



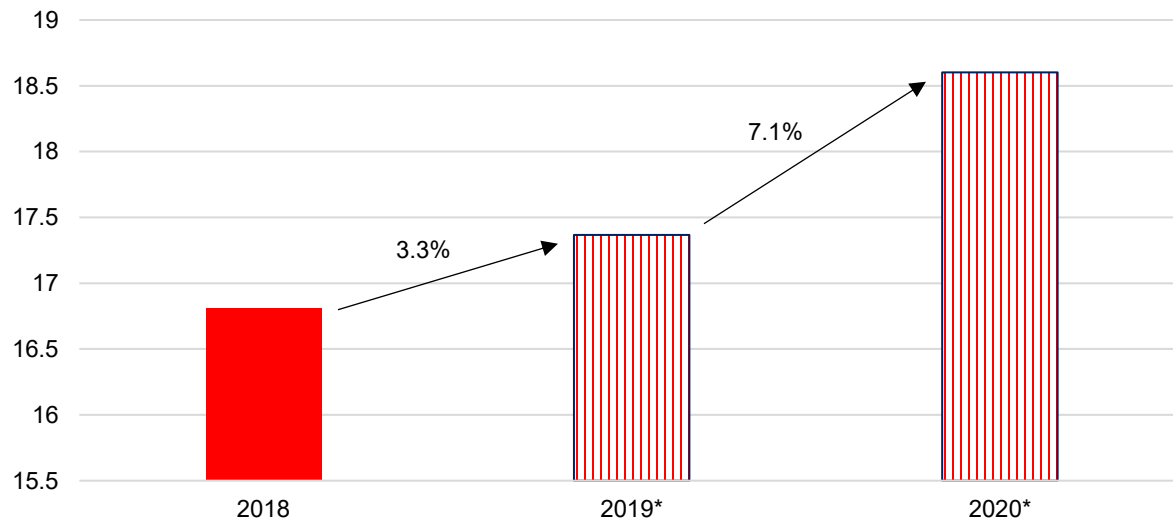
Livestock, Dairy, and Poultry Outlook

Total Exports of Red Meat and Poultry on Course To Increase in 2019 and 2020

U.S. trade data through September indicate that in the first three quarters of 2019 total exports of red meat and poultry increased 1.1 percent. However, driven by a large increase in expected fourth-quarter shipments, exports for the year are forecast to increase more than 3 percent compared with 2018, followed by an increase in 2020 of about 7 percent. While beef exports are likely to end 2019 with an almost 2-percent decline, shipments are expected to rebound in 2020 by about 7 percent, as drought in competitor Australia reduces its exportable supply at the same time as beef demand continues to expand in Asia. Large year-over-year pork exports—about 11 percent in 2019 and more than 12 percent in 2020—are forecast, due largely to likely increased import demand from African Swine Disease (ASF)-stricken countries in Asia. For broilers, global supplies of animal proteins, reduced by ASF in both 2019 and 2020, are increasing prices of broiler meat and slowing U.S. exports to price sensitive countries. Broiler exports are forecast to decline slightly this year (-0.4 percent), but to expand by 3 percent in 2020. Turkey exports are anticipated to rebound to more than 4 percent this year and to increase at about the same rate next year.

Total Exports of Red Meat and Poultry

Billion lbs.



*Forecast
 Source: USDA, World Agricultural Outlook Board.

Beef/Cattle: Beef production in 2019 was raised on higher expected slaughter, but 2020 was reduced on lower expected carcass weights and slightly lower marketings. Fed cattle prices were raised for fourth-quarter 2019 on recent price data; 2020 was unchanged from last month. U.S. beef exports and imports for 2019 were adjusted to reflect third-quarter reported data; the forecasts for fourth-quarter 2019 and for 2020 were unchanged from last month.

Dairy: Milk production forecasts for 2019 and 2020 have been raised to 218.6 billion pounds (+0.4 billion) and 222.4 billion pounds (+0.8 billion), respectively, as higher average yield per cow is expected to more than offset slower growth in the dairy herd. For 2019 and 2020, wholesale price forecasts for cheese and nonfat dry milk have been raised, but price forecasts for butter and dry whey have been lowered. The all-milk price forecast for the fourth quarter of 2019 has been raised to \$20.50 per hundredweight (cwt) (+\$0.90), and the forecast for the annual price has been raised to \$18.60 per cwt (+\$0.20). For 2020, the all-milk price forecast is unchanged at \$18.85 per cwt, as a higher expected Class III milk price is largely offset by a lower expected Class IV milk price.

Pork/Hogs: Fourth-quarter pork production was revised upward to reflect a faster-than-anticipated pace of hog slaughter and slightly higher average dressed weights. Production for the fourth quarter is expected to be 7.5 billion pounds, about 6 percent greater than a year ago. Fourth-quarter hog prices are expected to average \$44 per cwt, almost 3 percent above the same quarter last year. September pork exports were 465 million pounds, almost 8 percent higher than a year ago. Exports to China\Hong Kong more than tripled compared with a year ago.

Poultry/Eggs: The fourth-quarter broiler production forecast was increased on recent slaughter and placement data, and the 2020 production forecast was also increased. The fourth-quarter wholesale broiler price forecast was increased on recent price movements, while the 2020 price forecast was lowered on increased supply putting downward pressure on prices. The fourth-quarter export forecast was lowered on lower demand in a number of markets, and the 2019 and 2020 import forecasts were revised up on higher expected shipments from Chile. The fourth-quarter wholesale egg price was revised up on climbing egg prices, while the egg production and trade forecasts remain unchanged. Turkey production expectations for the fourth quarter were increased on poult placements, and this increase was carried into 2020. The 2020 turkey import forecast was revised down on eligible plants in Israel being delisted.

Beef/Cattle

Russell Knight and Christopher Davis

Beef Production Raised for 2019 on Faster Pace of Slaughter

The 2019 beef production forecast was raised by 88 million pounds from last month to 27.0 billion pounds. The increase was based on a faster-than-expected pace of fed cattle slaughter and greater expected cow slaughter. Despite a loss of 5 to 6 percent in slaughter capacity for fed cattle since mid-August, beef packers are processing Federally inspected cattle at or above 2018 levels. Further, from early September through mid-October, weekly beef cow slaughter increased more than 10 percent above year-earlier levels. Higher beef cow slaughter was particularly evident in the southeast United States, in part reflecting drought conditions that appeared during this time.

The forecast for 2020 beef production was revised lower by 120 million pounds from last month to 27.6 billion pounds based on a slower-than-expected recovery in carcass weights and slightly fewer expected marketings of fed cattle in early 2020. The ERS webpage Livestock & Meat Domestic Data has a table titled "Feeder Cattle Supplies Outside Feedlots." The table estimates that on October 1 the number of cattle available to place into feedlots was 30.4 million head, about 1.1 percent larger than this time last year. However, the availability of winter wheat pasture is expected to result in a slower pace of placements in the fourth quarter. Lower placements in late 2019 will likely result in fewer cattle marketings during the first-half of 2020.

Cattle Prices Continue Upward Seasonal Trend

On November 4 at the Oklahoma City National stockyards, sales of feeder steers weighing 750 to 800 pounds were reported at \$148.04 per cwt, a recovery of more than \$13 from the recent low of \$134.80 per hundredweight (cwt) the week of September 9. Based on recent price data, the fourth-quarter 2019 feeder steer price was raised by \$3 to \$144 per cwt. The first-quarter price forecast for 2020 was raised by \$2 to \$138 per cwt. The annual price forecast for feeder steers is raised by \$1 to \$142 per cwt.

The market price for fed steers continues to make up ground since the low of \$100.07 per cwt was reached the week ending September 15. Since then, the price for fed steers in the 5-area marketing region has increased more than 13 percent to \$113.03 per cwt in the week ending November 3. As the Choice-Select price spread stays abnormally high, packers appear to be paying higher prices to bid cattle out of the feedlots as the spread is likely incentivizing feedlots to keep cattle on feed longer. Packers' willingness to pay higher prices is likely supported by the strong boxed-beef market going into the holiday season. The price forecast for fourth-quarter 2019 was raised by \$2 to \$112 per cwt. The 2020 annual price forecast for fed steers was unchanged at \$116 per cwt.

Beef Exports Down on Lower Exports to Japan, Mexico, and Hong Kong

U.S. beef exports in September were 253 million pounds, down 3 percent from a year ago. Most of the decline in U.S. beef exports came from three major beef destinations, Japan (-11 million pounds), Hong Kong (-6 million pounds) and Mexico (-6 million pounds). Other reductions in U.S. beef exports to

Canada (-1.5 million pounds) and Chile (-0.9 million pounds) also contributed toward the change in the total exports in September.

Several factors, including increased demand for animal proteins in Asia, changes in trading patterns, and tighter supplies in Australia, positioned the United States to expand its shipments of beef to a number of Asian countries during September. Compared to 2018, beef exports in September increased to South Korea (+5.7 million pounds), Indonesia (+3.5 million pounds), China (+2.2 million pounds), Philippines (+2 million pounds), Taiwan (+1.3 million pounds), and Vietnam (+1 million pounds).

The third-quarter beef exports totaled 788 million pounds. The fourth-quarter beef export forecast remains unchanged at 830 million pounds.

Beef Imports Fell Slightly in September

U.S. beef imports in September were down less than 1 percent from a year earlier to 238 million pounds. The decline was driven by reductions in beef imports from Australia, Canada, New Zealand, Uruguay, and Nicaragua totaling 10.5 million pounds. In contrast, beef imports from both Mexico and Brazil were up 14 percent and 15 percent, respectively, year-over-year. September imports from Mexico totaled 47 million pounds, an increase of almost 6 million pounds from a year earlier. Imports from Brazil were over 16 million pounds of beef to the United States, which was its second-largest shipment over the last year. Beef imports totaled 771 million pounds in the third quarter. The fourth-quarter forecast for beef imports remains unchanged at 675 million pounds.

Dairy

Jerry Cessna

Recent Developments in Dairy Markets

Price directions, as reported in the USDA *National Dairy Product Sales Report* (NDPSR), were mixed from the week ending October 5 to the week ending November 2. The nonfat dry milk (NDM) price increased to \$1.1335 per pound (+6.6 cents), while prices for butter and dry whey fell to \$2.1197 per pound (-6.2 cents) and \$0.3085 per pound (-4.7 cents), respectively. The largest change was an increase of 29.7 cents to \$2.0791 per pound for 500-pound barrels of cheddar cheese (adjusted to 38-percent moisture). This contrasts with a decrease of 1.5 cents to \$2.0789 per pound for 40-pound blocks of cheddar cheese. The week ending November 2 was the first week since the week ending January 6, 2018, that the barrel price was higher than the block price. According to the USDA *Dairy Market News* report of October 28, "Regarding cheese inventories, barrel/process cheese is tighter, and Mexican demand is one factor in this."

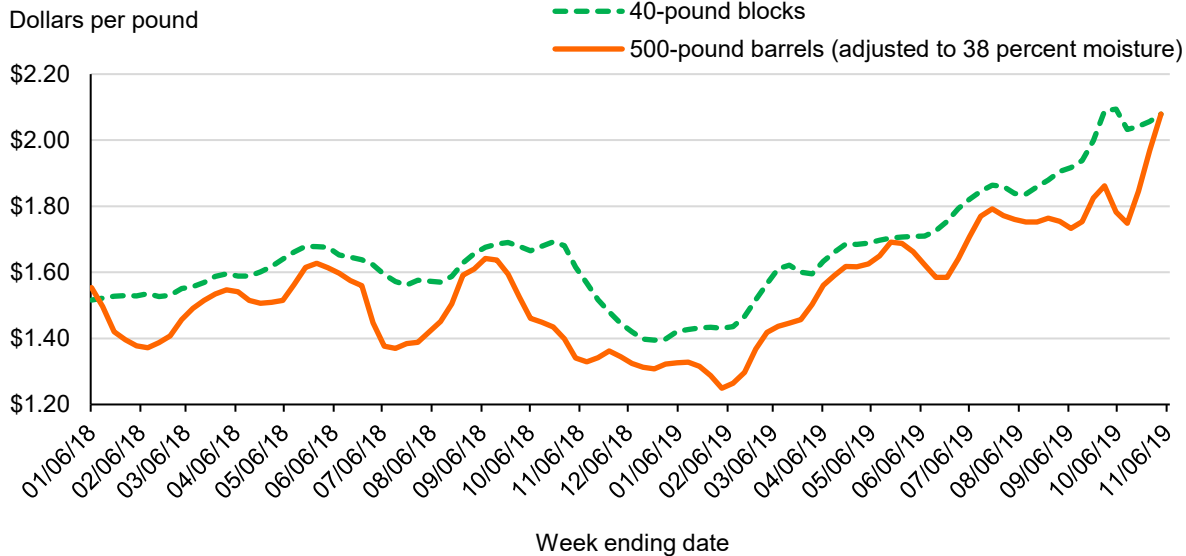
Dairy wholesale product prices (dollars per pound)

	For the week ending		Change
	Oct. 5	Nov. 2	
Butter	2.1821	2.1197	-0.0624
Cheddar cheese			
40-pound blocks	2.0941	2.0789	-0.0152
500-pound barrels ¹	1.7822	2.0791	0.2969
Nonfat dry milk	1.0675	1.1335	0.0660
Dry whey	0.3556	0.3085	-0.0471

¹ Adjusted to 38-percent moisture.

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

Cheddar cheese wholesale prices (weekly prices)



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

International export prices for skim milk powder (SMP) and dry whey for major competitors have been substantially higher than U.S. domestic prices for similar products, while international export prices for butter and cheddar cheese have been substantially lower than U.S. domestic prices.

International export prices for dairy products

(dollars per pound)

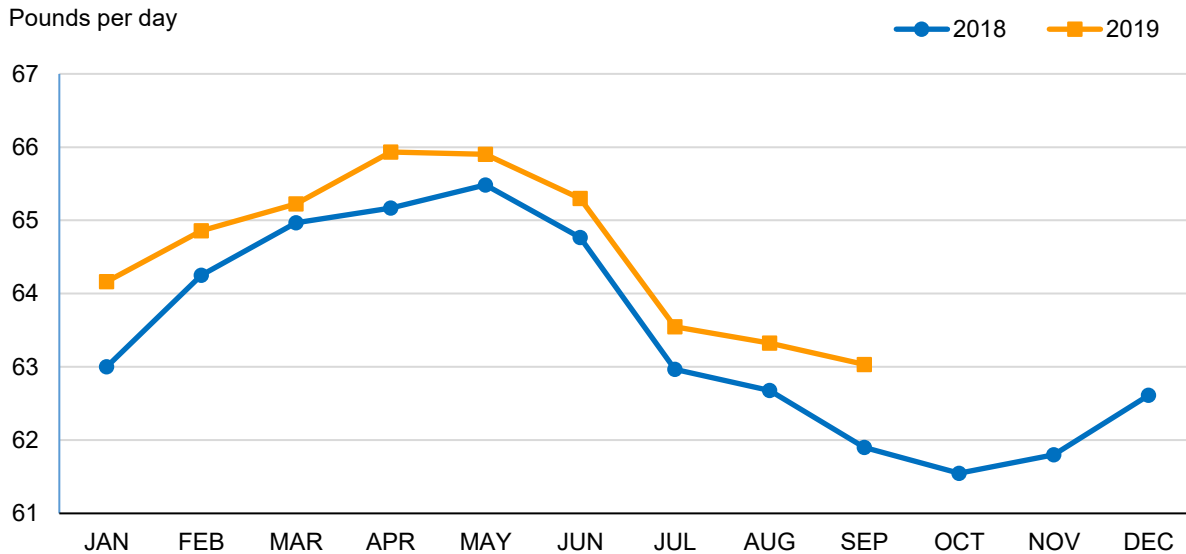
	For the 2 weeks ending		Change
	Oct 4	Nov. 8	
Oceania			
Skim milk powder	1.22	1.33	0.10
Butter	1.87	1.89	0.02
Cheddar cheese	1.72	1.61	-0.11
Europe			
Skim milk powder	1.16	1.22	0.06
Butter	1.80	1.83	0.03
Dry whey	0.37	0.40	0.02

Midpoints of ranges appear in this table. Butter is 82 percent butterfat, and skim milk powder is 1.25 percent butterfat.

Source: USDA, Agricultural Marketing Service.

USDA, National Agricultural Statistics Service (NASS) estimated September U.S. milk production at 17.616 billion pounds, 1.3 percent higher than September 2018. Milk cow numbers for September were estimated at 9.315 million head in September, 2,000 less than August. Year-over-year growth in yield per cow has been growing in recent months. In September, milk per cow averaged 63.0 pounds per day, 1.8 percent higher than September 2018. This compares with year-over-year growth rates of 1.0 percent in August and 0.9 percent in July.

Milk production per cow



Source: USDA, National Agricultural Statistics Service.

In September, dairy exports on a milk-fat milk-equivalent basis totaled 742 million pounds, 36 million lower than August and 97 million lower than September 2018. September exports on a skim-solids milk-equivalent basis were 3.555 billion pounds, 170 million higher than August and 114 million higher than September 2018. Notably, NDM/SMP exports were 144 million pounds in September, 32 million higher than August and 28 million higher than September 2019.

Imports of dairy products on a milk-fat basis were 698 million pounds in September, 63 million higher than August and 154 million higher than September 2018. On a skim-solids basis, September imports were 423 million pounds, 25 million less than August but 67 million higher than September 2018. Notably, cheese imports were 34 million pounds in September, 8 million pounds higher than August and 8 million pounds higher than September 2018. Imports of milk protein products (milk protein concentrate and casein products) totaled 12 million pounds in September, 4 million less than August.

September ending stocks for many dairy products were substantially higher than September 2018. On a milk-fat basis, September ending stocks were 17.258 billion pounds, 159 million pounds higher than September 2018. This compares with a year-over-year increase of 21 million pounds in August. On a skim-solids basis, September ending stocks were 10.775 billion pounds, 250 million higher than September 2018. This compares with a year-over-year decline of 75 million pounds in August. September ending stocks for butter, dry whey, whey protein concentrate, and lactose exceeded September 2018 by 7.0 percent, 14.0 percent, 5.9 percent, and 38.8 percent, respectively.

For the third quarter of 2019, domestic use on a milk-fat basis was 54.6 billion pounds, 0.2 percent higher than the third quarter of 2018. On a skim-solids basis, third-quarter domestic use was 45.5 billion pounds, 0.9 percent higher than the third quarter of 2018.

Outlook for Feed Prices

The 2019/20 corn price forecast has been raised from last month's forecast to \$3.85 per bushel, 5 cents higher than last month's forecast. The soybean meal forecast for 2019/20 is \$325 per short ton,

unchanged from last month's forecast. The September alfalfa hay price was \$181 per short ton, \$2 more than August and \$2 more than September 2018. The 5-State weighted average price for premium alfalfa hay in September was \$204 per short ton, \$4 less than the August price. For more information, see *Feed Outlook*, published by USDA, Economic Research Service.

Dairy Forecasts for the Remainder of 2019

Based on recent milk cow and heifer statistics, the forecast of the milking herd in 2019 has been lowered 5 thousand head to 9.335 million. Due to a lower number than expected for milk per cow in June, the milk per cow estimate for the year has been lowered 15 pounds to 23,350. With these changes, total milk production for 2019 is now forecast at 217.9 billion pounds, 0.3 billion lower than the previous forecast.

Imports on a milk-fat basis are now forecast at 7.2 billion pounds for the year, 0.3 billion pounds higher than last month's forecast, as recent strength in imports of butter from the EU (particularly Ireland) should continue through year end. The export forecast on a milk-fat basis has been lowered 0.1 billion pounds to 9.4 billion. Ending stocks for 2019 are now forecast at 13.0 billion pounds, 0.1 billion pounds lower than the last forecast. Domestic use on a milk-fat basis for the year is forecast slightly higher than last month at 215.2 billion pounds.

On a skim-solids basis, the import forecast for 2019 has been raised 0.1 billion pounds to 5.5 billion due to higher expected imports of milk protein products. A weaker Chinese yuan, continued trade tensions with China, and strong competition for NDM exports have motivated a dimmer outlook for skim-solids exports; exports are now forecast at 40.6 billion pounds, 0.7 billion pounds lower than the last forecast. Ending stocks for 2019 are forecast at 10.0 billion pounds, unchanged from the last forecast. Helped by slightly lower NDM prices, domestic use is now forecast at 182.3 billion pounds for the year, 0.6 billion pounds higher than last month's forecast.

Slight changes in dairy product price forecasts have been made for the remainder of 2019. Recent strength in cheese prices and growth in domestic use have motivated an increase of 2.5 cents in the Cheddar cheese price for the year to \$1.685 per pound. The dry whey price has also been raised slightly for the year to \$0.380 per pound. Domestic demand continues to support the U.S. butter price; as a result, the butter price forecast has been raised slightly to \$2.320 per pound for the year. In contrast, weakening shipments of NDM in recent months have allowed the NDM price to weaken somewhat of late; therefore, the NDM price forecast has been lowered 1.5 cents to \$1.005 per pound for the year.

With slightly higher prices for cheese and whey, the Class III price for 2019 has been raised 25 cents to \$16.30 per cwt. The lower NDM price forecast has led to a decrease of 15 cents in the Class IV price forecast to \$16.30 per cwt. The all-milk price for 2019 is now forecast at \$18.30 per cwt, 10 cents higher than the previous forecast.

Dairy Forecasts for 2020

Lower expected growth in milk cow numbers and higher expected milk per cow for the latter part of 2019 are expected to carry into 2020. Milk cows are forecast to average 9.335 million head in 2020, 5,000 less than last month's forecast. Milk per cow is forecast at 23,830 pounds, 105 pounds higher than last month's forecast. With higher yields expected to more than offset lower growth in the milking

herd, milk production for 2020 is forecast at 222.4 billion pounds, 0.8 billion pounds higher than last month's forecast.

On a milk-fat basis, the 2020 export forecast has been lowered 0.1 billion pounds to 9.2 billion as relatively high domestic cheese prices compared to foreign export prices are expected to reduce U.S. competitiveness. The export forecast on a skim-solids basis is unchanged at 43.0 billion pounds, as lower expected exports of cheese and whey products are offset by higher expected exports of NDM/SMP. The 2020 import forecasts on both the milk-fat and skim-solids bases are unchanged from last month's forecasts at 6.5 billion and 5.5 billion pounds, respectively.

Based on higher beginning stock forecasts and higher expected milk production in 2020, ending stocks have been raised substantially. Ending stocks for 2020 on a milk-fat basis are now projected at 13.2 billion pounds for the year, 0.4 billion pounds higher than last month's forecast. On a skim-solids basis, ending stocks are projected at 10.8 billion pounds, 1.3 billion pounds higher than the last forecast. The domestic use forecast for 2020 on a milk-fat basis has been raised by 1.2 billion pounds to 219.0 billion, but the domestic use forecast on a skim-solids basis has been lowered 0.2 billion pounds to 183.6 billion.

With higher expected higher domestic demand for cheese, the cheese price forecast for 2020 has been raised 7.0 cents to \$1.860 per pound for the year. The NDM price forecast has been raised by 5.5 cents to \$1.095 per pound due to higher expected demand for exports. The butter price for 2020 has been lowered 14.0 cents to \$2.060 per pound due to recent price weakness and higher expected beginning stocks. The dry whey price has been lowered 5.5 cents to \$0.320 per pound due to recent price weakness and lower expected exports.

With the higher expected cheese price more than offsetting the lower expected whey price, the Class III milk price forecast for 2020 has been raised to \$17.50 per cwt, \$0.30 higher than last month's forecast. The Class IV milk price forecast has been lowered to \$15.95 per cwt, \$0.15 lower than last month's forecast, as the lower butter price forecast more than offsets the higher NDM price forecast. With largely offsetting price forecasts for Class III and IV milk, the all-milk price forecast for 2020 is unchanged at \$18.85 per cwt.

Pork/Hogs

Mildred Haley

Fourth-Quarter Pork Production Revised Upward To Reflect Faster-Paced Slaughter Rate

Fourth-quarter commercial pork production is expected to be 7.5 billion pounds, more than 6 percent greater than production in the same period last year. This forecast was raised 40 million pounds due to a faster-than-anticipated rate of slaughter and slightly higher-than-expected average dressed weights through October and early November that are likely to persist into the remaining weeks of the quarter. Large numbers of slaughter hogs weighed on average prices of 51-52 percent lean live equivalent hogs in October, with prices averaging \$44.74 per cwt, 5.9 percent below the October 2018 average. Despite continued large numbers of slaughter-ready hogs, strong seasonal processor hog demand is likely to hold fourth-quarter hog prices above year-ago levels. Fourth-quarter hog prices are expected to average \$44 per cwt, almost 3 percent higher than last year's fourth-quarter prices.

Total 2019 commercial pork production is expected to be 27.6 billion pounds, 5 percent greater than production in 2018. For the year, hog prices are anticipated to average \$48 per cwt, almost 5 percent higher than average prices in 2018. Higher hog prices for greater numbers of hogs this year reflect increased packer demand, with accompanying competition to secure hogs following recent processing capacity expansion. Production forecasts for 2020 remain unchanged at about 28.7 billion pounds, almost 4 percent greater than 2019 forecast production. Hog prices next year are expected to average \$57 per cwt, almost 19 percent above prices this year. Increased foreign demand for U.S. pork, driven particularly by Asian countries whose hog herds are infected by African Swine Fever, are likely to sharpen processor competition for hogs in 2020.

September Exports Supported by China\Hong Kong

September pork exports were 465 million pounds, 7.6 percent higher than a year ago. Shipments to most of the "usual" large buyers were lower: Mexico (-3.7 percent), Japan (-6.1 percent), Canada (-1.4 percent), and South Korea (-9.9 percent). Exports to China\Hong Kong—more than triple last year's volume—were largely responsible for holding the September total above exports of a year ago. Shipments to the 10 largest buyers in September are summarized below, along with their respective shares of September exports.

U.S. pork exports: Volumes and export shares of the 10 largest foreign destinations, September 2018 and 2019

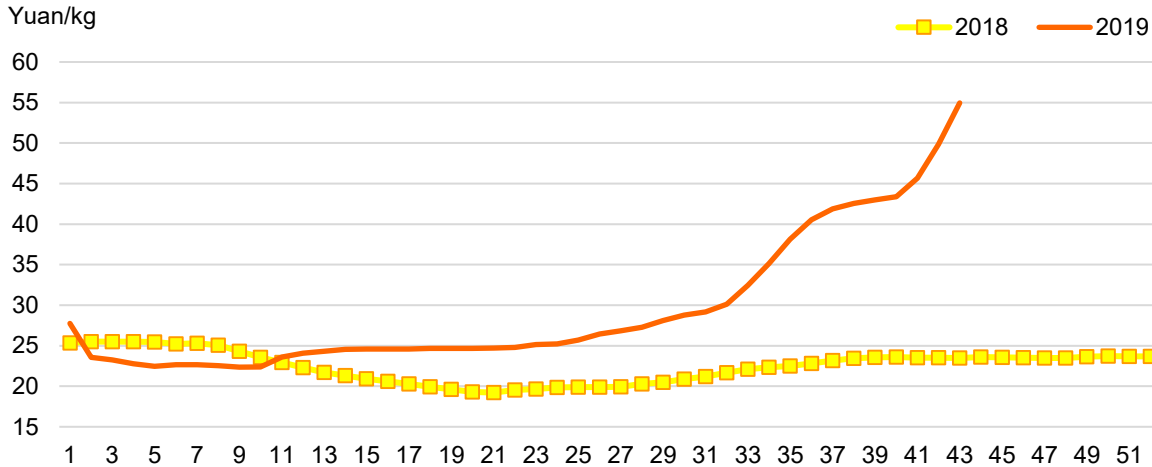
	Country	Exports Sept. 2018 (mil. lbs)	Exports Sept. 2019 (mil. lbs)	Percent change (2019/2018)	Export share Sept. 2018 %	Export share Sept. 2019 %
	World	432	465	7.6		
1	Mexico	131	126	-3.7	30.2	27.1
2	Japan	93	87	-6.1	21.4	18.7
3	China/Hong Kong	21	74	249.2	4.9	15.9
4	Canada	51	50	-1.4	11.8	10.8
5	South Korea	37	34	-9.9	8.7	7.3
6	Australia	15	20	32.7	3.5	4.3
7	Colombia	23	18	-18.2	5.2	4.0
8	Philippines	12	11	-9.6	2.7	2.3
9	Honduras	7	8	25.1	1.5	1.8
10	Dominican Republic	10	7	-27.9	2.3	1.5

Source: USDA, Economic Research Service.

Strong year-over-year increases in U.S. exports to China\Hong Kong are the result of continued liquidation of Chinese hog inventories, reduced pork production, and skyrocketing pork prices, brought about by African Swine Fever (ASF). ASF, first identified in China in August 2018, affects swine only; it cannot be transmitted to people. There is no cure for the disease nor any effective vaccine, although reportedly, at least two are currently being tested in China. For more complete information on the impact of ASF on the Chinese pork sector, see “Livestock and Poultry: World Markets and Trade”, USDA, Foreign Agricultural Service. <https://www.fas.usda.gov/data/livestock-and-poultry-world-markets-and-trade>.

USDA forecasts that Chinese pork production will decline by 14 percent this year compared with 2018. By the end of October, Chinese pork prices had responded to reduced pork supplies by more than doubling, year over year. October pork prices averaged more than 60 percent higher than prices at the beginning of August (week 32 in the figure below).

China: weekly pork prices, 2018-October 2019



Source: China Ministry of Agriculture.

China has stepped up pork imports in response to reduced pork production. USDA forecasts that China's 2019 imports will increase almost 67 percent compared with 2018, to 2.6 million metric tons. The table below shows January-September Chinese pork imports for 2018 and 2019. U.S. pork represented 10.5 percent of China's imports during that period.

China: Pork imports, January-September 2018 and 2019

Country	2018 Imports Jan.-Sept.	2019 Imports Jan.-Sept.	Percent change (2019/2018)	2018 Share of Chinese Imports	2019 Share of Chinese Imports
	MT	MT	%	%	%
World	923,053	1,325,700	43.6		
Other E.U.*	171,360	256,067	49.4	18.6	19.3
Spain	173,426	247,071	42.5	18.8	18.6
Germany	173,703	221,567	27.6	18.8	16.7
Canada	124,153	171,539	38.2	13.5	12.9
Brazil	108,423	143,983	32.8	11.7	10.9
U.S.	80,466	139,428	73.3	8.7	10.5
Denmark	55,887	88,729	58.8	6.1	6.7
Chile	34,241	50,904	48.7	3.7	3.8
Mexico	1,397	6,416	359.3	0.2	0.5

*Other E.U. = E.U. member countries other than Germany, Spain, and Denmark.
Source: Trade Data Monitor.

Global Animal Protein Demand Likely to Factor into U.S. Pork Exports in 2020

Third-quarter U.S. pork exports were 1.516 billion pounds, 16.8 percent ahead of exports a year ago. Fourth-quarter exports are expected to be record-large at 2 billion pounds and largely reflect strong global demand for reduced supplies of animal proteins. Total pork exports this year will likely be just below 6.5 billion pounds, almost 11 percent above shipments last year. Exports next year—7.3 billion pounds—are expected to be supported by a continuation of largely similar factors that are currently driving global demand.

Poultry

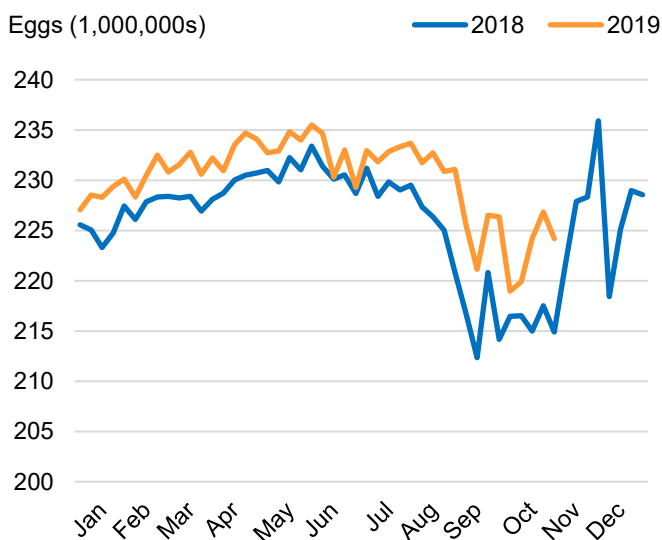
Kim Ha

Broiler Production Revised Up On Hatchery Data

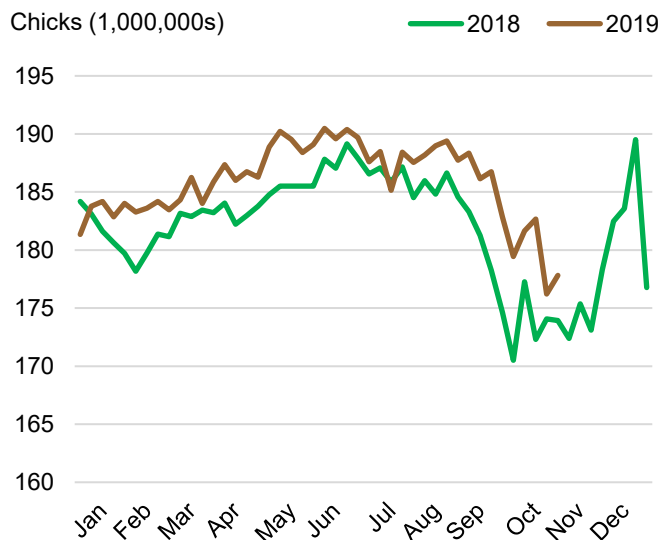
September broiler production is estimated at 3.7 billion pounds, a 7.7-percent increase year over year. Adjusting for the extra slaughter day, production increased by 2.3 percent year over year, comprised of a 1.3-percent increase in slaughter (adjusted for slaughter days) and a 1.1-percent increase in bird weights. Closing out the third quarter, year-to-date production is estimated at 32.7 billion pounds, or a 2.2-percent increase year over year—driven primarily by increased slaughter (+1.6 percent) and a slight increase in aggregate bird weights (0.7 percent). The increase in weights has been driven not by heavier birds, but by the growing proportion of birds in the heavier-weight production category.

In the fourth quarter, multiple indicators point to higher-than-expected slaughter. First, preliminary weekly slaughter data from the Agricultural Marketing Service suggest a notable increase in October slaughter relative to last year. In addition, eggs-set and placement data continue to suggest more birds available for slaughter in the coming weeks. Based on the expectation for higher slaughter volumes, the fourth-quarter production forecast was increased to 11.025 billion pounds. This strength is expected to carry into 2020, which is the basis for increasing the 2020 production forecast to 44.535 billion pounds, 1.8 percent higher than 2019 forecast production.

Broiler eggs set (weekly)



Broiler chicks placed (weekly)



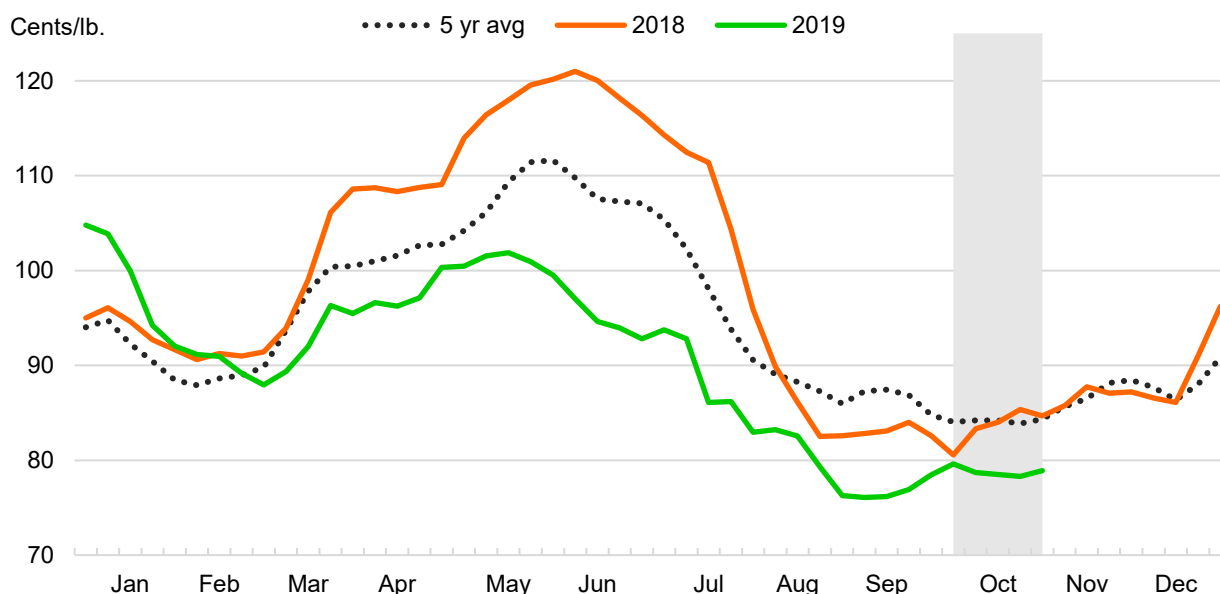
Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service.

2019 Price Forecast Increased, 2020 Decreased

The whole bird (National Composite) wholesale price averaged 78.81 cents per pound in October, 5.7 percent lower year over year. Although prices continue lower relative to last year as well as the 5-year average (see chart), recent price movements suggest that prices are tracking historical trends. If prices continue to follow the pattern of the 5-year average to the end of the year, they should strengthen in the

fourth quarter, which is the basis for increasing the fourth-quarter price forecast to 81 cents per pound. While this momentum is expected to carry into the first quarter of 2020, it is expected that increased supply will put downward pressure on prices in 2020, particularly in the fourth quarter. The 2020 first-quarter price forecast is increased to 90 cents per pound, but with increased production expected to pressure late-2020 prices, the annual average is unchanged at 91 cents per pound.

National composite whole bird wholesale prices (weekly)



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

Broiler Exports Revised Down, Imports Revised Up

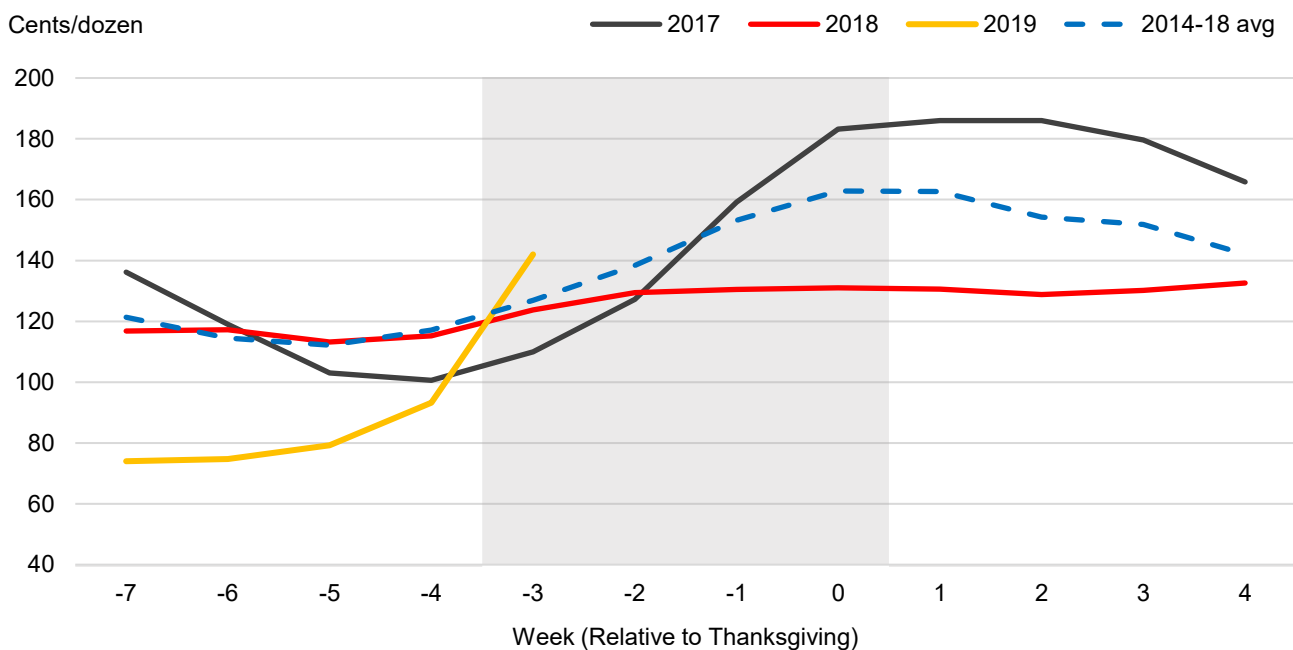
Broiler export volumes totaled 576 million pounds in September, about half-a-percent less than year-earlier shipments. With the exception of Angola and Colombia, exports to the top 10 largest markets (in terms of volume) in 2019 thus far were up year over year—notably to Cuba (+25.0 million pounds), Georgia (+13.4 million pounds), Vietnam (+11.4 million pounds), Taiwan (+7.6 million pounds), Guatemala (+3.0 million pounds), and Mexico (+2.6 million pounds), along with others. Increased shipments to these markets were partly offset by a significant decrease in exports to Angola of 25.7 million pounds relative to last year. The sizeable drop can likely be attributed to Angola’s depreciating Kwanza—a result of a foreign exchange overhaul—and is expected to continue into the fall. Based on the expectation that shipments to Angola and a number of other price-sensitive markets will continue to slump, the fourth-quarter export forecast was decreased to 1,810 million pounds.

Third-quarter U.S. imports of broiler meat are estimated at 36 million pounds, a 1-percent decrease from last year. During this period, Chile—the largest supplier of broiler meat to the United States—increased U.S.-bound shipments by almost 17 percent year over year, while shipments from Canada decreased nearly 25 percent. Based on the expectation that shipments from Chile will be stronger than previously expected, the fourth-quarter import forecast was increased to 33 million pounds. The forecast for 2020 total imports was revised up to 134 million pounds, a 3-percent increase over 2019 forecasts.

Wholesale Egg Prices Climb as Holiday Season Approaches; Forecast Revised Up

Wholesale egg prices (New York, Grade A Large) averaged 78.82 cents per dozen in October, 32 percent lower than last year. Egg prices were steady at 74 cents per dozen during the first-half of the month and increased by 30 cents to 104 cents by the end of the month. Prices continued to climb into early November and are expected to continue increasing as the holiday baking season nears. As seen in the chart below, wholesale egg prices typically increase in the weeks leading up to Thanksgiving and then gradually decrease in December. In 2019, fall prices started out much lower but are rising at a more rapid pace than is typical. Based on recent price movements and the expectation for increasing prices through November, the fourth-quarter price forecast was increased to 110 cents per dozen.

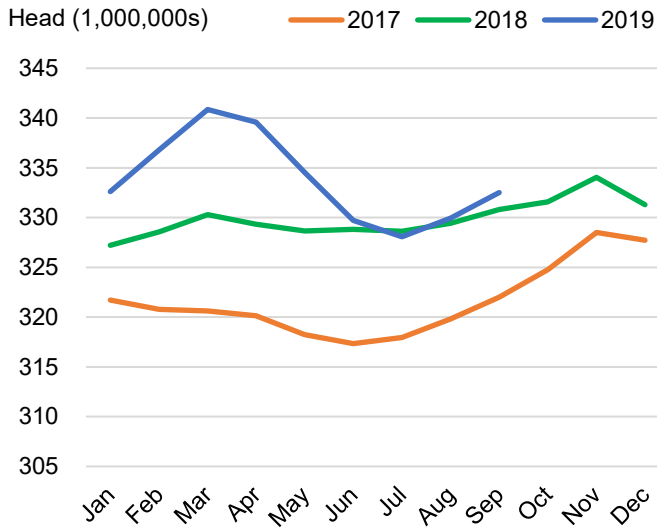
Weekly midpoint prices for New York eggs (wholesale, large grade A) in the weeks before Thanksgiving



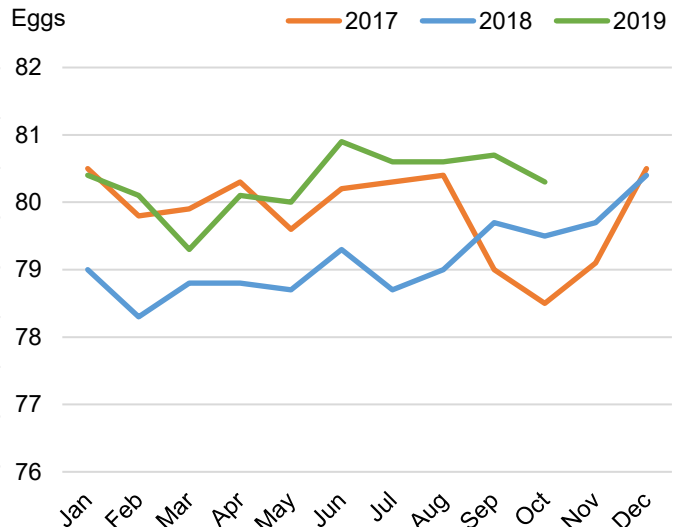
Source: USDA, Economic Research Service calculations using data from USDA, Agricultural Marketing Service and Livestock Marketing Information Center.

Looking at production, September table egg output is estimated at 670 million dozen, an increase of 1.7 percent year over year. This increase was comprised of a 0.5-percent year-over-year increase in the layer flock and a 1.2-percent increase in the average lay rate. The October 1 table egg layer inventory was 333.5 million hens, 0.6 percent higher than last month. Consistent with seasonal patterns, it is expected that the layer flock will continue to grow through December (see chart). Meanwhile, the lay rate is expected to continue higher compared to last year, but may decline slightly relative to recent months, particularly as producers retain older, less productive birds in order to grow their layer flocks. The forecasts for the outlying quarters are unchanged.

Table egg layer inventory (first of month)



Eggs per 100 layers (first of month)



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

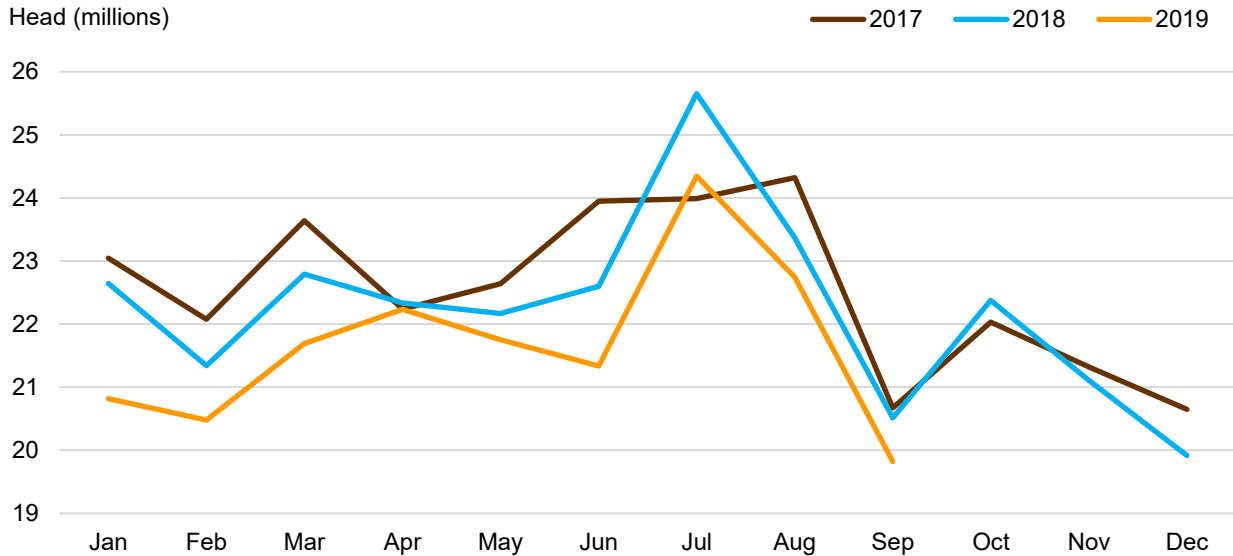
Shell Eggs Continue To Drive Exports in September

Exports of eggs and egg products amounted to 28.4 million dozen (shell-egg equivalent) in September, nearly 2.7 percent higher year over year. For the fourth month in a row, this increase can be attributed to higher shell egg shipments (+8.3 percent year over year in September), as export volumes of egg products continued to decrease (-7.2 percent year over year). Year to date, total egg exports (including egg products) are down 4.6 percent year over year, while shell eggs are up 10.7 percent and egg products are down 23.5 percent. Among the four largest egg export markets, shipments to Canada, Mexico, and Hong Kong increased year over year for the period January to September 2019, while Japan had fewer shipments. Export volumes to Canada increased by 6.1 percent, driven by higher levels of egg products. Shipments to Mexico increased 32.9 percent year over year due to increases in both shell eggs and egg products. Exports to Hong Kong increased by 17 percent thanks to higher shell-egg volumes. Japan received 60.7 percent fewer shipments relative to last year, due to lower egg product exports. The export and import forecasts remain unchanged.

Turkey Production Forecast Revised Up

September turkey production totaled 461 million pounds, a 7.6-percent increase year over year, or 2.2 percent when adjusted for slaughter days. This increase was driven by a 4.2-percent year-over-year increase in average bird weights, while slaughter decreased 1.8 percent (adjusted for slaughter days). In the fourth quarter, it is expected that higher average weights will continue to support turkey production. Furthermore, poult placement data suggest that fourth-quarter turkey slaughter may be higher than expected, the basis for increasing the fourth-quarter production forecast to 1,540 million pounds. The strength in the fourth quarter is expected to carry into 2020; the 2020 production forecast was revised up to 5,925 million pounds, about a half-percent increase over the 2019 forecast.

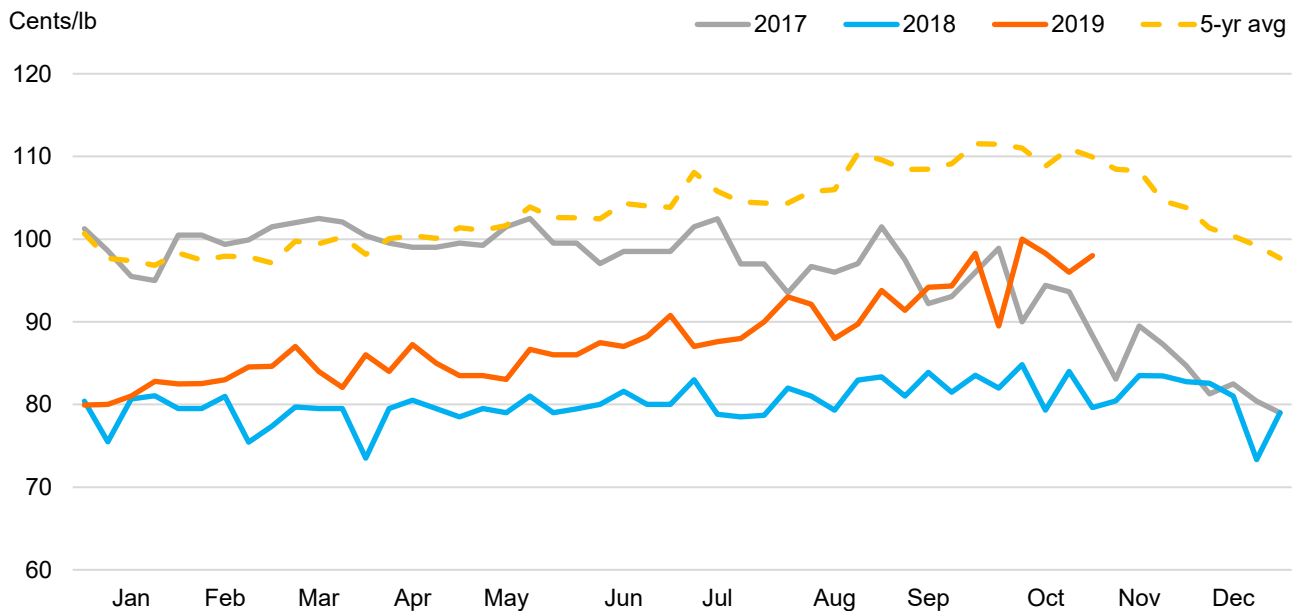
Net turkey poult placements



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

Whole frozen hen wholesale prices averaged 96.88 cents per pound in October, more than 18 percent higher than last year. While 2019 monthly prices have consistently exceeded 2018 prices every month this year, October is the first month where prices exceeded 2017 levels. Recent price movements also suggest that wholesale prices have returned to historical trends (see chart). The price forecast remains unchanged.

Whole frozen hen wholesale turkey prices (weekly)

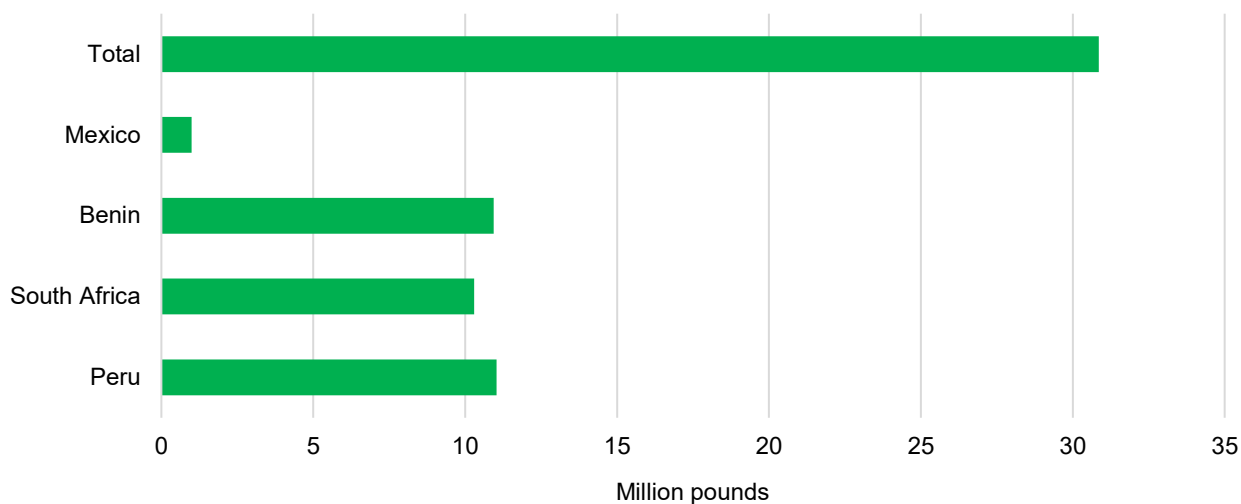


Source: USDA, Economic Research Service calculations using data from USDA, Agricultural Marketing Service.

Turkey Export Expectations Steady; 2020 Turkey Import Forecast Revised Down

September turkey export volumes are estimated at nearly 52 million pounds, a 13-percent increase year over year. Year to date, exports are up 7 percent, or 31 million pounds, compared to the same period last year. This year-to-date growth can largely be attributed to some of the smaller export markets, such as Peru (which increased shipment levels by more than 11 million pounds year over year), Benin (+11 million pounds), and South Africa (+10 million pounds) (see chart). Mexico—by far the largest U.S. turkey export market—increased shipments by less than 1 million pounds year over year. The export forecasts for the outlying quarters remain unchanged.

Year-over-year volume increase in turkey exports to top four largest U.S. turkey export markets (January – September 2019/2018)



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

Third-quarter imports are estimated at almost 3 million pounds, 36.5 percent lower year over year. Shipments were lower year over year from all three U.S. suppliers: Canada (-36 percent), Chile (-17 percent), and most notably Israel (-100 percent). At the end of September, a few eligible plants in Israel were delisted by the USDA Food Safety and Inspection Service, revoking their ability to export to the United States. As these plants were exporting kosher turkey products to the U.S., it is not likely that Canada or Chile will fill this gap. Based on the expectation for fewer shipments from Israel, the 2020 import forecast was revised down to 12 million pounds.

Suggested Citation

Livestock, Dairy, and Poultry Outlook, LDP-M-305, U.S. Department of Agriculture, Economic Research Service, November 15, 2019

Dairy Forecasts

	2018		2019					2020			
	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Milk cows (thousands)	9,359	9,399	9,344	9,327	9,317	9,315	9,325	9,320	9,325	9,340	9,335
Milk per cow (pounds)	5,703	23,149	5,827	5,980	5,824	5,805	23,435	5,985	6,100	5,885	23,830
Milk production (billion pounds)	53.4	217.6	54.5	55.8	54.3	54.1	218.6	55.8	56.9	55.0	222.4
Farm use	0.3	1.0	0.3	0.3	0.3	0.3	1.0	0.3	0.3	0.3	1.0
Milk marketings	53.1	216.6	54.2	55.5	54.0	53.8	217.5	55.5	56.6	54.7	221.4
Milk-fat (billion pounds milk equiv.)											
Milk marketings	53.1	216.6	54.2	55.5	54.0	53.8	217.5	55.5	56.6	54.7	221.4
Beginning commercial stocks	17.1	13.4	13.8	16.1	18.2	17.3	13.8	13.7	16.5	18.4	13.7
Imports	1.8	6.3	1.4	1.9	2.0	1.9	7.2	1.4	1.6	1.7	6.5
Total supply	72.0	236.3	69.4	73.5	74.2	73.0	238.5	70.6	74.8	74.8	214.6
Commercial exports	2.4	10.4	2.4	2.5	2.2	2.0	9.0	2.2	2.5	2.4	9.2
Ending commercial stocks	13.8	13.8	16.1	18.2	17.3	13.7	13.7	16.5	18.4	16.8	13.2
Commodity Credit Corporation donations	0.0	0.0	0.0	0.0	0.1	0.0	0.2	0.0	0.1	0.0	0.2
Domestic commercial use	55.9	212.1	50.9	52.8	54.6	57.3	215.6	51.9	53.8	55.6	219.0
Skim solids (billion pounds milk equiv.)											
Milk marketings	53.1	216.6	54.2	55.5	54.0	53.8	217.5	55.5	56.6	54.7	221.4
Beginning commercial stocks	10.5	11.8	10.7	11.1	11.2	10.8	10.7	10.6	11.7	11.9	10.6
Imports	1.4	5.5	1.3	1.6	1.5	1.5	5.8	1.3	1.4	1.5	5.5
Total supply	65.1	233.8	66.2	68.2	66.6	66.1	234.0	67.4	69.7	68.1	237.5
Commercial exports	9.7	44.7	9.9	10.3	10.3	9.9	40.4	10.3	11.1	11.0	43.0
Ending commercial stocks	10.7	10.7	11.1	11.2	10.8	10.6	10.6	11.7	11.9	11.3	10.8
Commodity Credit Corporation donations	0.0	0.0	0.0	0.0	0.1	0.0	0.2	0.0	0.0	0.0	0.1
Domestic commercial use	44.7	178.5	45.1	46.7	45.5	45.5	182.8	45.4	46.7	45.8	183.6
Milk prices (dollars/cwt) ¹											
All milk	17.07	16.26	16.97	17.93	18.97	20.50	18.60	19.25	18.65	18.75	18.85
Class III	14.58	14.61	14.30	16.20	17.82	19.65	17.00	17.90	17.35	17.45	17.50
Class IV	15.05	14.23	15.68	16.28	16.66	16.50	16.30	15.95	16.05	16.00	15.95
Product prices (dollars/pound) ²											
Cheddar cheese	1.463	1.538	1.440	1.678	1.852	2.080	1.765	1.917	1.850	1.850	1.860
Dry whey	0.459	0.342	0.449	0.378	0.367	0.315	0.380	0.300	0.310	0.320	0.320
Butter	2.264	2.257	2.258	2.310	2.330	2.105	2.250	1.980	2.050	2.100	2.060
Nonfat dry milk	0.887	0.795	0.963	1.007	1.042	1.135	1.035	1.130	1.110	1.080	1.095

Totals may not add due to rounding.

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

² Simple averages of monthly prices calculated by the USDA, Agricultural Marketing Service, for use in class price formulas. Based on weekly USDA, *National Dairy Products Sales Report*.

Sources: USDA: National Agricultural Statistics Service, Agricultural Marketing Service, Foreign Agricultural Service, and World Agricultural Outlook Board.

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

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