



Economic Research Service

Situation and Outlook

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# Livestock, Dairy, and Poultry Outlook

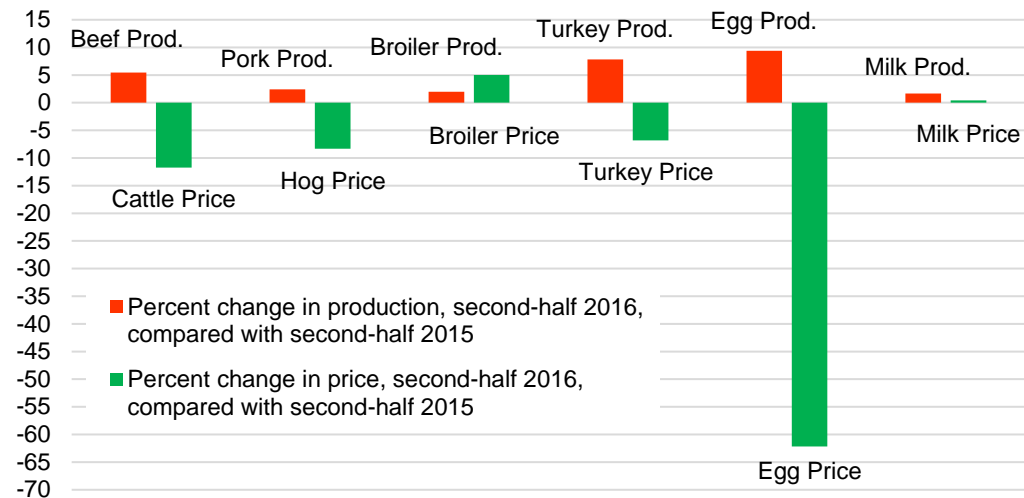
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## Forecasts for the Second Half of 2016 Show Higher Production and Mostly Lower Prices

The figure below sets out percentage changes in USDA production and price forecasts for second-half 2016, compared with second-half 2015. Red meat, poultry, egg, and milk production are all forecast to increase. Increased beef production (+5.4 percent) in the second half of 2016 will result in lower cattle prices (-11.7 percent) compared with the second half of 2015. Higher second-half 2016 pork production (+2.4 percent) will likely drive hog prices lower (-8.3 percent). While second-half 2016 broiler production is expected to increase (2 percent), the national composite weighted-average broiler price is expected to be 5 percent above the second-half 2015 price. Second-half 2016 broiler prices will likely be higher by comparison with sharply lower broiler prices in 2015. Broiler prices in 2015 declined when trade restrictions imposed by importing countries due to High Pathogenic Avian Influenza (HPAI) backed up supplies and depressed prices. Increased egg production (+9.4 percent) and dramatically lower second-half prices (-62.2 percent) also reflect continuing sector recovery from HPAI. The forecast higher egg production is expected to drive prices lower in the second half of 2016. Higher turkey production (+7.8 percent) will result in lower prices (-6.8). A small increase in milk production (+1.7 percent) is expected, and second-half milk prices will be close to 2015 as they recover from a weaker first half.

Percent changes in second-half 2016 production and price forecasts, compared with second-half 2015



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

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Tables will be released on August 30, 2016

The next Outlook Report release is September 16, 2016

Approved by the World Agricultural Outlook Board.

**Cattle/Beef:** USDA announces that fresh and frozen cuts of Brazilian beef are eligible for import to the United States. Increases in second-half 2016 total beef imports and first-half 2017 beef imports partially reflect the expectation of larger volumes of beef flowing into the United States from Brazil.

**Dairy:** With recent increases in wholesale cheese prices, higher farm-level milk prices are expected for the remainder of 2016 and 2017. The 2016 all-milk price forecast is \$16.25-\$16.45 per hundredweight (cwt), an increase from \$15.55-\$15.85 per cwt forecast last month. The 2017 all-milk price forecast has been raised to \$16.15-\$17.15 per cwt, an increase from \$15.70-\$16.70 forecast last month.

**Pork/Hogs:** Hog inventories reported in the June *Quarterly Hogs and Pigs* suggest that pork production will shortly begin its seasonal acceleration. The resulting lower pork prices are expected to support higher second-half exports.

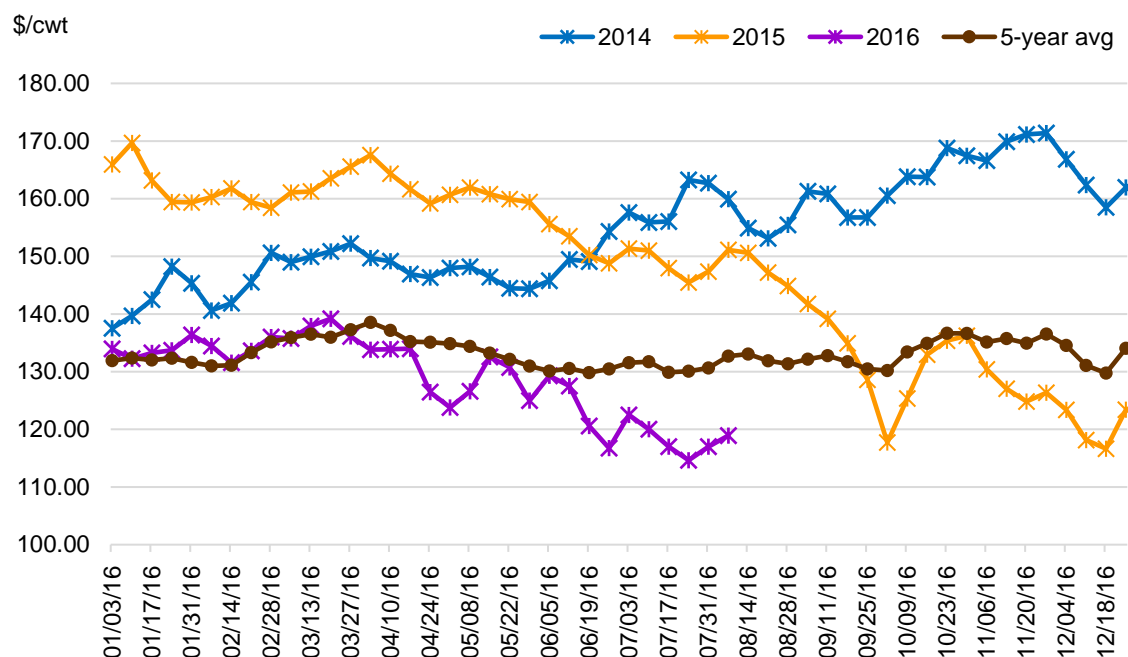
**Poultry:** Whole broiler prices have been weakening on a stronger-than-expected seasonal pattern, leading to downward revision for several price and production forecasts in 2016. The third-quarter price forecast for whole turkey hens was raised slightly based on recent prices and weak stock trends for whole birds. While table egg production in the first half of 2016 is still below the level it achieved in the first half of 2014, prices in July 2016 were down 45 percent from July 2014. Part of the downward pressure on prices has come from lower exports of shell eggs.

## Cattle / Beef

### *Fed Cattle Prices Lower, Commercial Beef Supplies Higher*

During July, fed steer prices were quoted approximately 21 percent below the previous year and between 22 and 30 percent below July 2014 levels. Fed cattle prices experienced a strong correction during the last half of 2015, and prices have continued to trend lower through much of 2016. Volatile futures markets may have contributed to some of the fluctuations in fed cattle prices, but relatively large supplies of cattle on feed and higher cattle marketings from the previous year have kept fed cattle prices in check through much of 2016. In addition, packers have not had much incentive to bid fed cattle prices higher because of lower cutout values through much of the summer. The expectation of higher cattle marketings during the second half of 2016 is expected to keep fed cattle prices under pressure. The outlook for 2017 is for lower prices, as well. It is expected that continued expansion in domestic cattle inventories will result in higher slaughter and beef production in 2017 than is forecast for 2016.

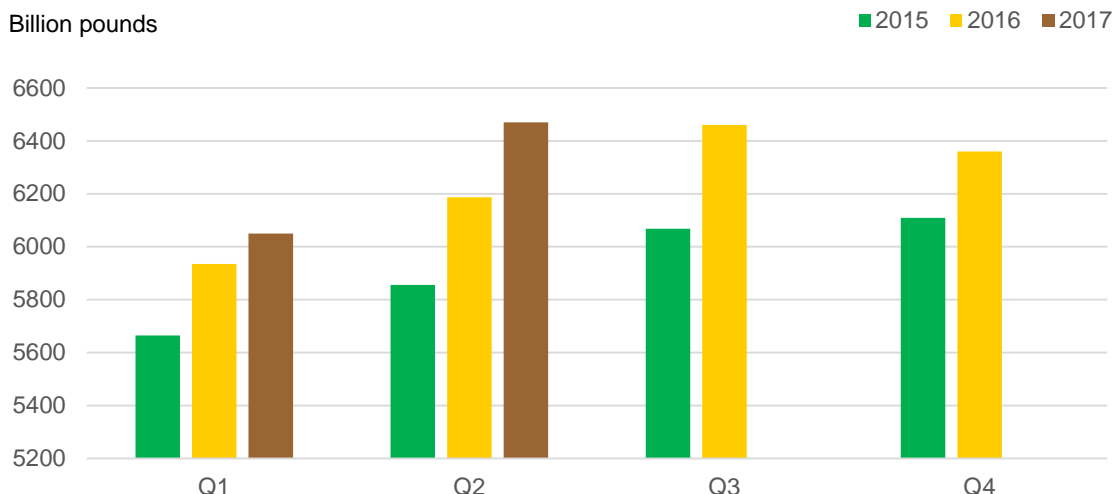
### 5-Area fed steer prices



Source: USDA, Agricultural Marketing Service

Commercial beef production for the first half of 2016 was about 5 percent above the previous year at just over 12 billion pounds. This year's ample supply of beef is primarily driven by year-over-year increases in commercial cattle slaughter and heavy dressed weights. First-half commercial cattle slaughter was estimated about 4 percent higher than the previous year's slaughter, while dressed weights averaged about 7 pounds heavier than first-half 2015 dressed weights. Lower overall feed costs are expected to encourage feedlot operators to feed animals longer and to heavier weights. Forecasts for third-quarter 2016 total cattle slaughter was raised on expectations of larger marketings and slaughter rates of steers and heifers, but the fourth-quarter forecast remains unchanged. Forward projections show a continued gain in beef production into 2017 as the increased availability of slaughter-ready cattle and generally heavier carcasses result in more beef. Annual beef production is forecast to reach 25 billion pounds in 2016, up 5.3 percent from last year. Total commercial beef production in 2017 is forecast 3.4 percent higher at nearly 26 billion pounds.

## Commercial beef production



Source: USDA, National Agricultural Statistics Service

### *Beef Exports Slow in June, Imports Tighten*

U.S. beef exports in June were modestly lower (-0.5 percent) than the previous year at 213 million pounds, but were down 3 percent from levels reported in May. Strong growth continues in Japan, with exports up 20 percent from June 2015. In June, beef exports to South Korea increased only 1 percent, while beef exports to Mexico grew approximately 6 percent on a yearly basis. Noticeable declines in exports to Canada (-8 percent), Hong Kong (-32 percent) and Taiwan (-21 percent) partially offset increases in total beef exports in June. January through June, total U.S. beef exports were 2 percent higher than a year earlier. Though beef exports appeared lackluster through June, shipments abroad are expected to gain momentum, increasing approximately 22 and 7 percent over a year earlier in the third and fourth quarters of 2016. Total U.S. beef exports are forecast at 2.5 billion pounds in 2016, up about 8 percent over 2015. Beef exports in 2017 are forecast at 2.6 billion pounds, up 5 percent relative to 2016.

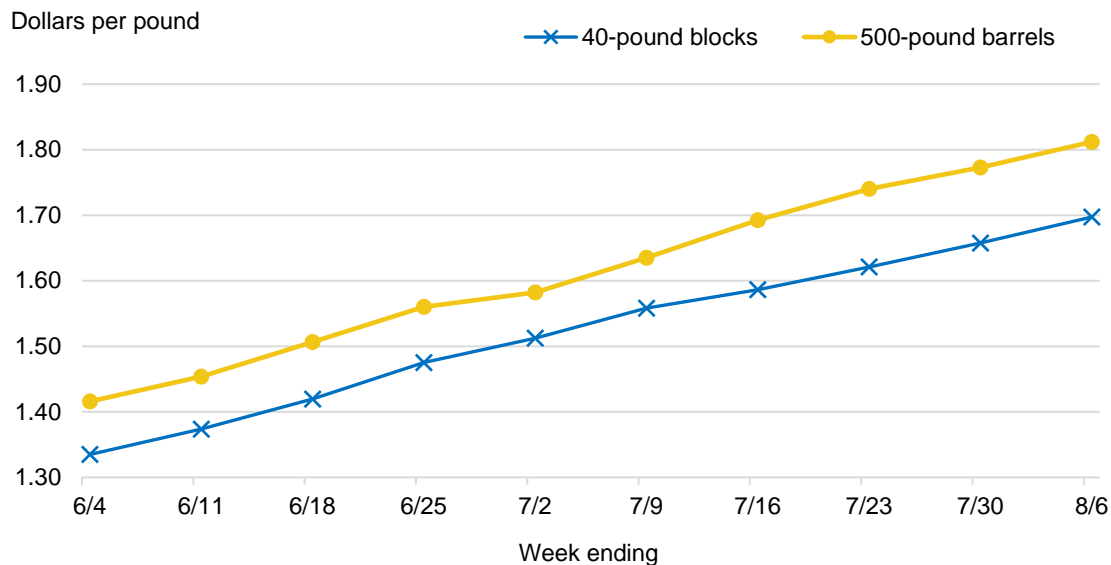
Beef imports were reported at 284 million pounds in June, down about 16 percent relative to a year ago. Through June, total imports were down 13 percent as a result of dramatically smaller volumes of beef imported from Australia and New Zealand. Beef imports from Brazil, Uruguay, and Nicaragua have also been sluggish through June, but the scenario of declining beef imports from Brazil will likely reverse later in the year. USDA-FSIS has approved the import of fresh/frozen beef from Brazil, while Brazil approved the import of U.S. fresh/frozen beef. Fresh/frozen beef from Brazil will add to the volumes of thermally cooked and processed beef currently accepted into the United States. Imports of fresh/frozen beef from Brazil can enter the United States at a reduced duty under the “Other” countries tariff rate quota. Increases in the forecasts of second-half 2016 total beef imports (+35 million pounds) and first-half 2017 beef imports (+50 million pounds) largely reflect the expectation of larger volumes of beef flowing into the United States from Brazil. The 2016 beef import forecast is 3 billion pounds, down 12 percent on a yearly basis. Beef imports are expected to decline even further in 2017 to 2.6 billion pounds.

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## Recent Developments in Dairy Markets

Price directions for major dairy products were mixed in July and the first part of August. Prices for cheddar cheese, as reported in the National Dairy Products Sales Report (NDPSR), continued the upward climb from June. Prices for 40-pound blocks and 500-pound barrels (adjusted to 38-percent moisture) rose by \$0.139 and \$0.177 per pound, respectively, from the week ending July 9 to the week ending August 6. For the same weeks, the butter price fell by \$0.124 per pound. Prices for nonfat dry milk (NDM) and dry whey changed less than a penny per pound over the period.

### Wholesale prices for cheddar cheese

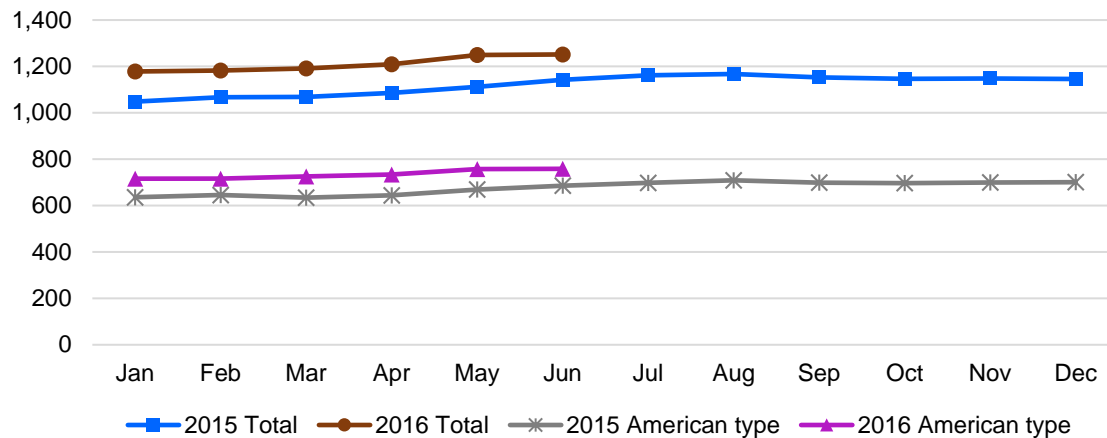


Source: USDA Agricultural Marketing Service, National Dairy Products Sales Report.

The strength of cheddar cheese prices has been greater than expected given the high apparent supplies of cheese. June ending stocks for American-type cheese and total natural cheese were 10.6 percent and 9.6 percent above previous levels, respectively. However, these year-over-year increases are a reduction from 13.2 percent and 12.4 percent, respectively, for May.

## Natural cheese ending stocks

Million pounds



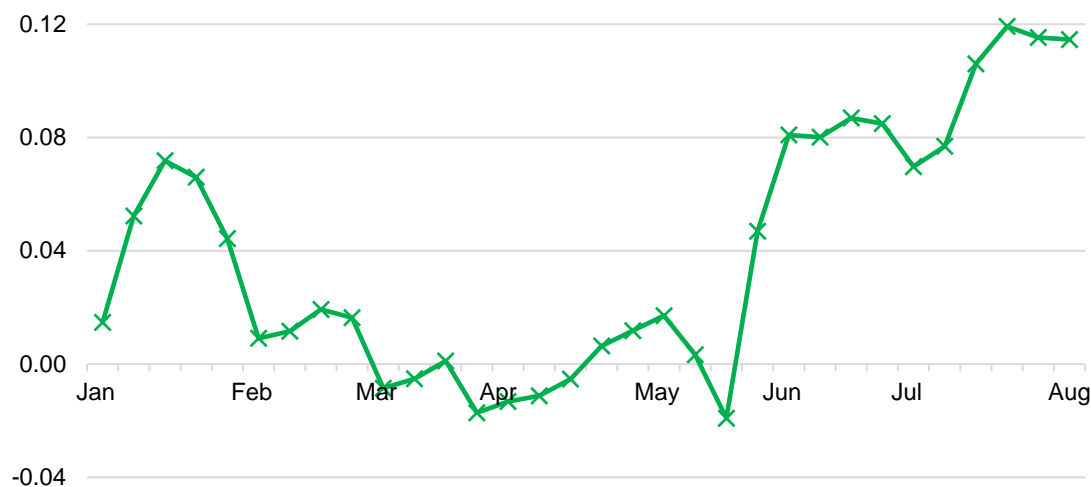
Natural cheese can be consumed directly or used in production of processed cheese. USDA data on cheese stocks include only natural cheese. American-type cheese includes cheddar, Colby, Monterey, and Jack.

Source: USDA National Agricultural Statistics Service.

The NDPSR cheese prices exclude cheese more than 30 days old on the date of sale. USDA cheese stock data are not categorized by age. However, there is some anecdotal evidence that, while aged cheese is abundant, markets for fresh and processed cheese may be relatively tight, contributing to higher prices reported by NDPSR. For example, Dairy Market News (USDA Agricultural Marketing Service) reports, "...inventories of aged cheese remain large in the Central region. Fresh cheese, processed cheese and cheese curds are all up in sales and manufacturers report little to no inventories." A relatively tight market for fresh and processed cheese may also explain why the differences between the reported prices of 500-pound barrels and 40-pound blocks have been wider than usual. Barrels are more widely used for processed cheese than blocks.

## Cheddar cheese price difference, 500-pound barrels (adj. 38% moisture) minus 40-pound blocks (2016)

Dollars per pound



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

The USDA National Agricultural Statistics Service (NASS) reported June milk production of 17.8 billion pounds, up 1.5 percent from June 2015. Milk per cow averaged 1,905 pounds, 27 pounds above June 2015. NASS reported milk cow numbers at 9.328 million head, 5,000 more than June 2015.

Both imports and exports increased from May to June. On a milk-fat milk-equivalent basis, imports increased by 22 million pounds, while exports increased by 33 million pounds. On a skim-solids milk-equivalent basis, imports increased by 22 million pounds while exports increased by 85 million pounds. Notably, exports of whey products increased by 11 million pounds from May to June, while exports of NDM and skim milk powder decreased by 3 million pounds.

Domestic demand for dairy products was relatively high in the first half of 2016, 3.0 percent above the first half of 2015 on a milk-fat basis and 3.9 percent higher on a skim-solids basis. In addition to the relatively high stock levels for cheese, ending butter stocks for June remained high, 27.4 percent above June 2015. June ending stocks for NDM were 9.4 percent below the previous year.

### ***Outlook for Feed Prices***

Feed price forecasts for 2015/2016 and 2016/17 have been lowered substantially from last month. The 2015/16 corn price forecast is \$3.55-\$3.65 per bushel. The 2016/17 corn price forecast is \$2.85-\$3.45 per bushel, down \$0.25 from last month at both ends of the range. The estimated 2015/16 soybean meal price is \$325 per short ton. The 2016/17 soybean meal price forecast is \$305-\$345 per short ton, down \$20 at both ends of the range. The national average price for alfalfa hay decreased from \$147 per short ton in May to \$142 in June.

### ***International Dairy Outlook***

A July report by USDA's Foreign Agricultural Service reports that global prices for skim milk powder and whole milk powder have risen recently, likely attributable to lower exportable supplies among several key traders and higher demand in many Asian countries. The 2016 milk production forecast for the top five exporters is about 1 percent above 2015, with year-over-year increases expected for the European Union (EU) and the United States but decreases for Argentina, Australia, and New Zealand. Notably, while EU milk production increased substantially in the first part of 2016, the pace of milk output is expected to decline sharply for the remainder of the year. For more information, see <http://www.fas.usda.gov/data/dairy-world-markets-and-trade>.

### ***Dairy Forecasts for 2016***

The 2016 forecast for milk production has been lowered by 0.3 billion pounds. Based on recent data, the milk per cow forecast is lowered by 10 pounds and 20 pounds per head in the third and fourth quarters, respectively. However, milk cow number forecasts for the second half of 2016 remain unchanged.

Due to larger recent imports of products with high fat content, the 2016 milk-fat basis import forecast has been increased 0.1 billion pounds for the third quarter. The milk-fat basis export forecasts for the third and fourth quarters have been raised by 0.1 billion pounds due to higher expected exports of whole milk powder (WMP). With second-quarter imports higher than expected, the annual forecast has been raised by 0.3 billion pounds. With persistently high stocks of cheese and butter, 2016 ending stocks on a milk-fat basis are forecast 0.2 billion

pounds higher than last month. The 2016 domestic commercial use forecast on a milk-fat basis is 209.3 billion pounds, 0.4 billion pounds lower than last month's forecast.

The forecast for imports on a skim-solids basis is raised by 0.1 billion pounds for 2016. With higher expected exports of WMP and whey products, export forecasts on a skim-solids basis are raised by 0.2 billion pounds in the third quarter and 0.4 billion in the fourth quarter. Stronger domestic cheese demand, in part, is expected to lead to lower stocks on a skim-solids basis than expected last month; skim-solids stocks are now forecast at 13.6 billion pounds for the end of the year. The 2016 domestic commercial use forecast on a skim-solids basis is 180.9 billion pounds, 0.8 billion pounds lower than last month's forecast.

With recent increases in wholesale cheese prices and relatively high expected demand, the cheese price forecasts have been raised to \$1.750-1.780 and \$1.725-\$1.785 per pound in the third and fourth quarters, respectively. Whey prices are forecast slightly higher in the third quarter, \$0.270-0.290 per pound, but are unchanged in the fourth quarter at \$0.265-0.295 per pound. NDM prices are also slightly higher, at \$0.830-0.860 per pound for the third quarter and \$0.825-0.875 for the fourth quarter. Given recent price movements and large stocks, butter prices are forecast lower, at \$2.235-\$2.295 and \$2.185-2.275 per pound in the third and fourth quarters, respectively.

Significantly higher cheese prices result in increased Class III price forecasts, \$16.25-\$16.55 and \$16.00-16.60 per hundredweight (cwt) in the third and fourth quarters, respectively. With the lower butter prices more than offsetting higher NDM prices, Class IV price forecasts have been reduced to \$14.50-14.90 and \$14.25-14.95 per cwt in the third and fourth quarters, respectively. The all-milk price forecasts are raised to \$16.80-17.10 per cwt for the third quarter and \$17.60-18.20 per cwt for the fourth quarter. For the year, the all-milk price forecast is \$16.25-\$16.45 per cwt, up from \$15.55-15.85 forecast last month.

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

As improved returns are expected to result in higher feeding of quality ingredients, the 2017 forecast of yield per cow has been raised by 10 pounds per head. The milk production forecast has been raised to 215.8 billion pounds, 0.2 billion pounds more than forecast last month.

With larger expected imports of products with high milk-fat content, milk-fat basis imports for 2017 are raised to 6.9 billion pounds, 0.2 billion more than forecast last month. The export forecast on a milk-fat basis is unchanged at 8.7 billion pounds. With higher butter stocks expected to continue into 2017, milk-fat basis ending stocks are now predicted to be 13.0 billion pounds, 0.2 billion pounds higher than last month. The milk-fat basis domestic use forecast for 2017 is up to 213.8 billion for the year, an increase of 0.5 billion pounds above last month's forecast.

Imports on a skim-solids basis are unchanged this month, but exports are forecast 0.1 billion pounds higher due to larger expected exports of whey products. Ending stocks are forecast 0.5 billion pounds lower, at 13.3 billion pounds. The domestic use forecast for 2017 is raised 0.4 billion pounds to 184.0 billion.

With higher expected demand and improving international markets, the 2017 price forecasts for cheese, butter, and dry whey are raised to \$1.615-\$1.715, \$1.965-\$2.095, and \$0.285-\$0.315 per pound, respectively. The NDM price forecast is unchanged from last month.

The increase in cheese price and whey price forecasts results in a Class III price forecast raised to \$15.00-16.00 per cwt. With the higher butter price forecast, the Class IV price forecast is



raised to \$13.60-14.70 per cwt. The all-milk price forecast for 2017 is raised to \$16.15-17.15 per cwt, an increase from \$15.70-\$16.70 forecast last month.

### ***Milk Margin Protection Program for Dairy Producers (MPP-Dairy)***

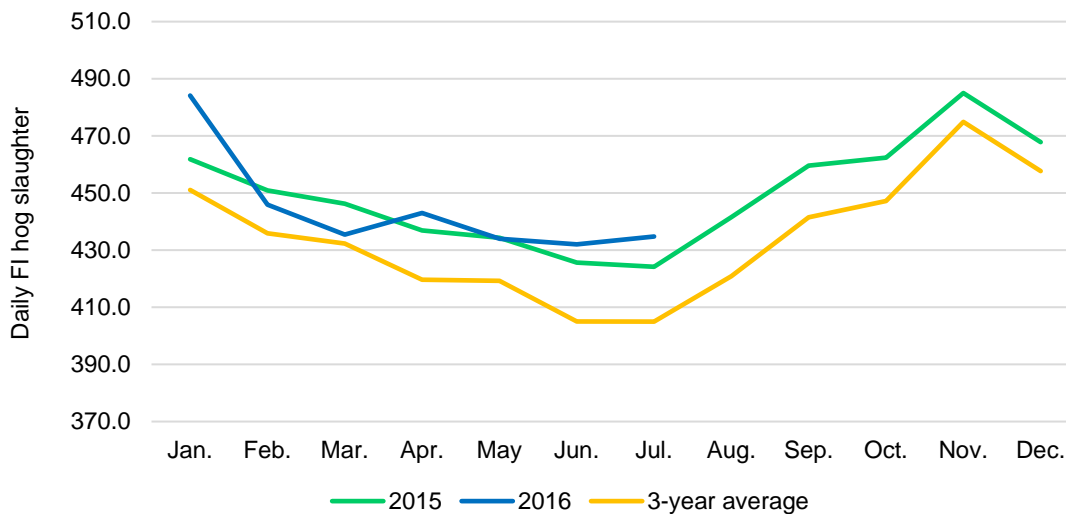
On August 4, 2016, Agriculture Secretary Tom Vilsack announced approximately \$11.2 million in MPP-Dairy payments for the May-June coverage period, the largest since the program began. Dairy farmers who chose coverage at \$6.00 per hundredweight or more were eligible for payments. The enrollment period for 2017, which is currently open, is scheduled to end September 30, 2016. For more information, see <http://www.fsa.usda.gov/programs-and-services/Dairy-MPP/index>.

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## *Pork Production To Begin Seasonal Ramp-Up*

The month of August begins a period in the pork production year where daily hog slaughter starts to increase over the previous month. Larger numbers of slaughter-ready hogs, beginning in the late summer, result from spring pig crops that are typically the largest of the year. The figure below shows that in recent years, increases in hog daily slaughter rates, by month, begin in August and run roughly through November. This year, daily hog slaughter is expected to conform with past years' trends, with June 1 hog inventories in the June 28 *Quarterly Hogs and Pigs* report showing year-over-year increases in weight categories of hogs likely to be slaughtered beginning in late summer/early fall. The June 1 inventories of animals weighing 50-119 pounds and those weighing less than 50 pounds were each 2 percent larger than a year earlier.

### Federally inspected hog slaughter/slaughter days, by month



Source: National Agricultural Statistics Service, USDA.

Third-quarter U.S. commercial pork production is expected to be 6.1 billion pounds, more than 2 percent above the same period last year. Fourth-quarter production is forecast at about 6.6 billion pounds, almost 3 percent higher than a year earlier. Third-quarter prices of live equivalent 51-52 percent lean hogs are expected to average \$49-\$51 per cwt, more than 8 percent lower than a year ago. Fourth-quarter hog prices are expected to average \$40-\$42 per cwt, also more than 8 percent below the fourth quarter of 2015.

### *Second-Quarter Pork Exports Lower*

Second-quarter pork exports, at 1.32 billion pounds, were about 1 percent lower than a year ago. The summary of the 10 most important foreign destinations for U.S. pork (below) shows exports to most major foreign destinations decreased compared to a year ago. The exchange-rate value of the U.S. dollar remains the most likely factor dragging exports down. The Federal Reserve's broad dollar index, depicted below, shows the relative exchange-rate value of the U.S. dollar, weighted by trade shares of major trading partners. Because a higher valued dollar raises the price of U.S. goods in foreign markets, it is likely that foreign buyers are buying less U.S. pork due to its higher cost. Price-sensitive markets such as Mexico are particularly vulnerable to the higher valued U.S. dollar. So far in 2016, the Mexican peso price

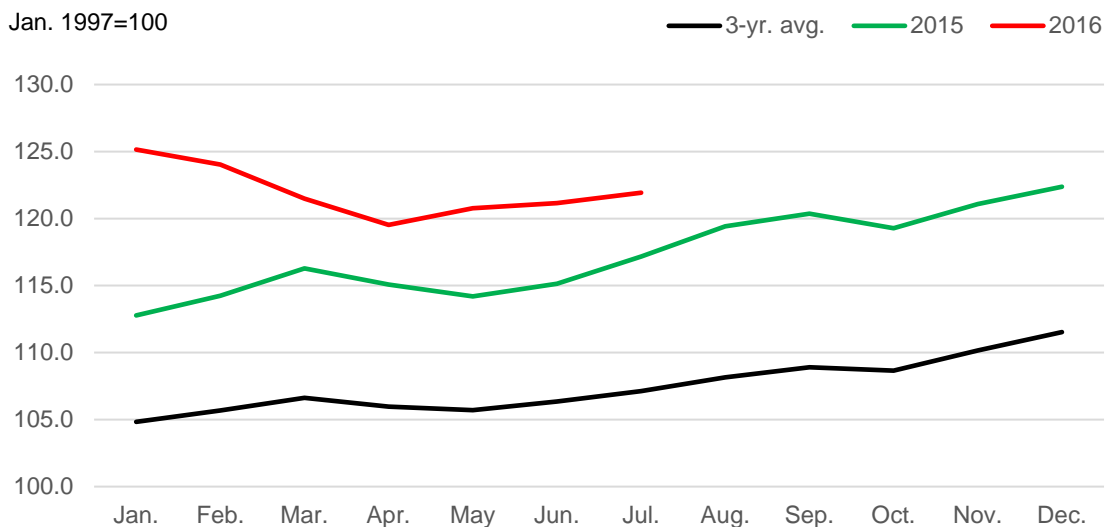
of U.S. dollars has increased more than 14 percent compared to average values in 2015. Second-quarter exports to Mexico are 3.6 percent lower than a year ago.

### U.S. pork exports: Volumes and unit values of the 10 largest foreign destinations, second quarter 2015, 2016.

Rank	Country	Exports Apr-Jun 2015	Exports Apr-Jun 2016	Percent change	Unit value Apr-Jun 2015	Unit value Apr-Jun 2016
		(mil. lbs)	(mil. lbs)	(2016/2015)	\$/lb	\$/lb
	<b>World</b>	1,334	1,320	-1.0	1.02	1.02
<b>1</b>	<b>Mexico</b>	372	358	-3.6	0.71	0.75
<b>2</b>	<b>Japan</b>	365	304	-16.6	1.25	1.31
<b>3</b>	<b>China\Hong Kong</b>	106	235	120.4	0.76	0.68
<b>4</b>	<b>Canada</b>	125	131	5.5	1.92	1.94
<b>5</b>	<b>South Korea</b>	152	99	-35.1	0.88	0.91
<b>6</b>	<b>Australia</b>	55	54	-2.1	0.89	0.88
<b>7</b>	<b>Colombia</b>	29	21	-25.2	0.84	0.78
<b>8</b>	<b>Honduras</b>	16	20	21.8	0.70	0.62
<b>9</b>	<b>Dominican Republic</b>	20	19	-6.9	0.79	0.71
<b>10</b>	<b>Philippines</b>	16	19	15.3	0.95	0.99

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

### Monthly price-adjusted broad dollar index

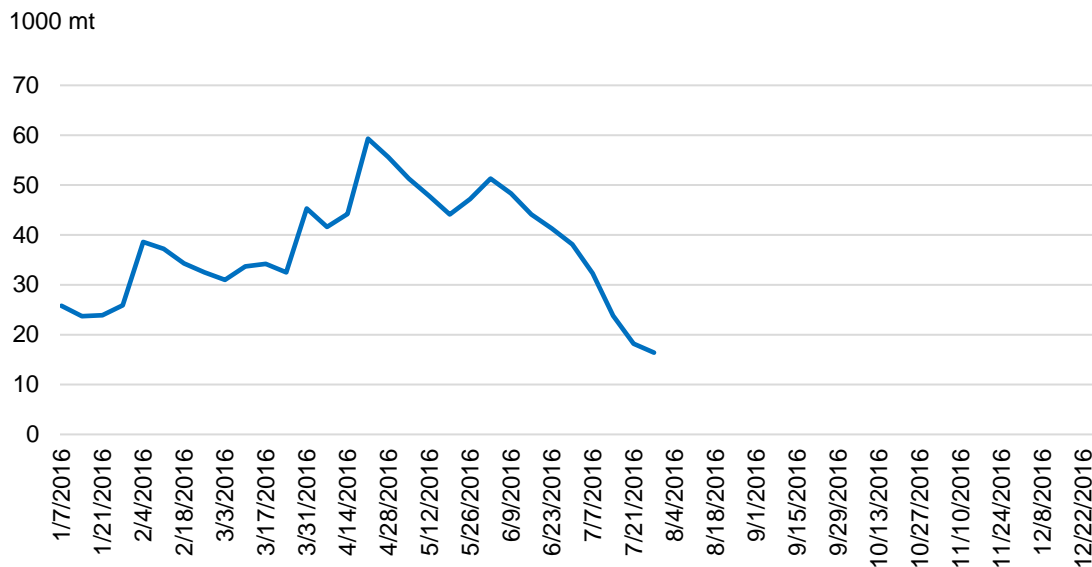


Source: Board of Governors of the Federal Reserve System.

U.S. pork exports to China, so far in 2016, are helping to offset lower shipments elsewhere. In June, U.S. shipments to China—58 million pounds—were almost two-and-a-half times greater than a year earlier. Second-quarter exports to China were more than double the same period last year. As indicated in the table, China\Hong Kong is now the third largest foreign buyer of U.S. pork. Recent forward export sales data, available from USDA's Foreign

Agricultural Service, <http://apps.fas.usda.gov/export-sales/esrd1.html>, suggest slower shipments to China since June.

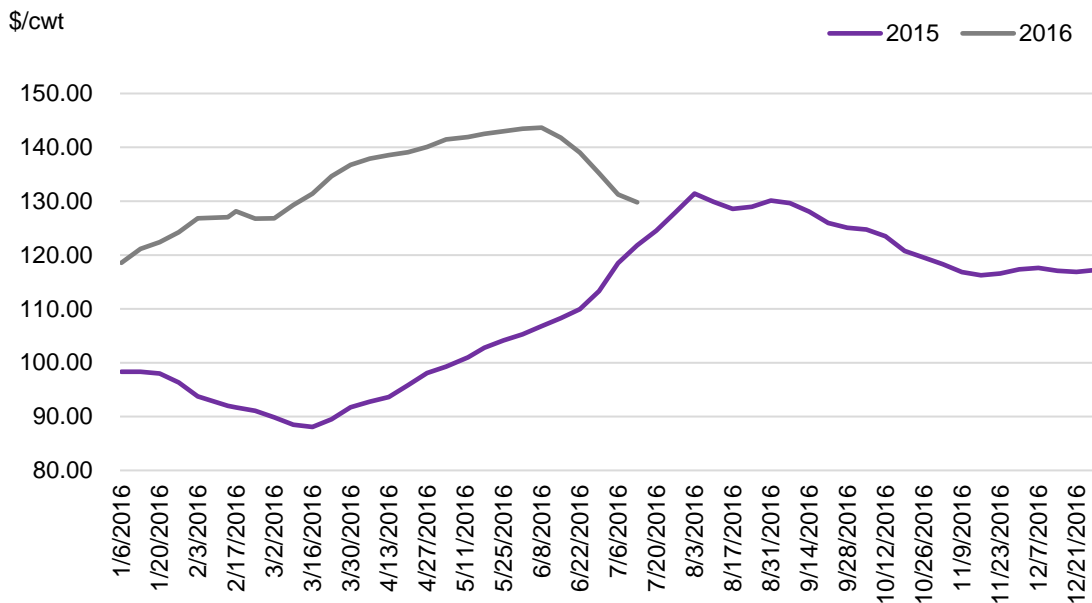
### 2016 weekly pork export sales to China: Fresh, chilled, or frozen muscle cuts



Source: Foreign Agriculture Service, U.S. Dept. of Agriculture.

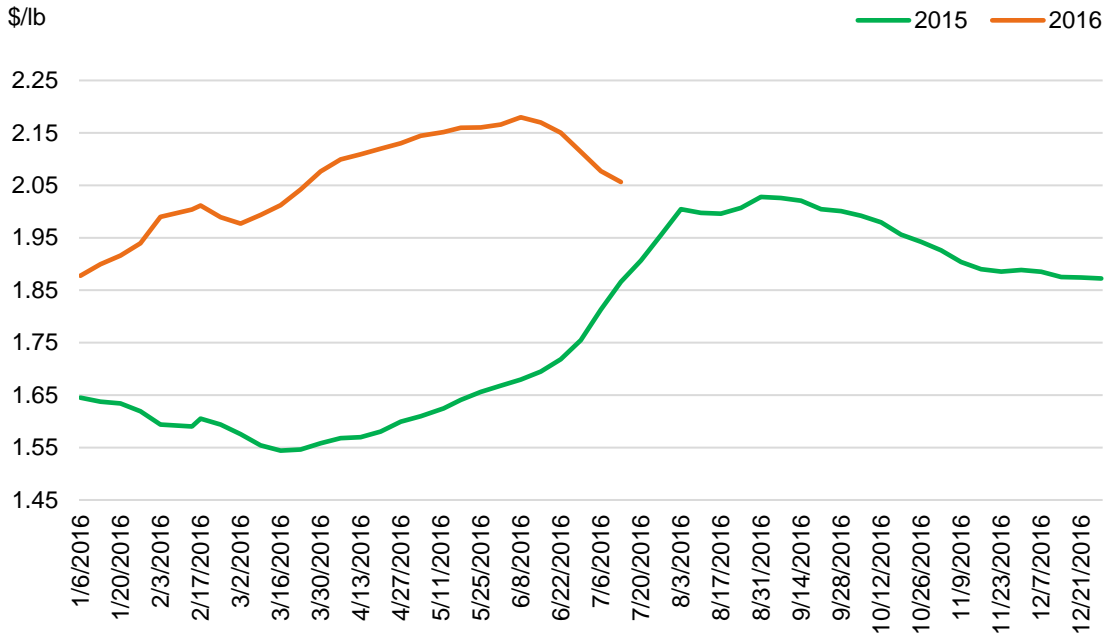
On the other hand, Chinese prices of hogs and pork suggest that while a peak was likely achieved in June, prices remain significantly higher than they were before markets signaled lower available quantities of hogs and pork products.

### China: Weekly hog prices, 2015- July 13, 2016



Source: China Ministry of Agriculture.

## China: Weekly pork prices, 2015-July 13, 2016



Source: China Ministry of Agriculture.

As the U.S. pork industry enters the period of accelerated seasonal production, it is likely that ensuing lower product prices will help support foreign import demand for U.S. pork. Third-quarter pork exports are expected to be nearly 1.3 billion pounds, almost 9 percent greater than the same period a year ago. In the fourth quarter, U.S. pork exports are expected to be 1.4 billion pounds, more than 10 percent higher than the same period a year ago.

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# Poultry

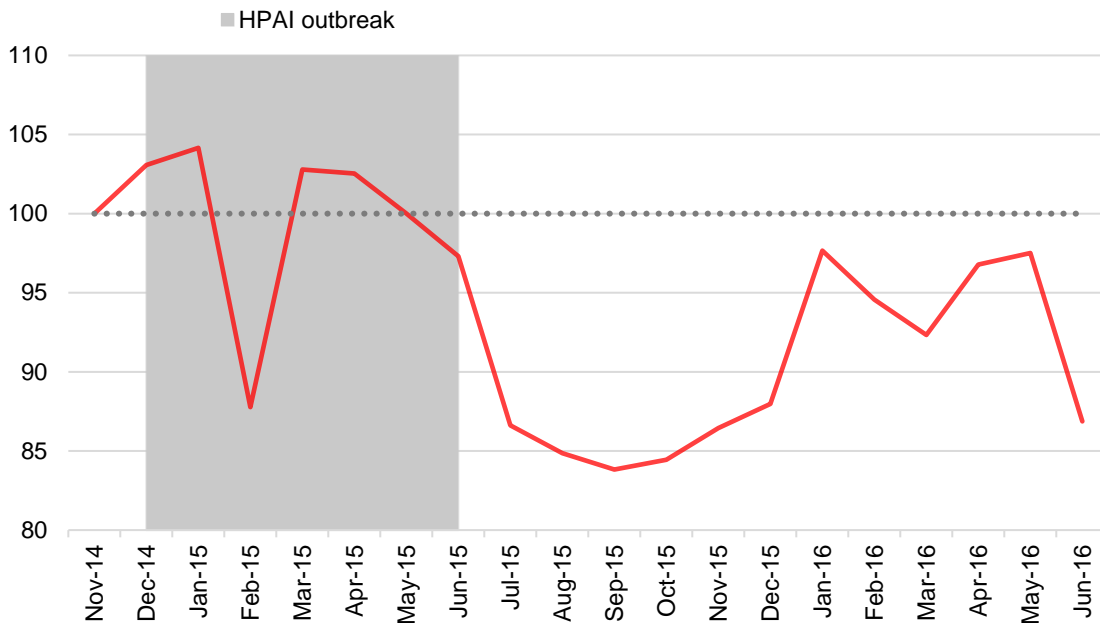
## Broilers

The national composite price for whole broilers at wholesale has been down every week since mid-July, reaching \$0.80 per pound for the week ending August 13. Prices had been nearing \$1.00 per pound during much of June. This seasonal dip will likely continue into the fourth quarter, and the third- and fourth-quarter forecasts are now \$0.84-\$0.86 and \$0.81-\$0.87 per pound, respectively. Despite expectations of a record corn crop and higher soybean meal production, producer margins will be negatively impacted by lower broiler prices, and the fourth-quarter production forecast was lowered by 65 million pounds.

Downward pressure on prices is also expected to result from higher month-ending stocks in the third and fourth quarters. Broiler meat in cold storage was higher than expected on June 30, leading to upward revision of year-ending stocks to 775 million pounds.

June 30 stocks may have been elevated due to poor export performance in June, with exports down to the lowest level since January. The export index shown below is normalized to the pre-HPAI period 2012-2014 (with deseasonalized data), showing that June export performance was poor relative to the modest 2016 recovery seen before then.

Monthly export volume index from November 2014 to date\*



Source: USDA, Economic Research Service.

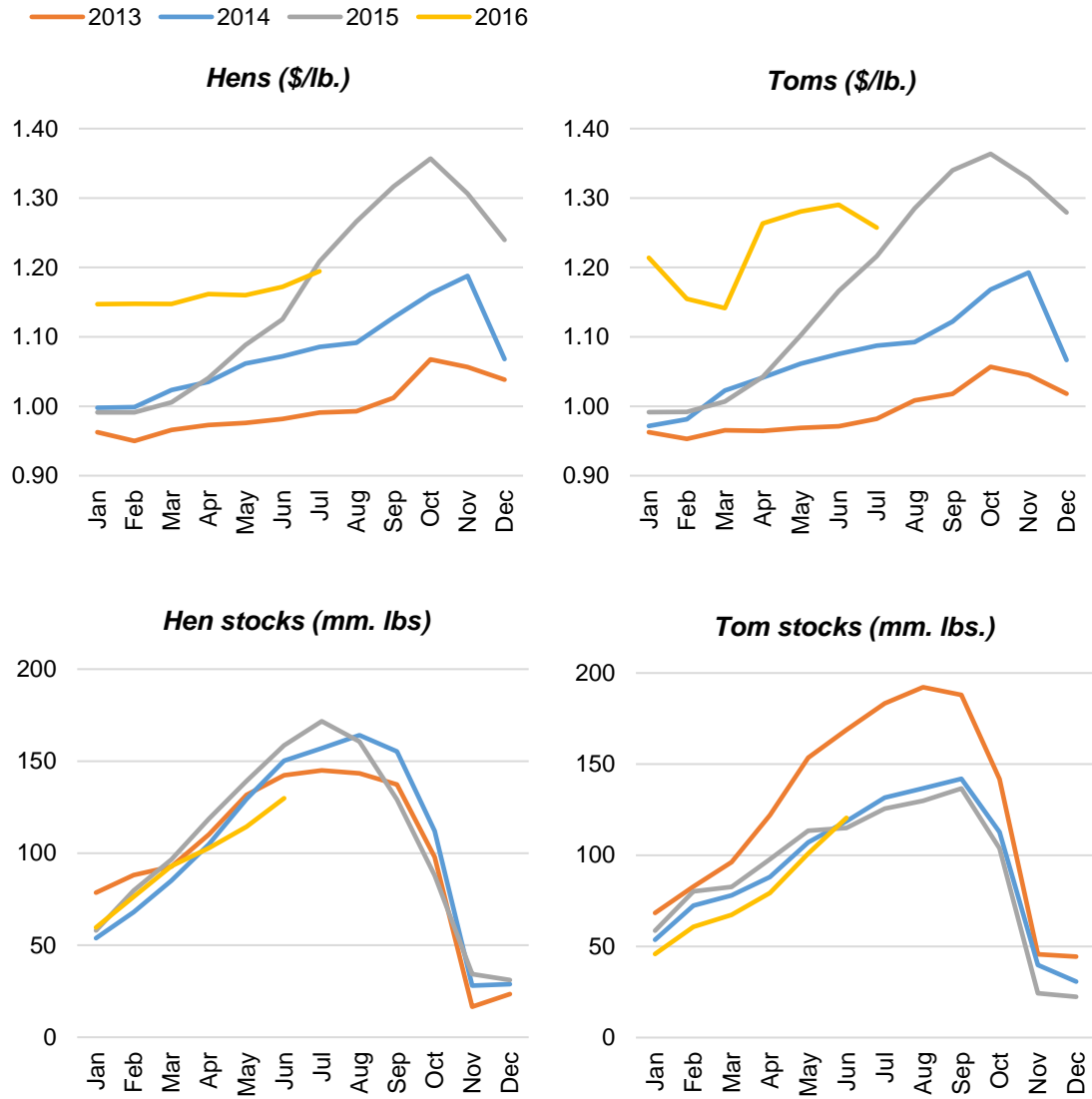
\*November 2014 =100. Data is deseasonalized with 2012-2014 averages by month to present nonseasonal variation.

## Turkeys

Second-quarter production of turkey meat was the highest since 2008 for the quarter, and all turkey in cold storage as of June 30 was the highest since 2013. Despite the appearance of high production and stock levels, whole bird prices for toms and hens are still elevated from pre-HPAI levels. Month-ending stock data for these specific products has been low throughout this year (see figures below). Toms did surpass 2014-2015 stock levels on June 30, but the

trend for whole bird stocks has been low, as indicated by recent stronger-than-expected prices. The frozen hen price forecast was raised for the third quarter to \$1.17-\$1.21 per pound.

*Wholesale prices and month-ending stocks for frozen hens and toms, 2013 to date*



Source: USDA, Agricultural Marketing Service.

**Table Egg Production Above 2015 but Down from 2014**

Over the last 2 months, the size of the table egg production flock has grown to well above the previous year, which was lower due the Highly Pathogenic Avian Influenza (HPAI) outbreak. In June the table egg flock averaged 301 million birds, 9.8 percent higher than the previous year but 2 percent lower than in June of 2014. During the second quarter of 2016, table egg production was 1.8 billion dozen, up 5 percent from the same period in 2014. Table egg production is expected to continue at a much higher year-over-year level in the second half of 2016 (up 9 percent) to 3.7 billion dozen. However, this is down 2 percent from the second half of 2014 as current low wholesale egg prices are not giving producers an incentive to expand production.

The number of broiler-type hens producing eggs for hatching was down slightly from May, with June's estimate at 55 million birds, 1 percent lower than June 2015 but 2 percent higher than June 2014. Over the first half of 2014, the number of broiler-type hens producing hatching eggs averaged 55 million, marginally higher than in the same period in 2015. With the small increase in the size of the broiler-type hatching flock, combined with an increase in the average rate of lay over the first half of 2016, the number of broiler-type eggs produced for hatching over the first half of 2016 was 1.5 percent higher than the previous year. However, broiler-type eggs for hatching have been lower than the previous year in the last 2 months. Production of broiler-type eggs for hatching is expected to only be slightly higher over the second half of 2016 as low prices for many broiler products have diminished incentives for broiler integrators to expand production, even with a prospect of lower feed costs.

### ***Egg Prices in July Down from Both 2015 and 2014***

Wholesale prices in the New York market for one dozen grade A large eggs in July averaged only \$0.75 per dozen, a decrease of 66 percent from the previous year. While comparisons with the previous year are distorted due to the HPAI-induced production declines and the resulting sharp increase in prices, this price is also down 45 percent from the average in July 2014. Prices in early August have declined further to upper-50-to-low-60-cents per dozen. Even with production forecast lower in second-half 2016 compared with second-half 2014, prices are expected to remain at fairly depressed levels through the remainder of 2016. Wholesale prices in the New York market for a dozen Grade A large eggs are forecast at \$0.69-\$0.71 per dozen in third-quarter 2016 and \$0.82-\$0.88 in the fourth quarter. The price estimates for 2017 are somewhat higher, but annual prices are only forecast to average \$0.94-\$1.02 per dozen, partly due to increases in other protein products.

### ***Egg Trade Still Down***

In June, total egg exports were the equivalent of 19.7 million dozen, 12 percent lower than the previous year. Almost all of the decline was due to lower shipments of shell eggs, mainly a result of an 80-percent decline in shell egg shipments to Canada.

The lower exports in June brought total egg exports in second-quarter 2016 to the equivalent of 62.6 million dozen (shell eggs and egg products). This is down 24 percent from the previous year and somewhat lower than previous estimates. The second-quarter decline in exports was divided between lower exports of shell eggs and egg products. Compared to the previous year, shell egg exports fell 21 percent and egg product shipments to other countries declined by 30 percent.

With expected continued declines in egg exports, even with much lower domestic prices, the forecasts for the remainder of 2016 and for 2017 were reduced. The forecast for the second half of 2016 was lowered to 155 million dozen, down 20 million dozen from the previous forecast. The forecast for 2017 was also lowered by 20 million dozen to 335 million.

Due to revisions to Census estimates, the egg export figures for 2013, 2014, and 2015 were also revised. The total for 2013 was increased by 16 million dozen to 388 million. In 2014, the total for the year was lowered by 15 million dozen to 379 million. There was also a small correction (down 3 million dozen) to the 2015 estimate, which left the total at 314 million dozen.

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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	II	Annual		
<b>Production, million lb</b>																									
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	6,187	<b>6,480</b>	<b>6,360</b>	<b>24,962</b>	<b>6,050</b>	<b>6,470</b>	<b>25,800</b>		
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	5,962	<b>6,090</b>	<b>6,625</b>	<b>24,907</b>	<b>6,260</b>	<b>6,065</b>	<b>25,510</b>		
Lamb and mutton	38	41	40	38	156	37	43	38	38	156	38	39	37	37	150	38	39	<b>37</b>	<b>39</b>	<b>153</b>	<b>38</b>	<b>40</b>	<b>154</b>		
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	10,247	<b>10,500</b>	<b>10,210</b>	<b>40,996</b>	<b>10,250</b>	<b>10,550</b>	<b>42,060</b>		
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	1,520	<b>1,475</b>	<b>1,555</b>	<b>5,985</b>	<b>1,445</b>	<b>1,525</b>	<b>6,135</b>		
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	24,110	<b>24,730</b>	<b>24,939</b>	<b>97,610</b>	<b>24,193</b>	<b>24,814</b>	<b>100,296</b>		
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	1,796	<b>1,810</b>	<b>1,850</b>	<b>7,218</b>	<b>1,795</b>	<b>1,810</b>	<b>7,355</b>		
<b>Per capita disappearance, retail lb 1/</b>																									
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	13.9	<b>14.0</b>	<b>13.7</b>	<b>55.3</b>	<b>13.3</b>	<b>14.2</b>	<b>55.6</b>		
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	11.8	<b>12.2</b>	<b>13.3</b>	<b>49.8</b>	<b>12.5</b>	<b>12.0</b>	<b>50.8</b>		
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	<b>0.2</b>	<b>0.3</b>	<b>1.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.90</b>		
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	22.7	<b>23.1</b>	<b>22.0</b>	<b>90.3</b>	<b>22.6</b>	<b>23.0</b>	<b>91.6</b>		
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	3.9	<b>4.1</b>	<b>5.0</b>	<b>16.6</b>	<b>3.6</b>	<b>3.8</b>	<b>16.8</b>		
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	52.9	<b>54.0</b>	<b>54.7</b>	<b>214.5</b>	<b>52.7</b>	<b>53.7</b>	<b>217.3</b>		
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	66.1	<b>65.9</b>	<b>66.8</b>	<b>265.0</b>	<b>64.9</b>	<b>65.3</b>	<b>264.8</b>		
<b>Market prices</b>																									
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	127.68	<b>116-120</b>	<b>118-126</b>	<b>124-127</b>	<b>117-127</b>	<b>119-129</b>	<b>118-128</b>		
Feeder steers, Ok City, \$/cwt	141.36	133.12	152.08	161.69	147.06	168.49	188.64	220.90	234.25	203.07	210.31	219.65	208.11	173.59	202.92	155.83	146.49	<b>142-146</b>	<b>147-155</b>	<b>148-151</b>	<b>152-162</b>	<b>146-156</b>	<b>150-160</b>		
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	75.87	<b>70-74</b>	<b>69-77</b>	<b>72-75</b>	<b>70-80</b>	<b>80-90</b>	<b>79-89</b>		
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	136.15	<b>133-137</b>	<b>134-142</b>	<b>134-137</b>	<b>125-135</b>	<b>120-130</b>	<b>122-132</b>		
Natl 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	41.63	53.71	<b>49-51</b>	<b>40-42</b>	<b>47-48</b>	<b>40-44</b>	<b>45-49</b>	<b>42-45</b>		
Broilers, 12 City, cents/lb	105.50	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	93.00	<b>84-86</b>	<b>81-87</b>	<b>86-88</b>	<b>83-89</b>	<b>85-93</b>	<b>85-92</b>		
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	116.50	<b>117-121</b>	<b>116-124</b>	<b>116-119</b>	<b>107-115</b>	<b>108-118</b>	<b>111-120</b>		
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	67.90	<b>69-71</b>	<b>82-88</b>	<b>85-87</b>	<b>77-83</b>	<b>96-104</b>	<b>94-102</b>		
<b>U.S. trade, million lb</b>																									
Beef & veal exports	557	636	716	680	2,589	583	667	679	644	2,573	523	606	542	594	2,266	534	621	<b>660</b>	<b>635</b>	<b>2,450</b>	<b>550</b>	<b>650</b>	<b>2,530</b>		
Beef & veal imports	590	629	515	516	2,250	597	767	765	818	2,947	876	991	890	613	3,270	793	832	<b>695</b>	<b>635</b>	<b>2,955</b>	<b>650</b>	<b>775</b>	<b>2,600</b>		
Lamb and mutton imports	49	44	36	44	173	46	49	45	55	195	53	56	46	59	213	68	55	<b>52</b>	<b>56</b>	<b>231</b>	<b>50</b>	<b>47</b>	<b>188</b>		
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	1,320	<b>1,275</b>	<b>1,400</b>	<b>5,218</b>	<b>1,250</b>	<b>1,325</b>	<b>5,300</b>		
Pork imports	208	210	229	233	880	212	240	256	299	1,008	278	264	269	300	1,111	293	257	<b>285</b>	<b>315</b>	<b>1,150</b>	<b>295</b>	<b>265</b>	<b>1,160</b>		
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	1,607	<b>1,725</b>	<b>1,770</b>	<b>6,675</b>	<b>1,685</b>	<b>1,755</b>	<b>6,995</b>		
Turkey exports	179	182	198	202	760	163	188	223	231	805	154	123	125	131	533	115	140	<b>165</b>	<b>185</b>	<b>605</b>	<b>150</b>	<b>155</b>	<b>670</b>		
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	1,405	<b>1,465</b>	<b>1,520</b>	<b>5,865</b>	<b>1,490</b>	<b>1,375</b>	<b>5,880</b>		

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 8/16/2016

## Dairy Forecasts

	2015			2016					2017		
	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Milk cows (thousands) 1/	9,315	9,321	9,317	9,319	9,327	9,320	9,320	9,320	9,330	9,330	9,335
Milk per cow (pounds)	5,549	5,503	22,394	5,692	5,827	5,625	5,610	22,755	5,725	5,925	23,105
<b>Milk production (billion pounds)</b>	51.7	51.3	208.6	53.0	54.4	52.4	52.3	212.1	53.4	55.3	215.8
Farm use	0.2	0.2	1.0	0.2	0.2	0.2	0.2	1.0	0.2	0.2	1.0
Milk marketings	51.4	51.1	207.7	52.8	54.1	52.2	52.0	211.1	53.2	55.0	214.9
<b>Milkfat (billion pounds milk equiv.)</b>											
Milk marketings	51.4	51.1	207.7	52.8	54.1	52.2	52.0	211.1	53.2	55.0	214.9
Beginning commercial stocks	15.6	14.1	11.2	13.3	15.6	18.0	15.3	13.3	13.7	15.0	13.7
Imports	1.5	1.6	5.7	2.1	1.6	1.6	1.7	7.1	1.7	1.7	6.9
Total supply	68.6	66.7	224.6	68.3	71.3	71.8	69.1	231.5	68.6	71.7	235.4
Commercial exports	2.1	1.8	8.8	2.2	2.2	2.1	2.0	8.5	2.0	2.3	8.7
Ending commercial stocks	14.1	13.3	13.3	15.6	18.0	15.3	13.7	13.7	15.0	17.3	13.0
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	52.4	51.6	202.5	50.4	51.1	54.4	53.4	209.3	51.5	52.1	213.8
<b>Skim solids (bilion pounds milk equiv.)</b>											
Milk marketings	51.4	51.1	207.7	52.8	54.1	52.2	52.0	211.1	53.2	55.0	214.9
Beginning commercial stocks	14.6	14.0	13.1	13.9	14.7	15.4	14.2	13.9	13.6	13.5	13.6
Imports	1.4	1.6	6.0	1.6	1.6	1.6	1.7	6.6	1.5	1.5	6.3
Total supply	67.5	66.6	226.7	68.3	70.4	69.2	68.0	231.6	68.3	70.1	234.7
Commercial exports	9.1	8.7	37.3	8.5	9.7	9.5	9.4	37.1	9.0	9.7	37.4
Ending commercial stocks	14.0	13.9	13.9	14.7	15.4	14.2	13.6	13.6	13.5	14.3	13.3
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic commercial use	44.3	44.1	175.5	45.2	45.3	45.4	45.0	180.9	45.8	46.0	184.0
<b>Milk prices (dollars/cwt) 2/</b>											
All milk	16.97	17.73	17.12	15.70	14.77	16.80	17.60	16.25	16.10	15.45	16.15
						-17.10	-18.20	-16.45	-17.00	-16.45	-17.15
Class III	16.14	15.07	15.80	13.75	13.20	16.25	16.00	14.80	14.55	14.75	15.00
						16.55	-16.60	15.00	-15.45	-15.75	-16.00
Class IV	13.71	16.28	14.35	13.18	13.18	14.50	14.25	13.75	13.45	13.15	13.60
						-14.90	-14.95	-14.05	-14.45	-14.25	-14.70
<b>Product prices (dollars/pound) 2/</b>											
Cheddar cheese	1.718	1.634	1.645	1.517	1.454	1.750	1.725	1.610	1.575	1.590	1.615
						1.780	-1.785	1.630	-1.665	-1.690	-1.715
Dry whey	0.316	0.233	0.380	0.243	0.252	0.270	0.265	0.255	0.275	0.285	0.285
						-0.290	-0.295	-0.275	-0.305	-0.315	-0.315
Butter	2.135	2.648	2.067	2.067	2.080	2.235	2.185	2.140	1.960	1.935	1.965
						-2.295	-2.275	2.180	-2.080	-2.065	-2.095
Nonfat dry milk	0.794	0.841	0.902	0.766	0.760	0.830	0.825	0.795	0.845	0.825	0.865
						-0.860	-0.875	-0.815	-0.915	-0.895	-0.935

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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