



Economic Research Service

Situation and Outlook

LDP-M-280

October 18, 2017

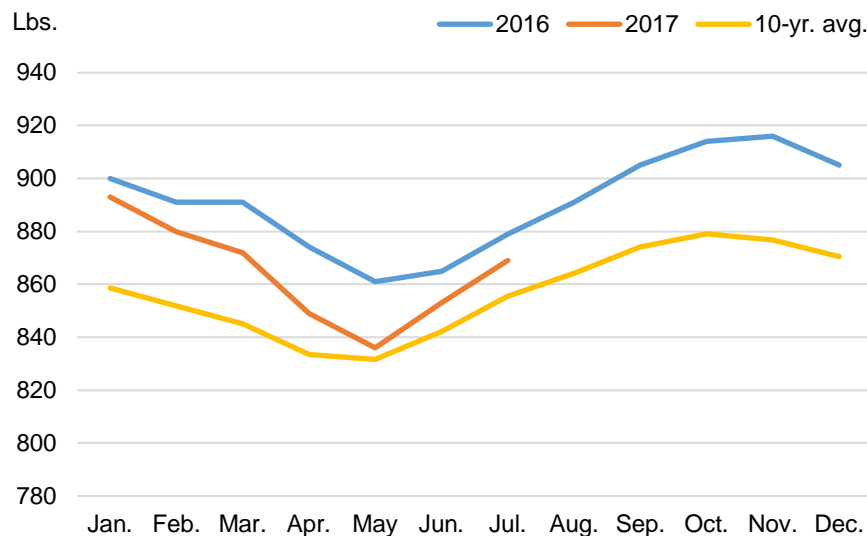
# Livestock, Dairy, and Poultry Outlook

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## Seasonality of Steer Slaughter Weights: A Complex Mix of Biology, Weather, and Prices

Seasonality of steer slaughter weights is largely determined by biological factors and weather impacts on animal performance. The long-term trend is for year-over-year increases in carcass weights, due to improvements in genetics and modern production systems. For slaughter steers, several factors interact to influence year-over-year changes in carcass weights, including producers' responses to market prices of outputs and inputs (feedstuff and feeder animal); weights and ages at which animals are placed into feedlots; and animals' biological responses to abnormal weather. Slaughter steer weights tend to increase beginning in late-spring, then decline from late fall into the early spring months. Cattle's weights and ages when they are placed on feed—either seasonally or because of factors like deteriorating pasture and range conditions— influence the final carcass weights. Heavier and older yearling steers entering the feedlot production stage have larger carcasses than young calves. Because of aggressive marketing of slaughter-ready animals in feedlots, steer weights in 2017 are lower than they were a year ago. Cattle feeders were aggressive sellers of slaughter-ready animals, and packers were willing buyers due to strong margins. Still, steer weights remain above their 10-year average, a period in which 2011-13 corn prices averaged more than \$6 per bushel.

### Dressed weights: F.I. steers



Source: USDA, Agricultural Marketing Service.

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Tables will be released on October 27, 2017

The next Outlook Report release is November 16, 2017

Approved by the World Agricultural Outlook Board.

**Cattle/Beef:** Commercial beef production for 2017 is reduced marginally on expected fourth-quarter dressed weights. Beef production in 2018 is incrementally higher based on expected fed cattle marketings. In the outlying quarters, feeder steer prices are forecast upward on the strength of demand by cattle feeders and backgrounders. Beef import and export forecasts are higher for 2017 and 2018 on strong domestic demand and the competitiveness of U.S. beef overseas. Cattle imports are also adjusted higher for 2017 and 2018.

**Dairy:** Due to higher expected milk production per cow, forecasts for milk production have been increased from last month's forecast. Export forecasts have been raised on both the milk-fat and skim-solids milk-equivalent bases. While price forecasts for cheese have been raised from last month's forecasts, price forecasts for butter, nonfat dry milk, and dry whey have been lowered. The 2017 all-milk price forecast is \$17.75-\$17.85 per hundredweight (cwt), unchanged from the previous forecast at the midpoint of the range. The all-milk price forecast for 2018 is \$17.45-\$18.35 per cwt, a reduction from \$17.55-\$18.55 forecast last month.

**Pork/Hogs:** Large hog numbers reported in the September *Quarterly Hogs and Pigs* with resulting rise in pork production is expected to put downward pressure on hog prices for the rest of 2017 and into 2018 despite strong export demand.

**Poultry:** Forecast broiler production was increased because of the strong pace of slaughter and solid bird availability. Egg prices were increased for the remainder of the year as recent prices have continued to surpass prior expectations. 2017 Turkey production is increased by 10 million pounds to 6.008 billion pounds, and 2018 production is reduced by 40 million pounds to 6.140 billion. The reductions in the forecasts are the result of declining hatchery placements in response to sustained low prices relative to history.

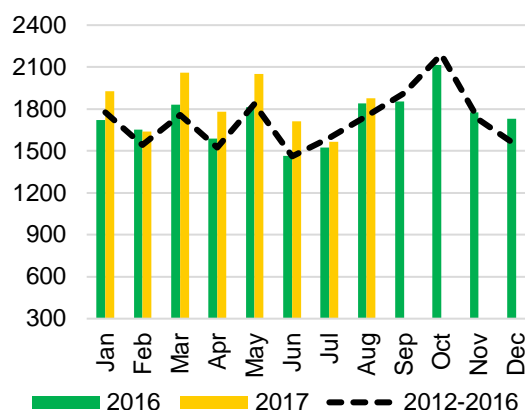
## Cattle / Beef

### Higher Fed Cattle Weights To Lift Production in 2018

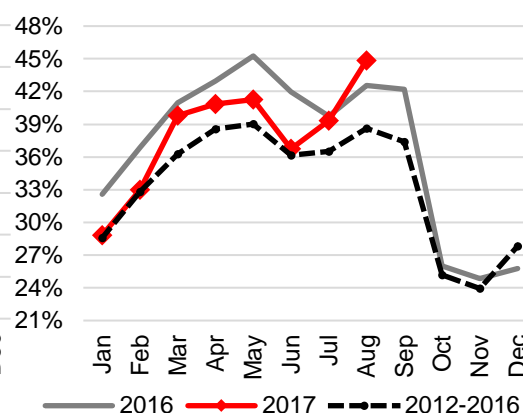
The 2017 U.S. commercial beef production forecast was lowered slightly from last month to 26.6 billion pounds. Beef production in 2018 is projected up 20 million pounds from last month to 27.3 billion pounds on heavier fed cattle weights during the year. These heavier weights largely reflect the likelihood of increased overall placements of heavier cattle because forage conditions in some parts of the country are expected to offer cow-calf operators and backgrounders more flexibility in timing the sales of calves.

#### Monthly net placements\*

'000 head



#### Percent of cattle placed over 800 pounds\*



\*In feedlots with 1,000-head or greater capacity

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

According to the NASS *Cattle on Feed* report for August, placements<sup>1</sup> were up about 3 percent, and marketings were 6 percent higher year over year. The placement of calves over 800 pounds was up 8.1 percent, and the proportion of these heavier weights to all cattle placed was the highest for August since the series began in 1996. The availability of winter pasture is expected to shift some fall placements to late winter and spring 2018. These first-half placements are likely to be marketed in the second half, supporting larger year-over-year second-half beef production. Placements during the first half of 2018 will likely be above 2017 as supplies of cattle outside feedlots are relatively large.

### Winter Forage Options Support Feeder Calf Prices

Despite the sizable number of cattle outside feedlots, medium-frame feeder steers in Oklahoma City averaged \$148.12 per/cwt in the third quarter, which is \$7.48 higher than the same period last year. Winter grazing opportunities in the Southern Plains are likely encouraging increased demand by stockers, which should support feeder calf prices. Fourth-quarter prices are raised from last month to \$143.00-\$147.00/cwt, reflecting firm demand by both backgrounders and feedlots. First-half 2018 prices are raised from last month as well.

### Large Fourth-Quarter Marketings To Pressure Fed Cattle Prices

For the week ending October 6, wholesale Choice beef prices (LM\_XB 459) averaged \$197.39/cwt, almost 7 percent above 2016 levels. However, prices still remain below 2014 and 2015 levels, reflecting more beef production and competition from abundant supplies of pork and poultry. Large numbers of fed cattle and increases in carcass weights are

<sup>1</sup> In feedlots with 1,000-head or greater capacity.

expected to result in just over 7 percent more beef year over year in the fourth quarter of 2017. This will likely pressure wholesale Choice beef prices.

Recent large supplies of market-ready cattle have prevented the USDA 5-area fed steer price from rebounding off recent lows. In July, the monthly weighted average price for fed steers was \$118.45/cwt and trended lower through September to \$107.11/cwt for a quarterly average of \$112.46/cwt. The third-quarter estimate is slightly below prices last year, but the latest weekly price of \$109.45/cwt (as of October 6) is about 8 percent higher than the same week last year. As a result, fourth-quarter fed steer price is unchanged from last month to \$108.00-\$112.00/cwt, staying above 2016 for the quarter. The forecast for 2018 fed steer prices also remains unchanged.

### ***U.S. Beef Exports for 2017 and 2018 Revised Upwards***

The volume of U.S. beef exports in August 2017 was up 14.7 percent (+34 million pounds) from the same period last year to 264 million pounds. Shipments to major export destinations—Japan, Hong Kong, Canada, and Mexico—were higher during this period. Moreover, cumulative beef exports for January through August 2017 have maintained the pace from last month of 14.5 percent above year earlier levels. The USDA/FAS Export Sales Report indicates a continuation of this export pace in September. U.S. beef exports to Japan during August 2017 were 39 percent higher than the same period last year despite the implementation of the frozen beef safeguards in August. Japanese importers are more than likely substituting frozen beef with chilled beef during the implementation of the safeguards. The forecast for beef exports for 2017 is increased by 50 million pounds from last month to 2.83 billion pounds on stronger than anticipated demand from major export destinations. Beef exports in 2018 are also adjusted higher from last month to 2.91 billion pounds based on the continued competitiveness of U.S. beef.

### ***U.S. Beef Imports Exhibit Strength in August***

August 2017 U.S. beef imports increased 8 percent (+21 million pounds) to 282 million pounds relative to the same period last year. Increases in Australia (+10 million pounds), New Zealand (+7 million pounds), and Mexico (+6 million pounds) offset the decline from Brazil (-3 million pounds). Third-quarter 2017 beef imports are forecast higher (+105 million pounds) from the previous month to 815 million pounds based on the strength of an increased pace of July and August imports and continued relatively strong processing-grade meat prices in September. The “*Weekly Imported Meat Passed for Entry*” (WIMPE) AMS report shows strong beef import data for September. The fourth-quarter 2017 forecast was also increased by 20 million pounds. As a result, the 2017 annual import forecast is 2.96 billion pounds. The 2018 U.S. beef imports forecast is also revised upward from the previous month to 3.03 billion pounds.

### ***U.S. Cattle Imports at Seasonal Lows***

U.S. cattle imports tend to exhibit seasonal patterns whereby the third quarter is the lowest. Although imports during August were only slightly higher year over year, the cumulative pace of imports (January-August) remain about 4 percent ahead of 2016. With larger cattle supplies and relatively high feeder calf prices in the United States, feeder cattle imports from Mexico (400-700 pounds) are expected to be beyond typical fourth-quarter increases for the rest of this year. Moreover, Canada will likely supply more cattle for the remainder of 2017 and 2018 because drought conditions in western Canada are tightening forage supplies. As a result, cattle imports are revised upwards from last month to 1.82 million head in 2017 and 1.92 million head in 2018.

# North American Drought Monitor

August 31, 2017

Released: Wednesday, September 13, 2017

<http://www.ncdc.noaa.gov/temp-and-precip/drought/nadm>

Analysts:  
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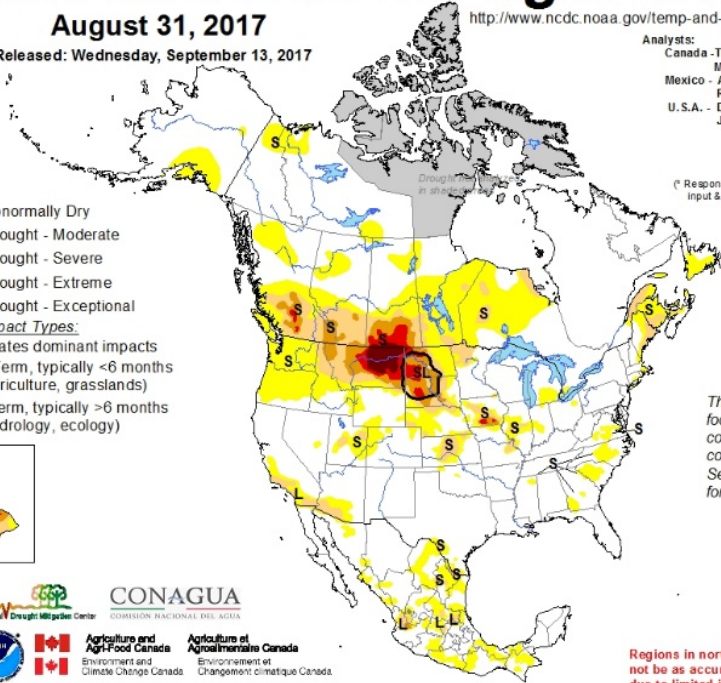
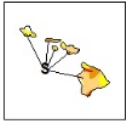
(\* Responsible for collecting analysts' input & assembling the NADM map)

**Intensity**

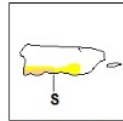
- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

**Drought Impact Types:**

- ~ Delineates dominant impacts
- S = Short-Term, typically <6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months (e.g. hydrology, ecology)



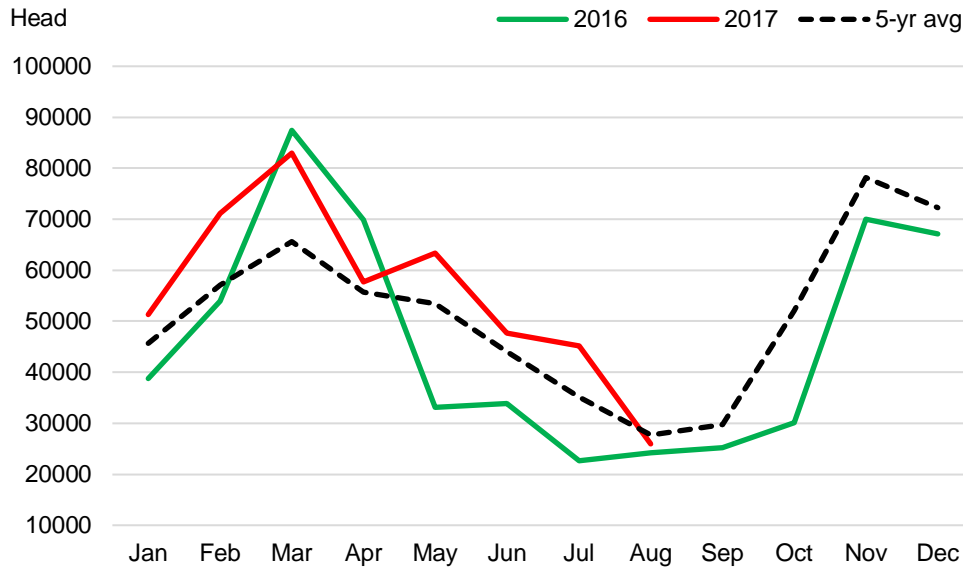
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text for a general summary.



Regions in northern Canada may not be as accurate as other regions due to limited information.

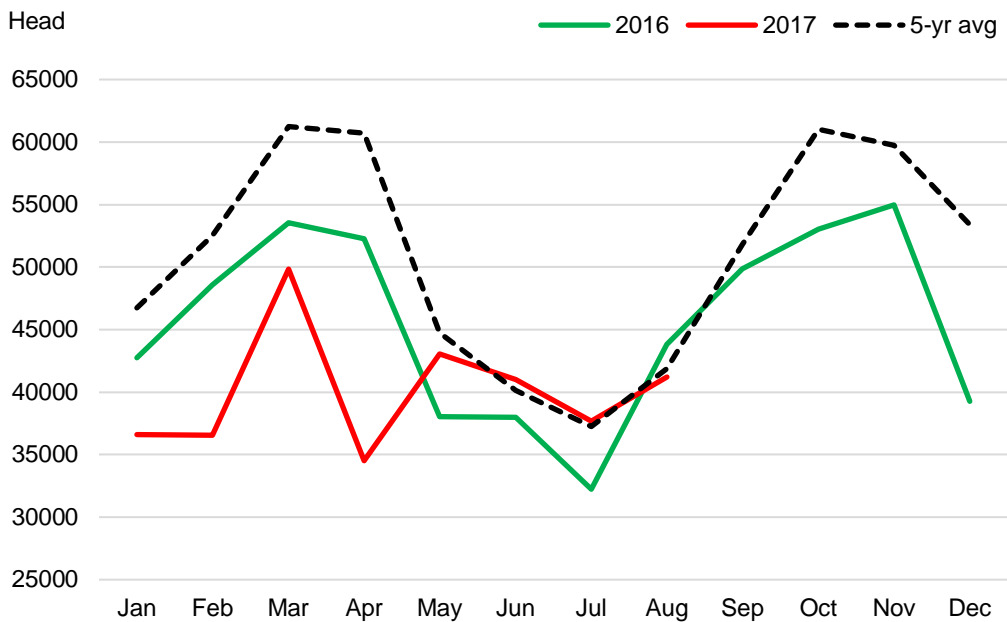
Source: National Oceanic and Atmospheric Administration, National Centers for Environmental Information

## Feeder Cattle Imports from Mexico, 400-700 lbs.



Note: lbs. = pounds  
 Source: U.S. Department of Agriculture, Economic Research Service

### U.S. Cattle Imports from Canada, over 700 lbs. or slaughter



Note: lbs. = pounds  
Source: U.S. Department of Agriculture, Economic Research Service

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## Recent Developments in Dairy Markets

From the week ending September 2 to the week ending October 7, wholesale prices fell for all products reported in the USDA *National Dairy Products Sales Report* (NDPSR). The greatest loss was a 23.3-cent decrease in the price of butter.

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

	For the week ending		Change
	Sept. 2	Oct. 7	
Butter	2.6501	2.4173	-0.2328
Cheddar cheese			
40-pound blocks	1.7325	1.6707	-0.0618
500-pound barrels <sup>1</sup>	1.6755	1.6371	-0.0384
Nonfat dry milk	0.8718	0.8297	-0.0421
Dry whey	0.4294	0.4043	-0.0251

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

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

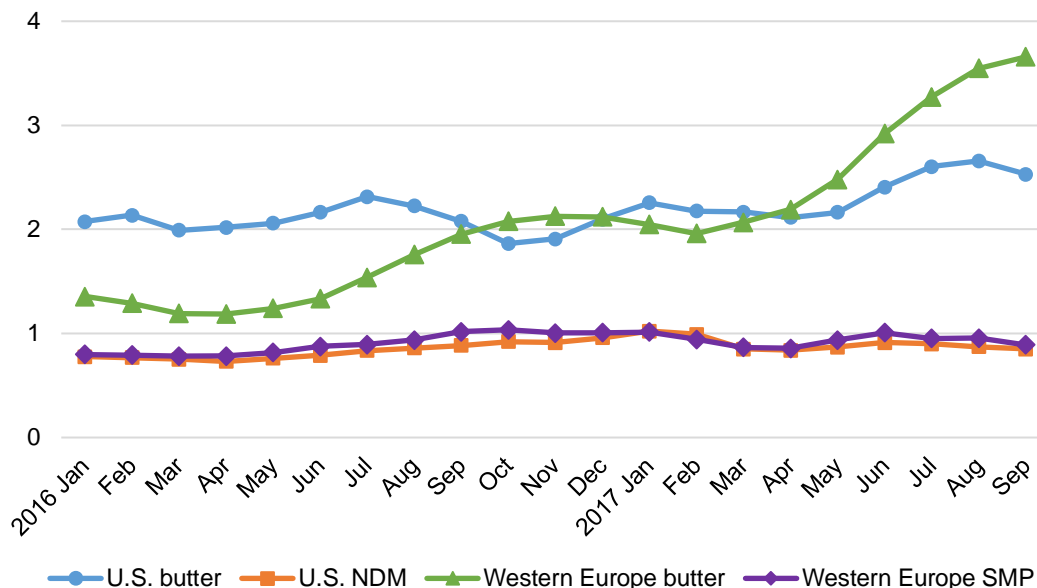
Recent spot prices for cheese traded on the Chicago Mercantile Exchange (CME) have been stronger than NDPSR cheese prices. For the trading week ending October 13, average CME prices of blocks and barrels were \$1.7400 and \$1.6985 per pound, respectively. CME cheese prices are highly correlated with prices reported for the following 2 weeks in the NDPSR. Recent CME spot prices for nonfat dry milk (NDM) have been lower than NDPSR prices. In the trading week ending October 13, there was a sharp midweek decline, and the average CME NDM price for the week was \$0.7890 per pound.

The global market for milk fat has continued to be tight. The September average Western Europe export butter price reached a record high of \$3.65 per pound, and the Oceania price was \$2.82 per pound. Both foreign export prices were higher than the U.S. wholesale domestic price of \$2.53 per pound. For the 2 weeks ending October 13, Western Europe and Oceania export prices for butter remained high but declined to \$3.43 and \$2.66 per pound, respectively. As milk has flowed into production of high milk-fat products, skim solids have become abundant, driving down prices for SMP/NDM. The September Western Europe SMP price averaged \$0.89 per pound at the midpoint of the reported range, and the Oceania price was \$0.88 per pound. The U.S. wholesale domestic price for NDM in September was \$0.85 per pound, a little lower than the foreign export prices.<sup>1</sup>

<sup>1</sup> Foreign export prices are converted from dollars per metric ton to dollars per pound and stated at the midpoints of ranges reported by USDA Dairy Market News. U.S. domestic prices are those used for the Federal milk marketing order system and have been rounded to the nearest cent. While the foreign export prices are for products that may be delivered in subsequent months, U.S. domestic prices are for products that have been shipped with title being transferred.

## Western Europe export prices and U.S. domestic prices for butter and nonfat dry milk/skim milk powder (NDM/SMP)

Dollars per pound



Midpoints of ranges are displayed for foreign export prices. Prices have been converted from dollars per metric ton to dollars per pound.

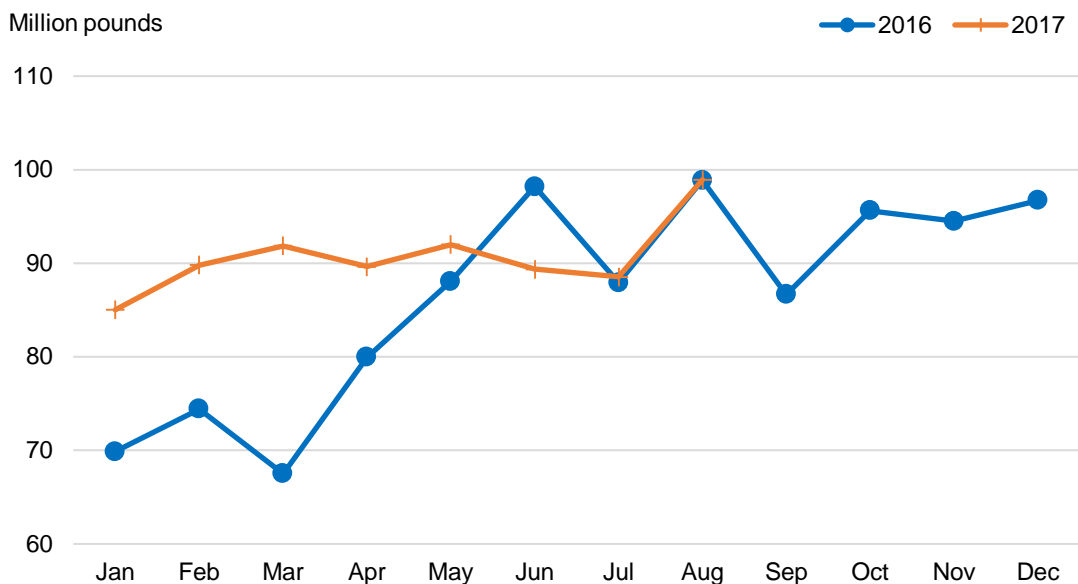
Sources: USDA, Agricultural Marketing Service and USDA, Economic Research Service calculations.

August milk production as reported by the USDA National Agricultural Statistics Service (NASS) totaled 18.050 million pounds, up 2.0 percent from August 2016. Milk cows in August numbered 9.405 million head, 71,000 more than August 2016 but unchanged from July 2017. Production per cow in August averaged 1,919 pounds per head, 24 pounds more than August 2016. Daily average production per cow in August was 61.9 pounds per head. While daily production per cow in 2017 has been higher each month than the same month of 2016, the year-over-year growth rate dipped from 1.6 percent in the first quarter to 1.0 percent in the second quarter, reaching a low point for the year of 0.7 percent in June. In July and August, the year-over-year growth rate rebounded to 1.2 and 1.3 percent, respectively.

Exports on a milk-fat milk-equivalent basis were 860 million pounds in August, 116 million more than July and 213 million pounds more than August 2016. On a skim-solids milk-equivalent basis, August exports were 3.445 billion pounds, 324 million pounds more than July but 116 million less than August 2016. Notably, August cheese exports were 67.0 million pounds, 6.9 million more than July and 17.5 million more than August 2016. Mexico has been the leading destination for cheese exports. Whey product exports increased significantly from July to August. The estimated aggregate skim-solids content of dry whey, whey protein concentrate, modified whey, milk albumin, and fluid whey was 99 million pounds in August, 10 million pounds more than July but about the same as August 2016. China has been the leading destination of U.S. whey product exports.



## Exports of skim-solids content of whey products



Products included in the aggregation include dry whey, whey protein concentrate, modified whey, milk albumin, and fluid whey.

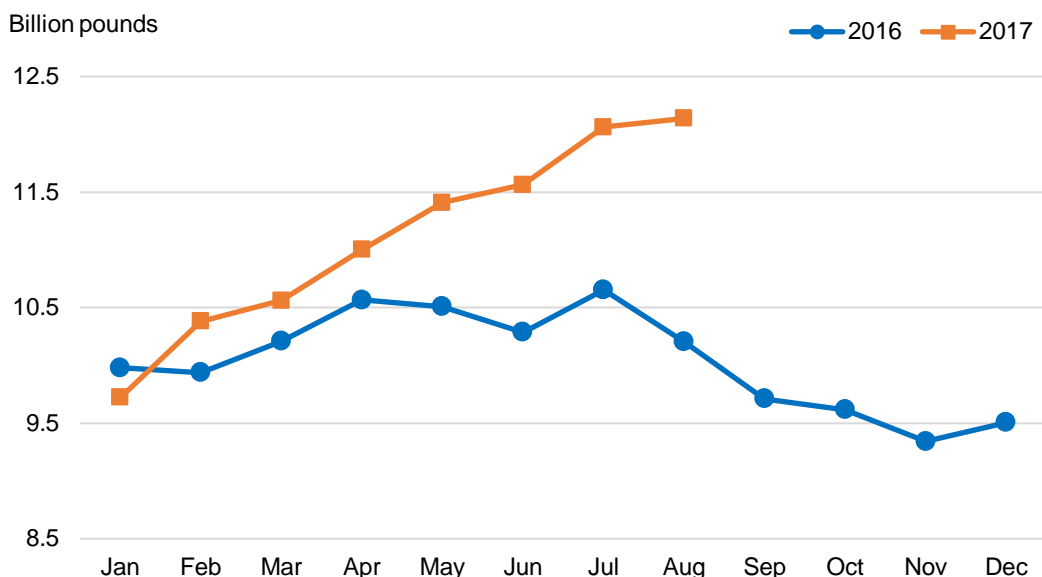
Sources: USDA, Foreign Agricultural Service; U.S. Department of Commerce, Census Bureau; and USDA, Economic Research Service calculations.

August imports on a milk-fat basis were 508 million pounds, 6 million less than July and 126 million less than August 2016. On a skim-solids basis, imports were 466 million pounds, 74 million less than July and 111 million less than August 2016. Notably, butter imports remained relatively high at 5.9 million pounds, about the same as July and 1.6 million more than August 2016. Most of the imported butter has been from Ireland, and consumers are apparently willing to pay a substantial premium for Irish butter. In August, most of it was imported over quota at an average effective price of \$3.24 per pound, including an average unit value of \$2.54 (including cost, insurance, and freight) plus a tariff of \$0.70 per pound.<sup>2</sup>

Stocks of dairy products have continued to be relatively high, especially for products high in skim-solids content. Ending stocks for August on a skim-solids basis were 12.1 billion pounds, 1.9 million pounds higher than August 2016. On a milk-fat basis, August ending stocks were 17.3 billion pounds, 0.3 billion less than August 2016. While August ending stocks for butter were 38.6 million pounds below the previous year, stocks for other major dairy products were well above the previous year. Ending stocks for cheese were 1.333 billion pounds, 92.0 million pounds more than August 2016. NDM ending stocks were 307.8 million pounds, 72.9 million more than August 2016. Ending stocks of dry whey for human use reached a record 97.1 million pounds, 39.5 million pounds more than August 2016.

<sup>2</sup> Most dairy products are subject to a tariff rate quota. A TRQ is a two-tiered tariff (tax) where a lower (in-quota) tariff is charged on imports within a quota volume, while a higher (over-quota) tariff is charged on imports in excess of the quota volume.

## Ending stocks on a skim-solids milk-equivalent basis



Sources: USDA, National Agricultural Statistics Service and USDA, Economic Research Service calculations.

### Outlook for Dairy Feed Prices

For the 2016/17 marketing year, prices for corn and soybean meal are estimated to be \$3.36 per bushel and \$316.88 per short ton, respectively. The 2017/18 price forecasts for corn and soybean meal are both unchanged from last month's forecasts at \$2.80-\$3.60 per bushel and \$290-\$330 per short ton, respectively. The alfalfa hay price in August was \$147 per short ton, \$5 less than July but \$10 more than August 2016. For more information, see the USDA Economic Research Service publication *Feed Outlook*, at <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1273>.

### Dairy Forecasts for 2017

Based on recent cow numbers, the forecast for the 2017 milking herd has been lowered by 5,000 head in the fourth quarter. With strengthening year-over-year growth in yield per cow since June, the forecast for production per cow has been raised to 23,010 pounds for the year, 30 pounds higher than last month's forecast. The milk production forecast for 2017 is now 216.2 billion pounds, 0.2 billion pounds higher than last month's forecast.

As domestic butter prices have remained significantly lower than foreign export prices, the 2017 forecast for exports on a milk-fat milk-equivalent basis has been raised to 9.5 billion, 0.3 billion more than last month's forecast. With strengthening imports of butter, the forecast for imports on a milk-fat basis is 6.2 billion pounds, 0.1 billion more than last month. Ending stocks on a milk-fat basis have been raised to 13.0 billion pounds for 2017, as high cheese stocks are expected to persist. Domestic use is now forecast at 211.7 billion pounds for the year, 0.1 billion lower than the previous forecast.

On a skim-solids milk-equivalent basis, the export forecast for 2017 has been raised this month to 40.9 billion pounds, 0.3 billion more than last month's forecast, based on recent strength in exports of whey products. The 2017 import forecast on a skim-solids basis is 6.3 billion pounds for the year, 0.1 billion less than last month's forecast. The 2017 forecast for ending stocks on a skim-solids basis has been raised to 11.1 billion pounds, 0.9 billion more than last month, due to high stocks of cheese, NDM, and whey products reported for the end of August. The forecast for domestic use on a skim-solids basis in 2017 is now 179.1 billion pounds, 1.0 billion pounds lower than previously forecast.

Recent strength in cheese prices has motivated an increase in the cheese price forecast for the fourth quarter; the cheddar cheese price is now forecast at \$1.625-\$1.635 per pound for the year. With recent declines in spot butter prices and higher expected milk production, the 2017 butter price is now forecast at \$2.335-\$2.365 per pound. Due to high stock levels, higher expected milk production, and recent price declines, NDM and dry whey price forecasts have been lowered for the fourth quarter. For the year, the NDM price forecast has been lowered to \$0.870-\$0.890 per pound. Although the fourth quarter whey price forecast has been lowered slightly, the annual forecast is \$0.450-\$0.460 per pound, unchanged at the midpoint of the range.

Due to stronger cheese prices, the Class III price forecast for 2017 has been raised to \$16.15-\$16.25 per hundredweight (cwt), while lower butter and NDM prices have pushed the Class IV price forecast down to \$15.25-\$15.45 for the year. With offsetting changes in the Class III and Class IV milk prices, the 2017 all-milk price forecast for 2017 is \$17.75-\$17.85 per cwt, unchanged from the previous forecast at the midpoint of the range.

### ***Dairy Forecasts for 2018***

Based on recent data, the 2018 yield-per-cow forecast has been raised to 23,335 pounds, 40 pounds higher than last month. Milk cow numbers have been lowered by 5,000 pounds for the first quarter of 2018, but no changes have been made to the forecasts for the outlying quarters. The milk production forecast for 2018 is 220.4 billion pounds, 0.3 billion pounds more than last month's forecast.

The export forecast for 2018 on a milk-fat basis has been raised 0.4 billion pounds to 9.6 billion, based on expectations for higher butter exports, stemming from expectations that domestic prices will remain competitive with international prices. Imports on a milk-fat basis are also expected higher in 2018 than previously forecast, at 5.9 billion pounds, as strong imports of butter are expected to continue. The forecast for ending stocks in 2018 is unchanged at 12.1 billion pounds. The domestic use forecast on a milk-fat basis is 216.7 billion pounds, 0.4 billion more than last month's forecast, as cheese demand is expected to be strong and lower butter prices are expected to contribute to greater butter consumption.

The 2018 forecast for exports on a skim-solids basis has been raised 0.2 billion pounds to 42.0 billion, as the growth in exports of whey products is expected to continue. The import forecast on a skim-solids basis for 2018 is unchanged at 6.2 billion pounds. Ending stocks are forecast 0.3 billion pounds higher than last month, at 9.7 billion pounds for the year. The 2018 domestic use forecast on a skim-solids basis is 185.0 billion pounds, 0.7 billion more than last month's forecast, with stronger expected cheese demand and greater consumption of NDM and dry whey due to lower expected prices.

With higher expected cheese demand, the cheese price forecast for 2018 has been raised to \$1.645-\$1.735 per pound. With recent price declines and higher expected milk production, the butter price forecast has been lowered to \$2.315-\$2.435 per pound. With high stock levels, recent price declines, and higher expected milk production, and continued pressure from international competitors, NDM and dry whey price forecasts for 2018 have been lowered to \$0.815-\$0.885 and \$0.380-\$0.410 per pound, respectively.

With the lower whey price forecast more than offsetting the higher cheese price forecast, the Class III price forecast for 2018 is \$16.00-\$16.90 per cwt, a 10-cent decrease from last month's forecast at the upper end of the range. With lower forecasts for butter and NDM, the Class IV price forecast for 2018 has been lowered to \$14.70-\$15.70. The all-milk price forecast for 2018 is \$17.45-\$18.35 per cwt, a reduction from \$17.55-\$18.55 forecast last month.

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## Pork/Hogs

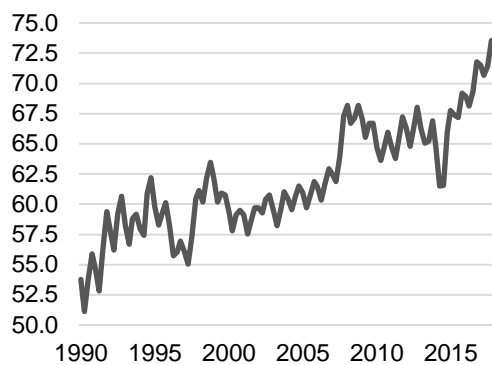
### **Quarterly Hogs and Pigs Show Larger Numbers To Supply New Processor Demand**

The inventories reported in the *Quarterly Hogs and Pigs* released by USDA on September 28 show an industry that has likely expanded hog production due to generally favorable returns in the first part of 2017 and in anticipation of increasing processors' demand from recently opened Midwestern slaughter plants. The September 1 inventory of all hogs and pigs, at almost 74 million head, was the highest for the fall quarter since the series began in 1988. The inventory of breeding animals—now numbering 6.1 million head—increased about 1.2 percent year over year. The litter rate for the June-August pig crop was also the highest since the series began in 1970, at 10.65 pigs per litter.

While the current expansion of the breeding inventory began in 2011, it accelerated in 2014, likely fueled by the profits generated from high hog prices that year when disease problems reduced hog production. Additional incentives to expand hog production came in late 2014 and again in the spring of 2015 with announcements of intentions to build major packing plants in Michigan and in Iowa. Since December 1, 2013, about 233,000 animals have been added to the inventory of breeding animals.

### **Quarterly inventory of all hogs and pigs Average inventory of breeding animals, 2000-2017**

Million head



Million head



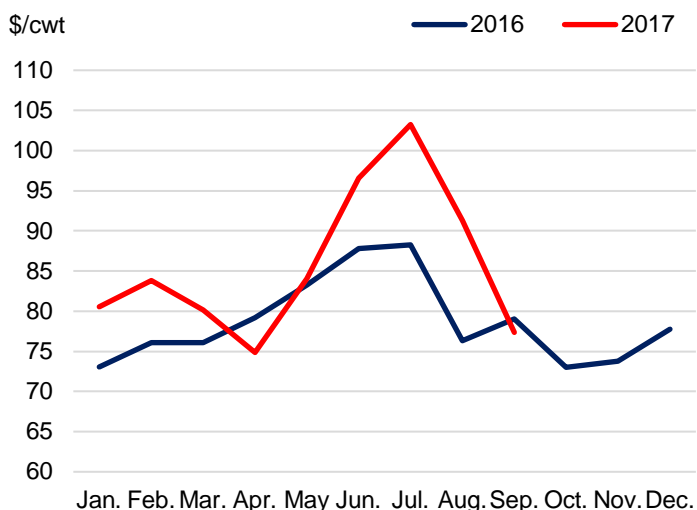
Source: USDA, National Agricultural Statistics Service

Source: USDA, National Agricultural Statistics Service.

### **Some Context for the September Report and the New Slaughter Capacity**

The first 7 months of 2017 were characterized by year-over-year higher pork demand. Consumers demanded higher quantities of pork for which they were willing to pay higher prices. January-July 2017 federally inspected pork production was almost 3 percent greater than the same period in 2016. January-July federally inspected hog slaughter was more than 3 percent above the same period of a year earlier, and January-July prices of live equivalent 51-52 percent lean hogs averaged more than 5 percent above January-July 2016. The figure below shows wholesale pork carcass values for 2016 and 2017. Between January and July 2017, the value of the pork carcass increased from \$80.56 per cwt to \$103.25 per cwt, with the belly portion of the carcass accounting for more than half of the increased value.

## Wholesale Carcass Cutout



Source: USDA, Agricultural Marketing Service.

Since the peak of both the value of the belly primal and hog prices in late July, the value of the hog carcass decreased by almost \$26 per cwt from July-September, with almost two-thirds of the decline attributable to the belly primal. Between late July and late September, hog prices fell by almost 42 percent.

In the first full week of September, two new packing facilities opened in Michigan and Iowa. Each began the month with daily slaughter rates of about 1,000 head per day. By the first week of October, each plant had reached kill levels of about 4,000 head per day. Estimated federally inspected slaughter in September was 10.2 million head, more than 6 percent above a year earlier, even with one less slaughter day in September 2017. While carcass values continued to slide in September, the rate of decline slowed. The wholesale pork carcass cutout ended the month valued at only 2 percent below September 2016. Hog prices finished September slightly above prices a year earlier.

It is anticipated that the record-high fourth-quarter pork production forecast—just over 7 billion pounds—will be consumed both domestically and abroad. More than 1.5 billion pounds of pork is expected to be exported in the fourth quarter, or 22 percent of production, compared with 21.9 percent a year ago. Estimated fourth-quarter disappearance of 13.9 pounds per capita anticipates an increased availability of 0.4 pound per capita, compared with fourth quarter 2016. Average prices of live equivalent 51-52 percent lean hogs are expected to be \$38-\$40 per cwt, more than 5 percent above a year ago. Higher year-over-year prices in an environment characterized by higher hog numbers and more slaughter capacity imply that processors are currently bidding more aggressively for hogs than was necessary a year ago, likely the result of the increase in slaughter capacity.

### ***Plentiful Pork Supplies at Lower Prices Expected To Draw Buying Foreign Interest in the Fourth Quarter and into 2018***

The inventory information provided by the September *Hogs and Pigs* report—combined with producer farrowing intentions and projections of moderate litter rate growth and dressed weights about equal to this year—implies record-high pork production in 2018. Larger hog numbers in each quarter will pressure hog prices, despite year-over-year higher exports. Average quarterly ending stocks as a percent of 2018 production are anticipated to be below the 5-year (2013-2017) average, however. Pork disappearance is expected to increase about 1.1 pounds per capita in 2018. First-quarter pork production—forecast at 6.6 billion pounds, 3.6 percent above a year earlier—is expected to derive from

hog numbers clearing the market at prices averaging \$45-\$49 per cwt, almost 6 percent below a year earlier. Pork exports in the first quarter of 2018 are expected to be about 1.5 billion pounds, 2.3 percent higher than the first quarter of this year. First-quarter per capita disappearance will likely end up at about 0.3 pounds higher than in the first quarter 2017.

The second-quarter pork production forecast—6.4 billion pounds—is 4.2 percent higher than second quarter 2017. Hog prices are anticipated to reflect large animal numbers, averaging \$47-\$51 per cwt, more than 5 percent below a year earlier. Exports, forecast at 1.4 billion pounds are expected to be about the same as in second quarter 2016, while domestic disappearance should increase about 0.7 pounds per capita.

Third-quarter pork production is expected to be almost 6.6 billion pounds, an increase of 5.4 percent above a year earlier, with hog prices averaging \$44-\$48 per cwt, more than 17 percent below third quarter 2017. Plentiful pork supplies at year-over-year lower prices should attract foreign buying interest: pork exports in the third quarter next year are forecast at 1.4 billion pounds, 7.7 percent above same-period exports this year. Domestic availability should also increase 0.3 pounds per capita.

### **August Pork Exports Up Slightly From a Year Ago**

Pork exports in August were 418 million pounds, about 3 million pounds more than a year ago (up 0.7 percent). Shipments to the 10 largest export markets in August are summarized below.

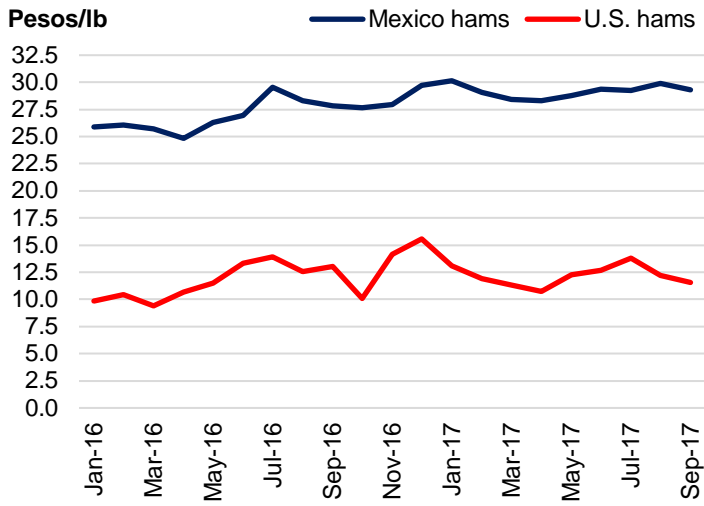
#### **U.S. pork exports: Volumes and export shares of the 10 largest foreign destinations, August 2016, 2017**

Country	Exports Aug. 2016 (mil. lbs)	Exports Aug. 2017 (mil. lbs)	Percent change (2017/2016)	Export share Aug. 2016 %	Export share Aug. 2017 %
World	415	418	0.7		
1 Mexico	138	149	8.1	33.1	35.6
2 Japan	110	100	-9.4	26.5	23.8
3 Canada	44	45	0.9	10.7	10.7
4 South Korea	24	24	0.5	5.7	5.7
5 China/Hong Kong	36	29	-19.0	8.7	7.0
6 Colombia	7	14	100.7	1.7	3.4
7 Australia	14	14	2.8	3.3	3.4
8 Philippines	6	7	16.3	1.5	1.8
9 Honduras	5	6	14.2	1.3	1.4
10 Chile	6	6	0.2	1.4	1.4

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

Shipments to Mexico, the largest U.S. export market by volume, were 149 million pounds in August, an increase of more than 8 percent above a year earlier. August trade data indicate that hams made up about 70 percent of U.S. pork exports to Mexico. The spread between U.S. and Mexican ham prices, which continues to be favorable, goes a long way toward explaining this southward trade flow. Anticipated lower U.S. hog prices are likely to widen the U.S.-Mexico ham price spread, creating additional export incentives.

## Monthly Ham prices: U.S., Mexico



Source: Agricultural Marketing Service, U.S. Dept. of Agriculture, Secretaría de Economía, SNIIM.

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# Poultry

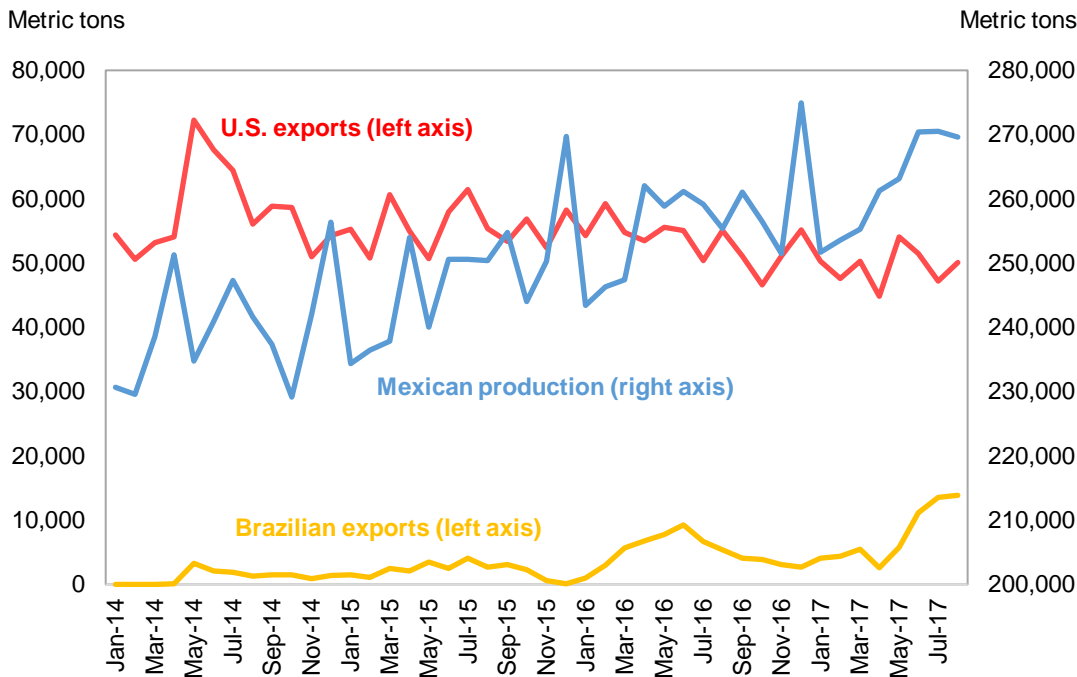
## Broiler production forecast increased as slaughter pace exceeds expectations

August broiler meat production was 3.8 billion pounds, approximately 3 percent above last year. Preliminary estimates of September production were below last year, in part because there was one fewer slaughter day; however, production appeared relatively robust on active slaughter days. Based on hatchery data, birds should continue to be available in good numbers, and producers have an incentive to sustain the pace of production before prices decline further on seasonal patterns. Expected third-quarter production was increased to 10.45 billion pounds and forecast fourth-quarter production was increased to 10.35 billion pounds.

Broiler exports in August were 578 million pounds, down marginally from last year. Mexico, Taiwan, and the Republic of Congo were shipped 11 million fewer pounds, while Hong Kong and South Korea received 9 and 8 million fewer pounds, respectively. These particular declines were more than offset by higher exports to Georgia, Angola, Cuba, Iraq, South Africa, and Qatar, where shipments were 29 million, 26 million, 15 million, 11 million, 10 million, and 7 million pounds higher than last year.

Exports of U.S. broiler meat to Mexico, the largest foreign market, have been relatively weak this year. While year-to-date Mexico has accounted for 20 percent of U.S. broiler exports, shipments have been 10 percent fewer than last year. Mexican domestic production has increased by more than enough to make up the difference, and Brazil's exports to Mexico have been trending upwards (see chart below). Global demand for U.S. broiler meat has shifted as countries other than Mexico purchase more, including those mentioned above. Forecast total exports were left unchanged.

## U.S. and Brazilian chicken exports to Mexico, and Mexican production, 2014-present



Source: U.S. Department of Commerce, Census Bureau; Secretariat of Foreign Trade (Brazil) via Global Trade Atlas; Servicio de Información Agroalimentaria y Pesquera (Mexico).



Weekly prices for whole broilers (national composite) mostly declined throughout September on a typical seasonal pattern. The price was 84 cents per pound for the week ending October 13. The fourth-quarter forecast was reduced marginally from last month to 85-89 cents per pound.

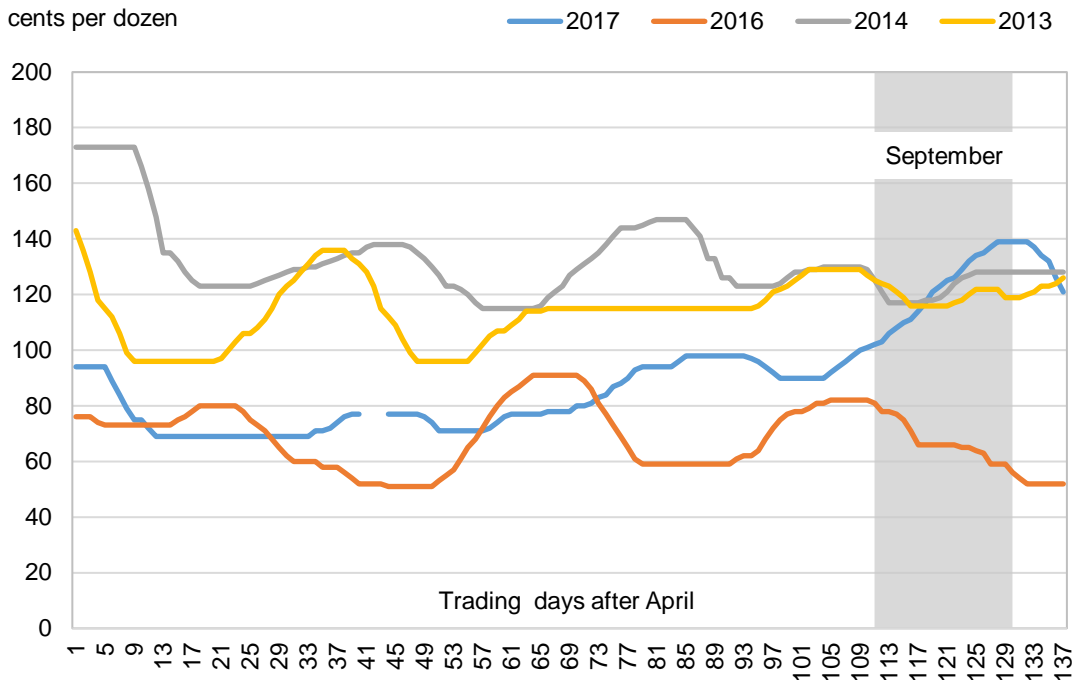
**Egg price forecasts increased on recent surge**

Table egg production was 641 million dozen in August, approximately 1 percent above last year. As expected, production growth has continued to taper off throughout this year as producers have responded to relatively low margins. While prices have improved a great deal recently, hatchery data has not suggested a very significant producer response to expand future egg production. Forecast egg production for 2017 was increased only slightly to 8,774 million dozen to account for higher hatching egg production than previously expected for the second half of 2017. The 2018 egg production forecast was left unchanged.

Egg and egg product exports in August were 29 million dozen (shell-egg equivalent), up 21 percent from last year. Much of the export increase over last year was accounted for by more shipments to Asia, including Japan, South Korea, and Hong Kong; the respective increases were 1.5 million, 1.3 million, and 1.3 million dozen over last year. Export growth was constrained by 1.2 million dozen fewer exports to Jamaica.

Recent egg prices (large grade A eggs, New York) exceeded expectations, with prices standing at 121 cents per dozen as of October 11. The fourth-quarter forecast was raised to 112-116 cents per dozen and the 2018 forecast was raised to average 91-99 cents per dozen for the year. While supply levels have remained robust compared to the past decade, strong prices may indicate strong demand as well as the very modest year-over-year growth in product availability.

**New York wholesale egg prices, from April to early September, 2013-2017\***



\*Note: Prices from 2015 are not presented due to large market changes from avian influenza.

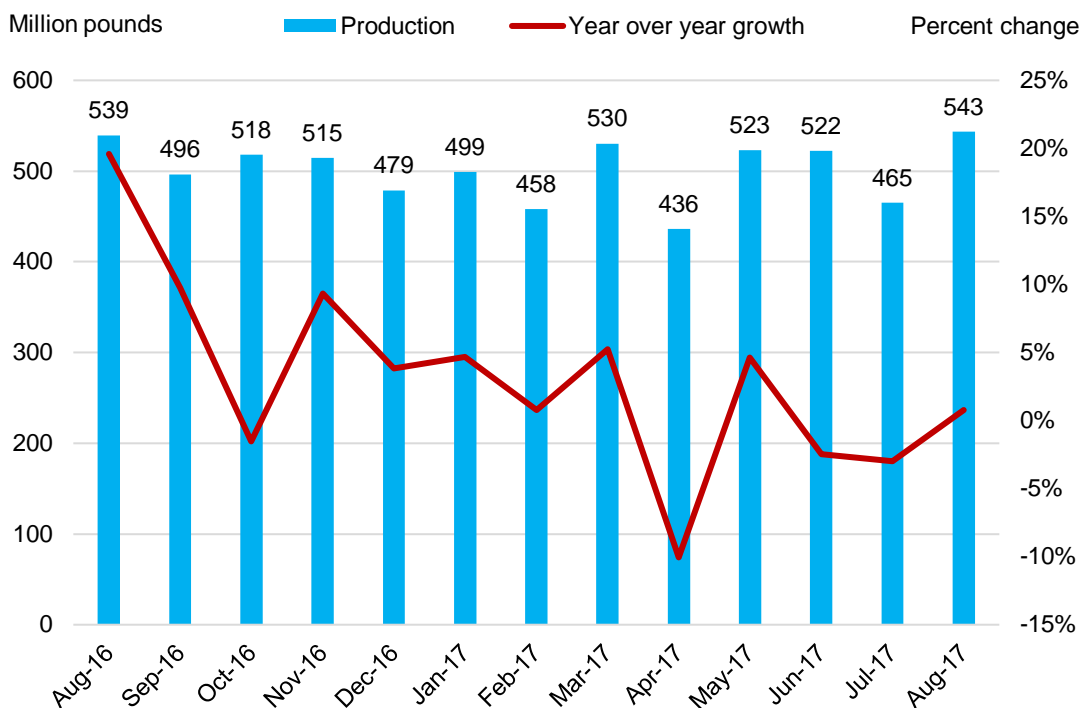
Source: USDA, Agricultural Marketing Service.

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## Turkey

Turkey production in August totaled 543 million pounds, 1 percent above the same month in 2016. This followed 2 months of negative year-over-year growth that had signaled a possible slowdown in production as wholesale prices remained below historical averages. Hatchery reports have shown a continued slowdown in the number of poults being placed for growout. Poult placements were 5 percent below a year earlier in July, the latest month in which data is available. The short-term gains in August coupled with declining hatchery numbers suggest that near-term production may exceed previous expectations while the overall trend remains negative. Third-quarter production for 2017 is increased 25 million pounds to 1.490 billion pounds while fourth-quarter production is reduced by 15 million pounds to 1.55 billion. Overall, 2017 turkey production is increased 10 million pounds to 6.008 billion pounds. The 2018 forecast is reduced 40 million pounds to 6.140 billion pounds.

### Turkey production and year-over-year growth, August 2016 - August 2017



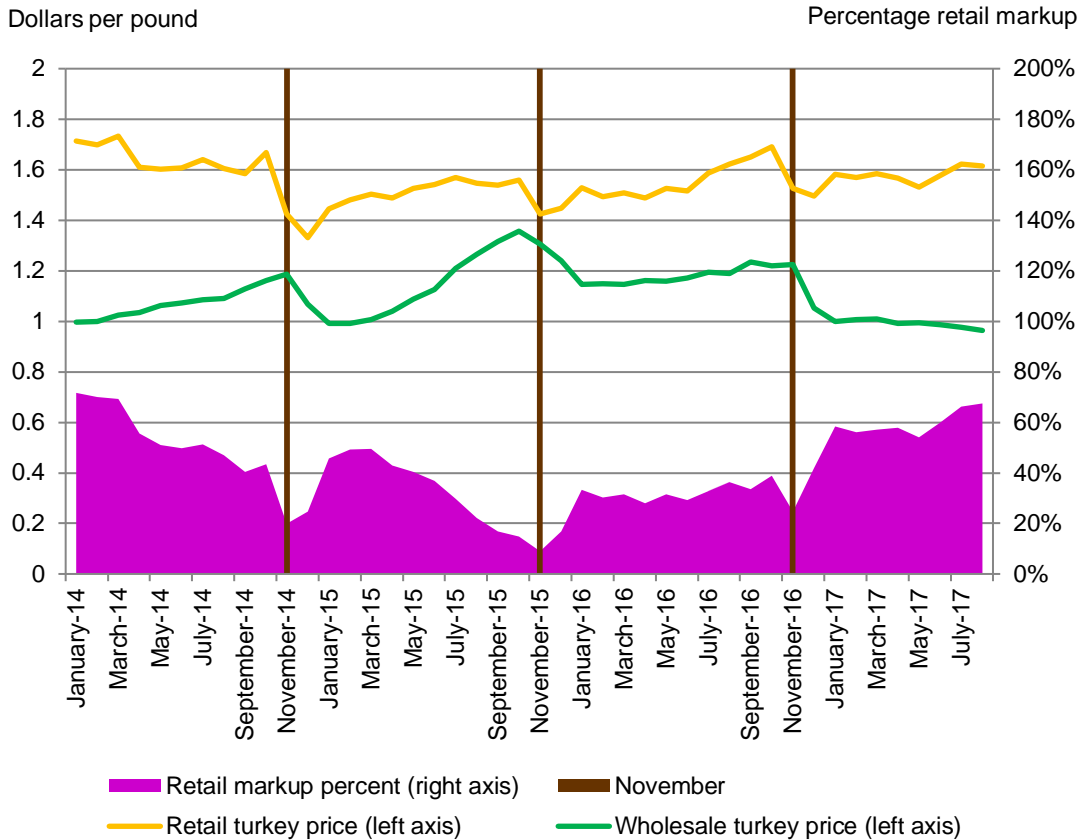
Note: Year-over-year growth displays percentage gain or loss relative to the same month one year earlier.  
Source: USDA, Economic Research Service Livestock and Meat Domestic Data.

### Low Wholesale Turkey Prices in 2017 Should Translate Lower Costs for Consumers This Thanksgiving

Wholesale whole turkey prices fell in 2017, relative to 2016, and have remained below historical averages since January, indicating that demand may not be keeping up with current supply levels. Typically, wholesale turkey prices have a seasonal trend, with prices climbing from their bottom level in the beginning of the year to a peak near Thanksgiving. This year, whole turkey prices have not increased as in years past and have dipped further throughout the summer and fall. The average price for a whole frozen hen in August was just under 97 cents per pound, 3 percent below January and 19 percent below August 2016. As of the fourth week of September, prices had fallen farther to 96 cents. The last time wholesale prices were below \$1 per pound as late as September was in 2010. The forecast for whole frozen hen prices was reduced and is expected to average \$0.99 per pound for 2017. In 2018, prices are expected to recover slightly from 2017 and average \$1.00-\$1.08.

Do low wholesale prices indicate lower retail prices? Not always. While wholesale and retail price movements are strongly correlated on a yearly basis, seasonal factors can disrupt this correlation. During the Thanksgiving holiday season, retail turkey prices are commonly near annual low points. The percentage markup from wholesale to retail price also declines to a low point during that period. The average markup between January 2014 and August 2017 was 42 percent. The November average markup over the same period was just 13 percent. The data indicate that competition between retailers for Thanksgiving business may lead to lower costs for consumers even as wholesale prices rise. Because wholesale prices have remained low late into the year, retail prices may fall below previous years, or the trend of low retail markups in November may be disrupted.

### U.S. Retail and Wholesale Turkey Prices and Retail Markup



Source: USDA, Economic Research Service using data from USDA, Agricultural Marketing Service and Department of Labor, Bureau of Labor Statistics.

In August, turkey exports decreased by 4 percent relative to August 2016, totaling 54 million pounds. Mexico is the leading destination for U.S. turkey exports, averaging 63 percent of all U.S. turkey shipments since the start of the year. In August, exports to Mexico fell below year earlier levels after reaching their highest levels since January 2015 in June. The 31 million pounds shipped to Mexico represented 57 percent of total U.S. shipments and were 4 percent lower than in June 2016. The forecast for 2017 turkey exports is 611 million pounds with no changes made to second-half exports and the 2018 forecast is unchanged at 650 million pounds.

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## Related Websites

Livestock, Dairy, and Poultry Outlook, <http://www.ers.usda.gov/publications/?page=1&topicId=0&authorId=0&seriesCode=LDPM&sort=CopyrightDate&sortDir=desc>

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Hogs, <https://www.ers.usda.gov/topics/animal-products/hogs-pork/>

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**U.S. red meat and poultry forecasts**

	2014					2015					2016					2017					2018				
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual	
<b>Production, million lb</b>																									
Beef	5,866	6,184	6,179	6,021	24,250	5,665	5,856	6,068	6,109	23,698	5,938	6,187	6,472	6,625	25,221	6,300	6,404	<b>6,730</b>	<b>7,115</b>	<b>26,549</b>	<b>6,305</b>	<b>6,800</b>	<b>7,060</b>	<b>27,295</b>	
Pork	5,784	5,504	5,424	6,131	22,843	6,162	5,925	5,958	6,457	24,501	6,230	5,963	6,100	6,648	24,941	6,409	6,137	<b>6,245</b>	<b>7,035</b>	<b>25,826</b>	<b>6,640</b>	<b>6,390</b>	<b>6,580</b>	<b>26,855</b>	
Lamb and mutton	37	43	38	38	156	38	39	37	37	150	38	39	36	37	150	37	36	<b>35</b>	<b>37</b>	<b>145</b>	<b>35</b>	<b>37</b>	<b>36</b>	<b>145</b>	
Broilers	9,299	9,618	9,835	9,814	38,565	9,718	10,021	10,372	9,937	40,048	10,039	10,253	10,338	10,065	40,695	10,233	10,407	<b>10,450</b>	<b>10,350</b>	<b>41,440</b>	<b>10,400</b>	<b>10,625</b>	<b>10,700</b>	<b>42,275</b>	
Turkeys	1,332	1,428	1,478	1,517	5,756	1,429	1,389	1,352	1,458	5,627	1,435	1,520	1,515	1,511	5,981	1,487	1,481	<b>1,490</b>	<b>1,550</b>	<b>6,008</b>	<b>1,500</b>	<b>1,530</b>	<b>1,520</b>	<b>6,140</b>	
Total red meat & poultry	22,469	22,934	23,111	23,671	92,185	23,157	23,382	23,940	24,150	94,630	23,834	24,118	24,623	25,037	97,612	24,612	24,618	<b>25,109</b>	<b>26,247</b>	<b>100,586</b>	<b>25,033</b>	<b>25,541</b>	<b>26,055</b>	<b>103,335</b>	
Table eggs, mil. doz.	1,794	1,823	1,852	1,896	7,366	1,820	1,726	1,664	1,728	6,938	1,793	1,827	1,876	1,939	7,435	1,902	1,896	<b>1,910</b>	<b>1,950</b>	<b>7,658</b>	<b>1,925</b>	<b>1,900</b>	<b>1,940</b>	<b>7,765</b>	
<b>Per capita disappearance, retail lb 1/</b>																									
Beef	13.1	14.0	13.7	13.4	54.2	13.1	13.6	13.9	13.3	54.0	13.6	13.9	14.1	14.0	55.6	14.0	14.2	<b>14.4</b>	<b>15.0</b>	<b>57.6</b>	<b>13.8</b>	<b>14.8</b>	<b>15.2</b>	<b>58.8</b>	
Pork	11.2	10.8	11.0	12.8	45.8	12.2	11.8	12.1	13.6	49.8	12.6	11.9	12.1	13.5	50.1	12.4	11.8	<b>12.4</b>	<b>13.9</b>	<b>50.4</b>	<b>12.7</b>	<b>12.5</b>	<b>12.7</b>	<b>51.5</b>	
Lamb and mutton	0.2	0.2	0.2	0.3	0.9	0.2	0.3	0.2	0.3	1.0	0.3	0.3	0.2	0.3	1.0	0.3	0.3	<b>0.2</b>	<b>0.3</b>	<b>1.1</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>1.0</b>	
Broilers	20.3	20.8	21.2	21.1	83.4	21.4	22.1	23.3	22.1	89.0	22.5	22.7	22.7	21.8	89.8	22.4	22.9	<b>22.8</b>	<b>22.5</b>	<b>90.6</b>	<b>22.7</b>	<b>23.0</b>	<b>23.1</b>	<b>91.5</b>	
Turkeys	3.4	3.5	3.9	5.0	15.8	3.5	3.6	3.9	4.9	16.0	3.6	3.9	4.2	4.9	16.6	3.7	3.7	<b>4.0</b>	<b>5.1</b>	<b>16.5</b>	<b>3.9</b>	<b>3.8</b>	<b>4.1</b>	<b>17.0</b>	
Total red meat & poultry	48.6	49.8	50.4	53.0	201.8	50.9	51.8	53.8	54.6	211.1	52.9	53.0	53.7	54.9	214.6	53.2	53.2	<b>54.2</b>	<b>57.1</b>	<b>217.7</b>	<b>53.7</b>	<b>54.7</b>	<b>55.7</b>	<b>221.2</b>	
Eggs, number	65.6	66.2	67.2	68.5	267.5	65.7	62.9	61.9	65.7	256.3	67.5	67.4	68.8	71.0	274.7	68.5	68.2	<b>69.0</b>	<b>70.0</b>	<b>275.7</b>	<b>69.0</b>	<b>67.8</b>	<b>69.3</b>	<b>277.5</b>	
<b>Market prices</b>																									
Choice steers, 5-area Direct, \$/cwt	146.34	147.82	158.49	165.60	154.56	162.43	158.11	144.22	127.71	148.12	134.81	127.68	113.26	107.69	120.86	122.96	132.76	112.46	<b>108-112</b>	<b>119.55</b>	<b>111-119</b>	<b>109-119</b>	<b>110-120</b>	<b>111-120</b>	
Feeder steers, Ok City, \$/cwt	168.49	188.64	220.90	234.25	203.07	210.31	219.65	208.11	173.59	202.92	155.83	146.49	140.66	128.30	142.82	129.56	147.75	148.12	<b>143-147</b>	<b>142.61</b>	<b>136-144</b>	<b>138-148</b>	<b>136-146</b>	<b>136-145</b>	
Cutter Cows, National L.E., \$/cwt	89.12	98.57	111.27	109.21	102.04	107.61	109.50	103.34	77.80	99.56	73.50	75.87	73.16	57.75	70.07	62.63	69.65	69.78	<b>61-65</b>	<b>66.24</b>	<b>63-71</b>	<b>60-70</b>	<b>61-71</b>	<b>61-70</b>	
Choice slaughter lambs, San Angelo, \$/cwt	166.69	148.99	156.02	162.69	158.60	147.17	140.09	146.23	142.52	144.00	133.33	136.15	137.52	131.88	134.72	138.91	153.46	141.29	<b>140-144</b>	<b>143.92</b>	<b>141-149</b>	<b>135-145</b>	<b>137-147</b>	<b>138-147</b>	
Nat'l base cost, 51-52 % lean, live equivalent, \$/cwt	68.69	85.40	83.30	66.74	76.03	48.47	53.20	54.59	44.66	50.23	44.63	53.71	49.26	37.02	46.16	49.73	51.70	55.59	<b>38-40</b>	<b>49.01</b>	<b>45-49</b>	<b>47-51</b>	<b>44-48</b>	<b>43-47</b>	
Broilers, national composite, cents/lb	98.40	113.70	104.60	102.80	104.90	97.00	104.20	83.70	77.20	90.50	84.60	93.00	81.7	78.00	84.30	88.50	104.70	94.9	<b>85-89</b>	<b>93.8</b>	<b>87-93</b>	<b>86-94</b>	<b>84-92</b>	<b>85-92</b>	
Turkeys, national, cents/lb	100.70	105.60	110.20	113.90	107.60	99.60	108.50	126.40	130.10	116.20	114.70	116.50	120.70	116.60	117.10	100.40	99.10	96.9	<b>97-101</b>	<b>98.8</b>	<b>94-100</b>	<b>97-105</b>	<b>102-110</b>	<b>100-108</b>	
Eggs, New York, cents/doz.	142.70	134.60	129.30	162.70	142.30	146.90	170.30	235.70	174.10	181.80	121.50	67.90	71.60	81.70	85.70	80.00	74.70	102.1	<b>112-116</b>	<b>92.7</b>	<b>92-98</b>	<b>82-88</b>	<b>91-99</b>	<b>91-99</b>	
<b>U.S. trade, million lb, carcass wt. equivalent</b>																									
Beef & veal exports	583	667	680	644	2,574	523	607	542	595	2,267	535	621	661	738	2,556	651	683	<b>755</b>	<b>745</b>	<b>2,834</b>	<b>675</b>	<b>720</b>	<b>765</b>	<b>2,910</b>	
Beef & veal imports	597	767	765	818	2,947	878	990	890	613	3,371	793	831	751	639	3,015	699	813	<b>815</b>	<b>630</b>	<b>2,957</b>	<b>720</b>	<b>810</b>	<b>820</b>	<b>3,030</b>	
Lamb and mutton imports	46	49	45	55	195	53	56	46	59	214	68	55	41	52	216	80	58	<b>56</b>	<b>56</b>	<b>250</b>	<b>77</b>	<b>57</b>	<b>49</b>	<b>242</b>	
Pork exports	1,399	1,342	1,146	1,205	5,092	1,224	1,339	1,173	1,274	5,010	1,229	1,318	1,235	1,457	5,239	1,432	1,426	<b>1,300</b>	<b>1,550</b>	<b>5,708</b>	<b>1,465</b>	<b>1,425</b>	<b>1,400</b>	<b>5,965</b>	
Pork imports	213	241	257	301	1,011	279	266	270	300	1,116	293	257	266	275	1,091	264	281	<b>285</b>	<b>285</b>	<b>1,115</b>	<b>260</b>	<b>240</b>	<b>250</b>	<b>1,000</b>	
Broiler exports	1,827	1,833	1,858	1,779	7,297	1,624	1,713	1,487	1,496	6,321	1,585	1,605	1,734	1,720	6,644	1,711	1,618	<b>1,740</b>	<b>1,745</b>	<b>6,814</b>	<b>1,720</b>	<b>1,750</b>	<b>1,800</b>	<b>7,030</b>	
Turkey exports	159	182	215	219	775	148	123	125	132	529	116	141	160	153	569	133	148	<b>160</b>	<b>170</b>	<b>611</b>	<b>145</b>	<b>155</b>	<b>170</b>	<b>650</b>	
Live swine imports (thousand head)	1,195	1,216	1,264	1,272	4,947	1,309	1,541	1,371	1,519	5,740	1,468	1,406	1,371	1,412	5,656	1,449	1,458	<b>1,325</b>	<b>1,400</b>	<b>5,632</b>	<b>1,450</b>	<b>1,450</b>	<b>1,350</b>	<b>5,700</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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## Dairy Forecasts

	2015	2016		2017					2018			
	Annual	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Milk cows (thousands)	9,314	9,344	9,328	9,370	9,399	9,405	9,410	9,395	9,425	9,440	9,455	9,445
Milk per cow (pounds)	22,397	5,620	22,775	5,717	5,885	5,710	5,700	23,010	5,800	5,980	5,775	23,335
<b>Milk production (billion pounds)</b>	<b>208.6</b>	<b>52.5</b>	<b>212.4</b>	<b>53.6</b>	<b>55.3</b>	<b>53.7</b>	<b>53.6</b>	<b>216.2</b>	<b>54.7</b>	<b>56.5</b>	<b>54.6</b>	<b>220.4</b>
Farm use	1.0	0.3	1.0	0.2	0.2	0.3	0.3	1.0	0.2	0.2	0.3	1.0
Milk marketings	207.6	52.3	211.4	53.3	55.1	53.5	53.4	215.2	54.4	56.2	54.4	219.4
<b>Milk-fat (billion pounds milk equiv.)</b>												
Milk marketings	207.6	52.3	211.4	53.3	55.1	53.5	53.4	215.2	54.4	56.2	54.4	219.4
Beginning commercial stocks	10.5	16.0	12.3	12.7	16.2	17.9	15.8	12.7	13.0	16.2	17.9	13.0
Imports	5.8	1.7	7.0	1.5	1.4	1.6	1.7	6.2	1.5	1.4	1.4	5.9
Total supply	223.9	69.9	230.8	67.6	72.7	72.9	70.9	234.1	68.9	73.8	73.7	238.3
Commercial exports	8.5	2.5	8.4	2.1	2.5	2.5	2.4	9.5	2.2	2.5	2.5	9.6
Ending commercial stocks	12.3	12.7	12.7	16.2	17.9	15.8	13.0	13.0	16.2	17.9	15.4	12.1
Net removals	0.0	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	203.0	54.8	209.7	49.3	52.4	54.6	55.4	211.7	50.5	53.4	55.8	216.7
<b>Skim solids (billion pounds milk equiv.)</b>												
Milk marketings	207.6	52.3	211.4	53.3	55.1	53.5	53.4	215.2	54.4	56.2	54.4	219.4
Beginning commercial stocks	9.4	9.7	9.2	9.5	10.6	11.6	11.1	9.5	11.1	10.8	10.8	11.1
Imports	6.0	1.7	6.5	1.7	1.5	1.6	1.6	6.3	1.6	1.5	1.5	6.2
Total supply	223.1	63.7	227.1	64.5	67.1	66.6	66.1	231.0	67.1	68.5	66.7	236.7
Commercial exports	37.3	10.9	39.0	9.8	10.3	10.2	10.7	40.9	10.0	10.7	10.7	42.0
Ending commercial stocks	9.2	9.5	9.5	10.6	11.6	11.1	11.1	11.1	10.8	10.8	9.7	9.7
Net removals	0.0	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	176.6	43.3	178.5	44.2	45.2	45.3	44.3	179.1	46.3	47.0	46.3	185.0
<b>Milk prices (dollars/cwt) <sup>1</sup></b>												
All milk	17.13	17.80	16.30	18.23	16.83	17.70	18.10	17.75	17.60	16.90	17.20	17.45
						-17.80	-18.50	-17.85	-18.30	-17.90	-18.20	-18.35
Class III	15.80	16.33	14.87	16.49	15.74	16.13	16.35	16.15	15.85	15.75	16.00	16.00
							-16.75	-16.25	-16.55	-16.75	-17.00	-16.90
Class IV	14.35	14.13	13.77	15.37	14.80	16.36	14.70	15.25	14.60	14.45	14.95	14.70
							-15.20	-15.45	-15.40	-15.55	-16.05	-15.70
<b>Product prices (dollars/pound) <sup>2</sup></b>												
Cheddar cheese	1.645	1.714	1.605	1.648	1.555	1.623	1.685	1.625	1.635	1.620	1.650	1.645
							-1.725	-1.635	-1.705	-1.720	-1.750	-1.735
Dry whey	0.380	0.366	0.288	0.485	0.508	0.434	0.380	0.450	0.375	0.385	0.375	0.380
							-0.400	-0.460	-0.405	-0.415	-0.405	-0.410
Butter	2.067	1.958	2.078	2.200	2.229	2.597	2.335	2.335	2.300	2.285	2.335	2.315
							-2.405	-2.365	-2.400	-2.415	-2.465	-2.435
Nonfat dry milk	0.902	0.931	0.829	0.955	0.874	0.874	0.800	0.870	0.810	0.805	0.835	0.815
							-0.840	-0.890	-0.870	-0.875	-0.905	-0.885

Totals may not add due to rounding.

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

<sup>2</sup> Simple averages of monthly prices calculated by the Agricultural Marketing Service for use in class price formulas. Based on weekly U.S. Dept. of Agriculture, *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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