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Livestock, Dairy, and Poultry Outlook

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Major U.S. Red Meat, Poultry, and Dairy Exports Shares of Production: A First-Cut for 2017

The figure below shows 2017 red meat, poultry, and dairy exports as a percentage of production—calculated from USDA’s 2017 forecasts for red meat, poultry, and dairy production and exports, compared with 2016 forecasts. While 2017 forecasts for both production and exports are year-over-year larger for these animal proteins, the ratio of exports to production reflects the particular domestic and international market fundamentals for each product. The slight uptick for beef exports in 2017 derives from expanding exports, enabled by larger forecast U.S. beef production and lower beef prices. The slight downtick in the percentage of pork production exported is a reflection of the strong competition faced by U.S. pork from other exporting countries—European Union, Canada, and Brazil—particularly in Asian markets. The static percentage for broilers results from the equality between forecast increases in exports and production. Larger exports as a percentage of increasing production in 2017 for turkey and egg production reflect recoveries of these industries from disease problems in 2015. U.S. dairy exports—on a skim-solids milk-equivalent basis—are expected to grow in 2017 as global demand for dairy products grows.

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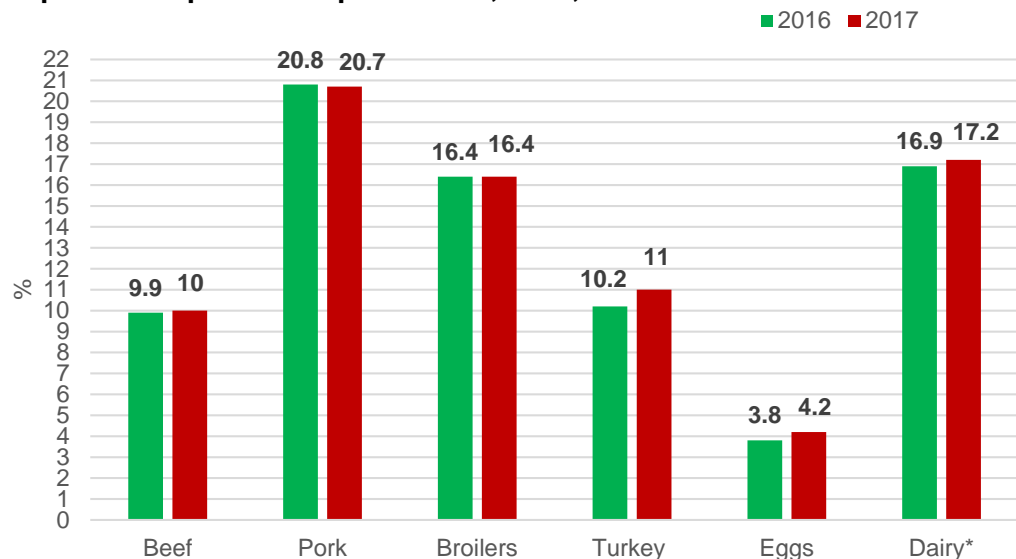
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Tables will be released on June 28, 2016

The next Outlook Report release is July 18, 2016

Approved by the World Agricultural Outlook Board.

Exports as a percent of production, 2016, 2017



*Skim solids milk equivalent basis
Source: U.S. Department of Agriculture.

Cattle/Beef: Placements during April were reported at 1.66 million head, up approximately 7 percent from the previous year, which suggests that cattle producers may have pulled a large portion of feeder cattle off wheat pasture and placed them in feedlots during April.

Dairy: With lower expected imports and continued high domestic demand, the 2016 all-milk price forecast is \$14.95-\$15.35 per hundredweight (cwt), an increase from \$14.60-\$15.10 per cwt forecast last month. The 2017 all-milk price forecast is \$15.25-\$16.25 per cwt, unchanged from last month.

Pork/Hogs: Pork production is expected to accelerate in the third quarter to about 6.2 billion pounds, a volume almost 3.5 percent higher than in the same period last year, with hog prices about 3 percent lower. April pork exports were lackluster at 430 million pounds; shipments to China/Hong Kong, however, were nearly double those of a year-ago.

Poultry: Higher expected costs for corn and soybeans will likely slow 2016 production increases for broilers, turkeys, and eggs. While broiler prices have seen some recovery this year, expected increases in feed costs may keep producer margins relatively weak. Egg prices, on the other hand, have seen significant 2016 declines in wholesale prices, indicating a poor outlook for producer margins.

Broiler and egg shipments in April 2015 remained down from a year ago, while turkey shipments experienced a year-over-year gain for the first time since January 2015. Broiler shipments totaled 541 million pounds, a decrease of 6 percent from a year earlier. April turkey shipments increased 9 percent from a year ago, totaling 46 million pounds, while egg and egg product exports totaled 23 million dozen, shell-egg equivalent, a 33-percent decrease from the previous April.

Cattle / Beef

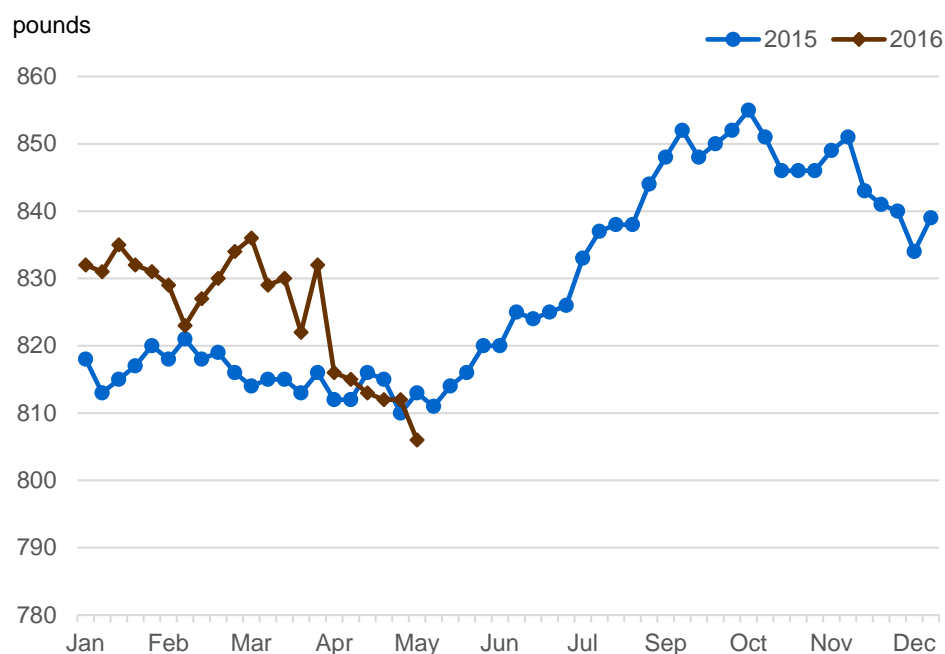
April Placements Larger Than Expected

The most recent *Cattle on Feed* report showed placements of cattle in 1,000-plus-head feedlots higher than the reported average of industry analysts' pre-report expectations. Placements during April were estimated at 1.66 million head, up approximately 7 percent over the previous year—likely as feeder cattle that remained on wheat pasture later than normal and were taken off pasture and placed into feedlots during April. It is estimated that on April 1, approximately 5 percent more feeder cattle were grazing outside of feedlots this year compared to 2015 (http://www.ers.usda.gov/datafiles/Livestock_Meat_Domestic_Data/Feeder_Cattle_Supplies_Outside_Feedlots/FeederCattleSuppliesOutsideFeedlots.xls). The April *Cattle on Feed* report showed cattle placed at weights heavier than 800 pounds up by approximately 12 percent year over year. Due to favorable grazing conditions this year, it is very likely that the trend of heavier placement weights could continue.

Conversely, feedlot operators marketed approximately 1.66 million head, up 1 percent over last year, despite 1 less marketing day. It appears that feedlot owners are becoming more current concerning the pace of marketings, implying shorter on-feed periods and lighter than expected finishing weights. However, another factor that has the potential to affect the length of feeding periods, and subsequently marketings, is feed-input costs, such as for corn. Feed grain markets have rallied in recent weeks, and undoubtedly rising corn prices would result in feedlot operators paring back the number of days cattle would be held on feed in order to minimize feeding costs.

Beef Production Revised Lower on Lighter Carcass Weights

Weekly Federally Inspected Cattle Dressed Weights



Source: United States Department of Agriculture , Agricultural Marketing Service.

According to the AMS weekly slaughter data, average dressed weights remain on a downward trend. For the week ending May 28th, cattle dressed weights were reported at 806 pounds, down 6 pounds from the previous week and 7 pounds below last year. Commercial beef production forecasts for the second quarter of 2016 were lowered approximately 90 pounds as the increased pace of marketings implies cattle coming out of feedlots at lighter weights. Commercial beef production for the third and fourth quarters were also reduced 30 and 15 million pounds, respectively, on expectations of lighter cattle weights due to the higher feeding costs. Nonetheless, the current forecast for total commercial beef production in 2016 is expected to remain approximately 4 percent higher than 2015 at 24.7 billion pounds. Commercial beef production in 2017 is projected to reach 25.8 billion pounds, up over 4 percent relative to 2016.

Beef Exports Lackluster Through April, Imports Continue To Decline

U.S. beef exports through April were 723 pounds, fractionally lower than the same period last year. Beef exports to Japan, South Korea, and Hong Kong weakened during April, and shipments to Canada have remained consistently weak during the first 4 months. Through April, beef exports to Canada were down 8 percent. Hong Kong remains a wild card going forward, as export sales have slowed in recent weeks. Mexico remains a strong market for U.S. beef exports, and the expectation of lower wholesale prices during the second half of the year could bolster additional demand. Second-quarter beef exports were revised 15 million pounds lower on lackluster demand from major trading partners, but a good recovery in demand for U.S. beef is expected during the second half of the year. Limited supplies of Australian beef should work to the advantage of the U.S., shifting demand for high-quality beef to U.S. suppliers. U.S. beef exports for 2016 are forecast at 2.4 billion pounds, up 8 percent from last year.

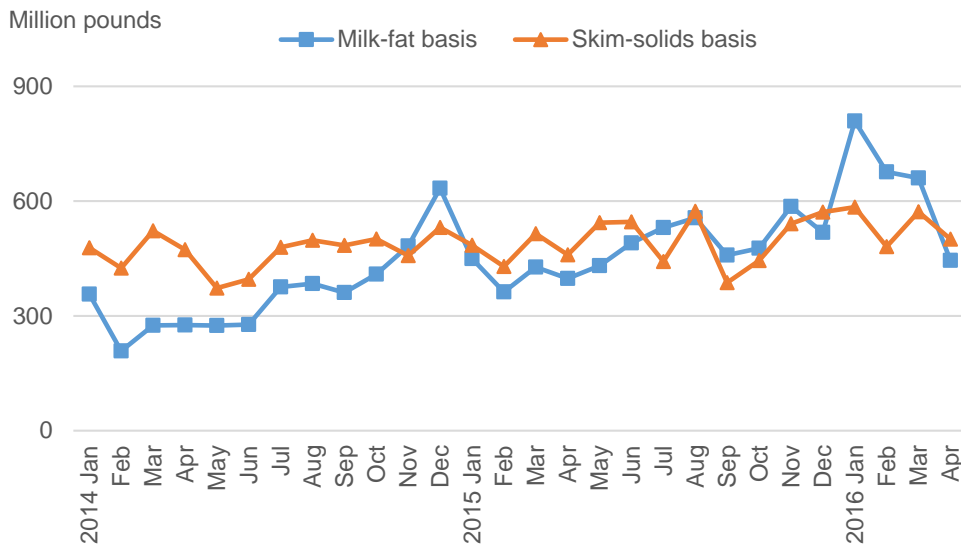
Through April, U.S. beef imports have declined considerably as the volume of beef shipped from Oceania, Nicaragua, Brazil, and Uruguay more than offsets increases from both Canada and Mexico. For 2016, Australian cattle slaughter and beef production are expected to remain sharply lower than the previous year, significantly reducing the volume of beef available for export and thus limiting U.S. imports during the year. U.S. beef imports for 2016 are forecast at nearly 2.9 billion pounds, down about 14 percent relative to 2015.

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Recent Developments in Dairy Markets

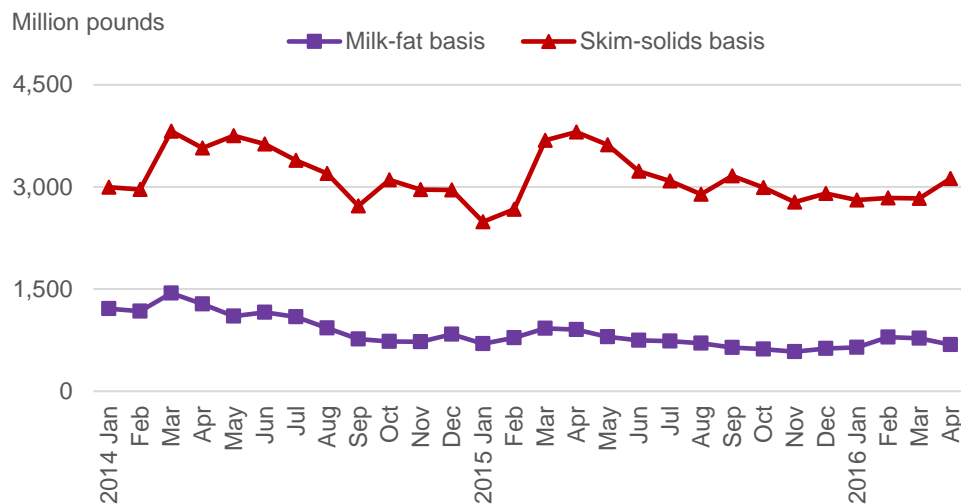
On a milk-fat milk equivalent basis, dairy imports fell by 215 million pounds from March to April. This follows smaller monthly declines from the peak of 809 million pounds in January. On a skim-solids milk-equivalent basis, the decline in imports was smaller, 71 million pounds. Imports of butterfat products fell considerably from March to April. For the same 2 months, exports fell by 94 million pounds on a milk-fat basis but rose by 291 million pounds on a skim-solids basis. Notably, while exports of whole milk powder and dry whey increased, exports of butterfat products, cheese, and lactose decreased.

U.S. imports of dairy products, milk-equivalent bases



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

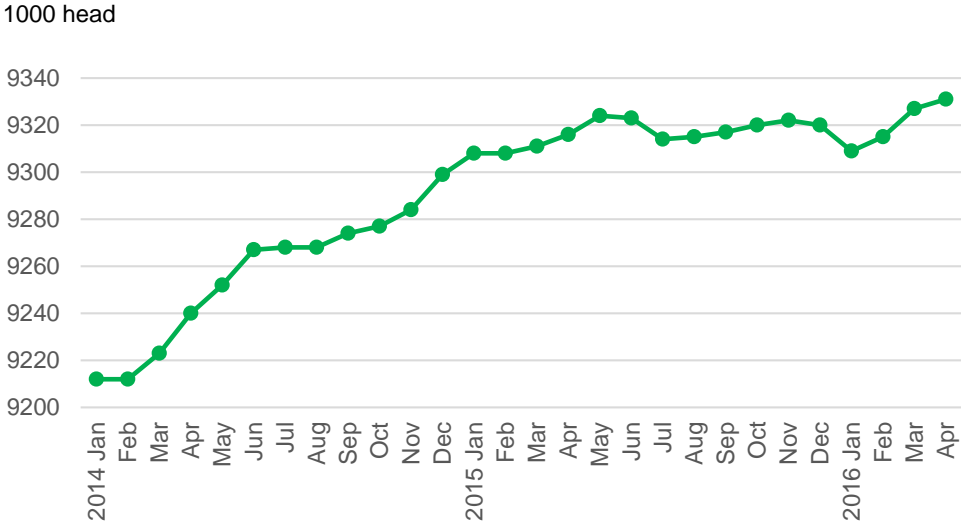
U.S. exports of dairy products, milk equivalent bases



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

Milk production continued to grow in April, totaling 18.0 billion pounds, 1.2 percent higher than April 2015. Milk per cow averaged 1,929 pounds for April, 20 pounds above April 2015. Milk cows were 9.331 million head, 15 thousand more than April 2015 and 4 thousand head more than March 2016. The gap between the growing milk supply and total disappearance (domestic use and exports) on a milk-fat basis has remained relatively high, resulting in an inventory accumulation. Butter and cheese stocks in April were 28.3 percent and 11.8 percent higher than April 2015, respectively.

U.S. milk cows



Source: USDA National Agricultural Statistics Service.

For May, the largest price changes reported in the USDA *National Dairy Products Sales Report* (NDPSR) were for cheese and nonfat dry milk (NDM). From the week ending May 7 to the week ending May 28, prices for 40-pound cheddar cheese blocks and 500-pound cheddar cheese barrels (adjusted to 38 percent moisture) fell by \$0.108 and \$0.076 per pound, respectively. For the same weeks, the NDM price increased by \$0.039 per pound. Although the NDPSR butter price remained relatively stable over the period, the Chicago Mercantile Exchange (CME) butter spot price rose by \$0.043 per pound from the week ending May 6 to the week ending June 3. In contrast to the downward NDPSR price direction for cheese, CME prices for cheese rose in May. For the weeks ending May 6 to June 3, spot prices for CME cheddar cheese 40-pound blocks and 500-pound barrels rose by \$0.065 and \$0.078 per pound, respectively. NDPSR prices are highly correlated with CME prices of the previous week for butter and the previous 2 weeks for cheese.

Outlook for Feed Prices

Feed price forecasts for 2015/2016 and 2016/17 have been raised significantly. The 2015/16 corn price forecast is \$3.60-\$3.80 per bushel, up \$0.10 at the midpoint from last month’s forecast. The 2016/17 corn price forecast is \$3.20-\$3.80 per bushel, up \$0.15 at the midpoint. The estimated 2015/16 soybean meal price is \$335 per short ton, up \$25. The 2016/17 soybean meal price forecast is \$320-\$360 per short ton, up \$20 at the midpoint. The national average price for alfalfa hay increased from \$144 per short ton in March to \$153 in April.

Dairy Forecasts for 2016

Recent data suggest a larger supply of milk cows for 2016 than forecast last month; accordingly, the milk cow forecast has been increased to 9.325 million head, 5 thousand more than forecast last month. The milk per cow forecast is unchanged. With milk cow numbers higher than expected, the forecast for milk production for the year has been increased from 212.4 to 212.6 billion pounds.

With lower expectations for imports of butterfat products and cheese, the forecast for imports on a milk-fat basis has been reduced from 7.7 to 6.8 billion pounds. With the decrease in expected imports and the increase in expected milk production, the net effect for the total supply on a milk-fat basis is a reduction of 0.7 billion pounds. Exports on a milk-fat basis are lowered from 8.9 to 8.5 billion pounds based on recent export data. The forecast for domestic use on a milk-fat basis has been lowered by 0.5 billion pounds but remains relatively high, 3.8 percent over 2015. Ending stocks on a milk-fat basis are raised to 13.1 billion pounds.

Smaller changes have been made to the 2016 outlook on a skim-solids basis. Imports are unchanged from last month, at 6.4 billion pounds. The export forecast has been lowered by 0.2 billion pounds based on lower expected exports of nonfat dry milk, cheese, and lactose. The domestic commercial-use forecast on a skim-solids basis has been raised by 0.2 billion pounds. Ending commercial stock forecasts are raised from 14.1 to 14.3 billion pounds due to recent high stock levels and the higher forecast for milk production.

Based on recent strength in CME butter prices and lower expected total supply on a milk-fat basis due to lower imports, the butter price forecast for 2016 is raised to \$2.050-\$2.120 per pound. Based on recent price data, the forecast for the 2016 NDM price has been raised to \$0.760-\$0.800 per pound. With higher prices for butter and NDM, more milk is expected to move to butter and powder production, tightening the milk supply for cheese. Based on the expected change in milk allocation, lower expected cheese imports, and the recent strength of CME prices, the 2016 cheese price forecast has been raised to \$1.475-\$1.515 per pound. The whey price forecast is \$0.240-\$0.260 per pound, unchanged from last month at the midpoint of the range.

Given the higher forecasts for butter, NDM and cheese, the Class III and Class IV prices are raised to \$13.40-\$13.80 per cwt and \$13.15-\$13.65, respectively. The all milk price is raised accordingly to \$14.95-\$15.35 per cwt, an increase from \$14.60-\$15.10 per cwt forecast last month.

Dairy Forecasts for 2017

With a more gradual decline in cow numbers expected for 2017, the milk production forecast for 2017 is increased from 215.2 billion pounds to 215.3 billion pounds. However, the impact of higher expected feed prices on producer margins during 2016 is expected to temper the increase in milk production.

On a milk-fat basis, imports and export forecasts are both reduced for 2017, by 0.3 billion pounds and 0.4 billion pounds, respectively. The domestic commercial use

forecast on a milk-fat basis has been raised by 0.2 billion pounds. The forecast for ending stocks has been raised by 0.2 billion pounds.

The annual forecast for imports on a skim-solids basis is unchanged at 6.2 billion pounds. The forecast for skim-solids basis exports, however, is reduced by 0.5 billion pounds, to 37.1 billion pounds. Domestic commercial use on a skim-solids basis is forecast at 183.7 billion pounds, 0.5 billion pounds higher. Ending stocks have been raised to 14.0 billion pounds, 0.3 billion pounds higher.

The 2017 price forecasts for butter, NDM, and whey remain unchanged from last month at \$1.880-2.010, \$0.855-0.925, and \$0.255-0.285 per pound, respectively. With slightly higher milk production and higher beginning stock levels for 2017, the cheese price forecast has been reduced slightly in the first half of the year, resulting in an annual forecast of \$1.535-1.635 per pound.

With the lower cheese price, the Class III price has been lowered to \$14.00-15.00 for the year. The 2017 Class IV milk price and the all-milk price forecasts are unchanged from last month, at \$13.15-\$14.25 and \$15.25-\$16.25 per cwt, respectively.

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Second-Quarter Pork Production Likely To End Slightly Higher Than a Year Ago

Second-quarter U.S. commercial pork production is expected to be almost 6 billion pounds, about 1 percent above a year ago. Higher production derives from both slightly higher slaughter numbers and average dressed weights. Production is expected to accelerate in the third quarter, reaching about 6.2 billion pounds, 3.5 percent higher than a year ago.

Prices of live equivalent 51-52 percent lean hogs will likely finish the second quarter averaging \$53-\$54 per cwt, about 1 percent above a year ago. For the July-September quarter, prices are expected to average \$52-\$54 per cwt, almost 3 percent lower than in the third quarter last year.

USDA will release the *Quarterly Hogs and Pigs* report on June 24, 2016. The report will detail June 1 inventories and March-May farrowings and pig crops, as well as producer farrowing intentions for the June-August, and September-November quarters.

U.S. Exports Lower in April

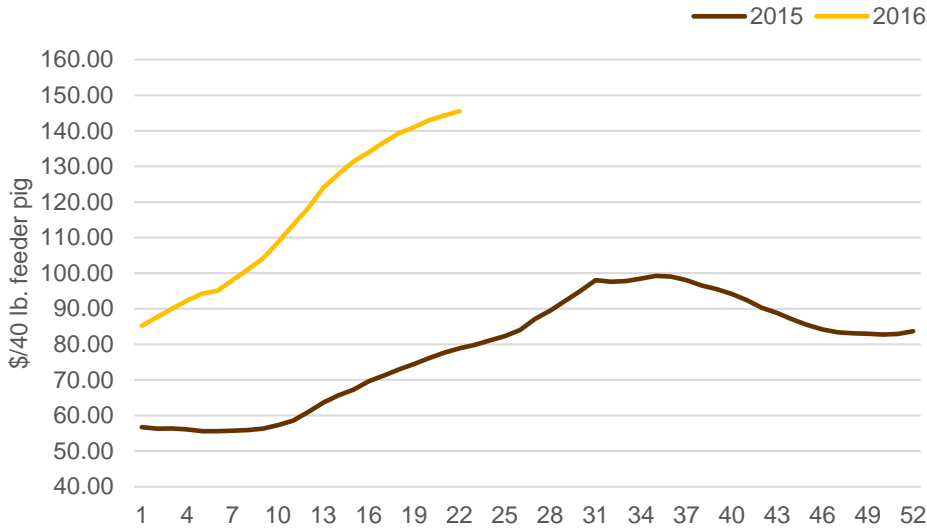
U.S. pork exports in April were 430 million pounds, 11 percent lower than in 2015. The year-over-year reduction in April came despite depreciation of the U.S. dollar against the currencies of major foreign buyers of U.S. pork. The currencies of Japan, Canada, and South Korea appreciated 3 percent against the U.S. dollar in April relative to March. The Australian dollar appreciated 2 percent against the U.S. dollar, and the Mexican peso 1 percent.

One factor that may explain part of the shortfall in April relative to April 2015 was the resolution of labor issues that hampered U.S. exports from leaving West Coast ports last year. Work slowdowns by West Coast dock personnel largely shut down U.S. pork exports for most of the first quarter of 2015. While cargo flows re-started in mid-March, it is possible that pork ordered earlier in the year finally shipped in the weeks that followed the re-starting of exports. This hypothesis is supported by export data to South Korea, Australia, and Japan, countries whose shipments were likely affected by the U.S. labor problems. April 2015 exports to these countries were unusually large. U.S. exports to South Korea in April 2015 were 43 percent higher than a year earlier; exports to Australia were 33 percent higher. April 2015 shipments to Japan, at 143 million pounds, were the highest on record. It is likely that U.S. shipments to Asian customers surged in April 2015, setting the bar" unusually high for comparisons in later years. This appears to be the case for pork exports in April 2016.

Exports to China\Hong Kong were an unambiguous bright spot in April, however. At 74 million pounds, shipments were almost double the volume of those in April 2015. According to the Global Trade Atlas, Chinese pork imports from all sources through April 2016 were more than 892 million pounds, almost double of those over the same period last year. Strong Chinese imports have been prompted by very high pork prices, brought about by low producer returns and subsequent breeding herd reductions. There is anecdotal evidence that environmental

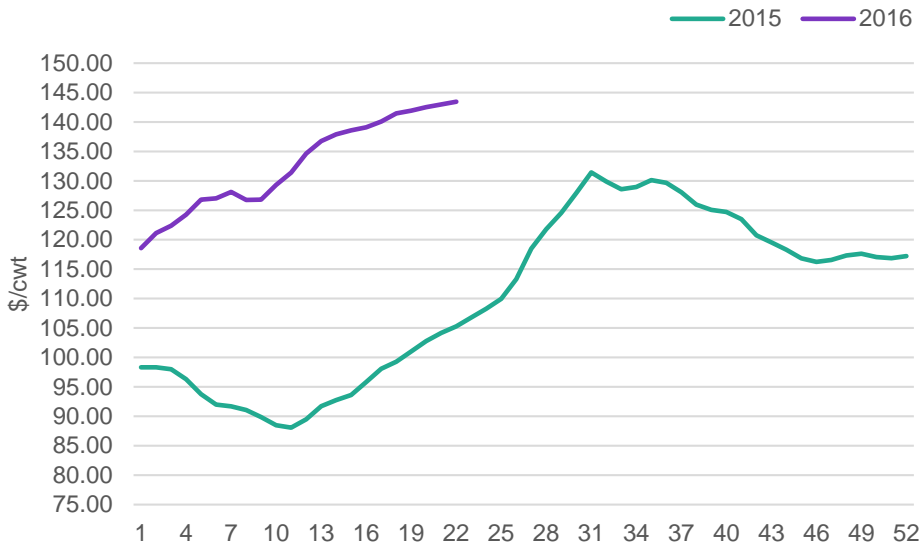
restrictions, in particular, could be hampering pork industry expansion. While it is almost certain that the Chinese pork industry will gear up productive capacity at some point, Chinese prices for feeder pigs and live slaughter hogs do not appear to have yet topped out, implying that strong Chinese import demand is likely to persist at least through this year.

China: weekly price of 40-lb feeder pig, Jan. 2015-June 1, 2016



Source: China Ministry of Agriculture.

China: weekly live hog prices, Jan. 2015- June 1, 2016



Source: China Ministry of Agriculture.

U.S. pork exports are expected to be 1.3 billion pounds in the second quarter of 2016 and 5.2 billion pounds for the year in total. A summary of exports, unit values and export shares of the 10 largest foreign destinations for U.S. pork in April 2016 compared with April 2015 is included below.

Volumes, unit values, and trade shares of U.S. pork exports to the 10 largest foreign destinations

April 2015 and April 2016

Country	Exports	Exports	% change	Unit value	Unit value	Trade share	Trade share
	April 2016	April 2015		April 2016	April 2015	April 2016	April 2015
	(mil. lbs)	(mil. lbs)	(2016/2015)	\$/lb	\$/lb	%	%
World	430	483	-11	0.98	0.99		
1 Mexico	115	123	-6	0.72	0.66	26.9	25.4
2 Japan	103	143	-28	1.26	1.18	23.9	29.6
3 China/Hong Kong	74	38	95	0.67	0.77	17.1	7.8
4 Canada South	42	40	5	1.92	1.91	9.7	8.2
5 Korea	36	68	-46	0.86	0.89	8.5	14.0
6 Australia	14	21	-31	0.89	0.89	3.3	4.3
7 Colombia	8	10	-24	0.74	0.87	1.7	2.0
8 Dominican Republic	7	7	-8	0.67	0.78	1.6	1.5
9 Honduras	6	5	21	0.63	0.65	1.5	1.1
10 Guatemala	3	3	8	0.84	0.85	0.8	0.6

Source: U.S. Department of Agriculture.

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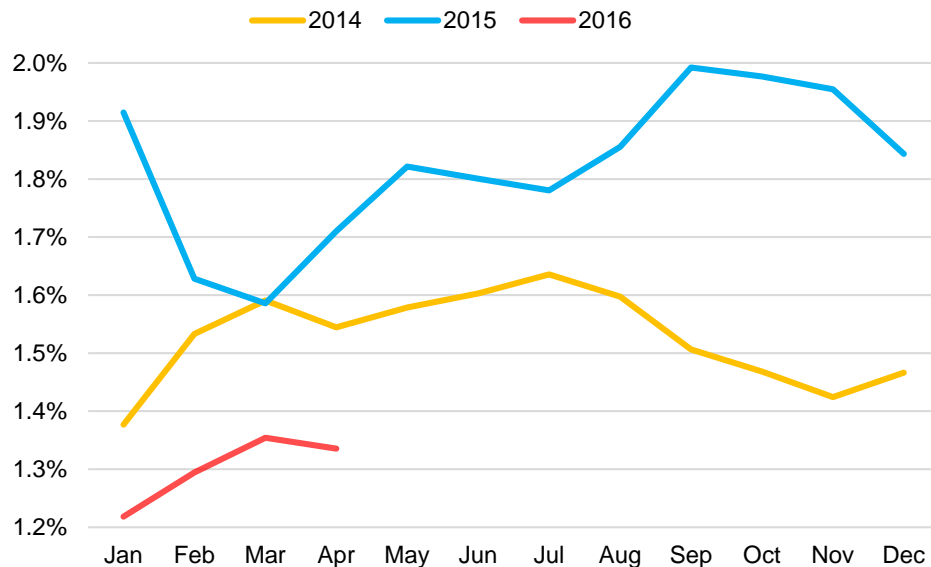
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Broiler Feed Costs Expected To Outpace Broiler Prices

Preliminary production data for broilers in May was stronger than expected, and official April data was 3.2 percent higher than in 2015 after adjusting for slaughter days. This led the second quarter forecast to be revised up by 25 million pounds.

Average live weight at slaughter hit a historical high in April once again; however, year-to-date growth in average live weight is slower than the previous 2 years (figure below). Tepid growth of broiler eggs in incubators is also likely to continue, currently under 0.4 percent growth on a year-to-date basis. This trend may continue as feed costs in 2015/16 and 2016/17 are not expected to decline as much as previously forecast and broiler prices are expected to remain relatively weak. Therefore, production forecasts for the third and fourth quarters were lowered 25 million pounds and were lowered 10 million pounds for the first quarter of 2017.

Growth in average live weight at slaughter, year to date*



Source: National Agricultural Statistical Service (USDA).

*Note: Calculation uses year-to-date sums of total poundage/headcount.

Weekly May prices for whole birds at wholesale were up to the highest level of the year, according to the national composite figure. Coupled with slower forecast growth in production, the whole broiler price forecast was raised to average \$0.88-\$0.91 for 2016, and raised to \$0.85-0.93 for 2017.

The recent upward trend for whole birds follows a seasonal pattern of typically higher prices, but seasonal trends have not affected breast meat very strongly. Prices for boneless skinless breasts at wholesale have performed poorly all year and were back below \$1.14 per pound on the Northeast market for the week ending June 4. One likely reason is that breast meat stocks have been well above year-earlier levels thus far this year, with month-ending data for April showing stocks increased counterseasonally to a record 186.5 million pounds. While leg quarter prices do not typically follow a strongly seasonal pattern, they had been

recovering from 2015 lows before plateauing in May, particularly in the Northeast market. This coincided with the first increase in month-ending data for leg quarter stocks since September, a fairly marginal increase nonetheless. Stocks of all broiler meat also reversed a recent downward trend, as April 30 stocks were higher than the previous month. This led to an upward revision of 2016 ending stocks to 695 million pounds.

Turkey Production in April Down 2 Percent

Turkey meat production in April was 485 million pounds, down 2 percent from the previous year. The decrease in turkey meat production was the result of a 4-percent drop in the number of birds slaughtered compared to the previous year, which in turn reflects 1 less slaughter day this year. This decline was partially offset by a 1-percent rise in the average live weight of birds at slaughter. In April, the number of birds slaughtered was 19.4 million. The decrease in turkey production in April, along with low poult placements at the end of 2015, have caused the production forecast for second-quarter 2016 to be lowered by 15 million pounds. In addition, increases in the forecast prices for corn and soybean meal have led to a reduction of 25 million pounds in the production forecast for fourth-quarter 2016 and a 10-million-pound reduction for first-quarter 2017.

The most recent turkey hatchery data shows that the number of eggs placed in incubators as of the first of May totaled 28.2 million eggs, an increase of 5 percent from the previous year, but down slightly from the levels of May 2014. This is only the second consecutive month with year-over-year growth in eggs in incubators after negative growth for the previous 11 months. The number of eggs in incubators is expected to show year-over-year gains for most of the rest of 2016 in comparison to the HPAI-impacted levels of 2015. In April the number of poult placements for growout was 23.2 million, an increase of 6 percent from a year earlier. As with eggs in incubators, poult placements are expected to show year-over-year gains for most of the remainder of 2015.

Higher turkey production in April, along with relatively low exports, combined to push cold storage holdings to about the same level of a year earlier. Overall turkey stocks at the end of April totaled 397 million pounds, up less than 1 percent from the previous year. The small change in cold storage holdings was due to lower stocks for whole birds and higher stocks for other turkey products. Stocks of whole birds totaled 181 million pounds, a decline from a year earlier of 17 percent. Almost all whole turkeys are sold domestically, and the market for these birds was not impacted greatly by trade restrictions related to HPAI. However, cold storage holdings of other turkey parts have been more heavily impacted by trade restrictions, and these totaled 217 million pounds, an increase of 22 percent from the previous year. Gains in cold storage holdings of breast meat, mechanically deboned meat, and products in the “other” category were the primary contributors to the increase in cold storage holdings of turkey parts. With a forecast of higher turkey meat production for the remainder of 2016 and turkey exports still well below levels of earlier years, the forecast for the second through the fourth quarters is for cold storage holdings to be higher than the previous year. However, with the reduction to fourth-quarter 2016 production, ending stock levels for 2016 were lowered by 10 million pounds to 240 million pounds, still a 19-percent increase from the previous year.

Prices for whole turkeys and turkey parts have closely followed the changes in their cold storage holdings. Selling mostly to the domestic market and with lower production resulting in significantly lower cold storage holdings, prices of whole birds are up from the previous year. In May, prices for whole frozen hens averaged \$1.16 per pound 7 percent higher than a year earlier. Whole bird prices are expected to remain higher than a year earlier through the second quarter, but then to be lower than a year earlier in the second half of 2016. Prices had risen sharply in the second half of 2015 due to the HPAI outbreak impacts on production.

With higher supplies of stocks of turkey parts, turkey parts prices have been under downward pressure for a while now. In May, prices of almost all turkey parts were lower than they were a year earlier. Prices for breast meat were the exception to the rule and were \$1.32 per pound, up slightly (1 percent) from the previous year. Other turkey prices were all significantly lower than the previous year, with the decline in prices ranging from 10 percent for drumsticks to over 60 percent for full-cut wings. Even with the reductions to the turkey production forecast, turkey parts prices are expected to remain under downward pressure for most of 2016.

Egg Production Largely Recovered From Year-Earlier Disease Problems

Table egg production totaled 591 million dozen in April, down just 1 percent compared with a year earlier. Year-to-date table egg production is now just over 2 percent below the same time in 2015 after spending the majority of 2015 experiencing double digit declines. The table egg layer flock continues to recover, with 302 million layers on hand on the first of May, just under 1 percent more than the same period in 2015. The table egg flock is forecast to continue to expand. However, the current low wholesale egg prices are forecast to put downward pressure on production in the second half of the year, although production is forecast to be significantly higher than the HPAI-reduced production of second-half 2015. Production in 2017 is forecast to continue expanding but only at a modest pace, with total production for the year at 7.3 billion dozen, 2 percent higher than in 2016.

Hatching egg production is forecast to continue to expand in both 2016 and 2017, chiefly to supply additional chicks for the broiler industry. In 2016, total production is forecast at 1.13 billion dozen, 2 percent higher than the previous year, and production is forecast to expand an additional 2 percent in 2017 to 1.16 billion dozen.

Table Egg Prices Continue Lower

Table egg prices have continued to remain at a low level in May and have declined even further into June. Wholesale prices for one dozen Grade A eggs in the New York market averaged just over \$0.63 per dozen in May and by early June had declined to \$0.51 per dozen. With this weaker demand in the egg market, the price forecast for second quarter was reduced to \$0.66-\$0.67 per dozen. The forecast prices for the third and fourth quarters were also reduced. The average price for 2016 is now forecast at \$0.90 to \$0.94 per dozen. With generally good domestic economic conditions forecast for 2017, egg prices are forecast to strengthen somewhat even with higher production. Prices in 2017 are forecast to

average \$1.05 to \$1.14 per dozen, an increase of about 19 percent from the previous year

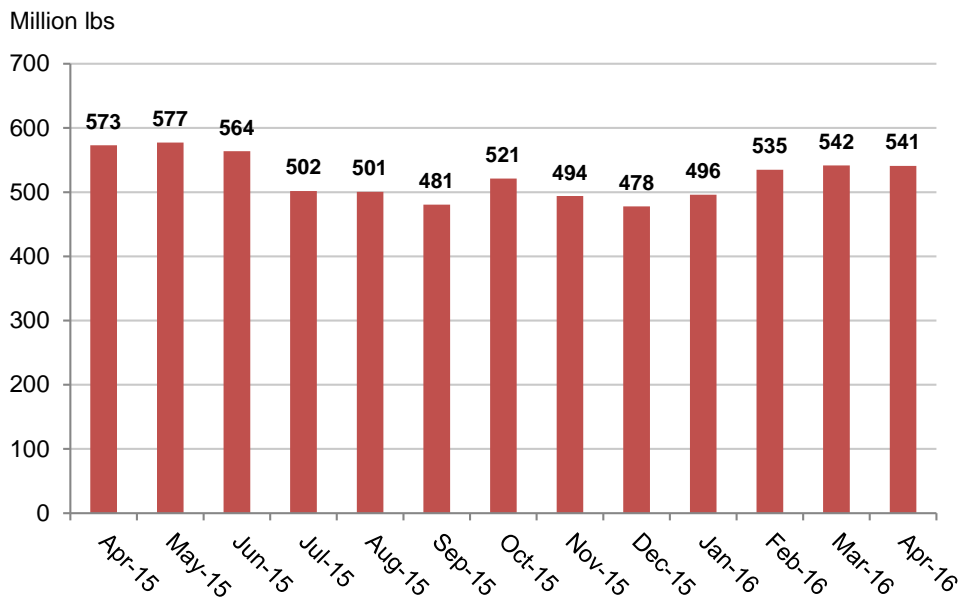
Broiler Trade

U.S. Broiler Shipments Stay Down in April

Broiler shipments decreased 6 percent in April compared with a year earlier, totaling 541 million pounds. Exports to Mexico, the United States' largest market, decreased by 3 percent from April 2015 levels to 118 million pounds. National bans by China, Russia, and South Korea continued to impact exports. Losses were seen in key markets, led by Canada, Angola, Cuba, Taiwan, and Georgia, all of which experienced declines of greater than 7 million pounds compared with a year earlier. These declines were nearly countered, however, by strong gains elsewhere. Shipments to Iraq were 126 percent higher than a year earlier at 33 million pounds. The United Arab Emirates, the Philippines, and Chile also posted very strong months, with broiler import gains of greater than 7 million pounds each.

In addition to import bans imposed by several markets, market conditions for U.S. exports have been difficult over the past 18 months as declining oil prices and a strong U.S. dollar have taken a toll on exports. For both conditions, however, some improvement has been seen in recent months. Crude oil prices have increased from a low of roughly \$32 per barrel in January to \$49 per barrel in June. Improving oil prices could be a boon for oil-exporting nations like Angola, whose broiler imports have lagged in recent months. In addition to oil prices, the trade-weighted U.S. dollar index published by the Federal Reserve Bank of St. Louis has declined by 4 percent since its peak in January. Both metrics, however, remain generally unfavorable for U.S. exports relative to 2014 levels. The forecast for 2016 broiler exports remain at 6.7 billion pounds, a 6-percent increase over 2015. The forecast for 2017 broiler exports is 6.9 billion pounds.

U.S. broiler exports April 2015 - April 2016

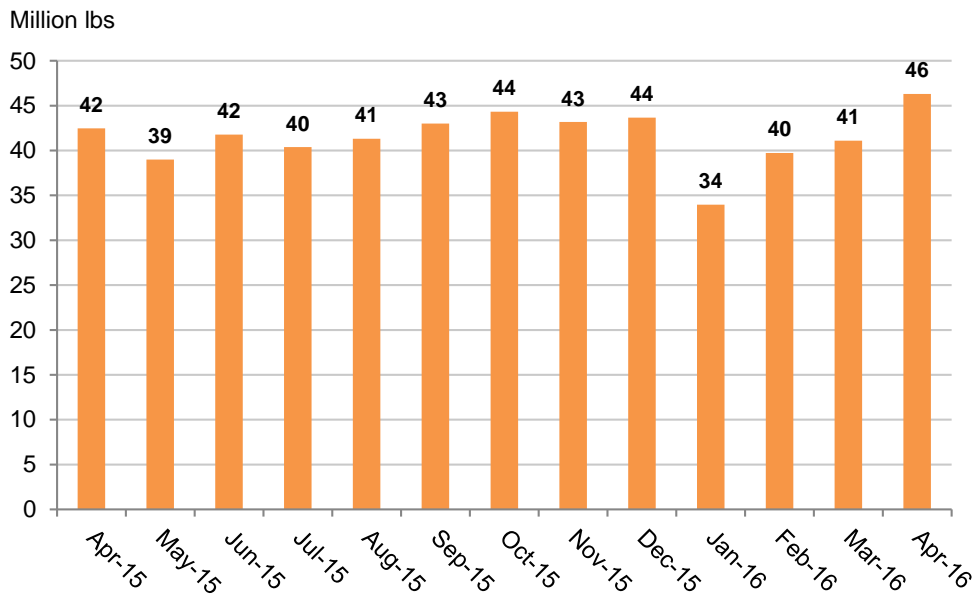


Source: <http://www.ers.usda.gov/data-products/livestock-meat-international-trade-data.aspx>.

Turkey Exports Up in April after Months in the Negative

In April, turkey exports totaled 46 million pounds, 9 percent higher than the previous April. This was the first year-over-year increase for turkey exports since January of 2015. The increase mainly stems from an unexpectedly large number of shipments to Hong Kong. The 7 million pounds shipped to Hong Kong were 315 percent higher than the previous April. Not since the early 2000s have shipments to Hong Kong been as high as this month. Shipments to Mexico, the largest market for U.S. turkey products, totaled 25 million pounds in April, 5 percent below a year earlier. Mexico still remained responsible for 55 percent of total U.S. turkey exports in April. The 2016 forecast remains at 605 million pounds. The 2017 forecast is also unchanged at 670 million pounds.

U.S. turkey exports April 2015 - April 2016



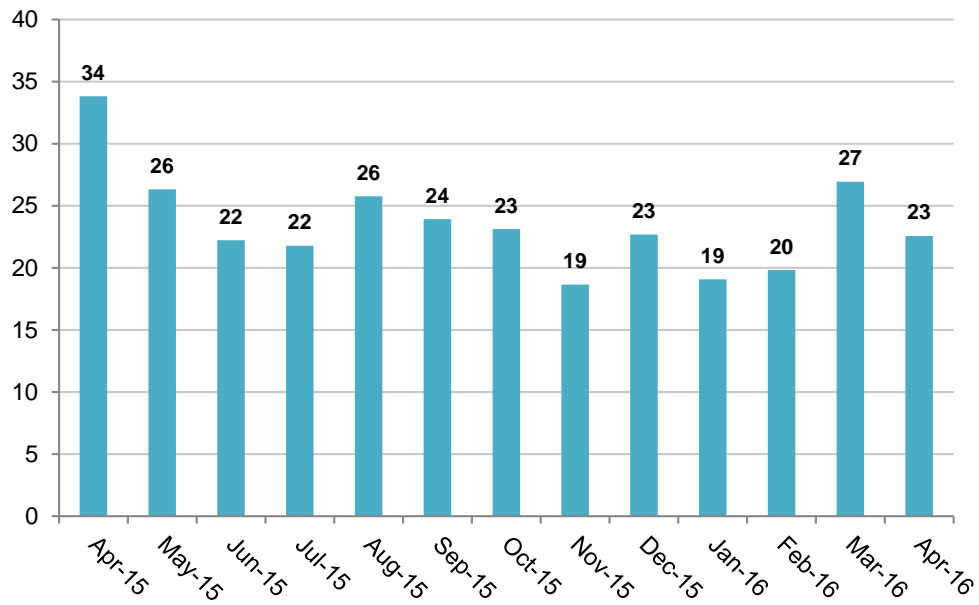
Source: <http://www.ers.usda.gov/data-products/livestock-meat-international-trade-data.aspx>.

Egg Exports Down in April

Total egg exports (shell eggs and egg products) reached the shell egg equivalent of 23 million dozen in April, 33 percent lower than the previous year. The four key markets for U.S. egg and egg product exports, Canada, Mexico, Japan, and Hong Kong, were all down in April. Shipments to Mexico were 50 percent lower in April than a year earlier, while shipments to Canada fell by 49 percent. The weak month for exports highlights the difficulty egg and egg product exporters are experiencing matching the recovery of domestic egg production. The forecast for 2016 exports is 316 million dozen, less than 1 percent below 2015 levels. The forecast for 2017 exports is 355 million dozen, a 12-percent gain over 2016.

U.S. egg and egg product exports April 2015 - April 2016

Million dozen



Source: <http://www.ers.usda.gov/data-products/livestock-meat-international-trade-data.aspx>.

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Livestock and Meat Trade Data, <http://www.ers.usda.gov/data-products/livestock-meat-international-trade-data.aspx>, contains monthly and annual data for imports and exports of live cattle and hogs, beef and veal, lamb and mutton, pork, broilers, turkey, and shell eggs.

Livestock & Meat Domestic Data, <http://www.ers.usda.gov/data-products/livestock-meatdomestic-data.aspx>, contains domestic supply, disappearance, and price data.

Dairy Data, <http://www.ers.usda.gov/data-products/dairy-data.aspx>, includes data from multiple sources concerning supply, demand, and prices for the dairy industry.

Related Websites

Livestock, Dairy, and Poultry Outlook, <http://www.ers.usda.gov/publications/ldpm-livestock,-dairy,-and-poultry-outlook.aspx>
Animal Production and Marketing Issues, <http://www.ers.usda.gov/topics/animal-products/animal-production-marketing-issues.aspx>
Cattle, <http://www.ers.usda.gov/topics/animal-products/cattle-beef.aspx>
Dairy, <http://www.ers.usda.gov/topics/animal-products/dairy.aspx>
Hogs, <http://www.ers.usda.gov/topics/animal-products/hogs-pork.aspx>
Poultry and Eggs, <http://www.ers.usda.gov/topics/animal-products/poultry-eggs.aspx>
WASDE, <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194>

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U.S. red meat and poultry forecasts

	2013					2014					2015					2016					2017		
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	Annual	
Production, million lb																							
Beef	6,175	6,513	6,609	6,423	25,720	5,866	6,184	6,179	6,021	24,250	5,665	5,856	6,068	6,109	23,698	5,935	5,995	6,425	6,320	24,675	6,045	25,785	
Pork	5,775	5,516	5,622	6,274	23,187	5,784	5,504	5,424	6,131	22,843	6,162	5,925	5,958	6,457	24,501	6,230	5,965	6,170	6,595	24,960	6,290	25,610	
Lamb and mutton	38	41	40	38	156	37	43	38	38	156	38	39	37	37	150	38	37	37	39	151	38	154	
Broilers	9,144	9,466	9,683	9,537	37,830	9,299	9,618	9,835	9,814	38,565	9,718	10,021	10,372	9,937	40,048	10,039	10,225	10,475	10,275	41,014	10,240	42,020	
Turkeys	1,459	1,486	1,440	1,420	5,806	1,332	1,428	1,478	1,517	5,756	1,429	1,389	1,352	1,458	5,627	1,435	1,435	1,500	1,550	5,920	1,440	6,115	
Total red meat & poultry	22,743	23,183	23,563	23,844	93,333	22,469	22,934	23,111	23,671	92,185	23,157	23,382	23,940	24,150	94,630	23,830	23,811	24,761	24,935	97,337	24,173	100,321	
Table eggs, mil. doz.	1,733	1,746	1,775	1,829	7,083	1,794	1,823	1,852	1,895	7,364	1,809	1,712	1,646	1,700	6,867	1,762	1,775	1,800	1,840	7,177	1,785	7,315	
Per capita disappearance, retail lb 1/																							
Beef	13.7	14.5	14.3	13.9	56.3	13.1	14.0	13.7	13.4	54.1	13.1	13.6	13.9	13.3	53.9	13.6	13.4	14.0	13.6	54.5	13.2	55.4	
Pork	11.5	11.3	11.4	12.7	46.8	11.3	11.0	11.1	13.0	46.4	12.3	11.8	12.1	13.5	49.8	12.6	11.9	12.4	13.3	50.1	12.5	51.1	
Lamb and mutton	0.3	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.3	0.9	0.2	0.3	0.2	0.3	1.0	0.3	0.3	0.2	0.3	1.1	0.2	0.9	
Broilers	20.0	20.3	21.0	20.5	81.8	20.3	20.8	21.2	21.1	83.3	21.4	22.1	23.3	22.1	88.9	22.5	22.5	23.0	22.4	90.4	22.4	91.5	
Turkeys	3.7	3.6	4.0	4.7	15.9	3.4	3.5	3.9	4.9	15.7	3.5	3.6	3.9	4.9	16.0	3.6	3.7	4.2	5.0	16.4	3.6	16.8	
Total red meat & poultry	49.5	50.2	51.3	52.4	203.4	48.7	49.8	50.5	53.0	202.0	50.9	51.8	53.8	54.5	210.9	52.9	52.1	54.1	54.8	214.0	52.4	217.2	
Eggs, number	64.3	63.4	64.7	66.2	258.6	65.5	66.2	67.2	67.7	266.6	65.0	62.3	61.1	64.5	252.9	66.2	65.4	65.1	66.1	262.8	64.3	262.5	
Market prices																							
Choice steers, 5-area Direct, \$/cwt	125.52	124.95	122.30	130.77	125.89	146.34	147.82	158.49	165.60	154.56	162.43	158.11	144.22	127.71	148.12	134.81	126-129	119-125	119-129	125-129	118-128	118-128	
Feeder steers, Ok City, \$/cwt	141.36	133.10	152.08	161.69	147.06	167.49	188.64	220.90	234.25	202.82	210.31	219.69	206.47	173.59	202.52	155.82	146-149	146-152	149-159	150-154	150-160	149-159	
Cutter Cows, National L.E., \$/cwt	77.87	77.46	78.36	76.55	77.56	89.12	98.57	111.27	109.21	102.04	107.61	109.50	103.34	77.80	99.56	73.50	72-75	67-73	69-79	71-75	70-80	79-89	
Choice slaughter lambs, San Angelo, \$/cwt	107.53	91.72	94.26	150.97	111.12	166.69	148.99	156.02	162.69	158.60	147.17	140.09	146.23	142.52	144.00	133.33	134-137	132-138	133-143	133-137	125-135	122-132	
Nat'l base cost, 51-52 % lean, live equivalent, \$/cwt	59.03	65.46	70.59	61.11	64.05	68.69	85.40	83.30	66.74	76.03	48.47	53.20	54.59	44.66	50.23	44.63	53-54	52-54	41-45	48-49	40-44	42-46	
Broilers, 12 City, cents/lb	103.50	108.60	93.90	92.80	99.70	98.40	113.70	104.60	102.80	104.90	97.00	104.20	83.70	77.20	90.50	84.60	93-94	89-93	86-94	88-91	84-90	85-93	
Turkeys, Eastern, cents/lb	96.00	97.70	99.90	105.40	99.80	100.70	105.60	110.20	113.90	107.60	99.60	108.50	126.40	130.10	116.20	114.70	115-118	113-119	114-124	114-119	107-115	111-120	
Eggs, New York, cents/doz.	126.90	109.90	119.00	143.00	124.70	142.70	134.60	129.30	162.70	142.30	146.90	170.30	235.70	174.10	181.80	121.50	66-67	78-82	96-104	90-94	91-99	105-114	
U.S. trade, million lb																							
Beef & veal exports	557	636	716	680	2,589	583	667	679	644	2,573	526	606	541	593	2,266	534	620	660	635	2,449	550	2,580	
Beef & veal imports	590	629	515	516	2,250	597	767	765	818	2,947	876	991	890	613	3,370	793	805	695	600	2,893	625	2,550	
Lamb and mutton imports	49	44	36	44	173	46	49	45	55	195	53	56	46	59	213	68	57	52	56	233	50	188	
Pork exports	1,217	1,225	1,205	1,341	4,988	1,347	1,279	1,090	1,140	4,857	1,165	1,334	1,172	1,270	4,941	1,223	1,300	1,275	1,400	5,198	1,250	5,300	
Pork imports	208	210	229	233	880	212	240	256	299	1,008	278	264	269	300	1,111	293	265	285	315	1,158	295	1,160	
Broiler exports	1,752	1,865	1,855	1,874	7,346	1,827	1,834	1,857	1,782	7,301	1,629	1,714	1,483	1,493	6,319	1,573	1,665	1,735	1,750	6,723	1,660	6,905	
Turkey exports	179	182	198	202	760	163	188	223	231	805	154	123	125	131	533	115	140	165	185	605	150	670	
Live swine imports (thousand head)	1,326	1,285	1,223	1,113	4,948	1,195	1,216	1,264	1,272	4,947	1,312	1,538	1,371	1,520	5,741	1,475	1,440	1,565	1,590	6,070	1,500	6,350	

Note: Forecasts are in bold.

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.

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Updated 6/14/2016

Dairy Forecasts

	2015				2016					2017	
	II	III	IV	Annual	I	II	III	IV	Annual	I	Annual
Milk cows (thousands)	9,321	9,315	9,321	9,317	9,317	9,335	9,330	9,320	9,325	9,310	9,320
Milk per cow (pounds)	5,763	5,549	5,503	22,394	5,693	5,835	5,635	5,630	22,795	5,725	23,095
Milk production (billion pounds)	53.7	51.7	51.3	208.6	53.0	54.5	52.6	52.5	212.6	53.3	215.3
Farm use	0.2	0.2	0.2	1.0	0.2	0.2	0.2	0.2	1.0	0.2	1.0
Milk marketings	53.5	51.4	51.1	207.7	52.8	54.2	52.3	52.2	211.6	53.1	214.3
Milkfat (billion pounds milk equiv.)											
Milk marketings	53.5	51.4	51.1	207.7	52.8	54.2	52.3	52.2	211.6	53.1	214.3
Beginning commercial stocks	13.3	15.6	14.1	11.2	13.3	15.6	17.1	14.7	13.3	13.1	13.1
Imports	1.3	1.5	1.6	5.7	2.1	1.6	1.5	1.6	6.8	1.6	6.7
Total supply	68.1	68.6	66.7	224.6	68.3	71.4	70.9	68.6	231.7	67.8	234.1
Commercial exports	2.5	2.1	1.8	8.8	2.2	2.3	2.1	1.9	8.5	2.1	8.7
Ending commercial stocks	15.6	14.1	13.3	13.3	15.6	17.1	14.7	13.1	13.1	14.5	12.2
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic commercial use	50.1	52.4	51.5	202.5	50.4	52.1	54.1	53.6	210.2	51.2	213.2
Skim solids (billion pounds milk equiv.)											
Milk marketings	53.5	51.4	51.1	207.7	52.8	54.2	52.3	52.2	211.6	53.1	214.3
Beginning commercial stocks	13.7	14.6	14.0	13.1	13.9	14.7	16.2	15.0	13.9	14.3	14.3
Imports	1.5	1.4	1.6	5.9	1.6	1.6	1.5	1.6	6.4	1.5	6.2
Total supply	68.7	67.5	66.6	226.7	68.3	70.5	70.1	68.8	231.8	68.9	234.8
Commercial exports	10.7	9.1	8.7	37.3	8.5	9.5	9.2	8.9	36.0	9.0	37.1
Ending commercial stocks	14.6	14.0	13.9	13.9	14.7	16.2	15.0	14.3	14.3	14.1	14.0
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic commercial use	43.4	44.3	44.1	175.5	45.2	44.8	45.9	45.6	181.5	45.8	183.7
Milk prices (dollars/cwt) 1/											
All milk	16.77	16.97	17.73	17.12	15.70	14.50	14.60	15.05	14.95	14.90	15.25
						-14.70	-15.10	-15.85	-15.35	-15.90	-16.25
Class III	16.24	16.14	15.07	15.80	13.75	13.00	13.45	13.35	13.40	13.40	14.00
						-13.20	-13.95	-14.15	-13.80	-14.40	-15.00
Class IV	13.77	13.71	16.28	14.35	13.18	12.95	13.40	13.05	13.15	12.55	13.15
						-13.25	-14.00	-13.95	-13.65	-13.65	-14.25
Product prices (dollars/pound) 2/											
Cheddar cheese	1.663	1.718	1.634	1.645	1.517	1.440	1.480	1.470	1.475	1.480	1.535
						-1.460	-1.530	-1.550	-1.515	-1.580	-1.635
Dry whey	0.444	0.316	0.233	0.380	0.243	0.240	0.235	0.235	0.240	0.245	0.255
						-0.260	-0.265	-0.265	-0.260	-0.275	-0.285
Butter	1.838	2.135	2.648	2.067	2.067	2.030	2.080	2.025	2.050	1.815	1.880
						-2.070	-2.160	-2.135	-2.120	-1.945	-2.010
Nonfat dry milk	0.948	0.794	0.841	0.902	0.766	0.745	0.780	0.770	0.760	0.815	0.855
						-0.765	-0.820	-0.830	-0.800	-0.885	-0.925

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

2/ Simple averages of monthly prices calculated by the Agricultural Marketing Service for use in class price formulas. Based on weekly 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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