



# Livestock, Dairy, and Poultry Outlook

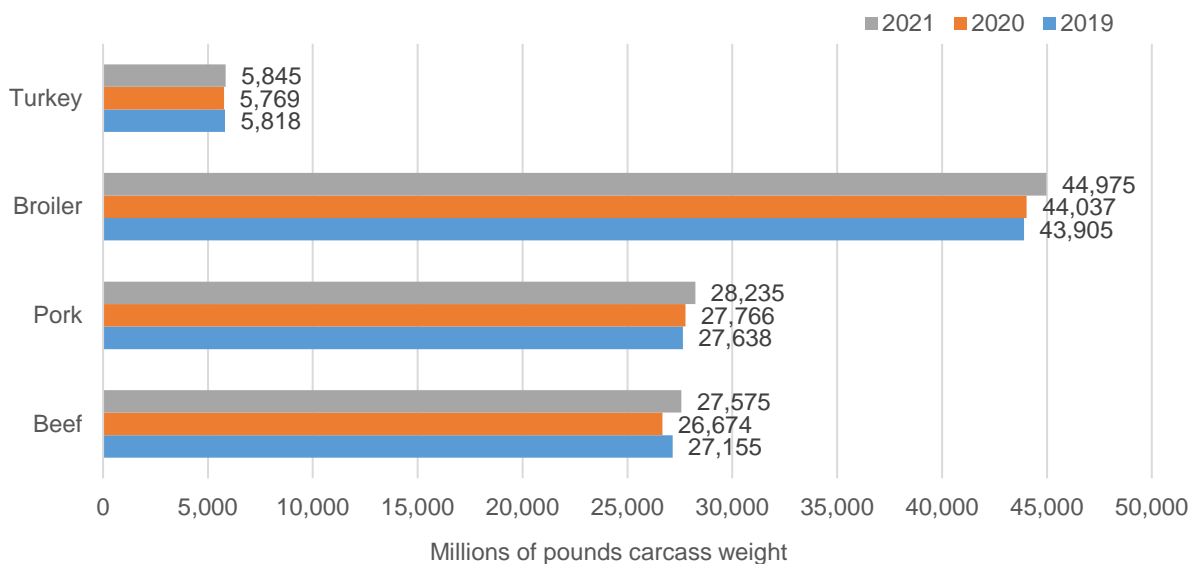
## Meat Production Increases Expected in 2021

William Hahn

2021 production for beef, pork, broilers, and turkeys is expected to be higher than 2019 and 2020 levels. See the figure below.

The largest year-over-year percent changes are in beef production. The 2020 beef production forecast is 1.8 percent below production in 2019. In 2021 production is expected to be 3.4 percent higher than in 2020. The 2020 pork production forecast is 0.5 percent below production in 2019. Next year, pork production is expected to be 1.7 percent higher than forecast production in 2020. Broiler production in 2020 is forecast 0.3 percent below production last year. For 2021 broilers, production is expected to be 2.1 percent higher than the 2020 forecast. Turkey production is expected to be 0.8 percent less in 2020 than a year earlier, and in 2021, 1.3 percent above forecast production for 2020.

Actual 2019 and forecast 2020 and 2021: U.S. meat production for the four major species



Source: USDA, World Agricultural Outlook Board.

**Beef/Cattle:** The 2020 second-quarter beef production forecast was raised by 370 million pounds from May's forecast to 6.0 billion pounds due to a quicker-than-expected pace of slaughter. The third- and fourth-quarter beef production forecasts were also raised from last month at 6.9 and 6.8 billion pounds, respectively. This increase in slaughter raises the forecast of 2020 beef production to 26.7 billion pounds. Cattle prices are forecast higher than last month on increased packer demand as slaughter capacity recovers. April's beef imports were fractionally lower than last year at 270.7 million pounds. However, the second- and third-quarter forecasts were revised up to 785 and 730 million pounds, respectively, on stronger expected demand of beef for processing. U.S. beef exports in April were down 3.4 percent from a year earlier. The second-quarter beef export forecast remains unchanged at 675 million pounds, while the third-quarter beef forecast was revised up to 750 million pounds, reflecting an increase in available exportable supplies.

**Dairy:** Wholesale prices for butter and cheese have been extremely volatile in recent weeks, plunging to very low levels in April and early May before rising to relatively high levels more recently. Supply and demand factors account for the volatility in prices. After the downturn in prices and excess milk supply in April and early May, dairy cooperatives and other handlers took steps to limit supply from dairy farmers. Food service outlets cut back drastically on their orders in April due to COVID-19. As food service started increasing in some States, pipeline stocks for food service establishments needed to be replenished to prepare for the increase in demand. The U.S. Government also began buying large quantities of food to distribute to food banks, community and faith-based organizations, and other nonprofit organizations. Aggregate dairy exports have remained substantially above previous-year levels during the pandemic.

With the recent increase in prices and higher expected demand, the all-milk price forecast for 2020 has been raised to \$16.65 per cwt, an increase from the May forecast of \$14.55 per cwt. The all-milk price forecast for 2021 is \$16.20 per cwt, an increase from the May forecast of \$15.00 per cwt.

**Pork/Hogs:** While capacity utilization rates in the U.S. pork processing sector are rebounding, pork production for the balance of 2020 and into 2021 will likely reflect rates lower than a year ago as processors implement U.S. Government guidance measures to reduce COVID-19 infections. Pork production in 2020 is expected to be 0.5 percent above a year ago. 2021 production is forecast 1.7 percent higher than production this year.

**Poultry/Eggs:** The third-quarter broiler production forecast was increased on recent hatchery data, while the price forecast was revised lower on expectations for abundant supplies. The export forecast is unchanged. The table egg production forecast was reduced on anticipation that food service demand will remain weak, while the wholesale price forecast was decreased on supplies outpacing demand. The egg export forecast was increased on expectations for strong demand from Mexico. Turkey production was revised down in 2020 and 2021 on low poult placements. Turkey export forecasts were revised down reflecting lower production expectations and low exports so far this year. The turkey price estimate was revised up for the current quarter on strong weekly prices but remains unchanged for the outlying quarters.

# Beef/Cattle

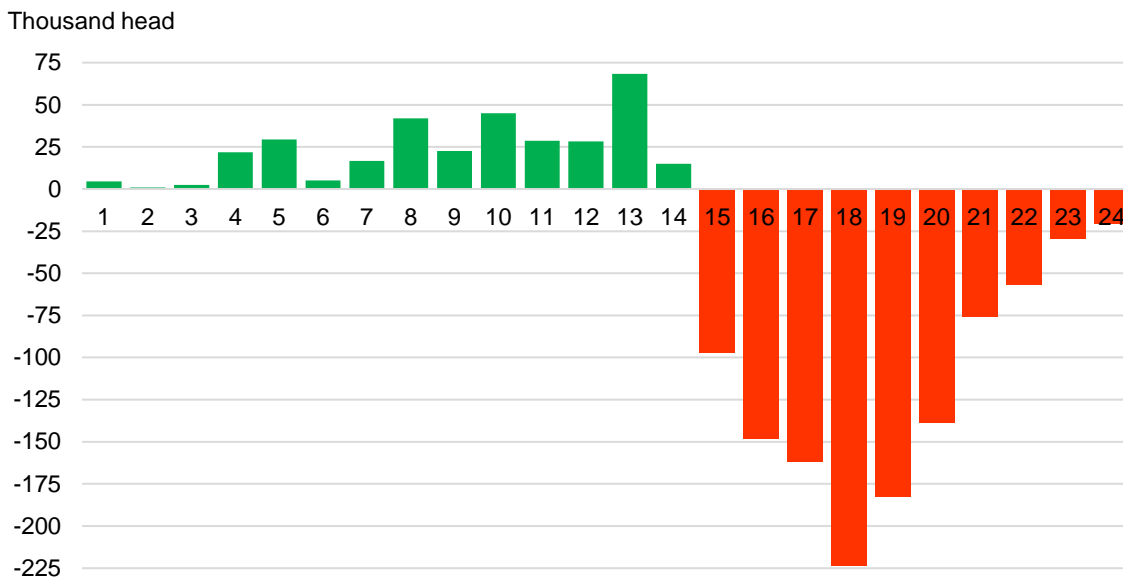
Russell Knight and Christopher Davis

## Meatpacking Facilities Recover Capacity Utilization Rapidly

Over the past 2 months, U.S. beef packers had to implement new health protocols for dealing with COVID-19 that might have hindered their ability to process cattle. However, they have recouped much of the lost slaughter capacity in a very timely manner since hitting the lowest levels at the end of April. At the lowest point, steer and heifer slaughter fell by as much as 41 percent below a year ago, and the slaughter of cows and bulls dropped to 9 percent below a year ago. Based on USDA, Agricultural Marketing Service estimated weekly slaughter for the week ending June 13, steer and heifer slaughter recovered to 4 percent below the same week a year ago, and cow and bull slaughter improved to 7 percent above the same week last year.

The chart below illustrates the volume difference in fed cattle slaughtered year over year through the first 24 weeks of 2020. In the face of gains by meatpacking facilities in recovering capacity utilization at their plants, this chart would suggest that many market-ready cattle likely remain in feedlots since the first week of April, waiting to be slaughtered.

### YOY change in fed cattle slaughter per week in 2020



Note: YOY = Year over year.

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

## 2020 Beef Production Raised on Pace of Slaughter

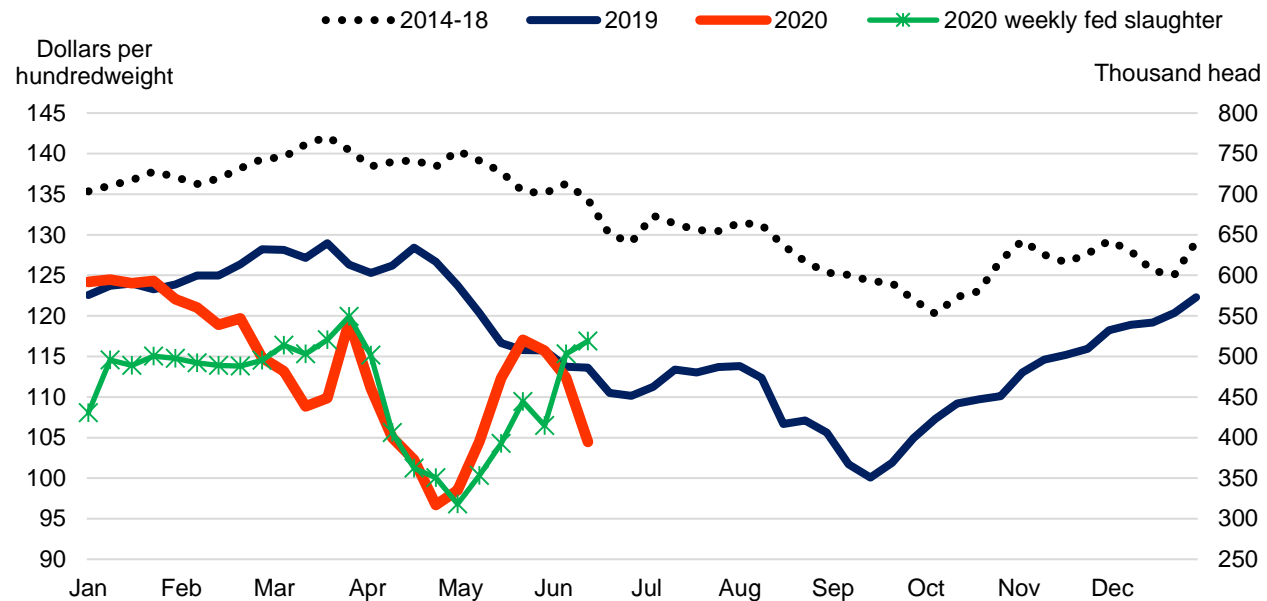
As mentioned, packing facilities have recovered much of their capacity from last year's levels, and this has occurred faster than projected in last month's analysis. Accordingly, the anticipated pace of slaughter for 2020 was raised for the remainder of this quarter and the second half of the year. The beef production forecast for second-quarter 2020 was raised by 370 million pounds to just over 6 billion pounds, 12 percent below last year and the lowest for the quarter since 2015. The production forecast for second-half 2020 was raised from last month on the expectation that beef packing facilities will maintain capacity just below year-ago levels. As a result, the annual beef production forecast for 2020 was increased 910 million pounds from last month to 26.7 billion pounds, about 2 percent below 2019 levels.

As more fed cattle are expected to be marketed in second-half 2020, it is anticipated that feeder cattle placements will also increase during that time. This adjustment in the analysis increased fed cattle slaughter in the first half of 2021, which was partially offset by fewer fed cattle slaughtered in the second half. Beef production in 2021 is forecast marginally higher at 27.6 billion pounds, up 85 million pounds from last month.

## Cattle Prices Adjusted on Price Strength

In the second quarter, the capacity of beef packing plants to slaughter fed cattle was reduced by as much as 41 percent, which prompted lower prices for fed cattle. As beef production declined, wholesale beef prices skyrocketed, which greatly expanded packer margins. However, as packers' capacity to slaughter began to rebound at the beginning of May, increasing demand for cattle, it likely increased their willingness to pay higher prices for cattle (see chart below).

### Weekly average live steer price and weekly fed cattle slaughter



Note: The live steer price is based on prices reported for all grades in the 5-area marketing region.  
 Source: USDA, Economic Research Service calculations using data from USDA, Agricultural Marketing Service.

Currently, wholesale beef prices have declined rapidly from recent peaks, as suggested by the comprehensive beef cutout value (down 27 percent for the week ending June 5 from its peak). This would result in declining packer margins as fed cattle prices rose over the same period. As the volume of fed cattle slaughter has risen close to year-ago levels, analysis suggests that prices should weaken seasonally, particularly given the volume of market-ready cattle that have backed up in feedlots in the second quarter.

Based on the May price of \$111.53 per cwt for fed steers marketed for slaughter in the 5-Area marketing region—up more than 9 percent above April—and price strength in early June, the second-quarter 2020 price forecast for fed steers was raised \$3 to \$104 per cwt. With the expectation of increased demand for slaughter cattle, the price forecast for both the third and fourth quarters was raised \$6 to \$105.00 and \$106.00 per cwt, respectively. Further, the first-quarter 2021 price forecast was raised by \$3 to \$104.00 per cwt.

With higher anticipated fed cattle slaughter in 2020, feedlot marketings will increase. A faster pace of marketings and higher forecast fed cattle prices than last month will likely improve feedlot demand for feeder cattle. Based on recent price data, the second-quarter 2020 feeder steer price was raised by \$5 to \$126.00 per cwt. The third-quarter 2020 price forecast was raised \$9 to \$132.00 per cwt, and the fourth-quarter 2020 price was raised \$13 to \$131.00 per cwt. As a result, this month's annual price forecast for 2020 was \$131.40 per cwt, almost \$7 above last month's forecast. This price strength was carried over into first-quarter 2021 for a forecast of \$129.00 per cwt, up \$4 from last month. The 2021 annual feeder steer price is forecast at \$133.00 per cwt

## Beef Imports Fell Slightly in April but Are Up January-to-April

U.S. beef imports in April were down 0.8 percent from a year earlier to 270.7 million pounds (see table below). After 2 consecutive months of increase, U.S. imports fell, partly due to low shipments from Canada and Australia. Beef shipments from Canada have been down 13 percent year-to-date, largely due to lower beef production in Canada. In April, shipments from Canada declined 26.5 percent from April 2019, which partially reflects COVID-19 outbreaks in federal processing plants in Western Canada. Beef import volumes from Canada were the lowest since 1996 for both the month and overall since January 2017. Fewer beef shipments from Australia were likely driven by a reduction in beef production as the country is in the process of rebuilding its domestic cattle herd.

In contrast, April U.S. beef imports from New Zealand were up 28.2 percent year over year. Beef shipments from Mexico were also higher in volume than a year earlier, by 8.9 percent. New Zealand's and Mexico's increases in beef shipments to the United States were not enough, however, to offset the reductions in beef shipments from Canada and Australia.

### U.S. year-over-year beef imports from major suppliers

	April 2019	April 2020	Difference in volume	Year-over-Year change
	--- Million pounds---			--- Percent --
<b>Australia</b>	65.6	55.4	-10.2	-15.5
<b>Canada</b>	64.7	47.6	-17.1	-26.5
<b>New Zealand</b>	48.9	62.7	13.8	28.2
<b>Mexico</b>	50.4	54.8	4.4	8.9
<b>Brazil</b>	11.7	13.8	2.1	17.9
<b>Uruguay</b>	15.3	13.6	-1.7	-11.1
<b>Nicaragua</b>	14.0	14.8	0.8	5.7
<b>ROW</b>	2.3	8.0	5.7	248.0
<b>Total</b>	272.9	270.7	-2.2	-0.8

ROW = Rest of the World.

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

Despite all the disruptions of COVID-19 coupled with a weakened economy in April, beef imports were still 3.3 percent higher from January to April than they were over the same period in 2019 (see table below). Some of the key trading partners contributing to the growth in beef imports from January to April were Australia, New Zealand, Mexico, and Nicaragua. A strong U.S. dollar and less demand in Asia earlier in the year due to COVID-19 shutting down the economies helped redirect some beef to the United States. Of the four key beef importers mentioned, New Zealand was the largest source of increased imports for January-to-April, followed by Mexico, Australia, and Nicaragua. Combined, these four countries accounted for 66.8 percent of total U.S. beef imports from January to April 2020.

### U.S. January-to-April beef imports from major suppliers

	January- April 2019	January - April 2020	Difference in volume	Year-to-date change
	--- Million pounds---			--- Percent --
<b>Australia</b>	210.1	224.3	14.2	6.8
<b>New Zealand</b>	170.2	192.2	22.0	12.9
<b>Mexico</b>	192.2	209.6	17.4	9.0
<b>Nicaragua</b>	60.9	71.1	10.2	16.7
<b>ROW</b>	377.6	346.8	-30.8	-8.2
<b>Total</b>	1,011.0	1,044.0	33.0	3.3

ROW = Rest of the World.

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

The forecasts for the second and third quarters were revised up to 785 (+50 million pounds) and 730 (+20 million pounds), respectively, on stronger expected demand for processing-grade beef as a result of a higher revised forecast of fed cattle slaughter in those quarters.

## Beef Exports Down Largely on Lower Exports to Mexico, but Up January to April

U.S. beef exports in April were 235.2 million pounds, down 3.4 percent from a year ago (see table below). Most of the decline came from lower exports to Mexico. Not since March 2004 after the discovery of bovine spongiform encephalopathy (BSE) in December 2003 has the United States exported less than 14.4 million pounds of beef to Mexico. The Mexican economy has weakened, and the depreciated Mexican currency has made U.S. beef more expensive to Mexican consumers. As a

result, 23.2 million pounds less beef were exported to Mexico in April 2020 than a year earlier. In addition, the United States exported about 8.4 million pounds less beef to South Korea in April relative to a year ago.

Conversely, U.S. exports to Japan in April totaled 88 million pounds, up 26.6 million pounds from the same month a year ago. Beef exports to Japan were the largest volume recorded since August 2018, partially due to reduced tariff rates starting with the new Japanese fiscal year. In addition to Japan, the United States exported 9.1 million pounds more beef to Canada than a year earlier, but these increases were not large enough (in volume) to offset the reductions in beef exports to Mexico, South Korea, and several other trade partners.

#### U.S. year-over-year beef exports to major destinations

	April 2019	April 2020	Difference in volume	Year-over-Year change
	--Million pounds--			--Percent--
<b>Japan</b>	61.5	88.0	26.6	43.1
<b>Mexico</b>	37.6	14.4	-23.2	-61.7
<b>South Korea</b>	60.0	51.6	-8.4	-14.0
<b>Canada</b>	19.9	29.0	9.1	45.7
<b>Hong Kong</b>	14.8	14.9	0.1	0.6
<b>Taiwan</b>	15.9	15.8	-0.1	-0.6
<b>Vietnam</b>	2.7	2.6	-0.1	-3.7
<b>ROW</b>	31.1	18.9	-12.2	-39.3
<b>Total</b>	243.5	235.2	-8.3	-3.4

ROW = Rest of the World.

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

From January to April, U.S. beef exports were 6.9 percent higher than the previous year (see table below). The destinations with the largest beef shipments from January to April were Japan, Mexico, Canada, South Korea, and Taiwan. Collectively, these five trading partners accounted for 81.7 percent of the U.S. total beef exports from January to April in 2020.

#### U.S. January-to-April beef exports to major destinations

	January - April 2019	January- April 2020	Difference in volume	Year-to-Date change
	--Million pounds--			--Percent--
<b>Japan</b>	255.5	315.8	60.3	23.6
<b>Mexico</b>	147.9	115.3	-32.6	-22.0
<b>Canada</b>	81.9	102.1	20.2	24.7
<b>South Korea</b>	207.1	222.6	19.9	9.8
<b>Taiwan</b>	57.9	64.8	6.9	11.9
<b>ROW</b>	193.4	183.4	-10.0	-5.2
<b>Total</b>	939.3	1,004.0	65.1	6.9

ROW = Rest of the World.

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

The second-quarter beef export forecast remains unchanged at 675 million pounds, while the third-quarter beef forecast was revised up to 750 million pounds, reflecting an increase in the pace of slaughter and available exportable supplies. The beef export forecast for 2021 was unchanged.

# Dairy

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Jerry Cessna

## Recent Developments in Wholesale Dairy Product Prices

Since the start of the year, there has been unprecedented volatility in wholesale prices for Cheddar cheese. The prices of 40-pound blocks and 500-pound barrels (adjusted to 38-percent moisture), as reported in the USDA *National Dairy Products Sales Report* (NDPSR), were \$1.8873 and \$1.7511 per pound for the week ending January 4. The price for blocks reached a high for the year thus far of \$1.9736 per pound for the week ending February 15. In April and early May, the price took a large downturn, falling to \$1.1349 per pound for the week ending May 9. Thereafter, the price rose each week, reaching \$1.905 per pound for the week ending June 6. As with blocks, the price for barrels took a large downturn in April and early May, falling to \$1.0736 for the week ending May 2. The price has risen each week since then, reaching \$1.8442 per pound for the week ending June 6.

Wholesale butter prices have also been extremely volatile since the start of the year. For the week ending January 4, the NDPSR butter price was \$1.9789 per pound. In April the price plunged, falling to a low point of \$1.229 per pound for the week ending April 25. It has risen each week since then, reaching \$1.5983 per pound for the week ending June 6.

The nonfat dry milk (NDM) price has trended downward through the year. The high point was the week ending February 1, when the NDPSR price was \$1.2579 per pound. For the week ending June 6, the price was \$0.8815. In contrast to the other prices, the price for dry whey has been relatively steady, with a slightly upward trend for most of the year. However, it has declined since reaching a year-to-date high of \$0.3847 per pound for the week ending May 16. For the week ending June 6, the price was \$0.3661 per pound.

Spot prices for butter and cheese on the Chicago Mercantile Exchange (CME) are often viewed as leading indicators for the direction of U.S. market prices reported in the NDPSR. CME spot prices are electronic auction prices, whereas NDPSR prices are reported from mandatory surveys of large-volume dairy product manufacturers that meet specific criteria. The CME butter price was \$1.8100 for the trading week ending June 5. The CME prices for 40-pound blocks and 500-pound barrels of Cheddar cheese have skyrocketed in recent weeks, reaching \$2.5450 and \$2.3685 per pound, respectively, for the trading week ending June 12. The CME price of 40-pound blocks for that week was a record high.

There has been considerable divergence in prices among major global dairy competitors. For the 2 weeks ending June 5, the Oceania export price for butter was \$1.65 per pound while the European price was \$1.22.<sup>1</sup> The Oceania export price for skim milk powder (SMP) was \$1.16 per pound while the European price was \$0.86. For the same 2 weeks, the Oceania export price for Cheddar cheese was \$1.80 per pound, and the European dry whey price was \$0.33 per pound.

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<sup>1</sup> The source for Oceania and Western Europe export prices is USDA *Dairy Market News*. Prices listed in this report are at the midpoints of the ranges.

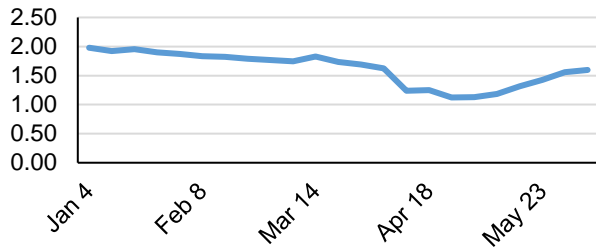


**Weekly wholesale prices for dairy products, *National Dairy Products Sales Report***

(week ending January 4, 2020, through week ending June 6, 2020)

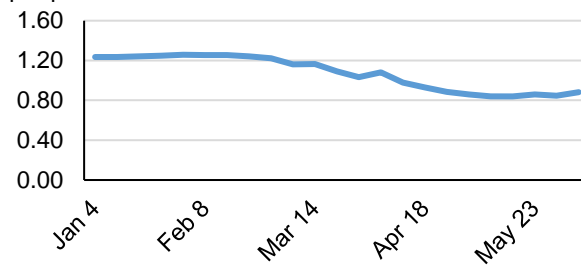
**Butter**

Dollars per pound



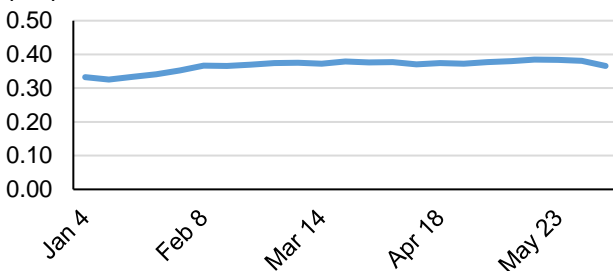
**Nonfat dry milk**

Dollars per pound



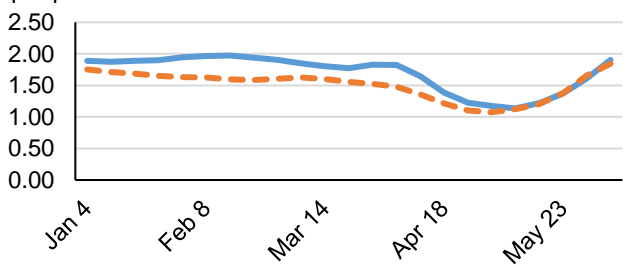
**Dry whey**

Dollars per pound



**Cheddar cheese <sup>1</sup>**

Dollars per pound



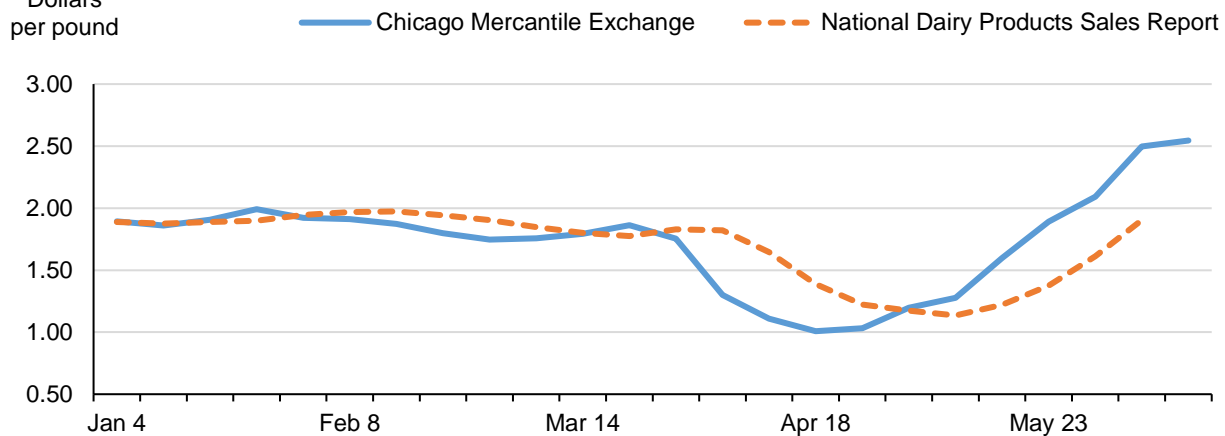
<sup>1</sup> Cheese prices are for 40-pound blocks and 500-pound barrels (adjusted to 38-percent moisture).

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

**Weekly wholesale prices for Cheddar cheese 40-pounds blocks**

(week ending January 4, 2020 through week ending June 6, 2020)<sup>1</sup>

Dollars per pound



<sup>1</sup> End-of-week dates shown in the graph are Saturdays, which are used for the *National Dairy Products Sales Report*. Technically, end-of-week dates for the Chicago Mercantile Exchange are Friday since that is last date of the trading week.

Sources: USDA *National Dairy Products Sales Report* and Chicago Mercantile Exchange prices as reported by USDA Agricultural Marketing Service.

## Recent Supply and Demand Developments in Dairy Markets

According to USDA National Agricultural Statistics Service (NASS), milk production in the United States during April totaled 18.700 billion pounds, 1.4 percent higher than April 2019. This was a smaller year-over-year increase than 2.8 percent reported for March. Milk cows in April numbered 9.381 million head, a decrease from 9.385 million head in March. Milk per cow was 1,993 pounds in April, 18 pounds higher than April 2019.

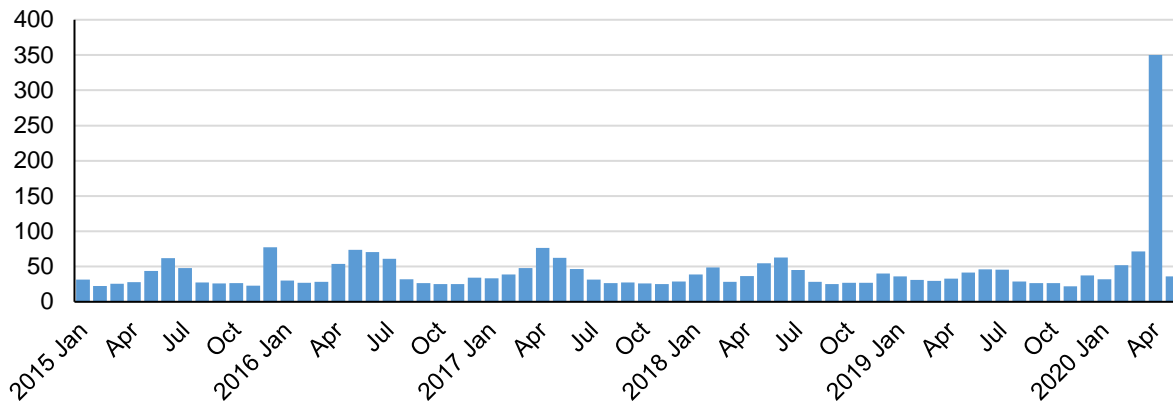
In April, substantial quantities of milk from various parts of the country were not processed due to low demand for dairy products and logistical problems resulting from effects of the COVID-19 pandemic. NASS milk production estimates generally include this milk. At the request of milk handlers, administrators of FMMOs have allowed this unprocessed milk to be pooled on a FMMO if that milk would normally have been pooled through the FMMO. This allows a handler to draw the difference between the pooled uniform price and the lowest use value of the milk, but the handler still bears the loss of that manufacturing value. If the handler is a farmer cooperative, as is most common, that loss is borne by its farmer-owners together.

This unprocessed milk priced and pooled on FMMOs falls within the broader regulatory category of milk in “other uses,” which includes milk “that is dumped, used for animal feed, destroyed, or lost by a handler in a vehicular accident, flood, fire, or similar occurrence beyond the handler's control” (7 CFR §1000.40 (e)). This could include milk lost during processing and transportation, as well as milk discarded before or after processing. Every month, there is at least some milk that falls in this category. However, the quantity in April was extremely large, totaling nearly 350 million pounds. This quantity was 2.6 percent of total milk pooled on FMMOs in April. (Total milk pooled on FMMOs accounted for 73 percent of U.S. milk production in April.) For milk outside of the FMMO system, no data are available comparable to FMMO milk in “other uses.”

In May, FMMO milk in “other uses” fell to only 36 million pounds. Actions by cooperatives and other milk handlers to manage the oversupply of milk likely contributed to the tightening of the milk supply. Pricing terms were formulated to discourage dairy farmers from increasing milk production growth. These included base-excess types of plans. With such a plan, each dairy farmer is paid a lower price for milk that exceeds a base amount, usually determined by the farmer’s production history. Other actions ranged from encouraging voluntary reductions in milk production to placing strict limits on how much milk will be accepted. Dairy farmers have several choices concerning how to limit milk supplies. These include increasing the culling rate, changing feed rations, reducing the milking frequency, drying cows off early, and using surplus milk as animal feed. Tighter milk supplies likely contributed to the increase in prices for May.

## Milk in "other uses"<sup>1</sup> pooled on Federal Milk Marketing Orders

Million pounds



Milk in "other uses" pooled on Federal Milk Marketing Orders includes milk "that is dumped, used for animal feed, destroyed, or lost by a handler in a vehicular accident, flood, fire, or similar occurrence beyond the handler's control" (7 CFR §1000.40 (e)).  
Source: USDA, Agricultural Marketing Service.

Federally inspected dairy cow slaughter was relatively high in April, totaling 279,400 head, 10,900 higher than April 2019. However, slaughter rates fell below those of the previous year for the weeks ending May 9 through May 30. As butter and cheese prices rose, some dairy farmers likely made decisions to retain milk cows based on improved expectations.

In April, U.S. exports on a milk-fat milk-equivalent basis totaled 696 million pounds, 128 million lower than March and 80 million less than April 2019. On a skim-solids milk-equivalent basis, April exports totaled 3.865 billion pounds, 23 million lower than March but 438 million higher than April 2019. April exports of cheese were relatively weak, totaling 58.9 million pounds, 12.6 million lower than April 2019. Exports of lactose were 72.5 million pounds, 0.6 million higher than March and 4.0 million higher than April 2019. Exports of dry skim milk products (NDM and SMP) were relatively strong, totaling 179.7 million pounds, 12.3 million higher than March and 24.8 million higher than April 2019. Exports of dry skim milk products to Southeast Asia<sup>2</sup> were particularly strong, totaling 75.5 million pounds, 29.2 million higher than April 2019.

U.S. dairy imports on a milk-fat basis were 532 million pounds in April, 45 million more than March but 29 million less than April 2019. On a skim-solids basis, April imports totaled 469 million pounds, 32 million lower than March and 31 million lower than April 2019. Imports of butter were relatively strong in April, totaling 7.5 million pounds, 1.1 million higher than April 2019. Most butter imports came from Ireland. Notably, significant quantities of milk powder with milk-fat content exceeding 1.5 percent but under 3 percent were imported in April, totaling 6.4 million pounds. Most of this low-fat milk powder was imported from Mexico.

The COVID-19 pandemic contributed to weak domestic use of dairy products in April. Demand for dairy products generally decreased with the shift away from consumption at food establishments to at-home eating; Americans typically consume higher proportions of dairy products when they eat out than when they eat at home. Financial hardships of some U.S. residents likely contributed to lower consumption of dairy products.

<sup>2</sup> U.S. dry skim milk product exports to Southeast Asia include exports to the Philippines, Indonesia, Malaysia, Vietnam, Singapore, Thailand, and Cambodia.

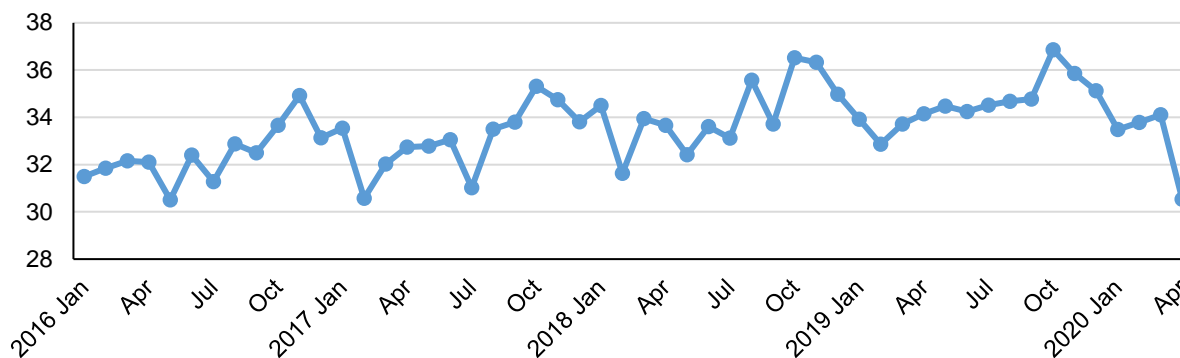
Domestic commercial use on a milk-fat basis was 16.291 billion pounds in April, 852 million less than April 2019. On a skim solids basis, domestic use was 14.422 billion pounds, 959 million less than April 2019. Note that domestic use on both the milk-fat and skim-solids bases, as calculated by USDA, includes the milk not processed, as discussed above. It is notable that even with inclusion of this milk in the calculations, the year-over-year decrease in April was substantial on both bases.

In comparing domestic use for dairy products over time, it is helpful to examine domestic use in terms of pounds per day. In April, domestic use of cheese totaled 30.5 million pounds per day, the lowest level of any month since May of 2016. Domestic use of dry skim milk products was only 1.0 million pounds per day in April, considerably less than 3.4 million pounds per day in April 2019. Domestic use of butter was 5.4 million pounds per day in April, an increase from 5.2 million pounds per day in 2019. In the May *Wheat Outlook* report published by USDA Economic Research Service, retail demand for flour surged with widespread stay-at-home orders. Perhaps butter demand remained relatively strong for ingredient use and application for homemade bread and other home-baked goods.

While data are not yet available for May, domestic use of dairy products likely increased substantially from April. The USDA *Dairy Market News* (DMN) report of May 9 stated that foodservice orders for butter and cheese had been improving. This likely resulted from the easing of COVID-19 quarantine limitations in some areas and the depletion of pipeline stocks among some foodservice distributors. The U.S. Government also began buying large quantities of food to distribute to food banks, community and faith-based organizations, and other nonprofit organizations. This includes \$317 million for dairy products as part of the USDA Farmers to Families Food Box Program, with delivery scheduled from May 15 through June 30. USDA has also been purchasing dairy products through funding and authorities provided in the Coronavirus Aid, Relief, and Economic Security Act (CARES); the Families First Coronavirus Response Act (FFCRA); Section 32 of the Act of August 24, 1935; and other USDA existing authorities.

### Monthly domestic use of cheese per day

Millions of pounds per day



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

Low domestic use contributed to high stock levels at the end of April. On a milk-fat basis, they totaled 19.007 billion pounds, 1.912 billion higher than April 2019. On a skim-solids basis, April ending stocks totaled 12.362 billion pounds, 1.269 billion higher than April 2019. Stocks likely became much tighter in May and the early part of June. In the report for the week of June 1-5, DMN reported, “Customers are finding cheese stocks tighter, particularly for recently produced inventories. Retail orders are picking up seasonally, and foodservice buyers are refilling pipelines. Additionally, governmental purchases have

chiseled down inventories.” In the same report, DMN reported that sales were tight-to-balanced for dry products. The increase in demand and tighter stock levels have likely contributed to the run-up in wholesale dairy product prices over the last few weeks.

## Outlook for Feed Prices

The corn price estimate for the 2019/20 marketing year is \$3.60 per bushel, and the 2020/21 forecast is \$3.20, unchanged from last month’s forecast. The soybean meal price estimate for 2019/20 marketing year is \$295 per short ton, and the 2020/21 forecast is \$290, also unchanged from the last forecast. The alfalfa hay price in April was \$181 per short ton, \$6 higher than March but \$17 lower than April 2019. The 5-State weighted-average price for premium alfalfa hay in April was \$209 per short ton, \$4 higher than March and \$10 lower than April 2019. For more information, see *Feed Outlook*, published by USDA, Economic Research Service.

## Dairy Forecasts for 2020

Based on higher-than-expected milk cow numbers in April, higher expected milk prices, and the decline in dairy cow slaughter numbers in recent weeks, the milk cow average for 2020 is forecast at 9.375 million head, 20,000 higher than last month’s forecast. The milk per cow forecast has been lowered for the second quarter of 2020 as some dairy farmers have likely taken steps to reduce output in response to actions taken by cooperatives and milk handlers to limit growth in milk production. For the year, average milk per cow is forecast at 23,740 pounds, 30 pounds less than last month’s forecast. Milk production is forecast at 222.5 billion pounds, an increase of 0.1 billion pounds from the previous forecast.

The forecast for 2020 exports on a milk-fat basis is 8.9 billion pounds, 0.3 billion lower than last month’s forecast, as higher U.S. cheese prices are expected to dampen cheese exports. On a skim-solids basis, exports are forecast at 45.1 billion pounds, 0.7 billion higher than forecast last month, due to higher expected exports of dry skim milk products and lactose.

For 2020, the forecast for imports on a milk-fat basis is 6.8 billion pounds, 0.1 billion higher than last month’s forecast, due to higher expected butter imports. The forecast for 2020 imports on a skim-solids basis has been raised to 5.8 billion pounds, 0.1 billion higher than last month, due to higher expected imports of low-fat milk powder in the second quarter.

With foodservice establishments reopening in many parts of the country, expected improvement in economic conditions, and relatively large Government purchases of dairy products, domestic use forecasts have been raised for 2020. On a milk-fat basis, the 2020 domestic commercial use forecast is 218.6 billion pounds, 1.7 billion higher than last month’s forecast. The 2020 forecast for domestic commercial use on a skim-solids basis is 181.7 billion pounds, 0.2 billion higher than last month’s forecast. The forecast for 2020 ending stocks on a milk-fat basis is 14.2 billion pounds, 1.1 billion lower than last month’s forecast. On a skim-solids basis, the 2020 forecast for ending stocks is 10.6 billion pounds, 0.7 billion lower than the previous forecast.

Based on recent price strength and higher expected domestic demand, the cheese price forecast for 2020 has been raised to \$1.660 per pound, 24 cents higher than last month’s forecast. Likewise, the butter price forecast has been raised to \$1.680 per pound, 27 cents higher than the previous forecast. With higher expected exports, the NDM price forecast has been raised to \$1.000 per pound, 6 cents

higher than forecast last month. The dry whey price forecast has been lowered by 2 cents to \$0.360 per pound.

With the higher expected cheese price, the Class III price forecast for 2020 has been raised to \$15.65 per hundredweight (cwt), \$2.30 higher than last month's forecast. Higher expected butter and NDM prices translate to a Class IV price of \$13.55 per cwt, \$1.65 higher than last month's forecast. The all-milk price forecast for 2020 is \$16.65 per cwt, an increase from the May forecast of \$14.55 per cwt.

## Dairy Forecasts for 2021

With higher milk cow numbers expected for 2020 carrying into 2021 and higher expected milk prices in both years, milk cows are expected to average 9.380 million head, 45,000 higher than last month's forecast. The 2021 forecast for milk per cow has been raised to 24,030 pounds per head, 20 pounds higher than last month's forecast. The forecast for 2021 milk production has been raised to 225.3 billion pounds, 1.2 billion higher than last month's forecast and a year-over-year increase of 1.5 percent (adjusted for leap year).

Annual export forecasts for 2021 on the milk-fat and skim-solids bases are 9.2 billion and 44.9 billion pounds, respectively—both unchanged from last month's forecast. The forecast for imports on a milk-fat basis is 6.7 billion pounds, 0.1 billion lower than forecast last month. On a skim-solids basis, the 2020 forecast for imports is 5.6 billion pounds, 0.2 billion lower than last month's forecast.

With an improved economic outlook, higher domestic use is expected in 2021. The forecast on a milk-fat basis is 222.4 billion pounds, 0.5 billion higher than last month's forecast. On a skim-solids basis, the forecast is 185.4 billion pounds, 0.4 billion higher than last month's forecast. The 2021 forecast for ending stocks on a milk-fat basis is 13.7 billion pounds, 0.4 billion lower than last month's forecast. On a skim-solids basis, 2021 ending stocks are forecast at 10.3 billion pounds, unchanged from the previous forecast.

Due to higher expected domestic demand, 2021 price forecasts for Cheddar cheese and butter have been raised to \$1.610 per pound (+11.5 cents) and \$1.690 per pound (+22.5 cents), respectively. With higher expected demand, the NDM price forecast for 2021 has been raised to 0.970 per pound, 1.5 cents higher than last month's forecast. The dry whey price forecast for 2021 is \$0.345 per pound, 5.0 cents lower than last month's forecast. With the higher expected cheese price more than offsetting the lower expected dry whey price, the Class III price forecast for 2021 is \$15.10 per cwt, \$0.90 higher than last month's forecast. With higher expected prices for butter and NDM, the Class IV price forecast has been raised by \$1.15 to \$13.35 per cwt. The all-milk price forecast for 2021 is \$16.20 per cwt, an increase from the May forecast of \$15.00 per cwt.

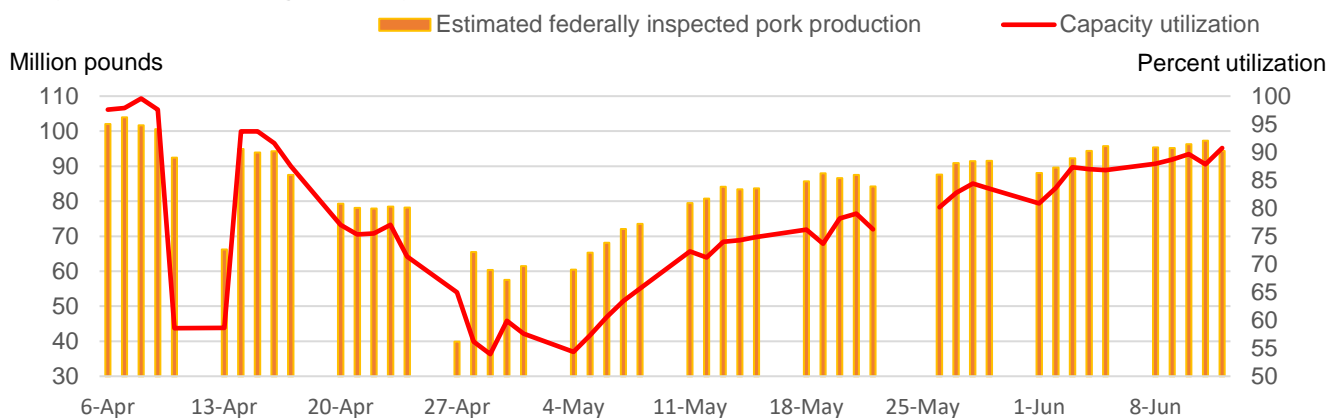
# Pork/Hogs

Mildred Haley

## U.S. Pork Processing Capacity Utilization Increasing as COVID-19-Related Disruptions Recede

Capacity utilization in the U.S. pork processing industry is on the rebound as plant laborforces, earlier infected by COVID-19, recover and return to work and the sector adapts to recommended U.S. Government guidelines. Starting on April 6 with the temporary closure of a major plant in Iowa, virus-related laborforce absences have caused a succession of plant slowdowns and temporary closures. However, USDA, Agricultural Marketing Service data show that since April 29—when capacity utilization bottomed-out at 53.9 percent with estimated federally inspected pork production of 60 million pounds—capacity utilization has averaged 76.4 percent, with daily pork production averaging almost 84 million pounds. For the week ending June 12, capacity utilization averaged 76.4 percent, with estimated federally inspected pork production of almost 84 million pounds.

### Daily pork processing capacity utilization and pork production



Source: USDA, Economic Research Service transformations of USDA, Agricultural Marketing Service data.

Lower capacity utilization in pork processing plants is slowing second-quarter pork production. After declining almost 11 percent on a weekly basis in April, estimated federally inspected pork production in May was about 1.8 billion pounds, about 9 percent below a year earlier, on a weekly basis adjusted for 2 less slaughter days this year. For the second quarter, USDA is forecasting commercial pork production at about 6.2 billion pounds, almost 7 percent below the same period last year.

For the balance of 2020 and into 2021, processing sector implementation of guidances issued by the Centers for Disease Control and Prevention and the Occupational Safety and Health Administration are likely to hold capacity utilization to below pre-pandemic levels. Third-quarter pork production is expected to be about 7 billion pounds, more than 4 percent above year-ago volumes, as processors work through the backlog of hogs. Fourth-quarter production is forecast at about 7.2 billion pounds, more than 4 percent below production in the fourth quarter of 2019. Total expected commercial pork production for 2020 is about 27.8 billion pounds, less than 1 percent above year-earlier production. Next year, first-quarter production is likely to be about 7.1 million pounds (almost 5 percent below a

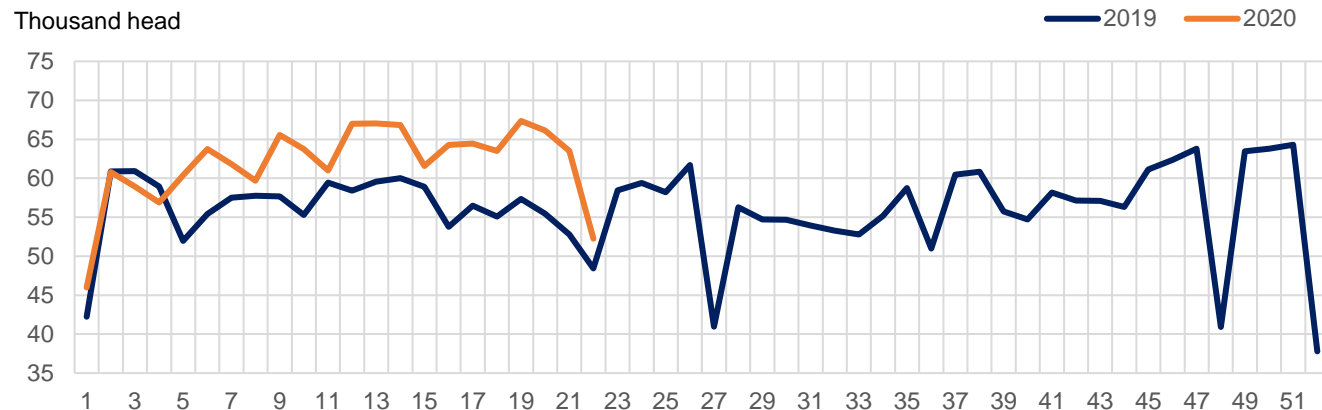
year earlier). For the balance of 2021 commercial pork production is expected to accelerate, with the total for the year forecast at about 28.2 billion pounds, 1.7 percent above 2020.

Hog prices are likely to continue to lag processing industry recovery rates, reflecting backups of slaughter-ready animals on hog farms. Second-quarter prices of live equivalent 51-52 percent hogs are expected to average \$40 per cwt, 31 percent below year-earlier prices. Prices in the third quarter are forecast at \$44 per cwt (more than 12 percent below a year earlier), and in the fourth quarter at \$43 per cwt, down less than 1 percent from a year earlier. For the year in total, 2020 quarterly hog price forecasts average to \$42.40 per cwt, almost 12 percent below average prices for 2019. Higher prices are expected for most of 2021, with first-quarter prices averaging \$44 per cwt, and prices for the year \$47 per cwt, more than 10 percent above prices forecast for this year.

## Breeding Animal Slaughter Increasing in 2020

Changes in sow and boar slaughter are often indicators of future directions in pork production, particularly when slaughter increases. Extended increases in sow and boar slaughter signal decreases in the pork production base and can indicate future decreases in pork production. The figure below shows that sow and boar slaughter in 2020 has largely exceeded year-ago slaughter numbers since the beginning of the year. In the first 22 weeks of 2020 (between the week ending January 4 and the week ending May 30), sow and boar slaughter averaged almost 62,000 head per week, more than 10 percent above the same period a year ago. Since the week ending April 11, when COVID-19-induced interruptions in the processing sector began to occur, sow and boar slaughter accelerated. Between the week ending April 11 (week 15) and May 30 (week 22), slaughter of breeding animals averaged about 63,000 head per week, almost 15 percent above the 54,800-head average for the same period in 2019.

### Weekly net federally inspected sow and boar slaughter\*



\* Net of imported Canadian animals.

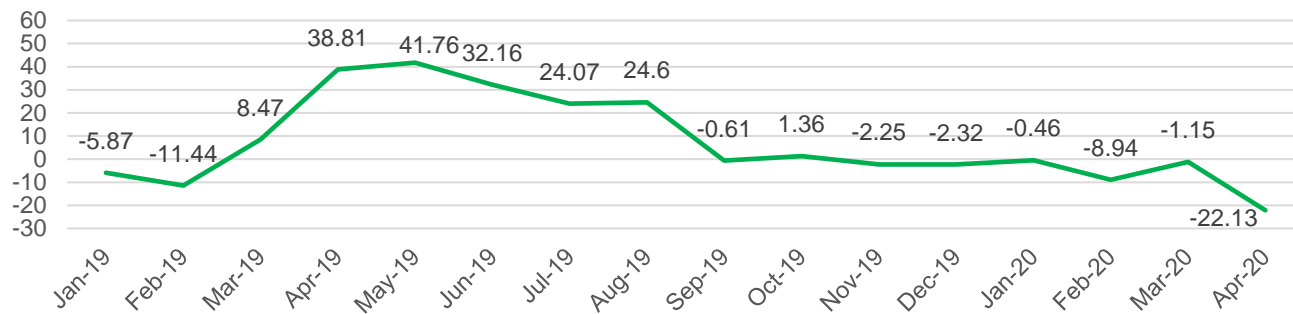
Source: USDA, Economic Research Service transformations of USDA, Agricultural Research Service data.

The factors driving increased breeding-animal slaughter include low-to-negative producer returns. Iowa State University Estimated Returns to Farrow to Finish Operations in Iowa show negative producer returns for the 6-month period beginning in November 2019.



## Estimated returns to farrow to finish, Iowa

Dollar/head



Source: Iowa State University.

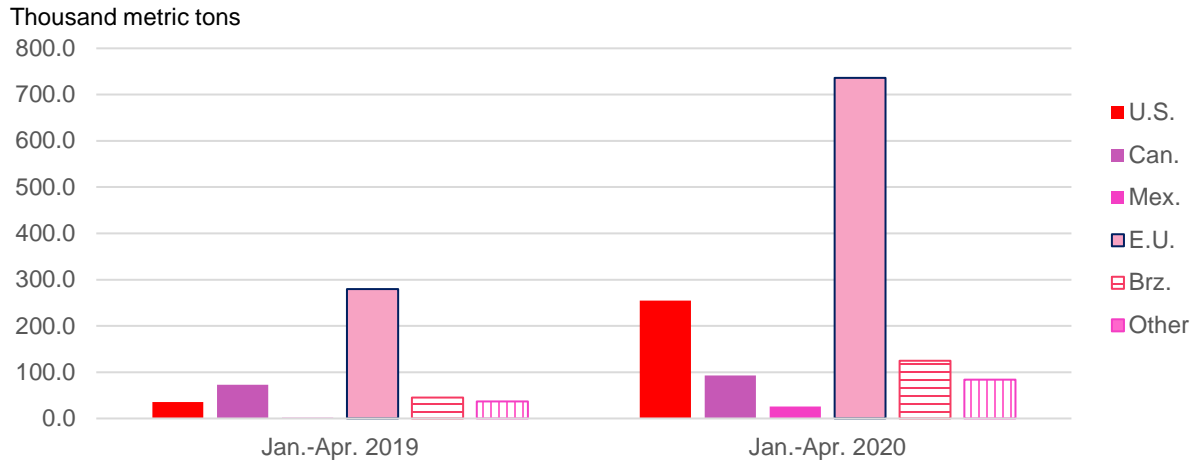
Extreme industry disruptions caused by COVID-19 infections of processing facility employees have likely driven returns lower—prices of live equivalent 51-52 percent lean hogs in May averaged \$46.52 per cwt, 22 percent below May 2019—and heightened production uncertainty. USDA will publish its *Quarterly Hogs and Pigs* report on June 25. The report will provide June 1 breeding inventory numbers, as well as producer intentions for summer and fall farrowings. Both are indicators of where pork production may be headed for the balance of 2020 and into 2021.

## April Exports Strong Despite COVID-19-Related Disruptions in the U.S. Processing Sector

U.S. pork exports in April were over 641 million pounds, more than 22 percent ahead of those in April 2019. China\Hong Kong was by far the largest buyer of U.S. pork in April. Shipments to China\Hong Kong totaled 237 million pounds, more than four times larger than year-earlier volumes. China\Hong Kong exports accounted for more than 11 percent of U.S. commercial pork production in April.

Although U.S. exports to China\Hong Kong have accelerated since November 2019, Chinese Government data show that Chinese pork imports continue to be dominated by pork products from the European Union (EU). In the first 4 months of 2020, pork imported from the EU accounted for 55.9 percent of China's imports, down slightly from a year earlier when almost 60 percent of China's pork imports were of European origin. In the same period, U.S. pork held a 19.3-percent share of Chinese pork imports, compared with just 7.5 percent for the same 4-month period last year.

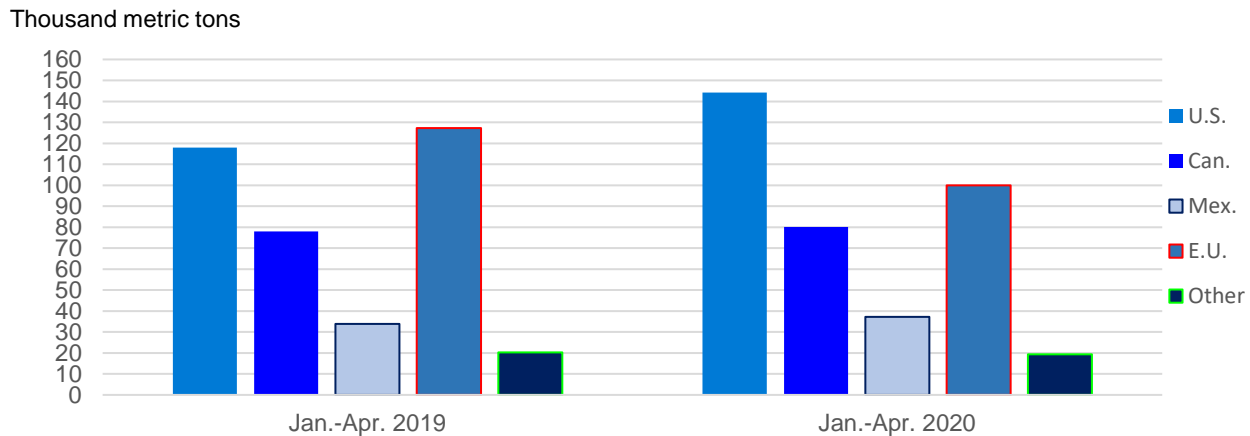
### China pork imports: January-April, 2019 and 2020



Source: China Customs Statistics.

It is notable that U.S. pork exports to Japan in April—122 million pounds, 30 percent higher than a year ago—were the largest since April 2015. Japanese Government import data for the first 4 months of 2020 show that imports of U.S. pork increased more than 22.3 percent, while those from the EU declined by 21.5 percent. So far in 2020, U.S. pork accounts for about 38 percent of Japan’s pork imports, while the EU’s share declined to 26 percent from about 34 percent last year.

### Japan pork imports: January-April, 2019 and 2020



Source: Japan Ministry of Finance and Customs.

U.S. pork exports to the 10 largest foreign destinations in April are summarized in the table below. Together these countries accounted for 92 percent of shipments in April.

**U.S. pork exports: Volumes and export shares of the 10 largest foreign destinations, April 2019 and 2020**

Country	Exports	Exports	Percent change (2020/2019)	Export share	Export share
	April 2019 (Million pounds)	April 2020 (Million pounds)		April 2019 Percent	April 2020 Percent
<b>World</b>	524.5	641.3	22.3		
<b>China/Hong Kong</b>	53	237	349	10	37
<b>Japan</b>	94	122	30	18	19
<b>Mexico</b>	119	99	-17	23	15
<b>South Korea</b>	75	46	-39	14	7
<b>Canada</b>	49	36	-27	9	6
<b>Australia</b>	30	20	-32	6	3
<b>Colombia</b>	32	15	-54	6	2
<b>Chile</b>	9	11	14	2	2
<b>Dominican Republic</b>	9	10	6	2	2
<b>Honduras</b>	10	8	-20	2	1

Source: USDA, Economic Research Service.

Second-quarter pork exports are expected to be 1.7 billion pounds, almost 11 percent above shipments a year earlier. This represents a 50 million pound increase compared to last month's forecast. Strong shipments to Asia prompted the increase. Forecasts for the third and fourth quarter of 2020—1.6 billion and 1.9 billion pounds, respectively—are unchanged from last month. For the year, pork exports are expected to total almost 7.2 billion pounds, about 14 percent above total shipments in 2019.

# Poultry

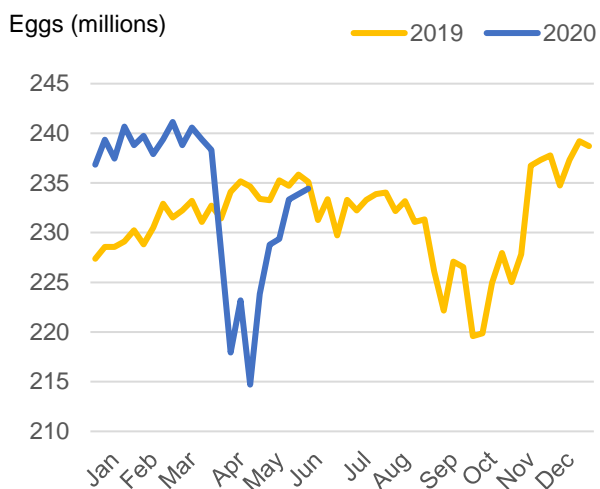
Kim Ha and Grace Grossen

## Third-Quarter Broiler Production Forecast Increased on Hatchery Data

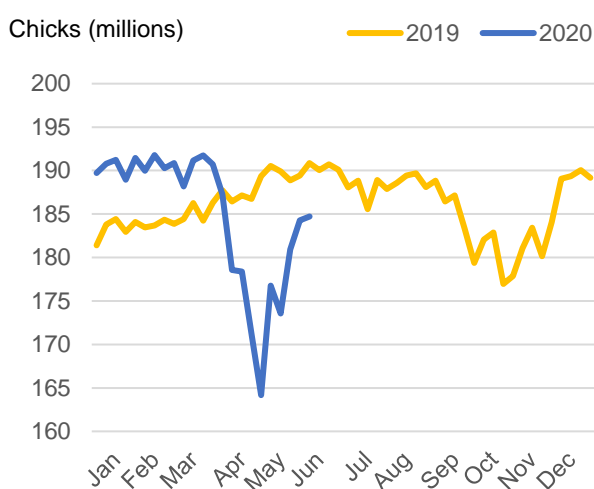
April broiler production is estimated at 3.6 billion pounds, a decrease of 0.1 percent relative to 2019 and the first year-over-year decrease in ready-to-cook production (adjusted for slaughter days) since April 2019. This decrease was driven by a 1.2-percent decrease in slaughter, while average live weights were up by 1.2 percent. The decrease in slaughter can be largely attributed to supply-side disruptions caused by COVID-19, as processing plant operations were impacted by workforce absenteeism, enhanced safety measures, and temporary plant closures. Preliminary slaughter data suggests that processing operations have largely stabilized but continue to operate below year-earlier levels, likely due to both supply- and demand-side considerations. Weekly slaughter data suggests that May slaughter volumes will continue to be down year over year coupled with 2 fewer slaughter days in the month, while average live weights will be higher. The second-quarter production forecast remains unchanged.

Recent hatchery data suggests improving producer expectations for the third quarter. After falling in late April to levels not seen since 2014, egg sets have quickly improved to 2019 levels (see chart). The broiler industry has been able to swiftly ramp-up egg sets because the broiler breeder flock was maintained even throughout the height of the pandemic disruptions. Similar to egg sets, chick placements have increased sharply since the end of April (see chart) and are likely to recover close to 2019 levels in the coming weeks. Based on expectations for more birds available for marketing, the third-quarter production forecast was increased to 11.2 billion pounds. Broiler production for 2020 is forecast fractionally lower (adjusted for slaughter days) than 2019. The 2021 production forecast remains unchanged.

### Eggs set



### Chicks placed

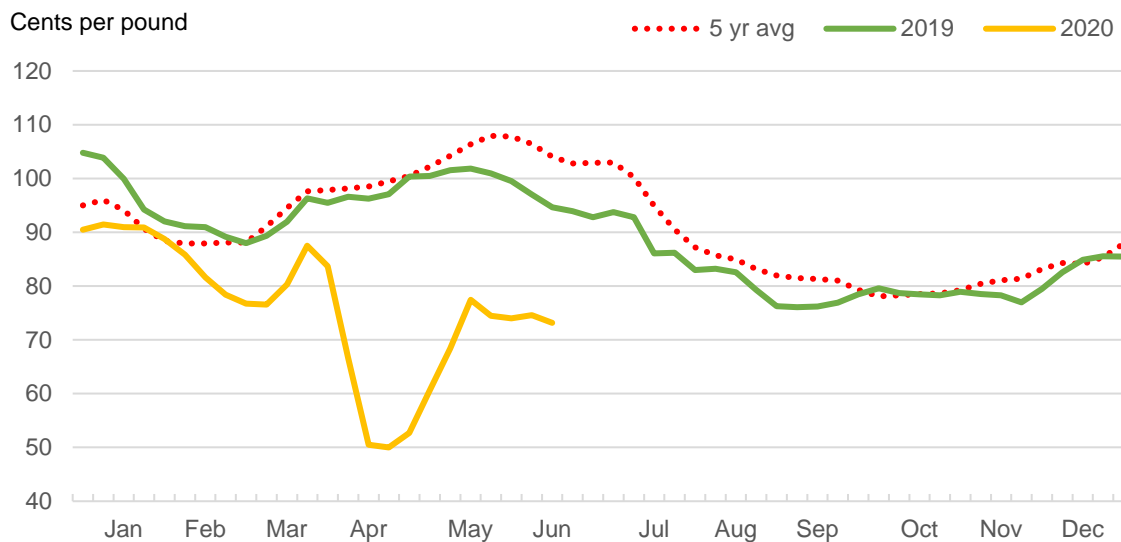


Source: USDA, National Agricultural Statistics Service.

## Broiler Price Forecast Revised Down

In May, wholesale whole-bird prices (National Composite Weighted Average) improved relative to April's historically low levels, supported in part by tightening supplies, higher prices for competing meats, and the beginning of grilling season. Wholesale prices averaged 73.75 cents per pound in May, 26.9 percent lower than last year. Prices have hovered around 75 cents per pound through early June (see chart). Although demand is expected to improve as food service reopens, supplies will likely outpace demand as producers work to bring operations back to capacity and supplies of competing meats increase. Based on expectations for abundant supplies relative to demand, the 2020 price forecast was revised down to 69.9 cents per pound, a decrease of 21 percent relative to 2019. The 2021 price forecast is unchanged.

### Weekly whole bird wholesale broiler prices (National Composite Weighted Average)



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

With regard to the parts segment of the industry, wholesale prices for several parts of the bird—including boneless/skinless breast, drumsticks, boneless/skinless thighs, and whole wings—benefited from a Memorial Day boost but have since decreased relative to those peaks. Conversely, wholesale prices for whole legs and leg quarters have largely fallen from their elevated prices in the beginning of the year and remain relatively low.

## Broiler Export Expectations Steady

April broiler exports are estimated at 585 million pounds, an increase of 7.6 percent relative to 2019. Most notably, shipments to China more than doubled month over month again in April, reaching 75.7 million pounds, making China the second-largest export destination for the month of April. Among the United States' other largest foreign markets (in terms of volume), shipments increased year over year to Cuba (+14.0 million pounds), Taiwan (+10.9 million pounds), and the United Arab Emirates (+8.1 million pounds). Conversely, volumes decreased to Vietnam (-14.4 million pounds), South Africa (-11.3 million pounds), Hong Kong (-10.0 million pounds), and Guatemala (-8.9 million pounds). Sales to Mexico were flat relative to last year. Despite expectations for lower demand in several key markets, including Cuba, South Africa, the Philippines, Vietnam, the United Arab Emirates, and Hong Kong,

demand from Mexico and China is expected to remain stable and offset these other markets. The export forecast remains unchanged.

### U.S. broiler exports: Volume and export share (April 2019 and 2020)

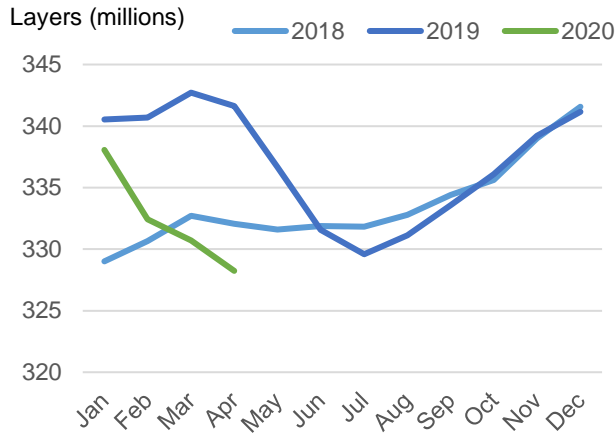
Country	Volume			Export share	
	Apr 2019	Apr 2020	Change in volume	Apr 2019	Apr 2020
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Percent</i>	<i>Percent</i>
Top 10 largest foreign markets (per year-to-date 2020 export volumes)					
Mexico	122.3	122.3	0.0	22.5	20.9
Taiwan	42.2	53.1	10.9	7.8	9.1
Vietnam	26.4	12.0	-14.4	4.9	2.0
China (Mainland)	0.0	75.7	75.7	0.0	12.9
Cuba	22.5	36.4	14.0	4.1	6.2
Georgia	16.8	16.6	-0.2	3.1	2.8
Canada	22.0	22.5	0.5	4.0	3.8
Guatemala	26.1	17.2	-8.9	4.8	2.9
Republic of South Africa	16.9	5.7	-11.3	3.1	1.0
United Arab Emirates	8.1	16.2	8.1	1.5	2.8
<b>World</b>	<b>543.6</b>	<b>584.7</b>	<b>41.1</b>	<b>100</b>	<b>100</b>
Additional foreign markets of note					
Philippines	7.9	3.8	-4.1	1.5	0.7
Colombia	14.4	7.9	-6.5	2.6	1.4
Hong Kong	21.3	11.2	-10.0	3.9	1.9
Angola	20.2	24.1	3.9	3.7	4.1

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

## Table Egg Production Expectations Reduced as Inventories Climb and Wholesale Prices Weaken

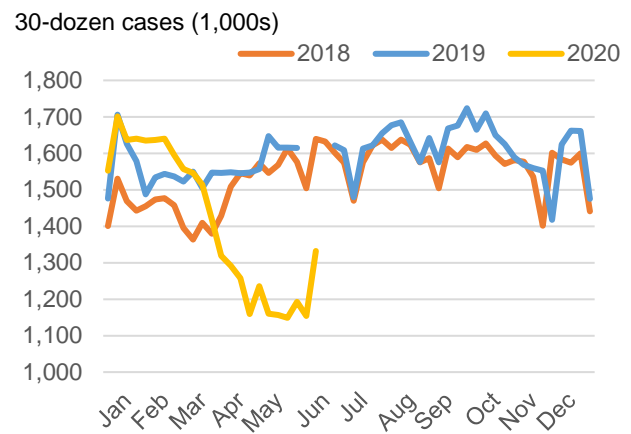
Table egg production declined year over year for the third month in April, decreasing by 3.4 percent to 661 million dozen. This decrease was driven by a 3.9-percent year-over-year contraction in the average table egg layer flock, while the lay rate increased by half a percent. The reduction in the layer flock (see chart below) can largely be attributed to a response to the decline in food service demand as reflected in the 20.7-percent decrease in April egg-processing volumes relative to last year. Weekly egg-processing data for May and the beginning of June indicate that volumes continue to be well below those of January and February (as shown in chart below). The layer flock is expected to remain below 2019 levels for the remainder of the year due to weak demand from food service, which was the basis for lowering the 2020 table production forecast to 8,188 million dozen eggs, down 1 percent from 2019. The 2021 table egg production forecast was revised down to 8,320 million dozen, an increase of 2 percent over 2020 forecast production.

### Table egg layer flock (monthly average)



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

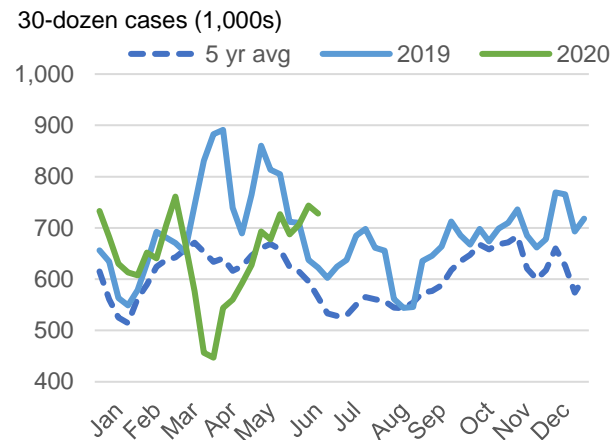
### Weekly eggs processed



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

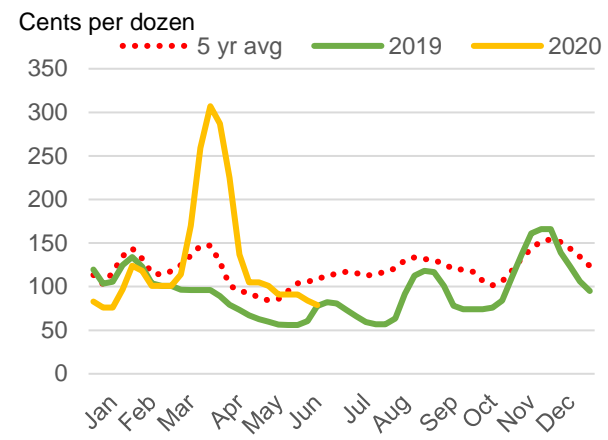
Despite reductions to table egg production, indicators for the shell-egg market are beginning to resemble the oversupply situation in 2019. Shell-egg inventories have replenished from March and April's historic lows and now exceed 2019 inventories, as well as the 5-year average (see chart below). The heightened inventory levels can likely be attributed to a slowing of retail-sector purchases and possibly the continued redirection of breaking—or food service—eggs to the shell-egg—or retail—market. Wholesale shell-egg prices (New York, Grade A large) have been slumping in recent weeks, falling below the 5-year average and approaching 2019's depressed prices (see chart). As producers continue to try balancing supplies with the uncertain demand and quick-changing market conditions stemming from COVID-19, it is likely that supplies will continue to be elevated relative to demand in the coming months. Based on expectations that supply will put downward pressure on egg prices, the 2020 egg price forecast was revised down to 125.5 cents per dozen, still, an increase of over 33 percent above 2019. The 2021 price forecast is unchanged.

### Weekly shell-egg inventory - large



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

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



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

## Export Forecast Increased on Expectations for Continued Strong Demand From Mexico

U.S. shipments of eggs and egg products continued to increase year over year in April—for the 11th consecutive month—reaching 30.4 million dozen, or 5.2 percent greater than last year. This increase was driven by egg product exports, with a volume that increased by 4.875 million dozen, while shipments of shell eggs decreased by 3.365 million dozen. Among the 10 largest foreign markets for shell eggs and products (based on volume), shipments to Mexico increased by 6.2 million dozen, Japan by 871 thousand dozen, and South Korea by 552 thousand dozen. These larger shipments were offset by lower shipments to Canada (-5.6 million dozen), Trinidad and Tobago (-430 thousand dozen), and Jamaica (-313 thousand dozen).

### U.S. egg and egg product exports: Volumes and export shares of 10 largest markets (April 2019 and 2020)

Country	Volume			Export share	
	Apr 2019	Apr 2020	Change in volume	Apr 2019	Apr 2020
	<i>Thousand dozen</i>	<i>Thousand dozen</i>	<i>Thousand dozen</i>	<i>Percent</i>	<i>Percent</i>
Mexico	6,525	12,708	6,183	22.6	41.8
Canada	10,868	5,219	-5,649	37.6	17.2
Hong Kong	3,935	3,988	53	13.6	13.1
Japan	1,853	2,723	871	6.4	9.0
South Korea	174	726	552	0.6	2.4
Jamaica	609	296	-313	2.1	1.0
Trinidad and Tobago	887	457	-430	3.1	1.5
Denmark	521	435	-86	1.8	1.4
United Arab Emirates	249	128	-122	0.9	0.4
Philippines	536	550	14	1.9	1.8
<b>World</b>	<b>28,890</b>	<b>30,400</b>	<b>1,510</b>	<b>100</b>	<b>100</b>

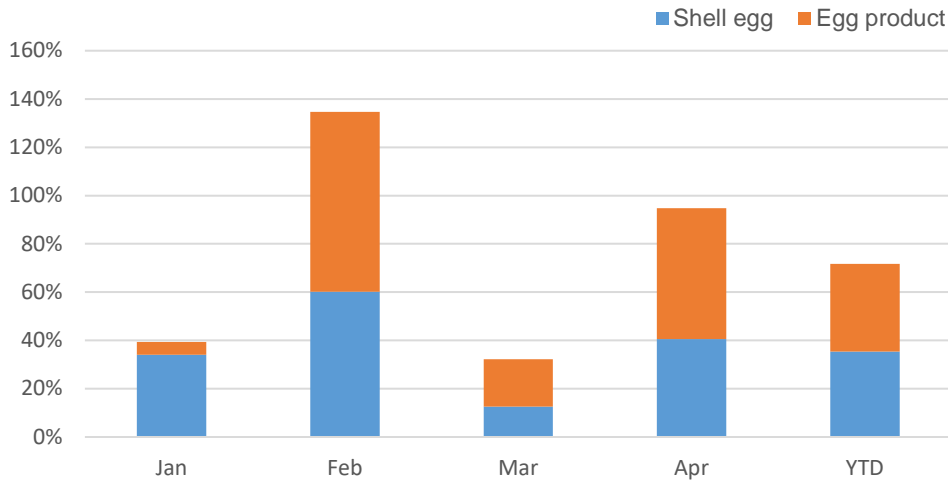
Note: Largest markets based on year-to-date 2020 export volumes.

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

Egg sales to Mexico have been consistently strong in 2020 and nearly doubled in April relative to last year (see next chart). This strong growth has led to Mexico's replacing Canada as the United States' largest egg export market. While demand for U.S. shell eggs has remained steady for Mexican importers, increasing year to date by 50 percent year over year, demand for egg products has more than doubled, increasing by 124 percent. Demand from Mexico is expected to remain strong, the basis for revising the 2020 export forecast up to 330 million dozen. The 2021 export forecast remains unchanged.



**Percent growth in U.S. egg export volumes to Mexico, disaggregated by product, 2019/20**

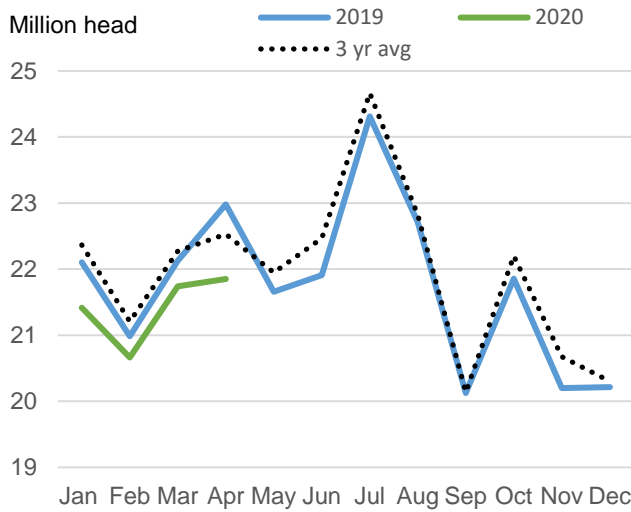


Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census.

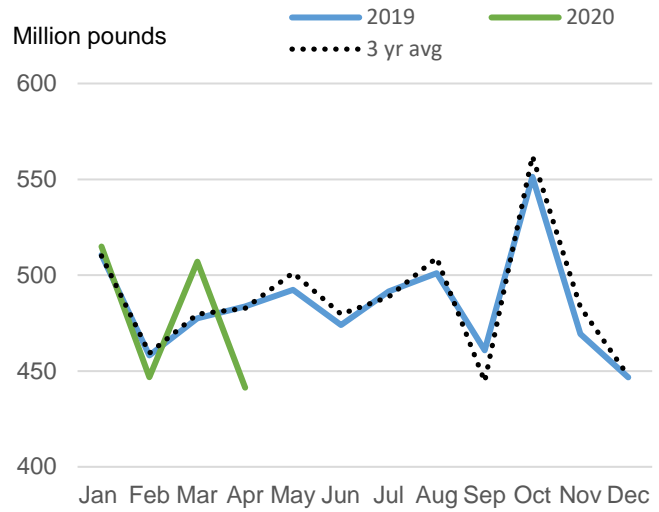
**Turkey Production Revised Down in 2020 and 2021**

After first-quarter turkey production outpaced last year by 1.6 percent, April turkey production totaled 441.3 pounds, 8.8 percent below April 2019. Total turkey production for the first 4 months of 2020 was 19.8 million pounds below last year, 1 percent below the same period in 2019. Turkey poult placements were below a year ago through April of 2020, indicating that production will likely be lower in upcoming quarters. For the first 4 months in 2020, 2.5 million fewer poults were placed compared to the same period last year. The production forecasts for the outlying quarters of 2020 have been revised down on expectations for slower production the remainder of the year: 1.41 billion pounds in the second quarter, 1.42 billion pounds in the third quarter, and 1.47 billion pounds in the fourth quarter. This makes the 2020 total forecast 5.769 billion pounds, a 1-percent decrease from 2019. The forecast for total production in 2021 was also revised down to 5.845 billion pounds. This would represent 1-percent growth over the 2020 forecast.

### Monthly turkey poult placements



### Monthly turkey production



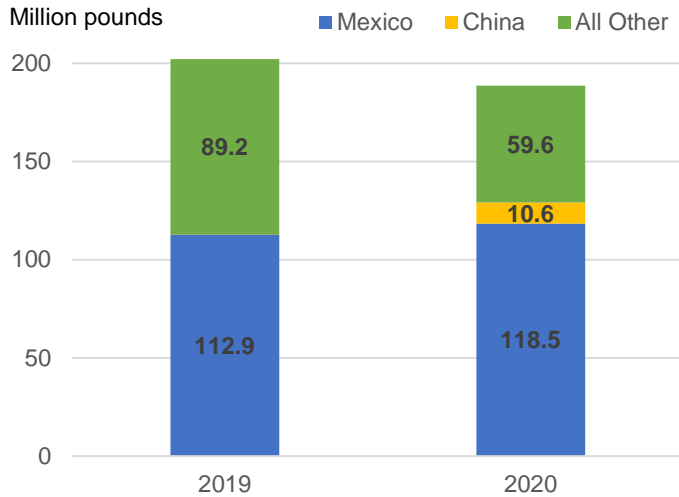
Source: USDA, National Agricultural Statistics Service.

## Turkey Exports Decline

Turkey exports in April totaled 49.8 million pounds. This is a year-over-year decrease of 10.2 percent, or 5.6 million pounds, from April 2019. The graph below compares turkey exports in the first 4 months of 2020 to the same period in 2019. Total exports have declined, but exports to Mexico were 5 percent higher. Exports to China, which reopened to poultry from the United States in November of 2019, totaled 10.6 million pounds in the first 4 months of 2020. The decline in total exports came in the smaller export markets, which declined by 33 percent compared to the first 4 months of last year. In particular, turkey exports to Benin were 10.7 million pounds lower in the first 4 months of 2020, and exports to South Africa were 7.6 million pounds lower.

Due to lowered domestic production expectations, the turkey export forecast was revised down to 140 million pounds for both the second and third quarters, making the 2020 total export forecast 569 million pounds. This would be an 11-percent decrease from 2019 total exports. The 2021 forecast was revised down to 580 million pounds, which would be a 2-percent increase over the projected 2020 total.

## United States Turkey Exports, January thru April

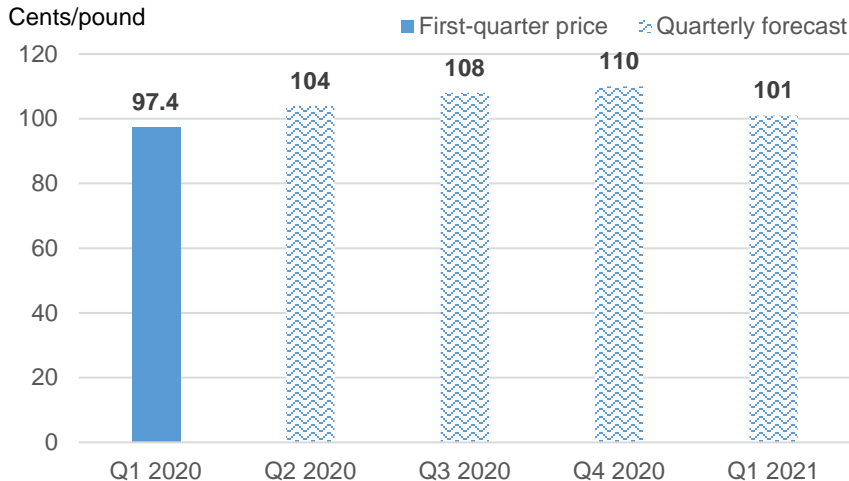


Source: USDA, Economic Research Service, Livestock and Meat International Trade Data.

## Turkey Price Forecast Revised Up in the Second Quarter

Weekly wholesale whole hen frozen turkey prices reached 106 cents per pound the week ending June 5th. The average price for the second quarter was revised up to 104 cents per pound on strong prices. Forecasts for the outlying quarters remain unchanged at 108 cents per pound in the third quarter, 110 cents per pound in the fourth quarter, and 101 cents per pound in the first quarter of 2021.

### Quarterly forecast wholesale whole hen frozen turkey prices



Source: USDA, World Agricultural Supply and Demand Estimates.

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## Dairy Forecasts

	2019				2020					2021	
	II	III	IV	Annual	I	II	III	IV	Annual	I	Annual
Milk cows (thousands)	9,331	9,322	9,345	9,336	9,374	9,375	9,370	9,375	9,375	9,375	9,380
Milk per cow (pounds)	5,971	5,818	5,779	23,391	5,987	6,025	5,880	5,850	23,740	5,995	24,030
<b>Milk production (billion pounds)</b>	<b>55.7</b>	<b>54.2</b>	<b>54.0</b>	<b>218.4</b>	<b>56.1</b>	<b>56.5</b>	<b>55.1</b>	<b>54.8</b>	<b>222.5</b>	<b>56.2</b>	<b>225.3</b>
Farm use	0.3	0.3	0.3	1.0	0.3	0.3	0.3	0.3	1.0	0.3	1.0
Milk marketings	55.5	54.0	53.7	217.4	55.9	56.2	54.8	54.6	221.5	56.0	224.3
<b>Milk-fat (billion pounds milk equiv.)</b>											
Milk marketings	55.5	54.0	53.7	217.4	55.9	56.2	54.8	54.6	221.5	56.0	224.3
Beginning commercial stocks	16.1	18.1	17.0	13.8	13.6	16.9	18.8	17.5	13.6	14.2	14.2
Imports	1.9	2.0	1.7	7.0	1.5	1.6	1.7	1.9	6.8	1.5	6.7
Total supply	73.4	74.1	72.5	238.1	71.0	74.8	75.3	74.0	241.9	71.7	245.2
Commercial exports	2.4	2.2	2.1	9.1	2.2	2.3	2.2	2.1	8.9	2.2	9.2
Ending commercial stocks	18.1	17.0	13.6	13.6	16.9	18.8	17.5	14.2	14.2	16.4	13.7
Commodity Credit Corporation donations <sup>1</sup>	0.0	0.1	0.0	0.2	0.1	0.1	0.1	0.0	0.3	0.0	0.0
Domestic commercial use <sup>2</sup>	52.8	54.8	56.7	215.2	51.8	53.6	55.5	57.6	218.6	53.1	222.4
<b>Skim solids (billion pounds milk equiv.)</b>											
Milk marketings	55.5	54.0	53.7	217.4	55.9	56.2	54.8	54.6	221.5	56.0	224.3
Beginning commercial stocks	11.1	11.2	10.7	10.7	10.2	11.6	11.0	10.5	10.2	10.6	10.6
Imports	1.6	1.5	1.5	5.8	1.5	1.5	1.4	1.4	5.8	1.4	5.6
Total supply	68.1	66.6	66.0	233.9	67.5	69.3	67.2	66.5	237.5	67.9	240.5
Commercial exports	10.3	10.3	11.0	41.6	11.2	11.8	11.2	11.0	45.1	10.9	44.9
Ending commercial stocks	11.2	10.7	10.2	10.2	11.6	11.0	10.5	10.6	10.6	11.5	10.3
Commodity Credit Corporation donations	0.0	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Domestic commercial use <sup>2</sup>	46.6	45.5	44.7	181.9	44.7	46.5	45.5	44.9	181.7	45.5	185.4
<b>Milk prices (dollars/hundredweight) <sup>3</sup></b>											
All milk	17.93	18.97	20.60	18.63	18.83	14.50	17.10	16.20	16.65	15.70	16.20
Class III	16.20	17.82	19.51	16.96	16.77	14.90	16.35	14.55	15.65	14.45	15.10
Class IV	16.28	16.66	16.56	16.30	15.91	11.80	13.20	13.20	13.55	12.80	13.35
<b>Product prices (dollars/pound) <sup>4</sup></b>											
Cheddar cheese	1.678	1.852	2.064	1.759	1.769	1.585	1.735	1.550	1.660	1.550	1.610
Dry whey	0.378	0.367	0.325	0.380	0.360	0.370	0.350	0.350	0.360	0.340	0.345
Butter	2.310	2.330	2.076	2.243	1.826	1.450	1.745	1.700	1.680	1.600	1.690
Nonfat dry milk	1.007	1.042	1.155	1.042	1.202	0.910	0.930	0.950	1.000	0.950	0.970

Totals may not add due to rounding.

<sup>1</sup> Commodity Credit Corporation donations include purchases made through the USDA Trade Mitigation program. They do not include products purchased under other programs.

<sup>2</sup> Domestic use for 2020 includes additional milk marketed but not processed.

<sup>3</sup> Simple averages of monthly prices. May not match reported annual averages.

<sup>4</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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