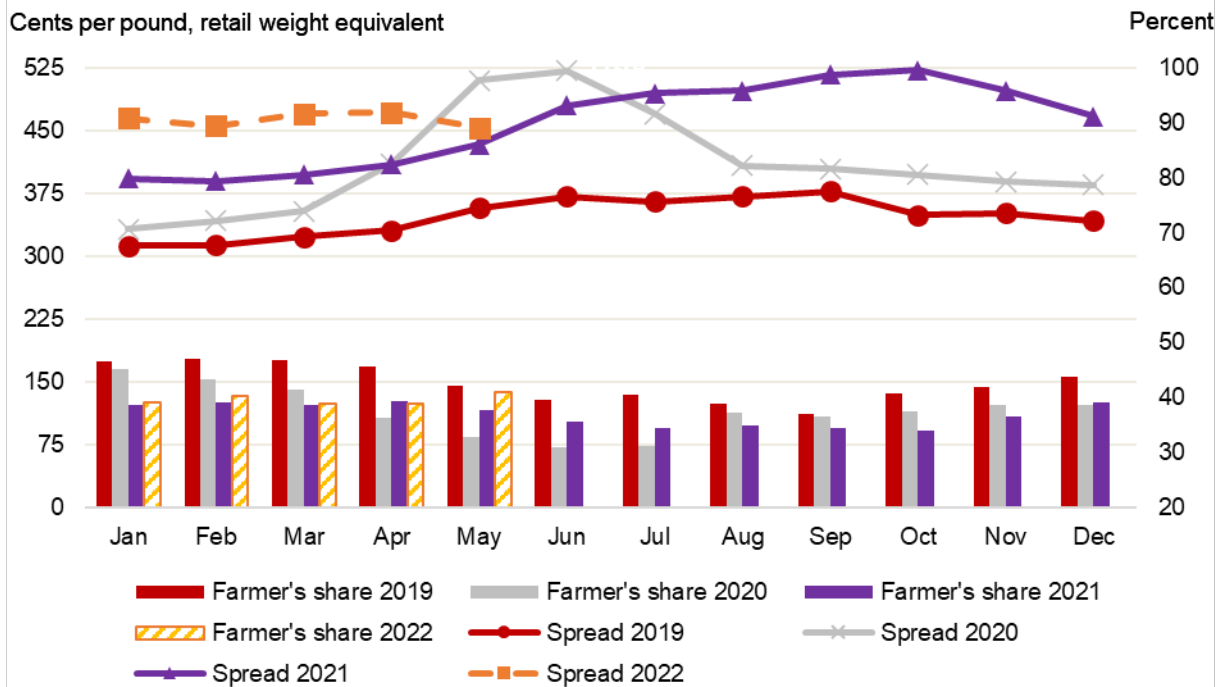
<sup>6</sup> Hahn, W. 2004. *Beef and Pork Values and Price Spreads Explained*, LDP-M-118-01, U.S. Department of Agriculture, Economic Research Service, May 2004.

### Monthly beef farm-to-wholesale spreads relative to the 12-month average pre-shutdown



Source: U.S. Department of Agriculture, Economic Research Service, Meat Price Spread Series.

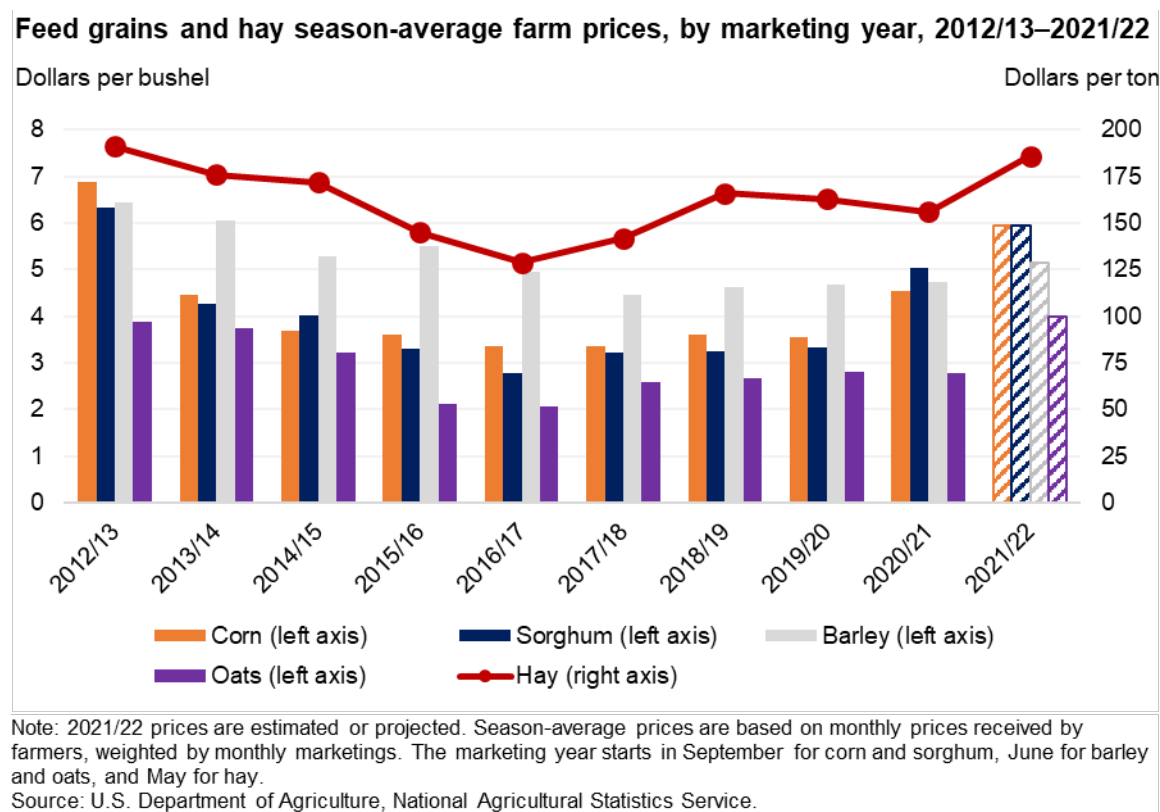
### Monthly beef farm-to-retail price spreads (left axis) and farmer's shares (right axis), 2019–2022



Source: U.S. Department of Agriculture, Economic Research Service, Meat Price Spread Series.

The farmer's share in May increased from 2021. However, producers are facing higher input costs, which may limit the benefits of higher net farm value. Year over year, prices for beef cattle feed and, more broadly, prepared animal feed were up 16 and 14 percent in May 2022, respectively. Based on ERS commodity cost and return estimates, feed costs represent the largest operating cost for cow-calf producers, comprising 75 percent of these costs in 2021, with purchased feed making up 22 percent of total feed costs.

Corn is the primary feed grain.<sup>7</sup> Due in part to lower expected production and higher input costs, corn prices are expected to continue their rise in the near term. Based on the July 2022 USDA, *World Agricultural Supply and Demand Estimates (WASDE)*, the 2021/22 season-average farm price (SAFP) for corn is projected to be \$5.95 per bushel, and the 2022/23 SAFS is projected to be \$6.65 per bushel. If the current projection is realized, the 2022/23 SAFS for corn will exceed the SAFS received by farmers in the preceding 8 marketing years. For more information, see *Feed Outlook*, published by the USDA, Economic Research Service.



Beef cattle producers also feed their herds roughage, including hay and alfalfa. Hay prices ticked upwards in 2021/22, with the season-average farm price estimated at \$186 per ton, 16 percent higher than the 2012–20 average of \$160 per ton. Along with rising fertilizer costs,<sup>8</sup> drought has stressed hay supplies. Data from the USDA, National Agricultural Statistics Service indicate that all hay production dipped 5.2 percent from 2020/21 to 2021/22, with alfalfa hay production declining 7.2 percent. According to the July 5th U.S. Drought Monitor estimates, 42 percent of alfalfa hay acreage lies in areas experiencing drought, and 38 percent of all hay acreage is in drought areas. As forage quantity and quality also decline during droughts, the drought conditions may also affect the availability of homegrown feed, which comprised 47

<sup>7</sup> U.S. Department of Agriculture, Economic Research Service. 2022. *U.S. Feed Grains Yearbook*.

<sup>8</sup> U.S. Department of Agriculture, Economic Research Service. 2022. *Fertilizer Use and Price*.

percent of total feed costs on cow-calf operations in 2021, based on ERS cost and return estimates.

Rising fuel costs have also placed upward pressure on prices throughout the beef supply chain by increasing the costs of fueling farm equipment and transporting goods. In May 2022, U.S. diesel retail prices were up 73 percent year over year, including 68 percent in the Midwest, which has some major cattle-producing and feed-grain-producing States.<sup>9</sup>

In addition, farm labor costs increased over the last year. ERS cost and return estimates indicate labor accounted for about 35 percent of the total costs for cow-calf operations in 2021, including hired labor (2.4 percent) and the opportunity costs of unpaid labor (32.2 percent). While farm workers worked roughly 3 percent fewer gross hours on average per week in April 2022 (39.7 hours) than in April 2021 (40.9 hours), farm operators paid hired workers \$17.22 per hour on average in April 2022, up 8 percent from the previous year.<sup>10</sup>

In light of the relatively low farm and transportation shares of the food dollar, 16 cents and 4.1 cents, respectively, retail beef prices are not expected to increase as much as beef input prices.<sup>11</sup> However, retail prices for beef are expected to rise in the near term as stakeholders throughout the supply chain grapple with market uncertainty. Based on the USDA, ERS *Food Price Outlook*, retail price inflation from 2021 to 2022 is projected to be between 6 and 7 percent for beef and veal, lower than the projected price inflation for pork (between 7 and 8 percent) and poultry (between 13 and 14 percent). Retail prices for beef and veal were already elevated at the start of 2022 following increases of 9.6 percent in 2020 and 9.3 percent in 2021. Though retail price inflation appears to be slowing for beef and veal, the projected price increase for 2022 is expected to occur as prices rise across other food categories, with food-at-home prices projected to rise between 8.5 and 9.5 percent.

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<sup>9</sup> U.S. Energy Information Administration. 2022. U.S. On-Highway Diesel Fuel Prices.

<sup>10</sup> U.S. Department of Agriculture, National Agricultural Statistics Service. 2022. Farm Labor (May 2022).

<sup>11</sup> U.S. Department of Agriculture, Economic Research Service. 2022. Food Dollar Series, 2020.

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**U.S. red meat and poultry forecasts**

	2019					2020					2021					2022					2023		
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual					
<b>Production, million pounds</b>																							
Beef	6,414	6,817	6,923	7,001	27,155	6,931	6,059	7,115	7,069	27,174	6,900	6,963	6,979	7,106	27,948	7,022	7,068	7,150	6,750	27,990	6,545	6,505	26,265
Pork	6,838	6,615	6,706	7,478	27,638	7,426	6,313	7,048	7,515	28,303	7,292	6,688	6,530	7,185	27,675	6,904	6,639	6,460	7,075	27,078	7,000	6,545	27,520
Lamb and mutton	37	40	36	36	149	35	36	34	33	138	35	36	32	35	138	31	35	33	34	133	31	32	128
Broilers	10,384	10,945	11,402	11,175	43,905	11,238	10,940	11,358	11,047	44,583	10,893	11,232	11,581	11,193	44,899	11,170	11,268	11,625	11,300	45,383	11,225	11,400	45,675
Turkeys	1,446	1,451	1,453	1,467	5,818	1,469	1,369	1,454	1,451	5,743	1,390	1,399	1,403	1,366	5,558	1,374	1,275	1,310	1,355	5,314	1,385	1,410	5,640
Total red meat and poultry	25,264	26,019	26,675	27,308	105,266	27,251	24,870	27,172	27,263	106,556	26,651	26,450	26,679	27,030	106,810	26,650	26,441	26,732	26,437	106,476	26,330	26,040	105,803
Table eggs, million dozen	2,047	2,056	2,046	2,111	8,260	2,050	1,957	2,008	2,051	8,066	1,982	1,957	1,982	2,050	7,971	1,974	1,884	1,910	1,995	7,763	1,995	2,040	8,175
<b>Per capita disappearance, retail pounds 1/</b>																							
Beef	13.9	14.7	14.5	14.7	57.8	14.6	13.5	15.5	14.5	58.1	14.5	14.9	14.6	14.8	58.9	15.0	14.8	14.9	14.0	58.6	13.9	14.0	55.7
Pork	13.0	12.4	12.8	13.8	52.1	13.1	11.5	13.2	13.9	51.7	13.1	11.8	12.3	14.0	51.1	13.1	12.4	12.2	13.3	51.1	13.2	12.3	52.4
Lamb and mutton	0.3	0.3	0.2	0.3	1.1	0.4	0.3	0.3	0.3	1.2	0.3	0.3	0.3	0.4	1.4	0.3	0.3	0.3	0.4	1.3	0.3	0.3	1.3
Broilers	22.4	23.8	24.6	23.7	94.5	24.2	23.7	24.4	23.4	95.8	23.5	24.3	25.0	23.8	96.6	23.8	24.2	25.2	24.1	97.3	24.0	24.5	97.6
Turkeys	3.4	3.7	4.0	4.8	15.9	3.6	3.5	3.9	4.7	15.7	3.4	3.6	3.8	4.5	15.3	3.4	3.2	3.8	4.4	14.9	3.5	3.8	15.7
Total red meat and poultry	53.4	55.4	56.4	57.8	223.0	56.3	52.9	57.7	57.2	224.2	55.2	55.4	56.4	57.9	224.9	56.1	55.4	56.8	56.6	224.9	55.4	55.2	224.3
Eggs, number	72.7	72.6	72.3	74.0	291.6	72.1	69.3	71.1	72.8	285.5	69.8	68.8	69.3	72.7	280.5	70.4	67.9	68.6	71.4	278.3	70.8	72.3	289.7
<b>Market prices</b>																							
Steers 5-area Direct, Total all grades, dollars/cwt	125.27	118.79	108.16	114.88	116.78	118.32	105.79	101.74	108.18	108.51	112.98	120.75	123.51	132.36	122.40	139.25	141.93	140.00	147.00	142.05	151.00	152.00	153.50
Feeder steers, Medium Frame No. 1, OK City, dollars/cwt	140.76	140.51	140.19	147.44	142.23	136.42	126.37	141.42	137.57	135.45	134.30	140.22	153.69	159.59	146.95	156.04	158.35	171.00	173.00	164.60	169.00	186.00	199.25
Cows, Live equivalent, Culler 90% lean, 500 lbs and up, National, dollars/cwt	53.34	58.30	60.42	53.66	56.43	59.38	63.14	64.97	54.93	60.61	59.63	67.54	69.21	63.24	64.91	72.65	83.41	85.00	74.00	78.77	85.00	100.00	101.25
Choice/Prime slaughter lambs, National, dollars/cwt	136.23	156.16	154.93	150.99	149.58	159.12	N/A	N/A	164.31	161.72	165.42	211.79	256.86	233.61	216.92	225.00	210.33	170.00	170.00	193.83	180.00	185.00	182.50
Barrows and gilts, National base cost, 51-52% lean, live equivalent, dollars/cwt	40.67	57.95	50.08	43.11	47.95	42.52	38.96	40.50	50.75	43.18	55.71	80.92	76.15	56.36	67.29	65.55	75.58	85.00	69.00	73.78	66.00	74.00	69.75
Broilers, Wholesale, National composite, weighted average, cents/lb	94.0	97.7	82.0	80.6	88.6	83.5	67.0	66.7	75.7	73.2	84.0	104.4	105.4	110.9	101.2	135.1	167.5	142.0	140.0	146.1	150.0	151.0	146.3
Turkeys, National 8-16 lb hens, National, cents/lb	82.8	85.5	90.8	97.8	89.2	97.4	103.7	111.3	113.6	106.5	110.1	117.7	129.7	133.4	122.8	131.4	143.9	166.0	164.0	151.3	145.0	144.0	145.8
Eggs, Grade A large, New York, volume buyers, cents/dozen	107.3	89.7	81.9	117.2	94.0	133.1	119.6	89.0	107.2	112.2	127.8	94.2	120.1	131.8	118.5	170.8	251.6	240.0	185.0	211.9	165.0	145.0	151.3
<b>U.S. trade, million pounds, carcass-weight equivalent</b>																							
Beef and veal exports	700	790	788	749	3,026	769	605	759	819	2,951	798	875	912	856	3,441	846	940	915	860	3,561	690	760	3,020
Beef and veal imports	739	836	771	712	3,058	774	848	1,025	693	3,339	696	865	923	863	3,346	985	859	850	765	3,459	700	800	3,200
Lamb and mutton imports	80	73	53	66	272	102	67	62	70	302	69	93	100	103	364	88	88	89	96	361	95	85	365
Pork exports	1,445	1,535	1,515	1,826	6,321	2,021	1,773	1,627	1,858	7,279	1,922	1,903	1,550	1,652	7,026	1,541	1,609	1,575	1,850	6,574	1,640	1,630	6,515
Pork imports	259	227	232	227	945	206	220	226	252	904	247	260	308	364	1,180	358	369	385	435	1,547	380	390	1,525
Broiler exports	1,721	1,722	1,773	1,888	7,103	1,860	1,729	1,821	1,959	7,368	1,851	1,772	1,835	1,898	7,355	1,826	1,812	1,790	1,830	7,258	1,840	1,820	7,370
Turkey exports	147	166	159	167	639	139	126	143	164	571	130	140	138	140	548	107	109	95	95	406	105	100	410
Live swine imports (thousand head)	1,338	1,253	1,200	1,305	5,096	1,332	1,202	1,272	1,488	5,293	1,607	1,649	1,772	1,635	6,663	1,654	1,665	1,675	1,725	6,719	1,660	1,675	6,735

Note: Forecasts are in bold. cwt=hundredweight.  
 1/ Per capita meat and egg disappearance data are calculated using the Resident Population plus Armed Forces Overseas series from U.S. Department of Commerce, Bureau of the Census.  
 Source: World Agricultural Supply and Demand Estimates and Supporting Materials.  
 For further information, contact: Mildred Haley, Economic Research Service, USDA.  
 Updated 7/12/2022

## Dairy forecasts, 2021–23

Years Quarters	2021			2022					2023		
	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Milk cows (thousands)	9,442	9,381	9,448	9,383	9,405	9,405	9,405	9,400	9,400	9,400	9,400
Milk per cow (pounds)	5,914	5,909	23,948	5,999	6,140	5,950	5,950	24,040	6,050	6,180	24,290
<b>Milk production (billion pounds)</b>	55.8	55.4	226.3	56.3	57.7	56.0	56.0	226.0	56.9	58.1	228.3
Farm use	0.3	0.3	1.0	0.3	0.3	0.3	0.3	1.1	0.3	0.3	1.1
Milk marketings	55.6	55.2	225.2	56.0	57.5	55.7	55.7	224.9	56.6	57.8	227.3
<b>Milk-fat (billion pounds milk equiv.)</b>											
Milk marketings	55.6	55.2	225.2	56.0	57.5	55.7	55.7	224.9	56.6	57.8	227.3
Beginning stocks	20.0	17.9	15.6	14.3	16.3	17.6	15.8	14.3	12.9	15.8	12.9
Imports	1.8	1.7	6.5	1.3	2.0	1.9	1.9	7.1	1.4	1.7	6.9
Total supply	77.4	74.8	247.4	71.7	75.8	75.1	73.4	246.3	70.9	75.3	247.0
Exports	3.2	2.7	11.5	3.0	3.4	3.1	2.7	12.2	2.7	3.2	11.6
Ending stocks	17.9	14.3	14.3	16.3	17.6	15.8	12.9	12.9	15.8	17.3	13.6
Domestic use <sup>1</sup>	56.3	57.7	221.5	52.3	54.8	56.3	57.8	221.2	52.4	54.9	221.8
<b>Skim solids (billion pounds milk equiv.)</b>											
Milk marketings	55.6	55.2	225.2	56.0	57.5	55.7	55.7	224.9	56.6	57.8	227.3
Beginning stocks	12.0	11.2	10.9	11.1	11.8	12.3	11.3	11.1	11.2	12.5	11.2
Imports	1.4	1.5	5.8	1.5	1.6	1.5	1.5	6.1	1.5	1.5	6.0
Total supply	68.9	67.9	241.9	68.6	70.9	69.5	68.4	242.1	69.2	71.8	244.4
Exports	12.9	11.8	50.8	11.8	13.8	13.0	11.8	50.5	11.9	14.0	51.0
Ending stocks	11.2	11.1	11.1	11.8	12.3	11.3	11.2	11.2	12.5	12.8	12.0
Domestic use	44.8	45.0	180.0	44.9	44.9	45.2	45.5	180.5	44.9	45.1	181.4
<b>Milk prices (dollars/hundredweight) <sup>1</sup></b>											
All milk	17.90	20.67	18.53	24.93	27.25	25.80	26.65	26.15	24.90	24.10	24.15
Class III	16.32	18.07	17.08	21.25	24.65	22.65	22.60	22.80	21.05	20.85	20.85
Class IV	16.09	18.57	16.09	23.97	25.40	25.40	24.10	24.70	22.60	22.65	22.30
<b>Product prices (dollars/pound) <sup>2</sup></b>											
Cheddar cheese	1.6016	1.7609	1.6755	1.953	2.350	2.205	2.220	2.185	2.070	2.070	2.070
Dry whey	0.5668	0.5888	0.5744	0.761	0.675	0.570	0.550	0.640	0.550	0.520	0.515
Butter	1.7375	1.9297	1.7325	2.669	2.810	2.900	2.750	2.780	2.500	2.450	2.440
Nonfat dry milk	1.2676	1.4613	1.2693	1.724	1.820	1.775	1.700	1.755	1.650	1.680	1.640

Totals may not add due to rounding.

<sup>1</sup> Simple averages of monthly prices. May not match reported annual averages.

<sup>2</sup> Simple averages of monthly prices calculated by the USDA, Agricultural Marketing Service, for use in class price formulas. Based on weekly USDA *National Dairy Products Sales Report*.

Sources: USDA, National Agricultural Statistics Service; USDA, Agricultural Marketing Service; USDA, Foreign Agricultural Service; and USDA, World Agricultural Outlook Board.

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