



# Livestock, Dairy, and Poultry Outlook

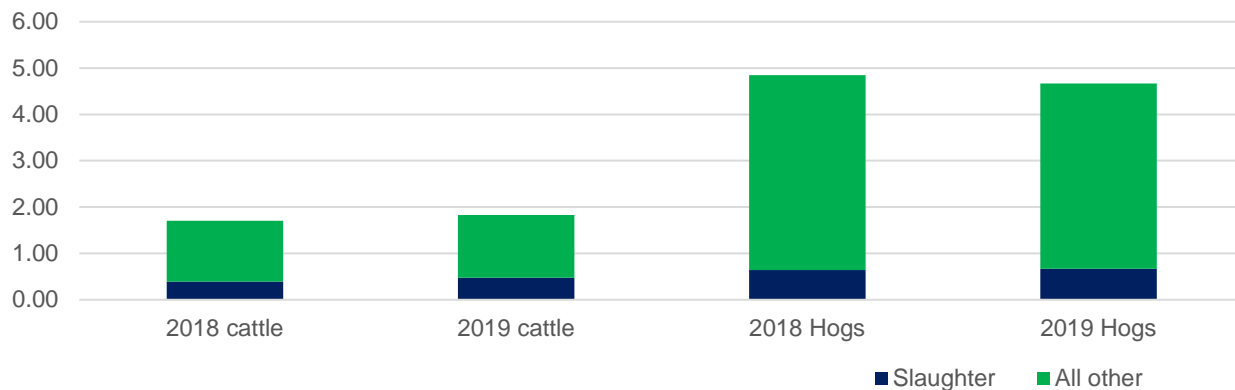
## 2019 Year-To-Date Imports Higher for Cattle, Lower for Hogs

William Hahn

The figure below shows year-to-date (January-November) cattle and hog imports for 2018 and 2019. The imports are divided into two classes, animals for slaughter and “all others.” Most of the “other animals” class is comprised of feeder calves for cattle and finishing animals (segregated early-weaned pigs and feeder pigs) for hogs. Virtually all cattle imports come from Mexico and Canada. U.S. hog imports are sourced almost exclusively from Canada. Mexico is the largest source of live cattle imports to the United States. This year, about 63 percent of cattle imports are of Mexican origin, with about 99.8 percent of Mexican imports falling into the all-other category. Virtually all of these cattle are feeder calves. About 37 percent of total cattle imports in 2019 are of Canadian origin, 71 percent of which are comprised of slaughter cattle. Year-to-date cattle imports are about 7 percent higher than a year ago. Most of the increase is attributable to an 84,000-head increase in slaughter animals, mostly of Canadian origin. Feeder cattle imports have increased about 41,000 head, or 3.1 percent, through November. Canada is the source of over 99.9 percent—all but a handful—of U.S. hog imports. 2019 year-to-date total hog imports are about 4.7 million head, almost 4 percent lower than in 2018. Slaughter hogs have increased almost 4 percent (about 25,000 head), while imports of finishing animals have declined by more than 205,000 head, to about 5 percent lower than the same period in 2018.

### Live cattle, live hog imports: Jan.-Nov. 2018 and 2019

Million head



Source: USDA, Economic Research Service.

**Beef/Cattle:** Beef production in 2019 was revised slightly higher on pace of slaughter. However, 2020 production was reduced on lower expected carcass weights, despite slightly more marketings. Cattle prices were raised, reflecting price strength in the first part of the year. The 2019 beef import forecast was increased on recent trade data, while the 2019 beef export forecast was reduced to reflect a slower export pace at the end of the year. The forecasts for 2020 beef trade remain unchanged from last month.

**Dairy:** Based upon recent weak growth in milk production per cow, the 2020 annual forecast for milk production has been lowered 0.4 billion pounds to 222.0 billion pounds. Export forecasts for 2020 have been raised due to higher expected exports of NDM and cheese. Price forecasts for butter, dry whey, and Cheddar cheese have been lowered for 2020, but the price forecast for NDM has been raised. The all-milk price forecast for 2020 is \$19.25 per hundredweight, \$0.15 lower than last month's forecast.

**Pork/Hogs:** Data from the December *Quarterly Hogs and Pigs* report, coupled with expected growth of litter rates point to U.S. pork production of about 29 billion pounds in 2020, almost 4 percent higher than last year. Hog prices in 2020 are expected to average \$54.50 per cwt, about 14 percent higher than prices last year, reflecting strong processor demand for hogs, continued solid domestic pork demand, and U.S. pork exports growth of about 13 percent above volumes shipped in 2019.

**Poultry/Eggs:** The 2020 broiler production forecast was revised up on expectations for a larger breeder flock. This increased supply is expected to put downward pressure on prices—the basis for lowering the price forecast. The ending stocks forecast was increased on high November inventories, as well as anticipated higher production. The fourth-quarter export forecast was increased and import forecast decreased on latest trade data. The table egg production forecast was increased on higher-than-expected productivity, as well as expectations for a larger breeder flock. An increased supply will likely pressure prices, which was the basis for lowering the 2020 price forecast. The fourth-quarter egg export forecast was increased due to higher-than-expected November trade. The 2020 turkey production forecast was lowered on hatchery data, while tightening supplies were the basis for lowering ending stocks as well as increasing turkey prices. The turkey export forecast was increased on strong exports to Central America and Hong Kong, while the import forecast was lowered on fewer shipments from Chile.

# Beef/Cattle

---

Russell Knight and Christopher Davis

## Pace of Slaughter Stays Strong in Fourth-Quarter 2019

The 2019 fourth-quarter beef production forecast was adjusted higher by 15 million pounds from last month to 7.0 billion pounds, which raised the forecast for annual production to 27.2 billion pounds. The increase was based on a faster-than-expected pace of nonfed cattle slaughter in December, in particular beef cow slaughter. Since the third quarter, beef cow slaughter has increased sharply. Based on the AMS reports of *Actual Slaughter Under Federal Inspection* for the first 4 weeks of December, the year-over-year change in federally inspected slaughter of beef cows ranged from 13 to 25 percent higher. The increase in nonfed cattle slaughter more than offset a decline in expected fed cattle slaughter in December. Based on the NASS *Livestock Slaughter* report for November, the pace of beef cow slaughter was considerably above year-earlier levels. Since the week ending November 15, prices for live cutter cows<sup>1</sup> have remained more than 10 percent above prices for the same period a year ago. This, coupled with tight forage supplies for some producers, has likely encouraged higher culling rates.

The National Agricultural Statistics Service (NASS) *Cattle on Feed* report for December estimated 2.1 million head of cattle were placed in feedlots in November 2019. This was larger than expected and will likely generate greater expected cattle marketings and beef production in second-quarter 2020. However, because those calves were likely placed in feedlots rather than remaining on winter wheat pastures as expected, the placement forecast for first-half 2020 was reduced. As a result, fewer fed cattle marketings are anticipated in second-half 2020, contributing to less expected beef production during that time. Further, increases in cattle dressed weights are anticipated to be slower in 2020. Respectively, the forecast for 2020 beef production was lowered by 75 million pounds from last month to 27.4 billion pounds. NASS will release the semi-annual *Cattle* report on January 31, which will provide estimates of heifers held for breeding and an insight into the number of cattle that might be available for placement during 2020.

## Strong Cattle Prices Transition Into New Year

On January 6, the Oklahoma City National stockyards sales of feeder steers weighing 750 to 800 pounds were reported at \$146.95 per hundredweight (cwt), about \$0.50 above a month earlier. Based on this recent price data and fewer expected cattle overwintering on pasture, the price forecast for first-quarter 2020 feeder steers was raised by \$4 to \$144.00 per cwt. The second-quarter 2020 price forecast was raised \$2 to \$144.00. The fourth-quarter 2020 price forecast was raised by \$1 to \$145.00 per cwt on expected feedlot demand. The 2020 annual price forecast for feeder steers was raised by \$2 to \$145.00 per cwt.

Wholesale beef prices are below year-ago levels, but packers continue to pay slightly higher prices than a year ago to bid cattle out of the feedlots despite weaker margins. This strength was carried into first-quarter 2020, and that price forecast was raised by \$3 to \$125.00 per cwt. However, larger

---

<sup>1</sup> Live prices are converted from prices for cutter cow carcasses that are expected to yield 90 percent lean meat and weigh 500 pounds and more. The carcass prices are converted to live weight using a conversion factor of 0.495.

numbers of cattle are expected to be available for marketing during the second quarter, which is expected to moderate prices. The 2020 average price for fed steers is forecast at \$117.50 per cwt.

## Beef Imports Continue To Climb in November

U.S. beef imports in November were 242 million pounds, up almost 25 million pounds from a year earlier. There were sizeable increases in beef imports from Canada (+7.8 million pounds), Mexico (+4.9 million pounds), Brazil (+4.9 million pounds), Uruguay (+3.1 million pounds), and Australia (+1.9 million pounds). The largest volume increase in beef imports came from Nicaragua (+8.2 million pounds). New Zealand was the only major beef supplier from whom less beef (-7.5 million pounds) was imported in November than a year earlier. The drop in U.S. imports may reflect, in part, the increased competition with Asia for animal protein.

The fourth-quarter forecast was raised to 715 million pounds, due to strong beef imports in November and in anticipation of continued strength in December. No change was made to the 2020 forecast.

## Lower Beef Shipments to Major Destinations

In November, beef exports totaled 245 million pounds, 21 million pounds below the November 2018 total. The U.S. major beef export destinations are Japan, Mexico, South Korea, Canada, and Hong Kong. U.S. beef shipments to Japan were 9.9 million pounds lower than they were last November. Reductions in U.S. beef exports also were seen in Mexico (-6.3 million pounds), South Korea (-2.5 million pounds), Canada (-3.7 million pounds), Vietnam (-1.8 million pounds), and the Philippines (-1.5 million pounds). The silver lining in November's beef export report was the moderate increases in shipments to Hong Kong and Taiwan.

The U.S. beef export forecast for the fourth quarter of 2019 was revised down to 750, as competition with competitively priced beef in the global market is expected to result in lower exports at the end of the year. The 2020 beef export forecast is unchanged.

# Dairy

Jerry Cessna

## Recent Developments in Dairy Markets

Price directions, as reported in the USDA *National Dairy Product Sales Report* (NDPSR), were mixed from the week ending December 7 to the week ending January 4. Prices for nonfat dry milk (NDM) and dry whey increased to \$1.2355 (+2.9 cents) and \$0.3333 (+1.5 cents) per pound, respectively, while the price for butter fell to \$1.9815 (-2.8 cents). The price for 40-pound blocks of Cheddar cheese fell 5 cents to \$1.8879 per pound, and the price for 500-pound barrels of Cheddar cheese (adjusted to 38 percent moisture) fell to \$1.7511, a decline of 49.2 cents.

### Dairy wholesale product prices (dollars per pound)

	For the week ending		Change
	Dec. 7	Jan. 4	
Butter	2.0094	1.9815	-0.0279
Cheddar cheese			
40-pound blocks	1.9384	1.8879	-0.0505
500-pound barrels <sup>1</sup>	2.2434	1.7511	-0.4923
Nonfat dry milk	1.2061	1.2355	0.0294
Dry whey	0.3183	0.3333	0.0150

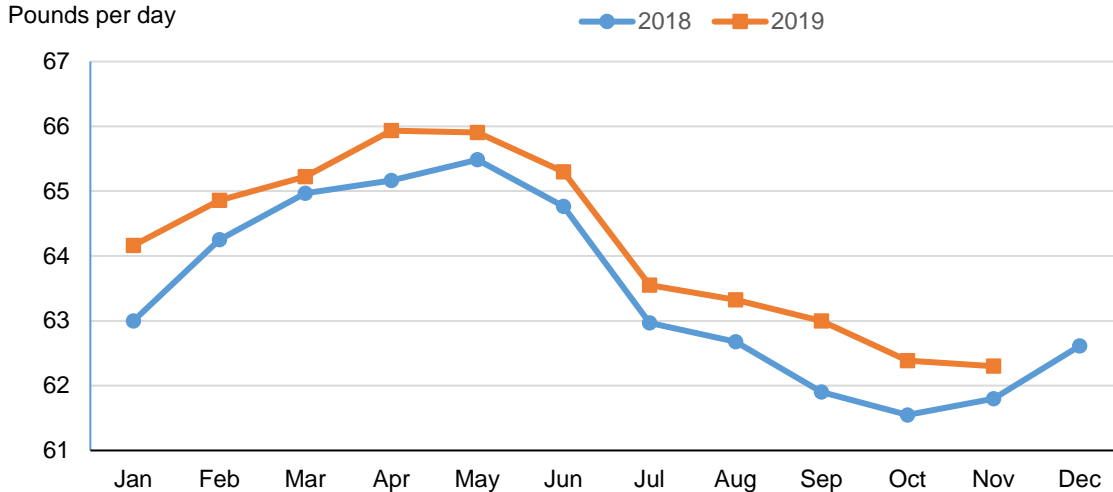
<sup>1</sup> Adjusted to 38-percent moisture.

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

On the Chicago Mercantile Exchange (CME), average prices for Cheddar cheese 40-pound blocks and 500-pound barrels were \$1.8595 and \$1.5810 per pound, respectively, for the trading week ending January 10. The average CME butter price for the same week was \$1.8955 per pound.

USDA National Agricultural Statistics Service (NASS) estimated November U.S. milk production at 17.440 billion pounds, 0.5 percent higher than November 2018. The estimate for the average size of the milking herd for November is 9.331 million head, unchanged from the latest October estimate. Average daily milk per cow was 62.3 pounds per day in November, only 0.8 percent higher than November 2018 but 0.1 percent lower than October. This was the first time since 2004 that average daily milk per cow declined from October to November.

## Milk production per cow



Source: USDA, National Agricultural Statistics Service.

In November, dairy exports on a milk-fat milk-equivalent basis totaled 699 million pounds, 1 million lower than October and 118 million lower than November 2018. November exports on a skim-solids milk-equivalent basis were 3.670 billion pounds, 28 million higher than October and 554 million higher than November 2018. Notably, exports of nonfat dry milk/skim milk powder (NDM/SMP) were 148.6 million pounds in November, 7.3 million lower than October but 42.7 million higher than November 2018. Although November exports of NDM/SMP to Mexico were below November 2018, NDM/SMP exports increased for most countries, with the largest year-over-year gains in exports to Southeast Asia. Exports of cheese totaled 62.7 million pounds in November, 0.1 million higher than October and 4.3 million higher than November 2018.

In November, exports of whey products (dry whey, whey protein concentrate (WPC), and modified whey) totaled 74.1 million pounds, 8.1 million above October but 8.1 million below November 2018. Exports of dry whey and WPC to China continue to be constrained by retaliatory tariffs. U.S. exports of whey products to China in November totaled 21.7 million pounds, 8.5 million higher than October but 7.4 million below November 2018. Almost two-thirds of the increase in whey product exports to China from October to November was for modified whey, a product category not subject to retaliatory tariffs. Most exported modified whey is whey permeate, a product often used for animal feed.

In November, dairy imports declined both year over year and month over month. On a milk-fat basis, dairy imports totaled 504 million pounds, 170 million less than October and 27 million less than November 2018. On a skim-solids basis, November dairy imports were 484 million pounds, 1 million less than October and 18 million less than November 2018. Butter imports were 4.4 million pounds in November, 3.1 million less than October and 2.9 million less than November 2018. November cheese imports totaled 26.3 million pounds, 8.8 million less than October and 3.8 million below November 2018.

On a milk-fat basis, November ending stocks were 13.495 billion pounds, 180 million pounds higher than November 2018. On a skim-solids basis, November ending stocks were 10.076 billion pounds, 345 million lower than November 2018. Notably, manufacturers' stocks of NDM totaled 223.1 million pounds for the end of November, 66.1 million less than November 2018. For the 3 months from September through November 2019, domestic use on a milk-fat basis was 1.6 percent higher than the

same 3 months of 2018. On a skim-solids basis, domestic use for the 3 months from September through November 2019 was about the same as for September through November 2018.

## Borden Dairy Initiates Chapter 11 Bankruptcy Reorganization

On January 5, 2020, Borden Dairy initiated Chapter 11 bankruptcy reorganization proceedings. Borden Dairy produces fluid milk products, cream, buttermilk, dips, sour cream, and other products. The company had sales of \$1.1 billion in 2018 and is owned by Acon Investments, LLC.

## Outlook for Feed Prices

The 2019/20 corn price forecast is unchanged from last month at \$3.85 per bushel. The soybean meal forecast for 2019/20 is \$305 per short ton, \$5 lower than last month's forecast. The November alfalfa hay price was \$173 per short ton, \$6 lower than October but the same as November 2018. The 5-State weighted-average price for premium alfalfa hay in November was \$209 per short ton, \$4 higher than the October price. For more information, see *Feed Outlook*, published by USDA, Economic Research Service.

## Dairy Estimates for 2019

Although 2019 is over, fourth-quarter and annual supply and use numbers in this report reflect interagency committee expectations because data for December are not yet available. Based on cow numbers in November, the fourth-quarter estimate for the size of the milking herd has been increased to 9.330 million head, 5 thousand higher than last month's forecast. The fourth-quarter expectation for milk per cow has been lowered 40 pounds to 5,765 pounds for the fourth quarter, as November milk per cow was significantly lower than expected. With these changes, expected fourth-quarter 2019 milk production is 53.8 billion pounds, 0.3 billion pounds lower than the last month's forecast. For the year, milk production is expected to be 218.3 billion pounds.

The estimate for imports on a milk-fat basis for the fourth quarter of 2019 has been lowered 0.1 billion pounds to 1.8 billion due to lower expected imports of butter and cheese. Imports on a skim-solids basis are estimated at 1.5 billion pounds for the fourth quarter, unchanged from last month. The estimate for 2019 fourth-quarter exports on a milk-fat basis has been raised 0.1 billion pounds to 2.1 billion pounds, based mostly on strength of cheese exports in November. The expectation for exports on a skim-solids basis has been raised 0.4 billion pounds to 10.7 billion for the quarter, as NDM and dry whey product exports both increased in November and are expected to remain strong in December.

The estimate for 2019 ending stocks on a milk-fat basis has been lowered 0.1 billion pounds to 13.7 billion pounds. With falling stocks of NDM in November, the estimate for ending stocks on a skim-solids basis has been lowered by 0.3 billion pounds to 10.3 billion. The estimate for domestic use on a milk-fat basis is now 56.5 billion pounds for the fourth quarter, 0.4 billion pounds lower than last month's forecast. Fourth-quarter domestic use on a skim-solids basis is now expected to be 44.7 billion pounds for the quarter, a reduction of 0.4 billion pounds.

While most dairy supply and use data are not yet available for December, complete 2019 price data are available with the exception of the all-milk price. For the fourth quarter, the cheese price was a slightly lower than expected last month, while prices for dry whey, butter, and NDM were a slightly higher. Average prices for Cheddar cheese, dry whey, butter, and NDM in 2019 were \$1.759, \$0.380, \$2.243, and \$1.042 per pound, respectively. The 2019 Class III and Class IV prices were \$16.96 and \$16.30

per cwt, respectively. The 2019 all-milk price estimate is \$18.60 per hundredweight (cwt), unchanged from last month's forecast.

## Dairy Forecasts for 2020

The 2020 annual forecast for milk production has been lowered 0.4 billion pounds to 222.0 billion pounds. The forecast for the average size of the milking herd is 9.335 million head, unchanged from last month's forecast. With the significant drop in milk per cow in November, expectations for 2020 yields have been lowered. The milk per cow estimate is 23,785 pounds per head, 45 pounds lower than last month's forecast.

With lower expected imports of butter and cheese, the 2020 forecast for imports on a milk-fat basis has been lowered 0.1 billion pounds to 6.3 billion. The forecast for imports on a skim-solids basis is unchanged at 5.5 billion. On a milk-fat basis, the 2020 export forecast has been raised 0.1 billion pounds to 9.4 billion. The export forecast on a skim-solids basis has been raised 0.3 billion pounds to 43.4 billion due to higher expected exports of NDM/SMP.

Ending stocks for 2020 on a milk-fat basis are projected at 13.4 billion pounds for the year, 0.1 billion higher than last month's forecast. On a skim-solids basis, ending stocks are projected at 10.4 billion pounds, 0.4 billion below the last forecast, due to lower expected milk production and higher expected exports. Lower expected growth in domestic demand is expected to carry into 2020. The domestic use forecasts for 2020 have been lowered to 218.0 billion pounds on a milk-fat basis (-0.7 billion) and to 182.9 billion pounds on a skim-solids basis (-0.6 billion).

Based on recent price weakening and lower expected domestic demand, 2020 price forecasts for Cheddar cheese and butter have been lowered to \$1.835 per pound (-3.0 cents) and \$1.960 per pound (-6.0 cents), respectively. With higher expected demand for NDM exports and relatively low NDM stock levels, the NDM price forecast for 2020 has been raised 2.5 cents to \$1.255 per pound. The dry whey price forecast has been lowered 0.5 cents to \$0.340 per pound.

With the lower expected cheese price, the Class III milk price forecast for 2020 has been lowered \$0.30 to \$17.35 per cwt. With the lower butter price forecast more than offsetting the higher NDM price forecast, the Class IV milk price forecast has been lowered by \$0.05 to \$16.90 per cwt. The all-milk forecast for 2020 has been lowered to \$19.25 per cwt, \$0.15 lower than last month's forecast.



# Pork/Hogs

Mildred Haley

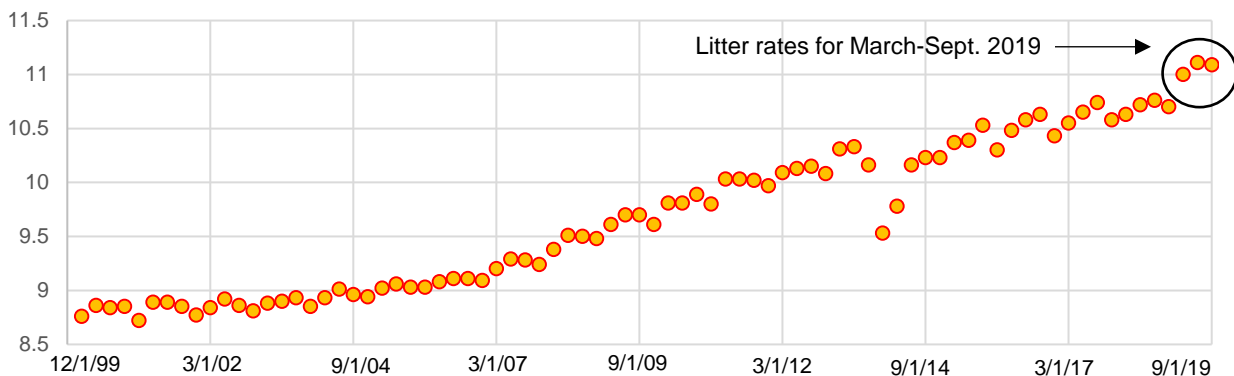
## December 1 Hog Industry is Bigger and More Productive

USDA issued its December *Quarterly Hogs and Pigs* on December 23, 2019. In short, the information contained in the report indicated that on December 1, the U.S. hog industry was bigger and more productive than it was a year earlier. For the fifth consecutive year, the December 1 inventory of marketing hogs was the highest since the series began in 1963, at almost 71 million head, 3.1 percent higher than a year ago. The December 1 breeding inventory increased more than 2 percent over a year earlier—this is the 15th consecutive year-over-year increase in the quarterly breeding herd since the last time the breeding inventory showed a decline, in March 2016. The U.S. breeding herd has not shown a significant, sustained contraction since the period between June 2008 and December 2010. The current breeding inventory expansion has largely been driven by the construction of three large processing facilities, and the refurbishment of a mid-sized plant, in three Midwestern States. These facilities together contributed to the increase of weekly U.S. slaughter capacity from about 2.5 million head in 2015 to more than 2.8 million head in the fall of 2019. In addition, optimism over potential expansion in exports may be fueling recent inventory growth.

The December report indicated that the U.S. hog industry has achieved a third consecutive quarterly litter rate of 11 or more pigs per litter. National litter rates of 11 pigs per litter or more had been a long-time goal of the U.S. hog industry, although such litter rates have been commonplace in Canada (particularly in Manitoba) and in Europe for quite some time. Factors contributing to the 11+ litter rates in the United States last year—the September-November litter rate of 11.09, the June-August litter rate of 11.11, and the March-May rate of 11 pigs per litter—are varied; they include innovations in pre- and postnatal sow and weanling management and care, sow nutrition, weather adaptations, and management of disease occurrences. Chief among litter-rate enhancement factors, however, are probably improvements in genetics. Superior litter rates in 2019 likely indicate that distribution and optimal utilization of high-quality genetics is gaining traction in the industry.

### Litter rates, December 1999-September 2019

Pigs/litter



Source: USDA, National Agricultural Statistics Service.

USDA State-level litter-rate data indicates that of the 10 States with the largest breeding inventories on December 1, 2018, 5 States achieved 11+ litter rates in 2019 or earlier. Litter rates of the remaining five major hog breeding States continue to lag the 11 pigs per litter average. The five States that have achieved 11+ litter rates are: Iowa (11.02 pigs per litter in 2017), Minnesota (11.08 pigs per litter in 2015), Nebraska (11.11 pigs per litter in 2015), Ohio (11.16 in 2019) and South Dakota (11.36 in 2017). Litter rates for Illinois, Indiana, Missouri, North Carolina, and Oklahoma together averaged in the high-10 pigs per litter in 2019. It is likely that as moderately productive farms continue to adopt superior genetics, State-level litter rate averages will move higher. Higher State-level pigs per litter scores will translate into higher national litter-rate averages. This dynamic—the adoption of high-quality genetics by moderately productive commercial farms—will likely be an important source of U.S. hog industry productivity growth going forward.

### Litter rates of the 10 largest breeding inventory States, 2010-2019

State	Litter rate 2010	Litter rate 2011	Litter rate 2012	Litter rate 2013	Litter rate 2014	Litter rate 2015	Litter rate 2016	Litter rate 2017	Litter rate 2018	Litter rate 2019
	Pigs/litter	Pigs/litter	Pigs/litter	Pigs/litter	Pigs/litter	Pigs/litter	Pigs/litter	Pigs/litter	Pigs/litter	Pigs/litter
Illinois	9.51	9.84	10.03	10.20	10.09	10.29	10.48	10.55	10.65	10.83
Indiana	9.50	9.51	9.73	9.88	9.65	10.40	10.38	10.36	10.47	10.59
Iowa	9.93	10.2	10.36	10.51	10.48	10.78	10.88	11.02	11.13	11.34
Minnesota	10.10	10.26	10.25	10.71	10.73	11.08	11.11	11.4	11.24	11.81
Missouri	9.83	10.37	10.41	10.39	9.34	10.10	10.05	10.21	10.36	10.85
Nebraska	10.14	10.33	10.49	10.71	10.74	11.11	11.41	11.59	11.44	11.6
North Carolina	9.73	9.83	9.95	9.80	9.17	9.67	10.16	10.04	10.12	10.37
Ohio	9.45	9.57	9.88	10.30	9.46	10.51	10.42	10.72	10.82	11.16
Oklahoma	9.65	9.69	9.91	10.19	9.67	10.32	10.45	10.55	10.64	10.74
South Dakota	10.28	10.32	10.27	10.79	10.71	10.86	10.79	11.36	11.48	11.91

Source: USDA, National Agricultural Statistics Service.

The December report included extensive revisions to 2018 and 2019 inventories, as well as to 2018 and 2019 farrowings and pig crops. Incorporation of those revisions into 2020 production expectations, along with NASS producer farrowing intentions for the first half of 2020, points to total pork production in 2020 of 28.6 billion pounds, an increase of almost 4 percent compared with production in 2019. First-quarter pork production is forecast at about 7.2 billion pounds, an increase of 5 percent over a year earlier, with first-quarter prices of live equivalent 51-52 percent lean hogs expected to average \$50 per cwt during the quarter. Second-quarter production is expected to be about 6.9 billion pounds, about 4 percent higher than a year earlier, with average second-quarter hog prices forecast at \$56 per cwt. Third-quarter pork production is expected to be about 7 billion pounds, about 4 percent higher than a year earlier, with third-quarter hog prices forecast to average \$59 per cwt. Fourth-quarter 2020 pork production is forecast at about 7.7 billion pounds, about 3 percent above production this year, with hog prices expected to average \$53 per cwt.

## November Exports: It's all About China

U.S. pork exports in November were more than 623 million pounds, almost 22 percent higher than a year earlier. China\Hong Kong was the dominant destination for U.S. pork in November, hands down. Shipments to China\Hong Kong were almost 165 million pounds, more than five times the volume shipped to China\Hong Kong last November. Gains in November exports to China\Hong Kong more than offset slower exports to other major markets, including Mexico (down more than 8 percent from a year ago), Japan (down about 1 percent from a year earlier), and South Korea (down more than 25 percent from November 2018). November shipments to major U.S. markets are summarized in the table below.

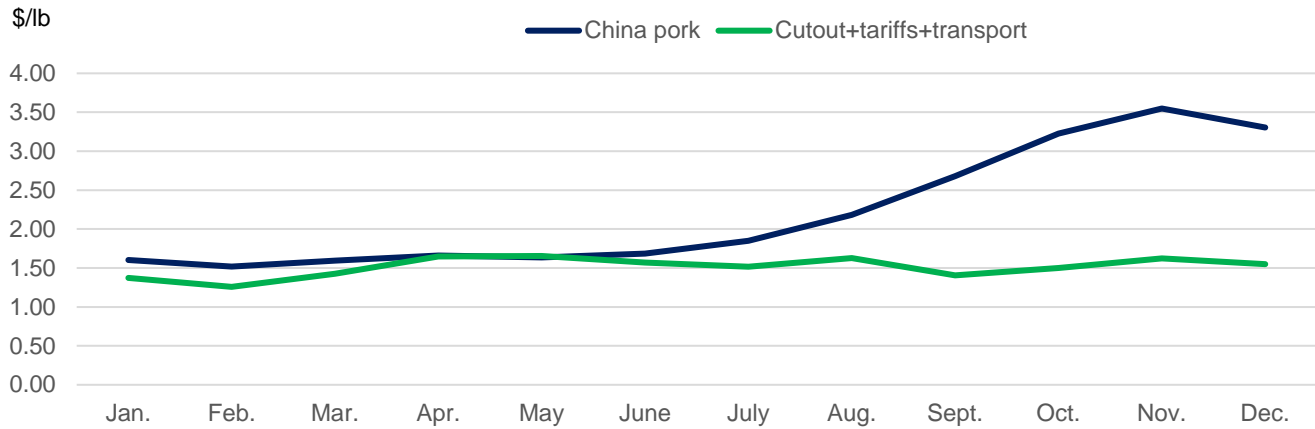
### U.S. pork exports: Volumes and export shares of the 10 largest foreign destinations, November 2018 and 2019

	Country	Exports	Exports	Percent change (2019/2018)	Export share	Export share
		Nov. 2018 (mil. lbs)	Nov. 2019 (mil. lbs)		Nov. 2018 %	Nov. 2019 %
	World	513,155	623,257	21.5		
1	China/Hong Kong	24,959	164,865	560.6	4.9	26.5
2	Mexico	140,441	128,755	-8.3	27.4	20.7
3	Japan	103,054	101,644	-1.4	20.1	16.3
4	South Korea	75,863	56,549	-25.5	14.8	9.1
5	Canada	48,128	53,099	10.3	9.4	8.5
6	Colombia	30,408	29,138	-4.2	5.9	4.7
7	Australia	23,163	28,624	23.6	4.5	4.6
8	Honduras	8,325	10,440	25.4	1.6	1.7
9	Philippines	5,412	6,826	26.1	1.1	1.1
10	Dominican Republic	10,012	5,986	-40.2	2.0	1.0

Source: USDA, Economic Research Service.

The figure below shows the monthly China price of “pork” in 2019 converted to U.S. dollars per pound. Also in the figure is the 2019 monthly average U.S. dollar price of the U.S wholesale pork cutout, including the full array of Chinese import tariffs, retaliatory tariffs, and value-added taxes, plus an estimated transport cost. The magnitude of the China-U.S. price gap suggests that Chinese import demand is likely to play a strong role in U.S. pork markets in 2020.

## 2019 monthly prices of China pork\* and U.S. wholesale pork cutout+Chinese tariffs+transport



\*China pork price series is still incomplete for December.  
Source: China Ministry of Agriculture, USDA, Agricultural Marketing Service.

Starting in January 2020, the USDA Foreign Agricultural Service circular “Livestock and Poultry World Markets and Trade” (<https://www.fas.usda.gov/data/livestock-and-poultry-world-markets-and-trade>) as well as the corresponding PSD estimates (<https://www.fas.usda.gov/psdonline/>) will be published four times per year (January, April, July, October) for selected countries. Visit <https://apps.fas.usda.gov/psdonline/app/LPReleaseList.html> for details. However, all countries will be updated in April and October.

# Poultry

---

Kim Ha and Grace Grossen

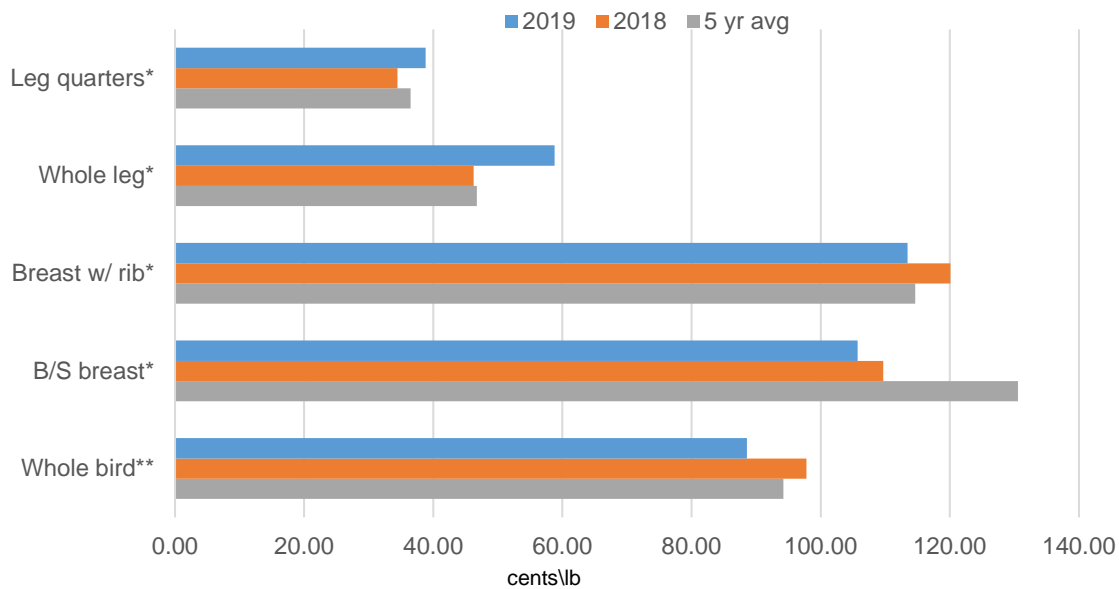
## Increasing Broiler Supply Expected To Pressure Wholesale Prices and Increase Cold Storage Inventories in 2020

November broiler production is estimated at 3.4 billion pounds, an increase of 4.2 percent when adjusted for slaughter days. Slaughter increased by 2.5 percent (adjusted for slaughter days), while average live weights increased by 1.4 percent. Preliminary weekly slaughter data suggest that slaughter and weights will continue to increase year over year in December. The fourth-quarter production forecast remains unchanged from last month.

The broiler layer flock as well as pullet placements intended for domestic hatchery supplies continue to trend higher year over year, implying a larger broiler breeder flock in the near and medium term. In 2020, increases in slaughter will be supported by a larger breeder flock as well as by increased industry processing capacity as plants that came online in 2019 are expected to scale up to full capacity in 2020. Gains in aggregate live bird weights will continue to be supported by an increasing share of heavy-bird production (i.e., birds weighing more than 6.26 lbs). The 2020 production forecast was revised up to 45.4 billion pounds, almost 4 percent higher than 2019 forecast production.

Abundant broiler supplies relative to demand put significant pressure on whole bird (National Composite) wholesale prices in 2019, which averaged 88.6 cents per pound for the year—9.4 percent lower compared to 2018. With expectations for increased production in 2020, whole bird prices are expected to remain relatively low in 2020 at 86.5 cents per pound—3 percent lower than 2019. Boneless/skinless breast meat, which has typically been the most valuable part of the bird, was also relatively low, averaging 105.7 cents per pound in 2019, which is 3.6 percent lower year over year and 19 percent lower than the 5-year average (see chart). Despite expectations for lower whole bird prices and breast meat prices, producer margins may find some relief from higher leg quarter and whole leg prices, which averaged 38.8 cents per pound (+12.7 percent year over year) and 58.8 cents per pound (+27.2 percent) in 2019, respectively. Leg quarter and whole leg prices are expected to remain firm in 2020 due to increasing global demand. Additionally, producer margins should benefit from redirecting chicken paws from low-value rendering to higher value exports to China.

## Annual wholesale broiler prices



Note: \* Northeast

\*\* National composite weighted average

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

The increased production will likely impact broiler cold storage inventories as well. The November cold storage report indicated a significant increase in broiler ending inventories, reaching 957 million pounds—the largest quantity on record. This increase was driven by large inventories of breast meat, leg quarters, other, and thigh meat. It is unlikely that cold storage facilities will liquidate by the end of the year, which was the basis for increasing the 2019 ending stocks forecast to 940 million pounds. Similarly, in 2020, the expected increase in production as well as the higher forecast carry-in will likely cause stocks to build; reflecting this, the 2020 ending stocks forecast was revised up to 945 million pounds.

## Broiler Export Forecast Increased on Latest Trade Data

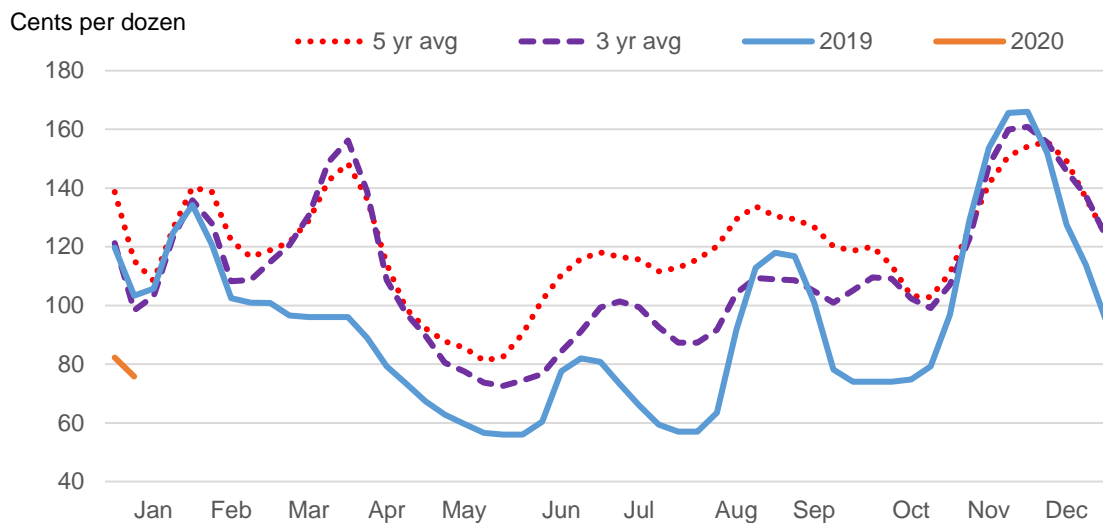
The fourth-quarter export forecast was increased to 1,875 million pounds on higher-than-expected November trade volumes. Broiler exports are estimated at 642 million pounds for November, a 3.3-percent increase year over year. Although there were a few sizeable year-over-year decreases to Cuba (-27.2 million pounds), Mexico (-8.1 million pounds) and Georgia (-8.1 million pounds), overall volumes were supported by increased shipments to several key as well as smaller markets. Shipments to Cuba continued to dwindle—down to 8.1 million pounds in October and November from a high of 74.6 million pounds in July—due to economic challenges, including foreign exchange shortages. U.S. broiler exports to Cuba are expected to remain relatively low until economic conditions ameliorate. Despite these decreases, shipments increased year over year to several markets, including Vietnam (+16.4 million pounds), United Arab Emirates (+13.2 million pounds), Angola (+11.8 million pounds), and Taiwan (+11.1 million pounds), among others. The fourth-quarter import forecast was lowered to 30 million pounds on lower shipments from Chile and Canada.

Regarding China, customs officials added an additional 177 U.S. poultry meat facilities on December 25 (for a total of 349) to the list of plants and cold storage facilities eligible to export poultry meat to China. Chinese customs officials are in the process of adding these facilities to their online permit system. Broiler meat shipments to China are expected to gradually ramp up during the first half of 2020.

# 2020 Egg Price Forecast Decreased Amid Increasing Production Expectations

December wholesale egg prices (New York, Grade A Large) averaged 122 cents per dozen, 6.4 percent lower than 2018. With the exception of November, monthly wholesale prices in 2019 were consistently lower than prior-year levels. In 2019, egg prices averaged 94 cents per dozen, nearly 32 percent lower than 2018—largely due to an over-abundance of eggs. Looking to 2020, recent price movements (see chart) and weekly shell egg inventories available for marketing suggest that supply continues to exceed demand. Even with improving demand, increased egg production in 2020 is expected to put downward pressure on prices, which was the basis for decreasing the 2020 egg price forecast to 95 cents per dozen, a 1-percent increase over the 2019 price.

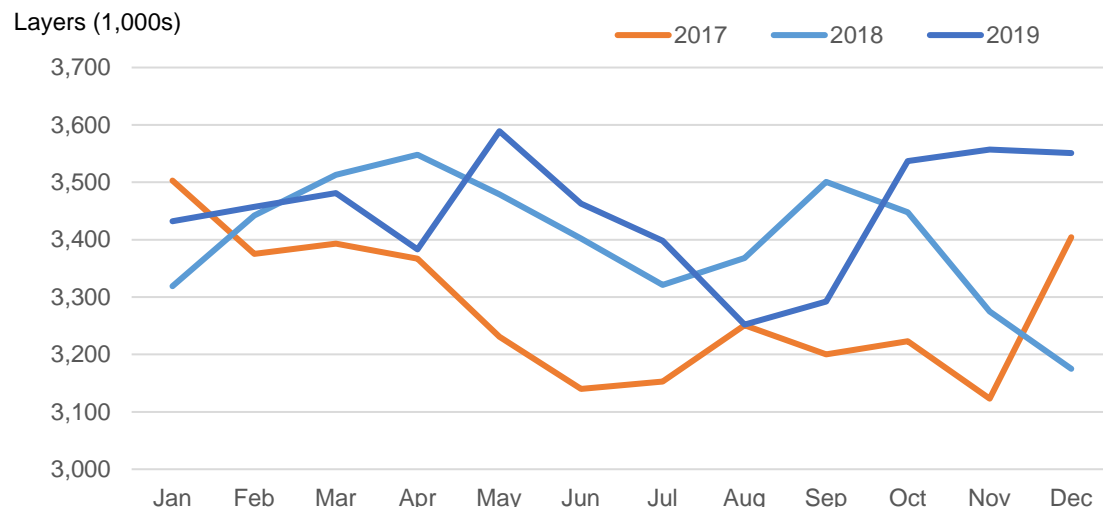
## Weekly average wholesale egg prices (New York, Grade A Large)



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

November table egg production increased 3.7 percent higher year over year to 694 million dozen, driven by a 1.5-percent increase in the table egg layer flock and a 2.2-percent increase in the average lay rate. Increases in the layer flock and eggs per layer continue to exceed expectations, which was the reason for increasing the fourth-quarter forecast to 2,100 million dozen. The increase in flock size and productivity gains are expected to continue into 2020, supporting higher production in the early part of the year. Furthermore, recent first-of-month egg-type hatching layer inventory data points to a sizeable year-over-year increase in the table egg hen breeder flock (see chart), suggesting a possible expansion in the table egg layer flock in mid-2020. However, relatively low egg prices are expected to pressure producer margins, slowing growth toward the end of the year. The 2020 table egg production forecast was revised up to 8,300 million dozen, a 1-percent year-over-year increase.

## Layers on first of month – hatching egg type



Source: USDA, National Agricultural Statistics Service.

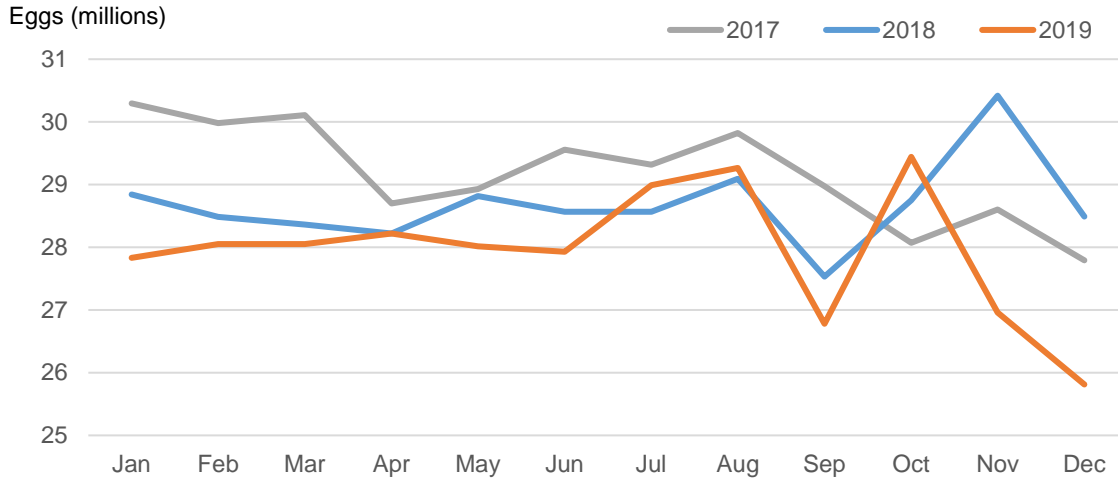
November exports of eggs and egg products are estimated at 30 million dozen (shell-egg equivalent), nearly 14 percent higher year over year. This increase was driven by a 41-percent increase in egg product shipments, while foreign sales of shell eggs decreased by 2 percent. Increased shipments to Mexico (+2.9 million dozen) and Hong Kong (+1.1 billion dozen) comprised the largest share of this increase. However, these higher volumes were offset by a decrease of 2.4 billion dozen to Canada. Based on stronger-than-expected November export volumes, the fourth-quarter egg export forecast was increased to 93 million dozen. The import forecast is unchanged.

## Turkey Production Expectations Lowered; Ending Stocks Revised Down

November turkey production is estimated at 469 million pounds, a decrease of 5.7 percent year over year, or 1 percent when adjusted for slaughter days. Turkey slaughter decreased by 2.1 percent year over year (adjusted for slaughter days), while weights increased 1.1 percent. Based on lower-than-expected November production, the fourth-quarter turkey production forecast was revised down to 1,500 million pounds. With regard to 2020, recent hatchery data are the basis for lower production expectations. From January to October 2019, turkey eggs in incubators have been running lower year over year by about 1 percent, on average. However, November 1 and December 1 data point to a 10-percent decrease year over year, implying fewer turkeys available for slaughter in 2020. As a result, the 2020 production forecast was decreased to 5,910 million pounds, about 1-percent growth over the 2019 forecast production.



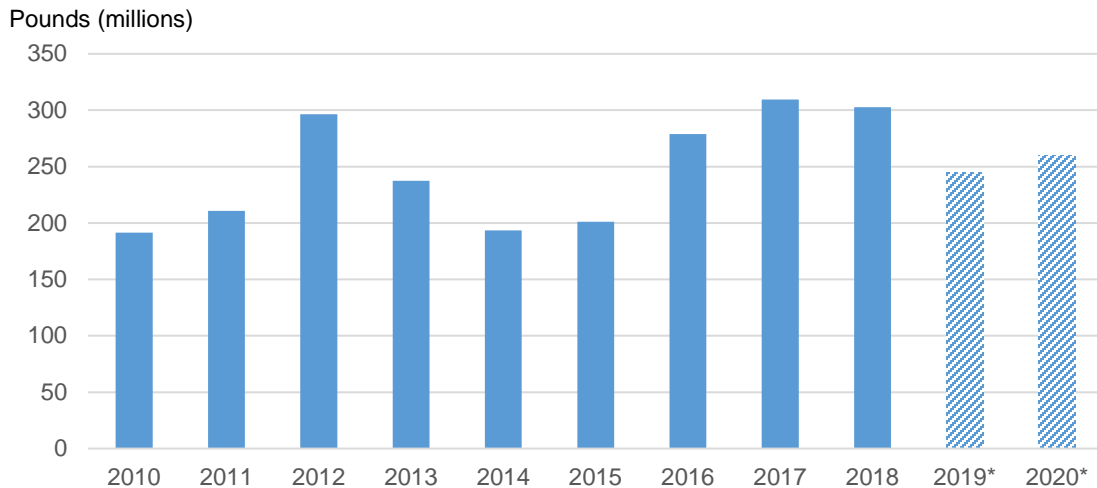
## Turkey eggs in incubators



Source: USDA, National Agricultural Statistical Service.

Tightening turkey supplies have helped to reduce inventories of turkey meat in cold storage, which had been averaging higher in recent years (see chart). Turkey cold storage inventories fell to 227 million pounds at the end of November, a decrease of 17 percent relative to the same period last year. Although cold storage volumes typically increase between November and December, it is unlikely that volumes will increase substantially, particularly given lower expected fourth-quarter production. As a result, the 2019 ending stocks forecast was decreased to 245 million pounds. Similarly, the expectation for tighter turkey supplies and the reduced carry-in is the basis for revising the 2020 ending stocks forecast down to 260 million pounds.

## Turkey annual ending stocks (2010-2020)



Note: \* Forecast.

Source: USDA, National Agricultural Statistics Service.

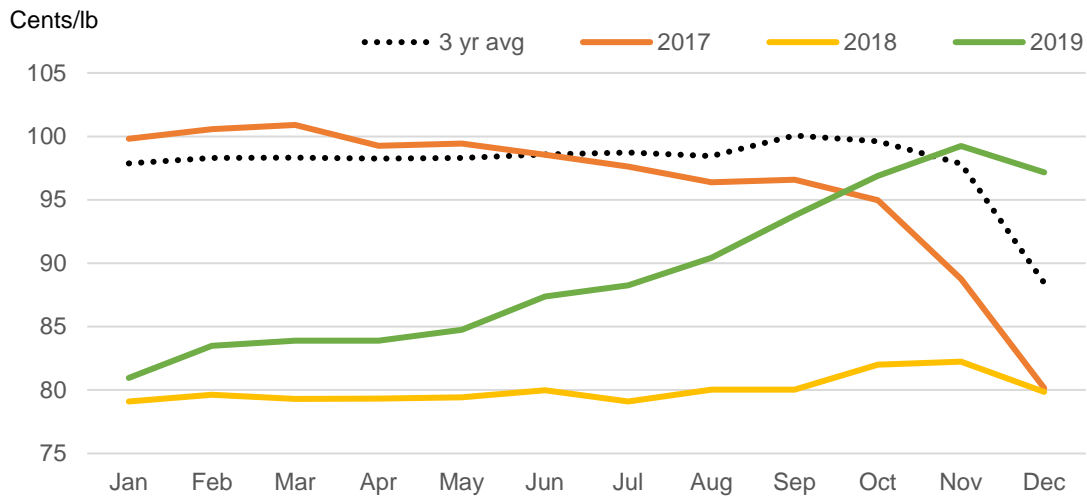
The fourth-quarter turkey export forecast was increased to 174 million pounds on strong exports to Central America and Hong Kong. November turkey exports totaled 60.3 million pounds, 8.6 percent higher year over year. Shipments to Mexico increased year over year by 3.6 million pounds, as well as

to Hong Kong (1.3 million pounds) and Colombia (1.0 million pounds). The fourth-quarter import forecast was decreased to 2 million pounds on lower imports from Chile.

## Turkey Price Forecast Increased for 2020

Frozen whole hen wholesale prices averaged 97.2 cents per pound in December. A decline in prices from November to December is typical in recent years, however the December 2019 price was only 2 cents below the previous month. It is also the second consecutive month of prices above the 3-year average, with a 9-cent difference. December's price was also 17 cents above the average price in December 2018, after climbing steadily for much of 2019. The 2020 forecast was revised up by 2 cents based on the expectation of a tightening turkey supplies in 2020.

### Frozen whole hen wholesale turkey prices (monthly)



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

## Suggested Citation

*Livestock, Dairy, and Poultry Outlook*, LDP-M-307, U.S. Department of Agriculture, Economic Research Service, January 16, 2020

U.S. red meat and poultry forecasts

	2016				2017				2018				2019				2020									
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV						
	Annual				Annual				Annual				Annual				Annual									
<b>Production, million lb</b>	5,938	6,187	6,472	6,625	25,221	6,303	6,407	6,736	6,742	26,187	6,466	6,726	6,819	6,862	26,872	6,414	6,814	6,923	7,000	27,151	6,495	7,140	6,880	6,925	27,440	
Beef	6,230	5,963	6,100	6,648	24,941	6,137	6,240	6,796	6,796	25,584	6,645	6,325	6,315	7,031	26,315	6,838	6,615	6,706	7,480	27,639	7,180	6,850	6,950	7,665	28,645	
Lamb and mutton	38	39	36	37	150	37	36	35	37	145	39	39	37	39	153	153	40	37	35	147	37	37	35	38	147	
Broilers	10,039	10,253	10,338	10,065	40,696	10,338	10,407	10,581	10,472	41,662	10,388	10,687	10,940	10,588	42,601	10,388	10,933	11,397	11,125	43,839	10,900	11,350	11,725	11,425	45,000	
Turkeys	1,435	1,520	1,515	1,511	5,981	1,488	1,482	1,499	1,533	5,981	1,452	1,477	1,431	1,518	5,878	1,446	1,450	1,453	1,500	5,849	1,445	1,450	1,465	1,550	5,910	
Total red meat & poultry	23,834	24,119	24,623	25,038	97,614	24,617	24,621	25,197	25,734	100,169	25,130	25,410	25,704	26,191	102,435	25,354	26,000	26,669	27,281	105,314	26,022	26,982	27,216	27,754	108,154	
Table eggs, mil. doz.	1,812	1,846	1,895	1,957	7,389	1,928	1,934	1,953	1,992	7,807	1,940	1,970	2,003	2,039	7,592	2,018	2,041	2,041	2,100	8,250	2,045	2,060	2,075	2,120	8,300	
<b>Per capita disappearance, retail lb/1/</b>	13.6	13.9	14.1	14.0	55.6	14.0	14.2	14.4	14.3	57.0	14.0	14.5	14.4	14.4	57.2	13.9	14.7	14.5	14.8	58.0	13.8	15.0	14.2	14.3	57.2	
Beef	12.6	11.9	12.1	13.5	50.1	12.4	11.8	12.4	13.5	50.2	12.6	12.2	12.4	13.8	50.9	13.1	12.5	12.8	14.2	52.6	13.1	12.7	13.8	14.0	52.5	
Lamb and mutton	0.3	0.3	0.2	0.3	1.0	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	0.2	1.0	
Broilers	22.5	22.7	22.7	21.8	89.8	22.4	22.9	23.2	22.5	91.0	22.7	23.4	23.6	22.8	92.4	22.5	23.9	24.6	23.7	94.7	23.6	24.5	25.1	24.3	97.5	
Turkeys	3.6	3.9	4.2	4.9	16.7	3.7	3.7	4.0	5.0	16.4	3.5	3.8	3.9	4.9	16.2	3.5	3.7	4.0	4.9	16.0	3.4	3.5	3.9	4.9	15.8	
Total red meat & poultry	52.9	53.0	53.7	54.9	214.6	53.2	53.3	54.7	55.9	217.2	53.4	54.4	55.0	56.6	219.5	53.6	55.5	56.5	58.2	223.8	54.5	56.4	56.6	57.8	225.6	
Eggs, number	68.3	67.3	68.2	71.5	275.2	69.4	69.9	70.9	71.6	281.8	69.6	70.3	71.8	72.4	284.0	71.8	72.1	72.0	74.0	289.9	72.6	72.8	73.2	74.7	293.3	
<b>Market prices</b>	134.81	127.68	113.26	107.69	120.86	122.96	132.76	112.46	117.88	121.52	125.60	116.72	110.83	115.32	117.12	125.27	118.79	108.16	114.88	116.78	125	118	112	114	117.5	
Feeder steers, OK City, S/cwt	153.83	146.49	140.66	128.30	142.82	129.56	147.75	148.12	154.88	145.08	146.29	143.05	150.46	147.90	146.93	140.76	140.51	140.19	147.44	142.23	144	144	147	145	145	
Feeder steers, National L.E., S/cwt	73.50	75.87	73.16	57.75	70.07	62.63	69.55	69.78	58.68	65.16	61.60	61.32	57.74	49.07	57.43	53.34	58.30	60.42	53.66	56.43	61	65	64	65	61.5	
Choice slaughter hams, St. Joseph, S/cwt	136.76	139.35	162.47	142.71	145.32	142.34	167.94	172.40	136.92	154.90	136.83	154.86	147.95	134.30	143.49	136.23	156.16	154.93	150.99	149.58	150	155	155	155	153.5	
Natl base cost, 51-52 % lean live equivalent, S/cwt	44.63	53.71	49.26	37.02	46.16	49.73	55.59	44.89	50.48	49.12	47.91	43.90	42.77	45.93	40.67	45.93	40.67	57.95	50.08	43.11	47.95	50	56	59	53	54.5
Broilers, national composite, cents/lb	84.6	93.0	81.7	78.0	84.3	88.5	104.7	94.9	86.1	93.5	95.7	93.7	86.7	97.80	94.0	97.7	82.0	80.60	80.60	88.0	86.0	95.0	86.0	78.0	86.5	
Turkeys, national, cents/lb	114.7	116.5	120.7	116.6	117.1	100.4	99.1	96.9	88.0	96.1	79.4	79.6	80.4	81.4	80.20	82.8	85.5	90.8	97.80	89.20	88.0	90.0	93.0	98.0	92.5	
Eggs, New York, cents/doz.	121.5	67.9	71.6	81.7	85.7	80.0	74.7	102.1	147.0	100.9	179.6	124.4	120.8	125.6	137.60	107.3	69.7	81.9	117.20	94.00	93.0	78.0	95.0	115.0	95.5	
<b>U.S. trade, million lb, carcass wt. equivalent</b>	535	621	660	740	2,557	653	680	746	781	2,859	731	801	828	800	3,161	696	790	788	750	3,024	765	830	845	865	3,305	
Beef & veal exports	792	831	751	618	3,012	700	812	814	668	2,925	721	805	807	664	2,998	738	836	771	715	3,014	700	755	745	760	2,890	
Beef & veal imports	1,229	1,317	1,235	1,457	5,289	1,432	1,426	1,230	1,544	5,632	1,516	1,520	1,298	1,542	5,876	1,446	1,535	1,511	1,800	6,296	1,750	1,650	1,650	2,050	7,100	
Pork and mutton imports	203	257	266	275	1,091	264	281	283	287	1,116	279	245	245	202	1,032	259	227	231	240	958	235	215	215	220	885	
Pork exports	1,585	1,605	1,734	1,721	6,645	1,720	1,622	1,689	1,785	6,786	1,709	1,704	1,785	1,871	7,069	1,722	1,724	1,784	1,875	7,059	1,750	1,800	1,915	1,960	7,825	
Turkey exports	116	141	160	153	569	133	148	168	173	622	153	147	141	170	611	147	166	159	174	646	150	170	175	185	680	
Live swine imports (thousand head)	1,468	1,406	1,371	1,413	5,657	1,429	1,458	1,296	1,394	5,597	1,357	1,349	1,258	1,238	5,250	1,339	1,255	1,201	1,275	5,070	1,300	1,225	1,175	1,290	4,900	

1/ Per capita meat and egg disappearance data are calculated using the Resident Population Plus Armed Forces Overseas series from the Census Bureau of the Department of Commerce.  
 Source: World Agricultural Supply and Demand Estimates and Supporting Materials.  
 For further information, contact Mildred Haley, mhaley@usda.gov  
 Updated 7/14/2020

## Dairy Forecasts

	2018	2019					2020				
	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thousands)	9,399	9,344	9,327	9,319	9,330	9,330	9,330	9,330	9,335	9,340	9,335
Milk per cow (pounds)	23,149	5,827	5,980	5,823	5,765	23,395	5,960	6,085	5,885	5,855	23,785
<b>Milk production (billion pounds)</b>	<b>217.6</b>	<b>54.5</b>	<b>55.8</b>	<b>54.3</b>	<b>53.8</b>	<b>218.3</b>	<b>55.6</b>	<b>56.8</b>	<b>54.9</b>	<b>54.7</b>	<b>222.0</b>
Farm use	1.0	0.3	0.3	0.3	0.3	1.0	0.3	0.3	0.3	0.3	1.0
Milk marketings	216.6	54.2	55.5	54.0	53.5	217.3	55.4	56.5	54.7	54.4	221.0
<b>Milk-fat (billion pounds milk equiv.)</b>											
Milk marketings	216.6	54.2	55.5	54.0	53.5	217.3	55.4	56.5	54.7	54.4	221.0
Beginning commercial stocks	13.4	13.8	16.1	18.2	17.1	13.8	13.7	16.5	18.5	16.8	13.7
Imports	6.3	1.4	1.9	2.0	1.8	7.1	1.3	1.6	1.7	1.7	6.3
Total supply	236.3	69.4	73.5	74.2	72.4	238.1	70.4	74.6	74.9	73.0	241.0
Commercial exports	10.4	2.4	2.5	2.2	2.1	9.1	2.2	2.5	2.4	2.2	9.4
Ending commercial stocks	13.8	16.1	18.2	17.1	13.7	13.7	16.5	18.5	16.8	13.4	13.4
Commodity Credit Corporation donations	0.0	0.0	0.0	0.1	0.0	0.2	0.1	0.1	0.1	0.0	0.3
Domestic commercial use	212.1	50.9	52.8	54.9	56.5	215.0	51.6	53.5	55.6	57.3	218.0
<b>Skim solids (billion pounds milk equiv.)</b>											
Milk marketings	216.6	54.2	55.5	54.0	53.5	217.3	55.4	56.5	54.7	54.4	221.0
Beginning commercial stocks	11.8	10.7	11.1	11.2	10.8	10.7	10.3	11.2	11.2	10.6	10.3
Imports	5.5	1.3	1.6	1.5	1.5	5.8	1.3	1.4	1.4	1.4	5.5
Total supply	233.8	66.2	68.2	66.6	65.8	233.7	66.9	69.1	67.3	66.4	236.8
Commercial exports	44.7	9.9	10.3	10.3	10.7	41.2	10.4	11.2	11.0	10.8	43.4
Ending commercial stocks	10.7	11.1	11.2	10.8	10.3	10.3	11.2	11.2	10.6	10.4	10.4
Commodity Credit Corporation donations	0.0	0.0	0.0	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.1
Domestic commercial use	178.5	45.1	46.7	45.5	44.7	182.0	45.3	46.7	45.7	45.3	182.9
<b>Milk prices (dollars/cwt) <sup>1</sup></b>											
All milk	16.27	16.97	17.93	18.97	20.50	18.60	19.30	19.15	19.15	19.30	19.25
Class III	14.61	14.30	16.20	17.82	19.51	16.96	17.10	17.40	17.45	17.35	17.35
Class IV	14.23	15.68	16.28	16.66	16.56	16.30	16.70	16.95	17.10	16.95	16.90
<b>Product prices (dollars/pound) <sup>2</sup></b>											
Cheddar cheese	1.538	1.440	1.678	1.852	2.064	1.759	1.820	1.840	1.840	1.830	1.835
Dry whey	0.342	0.449	0.378	0.367	0.325	0.380	0.330	0.340	0.350	0.350	0.340
Butter	2.257	2.258	2.310	2.330	2.076	2.243	1.925	1.950	1.990	1.970	1.960
Nonfat dry milk	0.795	0.963	1.007	1.042	1.155	1.042	1.245	1.260	1.260	1.250	1.255

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, Agricultural Marketing Service, Foreign Agricultural Service, and World Agricultural Outlook Board.

Published by USDA, Economic Research Service, in *Livestock, Dairy, and Poultry Outlook*.

Updated 1/16/2020.