



Economic Research Service

Situation and Outlook

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# Livestock, Dairy, and Poultry Outlook

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## Export Shares of U.S. Animal Proteins Trend Upwards Despite Exchange-Rate Headwinds

Exports have become an important component of demand for U.S. animal proteins. The figure on the left below shows the shares of U.S. production of beef, pork, poultry, and dairy exported in 2000-2005, 2016, and forecast shares for 2017. One determinant of demand for U.S. animal proteins is the foreign currency price of the U.S. dollar. Foreign buyers of U.S. goods must buy U.S. dollars with units of their currency. When the exchange-rate value of the U.S. dollar increases, foreign buyers must sell more units of their currency in order to buy U.S. dollars. This means that when the U.S. dollar appreciates in value relative to the currencies of foreign buyers, U.S. animal proteins become more expensive and foreign demand for U.S. animal products declines.

The figure on the right below shows the Broad Dollar Index of the Federal Reserve Bank. The index is significantly higher this year and in 2015 compared to the average of 2000-2005. Despite higher U.S. dollar index values, export shares of U.S. animal proteins have mostly increased since 2000-2005. Lower U.S. animal protein prices from supply increases have helped to offset the negative effects of U.S. dollar appreciation. Foreign demand for U.S. animal protein products has also increased due to foreign income and population gains and from negative supply shocks, like the recent one in China's pork sector.

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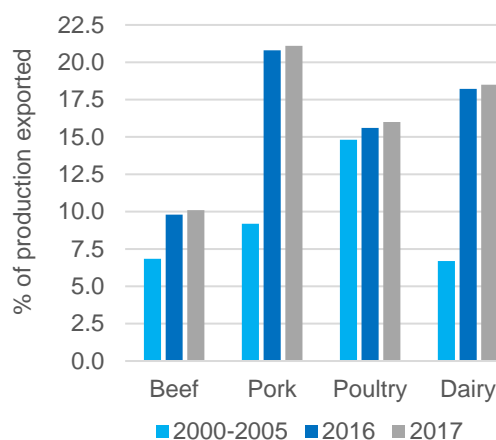
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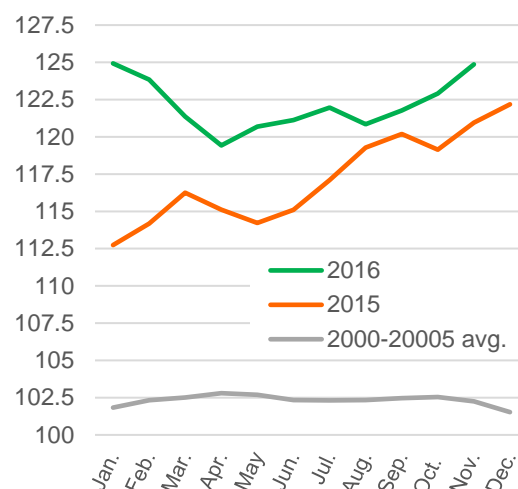
Approved by the World Agricultural Outlook Board.

Export share of U.S. animal protein production, 2000-2005 average, 2016 and forecast 2017



Source: World Agricultural Outlook Board, U.S. Dept. of Agriculture.

Nominal Broad Dollar Index



Source: Board of Governors of the Federal Reserve System.

**Beef\cattle:** The expected slower pace of cattle placements in late 2016 will slow beef production increases in the first half of 2017. However, supplies of slaughter-ready cattle are expected to support a 3-percent increase in beef production in the first half of 2017. Cattle prices in the first half of 2017 are expected to be more than 18 percent below first half 2016. Retail beef prices continue to trend lower in the fourth quarter of this year.

**Dairy:** With expected strength in domestic demand, higher exports of nonfat dry milk and lactose, and lower milk production compared to last month's forecasts, milk price forecasts have been raised. The all-milk price forecast for the fourth quarter of 2016 is \$17.05-\$17.25 per hundredweight (cwt), an increase from \$16.80-\$17.10 forecast last month. The 2017 forecast is \$16.85-\$17.65 per cwt, an increase from \$16.30-\$17.20.

**Pork\hogs:** Lower fourth-quarter hog prices, forecast at \$35-\$36 per cwt, reflect heavy supplies of hogs with weekly slaughter numbers record-high. Data for pork prices, cold stocks, and loads suggest that pork demand is steady-to-higher. Pork exports were solid in October, at 9.1 percent above a year ago.

**Poultry:** Price forecasts for the current quarter were increased slightly for broilers and decreased slightly for turkey and eggs, due to recent price movements. October exports of all three commodities were above last year but declined somewhat from their September levels. Forecast production was lowered for broilers and turkey for the current quarter, while the forecast for eggs was increased.

### ***Lower October Placements To Slow Beef Production Increases in First-Half 2017***

The most recent *Cattle on Feed*—released by USDA on November 18, 2017—reported 5-percent year-over-year lower cattle placements in October. The reduced pace of placements is likely to slow beef production increases in the first half of 2017. However, expected first-half supplies of slaughter-ready cattle and year-over-year higher dressed weights are expected to yield continued year-over-year higher beef supplies. First-quarter beef production is expected to be 6.2 billion pounds, almost 4 percent above first-quarter 2016. Production of 6.3 billion pounds—almost 2 percent higher, year over year—is forecast for the second quarter of 2017.

In the fourth quarter of 2016, higher than expected steer, heifer, and cow slaughter is expected to yield beef production of 6.6 billion pounds, more than 7 percent above a year ago.

Five-area steer price forecasts for the balance of 2016 and well into 2017 continue to reflect more than adequate supplies of cattle: fourth-quarter 2016 prices are forecast at \$105-\$108 per cwt, almost 17 percent lower than a year ago. First-quarter prices are expected to average \$104-\$110 per cwt, almost 21 percent below first-quarter 2016. Second-quarter cattle prices are forecast at \$103-\$111 per cwt, about 17 percent below the same period a year earlier.

### ***Lower Cattle Producer Prices Slowly Translate to Consumer Gains***

Lower composite retail beef prices in October reflect a continuing dynamic whereby retailers lower prices—although slowly—to buy back demand for beef that had migrated to other animal proteins as recently as the beginning of this year, when retail beef prices were more than \$6 per pound. ERS composite retail beef prices in October were \$5.74 per pound, down from \$6.23 a year earlier. Fourth-quarter composite beef values are expected to average in the high-\$5.70s per pound and in the high \$5.70s to low \$5.80s per pound in 2017.

### ***October Beef Exports Make Solid Gains***

U.S. beef exports were 229 million pounds in October, almost 17 percent above exports a year ago. An October summary of the 10 largest foreign buyers of U.S. beef is set out below. It is notable that the first five countries on the list—Japan, South Korea, Mexico, Hong Kong, and Canada—together accounted for almost 80 percent of U.S. beef exports in October. This is down slightly from October 2015, due mainly to increased exports to Taiwan and the Philippines.

U.S. exports to Japan were 36 percent higher, year-over-year in October. Japanese trade data suggests that higher imports of U.S. beef are coming at the expense of Australia and New Zealand, both of whose beef exports are lower due to ongoing cattle herd rebuilding. World Trade Atlas data show that Australia's beef exports are off by almost 21 percent through September. New Zealand's beef exports through September are almost 6 percent lower than 2015. The October export summary below also suggests that Asian markets—which accounted for 65 percent of U.S. beef exports in October versus 57 percent last year—are responding to the lower U.S. beef prices that accompanied the 6-percent

increase in U.S. beef production since mid-year. With continued increases in production and lower expected prices, fourth-quarter beef exports are expected to be 670 million pounds, almost 13 percent higher than a year ago.

**U.S. beef exports: Volumes and trade shares of the 10 largest foreign destinations, October 2015 and 2016.**

	Country	Exports October 2015	Exports October 2016	Percent change	Trade share October 2015	Trade share October 2016
		(mil. lbs)	(mil. lbs)	(2016/2015)	%	%
	<b>World</b>	196	229	16.9		
<b>1</b>	<b>Japan</b>	36	49	35.9	18	21
<b>2</b>	<b>South Korea</b>	26	43	66.0	13	19
<b>3</b>	<b>Mexico</b>	37	33	-12.1	19	14
<b>4</b>	<b>Hong Kong</b>	38	32	-14.7	19	14
<b>5</b>	<b>Canada</b>	25	24	-5.9	13	10
<b>6</b>	<b>Taiwan</b>	8	16	91.3	4	7
<b>7</b>	<b>Philippines</b>	2	4	47.8	1	2
<b>8</b>	<b>Netherlands</b>	3	3	5.2	2	1
<b>9</b>	<b>Indonesia</b>	1	3	187.7	0	1
<b>10</b>	<b>Vietnam</b>	1	2	71.4	1	1

Source: U.S Dept. of Agriculture, Economic Research Service.

***Imports Continued Downward Trend in October***

Total U.S. beef imports were almost 226 million pounds in October, about 5 percent below a year ago. As with most of 2016, U.S. imports were lower in October, largely due to increased domestic beef production and tighter world beef supplies. Imports from Oceania—where the United States sources significant volumes of lean processing beef—were sharply lower: Imports from Australia were off in October by 52 percent, and from New Zealand by 9 percent. Imports from Uruguay, another source of processing beef, were more than 25 percent lower in October. It is notable, however, that imports from NAFTA partners Canada and Mexico were year-over-year higher in October. Imports of Canadian beef were almost 28 percent higher than a year ago, and imports from Mexico were more than 58 percent higher. Canadian and Mexican beef imports tend to be muscle cuts from grain-finished animals, as opposed to grass-fed products from Oceania and South America. Larger imports from NAFTA partner countries are also a likely result of the appreciated value of the U.S. dollar against the Canadian dollar and the Mexican peso. Since January, the Canadian dollar has lost more than 4 percent of its value relative to the U.S. dollar, compared to its average value in the same period of 2015. The Mexican peso has depreciated almost 11 percent against the dollar since January. Even in an environment of lower U.S. beef prices this year, such currency depreciations provide incentives for U.S. buyers to import Canadian and Mexican beef cuts. Fourth-quarter beef imports are expected to be 645 million pounds, about 5 percent above a year ago. For the year, imports will likely total about 3 billion pounds, more than 10 percent lower than imports in 2015.

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## Recent Developments in Dairy Markets

From the week ending November 5 to the week ending December 3, prices for all products reported in USDA's National Dairy Products Sales Report (NDPSR) increased. The largest increases were for cheddar cheese (\$0.275 per pound for 40-pound blocks and \$0.189 for 500-pound barrels). For the 2 weeks ending November 11 and November 25, all of the Oceania prices reported by USDA's Agricultural Marketing Service rose at the lower end of the price ranges except for cheddar cheese, which was unchanged. It is notable that the U.S. domestic prices for butter and cheese were higher than the Oceania export prices, while the U.S. domestic prices for nonfat dry milk (NDM) were lower than the Oceania export prices for skim milk powder (SMP).

### Prices of major dairy products from U.S. Dept. of Agriculture, National Dairy Products Sales Report (dollars per pound)

Product	Week end date		Change
	Nov. 5	Dec. 3	
Butter	1.868	2.041	0.172
Cheddar cheese			
40-pound blocks	1.640	1.915	0.275
500-pound barrels (adj. to 38% moisture)	1.596	1.785	0.189
Dry whey	0.357	0.383	0.025
Nonfat dry milk	0.911	0.926	0.015

Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service.

### Oceania export prices (dollars per pound)

Product	End of range	Bi-Weekly end date		Change
		Nov. 11	Nov. 25	
Butter	Low	1.814	1.826	0.011
	High	1.905	1.905	0.000
Skim milk powder	Low	1.032	1.055	0.023
	High	1.089	1.089	0.000
Whole milk powder	Low	1.270	1.315	0.045
	High	1.542	1.542	0.000
Cheddar cheese	Low	1.576	1.576	0.000
	High	1.701	1.701	0.000

Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service.

While prices have been increasing for Oceania, they have also been increasing for the EU. On November 24, the European Commission (EC) reported that the European milk market "is showing encouraging recovery signs" and that the EU would open a tender procedure for almost 50 million pounds of SMP, about 6 percent of total SMP intervention stocks held by the EU. The EC stated that the release of stocks would be "to test the market reaction" (see [https://ec.europa.eu/agriculture/newsroom\\_en](https://ec.europa.eu/agriculture/newsroom_en)).

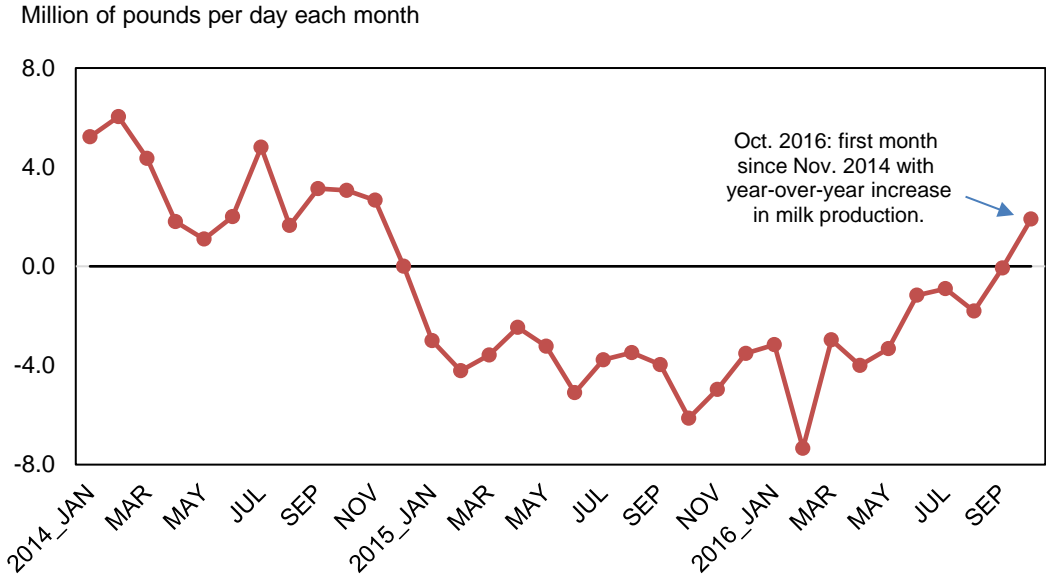
From September to October, exports increased by about 153 million pounds on a milk-fat milk-equivalent basis, with higher exports of butterfat products to Canada comprising a sizable proportion of the increase. Since August 1, Canada has allowed temporary supplementary imports of butterfat products and cream (in addition to imports usually allowed under tariff rate quotas) to alleviate shortages. Exports on a skim-solids milk-equivalent basis increased by about 314 million pounds, with higher exports of NDM, whey products, and lactose comprising most of the increase.

U.S. milk production for October was 17.6 billion pounds, a 2.5-percent increase from October 2015.

Milk per cow was 1,880 pounds per head, 42 pounds higher than in October 2015. The number of milk cows was 9.340 million head, 15,000 more than October 2015 but 2,000 less than September 2016.

Factors contributing to the growing U.S. milk supply in recent months include higher milk prices, lower feed prices, lower cull cow prices, and attenuation of the drought in parts of California and other western areas. For California (the State with the highest milk production), October was the first month since November 2014 with a year-over-year increase in milk production. While the drought has become less severe parts of California, some eastern areas of the United States have recently experienced drought, possibly limiting the increase in U.S. milk production to some extent.

**Year-over-year change in California milk production**



Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service.

***Dairy Forecasts for the Remainder of 2016***

Based on recent data, the fourth quarter forecast for number of milk cows is 9.335 million head, 10,000 fewer than last month’s forecast. Milk per cow in the fourth quarter is forecast 5 pounds higher, at 5,620 pounds per head. With the reduction in milk cows more than offsetting the increase in milk per cow, the 2016 milk production forecast is 212.4 billion pounds, 0.1 billion pounds lower than forecast last month.

Exports on a milk-fat basis are forecast at 2.2 billion pounds for the fourth quarter, 0.1 billion pounds higher than last month’s forecast, based on higher U.S. exports of butterfat

products to Canada allowed through the temporary supplementary allowance. The forecast for fourth-quarter exports on a skim-solids basis is 1.5 billion pounds, 0.3 billion pounds higher than last month, based on recent gains in NDM and lactose exports. The import forecast on a milk-fat basis is 1.7 billion pounds in the fourth quarter, a reduction of 0.1 billion pounds from last month. On a skim-solids basis, the import forecast is reduced 0.2 billion pounds to 1.5 billion pounds for the quarter.

High stock levels have persisted over the last month; as a result, ending stocks for 2016 are increased on both milk-fat and skim-solids bases to 14.0 billion pounds and 13.8 billion pounds, respectively. With higher prices for most products in recent weeks, the domestic use forecasts have been reduced. On a milk-fat basis, the domestic use forecast is reduced 0.9 billion pounds to 209.0 billion pounds for the year; however, domestic use for the fourth quarter is still relatively high, about 5 percent above the fourth quarter of 2015. Domestic use on a skim-solids basis is forecast 0.8 billion pounds lower, at 179.2 billion pounds for the year.

Based on recent price data, continued strong domestic demand, and expectations of higher exports on a skim-solids basis, dairy product price forecasts have been raised. Fourth quarter 2016 price forecasts for cheddar cheese, dry whey, butter, and NDM are \$1.690-\$1.710, \$0.355-\$0.375, \$1.920-\$1.960, and \$0.920-\$0.940 per pound, respectively. The higher product prices translate to higher fourth quarter forecasts for Class III and Class IV milk of \$16.05-\$16.25 and \$13.90-\$14.20 per cwt, respectively. The all-milk price forecast for the fourth quarter is \$17.05-\$17.25 per cwt, an increase from \$16.80-\$17.10 forecast last month. For the year, the all-milk price forecast is \$16.05-\$16.15 per cwt, an increase from \$16.00-\$16.10 forecast last month.

### ***Dairy Forecasts for 2017***

Small changes have been made in feed price forecasts from last month. The corn price forecast for 2016/17 is \$3.05-\$3.65 per bushel, an increase of \$0.05 on both ends of the range. The soybean meal forecast for 2016/17 is unchanged at \$305-\$345 per short ton. The alfalfa hay price decreased from \$137 to \$135 per short ton from September to October.

Based on recent data, the milk cow estimate for the year has been reduced to 9.360 million head, 10,000 less than forecast last month. Milk per cow for the first quarter is forecast 10 pounds higher but is unchanged for the remainder of 2017. With fewer expected milk cows more than offsetting the slight increase in milk per cow, the milk production forecast for 2017 is 216.8 billion pounds, a reduction of 0.2 billion pounds.

Exports on a milk-fat basis are forecast lower than last month, at 8.4 billion pounds (0.5 billion pounds lower), and are now expected to fall from 2016; this is largely due to a less competitive position for cheese exports due to higher expected domestic prices. However, exports on a skim-solids basis are expected to gain in 2017 due to strong expected demand for NDM and lactose, especially from Asian countries. The export forecast for 2017 on a skim-solids basis is 40.1 billion pounds, 0.4 billion pounds higher than last month. The 2017 forecast for imports on a milk-fat basis is 7.0 billion pounds, 0.1 billion less than last month; on a skim-solids basis, the import forecast is 6.2 billion pounds, 0.2 billion pounds lower.

As domestic demand for cheese and butter is expected to remain relatively strong in 2017, the 2017 forecast for domestic use on a milk-fat basis is increased slightly this month to 214.8 billion pounds. With higher expected prices for NDM, the domestic use forecast on

a skim-solids basis is lowered to 182.5 billion (0.4 billion pounds lower). Ending stock forecasts for 2017 have been raised to 13.7 pounds on a milk-fat basis (0.9 billion pounds higher) but are unchanged at 13.2 billion pounds on a skim-solids basis.

With expected strength in domestic demand, higher exports of nonfat dry milk and lactose, and lower milk production compared to last month's forecasts, all of the dairy product price forecasts for 2017 have been raised. Price forecasts for cheddar cheese, dry whey, butter, and NDM are \$1.650-\$1.730, \$0.380-\$0.410, \$1.920-\$2.030, and \$0.950-\$1.010 per pound, respectively. With higher dairy product price forecasts across the board, the Class III and IV milk price forecasts are raised to \$15.85-16.65 and \$14.20-\$15.10, respectively. The 2017 all-milk price is forecast is \$16.85-\$17.65, an increase from \$16.30-\$17.20 forecast last month.

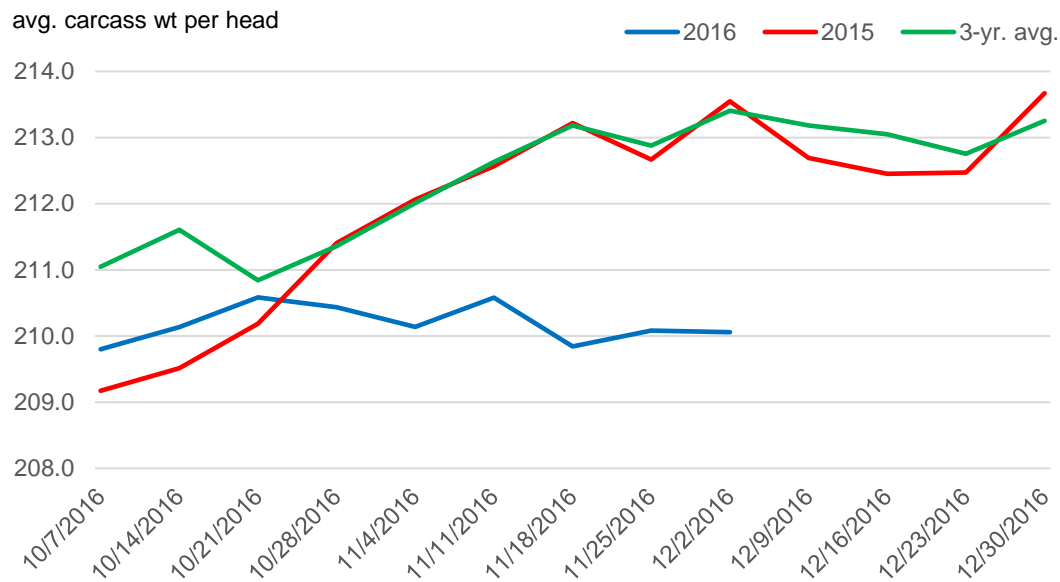
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## *Fourth-Quarter Hog Slaughter: An Orderly Process, Disciplined Producers*

With more than two-thirds of the fourth quarter complete, estimated U.S. federally inspected hog slaughter for October and November is running more than 5 percent ahead of the same period last year. The week of December 3, 2016 registered the largest U.S. hog slaughter on record, at 2.54 million head. With very large weekly slaughters, and packing plants running at near capacity, hog slaughter weights are of particular interest. Higher trending weights as the busiest quarter of the year progresses would indicate that slaughter capacity has essentially been reached and that hogs are backing up in the processing queue, with serious downside market risks likely to follow. The figure of weekly carcass weights below shows year-over-year lower carcass weights from late October forward, suggesting that despite very large weekly slaughter numbers, the fourth-quarter hog slaughter process has so far been orderly. Year-over-year lower carcass weights could be due to producers pulling hogs ahead, perhaps attaching a greater importance to attaining slaughter space than to maximizing profit on each hog sold. It is also likely that seasonally lower hog prices—and expectations of even lower prices as the quarter progresses—have provided sufficient incentive for producers to market hogs at lower year-over-year-weights.

**Average weekly carcass weights, 2015, 2016, 3 yr. avg.**  
**National daily direct hog prior day report-slaughtered swine**

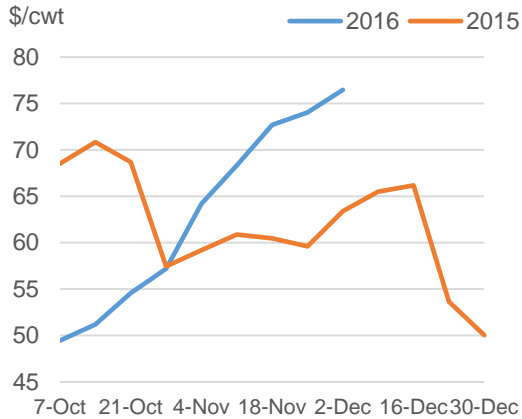


Source: Agricultural Marketing Service, U.S. Dept. of Agriculture.

Another factor that could account for the orderliness that has so far marked the fourth-quarter hog slaughter, despite extremely large weekly kills, are indications that demand is pulling product through the supply chain, keeping the prices of particular cuts year-over-year higher, thus providing incentives to packers—via strong margins—to maintain a steady product flow. The idea of strong demand pull is supported by the most recent cold stocks data, showing October ending stocks 2.6 percent below a year ago and 7 percent below ending stocks in September.

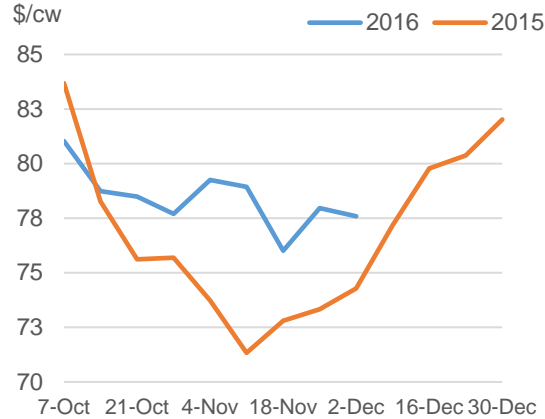
Part of the demand pull may be coming from foreign buyers of some U.S. pork cuts. Prices of pork cuts frequently demanded by foreign buyers—hams, picnics, and butts—are year-over-year-higher through the beginning of December. So far in the fourth quarter, ham primal prices have averaged 1 percent above the same period a year ago. Prices of picnics and butts are more than 13 and 4 percent, respectively, above fourth-quarter prices last year.

**Ham primal: weekly wholesale price fourth quarter 2015, 2016**



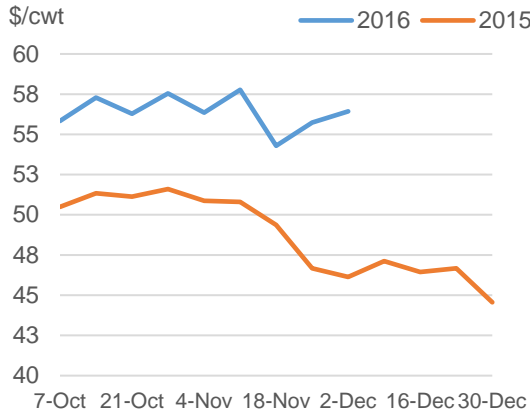
Source: Agricultural Marketing Service, U.S. Dept. of Agriculture.

**Butt primal: weekly wholesale price fourth quarter 2015, 2016**



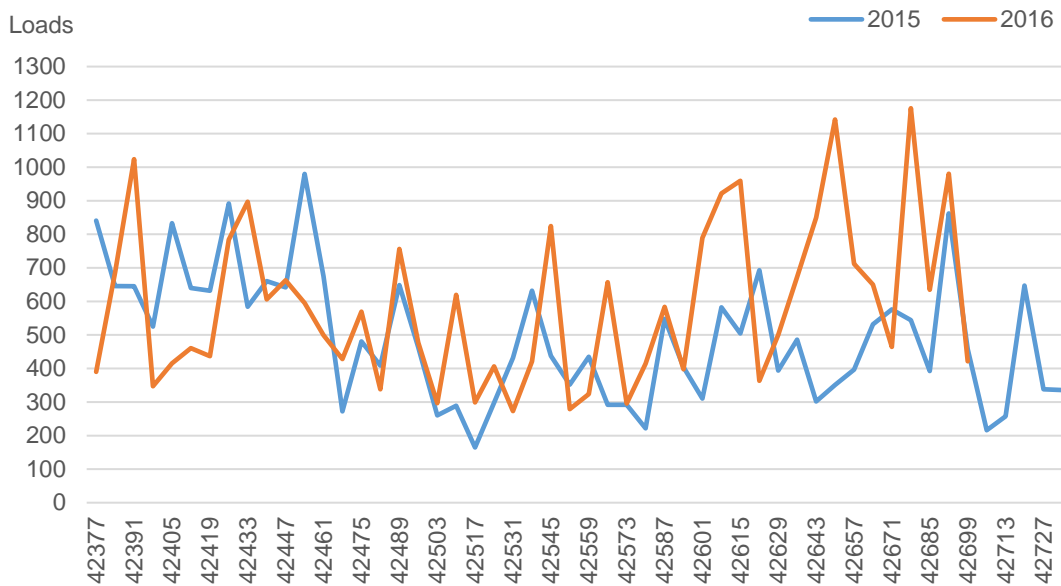
Source: Agricultural Marketing Service, U.S. Dept. of Agriculture.

**Picnic primal: weekly wholesale price fourth quarter 2015, 2016**



Source: Agricultural Marketing Service, U.S. Dept. of Agriculture.

## Total load count, export sales fourth quarter 2015, 2016



Source: Agricultural Marketing Service, U.S. Dept. of Agriculture.

### ***Both September and Third-Quarter Exports Solid***

Data detailing total load counts for product destined for exports also shows strong shipments, particularly early in the fourth quarter. Lower prices of U.S. pork products are likely offsetting some negative exchange rate effects to support foreign demand for U.S. pork.

Fourth-quarter pork production is expected to be 6.6 billion pounds, 2.6 percent higher than a year ago. Average fourth-quarter prices of live equivalent 51-52 percent lean hogs are expected to be \$35-\$36 per cwt.

### ***Pork Exports Solid in October***

U.S. pork exports in October were 451 million pounds, more than 9 percent higher than a year ago. The 10 largest foreign destinations for exported U.S. pork in October are listed below. Exports to Mexico, in particular, were especially strong, likely due to the approaching Christmas-New Year holiday, and attractive U.S. prices offsetting some of the negative effects of a depreciating peso. China was the fourth largest U.S. pork export market in October, though with little year-over-year growth.

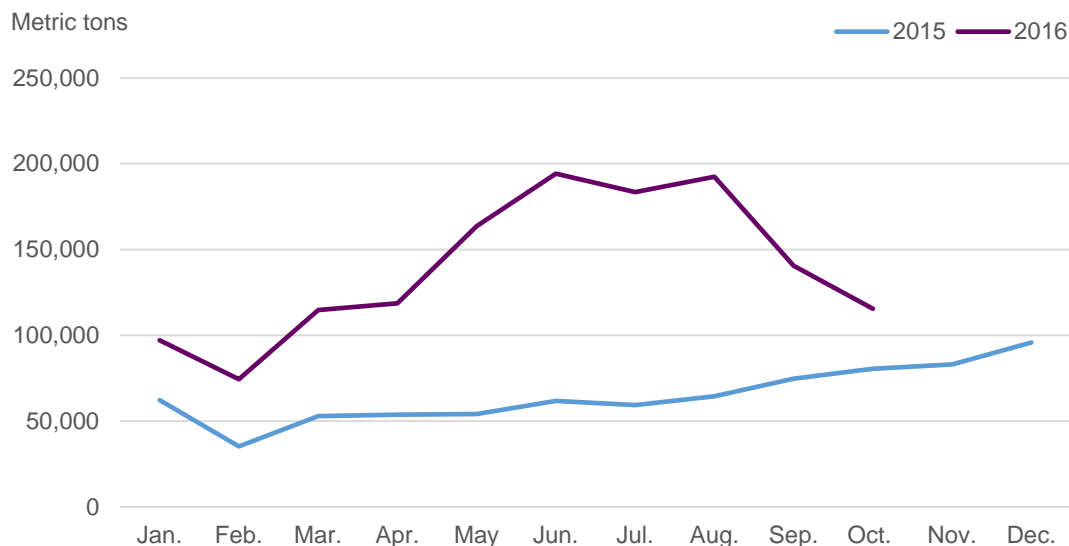
**U.S. pork exports: Volumes shipped to the 10 largest foreign destinations, October 2015, 2016.**

	Country	Exports October 2015	Exports October 2016	Percent change
		(mil. lbs)	(mil. lbs)	(2016/2015)
	<b>World</b>	414	451	9.1
<b>1</b>	<b>Mexico</b>	133	147	10.5
<b>2</b>	<b>Japan</b>	93	97	5.0
<b>3</b>	<b>Canada</b>	44	45	2.0
<b>4</b>	<b>China\Hong Kong</b>	41	42	1.2
<b>5</b>	<b>South Korea</b>	32	37	16.0
<b>6</b>	<b>Colombia</b>	10	16	62.1
<b>7</b>	<b>Australia</b>	11	12	10.7
<b>8</b>	<b>Philippines</b>	10	11	4.8
<b>9</b>	<b>Chile</b>	5	9	75.5
<b>10</b>	<b>Honduras</b>	5	6	9.7

Source: U.S Dept. of Agriculture, Economic Research Service.

China import data suggest that import demand has topped out for the moment. The 10 largest suppliers of pork to China are shown below. Notably the unit value of Chinese imports of U.S. pork is higher than unit values of Canadian, German, Spanish, Dutch, and Chilean imports, valued in U.S. dollars. Part of the reason could be that China imports different valued cuts, from different countries.

**China pork imports, monthly, 2015-October 2016**



Source: Global Trade Atlas Navigator.

**China pork imports: Volumes, import shares and unit values of 10 largest foreign suppliers, October 2016**

	Country	Imports October 2016	Share of total imports	Unit value
		(MT)	%	U.S.\$
	<b>World</b>	115,433		1,960
<b>1</b>	<b>Germany</b>	28,978	25	1,863
<b>2</b>	<b>Spain</b>	17,809	15	1,932
<b>3</b>	<b>United States</b>	14,202	12	1,995
<b>4</b>	<b>Canada</b>	10,808	9	1,767
<b>5</b>	<b>Denmark</b>	9,633	8	2,203
<b>6</b>	<b>Netherlands</b>	8,425	7	1,800
<b>7</b>	<b>Brazil</b>	6,633	6	2,445
<b>8</b>	<b>Chile</b>	4,723	4	1,921
<b>9</b>	<b>France</b>	4,604	4	2,310
<b>10</b>	<b>Ireland</b>	3,168	3	2,145

Source: Global Trade Atlas Navigator.

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# Poultry

## Broilers

October broiler production was down from last year, largely due to 1 less slaughter day. Bird weights during October were above last year, in contrast to the previous 2 months. Preliminary data for November suggested that production was slightly lower than October, despite weights being slightly higher. The forecast for fourth-quarter production was lowered 25 million pounds.

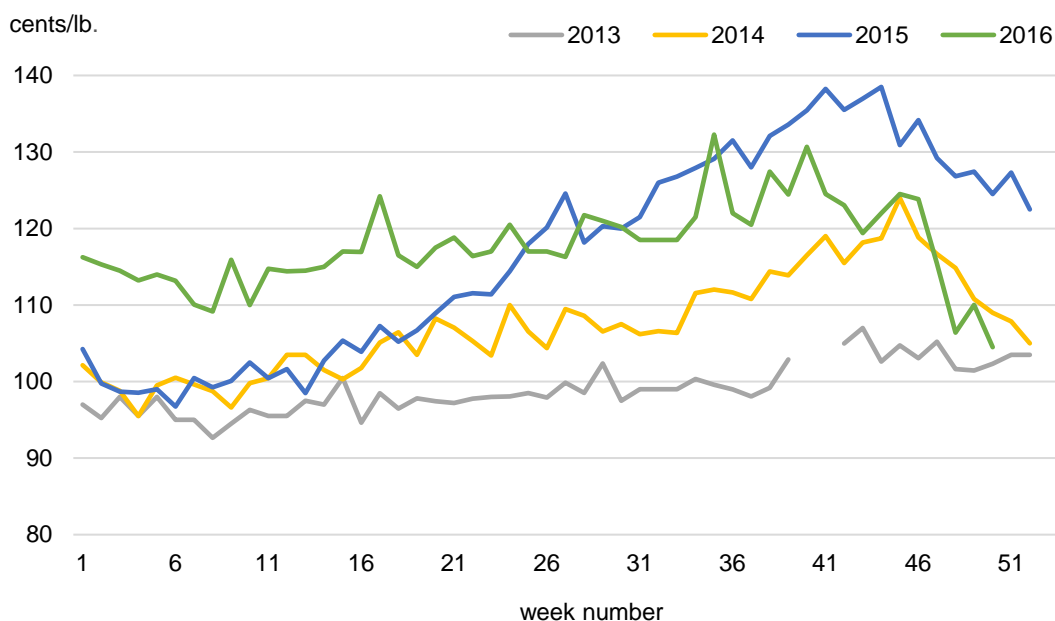
Weekly prices for whole-broilers (national composite) increased in November beyond expectations, reaching 84 cents per pound for the week ending December 3. The fourth-quarter forecast was increased slightly to 77-78 cents per pound, and the 2017 forecast is now 80-85 cents per pound.

## Turkeys

October turkey production was down 1.5 percent from last year. Slaughter was lower, with 1 less slaughter day in the month, and bird weights declined 2.8 percent from September, more than in recent years. Preliminary production data for the 4 weeks ending with Thanksgiving week show increased production from last year. The production forecast for the fourth quarter is 4.6 percent higher than last year after being revised slightly down to 1.525 billion pounds. The forecast of stocks in cold storage for the end of 2016 was reduced 15 million pounds.

The weekly price of whole frozen hens has declined faster than it typically does after Thanksgiving sales conclude (see figure below, “Weekly Prices for Whole Turkey Hens”). The fourth-quarter forecast for frozen hen prices was lowered slightly to 117-120 cents per pound, and the 2017 forecast was lowered to 107-115 cents per pound.

### Weekly Prices for Whole Turkey Hens, 2011-2016



Source: USDA's Agricultural Marketing Service (AMS), <https://www.ams.usda.gov/mnreports/pywturkey.pdf>.

## ***Eggs***

Egg prices on the New York wholesale market have started to experience a strong late seasonal increase, as grade A large eggs were up to 104 cents per dozen at the end of the week ending December 9. Prices were below expectations earlier in the quarter as a seasonal increase emerged during October only to fade early during November. The fourth-quarter price was forecast at 73-74 cents per dozen.

## ***Poultry Exports***

October exports of broilers, turkey, and egg/egg products in October performed favorably compared to a year earlier, despite small declines from September levels.

October exports of broilers to Mexico were 18 percent of total exports but were lower than recent months. An ongoing depreciation of the peso worsened in September and November, lowering Mexican purchasing power of U.S. products. Angola accounted for 7 percent of October broiler exports, continuing their strong upward momentum since September. The main markets for U.S. turkey this year, Mexico and Hong Kong, were both down from September.

Egg and egg product exports to Canada have remained tepid compared to last year, despite much lower prices. Jamaica has continued its very strong purchases this year, and the United Arab Emirates imported 1.2 million dozen in October as their purchases continued to trend upwards.

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## Related Websites

Livestock, Dairy, and Poultry Outlook, <http://www.ers.usda.gov/publications/?page=1&topicId=0&authorId=0&seriesCode=LDPM&ort=CopyrightDate&sortDir=desc>  
Animal Production and Marketing Issues, <https://www.ers.usda.gov/topics/animal-products/animal-production-marketing-issues/>  
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## Dairy Forecasts

	2015		2016					2017			
	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Milk cows (thousands) 1/	9,321	9,317	9,319	9,327	9,336	9,335	9,330	9,345	9,355	9,365	9,360
Milk per cow (pounds)	5,503	22,394	5,692	5,828	5,632	5,620	22,770	5,750	5,935	5,745	23,170
<b>Milk production (billion pounds)</b>	51.3	208.6	53.0	54.4	52.6	52.5	212.4	53.7	55.5	53.8	216.8
Farm use	0.2	1.0	0.2	0.2	0.2	0.2	1.0	0.2	0.2	0.2	1.0
Milk marketings	51.0	207.7	52.8	54.1	52.3	52.2	211.5	53.5	55.3	53.6	215.9
<b>Milk-fat (billion pounds milk equiv.)</b>											
Milk marketings	51.0	207.7	52.8	54.1	52.3	52.2	211.5	53.5	55.3	53.6	215.9
Beginning commercial stocks	14.1	11.2	13.3	15.6	18.0	16.6	13.3	14.0	15.4	17.2	14.0
Imports	1.6	5.7	2.1	1.6	1.7	1.7	7.0	1.7	1.7	1.7	7.0
Total supply	66.7	224.6	68.3	71.3	72.0	70.4	231.8	69.2	72.4	72.5	236.8
Commercial exports	1.8	8.8	2.2	2.2	2.2	2.2	8.8	2.0	2.1	2.2	8.4
Ending commercial stocks	13.3	13.3	15.6	18.0	16.6	14.0	14.0	15.4	17.2	15.9	13.7
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic commercial use	51.6	202.5	50.4	51.1	53.3	54.2	209.0	51.8	53.0	54.4	214.8
<b>Skim solids (billion pounds milk equiv.)</b>											
Milk marketings	51.0	207.7	52.8	54.1	52.3	52.2	211.5	53.5	55.3	53.6	215.9
Beginning commercial stocks	14.0	13.1	13.9	14.7	15.3	14.9	13.9	13.8	13.4	13.8	13.8
Imports	1.6	6.0	1.6	1.6	1.6	1.5	6.4	1.5	1.5	1.5	6.2
Total supply	66.6	226.7	68.3	70.4	69.2	68.7	231.7	68.8	70.2	68.9	235.8
Commercial exports	8.7	37.3	8.5	9.7	10.2	10.2	38.7	9.8	10.1	10.3	40.1
Ending commercial stocks	13.9	13.9	14.7	15.3	14.9	13.8	13.8	13.4	13.8	13.5	13.2
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic commercial use	44.1	175.5	45.2	45.4	44.0	44.6	179.2	45.7	46.3	45.1	182.5
<b>Milk prices (dollars/cwt) 2/</b>											
All milk	17.73	17.12	15.70	14.77	16.83	17.05	16.05	17.25	16.40	16.70	16.85
						-17.25	-16.15	-17.75	-17.20	-17.70	-17.65
Class III	15.07	15.80	13.75	13.20	16.18	16.05	14.75	16.00	15.65	15.85	15.85
						-16.25	-14.85	-16.50	-16.45	-16.85	-16.65
Class IV	16.28	14.35	13.18	13.18	14.58	13.90	13.65	14.20	14.30	14.25	14.20
						-14.20	-13.85	-14.80	-15.20	-15.35	-15.10
<b>Product prices (dollars/pound) 2/</b>											
Cheddar cheese	1.634	1.645	1.517	1.454	1.735	1.690	1.595	1.665	1.630	1.650	1.650
						-1.710	-1.605	-1.715	-1.710	-1.750	-1.730
Dry whey	0.233	0.380	0.243	0.252	0.288	0.355	0.280	0.375	0.375	0.375	0.380
						-0.375	-0.290	-0.405	-0.405	-0.405	-0.410
Butter	2.648	2.067	2.067	2.080	2.206	1.920	2.060	1.920	1.925	1.945	1.920
						-1.960	-2.090	-2.000	-2.035	-2.075	-2.030
Nonfat dry milk	0.841	0.902	0.766	0.760	0.860	0.920	0.820	0.955	0.960	0.945	0.950
						-0.940	-0.840	-0.995	-1.020	-1.015	-1.010

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

2/ Simple averages of monthly prices calculated by the Agricultural Marketing Service for use in class price formulas. Based on weekly U.S. Dept. of Agriculture *National Dairy Products Sales Report*.

Sources: U.S. Dept. of Agriculture: National Agricultural Statistics Service, Agricultural Marketing Service, Foreign Agricultural Service, and World Agricultural Outlook Board.

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