



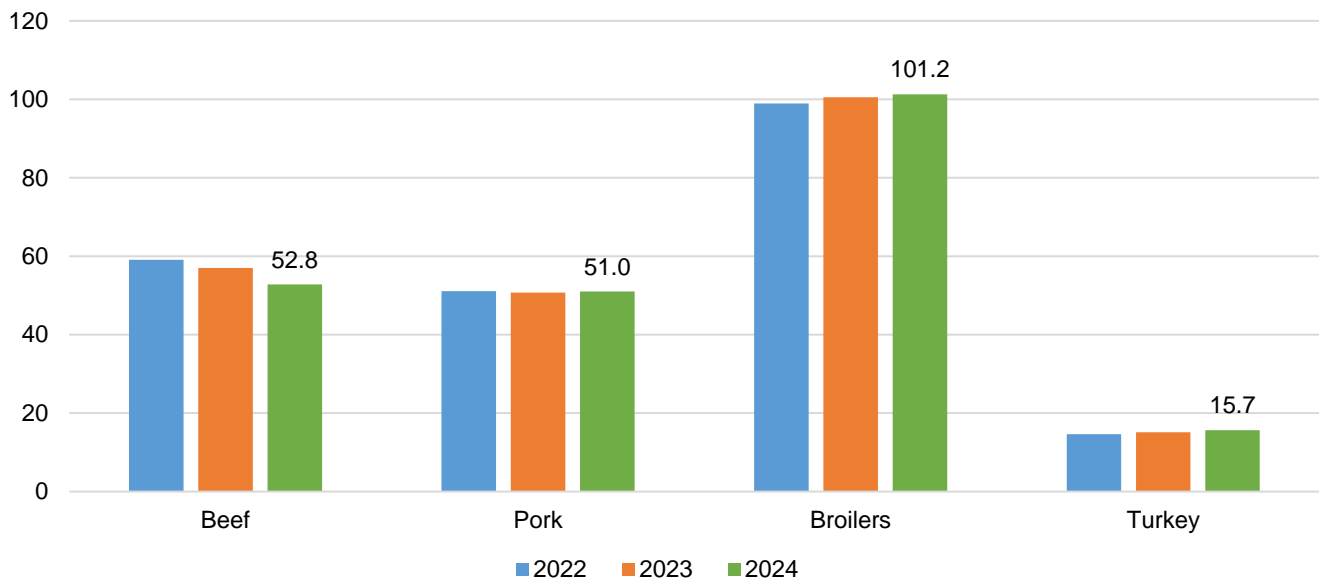
Livestock, Dairy, and Poultry Outlook: June 2023

Per Capita Red Meat and Poultry Disappearance Forecast Lower in 2024

Per capita red meat and poultry disappearance—often used as a proxy for consumption—is forecast to fall 1 percent in 2024. This is mainly the result of an 8-percent decline in per capita disappearance of beef. The main component of disappearance is domestic production, though net trade and stocks are also factors in disappearance. Beef production is forecast to decrease more than 8 percent as U.S. cattle supplies tighten. A very slight decrease in pork production, combined with higher expected exports, results in a very small decrease in forecast per capita disappearance. Broiler and turkey production are forecast to increase by 2 and 5 percent, respectively. Per capita disappearance of both broilers and turkey is forecast to increase in 2024, though not enough to offset the decrease of beef and pork disappearance.

Per capita disappearance of red meat and poultry

Pounds per person



Note: 2023 and 2024 are forecasts.

Source: USDA, Economic Research Service calculations using data from USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*.

Summary

Beef/Cattle: Beef production is raised slightly in 2023 to 27.1 billion pounds on recent slaughter data and a faster pace of marketings expected later in the year. Higher anticipated feeder cattle placements in third-quarter 2023 are expected to raise fed cattle marketings in early 2024, which minimally raises the beef production forecast next year to 24.8 billion pounds. The 2023 and 2024 cattle price forecasts are raised on firm demand. The 2023 and 2024 trade projections are unchanged from last month.

Lamb/Sheep: No changes were made to production and import forecasts from the previous reports. Lamb price forecasts for the rest of 2023 and 2024 are higher than those in the last issue due to higher-than-expected lamb prices in April and May.

Dairy: For 2023, milk production is forecast lower than last month on slower growth in yield per cow. The milk production forecast for 2024 remains unchanged from last month. The all-milk price forecast for 2023 is \$19.95 per hundredweight (cwt), \$0.55 lower than last month's forecast. The all-milk price forecast for 2024 is \$19.65 per cwt, \$0.25 lower than last month's forecast. For 2023, wholesale price forecasts for Cheddar cheese and dry whey are adjusted down, while prices for butter and nonfat dry milk are adjusted higher. As a result, the Class III milk price is adjusted lower, while the Class IV milk price is adjusted higher from the previous month's forecast. For 2024, wholesale price forecasts for Cheddar cheese and dry whey are reduced, while the price for nonfat dry milk is raised; the butter price forecast is unchanged. With lower forecasts for cheese and whey, the Class III price is lowered while the higher NDM price supports an increase in the Class IV price.

Pork/Hogs: Second-quarter pork production is adjusted downward by 5 million pounds to 6.635 billion pounds on expectations of lower average dressed weights. Second-quarter hog prices are raised \$1 per hundredweight (cwt) to \$57 per cwt, almost 25 percent below prices a year ago. U.S. pork exports are increased 300 million pounds to 6.8 billion pounds, more than 7 percent higher than shipments in 2022, on Europe's loss of competitiveness due to higher energy and grain costs. Exports in 2024 are raised 500 million pounds to 6.82 billion pounds, fractionally higher than the 2023 forecast.

Poultry/Eggs: Broiler production is adjusted down in the second quarter on recent production but adjusted up in the third quarter on the growing broiler supply flock. Overall, 2023 production is adjusted down from last month. Broiler exports are unchanged, while imports are adjusted up slightly for 2023. Broiler prices are adjusted down in the second half of the year on recent data. The egg production forecast reflects first-quarter data revisions, with no changes made for the outlying 2023 quarters. The average wholesale egg price forecast for 2023 is decreased to reflect current prices and at-hand egg inventories. The egg imports and exports for 2023 are revised upward. Turkey production is adjusted down in 2023 on recent hatchery data. Turkey exports in 2023 are adjusted up slightly on strong April shipments; imports are unchanged. Turkey prices are adjusted down in 2023 on a recent price decline.

Beef/Cattle

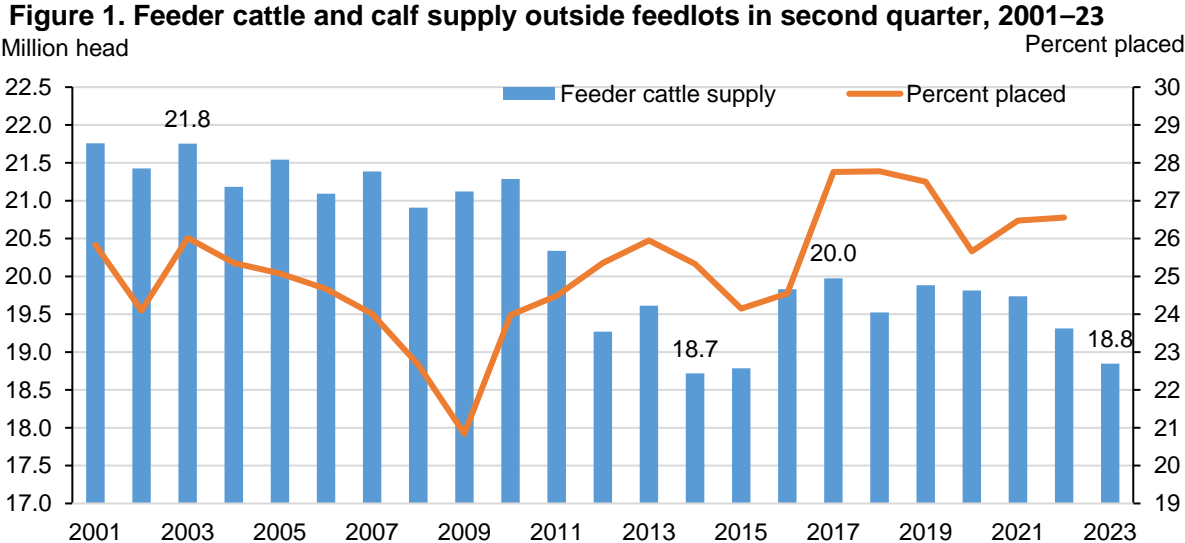
Russell Knight and Hannah Taylor

Improving Pasture Conditions Bolster Feeder Calf Demand

Data from the U.S. Drought Monitor on June 6, 2023, showed that about 22 percent of the United States was experiencing drought,¹ but 40 percent of the U.S. beef herd remains under drought conditions. Although these conditions have improved since early May for many producers in the Great Plains, pasture conditions in the Midwest have declined.

With generally improving pastures and lower expected feed costs this year, the demand for feeder calves is well supported. This demand is likely reflected in higher year-over-year cumulative feeder and stocker receipts in April and May published by the USDA, Agricultural Marketing Service in the weekly report *National Feeder and Stocker Cattle Summary*. This growth in receipts comes despite the smaller year-over-year supply of cattle and calves on April 1 that were available for placement in feedlots or within stocker operations. As the chart below shows, on April 1, 2023, supplies of cattle available for placement were 18.8 million head—down 465,000 head, or 2.4 percent, from last year.

Based on the latest *Cattle on Feed* report, published by USDA, National Agricultural Statistics Service (NASS), feedlot net placements² in April were 4 percent lower year over year at 1.697 million head. The decline was lower than expected, which supported an increase in the forecast for second-quarter 2023 placements, reflecting both an expectation of a greater proportion of the feeder cattle outside feedlots to be placed and the earlier placement of some calves that might have been placed during third-quarter 2023. This increase in placements raises expected marketings later this year and into early 2024.



Source: USDA, ERS calculations using USDA, National Agricultural Statistics Service data.

¹ Includes U.S. Drought Monitor categories of D1-D4.

² Net placements are placements minus other disappearance.

Beef Production Raised on Slaughter and Placement Data

Higher expected fed cattle marketings and cow and bull slaughter, as well as higher expected carcass weights in the second and third quarters, raise the outlook for 2023 beef production from last month by 165 million pounds to 27.1 billion pounds. Specifically, the forecast for second-quarter 2023 beef production is updated on reported slaughter counts and carcass weights through early June. The third-quarter 2023 production forecast is raised on a faster-expected pace of cow slaughter and on higher expected average carcass weights. In the fourth quarter, the production outlook is raised from last month as more fed cattle are expected to be marketed based on higher expected second-quarter placements.

Beef production for 2024 is projected higher than last month by 50 million pounds to 24.8 billion pounds. This is based on an increase in expected marketings in early 2024 as feedlots aggressively market cattle placed in the second half of 2023.

Cattle Prices Continue To Climb

The ongoing story of tight cattle supplies combined with improving pasture conditions and lower year-over-year feed costs continues to push feeder cattle prices higher. Demand for limited supplies of feeder cattle remains strong. Feedlots are looking to fill their feedyards to take advantage of lower feed costs and the prospects for higher fed cattle prices, while recent rains have improved the drought situation in a few areas, likely creating some demand for cattle to go on grass. In May, the weighted-average price for feeder steers weighing 750–800 pounds at the Oklahoma City National Stockyards was \$205.53 per hundredweight (cwt). This was a \$7 increase from April and nearly \$52 higher than May 2022. In the first week of June, prices jumped \$20 from 2 weeks prior to \$228.98 per cwt. For reference, the highest recorded weekly price for feeder steers was \$243.58 per cwt in October 2014. Accounting for the recent strength in prices and improved opportunities to put calves on pasture, the second-quarter forecast price for feeder steers is raised \$5 to \$209 per cwt. The third quarter is raised \$10 to \$224 per cwt, and fourth quarter is raised \$6 to \$226 per cwt. The 2024 forecast is raised \$6 to \$227 per cwt.

The steer and heifer slaughter pace typically picks up in the summer months as peak grilling season gets underway. Packing plants must compete for a smaller supply of slaughter-ready cattle to fill their schedules. Fed cattle prices in the 5-area marketing region³ hit a new record for the week ending June 4 of \$182.03 per cwt. The average price for May was \$175.45, about \$2 less than the record monthly price in April 2023 but \$34 higher year over year. Based on recent data, the second-quarter 2023 fed steer price forecast is raised \$7 to \$179 per cwt. The third quarter is raised \$9 to \$173, and the fourth quarter is raised \$5 to \$174 per cwt. The forecast for 2024 is raised \$8 to \$180 per cwt.

Beef Trade Forecasts Unchanged From Last Month

Beef exports in April were 268 million pounds, 12 percent lower year over year and just 1 percent higher than the 5-year average. Monthly exports to South Korea and Mexico were up 8 and 6 percent, respectively, and exports to Hong Kong were nearly 60 percent higher year over year. However, these increases were more than offset by decreases in exports to Japan (-27 percent), Taiwan (-25 percent), China (-10 percent), and Canada (-7 percent).

³ The 5-area marketing region includes Texas/Oklahoma/New Mexico; Kansas; Nebraska; Colorado; and Iowa/Minnesota.

Table 1. U.S. beef exports by volume, January–April 2022 and 2023

Country	April 2023 exports	Year-to-date exports				Share of YTD exports, percent	
		2022	2023	Year-over-year volume change	Year-over-year percent change	2022	2023
South Korea	68.2	272.3	243.6	-28.6	-11	24	23
Japan	51.6	256.6	237.9	-18.7	-7	22	23
China	48.4	198.9	172.9	-26.0	-13	17	17
Mexico	21.7	86.4	99.3	12.9	15	8	9
Canada	20.8	87.6	78.4	-9.2	-11	8	7
Taiwan	17.4	80.0	63.0	-17.0	-21	7	6
ROW	39.5	168.0	151.6	-16.4	-10	15	14
Total	267.6	1149.8	1046.7	-103.1	-9		

Note: The rating of the top six countries shown here is based on 2023 year-to-date exports; YTD = year-to-date; ROW = rest of world.

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

U.S. year-to-date exports to nearly every major country are down except Mexico. Although down 11 percent year over year, South Korea has moved up to the top export destination for U.S. beef so far this year, while Japan remains a close second. Year-to-date exports to China are down 13 percent year over year but up 29 percent from the same period in 2021. The export forecasts are unchanged from last month, with 2023 at 3.224 billion pounds and 2024 at 2.950 billion pounds.

Table 2. U.S. beef imports by volume, January–April 2022 and 2023

Country	April 2023 imports	Year-to-date imports				Share of YTD imports, percent	
		2022	2023	Year-over-year volume change	Year-over-year percent change	2022	2023
Canada	76.1	307.5	321.8	14.3	5	24	26
Brazil	42.0	278.4	245.7	-32.7	-12	22	20
Mexico	55.8	263.3	227.0	-36.3	-14	21	18
New Zealand	47.2	159.9	167.7	7.8	5	13	13
Australia	43.6	125.4	149.6	24.3	19	10	12
ROW	30.3	143.9	139.7	-4.2	-3	11	11
Total	295.1	1278.4	1251.5	-26.9	-2		

Note: The rating of the top six countries shown here is based on 2023 year-to-date imports; YTD = year-to-date; ROW = rest of world.

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

Beef imports in April were 295 million pounds, less than 1 percent higher year over year. Higher imports from Australia and New Zealand offset lower shipments from Mexico, Brazil, and Canada. Imports from Australia were nearly 44 million pounds for April, the largest shipment since November 2020. Year-to-date imports from Australia are up 19 percent year over year, increasing its share by 2 percentage points over this time last year. The import forecasts for 2023 and 2024 are unchanged from last month at 3.501 and 3.560 billion pounds, respectively.

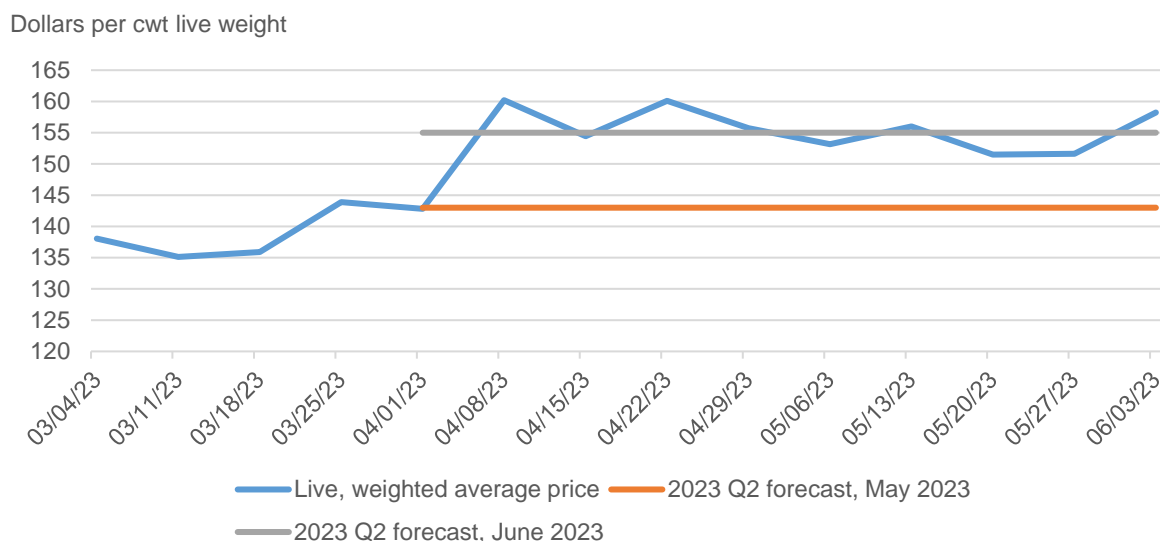
Lamb/Sheep

William Hahn

Lamb and Sheep Forecasts for the Rest of 2023 and Parts of 2024

Quarterly and annual lamb and mutton production forecasts for June are unchanged from May.⁴ The forecast production of lamb and mutton for 2023 is 131 million pounds, while the annual production forecast for 2024 is 129 million pounds, a decrease of 1.5 percent from 2023. The total lamb and mutton import forecast for 2023 is 339 million pounds. The total 2024 forecast for lamb and mutton imports is 370 million pounds, an increase of 9 percent over 2023.

Figure 2. Lamb prices by week, March 2023 through June 2023



Source: USDA, Agricultural Marketing Service data and Economic Research Service and World Agricultural Outlook Board forecasts.

Substantial changes were made to the lamb price forecasts, as the chart above shows. May 2023's second-quarter lamb price forecast was 143 dollars per hundredweight (cwt). The second-quarter starts in April, and prices for lambs have been higher than 143 dollars per cwt since the beginning of that month. It is common for lamb prices to decline somewhat toward the end of the second quarter, but prices have been relatively stable throughout April and May. Given these stronger prices to-date this quarter, the second-quarter 2023 price forecast is now 155 dollars per cwt. Price forecasts for third and fourth quarter 2023 and first quarter 2024 have been raised to 150 dollars per cwt.

⁴ These forecasts are provided in the U.S. red meat and poultry forecasts table in this report.

Dairy

Angel Terán

Recent Developments in U.S. Dairy Wholesale Product Prices

From the week ending May 6 to the week ending June 3, 2023, wholesale dairy product price trends reported in the USDA *National Dairy Products Sales Report* (NDPSR) were mixed. The price per pound for 40-pound blocks of Cheddar cheese decreased 16.40 cents, while the price for 500-pound Cheddar cheese barrels (adjusted to 38-percent moisture) declined 6.60 cents. The price for dry whey also decreased, down by 7.48 cents. The price for nonfat dry milk (NDM) rose slightly by 0.01 cent, while the price of butter increased by 6.14 cents.

Table 3. Dairy wholesale product prices

Dollars per pound

	For the week ending		Change
	May 6	June 3	
Butter	2.4205	2.4819	0.0614
Cheddar cheese			
40-pound blocks	1.7912	1.6272	-0.1640
500-pound barrels *	1.5975	1.5315	-0.0660
Nonfat dry milk	1.1548	1.1549	0.0001
Dry whey	0.4102	0.3354	-0.0748

* Adjusted to 38-percent moisture.

Source: USDA, Agricultural Marketing Service, *National Dairy Products Sales Report*, June 7, 2023.

For the trading week⁵ ending June 9 at the Chicago Mercantile Exchange (CME), the average spot prices for Cheddar cheese 40-pound blocks and 500-pound barrels averaged \$1.4615 and \$1.5820 per pound, respectively. CME prices for butter, NDM, and dry whey averaged \$2.3745, \$1.1625, and \$0.2730 per pound, respectively.

Most Oceania and Europe average dairy product export prices reported by USDA *Dairy Market News* increased from April 2023 to May 2023. Exceptions include a decline in the Western Europe butter price.

⁵ While the end of each week for National Dairy Products Report average prices falls on a Saturday, the trading week for the Chicago Mercantile Exchange usually ends on a Friday.

Table 4. Dairy product export prices for Oceania and Europe

Dollars per pound

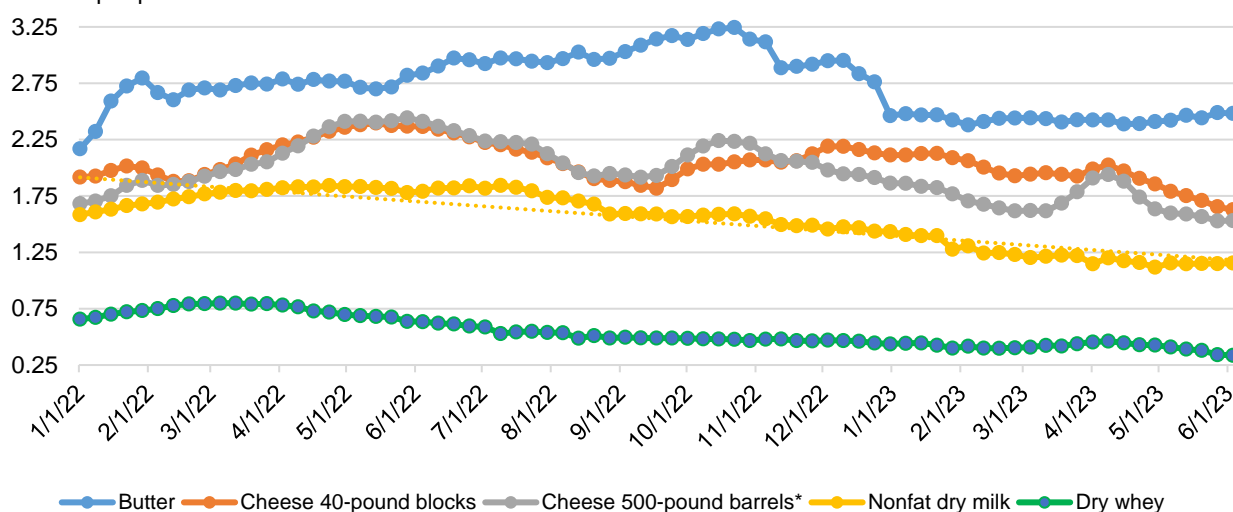
Product	Region	April 2023	May 2023	Change
Butter	Oceania	2.149	2.287	0.138
	Western Europe	2.373	2.319	-0.054
Cheddar cheese	Oceania	2.002	2.099	0.098
Skim milk powder	Oceania	1.233	1.295	0.061
	Western Europe	1.191	1.196	0.005
Dry whey	Western Europe	0.380	0.380	0.000

Sources: USDA, Economic Research Service (ERS) calculation using information from USDA, Agricultural Marketing Service, *Dairy Market News*.

In general, the wholesale prices of cheese and dry whey reported in the NDPSR have been on a downward trend so far in 2023, except for a moderately upward trend for butter and a relatively stable trend for NDM.

Figure 3. Dairy product wholesale prices

Dollars per pound



* Adjusted to 38-percent moisture.

Source: Economic Research Service using information from USDA, Agricultural Marketing Service, *National Dairy Products Sales Report*.

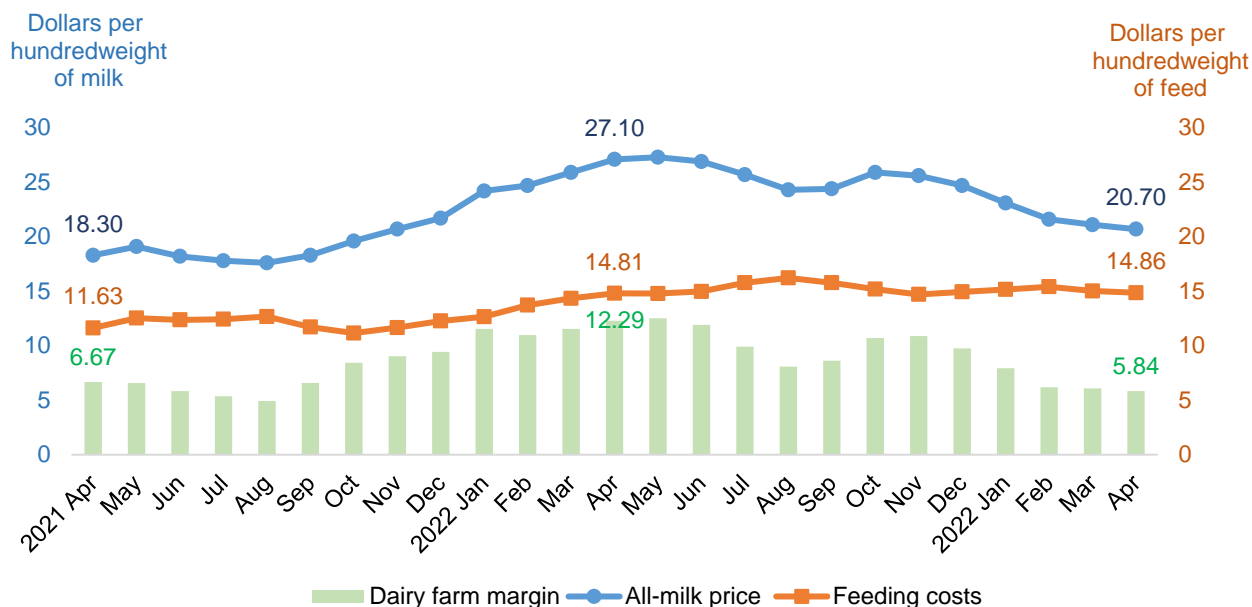
Recent Dairy Supply and Use Data

According to USDA, National Agricultural Statistics Service (NASS), April milk production in the United States totaled 19.210 billion pounds, 0.3 percent above April 2022. Milk cows numbered 9.430 million head, 26,000 head higher than April 2022. Milk per cow in April averaged 2,037 pounds per head, 1 pound higher than April 2022.

As reported by NASS in the most recent monthly *Agricultural Prices* report, the all-milk price in April 2023 averaged \$20.70 per cwt, down \$6.30 from April 2022. The April 2023 corn price was \$6.70 per bushel, down \$0.37 from April 2022. The price for alfalfa hay was \$287 per short ton, up \$30 from April 2022. The soybean meal price (reported by USDA, Agricultural Marketing

Service) was \$457.25 per short ton in April, down \$19.45 from April 2022. The milk-feed price ratio reported by USDA, NASS, was 1.48 in April, down 0.47 points from April 2022. With lower milk farmgate prices and higher feed cost, the dairy farm margin as calculated for the Dairy Margin Coverage program declined to \$5.84 in April, \$6.45 lower than April 2022.

Figure 4. All-milk price versus feeding costs



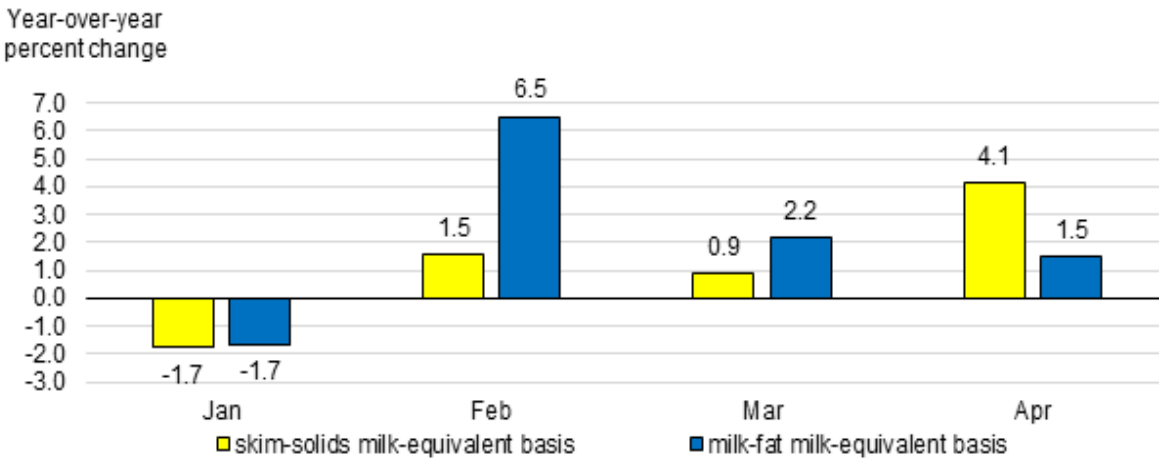
Source:USDA, Economic Research Service using information from USDA, Farm Service Agency, Dairy Margin Coverage Program.

In April, dairy exports on a milk-equivalent and skim-solids basis totaled 885 million pounds, 26.9 percent lower than April 2022. Meanwhile, on a milk-equivalent milk-fat basis, dairy exports totaled 4.1 billion pounds in April, 11.0 percent lower than April 2022. Export volumes for butter, cheese, dry skim products, dry whey, and whey protein concentrate declined in April 2023 compared to April 2022.

In April, dairy imports on a milk-fat basis totaled 629 million pounds, 2.2 percent below April 2022. On a skim-solids basis, imports in April were 464 million pounds, 11.5 percent below April 2022. Import volumes for butter increased in April but declined for cheese compared to April 2022.

During April, domestic use on a milk-fat basis totaled 18.2 billion pounds, 1.5 percent higher than April 2022. On a skim-solids basis, April domestic use totaled 15.3 billion pounds, 4.1 percent higher than April 2022. Compared to April 2022, domestic use of butter, cheese, dry skim products, and whey protein concentrate increased in April 2023 but declined for dry whey. For each month from February to April, domestic use of dairy products was higher than the same month in 2022.

Figure 5. Domestic milk use in all products



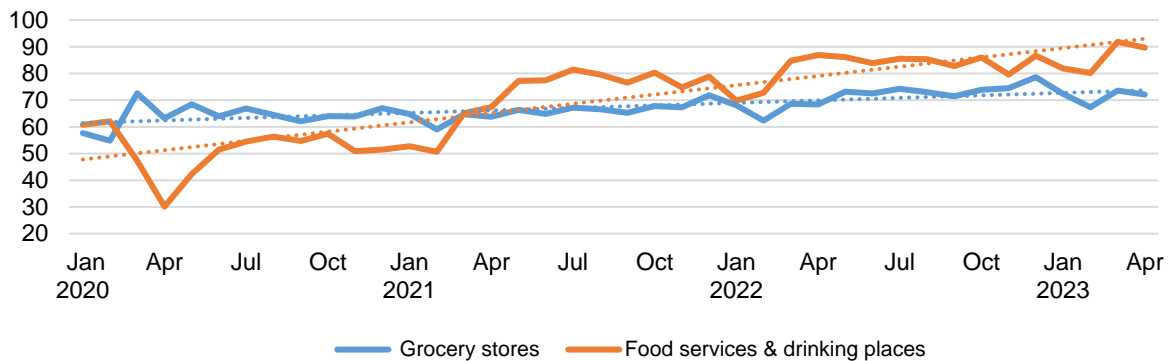
Sources: USDA, Economic Research Service (ERS) calculations using data from USDA, National Agricultural Statistics Service; USDA, Foreign Agricultural Service; and U.S. Department of Commerce, Bureau of the Census.

Based on information from the Bureau of Labor Statistics (BLS), retail prices and sales of all dairy products in the United States increased from January to May 2023. This increase was seen for cheese, butter, yogurt, sour cream, and ice cream. According to *Dairy Market News*, dairy product promotions at grocery stores increased from January to May 2023 compared to the same period in 2022. The increase in dairy prices and sales could be attributed to strong domestic demand but also to rising costs of producing dairy products, among other factors.

According to the U.S. Census Bureau, sales values for grocery stores and food service increased in the first 4 months of 2023 compared to the same period in 2022. This growth could be driven by strong demand for both food at home and food away from home.

Figure 6. Estimated sales of grocery stores and food service and drinking places

Billion dollars*



*Sales are not seasonally adjusted.

Source: USDA, Economic Research Service, using information from the U.S. Census Bureau, *Estimated Monthly Sales for Retail and Food Services, by Kind of Business*, based on data from the Advance Monthly Retail Trade Survey.

2023 Dairy Forecasts

For 2023, the U.S. milking herd is projected to average 9.415 million head, unchanged from last month's forecast. However, the milk per cow forecast for 2023 is 24,260 pounds, 20 pounds

lower than last month's forecast, due in part to lower-than expected growth in milk per cow in the second and last quarters of the year. With lower yield per cow more than offsetting steady dairy cow numbers, the milk production forecast for 2023 has been adjusted to 228.4 billion pounds, 0.2 billion lower than last month's projection.

Based on recent dairy trade information, 2023 export volume forecasts were reduced from last month's forecasts. On a milk-fat basis, the annual dairy export forecast for 2023 is 11.9 billion pounds, 0.2 billion lower than last month's forecast. On a skim-solids basis, the dairy export projections were lowered by 0.2 billion to 51.1 billion pounds. Lower exports are expected for butter and lactose, but higher exports are expected for dry skim milk products.

The 2023 forecast for dairy imports on a milk-fat basis is 7.8 billion pounds, an increase of 0.1 billion from last month's forecast. On a skim-solids basis, the dairy import forecast is 6.7 billion pounds, 0.1 billion down from last month's projections. While butter import expectations are higher than last month, lower imports are expected for cheese and milk protein concentrate.

On a milk-fat basis, domestic use in 2023 is forecast at 223.2 billion pounds, up 0.1 billion from last month's forecast. On a skim-solid basis, 2023 domestic use was lowered by 0.1 billion pounds from last month's forecast to 182.7 billion pounds.

The 2023 price forecasts for Cheddar cheese and dry whey are lowered to \$1.730 (-9.5 cents) and \$0.370 (-2.5 cents) per pound, respectively. The 2023 butter and NDM price forecasts have been raised to \$2.435 (+0.5 cent) and \$1.190 (+0.5 cent) per pound, respectively, due to expected strength in demand for these products for the rest of 2023.

With lower expected prices for cheese and dry whey, the Class III milk price forecast for 2023 was adjusted to \$16.70 per hundredweight (cwt), down \$1.05 from last month's forecast. With a higher expected price for butter and NDM in 2023, the Class IV milk price forecast has been increased by \$0.05 to \$18.35 per cwt. The all-milk price forecast for 2023 is \$19.95 per cwt, \$0.55 lower than last month's forecast.

2024 Dairy Forecasts

Projections for 2024 milk supply, imports, domestic use, and ending stocks are unchanged from last month's projections. The forecast for exports on a skim-solids basis has been lowered by 0.1 billion pounds to 53.8 billion, but the forecast for exports on a milk-fat basis is unchanged at 12.8 billion pounds.

The 2024 price forecasts for Cheddar cheese and dry whey are lowered to \$1.775 (-4.5 cents) and \$0.360 (-1.0 cent) per pound, respectively. The 2024 butter price forecast is unchanged at \$2.335, while the NDM price forecast has been raised to \$1.130 (+1.0 cents) per pound.

With lower expected prices for cheese and dry whey, the Class III milk price forecast for 2024 is adjusted to \$17.00 per cwt, down \$0.50 from last month's forecast. With a higher expected price for NDM in 2024, the Class IV milk price forecast has been increased by \$0.10 to \$17.45 per cwt. The all-milk price forecast for 2024 is \$19.65 per cwt, \$0.25 lower than last month's forecast.

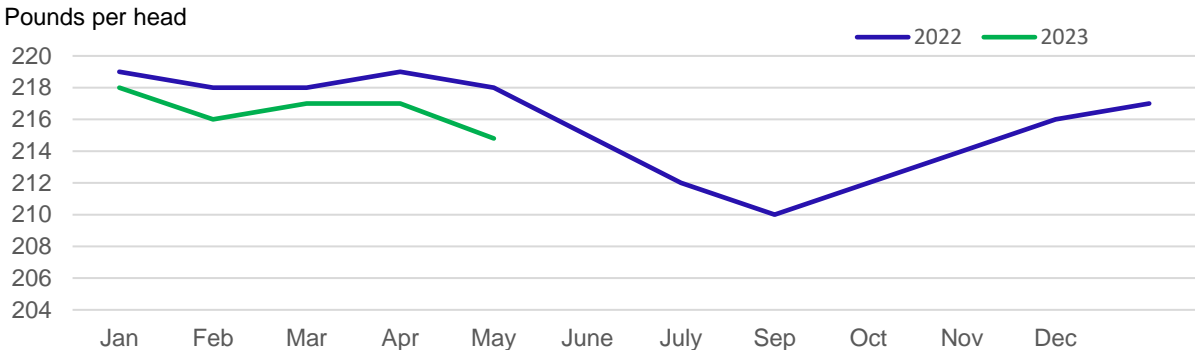
Pork/Hogs

Mildred Haley

Proposition 12 Creates More Uncertainty in the U.S. Pork Sector; Exports Provide Some Respite

Tough times continued along the pork supply chain in May. In short, hog prices fell below a year earlier with slightly higher-than-expected slaughter numbers, and weak consumer pork demand continued to pressure wholesale pork prices to below year-earlier levels. The specifics of the month are as follows: Estimated federally inspected (FI) hog slaughter in May was around 10.5 million head, about 0.7 percent higher than a year ago after accounting for the additional slaughter day this year. However, after adjusting for the extra slaughter day, FI pork production—about 2.3 billion pounds—was fractionally lower than year-earlier production due to lower dressed weights this year. FI dressed weights in May averaged about 215 pounds per head, down about 3 pounds from May 2022. Producers likely sold hogs at lower weights in May due to lower returns from higher production costs and persistently larger-than-expected availability of slaughter-ready hogs that pressured hog prices. Prices in May for live equivalent 51-52 percent lean hogs averaged \$55.35 per cwt, more than 25 percent below prices a year ago.

Figure 7. Monthly dressed weights of federally inspected hogs

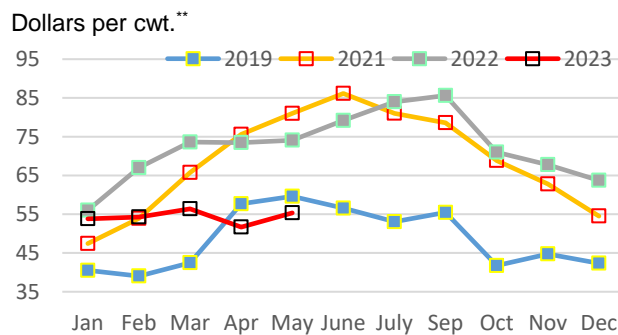


Source: USDA, National Agricultural Statistics Service.

Pork processors received \$82.63 per cwt on average from wholesale buyers, almost 21 percent less than a year earlier. Disaggregating the May 2023 wholesale cutout into the primals⁶ that make up the cutout and comparing the primal values to those of May 2022 indicate that over half the loss in value in the May 2023 cutout was attributable to declines in the belly primal, which accounted for \$12.24 per cwt of the \$21.80 per cwt difference between the wholesale cutout in May this year and May 2022.

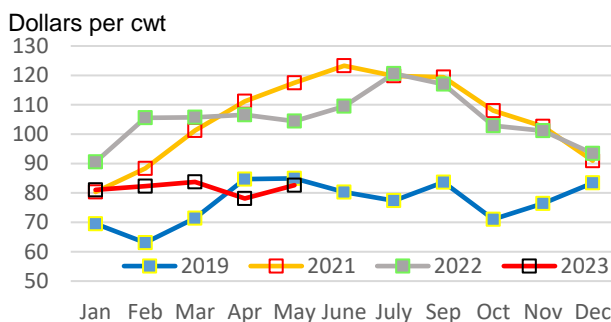
⁶ Primals that make up the wholesale pork carcass cutout are loins, butts, picnics, ribs, hams, bellies and “other.” Other is a minor cutout component and consists mainly of jowls, neckbones, tails, feet, and a cut loss.

Figure 8. Monthly avg. prices, live equivalent 51–52 percent lean hogs*



* 2020 prices excluded due to Covid-related distortions.
 **cwt = hundredweight.
 Source: USDA, Agricultural Marketing Service.

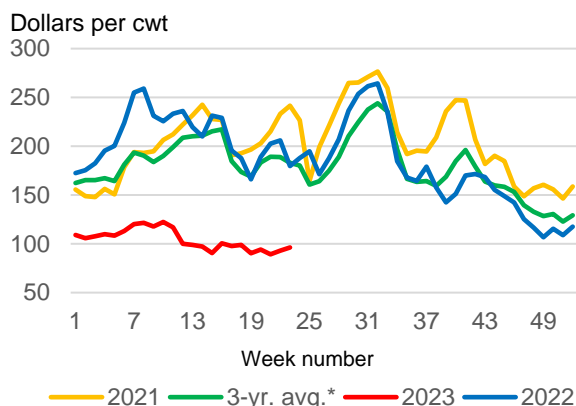
Figure 9. Monthly wholesale pork carcass cutout*



* 2020 prices excluded due to Covid-related distortions.
 Source: USDA, Agricultural Marketing Service.

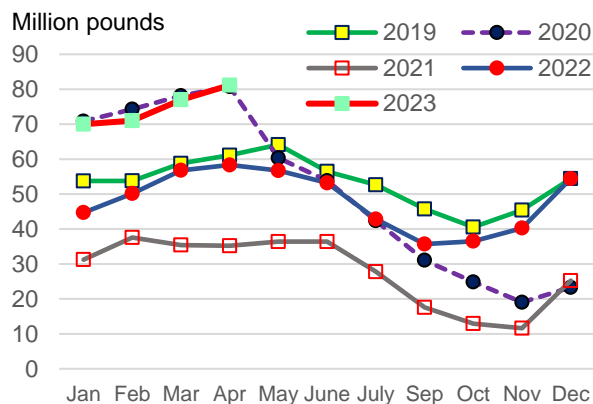
The belly primal accounts for more than 16 percent of the pork carcass yield. This means that when the value of the belly primal is persistently low, it effectively acts as a drag on the cutout's value. This is probably a good summary of what has been happening in the belly market in 2023. Not only have 2023 average belly prices lagged year-earlier average prices through week 23 of this year, but belly stocks are also unusually high compared with the recent past. Through week 23 of this year, 13–17 pound pork belly prices have averaged \$104.32 per cwt, more than 50 percent below the same period last year when the price averaged \$209 per cwt, and 44 percent below the 3-year average of 2019, 2021, and 2022, when the price averaged \$186.80 per cwt.

Figure 10. Weekly price, 13–17 pound pork bellies



*3-yr. avg.= 2019, 2021, 2022.
 Source: USDA, Agricultural Marketing Service.

Figure 11. Monthly cold stocks, pork bellies



Source: USDA, National Agricultural Statistics Service.

Pork belly stocks have also been unusually high through April compared with the recent past. Belly stocks through April of this year averaged about 74.8 million pounds, 42.4 percent higher than the average over the same period last year, and more than double the average for the first 4 months of 2021.

Among the factors keeping belly prices low and stocks high, one of the more important is likely a drop-off in restaurant demand for bacon. Cutting out bacon as a burger or chicken sandwich topping could be a way for restaurants to slow increases in product prices and to keep customer traffic flowing in an inflationary economy where price-conscious consumers' incomes—reduced by inflation—typically lag higher living costs.

Hog Prices Up Slightly in the Second Quarter as Weights Decline

Second-quarter pork production is expected to decline slightly—by about 5 million pounds—from last month's forecast to about 6.6 billion pounds, as estimated average dressed weights are likely to continue to decline. Second-quarter prices of live equivalent 51-52 percent lean hogs are expected to average \$57 per cwt, almost 25 percent below prices a year ago. For 2023, commercial pork production is forecast at 27.376 billion pounds, about 1.4 percent higher than production in 2022. Next year, production is expected to be about 27.350 billion pounds, down fractionally from the production forecast for 2023.

USDA will publish the *Quarterly Hogs and Pigs* report on June 29. The report will provide June 1 inventory numbers for market hogs and breeding animals, as well as production details for the March–May quarter, i.e., the number of sows that farrowed during the quarter, the pig crop, and the associated litter rate. The report will also publish a second set of producers' farrowing intentions for the June–August quarter, as well as a set of first intentions for the September–November production quarter.

Proposition 12 Is Upheld by the Supreme Court

On May 11 the Supreme Court of the United States affirmed the judgment of the Ninth Circuit of the Federal Court of Appeals, which allows California's Proposition 12 to be enforced beginning July 1, 2023. Proposition 12 bans the sale of most pork—wherever it is born, raised, and processed—without documented evidence that the meat derives from a sow whose living space dimensions are compliant with those specified in Proposition 12.⁷ Proposition 12-compliant space exceeds the space commonly used to house sows in the U.S. pork industry. California's large population⁸ and small pork production industry makes it effectively a net importer of pork. Given the size of the California market, to fully service that market with Proposition 12 compliant pork it will be necessary for at least a portion of the U.S. pork industry to change its production method, moving away almost entirely from gestation crates toward higher cost loose-sow housing. While no firm data exists on the number of U.S. sow operations whose housing methods comply with Proposition 12, it is assumed that the number currently falls short of the operations necessary to supply Californians with the volumes of pork they are accustomed to buying, at prices they are accustomed to paying.

It is notable that to comply with Proposition 12 in 2023, "...pork distributors will need to submit a self-certification of compliance or valid third-party certification..." Beginning January 1, 2024,

⁷ California Code of Regulations, Chapter 10. Animal Confinement, Article 3. Breeding Pigs.

⁸ Worldpopulationreview.com/states. California is the largest U.S. State, when ranked by population. In 2023 the population of California is estimated at more than 40 million.

“...all distributors will need to submit a valid third-party certification along with their application for a new registration...”⁹

At this time, full costs of implementation—and how increased costs of compliance will be distributed between components of the pork supply chain and consumers (California residents and non-California residents), and how U.S. pork prices will respond to Proposition 12, are unclear.

U.S. Pork Exports Revised Upward for 2023 and 2024

U.S. pork exports in April were almost 581 million pounds, about 10 percent above shipments a year ago. While the foundation of exports in April were—as has become habitual—Western Hemisphere nations, most particularly Mexico, what is likely to drive U.S. exports for the balance of 2023 and into next year is the pullback of the European Union as a major competitive exporter of pork. Through March 2023 (the latest month of European export numbers available), European pork exports were down almost 17 percent from the same period a year ago. European export reductions are mainly due to high production costs for feed and energy, exacerbated by Europe’s proximity to Ukraine and the ongoing war there. It is notable that European exports in the first 3 months of 2023 are lower to most major markets compared to the same period a year ago: to China (-4.8 percent), Japan (-1 percent), South Korea (-32.2 percent), the Philippines (-46.3 percent), Australia (-40.8 percent), Mexico (-38.2 percent), and Canada (-1 percent). The table below listing the top 10 largest foreign destinations in April for U.S. pork shows year-over-year gains in most markets where Europe is currently struggling.

Table 5. U.S. pork exports: Volumes and export shares of the 10 largest foreign destinations in April 2022 and 2023

Country	Exports Apr. 2022 (Million pounds)	Exports Apr. 2023 (Million pounds)	Percent change (2023/2022)	Export share Apr. 2022 Percent	Export share Apr. 2023 Percent
World	529	581	10		
Mexico	184	191	4	35	33
Japan	105	104	-1	20	18
South Korea	47	66	42	9	11
China\Hong Kong	46	58	26	9	10
Canada	39	38	-1	7	7
Dominican Republic	26	30	14	5	5
Australia	8	18	134	1	3
Colombia	28	16	-43	5	3
Honduras	12	13	11	2	2
Philippines	3	9	184	1	1

Source: USDA, Economic Research Service.

⁹ California Department of Food and Agriculture, Animal Health and Food Safety Services. “Animal Care Program, Guidance: Questions And Answers Related To Pork Sales In The Wake Of The 2023 Supreme Court Decision.”

Reduced European competitiveness in important export markets prompted increases in quarterly U.S export forecasts for 2023 and 2024. Exports in the second quarter of 2023 are expected to be 1.73 billion pounds; for the third quarter, the forecast is raised to 1.61 billion pounds; and for the fourth quarter exports are expected to be 1.795 billion pounds. Total exports for 2023 are expected to be 6.8 billion pounds, 7.3 percent greater than a year ago.

For 2024, the quarterly export forecast for the first quarter is raised 110 million pounds to 1.745 billion pounds. Total exports for 2024 are expected to be 6.820 billion pounds, fractionally higher than exports this year.

Poultry

Grace Grossen and Adriana Valcu-Lisman

Broiler Production Adjusted Down in 2023

Broiler production in April totaled 3.544 billion pounds, a decrease of 0.6 percent from last April. The 1.4-percent year-over-year increase in live weights was not enough to make up for 2-percent fewer birds slaughtered compared to last April. On a per day basis, slaughter was slightly higher than last April, but there was 1 fewer slaughter day in the month in 2023. Preliminary weekly data for May indicates increased production compared to 2022. However, after increasing by an average of 1.7 percent year over year in the previous 12 months, the broiler-type chickens hatched during April decreased slightly year over year. Based on April production and hatchery data, second-quarter production is adjusted down by 200 million pounds to 11.3 billion pounds. This would be similar to the second-quarter production total in 2022 of 11.278 billion pounds.

Figure 12. Monthly broiler production, 2018–23

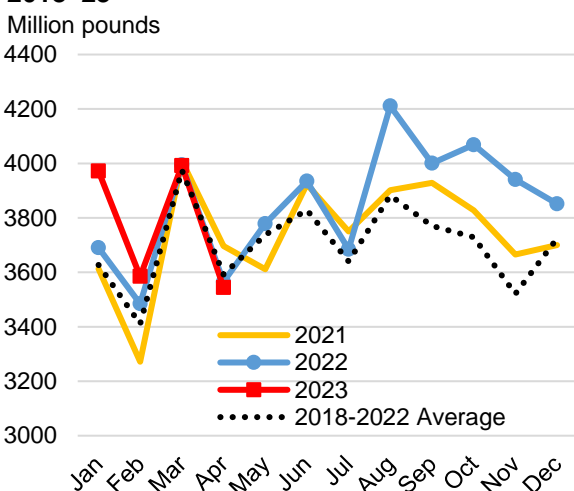
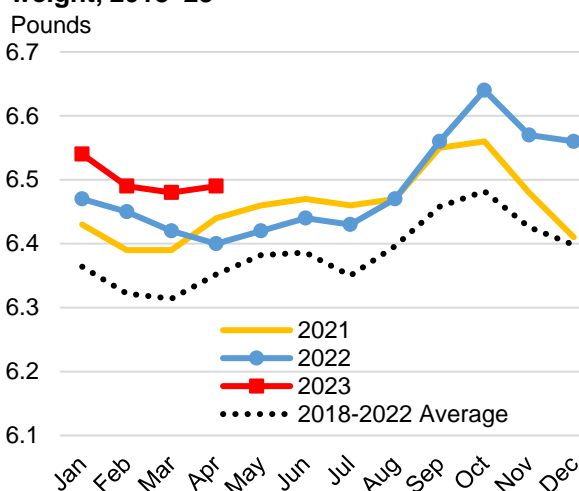


Figure 13. Monthly average broiler live weight, 2018–23



Source: USDA, National Agricultural Statistics Service.

While the number of broilers hatched wasn't impressive in April, the size of the broiler layer flock continued to increase, totaling 65.6 million birds at the start of May. This is the largest the flock has been since the data series began in 2008. Based on this strength, projected third-quarter production was increased 50 million pounds to 12.150 billion pounds. The fourth-quarter production projection is unchanged from last month at 11.9 billion pounds. After accounting for the reduction in the second quarter forecast, total 2023 production is lowered by 150 million pounds to 46.899 billion pounds, an increase of 1.5 percent from the 2022 total.

Figure 14. Monthly broiler-type chicks hatched, 2018–23

Million birds

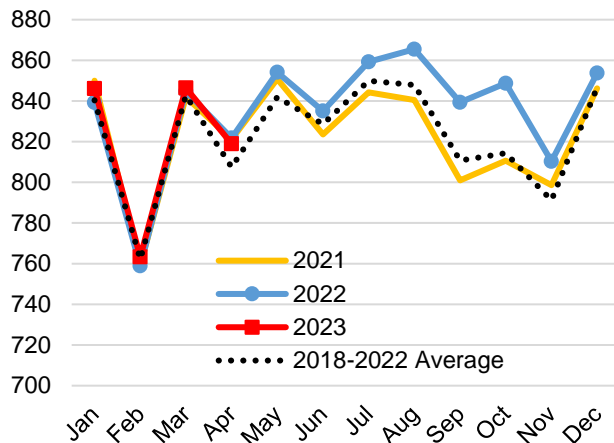
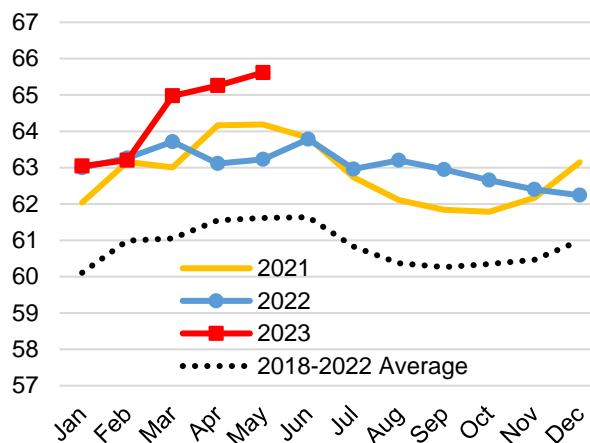


Figure 15. Broiler-type layer inventory on the first of the month, 2018–23

Million layers



Source: USDA, National Agricultural Statistics Service.

Projected 2023 Broiler Meat Exports Unchanged, Imports Adjusted Up Slightly

April broiler exports totaled 604.6 million pounds, down 5 percent from March but an increase of 1.8 percent from last April. Among the major destinations for broiler meat, year-over-year increases in shipments to partners including Taiwan (+37.7 million pounds), Mexico (+6.4 million pounds), and Angola (+5.2 million pounds) more than offset decreases in shipments to Cuba (-9.9 million pounds), the Philippines (-5.6 million pounds), and Haiti (-4.6 million pounds). Projected 2023 broiler exports are unchanged at 7.383 billion pounds.

Table 6. U.S. Exports of broiler meat to top 10 partners, April 2022 and 2023

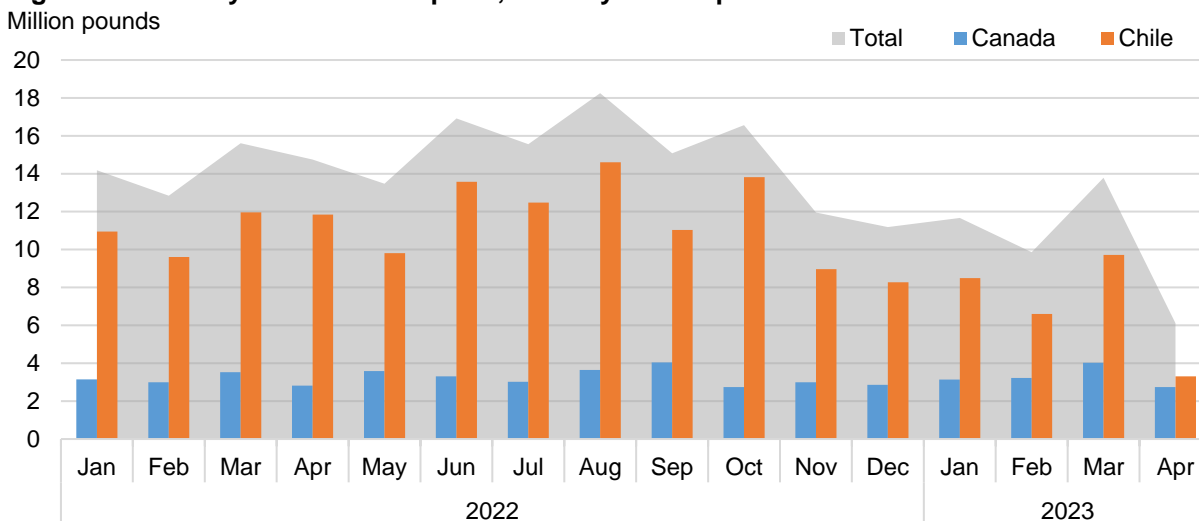
	April 2022 Volume	April 2023 Volume	Absolute change	April 2022 Share	April 2023 Share
	(million pounds)			(percent)	
Mexico	108.6	115.0	6.4	18.3	19.0
Taiwan	41.4	79.1	37.7	7.0	13.1
Cuba	43.5	33.6	-9.9	7.3	5.6
China	24.7	28.0	3.3	4.2	4.6
Guatemala	21.8	20.3	-1.6	3.7	3.4
Canada	24.2	24.4	0.2	4.1	4.0
Philippines	37.6	32.0	-5.6	6.3	5.3
Angola	12.8	18.1	5.2	2.2	3.0
Vietnam	19.4	17.0	-2.4	3.3	2.8
Haiti	14.8	10.2	-4.6	2.5	1.7
World	593.9	604.6	10.6	100	100

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

Note: Top 10 based on year-to-date (January-April) export totals.

Total broiler imports fell in April to 6.1 million pounds. Of the total, over half the shipments (3.3 million pounds) were from Chile as shipments in transit prior to the restrictions continued to enter the United States. However, for the remainder of the year Chile will be constrained by restrictions related to Highly Pathogenic Avian Influenza (HPAI), and it is unlikely Canada will be able to fully offset the reduction in imports from Chile. Although challenges remain, projected broiler imports for 2023 were adjusted up by 2 million pounds to 70 million pounds on stronger-than-expected April shipments from Chile.

Figure 16. Monthly U.S. broiler imports, January 2022–April 2023

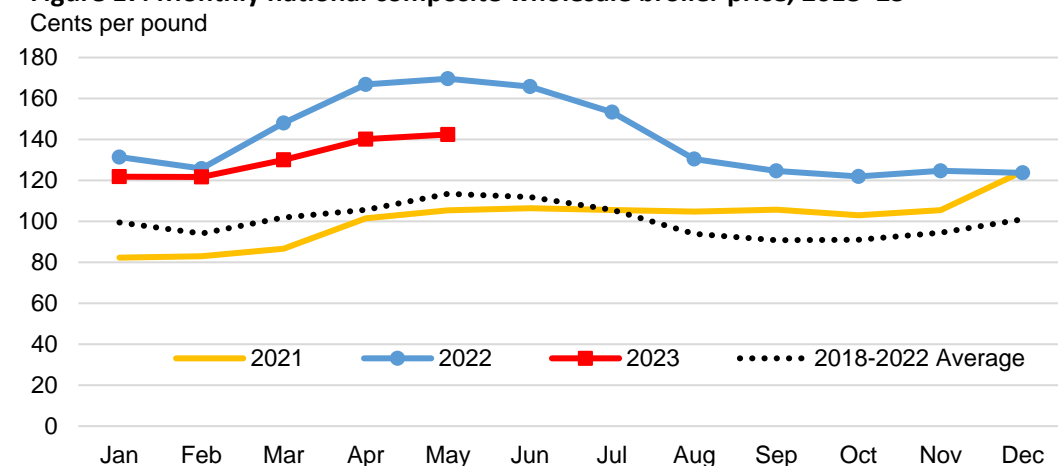


Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census.

Broiler Prices Adjusted Down in Second Half of 2023

The monthly average national composite broiler price gained about 2 cents from April to average 142.43 cents per pound in May. While still 29 cents above the 5-year average, this is down 27 cents from the same time last year. The second-quarter price projection is unchanged at 142 cents per pound. The projected average prices for the third and fourth quarters were adjusted down by 3 cents to 127 cents per pound. This would make the annual average price 130 cents per pound, down about 10 cents from 2022.

Figure 17. Monthly national composite wholesale broiler price, 2018–23

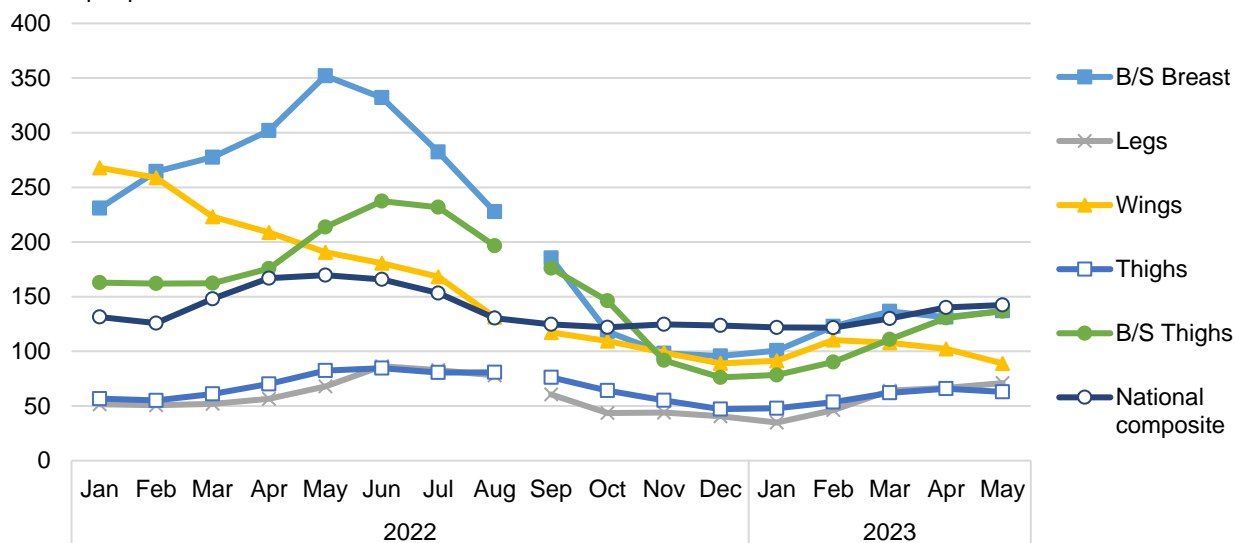


Source: USDA, Agricultural Marketing Service.

Wholesale prices for various chicken parts have continued to ease. Wholesale prices for whole cut wings averaged 88.92 cents per pound in May. Wing prices had averaged 89 cents per pound in December, before rising slightly leading up to the Super Bowl and the NCAA basketball tournaments. The May average is the lowest wing price since 2011.¹⁰ Bone-in dark meat parts, legs and thighs, have had less variation in price over the last year and a half. Prices for boneless/skinless thighs were within a cent of those for boneless/skinless breasts in May. Both boneless cuts are within 6 cents of the national composite whole broiler price.

Figure 18. Monthly average wholesale prices for whole broilers and chicken parts, January 2022–May 2023

Cents per pound



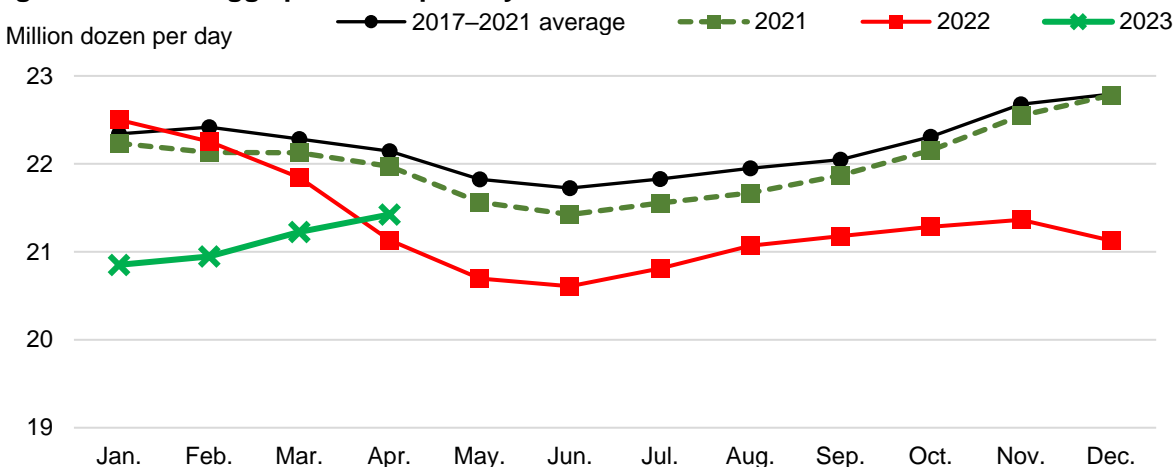
Note: The gap between August and September data indicates the shift from the discontinued Northeast chicken parts prices to National chicken parts prices. The national composite price series was uninterrupted. B/S = boneless/skinless. Source: USDA, Agricultural Marketing Service.

¹⁰ Prior to September 2022, prices were based on Northeast chicken parts series.

April Table-Egg Production Year-Over-Year Higher

Table-egg production was estimated at 642.7 million dozen eggs in April, about 1.4-percent higher than April 2022. The growth was largely due to a 3.6-percent increase in the average size of the table-egg layer flock inventory that more than offset a 2.1 percent decrease in the average lay rate. With gains in the flock size, the daily industry output—measured as table eggs produced per day—has been on an upward trajectory and has gained more than 2 percent since the beginning of the year. April is the first month showing a year-over-year increase in production since February of last year.

Figure 19. Table eggs produced per day



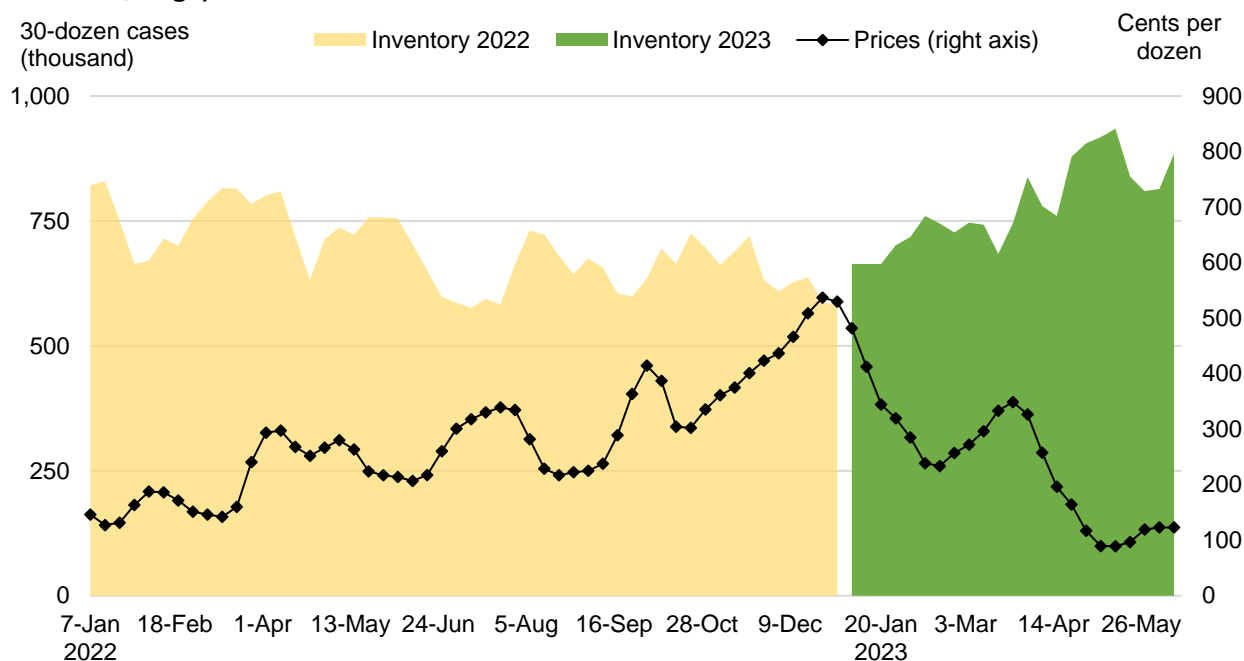
Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service.

First-quarter 2023 production was adjusted for recent revisions in production data, but given the expectations that the current outlook for growth and productivity of the table-egg layer inventory will remain steady, the table-egg production forecasts are unchanged. Production for 2023 and 2024 are 7,971 and 8,280 million dozen, respectively.

Wholesale Table-Egg Prices Declined Further in May

Wholesale table-egg prices (New York, Grade A Large) averaged 100.8 cents per dozen in May, a 59-percent decrease compared to last year and a 45-percent month-over-month decrease. After averaging 89 cents per dozen in the first half of May, daily wholesale egg prices were on an upward trajectory for most of the second half of the year but plateaued at 123 cents per dozen during the last days of May. Late-May prices were carried into early June. Going forward, as the summer weather does not encourage indoor baking, the demand for table eggs tends to level off. As a result, wholesale egg prices should follow the seasonal expectations, with limited upward or downward movements during June and July.

Figure 20. Weekly¹ U.S. at-hand shell-egg inventory (large) and wholesale prices (New York, Grade A, large)



Note: Week ending January 7, 2022, through week ending June 9, 2023.

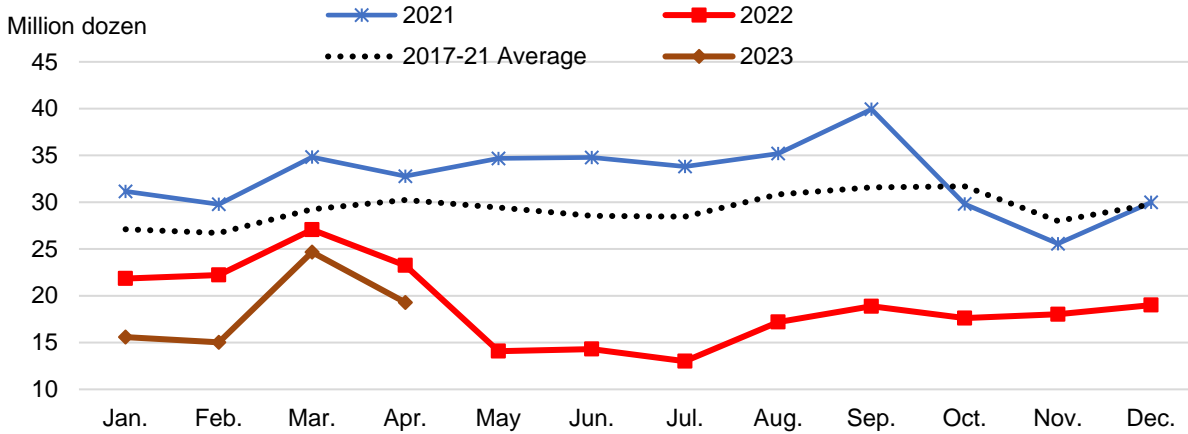
Source: USDA, Economic Research Service calculations using data from USDA, Agricultural Marketing Service.

Given current wholesale prices and egg inventory trajectories, the second-quarter average wholesale egg price forecast remains unchanged at 135 cents per dozen. However, the third- and the fourth-quarter average price projections are revised down to 130 and 145 cents per dozen, respectively. These changes bring the 2023 average egg price forecast to 181.5 cents per dozen, almost 36-percent year-over-year lower. The average egg price projection for 2024 is unchanged from last month at \$144 cents per dozen.

2023 Egg Import and Export Expectations Raised

April egg and egg product exports are estimated at 19.3 million dozen shell-egg equivalent. This is 17.0 percent below the same month in 2022. April shipments of shell eggs and egg products declined, by 37.1 and 1.7 percent, respectively. The top export destinations in April were Canada, Mexico, Japan, and the Caribbean countries. Mexico, Bahamas, and Trinidad and Tobago were the only destinations with year-over-year larger shipments. Given the recent trends in domestic wholesale egg prices, the 2023 export forecast is adjusted upward by 2.4 million dozen shell-egg equivalent. This change brings the export forecast for 2023 to 207.7 million dozen, representing an 8.3-percent year-over-year decrease. The 2024 export forecast remains unchanged at 245 million dozen shell-egg equivalent.

Figure 21. Monthly egg and egg product exports



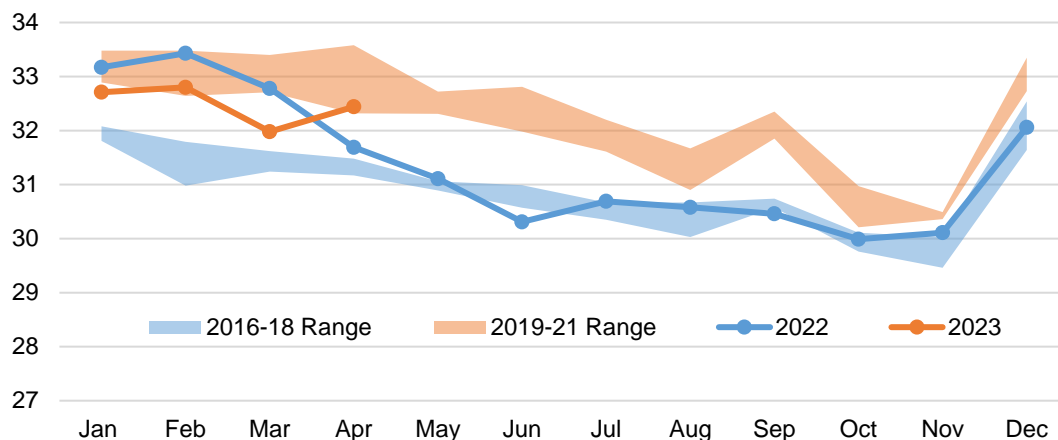
Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census.

Egg imports remained elevated in April. Total imports of eggs and egg products are estimated at 2.5 million dozen shell-egg equivalent. This represents a 41.3-percent year-over-year increase. April imports consisted of egg products (43 percent) and shell-eggs (57 percent). With larger-than-expected April imports, the 2023 egg and egg products import forecast is slightly adjusted upward to 23.1 million dozen shell-egg equivalent. The forecast for 2024 is unchanged at 18.0 million dozen shell-egg equivalent.

Turkey Production Projection Lowered for 2023

April turkey production totaled 426 million pounds, up 1.4 percent from last April. This increase can be attributed to a 2.4-percent year-over-year increase in average live weights, as total turkeys slaughtered in April were down 1 percent from a year earlier. This decline in slaughter was due to 1 less slaughter day in 2023; on a per day basis, slaughter was almost 4 percent higher. While an improvement from last year, April production was still 31 million pounds below the 5-year average.

Figure 22. Monthly average live weights, 2016–23

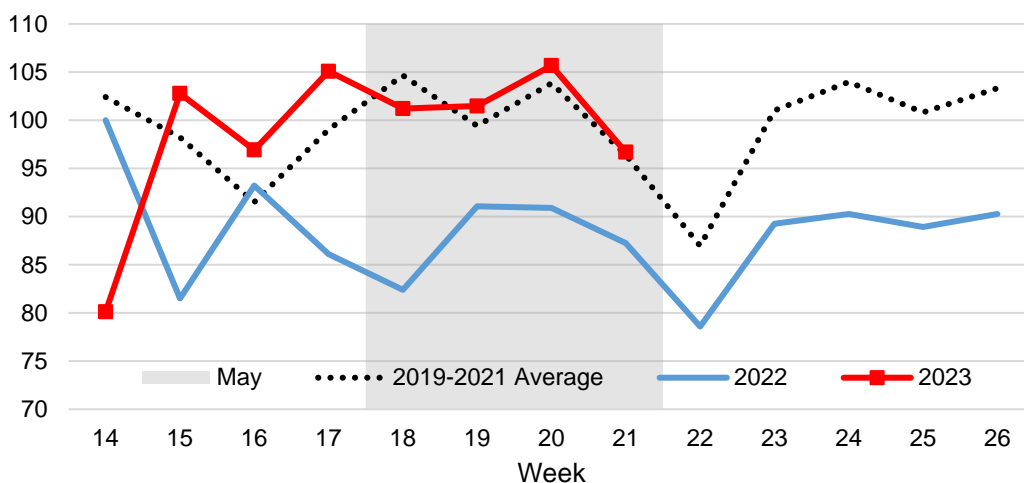


Source: USDA, National Agricultural Statistics Service.

For May, preliminary weekly data suggest another month of mild improvement, as weekly ready-to-cook production was slightly above the average from 2019–21. Projected second-quarter turkey production is unchanged at 1.325 billion pounds. This would be an improvement of nearly 4 percent compared to the second quarter of 2022.

Figure 23. Weekly turkey production in the second quarter, 2019–23

Million pounds

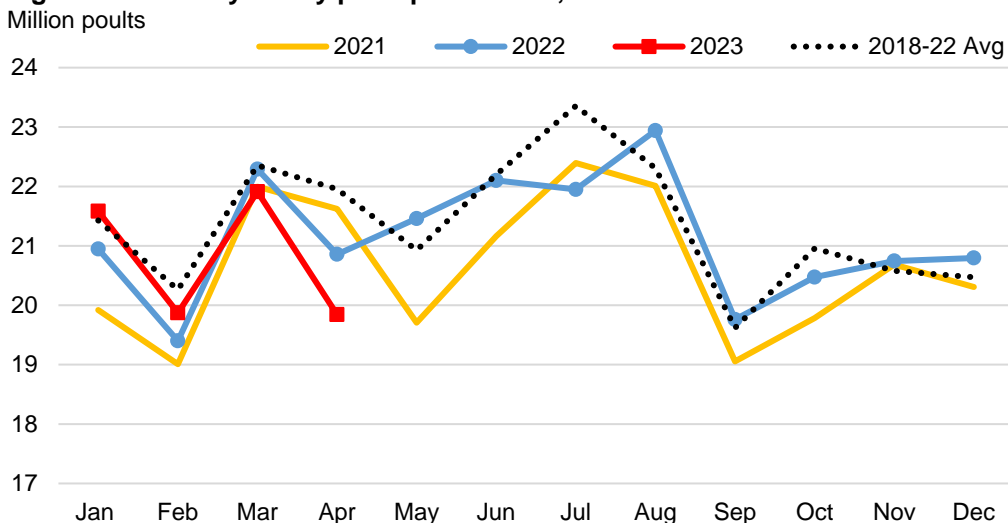


Source: USDA, Agricultural Marketing Service.

Turkey poult placements in April totaled 19.8 million poults, down almost 5 percent from the previous April. This is also down 2 million birds from the 5-year average. Because turkeys take

around 4 months to mature, this decrease would be expected to be seen in production in the third quarter. Projected third-quarter production is decreased by 25 million pounds to 1.300 billion pounds, which would still be an increase of 2.9 percent from the third quarter of 2022. No changes were made to other quarters.

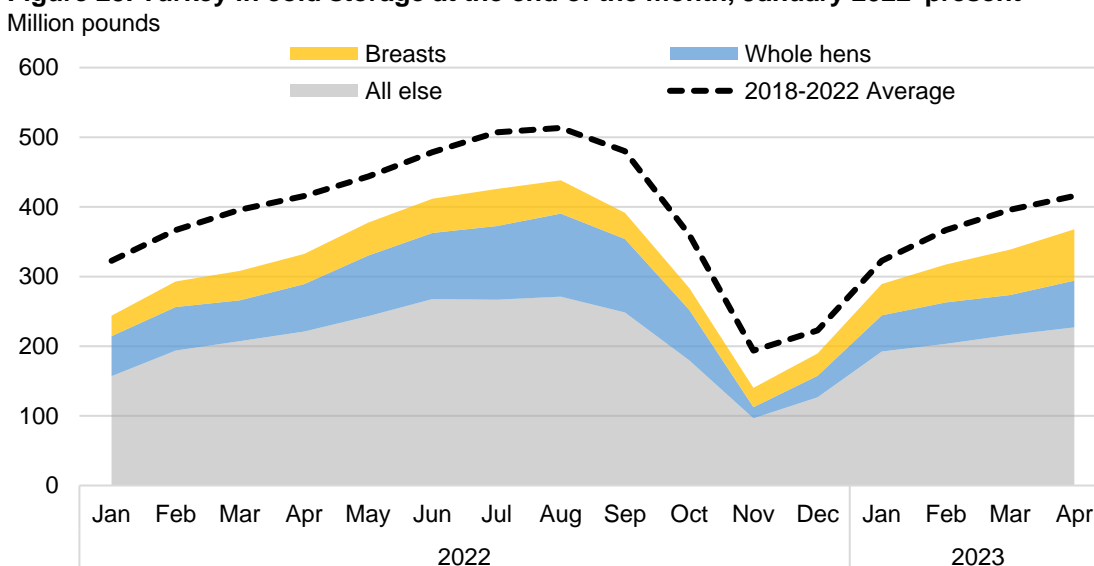
Figure 24. Monthly turkey poult placements, 2018–23



Source: USDA, National Agricultural Statistics Service.

Turkeys in cold storage totaled 368 million pounds at the end of April, 35 million pounds above the same time last year. A large portion of that increase was in turkey breast meat, which made up 20 percent of turkey in cold storage at the end of April. Whole hens in cold storage fell slightly from last year, accounting for 18 percent of turkey in cold storage. Projected 2023 ending stocks are unchanged at 200 million pounds.

Figure 25. Turkey in cold storage at the end of the month, January 2022–present

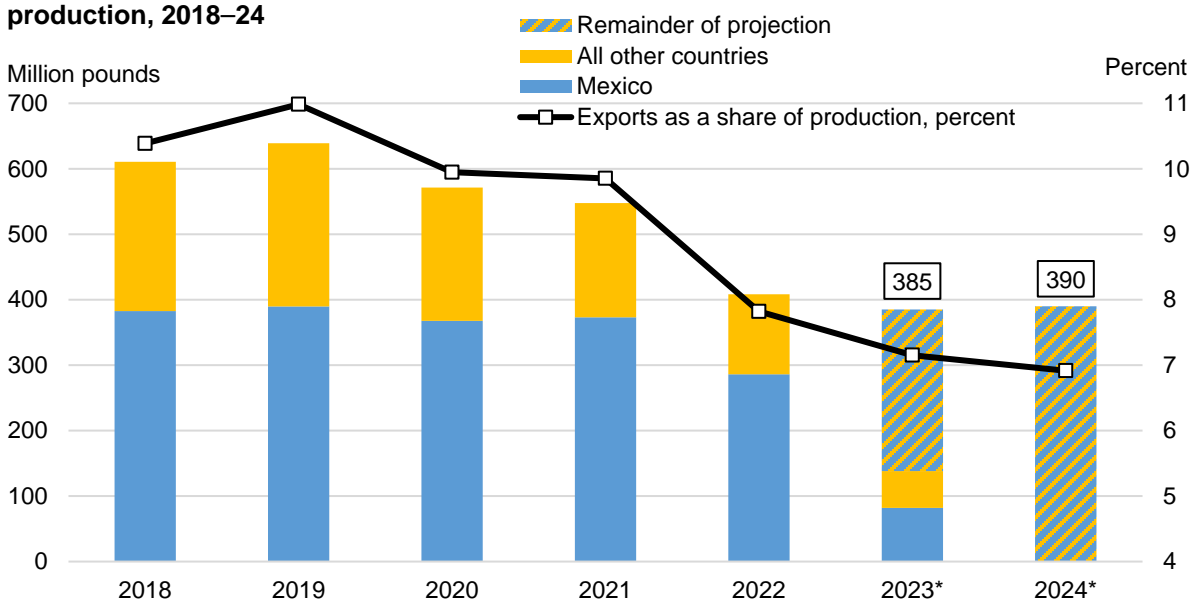


Source: USDA, National Agricultural Statistics Service.

Turkey Export Projection Adjusted Up in 2023, Imports Unchanged

Turkey exports totaled 34.5 million pounds in April, an increase of almost 12 percent from last April. This is the first year-over-year increase in monthly shipments since June 2021. Of the 34.5 million pounds, about 21.5 million were shipped to Mexico. Mexico has long been the top destination for U.S. turkey exports and accounted for 69 percent of these exports in the first 4 months of this year. Based on the relative strength of April shipments and a smaller forecast increase in wholesale turkey prices, projected 2023 turkey exports were adjusted up to 385 million pounds. This would represent 7 percent of production. For 2024, projected turkey exports are unchanged at 390 million pounds, just slightly above 2023. Despite this increase, the share of production is projected to fall slightly as production is projected higher in 2024.

Figure 26. Annual actual and projected U.S. turkey exports, and exports as a share of production, 2018–24

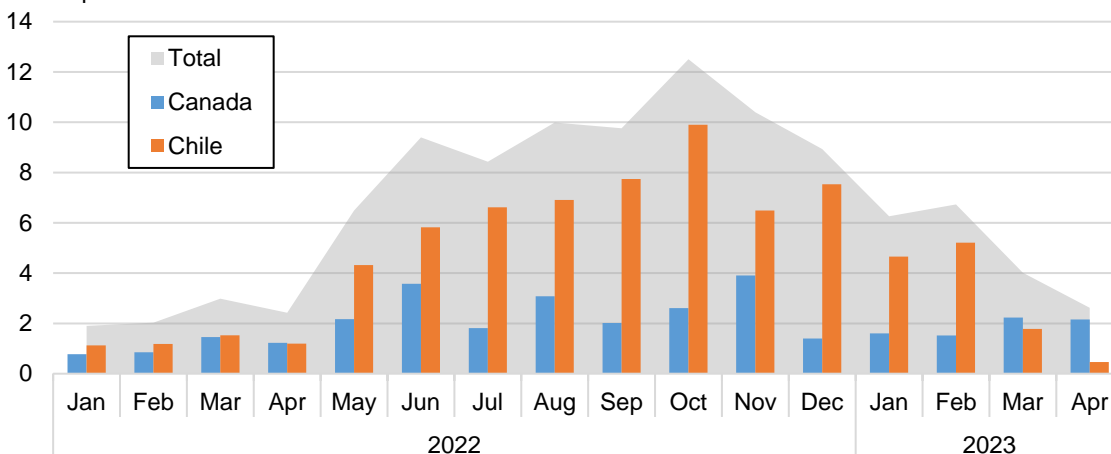


Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census, and USDA, *World Agricultural Supply and Demand Estimates*.

April turkey imports totaled 2.6 million pounds. This is down from last month but higher year-over-year. Shipments from Chile fell due to Highly Pathogenic Avian Influenza (HPAI) discoveries in its commercial flocks, but shipments from Canada increased year over year. Projected turkey imports are unchanged at 42 million pounds in 2023 and 32 million pounds in 2024.

Figure 27. Monthly turkey meat imports, January 2022–March 2023

Million pounds

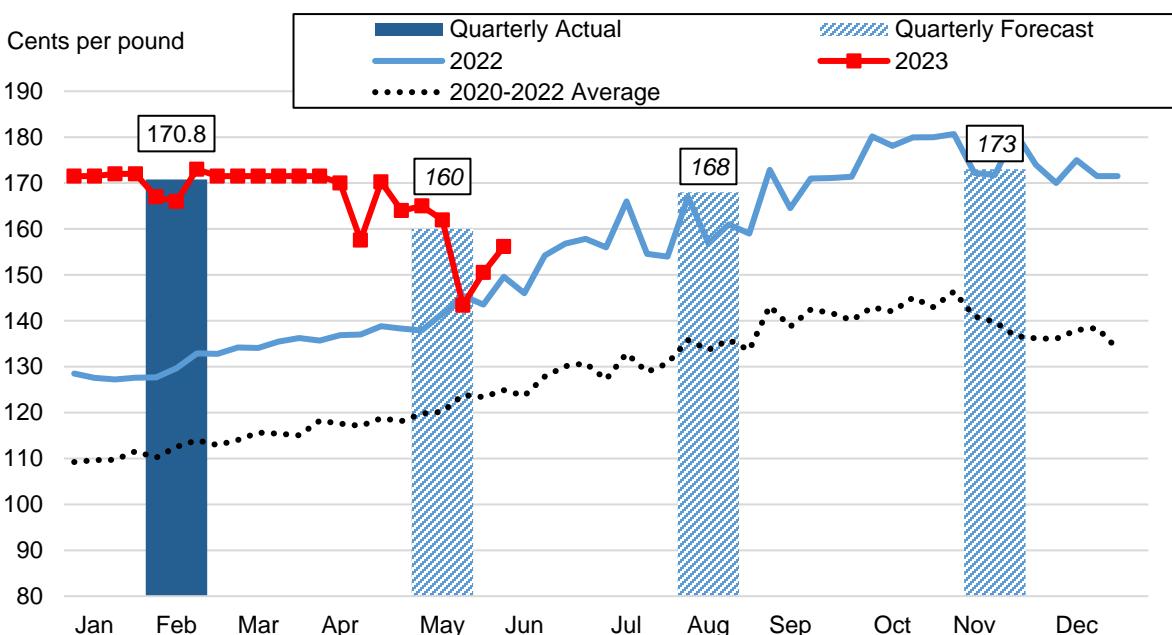


Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census.

Turkey Prices Adjusted Down in 2023

After averaging 170.8 cents per pound in the first quarter, weekly turkey prices dipped counter-seasonally in May, even falling a few cents below the year-ago price in the third week of May. Prices have since bounced back, but only to 156.15 cents per pound (6.5 cents higher than a year ago) in the week ending June 2nd. The monthly average price for May was 154.14 cents per pound. Based on recent prices, the projected second-quarter average price was revised down by 10 cents to 160 cents per pound. Third- and fourth-quarter price projections were adjusted down by 2 cents each to 168 and 173 cents per pound, respectively. These would result in an annual average of 168 cents per pound, still an increase of 13.4 cents over last year's average.

Figure 28. Weekly and quarterly wholesale whole-hen turkey prices, 2020–23



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

Suggested Citation

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Dairy forecasts

Years Quarters	2022				2023					2024	
	II	III	IV	Annual	I	II	III	IV	Annual	I	Annual
Milk cows (thousands)	9,411	9,408	9,404	9,402	9,427	9,425	9,410	9,400	9,415	9,390	9,395
Milk per cow (pounds)	6,144	5,999	5,944	24,087	6,031	6,175	6,050	6,005	24,260	6,150	24,570
Milk production (billion pounds)	57.8	56.4	55.9	226	57	58.2	56.9	56.4	228.4	57.7	230.8
Farm use	0.2	0.3	0.3	1.0	0.2	0.2	0.3	0.3	1.0	0.2	1.0
Milk marketings	57.6	56.2	55.6	225	57	58.0	56.7	56.2	227.4	57.5	229.8
Milk-fat (billion pounds milk equiv.)											
Milk marketings	57.6	56.2	55.6	225.5	56.6	58.0	56.7	56.2	227.4	57.5	229.8
Beginning stocks	16.4	18.4	16.6	14.3	14.4	16.6	18.9	17.9	14.4	14.6	14.6
Imports	1.9	1.9	1.9	7.1	1.8	2.0	2.0	2.0	7.8	1.7	7.7
Total supply	75.9	76.5	74.1	246.9	72.8	76.6	77.6	76.1	249.7	73.8	252.0
Exports	3.7	3.4	3.2	13.4	2.7	3.1	3.1	3.0	11.9	2.8	12.8
Ending stocks	18.4	16.6	14.4	14.4	16.6	18.9	17.9	14.6	14.6	16.5	14.6
Domestic use ¹	53.7	56.5	56.6	219.1	53.5	54.6	56.6	58.6	223.2	54.5	224.7
Skim-solids (billion pounds milk equiv.)											
Milk marketings	57.6	56.2	55.6	225.5	56.6	58.0	56.7	56.2	227.4	57.5	229.8
Beginning stocks	11.9	12.4	11.8	11.1	11.7	12.4	12.6	12.3	11.7	12.1	12.1
Imports	1.6	1.6	2.0	6.7	1.8	1.5	1.6	1.8	6.7	1.7	7.0
Total supply	71.0	70.2	69.5	243.3	70.1	71.9	70.9	70.3	245.8	71.3	248.8
Exports	14.4	13.5	12.8	52.5	12.6	13.3	12.9	12.2	51.1	12.9	53.8
Ending stocks	12.4	11.8	11.7	11.7	12.4	12.6	12.3	12.1	12.1	12.3	12.1
Domestic use	44.3	44.8	45.0	179.1	45.0	46.0	45.7	46.0	182.7	46.1	182.9
Milk prices (dollars/hundredweight)¹											
All milk	26.97	24.57	25.17	25.34	21.93	19.75	18.20	20.00	19.95	20.00	19.65
Class III	24.65	20.81	21.11	21.96	18.44	16.55	15.50	16.30	16.70	16.80	17.00
Class IV	25.38	25.08	23.46	24.47	19.08	18.05	18.20	18.15	18.35	17.40	17.45
Product prices (dollars/pound)²											
Cheddar cheese	2.3523	2.0428	2.1004	2.1122	1.8797	1.705	1.630	1.700	1.730	1.750	1.775
Dry whey	0.6754	0.5143	0.4723	0.6057	0.4186	0.380	0.330	0.350	0.370	0.360	0.360
Butter	2.8095	3.0136	2.9743	2.8665	2.4338	2.435	2.450	2.420	2.435	2.300	2.335
Nonfat dry milk	1.8188	1.6831	1.5141	1.6851	1.2717	1.150	1.160	1.170	1.190	1.140	1.130

Totals may not add due to rounding.

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

² Simple averages of monthly prices calculated by the USDA, Agricultural Marketing Service, for use in class price formulas. Product prices are 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.

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

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