United States Department of Agriculture

Outlook

Economic Research Service | Situation and Outlook Report

LDP-M-315 | September 17, 2020

Next release is October 16, 2020

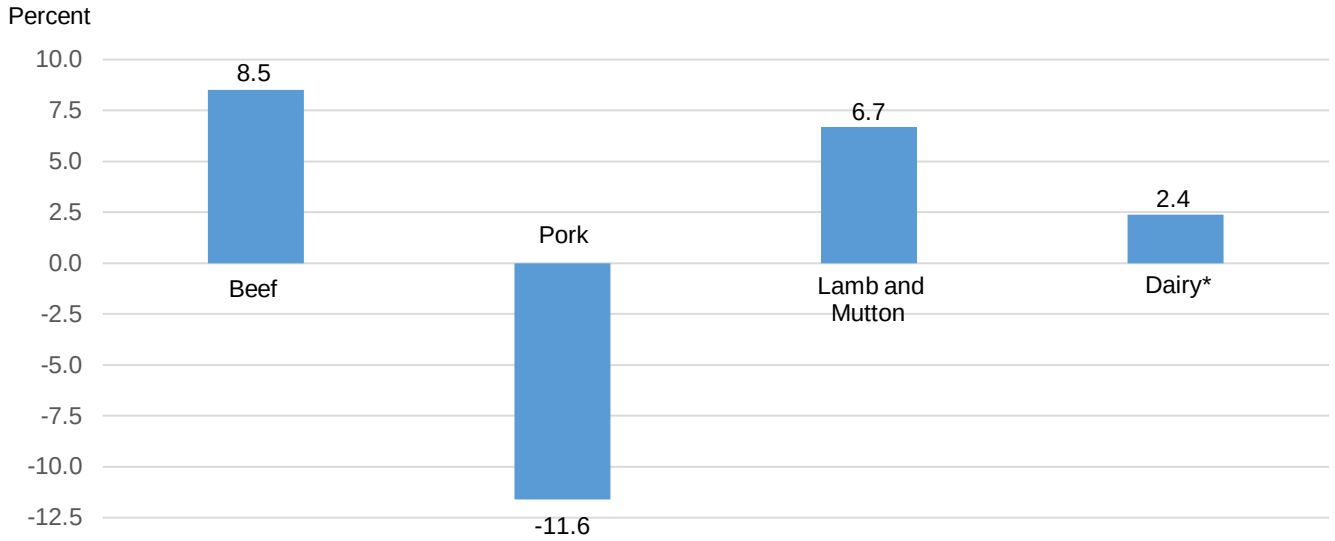
Livestock, Dairy, and Poultry Outlook

January-July 2020 Most Meat and Dairy Imports Up, Pork Imports Lower, Compared to Same Period Last Year

William Hahn

U.S. imports of meat and dairy in the January-July period were mixed compared to the same period last year. Imports of beef, lamb and mutton, and dairy increased, while pork imports declined. Beef imports increased 8.5 percent from January through July. Of major foreign beef suppliers to the United States, imports from Australia and Canada declined, while those from New Zealand, Mexico, Brazil, Uruguay, and Nicaragua increased. Imports of pork declined almost 12 percent, mostly on lower imports from Poland. Lower lamb imports from both Australia and New Zealand were more than offset by higher imports of mutton from these two countries. Combined lamb and mutton imports increased 6.7 percent. The 2.4-percent increase in dairy imports was mostly due to higher imports of butterfat products—butter, anhydrous milkfat, and high-fat dairy spreads.

January-July imports of meat and dairy: Percent change from January-July 2019



*Milk-fat milk equivalent basis.
Source: USDA, Economic Research Service.

Beef/Cattle: The pace of cattle slaughter continues to improve as slaughter plants adjust to protocols to limit the spread of COVID-19. An expected increase in second-half 2020 slaughter raises the production forecast for this year. The faster pace of slaughter in 2020 pulled steer and heifer slaughter forward in 2021. This increased the production forecast for first-quarter 2021, but reduced production was forecast for subsequent quarters on fewer fed cattle supplies and lower carcass weights due to higher expected feed prices. The cattle prices for the rest of this year are unchanged from last month, but 2021 cattle prices were raised on a lower production forecast for next year. The forecast for beef imports in second-half 2020 was raised on sustained demand for processing-grade beef. This raised the annual 2020 import forecast 7 percent above last year. The import forecast for 2021 was unchanged, as were the export forecasts for 2020 and 2021.

Dairy: Milk production forecasts for both 2020 and 2021 are raised from last month to 222.0 billion pounds and 225.4 billion pounds, respectively, on stronger growth in milk per cow. Prices for butter, cheese, and whey are reduced from last month as supplies remain large. However, lower prices for butter and cheese help the competitiveness of U.S. products internationally, and the forecasts for fat-basis imports are reduced and exports are increased. Strong international demand for skim milk powders underpin high forecasts for skim-solids-basis exports for both 2020 and 2021. Lower product prices result in lower Class III and Class IV price forecasts for both years. The all-milk price forecast is lowered to $17.75 per cwt in 2020 and $17.00 per cwt in 2021.

Pork/Hogs: Gross producer margins remained wide through the first 2 months of the third quarter, due mainly to year-over-year lower hog prices. Third-quarter prices of live equivalent 51-52 percent lean hogs are expected to average $39 per hundredweight, more than 22 percent below a year earlier. Pork production is expected to be about 7.1 billion pounds, almost 6 percent above a year ago. Pork exports in July were 555 million pounds, 2.5 percent greater than in July 2019. Shipments to China\Hong Kong mostly offset weaknesses in other major markets. Third-quarter exports are expected to be 1.750 billion pounds, more than 15 percent higher than the same period a year ago.

Poultry/Eggs: The third-quarter broiler production forecast was decreased on hatchery data, while the 2021 forecast was lowered on higher expected feed costs. The broiler export forecast is unchanged. The second-half broiler price forecast was increased on recent prices, while the 2021 price forecast was increased on expectations for tighter supplies. The third-quarter table egg production forecast was increased on lay rates, while the 2021 production forecast was decreased on higher feed costs. The third-quarter egg price forecast was increased slightly, while the export forecast is unchanged. The third-quarter turkey production forecast was adjusted up based on recent slaughter data. Turkey export forecasts remain unchanged, while turkey import forecasts were raised due to increasing shipments from Canada. The turkey price forecast for the third quarter was increased to 111 cents per pound, while price forecasts for the fourth quarter and 2021 remain unchanged.

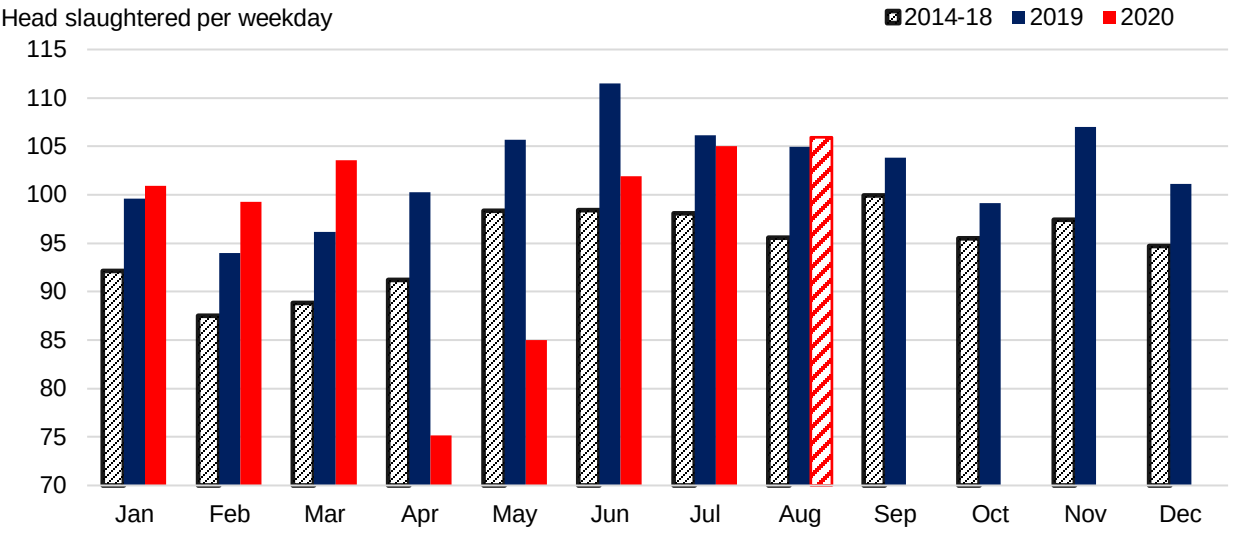
Beef/Cattle

Russell Knight and Christopher Davis

Pace of Fed Cattle Slaughter Continues To Improve

Packers continue to make gains on the processing of fed cattle. Based on USDA, Agricultural Marketing Service (AMS) data for actual and estimated slaughter of steers and heifers in August, the pace of fed cattle slaughtered appears to have risen above year-ago levels for the first time since March (see chart below). The pace of slaughter is estimated at almost 1 percent above August 2019.

Pace of fed cattle slaughter improves to above year-ago levels for first time since March



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

Because of this quicker-than-expected pace of slaughter, the number of fed cattle projected to be slaughtered in third-quarter 2020 was raised. This adjustment more than offsets fewer expected cows slaughtered and a reduction in average carcass weights for the quarter, based on recent slaughter data. In fourth-quarter 2020, more cows and bulls are expected to be slaughtered. These factors raised the 2020 beef production forecast by 20 million pounds from last month to 27.0 billion pounds.

Based on the August USDA, National Agricultural Statistics Service (NASS) *Cattle on Feed* report, there were 12.4 percent more net placements in July than in the previous year, which were greater than expected. Combined with the number of cattle in feedlots yet to be slaughtered in July because of the reduced slaughter capacity in the second quarter, the increase in placements pushed cattle on feed on August 1 to above year-ago levels and to the largest number for the month since the series began in 1996.

The number of feeder cattle sold in August was 15 percent higher than last year, based on the weekly AMS *National Feeder & Stocker Cattle Summary* reports for August. Because of the stronger placements in July and greater sales of feeder cattle in August, year-over-year, the anticipated number of feedlot placements in third-quarter 2020 was raised. With more placements expected in third-quarter 2020, the number of steers and heifers expected to be slaughtered in the first part of 2021 was raised.

To the extent that the proportion of cattle placed in feedlots relative to the available feeder cattle supplies on July 1 is greater than expected last month, it is expected to limit the availability of supplies for placement in the first half of 2021. This pulled feedlot marketings, and consequently steer and heifer slaughter, forward from the latter quarters of 2021. With fewer steers and heifers in the slaughter mix and higher forecast feed costs affecting the length of time on feed, carcass weight gains next year will be limited. Because of this, anticipated average carcass weights were reduced in 2021. Based on these factors combined, the forecast for 2021 beef production was reduced by 265 million pounds from last month to 27.4 billion pounds.

Fed Cattle Prices Raised in 2021 on Lower Production

The reduction in slaughter capacity in the second quarter continues to show up in year-over-year higher number of cattle on feed over 150 days (although diminishing since June) and in the carcass weights of steers and heifers. The improved pace of slaughter, combined with an ample supply of fed cattle at heavier weights, has led to higher expected beef production in third-quarter 2020 relative to 2019, which is likely putting pressure on cattle prices. The price forecasts for third-and fourth-quarter 2020 were unchanged at $101 and $104 per hundredweight (cwt). Regarding the decline in the production forecast for 2021, the fed steer price was raised by $2 for an annual price forecast of $112 cwt.

As noted, an increase in placements is expected in second-half 2020, which implies that more feeder cattle will be placed in feedlots relative to the available supplies on July 1, 2020. The result of greater placements in second-half 2020 without increased marketings in the second half will likely keep cattle in feedlots above year-ago levels through the remainder of 2020. Because of this, anticipated feeder cattle supplies will diminish in 2021. However, the increase in fed cattle prices will likely offset higher corn prices forecast for next year. For that reason, feeder cattle prices were left unchanged from last month.

Beef Imports Continue Strong in July

July 2020 beef imports totaled 377 million pounds, up 41 percent year over year. July's imports were the second-largest to June 2005. Similar to June's beef imports, July's increase of 110 million pounds year over year was motivated by strong demand for processing-grade beef. The United States received large shipments from all four top beef suppliers, Australia, Canada, New Zealand, and Mexico. Combined, these four suppliers accounted for 80 percent of U.S. beef imports in July. Of the four, New Zealand had the largest year-over-year increase of 38 million pounds, which partly reflects a shift in destinations from China to the United States. Shipments from New Zealand year-to-date are expected to continue to be stronger year-over-year as the United States becomes more of the focal point. Beef imports from South American countries, particularly Brazil and Uruguay, were robust as well. The United States imported 15 million pounds more from Brazil and 9 million pounds more from Uruguay, year over year. Unlike other leading beef suppliers (see table below), Nicaragua was the only major source from which the United States imported less beef than it did 12 months earlier.

U.S. year-over-year beef imports from major suppliers

	July 2019	July 2020	Difference in volume	Year-over-year change
		--- Million pounds---		--- Percent --
Australia	67.91	79.51	11.60	17.08
Canada	71.35	80.38	9.03	12.65
New Zealand	40.65	78.96	38.31	94.24
Mexico	47.92	64.37	16.45	34.43
Brazil	13.18	28.23	15.05	114.18
Uruguay	10.91	20.01	9.10	83.41
Nicaragua	10.53	9.81	-0.72	-6.84
ROW	4.60	15.57	10.96	20.19
Total Imports	267.05	376.83	109.77	41.10

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

While the top four beef suppliers year-to-date have accounted for 80 to 84 percent of U.S. total beef imports, the push that has given the United States year-over-year increases through July 2020 can be partly attributed to South and Central America. As shown in the table below, all seven countries highlighted have shipped more beef year-to-date than in the previous year. Volume-wise, three of the largest changes year-to-date are in shipments from Argentina, Nicaragua, and Brazil. Argentina shipped over 21 million pounds more this year than last, and Nicaragua and Brazil shipped 17 and 11 million pounds more over the same period. Although the impacts of these South and Central American countries are not always discussed in this newsletter, their contributions have played a significant role in the growth of U.S. beef imports in 2020.

U.S. year-to-date beef imports from South and Central America

	Year-to-date 2019	Year-to-date 2020	Difference in volume	Year-to-date change
		--- Million pounds---		--- Percent --
Brazil	85.55	96.54	10.99	13.00
Uruguay	79.49	81.14	1.65	2.00
Nicaragua	94.04	111.26	17.22	18.00
Argentina	1.44	22.90	21.46	1495.00
Costa Rica	12.79	19.87	7.08	55.00
Honduras	1.26	4.23	2.97	235.00
Chile	0.002	0.08	0.08	4135.00

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

The forecasts for 2020 third and fourth quarters were raised to 925 million pounds (+115 million from last month) and 725 million pounds (+20 million) on continued strong demand for processing-grade beef. The annual forecast for 2020 was 3.272 billion pounds. The forecast for 2021 was unchanged from last month.

Beef Exports Continue To Fall in July

U.S. beef exports were down 8 percent, or 22 million pounds, year over year, totaling 252 million pounds in July. However, this was a smaller decline compared to the sharp contraction in June. Beef exports have been down year over year for 4 consecutive months. Reductions in beef exports were reported for three of the U.S. top-six destinations. Most of the decline was attributable to Mexico's year-

over-year reduction in beef shipments from the United States of 20 million pounds, which was partly due to high U.S. beef prices, Mexico's economic recession, and the depreciation of the peso relative to the dollar. The decline follows a trend; U.S. beef exports to Mexico have been lower year over year since May 2019. The U.S. beef exports to Japan and South Korea were down only slightly in July.

However, there was also some growth in U.S. beef exports, including year-over-year increases in July to Canada, Hong Kong, and Taiwan. During July, the United States exported a record volume of beef to China. However, the year-over-year escalation in beef exports in July were not enough to offset the year-over-year reductions.

The forecast for the third quarter was unchanged from a month ago. The annual beef export forecast for 2020 was also unchanged, as was the forecast for 2021.

U.S. year-over-year beef exports to major destinations

	July 2019	July 2020	Difference in volume	Year-over-year change
	--Million pounds--			--- Percent --
Japan	77.36	75.81	-1.56	-2
Mexico	39.36	19.00	-20.36	-52
South Korea	69.12	66.44	-2.68	-4
Canada	23.18	25.66	2.47	11
Hong Kong	15.40	17.67	2.27	15
Taiwan	17.05	18.51	1.45	9
ROW	9.16	19.49	10.33	112.77
Total Exports	273.69	251.68	-22.00	-8

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

Dairy

Jerry Cessna

Recent Developments in Dairy Markets

From the week ending August 1 to the week ending August 29, all major dairy product wholesale prices fell. The declines for Cheddar cheese were especially large. The price for 40-pound blocks fell 92.3 cents to $1.8419 per pound, and the price for 500-pound barrels fell 88.5 cents to $1.5959 per pound. The prices for butter, nonfat dry milk (NDM), and dry whey fell to $1.4988 (-25.5 cents), $0.9464 (-2.9 cents), and $0.3203 (-2.9 cents) per pound, respectively.

Dairy wholesale product prices from USDA *National Dairy Products Sales Report* (dollars per pound)

	For the week ending		
	August 1	August 29	Change
Butter	1.7542	1.4988	-0.2554
Cheddar cheese			
40-pound blocks	2.7649	1.8419	-0.9230
500-pound barrels [1]	2.4812	1.5959	-0.8853
Nonfat dry milk	0.9752	0.9464	-0.0288
Dry whey	0.3496	0.3203	-0.0293

[1] Adjusted to 38-percent moisture.

Source: USDA, Agricultural Marketing Service, *National Dairy Products Sales Report d*ated September 2, 2020.

U.S. dairy product prices for NDM, butter, and dry whey have been competitive in foreign markets. For the 2 weeks ending August 28, USDA *Dairy Market News* reported that skim milk powder (SMP) export prices for Oceania and Western Europe were $1.31 and $1.15 per pound, respectively.[1] Butter export prices for Oceania and Western Europe were $1.54 and $1.83 per pound, respectively. The dry whey export price for Western Europe was $0.41 per pound. U.S. cheese prices have been less competitive recently. The Oceania export price for Cheddar cheese for the 2 weeks ending August 28 was $1.60 per pound.

Year-over-year milk production growth has been increasing since May. In May, milk production was 0.5 percent below May 2019 as dairy farmers reduced production in response to pricing terms formulated to discourage milk production growth. In June, milk production was 0.8 percent higher than June 2019. In July, milk production was 18.645 billion pounds, 1.5 percent higher than July 2019. Milk cow numbers in July averaged 9.352 million head, 2,000 higher than June. Milk per cow in July was 1,994 pounds, 21 pounds higher than July 2019.

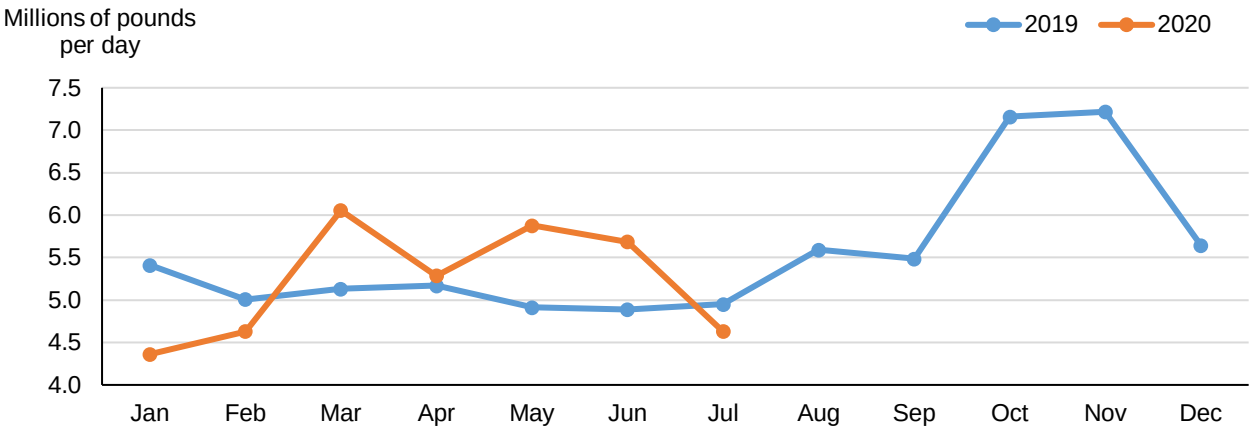
[1] The source for Oceania and Western Europe export prices is USDA *Dairy Market News*. Prices listed in this report are at the midpoints of the ranges.

U.S. dairy exports remained strong in July. On a milk-fat milk-equivalent basis, they totaled 819 million pounds, 146 lower than June but 106 million higher than July 2019. On a skim-solids milk-equivalent basis, July exports totaled 4.169 billion pounds, 94 million lower than June but 825 million higher than July 2019. Cheese exports dropped to 64.5 million pounds in July after peaking at 84.7 million pounds in June, the highest, monthly level to date. As noted above, U.S. cheese prices were less competitive in July than in June. Butter exports in July dropped to 4.4 million pounds in July from 4.8 million pounds in June. June and July were the two highest months for U.S. 2020 butter exports. Dry whey and whey protein concentrate, WPC, exports were higher in July than in June. Dry whey exports increased from 40.0 to 40.7 million pounds; WPC increased from 24.1 to 27.8 million pounds.

U.S. dairy imports on a milk-fat basis were 627 million pounds in July, 127 million lower than June and 22 million lower than July 2019. On a skim-solids basis, July imports totaled 526 million pounds, 44 million more than June but 70 million lower than July 2019. More competitive U.S. butter prices led to lower imports. July 2020 imports were 7.6 million pounds, 4.5 million pounds lower than June 2020's 12.1 million pounds of imports.

On a milk-fat basis, July domestic use was 18.222 billion pounds, 96 million less than June but 219 million higher than July 2019. On a skim-solids basis, domestic use was 14.781 billion pounds, 362 million less than June and 712 million less than July 2019. Notably, domestic use of butter averaged 4.6 million pounds per day in July, a decline from 5.7 million pounds in June. Domestic use of dry skim milk products, dry whey, whey protein concentrate, and lactose also decreased from June to July. Domestic use of many dairy products typically increases toward the end of the year with holiday season buying. With some social gatherings likely to be curtailed due to the pandemic, this remains uncertain for 2020.

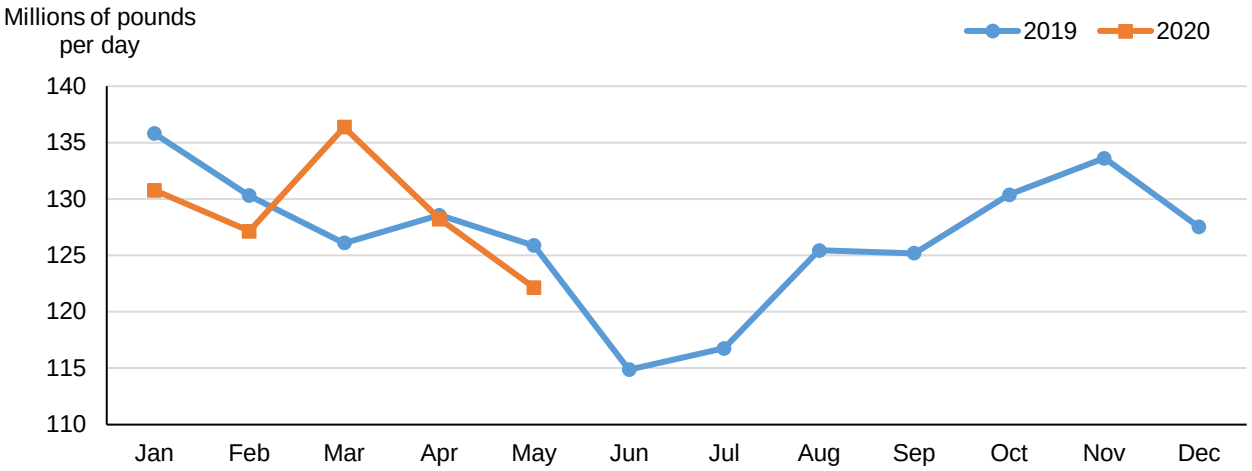
Butter domestic commercial disappearance



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

On August 7, 2020, USDA Agricultural Marketing Service published an *Estimated Fluid Milk Products Sales Report*, providing data through May 2020. Fluid beverage milk sales have been in a downward trend for years. Fluid milk sales in March were exceptional, at 10 million pounds per day more than March 2019. This was largely due to a surge in buying as consumers began staying at home due to the pandemic. Also, consumers tend to consume more milk in meals at home than away from home. In April, fluid milk sales were about the same as they were in April 2019. In May, they fell to 4 pounds below the previous year. Fluid milk typically increases during the school year. However, with many school buildings closed or operating at reduced capacity, this is highly uncertain for 2020.

Fluid beverage milk sales



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

Ending stocks were relatively high at the end of July. On a milk-fat basis, they totaled 19.163 billion pounds, an increase of 849 million from July 2019. July ending stocks on a skim-solids basis totaled 11.496 billion pounds, 320 million more than June 2019. With relatively low demand for butter, butter stocks for the end of July were 372.8 million pounds, 43.2 million higher than July 2019.

Outlook for Feed Prices

The corn price estimate for the 2019/20 marketing year is $3.60 per bushel, and the 2020/21 forecast is $3.50 per bushel, 40 cents higher than last month's forecast. The soybean meal price estimate for the 2019/20 marketing year is $300 per short ton; the 2020/21 forecast is $315 per short ton, $25 higher than the last forecast. The alfalfa hay price in July was $174 per short ton, $5 lower than June and $9 lower than July 2019. The 5-State weighted-average price for premium alfalfa hay in July was $198 per short ton, $9 lower than June and $17 lower than July 2019. For more information, see *Feed Outlook,* published by USDA, Economic Research Service.

Dairy Forecasts for 2020

The dairy production forecast for 2020 was raised on higher-than-expected milk per cow. Revised second-quarter milk per cow was 6 pounds higher than expected, and with the expectation of stronger trend growth milk per cow was increased by 10 pounds for the last two quarters of this year, giving an annual average of 23,710 pounds of milk per cow. Cow numbers are forecast to grow at a slow pace, and the forecast is unchanged from last month at 9.365 million head. Strong exports in July and expectations of continued strength in foreign demand led to increases in forecast exports. The forecast for milk-fat equivalent exports for 2020 is raised 200 million pounds on firm demand for butter, cheese, and whey products. Skim-solids exports for 2020 are raised 1 billion pounds for skim milk powder and whey products. Annual 2020 forecasts for exports are 9.4 billion pounds on a milk-fat basis and 47.2 billion pounds on a skim-solids basis.

Lower-than-expected butter and cheese imports led to lower forecasts for third- and fourth-quarter milk-fat equivalent imports. Milk-fat equivalent import forecasts for the second half are 200 million pounds lower than last month's forecasts. The forecast for 2020 milk-fat equivalent imports is 6.9 billion

pounds. Third- and fourth-quarter domestic use forecasts are slightly lower than last month's forecasts on both a skim-solids and a milk-fat basis. Forecast ending stocks have been raised.

Dairy product price forecasts for cheese, butter, and dry whey are lower this month compared to last, but the forecast for nonfat dry milk is unchanged. The lower prices for the three products result in lower Class III and Class IV price forecasts. The Class III 2020 annual price forecast is $17.25 per cwt and the Class IV forecast is $13.40 per cwt. The annual average all-milk price forecast is $17.75 dollars per hundredweight, $0.20 lower than the August forecast.

Dairy Forecasts for 2021

The 2021 production forecast is raised 100 million pounds. This reflects slightly stronger growth in milk per cow; the forecast for cow numbers is unchanged from last month at 9.370 head.

Imports on a fat basis are reduced 200 million pounds to 6.7 billion pounds, largely on continued weaker demand for imported cheese and butter. On a skims-solids basis, imports are raised 100 million pounds to 5.7 billion pounds, reflecting increased imports of several dairy products. Fat-basis exports are raised 100 million pounds to 9.6 billion pounds on increased international competitiveness for U.S butter, while exports on a skim-solids basis are raised 900 million pounds to 47.2 billion pounds on continued strength in demand for skim-milk powder and whey products.

Domestic commercial use forecasts are lowered 100 million pounds on a fat basis and 700 million pounds on a skim-solids basis. Annual 2021 forecasts for cheese, dry whey, and butter prices are lower, reflecting continued weakness in domestic demand. However, the NDM price is unchanged from last month. Lower product prices result in slightly lower forecast prices. The Class III price is lowered to $16.00 per cwt and the Class IV price is lowered to $13.60 per cwt. The all-milk price in 2021 is also lowered by $0.05 to $17.00 per cwt.

Pork/Hogs

Mildred Haley

Lower Hog Prices Raise Weekly Pork Processor Margin in July and August

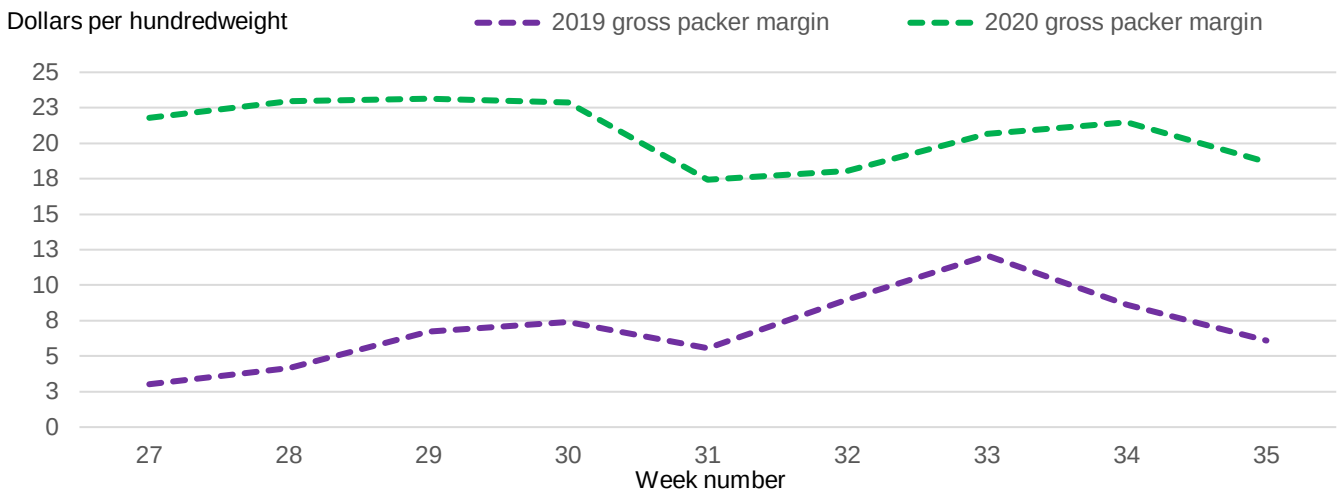
The first 2 months of the third quarter—July and August—indicate that the U.S. pork processing industry largely rebounded from COVID-19-related capacity utilization reductions that constrained production in the spring and early summer. For July, USDA, Agricultural Marketing Service data show that capacity utilization averaged 94.7 percent, and for August it averaged 95.2 percent. For the week ending September 11, USDA data indicates that the U.S. federally inspected processing industry operated at 96.6 percent of capacity.

USDA data for July and August show that both hog slaughter and pork production were year-over-year higher. Estimated federally inspected slaughter data for the week ending July 3 (week 27) through August 28 (week 35) indicate that 22.7 million head of hogs were processed, compared with 21.3 million head during the same period last year, an increase of 6.3 percent. Larger slaughter numbers combined with higher average dressed weights to yield larger volumes of pork. Production in weeks 27-35 this year was 4.8 billion pounds, an increase of more than 7 percent over the same period last year.

Pork processors paid lower prices for larger numbers of hogs supplied by producers during this period. From week 27 through week 35, live equivalent prices of 51-52 percent lean hogs averaged $36.07 per hundredweight (cwt), almost 34 percent below the same period in 2019. On the other hand, pork processors received lower prices for larger volumes of the pork sold. To equilibrate year-over-year larger volumes of pork supplied during this period with wholesale pork demand, the value of the wholesale pork carcass cutout declined, averaging $69.52 per cwt, almost 14 percent below the same period last year.

Despite lower pork prices however, pork processor gross margins averaged almost three times higher in the first 2 months of the third quarter compared to a year earlier. This year, between the first week of July and the last full week of August, the gross processor margin averaged $20.78 per cwt. Last year, over the same period, the margin averaged $6.96 per cwt. The most important factor driving the July-August gross processor margin above last year's level was lower hog prices. The average hog price, which was almost 34 percent below a year earlier in weeks 27-35, more than offset lower prices received by processors—wholesale pork prices— in the same period, thereby raising the margin. Lower hog prices derived from larger hog supplies; i.e., the 5 percent larger winter pig crop, combined with reduced packer demand due to COVID-19-related processing industry slow-downs.

Weekly gross pork processing margin, July-August 2019 and 2020



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

It is notable that the large year-over-year differences in the 2020 July-August weekly processing margins are a continuation of a trend that began in mid-April, when COVID-19 workforce infections in the pork processing industry forced capacity utilization reductions. From mid-April until late May, demand for hogs dropped sharply and pork production declined year over year for several weeks. Market adjustments still are ongoing in hog and pork markets, but hog numbers that accumulated during periods of low processing continue to weigh on hog market prices and have likely extended the market's recovery period from COVID-19-related market turmoil.

USDA will publish the *Quarterly Hogs and Pigs* report on September 24, 2020. The report will detail producer-supplied information regarding summer farrowings, fall and winter farrowing intentions, and hog inventories—including animal weight classes, which will help to determine the effects of COVID-19 on hog production earlier in the year.

Total third-quarter pork production is expected to be about 7.1 billion pounds, almost 6 percent above the same period a year ago. Prices of live equivalent 51-52 percent lean hogs are expected to average $39 per cwt, 22 percent below a year ago.

Iowa State University (ISU) computes "Estimated Returns to Farrow to Finish," for an unhedged Iowa producer on a monthly basis. For the first 7 months of 2020, the series implies an average per hundredweight breakeven price of about $46. Combining USDA's third-quarter hog price forecast with ISU's 2020 average breakeven price suggests that most unhedged pork producers in 2020 are not covering operating costs.

July Exports Stay on the Positive Side

U.S. pork exports in July were about 555 million pounds, 2.5 percent ahead of July 2019. Similar to last month, July exports stayed above a year ago mostly due to large shipments to China\Hong Kong, although the combined effects of exports to Canada, the Philippines, and the Dominican Republic helped to offset year-over-year lower shipments to other major markets.

A lower valued U.S. dollar exchange rate relative to other pork trading countries, along with abundant seasonal supplies of U.S. pork, suggests a positive outlook for exports for the balance of 2020. Exports are expected to be 1.75 and 2 billion pounds in the third and fourth quarters of 2020, respectively. Exports in the third quarter are forecast nearly16 percent larger than exports a year earlier, and those in the fourth quarter are anticipated to be almost 10 percent higher than a year earlier.

Exports to the 10 largest foreign markets in July are summarized below. Together, these 10 countries accounted for 93 percent of pork exported in July 2020.

U.S. pork exports: Volumes and export shares of the 10 largest foreign destinations, July 2019 and 2020

	Country	Exports July 2019 Million pounds	Exports July 2020 Million pounds	Percent change 2020/201	Export share July 2019 Percent	Export share July 2020 Percent
	World	541.3	554.7	2.5		
1	China\Hong Kong	112	160	43	21	29
2	Mexico	151	129	-14	28	23
3	Japan	98	92	-6	18	16
4	Canada	46	51	11	8	9
5	South Korea	36	31	-14	7	6
6	Philippines	6	12	87	1	2
7	Colombia	15	12	-21	3	2
8	Australia	20	12	-43	4	2
9	Dominican Republic	6	9	41	1	2
10	Honduras	9	8	-7	2	1

Source: USDA, Economic Research Service.

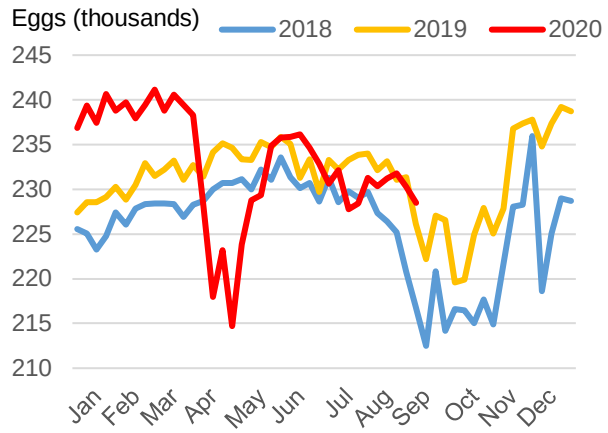
Poultry

Kim Ha and Grace Grossen

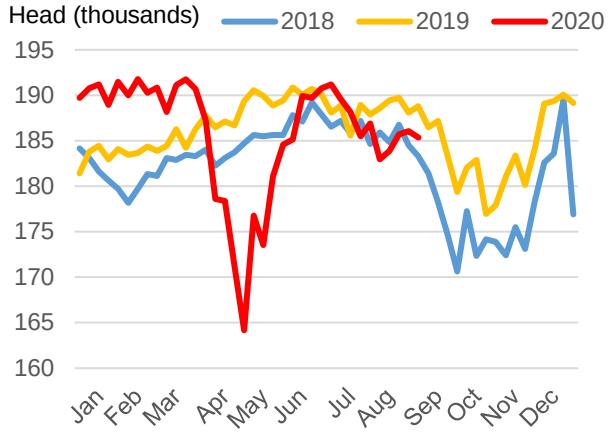
Broiler Production Forecast Decreased on Hatchery Data and Feed Costs

July broiler production is estimated at 3.7 billion pounds, a decrease of 3.5 percent year over year. This decrease was comprised of a 3.6-percent decrease in slaughter and a slight uptick in average live weights. Preliminary weekly slaughter data for August points to a year-over-year decrease in slaughter and an increase in average live weights. Further, hatchery data imply that birds available for marketing in September will be fewer year over year (see charts). Based on expectations for lower slaughter, the third-quarter production forecast was revised down to 11.225 billion pounds. Production in 2020 is forecast to be 44.552 billion pounds, an increase of about 1 percent relative to 2019. In 2021, higher feed costs for both corn and soybean meal are expected to pressure industry margins and dampen production growth, which was the basis for decreasing the 2021 production forecast to 45.020 billion pounds, an increase of about 1 percent relative to the 2020 production forecast.

Broiler egg sets



Broiler chick placements



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

Broiler Export Forecast Unchanged

July broiler export volumes totaled 589 million pounds, down 15 million pounds or almost 3 percent, year over year. Although shipments were up year over year to a few major markets, including China (+39 million pounds), Taiwan (+26 million pounds), and Vietnam (+24 million pounds), these increases did not offset lower shipments to Cuba (-41 million pounds), Angola (-25 million pounds), and Mexico (-24 million pounds).

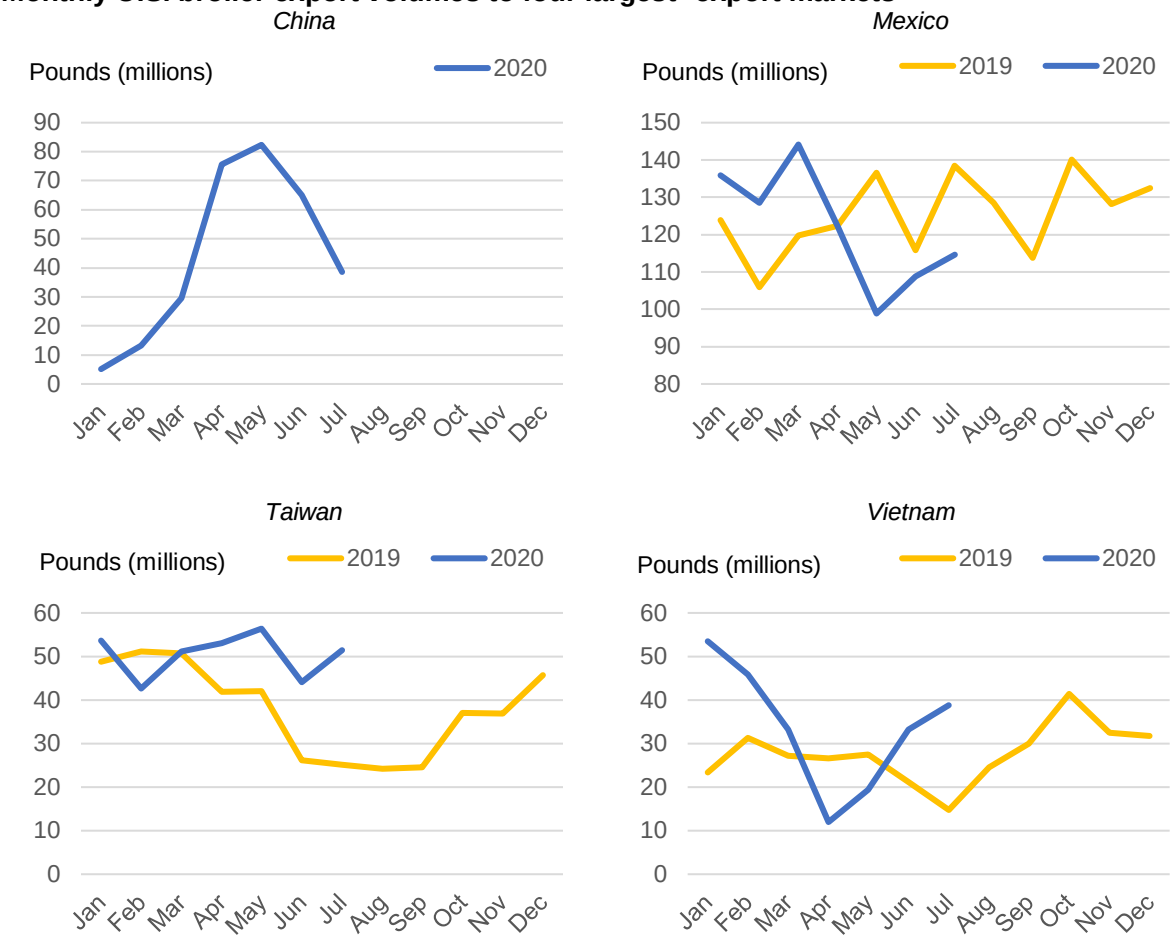
U.S. broiler exports: Volume and export share (July 2019 and 2020)

Country	Volume			Export share	
	July 2019	July 2020	Change in volume	July 2019	July 2020
	Million pounds	*Million pounds*	*Million pounds*	*Percent*	*Percent*
Top 10 largest foreign markets (per year-to-date 2020 export volumes)					
Mexico	139	115	-24	23	19
Taiwan	25	51	26	4	9
China (Mainland)	0	39	39	0	7
Vietnam	15	39	24	2	7
Cuba	75	34	-41	12	6
Canada	26	36	10	4	6
Georgia	24	19	-5	4	3
Guatemala	24	20	-5	4	3
Republic of South Africa	13	6	-8	2	1
Angola	41	16	-25	7	3
World	**605**	**589**	**-15**	**100**	**100**
Additional foreign markets of note					
United Arab Emirates	13	5	-8	2	1
Colombia	19	17	-2	3	3
Philippines	16	12	-4	3	2
Hong Kong	21	8	-13	3	1

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

Recent export data from the four largest U.S. broiler export markets (by volume) present a mixed outlook for broiler exports. Of note, export volumes to China—which bolstered first-half U.S. export growth—steadily increased for the first 5 months of 2020, reaching more than 82 million pounds in May. However, broiler shipments to China have since dropped off, falling to 39 million pounds in July (see chart), presenting an uncertain outlook for U.S. broiler shipments to that market. Conversely, although shipments to Mexico have been down year over year in recent months—in large part due to weak domestic economic conditions stemming from COVID-19—recent trends suggest that demand from Mexico may be improving (see chart). In addition, shipments to Vietnam have been steadily increasing since May, implying a trend of strengthening demand, while shipments to Taiwan remain steadily higher year over year (see charts). The overall broiler export forecast is unchanged.

Monthly U.S. broiler export volumes to four largest* export markets

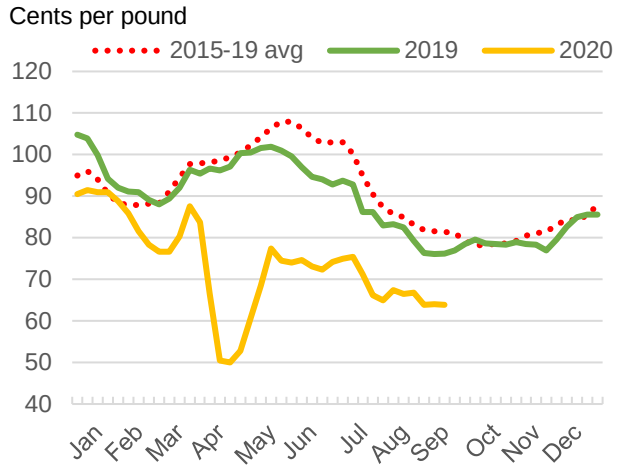


Note: *Based on year-to-date 2020 export volumes.
Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census.

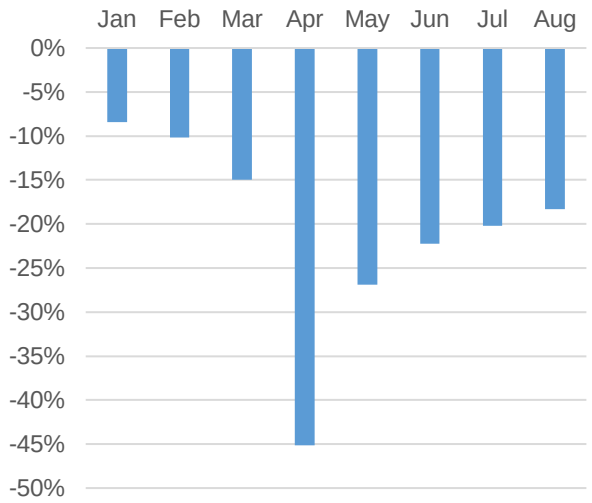
Broiler Price Forecast Increased

Wholesale whole-bird broiler prices (National Composite Weighted Average) averaged 66.1 cents per pound in August, a decrease of 18.3 percent compared to August 2019. Prices continue to track significantly lower than year-earlier levels as well as the historical average (see chart). However, the gap appears to be gradually decreasing (see chart), which is likely a reflection of improving demand from foodservice and relatively tighter supplies. Based on expectations for slightly firmer prices, the third- and fourth-quarter price forecasts were increased to 67 and 66 cents per pound, respectively. In 2020, wholesale prices are forecast to average 70.9 cents per pound, a decrease of 20 percent relative to 2019. Based on expectations for reduced production, and thus tighter supplies, the 2021 price forecast was increased to 82 cents per pound, 16 percent higher than the 2020 price forecast.

Weekly wholesale whole-bird broiler prices (National Composite Weighted Average)



Year-over-year percent change in monthly wholesale whole-bird broiler prices (2020/19)

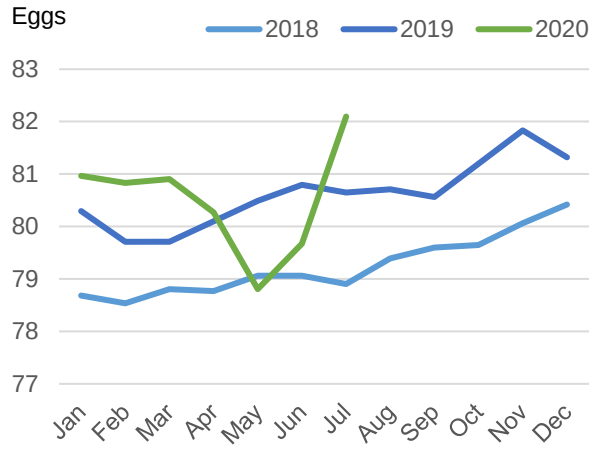


Source: USDA, Economic Research Service using data from USDA, Agricultural Marketing Service.

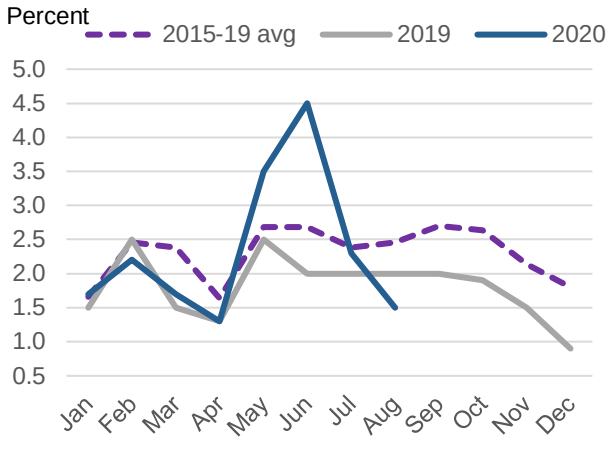
Table Egg Production Forecast Increased Slightly on Lay Rates

The table egg lay rate reached a new record of 82.1 table eggs per 100 layers in July—a year-over-year increase of 1.8 percent. This exceeds the previous record set in November 2019 (see chart). Conversely, the table egg layer flock continued to contract for the 7th consecutive month, reaching an average of 314.8, million layers in July—inventory levels not seen since 2016. The gain in lay rates can be attributed to a highly productive layer flock as well as low molting rates. As producers continue to reduce the layer flock, they are retaining the most productive birds and retiring the less productive—and often older—hens. Further, the percent of layers being molted is about 1 percentage point below the historical average (see chart). As discussed in the July and August issues of the *Livestock, Dairy, and Poultry Outlook* report, layers undergoing molting are included in the total layer inventory. These layers produce fewer if any eggs during the molting process, so a higher share of hens being molted will negatively impact average lay rates, and vice versa. Lay rates are expected to remain high, supporting higher-than-expected production; however, low layer-inventory levels are expected to temper expectations, which was the basis for increasing the third-quarter table egg production forecast slightly to 2,000 million dozen. In 2020, table egg production is forecast to be 8,033 million dozen, down about 3 percent from 2019 production. Based on higher expected feed costs, the 2021 table egg production forecast was decreased to 8,165 million dozen, an increase of about 2 percent relative to the 2020 forecast.

Eggs per 100 layers per day



Layers being molted (beginning of month)

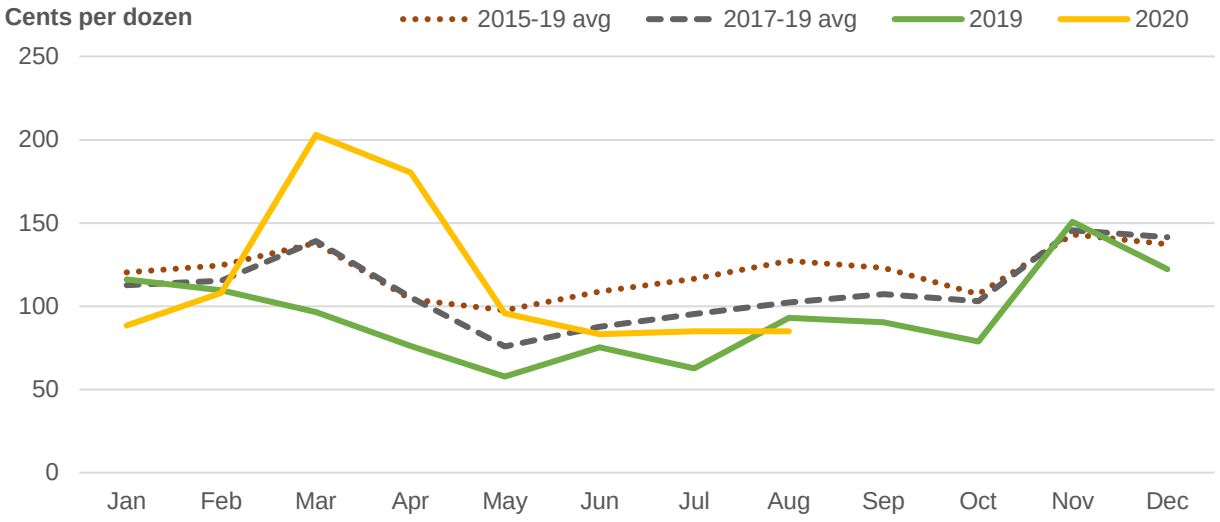


Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service.

Egg Price Forecast Revised Up Slightly

August wholesale egg prices (New York, Grade A Large) averaged 84.9 cents per dozen, down 8.7 percent year over year. August is the first month since February—before COVID-19 caused significant disruptions to the egg market—during which average monthly prices have fallen below year-earlier levels. Egg prices in early September have remained steady at 95 cents per dozen and are expected to remain relatively stable until October, when holiday-related baking is expected to begin boosting demand. Based on recent price movements, the third-quarter egg price forecast was revised up slightly to 87 cents per dozen. The outlying quarters remain unchanged.

Monthly average wholesale egg prices (New York Grade A Large)



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

Export Expectations Steady

July exports of egg and egg products are estimated at 29.7 million dozen (shell-egg equivalent), an increase of 11.1 percent year over year. Egg product volumes, which increased by 25.6 percent year over year, continue to drive export growth in 2020; however, July shell egg shipments did increase by 1.9 percent relative to last year. With respect to markets, shipments to Mexico continue to surge, increasing by 2,709 thousand dozen year over year (31 percent). Through July, shipments to Mexico are up 20 million dozen (42.3 percent) compared to the same period last year, driven by shipments of table eggs (+13 million dozen) and egg products (+10 million dozen). Shipments of hatching eggs, which historically have been the majority of shell egg exports to Mexico, declined 3 million dozen. July shipments were higher year over year to several other key markets, including Japan (+888 thousand dozen), South Korea (+836 thousand dozen), Denmark (+750 thousand dozen), and the United Arab Emirates (+643 thousand dozen). Conversely, July shipments decreased year over year to Canada (-1,320 thousand dozen) and Hong Kong (-1,235 thousand dozen). The export forecast is unchanged.

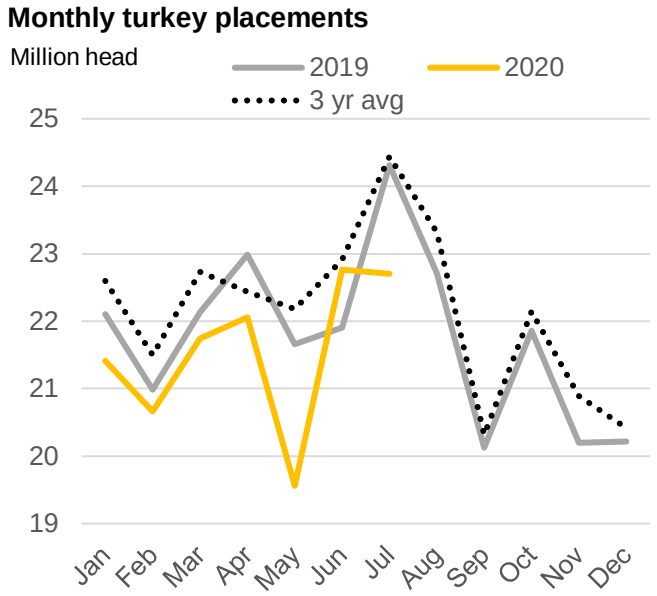
U.S. egg and egg product exports: Volumes and export shares of 10 largest markets (July 2019 and 2020)

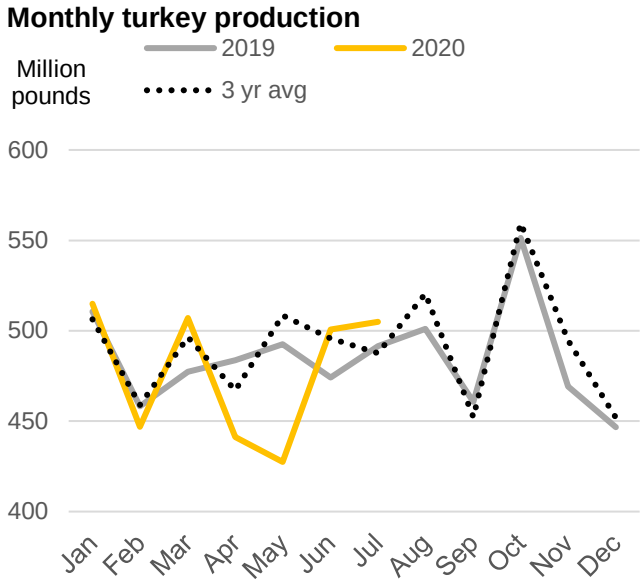
Country	Volume			Export share	
	July 2019	July 2020	Change in volume	July 2019	July 2020
	Thousand dozen	*Thousand dozen*	*Thousand dozen*	*Percent*	*Percent*
Mexico	8,716	11,424	2,709	33	38
Canada	5,755	4,435	-1,320	22	15
Hong Kong	5,166	3,931	-1,235	19	13
Japan	1,962	2,850	888	7	10
South Korea	128	963	836	0	3
Denmark	2	752	750	0	3
United Arab Emirates	238	881	643	1	3
Trinidad and Tobago	508	630	122	2	2
Jamaica	503	565	61	2	2
Bahamas	168	265	97	1	1
World	**26,714**	**29,685**	**2,970**	**100**	**100**

Note: Largest markets are based on year-to-date 2020 export volumes.
Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census.

Third-Quarter Turkey Production Adjusted Up

July turkey production totaled 505 million pounds, the most productive month since January of this year. It was a 2.7-percent increase over last July. Placements in July were 6.6 percent below last July, but only slightly below placements in June. The third-quarter production forecast was adjusted up to 1.420 billion pounds to reflect higher slaughter. The fourth-quarter forecast remains at 1.450 billion pounds. The 2021 production forecast remains at 5.770 billion pounds, representing 1-percent growth over the 2020 forecast.



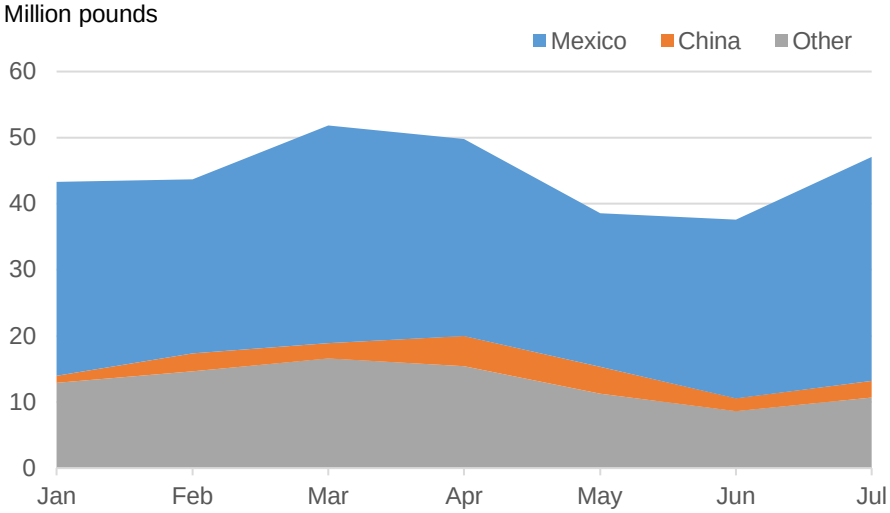


Source: USDA, National Agricultural Statistics Service.

Turkey Export Forecast Unchanged; Import Forecast Raised in 2020

Turkey exports totaled 47 million pounds in July. This is a 4.7-percent decrease year over year, but the most exports in a month since April of this year. Much of the increase compared to June is from shipments to Mexico, which accounted for 33.9 million pounds, about 3 million pounds more than in July of last year. This is illustrated in the graph below. China also accounted for more shipments than last month, increasing by 0.6 million pounds and still representing about 5 percent of total U.S. turkey exports. The total export forecast is unchanged at 135 million pounds in the third quarter and 140 million pounds in the fourth quarter. The total export forecast for 2021 is unchanged at 555 million pounds, representing 3-percent growth over the 2020 forecast.

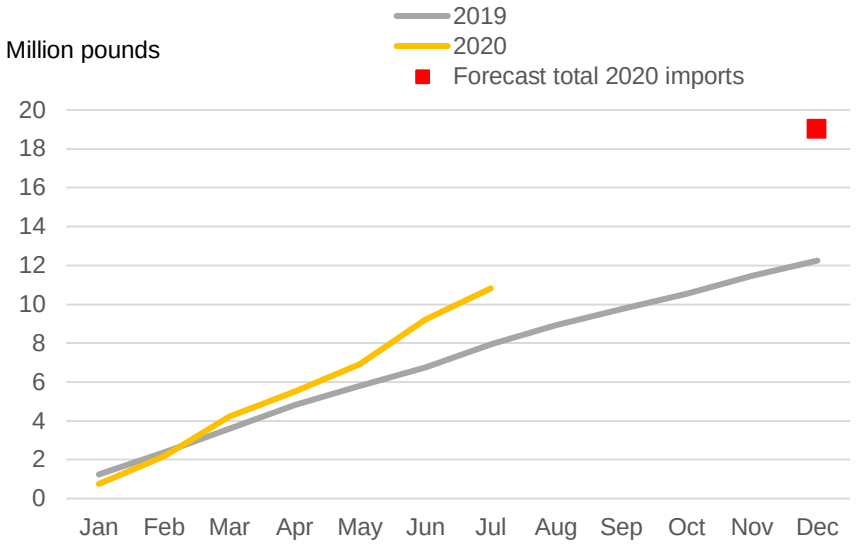
2020 U.S. turkey exports



Source: USDA, Economic Research Service, Livestock and Meat International Trade Data.

Turkey imports have been trending higher due to increased shipments from Canada. Imports from Canada alone in the first 7 months of 2020 have already surpassed the same period in 2019 total by 6 million pounds. Reflecting this, the import forecasts for the third and fourth quarters were each increased to 5 million pounds. This brings the total 2020 import forecast to 19 million pounds, indicated by the red square in the graph below. This would be 7 million pounds greater than the 2019 total.

Cumulative U.S. turkey imports

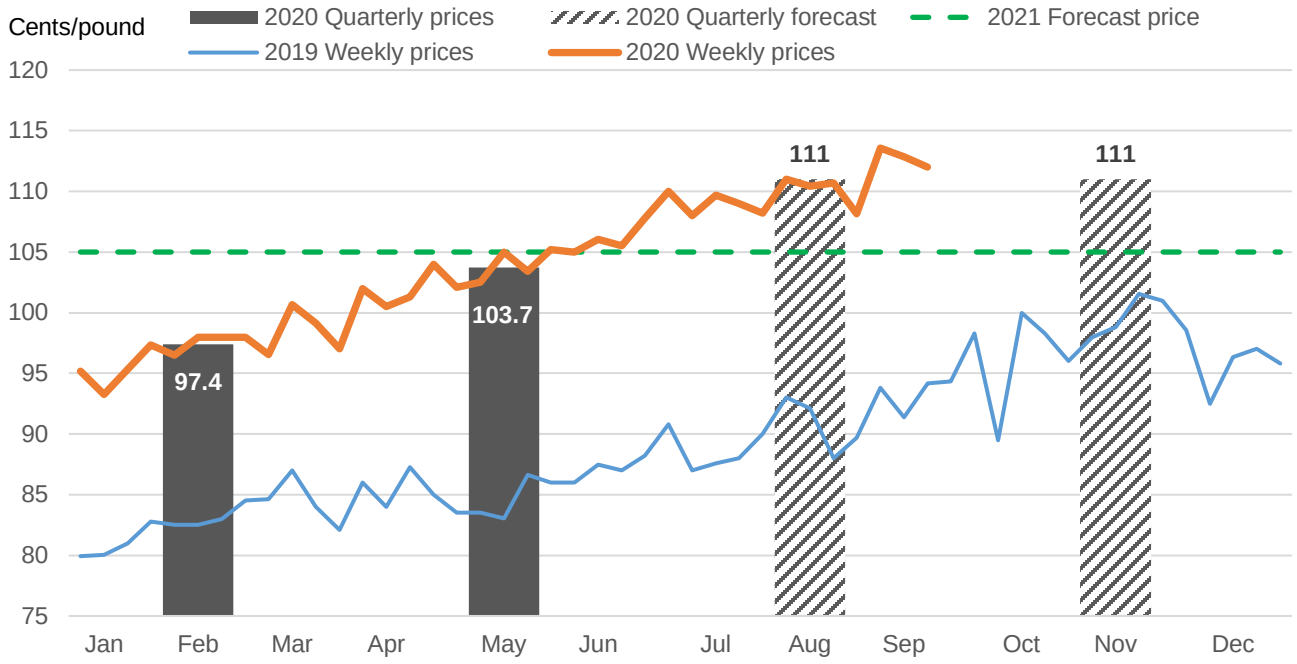


Sources: USDA, Economic Research Service, Livestock and Meat International Trade Data and USDA, World Agricultural Supply and Demand Estimates.

Third-quarter turkey price adjusted up

Wholesale whole-hen frozen turkey prices averaged 110.9 cents in August, 20 cents above August of last year. The weekly price was 112 cents per pound in the week ending September 11. The quarterly forecast was adjusted up to 111 cents per pound for the third quarter on weekly data. The forecast remains unchanged for the fourth quarter.

Wholesale whole-hen frozen turkey prices



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

Suggested Citation

Livestock, Dairy, and Poultry Outlook, LDP-M-315, U.S. Department of Agriculture, Economic Research Service, September 17, 2020.

U.S. red meat and poultry forecasts

	2016	2017				2018					2019					2020					2021						
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Production, million lb																												
Beef	5,938	6,187	6,472	6,625	25,221	6,303	6,407	6,736	6,742	26,187	6,466	6,726	6,819	6,862	26,872	6,414	6,817	6,923	7,001	27,155	6,929	6,054	**7,065**	**7,000**	**27,048**	**6,840**	**6,935**	**27,355**
Pork	6,230	5,963	6,100	6,648	24,941	6,410	6,137	6,240	6,796	25,584	6,645	6,325	6,315	7,031	26,315	6,838	6,615	6,706	7,478	27,638	7,426	6,311	**7,080**	**7,420**	**28,237**	**7,095**	**6,955**	**28,445**
Lamb and mutton	38	39	36	37	150	37	36	35	37	145	39	39	37	39	153	37	40	36	36	149	35	36	**34**	**36**	**141**	**34**	**40**	**145**
Broilers	10,039	10,253	10,338	10,065	40,696	10,233	10,407	10,551	10,472	41,662	10,385	10,687	10,940	10,588	42,601	10,384	10,945	11,402	11,175	43,905	11,237	10,940	**11,225**	**11,150**	**44,552**	**11,000**	**11,165**	**45,020**
Turkeys	1,435	1,520	1,515	1,511	5,981	1,488	1,482	1,479	1,533	5,981	1,452	1,477	1,431	1,518	5,878	1,446	1,451	1,453	1,467	5,818	1,469	1,369	**1,420**	**1,450**	**5,708**	**1,420**	**1,425**	**5,770**
Total red meat & poultry	23,834	24,119	24,623	25,038	97,614	24,617	24,621	25,197	25,734	100,169	25,130	25,410	25,704	26,191	102,435	25,264	26,020	26,675	27,308	105,266	27,248	24,863	**26,980**	**27,206**	**106,296**	**26,537**	**26,678**	**107,348**
Table eggs, mil. doz.	1,812	1,846	1,895	1,957	7,509	1,928	1,934	1,953	1,997	7,811	1,952	1,987	2,024	2,079	8,042	2,046	2,054	2,049	2,116	8,265	2,048	1,945	**2,000**	**2,040**	**8,033**	**1,990**	**1,985**	**8,165**
Per capita disappearance, retail lb 1/																												
Beef	13.6	13.9	14.1	14.0	55.6	14.0	14.2	14.4	14.3	57.0	14.0	14.5	14.4	14.4	57.3	14.0	14.8	14.5	14.8	58.1	14.7	13.6	**15.1**	**14.8**	**58.2**	**14.6**	**14.9**	**57.7**
Pork	12.6	11.9	12.2	13.5	50.2	12.4	11.8	12.4	13.5	50.2	12.6	12.2	12.4	13.8	51.0	13.1	12.5	12.9	13.9	52.4	13.2	11.6	**12.9**	**13.3**	**51.0**	**12.3**	**12.7**	**50.6**
Lamb and mutton	0.3	0.3	0.2	0.3	1.0	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.2	0.3	1.1	0.4	0.3	**0.2**	**0.3**	**1.1**	**0.3**	**0.3**	**1.1**
Broilers	22.5	22.8	22.8	21.8	89.8	22.4	22.9	23.2	22.5	91.1	22.7	23.4	23.6	22.9	92.6	22.5	24.0	24.7	23.9	95.1	24.4	23.9	**24.3**	**23.9**	**96.4**	**23.9**	**24.2**	**97.1**
Turkeys	3.6	3.9	4.2	4.9	16.7	3.7	3.7	4.0	5.0	16.5	3.5	3.8	3.9	4.9	16.2	3.5	3.7	4.0	4.9	16.0	3.6	3.5	**3.9**	**4.7**	**15.8**	**3.4**	**3.6**	**15.7**
Total red meat & poultry	53.0	53.0	53.8	54.9	214.7	53.3	53.3	54.7	56.0	217.3	53.4	54.5	55.1	56.8	219.8	53.8	55.7	56.7	58.2	224.3	56.6	53.2	**57.0**	**57.3**	**224.1**	**54.9**	**56.1**	**223.9**
Eggs, number	68.3	67.3	68.2	71.5	275.3	69.4	69.9	70.9	71.9	282.1	70.1	71.0	72.7	74	287.8	73.0	72.8	72.6	74.5	292.8	71.8	69.2	**70.7**	**72.4**	**284.2**	**70.3**	**69.8**	**287.4**
Market prices																												
Choice steers, 5-area Direct, $/cwt	134.81	127.68	113.26	107.69	120.86	122.96	132.76	112.46	117.88	121.52	125.60	116.72	110.83	115.32	117.12	125.27	118.79	108.16	114.88	116.78	118.32	105.79	**101**	**104**	**107.3**	**107**	**107**	**112**
Feeder steers, Ok City, $/cwt	155.83	146.49	140.66	128.30	142.82	129.56	147.75	148.12	154.88	145.08	146.29	143.05	150.46	147.90	146.93	140.76	140.51	140.19	147.44	142.23	136.42	126.37	**140**	**140**	**135.7**	**131**	**134**	**137**
Cutter Cows, National L.E., $/cwt	73.50	75.87	73.16	57.75	70.07	62.63	69.55	69.78	58.68	65.16	61.60	61.32	57.74	49.07	57.43	53.34	58.30	60.42	53.66	56.43	59.38	63.14	**65**	**59**	**61.6**	**61**	**65**	**62**
Choice/Prime slaughter lambs, National, $/cwt	136.76	139.35	162.47	142.71	145.32	142.34	167.94	172.40	136.92	154.90	136.83	154.86	147.95	134.30	143.49	136.23	156.16	154.93	150.99	149.58	159.12	N/A	**120**	**130**	**133**	**140**	**145**	**146**
Nat'l base cost, 51-52 % lean, live equivalent, $/cwt	44.63	53.71	49.26	37.02	46.16	49.73	51.70	55.59	44.89	50.48	49.12	47.91	43.90	42.77	45.93	40.67	57.95	50.08	43.11	47.95	42.52	38.96	**39**	**37**	**39.4**	**41**	**47**	**44**
Broilers, national composite, cents/lb	84.6	93.0	81.7	78.0	84.3	88.5	104.7	94.9	86.1	93.5	95.7	115.1	93.7	86.7	97.80	94.0	97.7	82.0	80.60	80.60	83.5	67.0	**67.0**	**66.0**	**70.9**	**81**	**88**	**82**
Turkeys, national, cents/lb	114.7	116.5	120.7	116.6	117.1	100.4	99.1	96.9	88.0	96.1	79.4	79.6	80.4	81.4	80.20	82.8	85.5	90.8	97.8	89.2	97.4	103.7	**111.0**	**111.0**	**105.8**	**102**	**104**	**105**
Eggs, New York, cents/doz.	121.5	67.9	71.6	81.7	85.7	80.0	74.7	102.1	147.0	100.9	179.6	124.4	120.8	125.6	137.60	107.3	69.7	81.9	117.2	94.0	133.1	119.6	**87.0**	**120.0**	**114.9**	**113**	**95**	**110**
U.S. trade, million lb, carcass wt. equivalent																												
Beef & veal exports	535	621	660	740	2557	653	680	746	781	2859	731	801	828	799	3160	700	790	788	749	3026	769	607	**770**	**750**	**2896**	**720**	**785**	**3140**
Beef & veal imports	792	831	751	638	3012	700	812	814	668	2993	721	805	807	664	2998	739	836	771	712	3058	774	848	**925**	**725**	**3272**	**755**	**825**	**3045**
Lamb and mutton imports	68	55	41	52	216	80	58	57	57	252	80	66	70	57	273	80	73	53	66	272	102	67	**50**	**57**	**277**	**85**	**65**	**273**
Pork exports	1229	1317	1235	1457	5239	1432	1426	1230	1544	5632	1516	1521	1298	1542	5877	1445	1535	1515	1826	6321	2023	1774	**1750**	**2000**	**7547**	**2025**	**1775**	**7650**
Pork imports	293	257	266	275	1091	264	281	283	287	1116	279	270	245	248	1042	259	227	231	227	945	206	220	**215**	**220**	**861**	**225**	**215**	**895**
Broiler exports	1585	1605	1734	1721	6645	1720	1622	1659	1785	6786	1709	1704	1785	1871	7069	1721	1721	1773	1888	7103	1858	1728	**1750**	**1850**	**7186**	**1745**	**1735**	**7140**
Turkey exports	116	141	160	153	569	133	148	168	173	622	153	147	141	170	611	147	166	159	167	639	139	126	**135**	**140**	**540**	**135**	**135**	**555**
Live swine imports (thousand head)	1468	1406	1371	1413	5657	1449	1458	1296	1394	5597	1357	1349	1258	1286	5250	1338	1254	1200	1305	5096	1331	1202	**1250**	**1250**	**5033**	**1250**	**1200**	**4800**

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 U.S. Department of Commerce, Bureau of the Census.

Source: World Agricultural Supply and Demand Estimates and Supporting Materials.

For further information, contact: Mildred Haley, USDA, Economic Research Service.

Updated 9/17/2020

Dairy Forecasts

	2020								2021		
	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Milk cows (thousands)	9,322	9,345	9,336	9,374	9,362	9,355	9,365	9,365	9,365	9,365	9,370
Milk per cow (pounds)	5,818	5,779	23,391	5,988	5,981	5,880	5,860	23,710	6,020	6,165	24,060
Milk production (billion pounds)	54.2	54.0	218.4	56.1	56.0	55.0	54.9	222.0	56.4	57.7	225.4
Farm use	0.3	0.3	1.0	0.3	0.3	0.3	0.3	1.0	0.3	0.3	1.0
Milk marketings	54.0	53.7	217.4	55.9	55.7	54.8	54.6	221.0	56.1	57.5	224.4
Milk-fat (billion pounds milk equiv.)											
Milk marketings	54.0	53.7	217.4	55.9	55.7	54.8	54.6	221.0	56.1	57.5	224.4
Beginning commercial stocks	18.1	17.0	13.8	13.6	16.9	19.1	17.0	13.6	13.2	15.8	13.2
Imports	2.0	1.7	6.9	1.5	1.9	1.8	1.7	6.9	1.5	1.7	6.7
Total supply	74.1	72.5	238.1	71.0	74.5	75.6	73.3	241.6	70.8	74.9	244.3
Commercial exports	2.2	2.1	9.1	2.2	2.6	2.4	2.2	9.4	2.3	2.5	9.6
Ending commercial stocks	17.0	13.6	13.6	16.9	19.1	17.0	13.2	13.2	15.8	18.1	13.1
Commodity Credit Corporation donations [1]	0.1	0.0	0.2	0.1	0.1	0.1	0.0	0.3	0.0	0.0	0.0
Domestic commercial use [2]	54.7	56.7	215.2	51.9	52.8	56.2	57.9	218.7	52.7	54.3	221.6
Skim solids (billion pounds milk equiv.)											
Milk marketings	54.0	53.7	217.4	55.9	55.7	54.8	54.6	221.0	56.1	57.5	224.4
Beginning commercial stocks	11.2	10.7	10.7	10.2	11.6	11.4	10.3	10.2	10.2	10.5	10.2
Imports	1.5	1.5	5.8	1.5	1.5	1.4	1.4	5.7	1.4	1.5	5.7
Total supply	66.6	66.0	233.9	67.5	68.8	67.5	66.3	236.8	67.7	69.4	240.2
Commercial exports	10.3	11.0	41.5	11.2	12.5	12.1	11.4	47.2	11.5	12.4	47.2
Ending commercial stocks	10.7	10.2	10.2	11.6	11.4	10.5	10.2	10.2	10.5	11.3	10.1
Commodity Credit Corporation donations	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Domestic commercial use [2]	45.5	44.7	181.9	44.7	44.9	45.0	44.7	179.3	45.8	45.7	182.9
Milk prices (dollars/hundredweight) [3]											
All milk	18.97	20.60	18.63	18.83	15.37	19.50	17.15	17.70	16.75	16.45	17.00
Class III	17.82	19.51	16.96	16.77	15.42	20.25	16.50	17.25	15.60	15.90	16.00
Class IV	16.66	16.56	16.30	15.91	11.66	12.95	13.10	13.40	13.50	13.45	13.60
Product prices (dollars/pound) [4]											
Cheddar cheese	1.852	2.064	1.759	1.769	1.639	2.160	1.770	1.835	1.670	1.700	1.705
Dry whey	0.367	0.325	0.380	0.360	0.373	0.340	0.330	0.350	0.340	0.340	0.350
Butter	2.330	2.076	2.243	1.826	1.426	1.600	1.550	1.600	1.635	1.650	1.675
Nonfat dry milk	1.042	1.155	1.042	1.202	0.905	0.970	1.015	1.025	1.020	1.000	1.010

Totals may not add due to rounding.

[1] Commodity Credit Corporation donations include purchases made through the USDA Trade Mitigation program. They do not include products purchased under other programs.

[2] Domestic use for 2020 includes additional milk marketed but not processed.

[3] Simple averages of monthly prices. May not match reported annual averages.

[4] 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; USDA, Agricultural Marketing Service; USDA, Foreign Agricultural Service; and USDA, World Agricultural Outlook Board.

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

Updated 9/17/2020.