

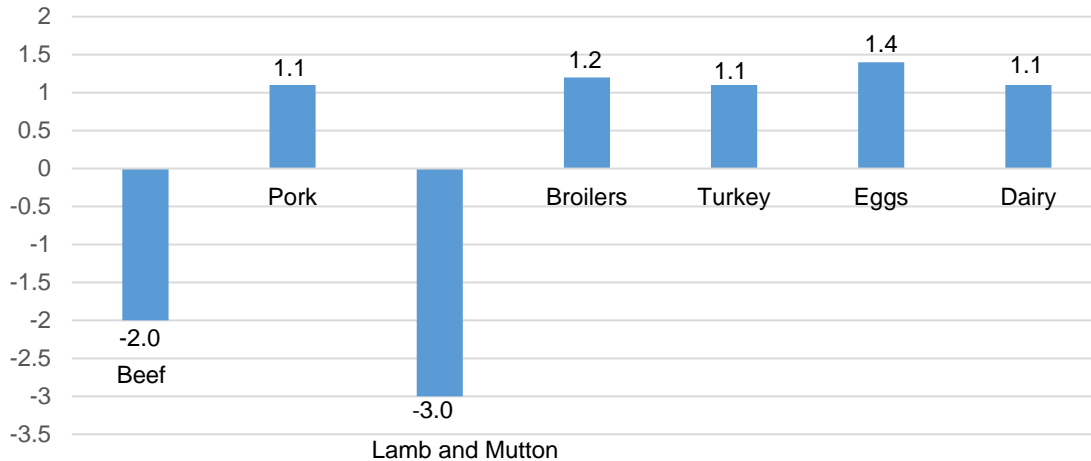


Livestock, Dairy, and Poultry Outlook

Modest 2022 Production Changes Forecast for Animal Proteins

Total red meat and poultry production is forecast to increase by less than 1 percent in 2022 compared with 2021. Beef production in 2022 is expected to decrease about 2 percent as drought conditions quicken the pace of cattle slaughter in second-half 2021, likely reducing cattle supplies in 2022. Pork production is forecast to increase about 1 percent as hog producers are expected to respond to favorable 2021 returns and anticipated continued-strong pork demand from economic expansion next year. Lamb and mutton production in 2022 is expected to decline 3 percent, in line with recent trends. While strong consumer demand is expected to drive both broiler and turkey demand next year, higher feed costs are likely to constrain production growth in both sectors to about 1 percent. Egg production is forecast to increase by more than 1 percent—driven by consumer demand in an expanding U.S. economy—but to be constrained by feed costs. Milk production is expected to increase by about 1 percent as higher expected yield per cow more than offsets lower expected milk cow numbers.

2022 production forecasts compared with 2021: year-over-year percent changes



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

Beef/Cattle: Drought conditions are causing deteriorating pasture conditions and increasing feed costs for producers. The pace of cattle slaughter is expected to rise in 2021, and the 2021 beef production forecast was raised 260 million pounds to 27.9 billion pounds. To the extent drought conditions and increasing feed prices quicken the pace of cattle placements and marketings in 2021, cattle supplies will be lower in 2022, implying a lower-year-over-year forecast for 2022 beef production of 27.3 billion pounds. Fed cattle prices in 2021 are about unchanged from last month at \$116.30 per hundredweight (cwt), but strong beef demand and tighter cattle supplies in 2022 are expected to lift prices 5 percent to \$122.00 per cwt. The 2021 forecast for beef imports is 2.961 billion pounds, and 2022 imports are forecast at 2.950 billion pounds. The forecast for 2021 beef exports is 3.227 billion pounds, and exports in 2022 are forecast at 3.225 billion pounds.

Lamb/Sheep/Mutton: Lamb price and lamb-mutton production forecasts for the rest of 2021 have been increased because of higher-than-expected prices and production in the early weeks of the second quarter of 2021. Lamb imports for the first quarter of 2021 were well below forecasts, leading to lower forecast imports for the second quarter of 2021.

Dairy: The milk production forecast for 2021 has been raised due to higher expected milk cow numbers for the year. In 2022, milk production is expected to increase modestly as higher milk per cow is expected to more than offset lower milk cow numbers. The 2021 export forecast has been raised on a milk-fat basis but lowered on a skim-solids basis. In 2022, exports are expected to decrease on a milk-fat basis but increase on a skim-solids basis. Domestic use forecasts for 2021 have been raised on both the milk-fat and skim-solids bases. In 2022, domestic use is expected to increase modestly over 2021. The all-milk price forecast for 2021 is \$18.95 per hundredweight (cwt), \$0.55 higher than last month's forecast. The all-milk price forecast for 2022 is 18.50 per cwt.

Pork/Hogs: Seasonally declining numbers of market hogs and continued-strong pork demand are likely to support second-quarter hog prices. Hog prices are forecast to remain year-over-year higher through the end of 2021, supported also by post-pandemic economic growth and continued-low pork cold stocks. Moderate pork production is forecast for 2022: 28.5 billion pounds, about 1 percent higher than expected production this year. March pork exports were 729 million pounds, almost 4 percent higher than a year ago, on strong demand in major foreign markets. Exports this year are expected to be 7.4 billion pounds, about 2 percent higher than last year. For 2022, exports are forecast at about the same volume as anticipated in 2021.

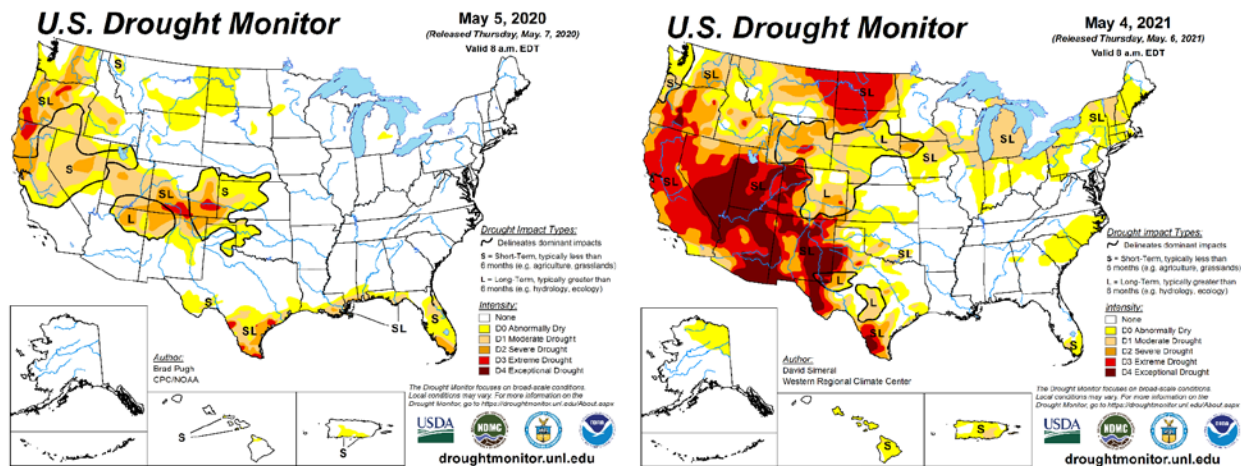
Poultry/Eggs: Broiler production forecasts are unchanged in 2021 and forecast to increase by 1 percent in 2022. Broiler exports were adjusted up in the second quarter of 2021. Exports are expected to increase in 2022 by 1 percent, the same rate of growth as production. Quarterly broiler prices were adjusted up in 2021, reflecting recent price data and strong demand. With rising feed costs expected to dampen production growth, prices are expected to stay high in 2022; both 2021 and 2022 average prices are forecast at 93 cents per pound. Turkey production was adjusted down in the second and third quarters of 2021, reflecting recent hatchery data. In 2022, turkey production is expected to increase by 1 percent over 2021. Turkey exports were adjusted down in 2021. Exports are expected to increase in 2022, reflecting expected production increases. The average turkey price forecast in 2021 was adjusted up by 2 cents to 114 cents per pound. In 2022, the annual average price is forecast at 116 cents per pound. The 2021 average egg price forecast was revised up to 112.5 cents per dozen, and the 2021 total egg production was revised down to 9.3 billion dozen following expectations of higher feed costs. The current year's exports of eggs and egg products were revised up based on higher-than-expected shipments during the first quarter. Relative to 2021, the 2022 forecasts include a 1.4-percent increase in total egg production, a 2-percent increase in average egg price, and a 3.6-percent decrease in export levels.

Beef/Cattle

Russell Knight and Christopher Davis

Producers Face Elevated Drought Conditions and Feed Costs

As reported by the U.S. Drought Monitor on May 4, 2021, 66 percent of the country was experiencing some level of drought, compared to just 31 percent the same week last year (see maps below). Further, 23 percent of the Nation is in the top two worst categories of extreme to exceptional drought, whereas last year less than 1 percent fell under these designations. This has put 36 percent of the cattle inventory in an area experiencing drought, and 14 percent of the herd is in the worst two tiers.



Source: U.S. Drought Monitor, www.droughtmonitor.unl.edu.

Furthermore, based on the USDA, National Agricultural Statistics Service (NASS) *Crop Progress* report for the week ending May 9, 2021, 44 percent of pastures are in poor to very poor condition compared to just 16 percent for the same week last year.

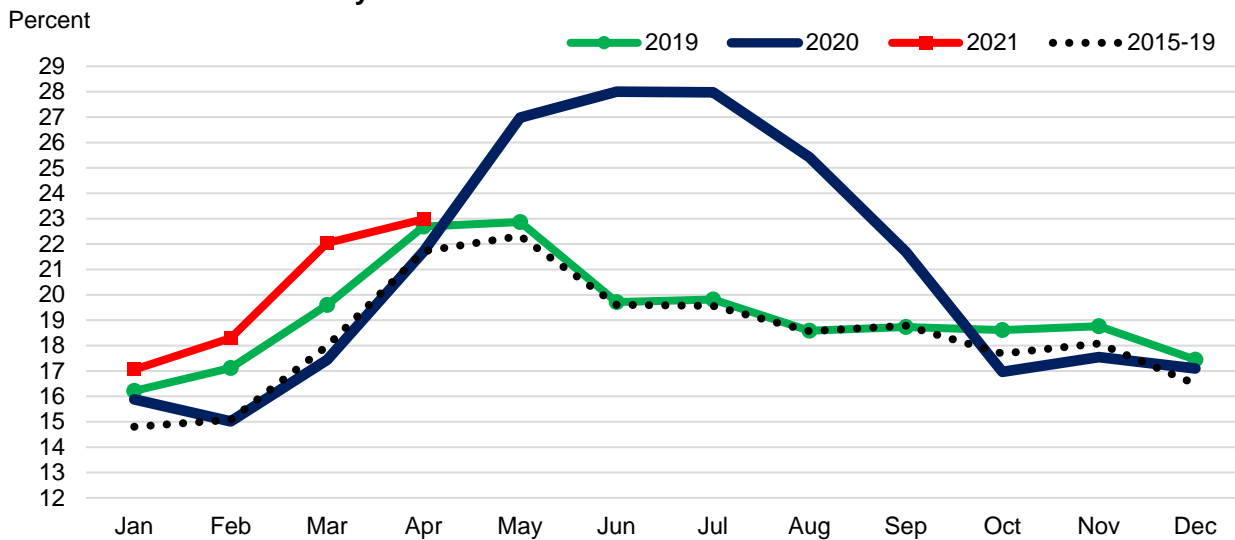
These effects on pastures have likely led to greater hay usage and, consequently, to higher hay prices. According to the latest USDA, NASS *Crop Production* report, hay stocks on farms on May 1, 2021, were lower by 12 percent from last year. Although stocks are 21 percent above May 1, 2019, levels, they are below the 5-year and 10-year averages for the same period.

Based on elevated drought levels, poor pasture conditions, and higher hay and feed costs than a year ago, it is expected that the pace of placements in feedlots in 2021 will be quicker than was expected last month, which may result in lower year-over-year placements in 2022. Further, if pastures do not develop as the year progresses, the pace of slaughter for breeding stock is likely to increase in 2021, lowering expectations for the beef cow inventory on January 1, 2022.

Pace of Slaughter Constraining Beef Supplies

In first-quarter 2021, the beef industry was faced with greater volumes of market-ready fed cattle¹ compared to recent years (see chart below), a result of greater year-over-year placements in second-half 2020 and a packing industry that is struggling to process the cattle in a timely manner. Consequently, maximum weekday volumes of federally inspected (FI) fed cattle slaughter were 2,000-3,000 below pre-pandemic levels. However, the average weekday slaughter volume in first-quarter 2021 (see chart below) was about 5,000 head below last year and over 1,000 head below 2019, which suggests that fed cattle slaughter was about 25,000 head fewer per week. However, packers largely made up for the limitation through increased Saturday slaughter levels that average about 21,000 head more than 2020 and about 30,000 head more than in 2019. As a result, on April 1, 2021, feedlots had 11 percent more cattle on feed over 150 days than last year and about 1 percent more than in 2019.

Cattle on feed over 150 days on the first of the month

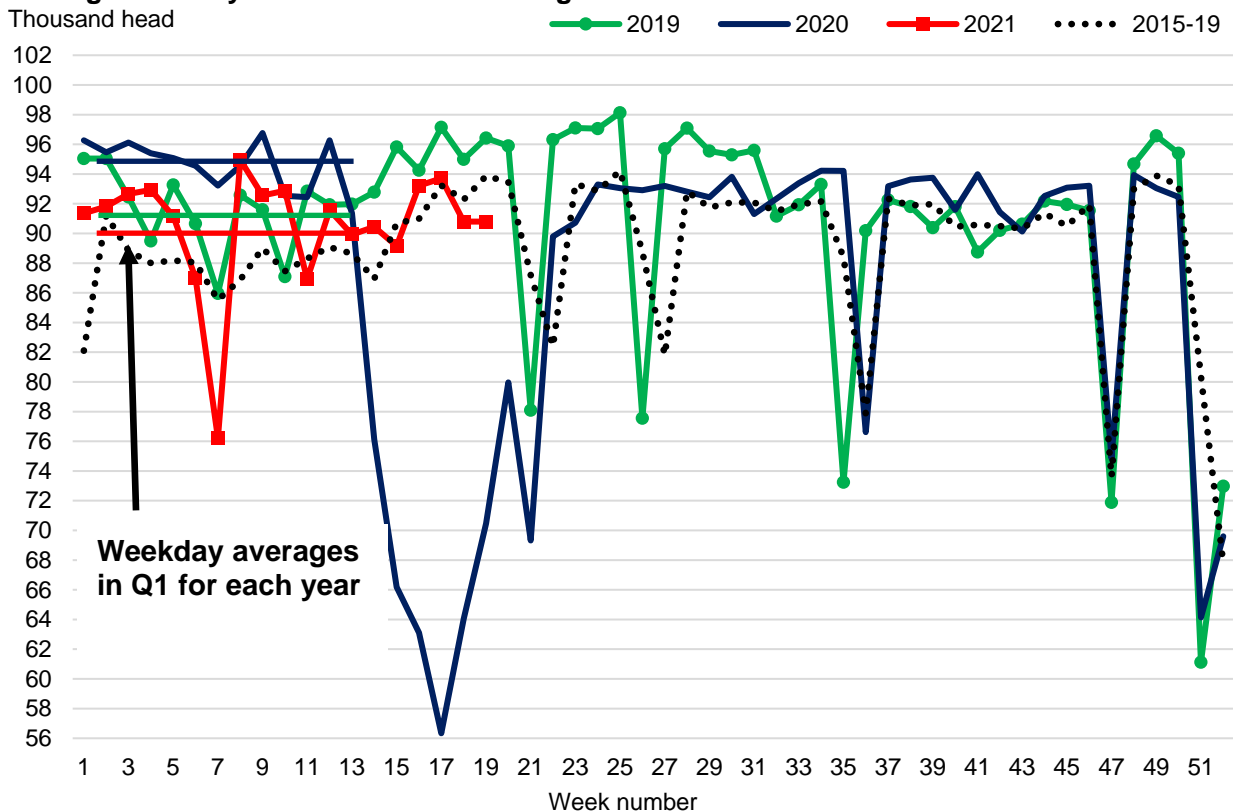


Source: USDA, Economic Research Service calculations using USDA, National Agricultural Statistics Service data.

Packers appear unable to increase weekday slaughter levels to process the market-ready supply in a timely manner as the sector enters a period of typically higher fed cattle slaughter. This appears to be in part due to labor disruptions that packers have dealt with since the beginning of the pandemic, but also interruptions in slaughter due to extreme weather in February and scheduled plant maintenance events. Because this time period spans the peak of the pandemic’s impact on packing plants, it is necessary to make comparisons to 2019 statistics to appreciate the changes. In the first 6 weeks of second-quarter 2021, average weekday slaughter levels, as suggested in the chart below, have fallen to about 3,000-4,000 head below 2019, and Saturday kills are just 5,000 head above 2019. As a result, thus far in second-quarter 2021, packers are processing about 10,000-15,000 head fewer a week than in 2019.

¹ Fed cattle consist mainly of steers and heifers marketed from feedlots for slaughter.

Average weekday FI steer and heifer slaughter in 2019-2021



Note: FI = federally inspected.

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

2021 Production Raised; 2022 Production To Drop First Time in 7 Years

The 2021 beef production forecast was raised to 27.9 billion pounds, a difference of 260 million pounds from last month. Second-quarter 2021 beef production was raised slightly on higher nonfed cattle² slaughter that more than offset anticipated lower fed cattle slaughter due to concerns with packer capacity. Carcass weights were also adjusted higher as weights have stayed relatively flat in a range of 5 pounds for 8 weeks in a row, even as they should typically begin to fall this time of year.

Second-half 2021 production was raised on higher anticipated fed and nonfed cattle slaughter. A greater-than-expected number of feeder cattle were placed in first-quarter 2021, raising the expected pace of fed cattle marketed for slaughter. In second-quarter 2021, poor pasture conditions and higher feed costs will likely favor a faster pace of cattle entering feedlots, supporting higher fed cattle marketings in the second half of 2021. Further, in the face of expected tightening forage supplies, producers will likely increase culling of breeding stock—both cows and bulls—in second-half 2021. The USDA, AMS report on Federally inspected cattle slaughter by region through the week ending April 24 shows recent elevated cow slaughter levels in the Southwest, Southern Plains, and Midwest.

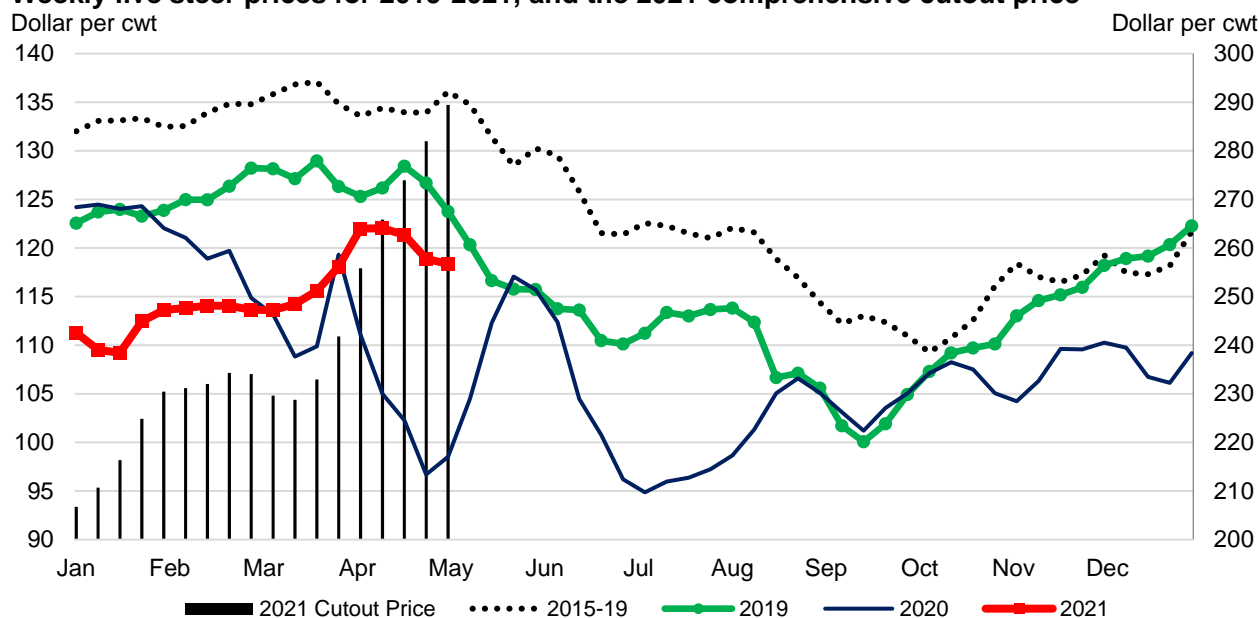
² Nonfed cattle pertains to cows and bulls that are marketed by producers for slaughter.

Conversely, beef production in 2022 is expected to decline by 2 percent year-over-year to 27.3 billion pounds, the first drop in beef production in 7 years. This is a result of the quickening pace of fed and nonfed cattle slaughter leaving fewer supplies of cattle available for slaughter in 2022. However, carcass weights are expected to increase year over year as nonfed cattle will be a smaller portion of the slaughter mix.

Fewer Supplies and Robust Beef Demand in 2022 Support Higher Prices

Weekly fed steer prices rallied in April, topping at about \$122 per hundredweight (cwt) (see chart below), likely in response to the surge in wholesale prices. Wholesale prices have continued to soar into early May, albeit still below 2020 levels, but fed steer prices have not responded similarly, likely due to the constraint on beef packing capacity.

Weekly live steer prices for 2019-2021, and the 2021 comprehensive cutout price



Note: cwt = hundredweight.

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

The second-quarter 2021 fed steer price forecast was raised \$1 on current price data, but third-quarter 2021 was lower by \$1 because of a greater expected market-ready supply of fed steers at that time. The 2021 fed steer price is forecast at \$116.30 per cwt.

The 2022 outlook for the fed steer price is \$122.00 per cwt, a 5-percent increase year over year and the highest price since 2017. Fewer fed cattle marketings and continued robust beef demand are expected to bolster prices in 2022.

Regarding 2021 feeder steer prices, feedlots are constrained in their ability to market cattle in a timely manner; as producers face poor pasture conditions and rising feed costs, they will compete for space in feedlots in an environment with higher expected feed prices and little optimism for fed cattle prices. Accordingly, the second-quarter 2021 feeder steer price forecast was lowered \$1 on current prices and the third-quarter 2021 price was dropped \$2, for a 2021 annual forecast of \$139.30 per cwt.

In 2022, if forage production reflects normal growing conditions, higher fed cattle prices and fewer cattle supplies outside feedlots should support improved feeder steer prices year over year, but higher feed costs are expected to partially offset that support. As a result, the 2022 feeder steer price is forecast to improve 3 percent above 2020 to \$144.00 per cwt.

Cattle Imports and Exports

The U.S. import cattle forecast is lowered by 25,000 head to 1.95 million head in 2021, largely based on current data on imports from Mexico. The annual forecast for 2022 imports is 2.025 million head due to tighter expected cattle supplies in the United States. The forecast for exports of cattle is raised by 20,000 head to 380,000 head on larger shipments to Mexico and Canada in 2021. The annual forecast for 2022 cattle exports is 350,000 head.

Beef Imports Up in March but Down in 2021 First Quarter and Remain Relatively Flat in 2022

Beef imports in March totaled 273 million pounds, down 8.6 percent (25.8 million pounds), compared to a year ago. This decrease was fueled by low shipments from Oceania (Australia and New Zealand). For Australia, beef exports continue to be limited as inventories have been drawn down by drought the prior year and more heifers and cows are being held back for breeding. Imports from Australia have been down year over year since October 2020. In March, imports from Australia were the second-lowest volume of beef to the United States since it started herd rebuilding in 2020. Shipments from New Zealand were also lower in March relative to a year earlier, for several reasons. First, tighter supplies—a result of cattle being kept on pasture longer after favorable rainfalls—has reduced exports. Other competing markets also have pulled beef supplies away from the United States in March. New Zealand's beef production has remained relatively steady, and its beef shipments to China, Australia, and Switzerland have increased by 45, 15, and 16-percent, respectively, year-to-date, while New Zealand exports to the United States have fallen 7 percent. Imports from Mexico were down year over year, but the total volume shipped was sizeable, including Mexico's second-largest import ever in March.

In contrast, shipments from Brazil registered as the largest volume year over year in March since 2007. Canada, which is the top U.S. beef supplier, accounting for more than 26 percent of U.S. beef imports in March, had a modest increase in March.

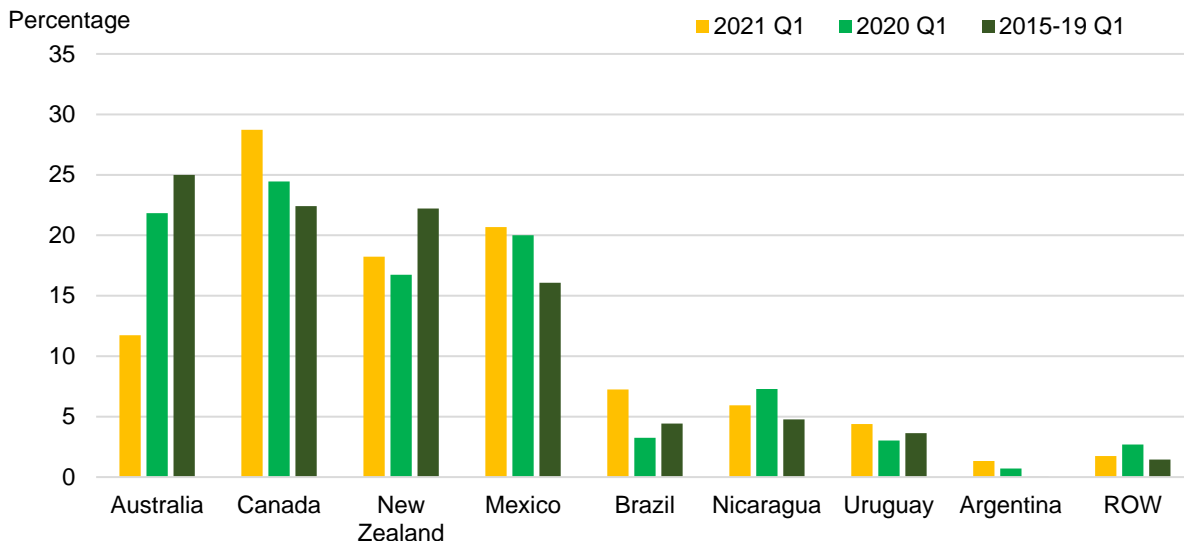
U.S. year-over-year beef imports from major suppliers						
	March 2020	March 2021	Difference in volume	Year-over-year change	Import Share March 2020	Import Share March 2021
	- Million pounds-				--- Percent --	--- Percent --
Canada	70.3	71.6	1.3	1.8	23.9	26.2
Australia	56.8	29.8	-27.0	-47.5	17.1	10.9
Mexico	56.8	56.1	-0.7	-1.2	27.8	20.5
New Zealand	63.8	56.0	-7.8	-12.2	15.5	20.5
Brazil	9.2	21.8	12.6	137.0	4.1	8.0
Nicaragua	21.8	18.4	-3.4	-15.6	4.8	6.7
Uruguay	10.3	9.9	-0.4	-3.9	4.4	3.6
Argentina	2.6	3.3	0.7	26.9	1.3	1.2
ROW	7.4	6.2	-1.2	-16.2	2.5	2.3
Total Imports	299.0	273.2	25.8	-8.6	100.0	100.0

ROW = Rest of the World.

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

Beef imports in the first quarter of 2021 totaled 696 million pounds, down 78 million pounds or 10 percent from a year ago. In 2020, first-quarter imports were the third-largest in volume since 2006, while annual beef imports were the second-largest on record. Imports from Australia were down 87.3 million pounds in the first quarter and accounted for only 11.7 percent of the U.S. total beef imports in first 3 months, compared to 21.8 percent in 2020. The chart below shows the percentage share of imports in 2021 first quarter. Despite the increases in percentage share shown for six of the eight major U.S. beef suppliers in first quarter-2021, the sum of their exports was not large enough to offset the reduction in imports from Australia.

U.S. first-quarter share from major beef suppliers



ROW= Rest of the World

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

The forecast for beef imports in the second and third quarters was raised by 30 and 10 million pounds from last month's forecast to 790 and 780 million pounds, respectively. This anticipated increase is expected to be driven mostly by North and South America. While the fourth-quarter forecast was unchanged from last month, the annual forecast for 2021 beef imports was raised to 2.961 billion

pounds. In 2022, the forecast for the first quarter is relatively flat at 700 million pounds. The annual forecast for 2022 is also relatively flat at 2.95 billion pounds from last year on depressed cattle slaughter and limited exportable supplies in Oceania.

Beef Exports Up in March on Robust Shipments to China, but Forecast in 2022 Is Flat Relative to 2021

In March, the United States exported the most beef (in volume) ever recorded, totaling 300 million pounds, an increase of 12.3 percent (or 32.9 million pounds) from a year ago. Besides the year-over-year increase in beef shipments to South Korea, Hong Kong, and Mexico, there was a significant rise in exports to China. U.S. beef exports there totaled 43.1 million pounds, by far the largest volume the United States has ever exported to China. Year-to-date, China ranks the third-largest U.S. beef destination, surpassing both Mexico and Canada. The rise in exports to China reflects, in part, China's growing demand for beef and its lingering challenges with the African swine fever as the country works to rebuild its swine inventory and industry.

In contrast, beef exports to Japan, the United States' largest market, were down more than 10 million pounds or 12 percent from last year. In March, Japan accounted for 25 percent of the U.S. total exports, notably lower than the 32 percent in March 2020. There were some reductions in shipments to other major U.S. beef destinations. Shipments of U.S. beef to Canada, which accounted for 7.1 percent of U.S. beef exports in March 2021, fell 4.0 million pounds year over year. U.S. exports to Taiwan dropped to 2.5 million pounds lower than a year ago to 15.2 million pounds, the lowest for March since 2017.

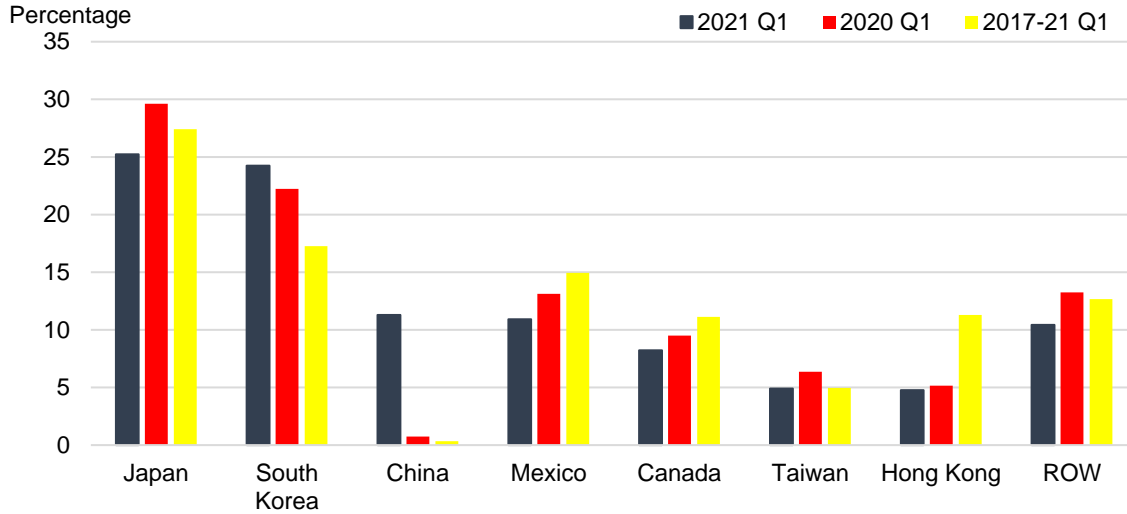
U.S. year-over-year beef exports to major destinations						
	March 2020	March 2021	Difference in volume	Year-over-year change	Export Share March 2020	Export Share March 2021
Japan	86.3	75.7	-10.6	-12.3	32.3	25.2
South Korea	61.1	66.6	5.5	9.0	22.9	22.2
China	1.4	43.1	41.7	2900.8	0.5	14.4
Mexico	28.4	28.7	0.3	1.1	10.6	9.6
Canada	25.3	21.3	-4.0	-15.8	9.5	7.1
Taiwan	17.8	15.3	-2.5	-14.0	6.7	5.1
Hong Kong	11.4	14.9	3.5	30.7	4.3	5.0
ROW	35.4	34.5	-0.9	-2.5	13.3	11.5
Total Exports	267.1	300.1	33.0	12.4	100.0	100.0

ROW = Rest of the World.

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

First-quarter beef exports totaled 797 million pounds, 3.6 percent larger than last year. The chart below shows U.S. beef export shares in first-quarter 2021. Japan and South Korea continue to account for the greatest share of U.S. beef exports. Among major U.S. beef destinations, China's share increased from less than 1 percent in March 2020 to over 11 percent in March 2021. South Korea had the second-largest increase in share of 2 percentage points more than a year ago. The export shares to other major U.S. beef destinations and the Rest of the World were all lower in 2021 relative to a year earlier.

U.S. first-quarter export share to major beef destinations



ROW = Rest of the World.

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

The forecast for the second and third quarters was increased by 20 and 15 million pounds from last month to 810 and 825 million pounds on expectations for continued strong exports to China. No changes were made to the fourth-quarter export forecast from last month. The annual forecast for 2021 beef exports is 3.227 billion pounds. The first-quarter 2022 is forecast to be slightly lower than 2021 due to lower expected cattle slaughter and tighter beef supplies. The 2022 annual forecast for beef exports is 3.225 billion pounds, flat relative to 2021 due to limited exportable supplies.

Lamb, Sheep and Mutton

William F. Hahn

2021 Forecasts Revised, 2022 Forecasts Released

Easter was April 4, 2021, and Ramadan ran from April 12 to May 12, 2021. Both holidays tend to expand lamb demand, which increases lamb prices and the supply of lamb to meat packers. Both production and prices in April and early May were higher than expected. Price and production forecasts are higher in this report than in April's report. The April 2021 lamb and mutton production forecast was 134 million pounds; the May forecast is 138 million pounds, 3 percent higher.

The April report lamb price forecast was flat for the last three quarters of this year; the forecasts for the second, third, and fourth quarters were all 161 dollars per hundredweight (cwt). The 2021 second-quarter forecast is now 176 dollars per cwt. The forecasts for the third and fourth quarters are both 170 dollars per cwt.

Lamb and mutton import data for the first quarter of this year are 68.5 million pounds, much lower than April's estimate of 83 million pounds. This month's forecast of imports for the second quarter of 2021 are 60 million pounds, 8 million pounds lower than forecast in April. This report's third and fourth quarter 2021 forecasts are the same as those in the April report.

This report has the first forecasts for 2022: The annual 2022 lamb and mutton forecast is 134 million pounds, approximately 3 percent lower than the 2021 annual forecast. (Lamb and mutton production has been trending downward for decades). The lamb price forecast for 2021 is 169 dollars per cwt. The lamb and mutton import forecast for 2022 is 277 million pounds, 23 million pounds more than the 2021 forecast.

Dairy

Jerry Cessna and Angel Teran

Recent Wholesale Dairy Product Prices

From the week ending April 10 to the week ending May 8, all dairy product prices reported in the USDA *National Dairy Products Sales Report* (NDPSR) increased. The price of 40-pound blocks of Cheddar cheese increased 4.2 cents to \$1.8248 per pound, and the price of 500-pound barrels (adjusted to 38-percent moisture) rose 31.5 cents to \$1.8267 per pound. Prices for butter, nonfat dry milk (NDM), and dry whey were \$1.8043 (+2.9 cents), \$1.2177 (+5.3 cents), and \$0.6441 (+3.7 cents) per pound, respectively.

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

	For the week ending		Change
	April 10	May 8	
Butter	1.7750	1.8043	0.0293
Cheddar cheese			
40-pound blocks	1.7824	1.8248	0.0424
500-pound barrels *	1.5122	1.8267	0.3145
Nonfat dry milk	1.1646	1.2177	0.0531
Dry whey	0.6070	0.6441	0.0371

* Adjusted to 38-percent moisture.

Source: USDA, Agricultural Marketing Service, *National Dairy Products Sales Report*, May 12, 2021.

For the trading week ending March 14, spot prices for Cheddar cheese blocks and barrels traded on the Chicago Mercantile Exchange (CME) were lower than the most recent NDPSR prices, averaging \$1.7725 and \$1.7300 per pound, respectively. CME spot prices for butter and NDM were higher than the most recent NDPSR prices, averaging \$1.8370 and \$1.3125 per pound, respectively. The dry whey price was lower than the most recent NDPSR price, averaging \$0.6320 per pound.

Most U.S. wholesale prices of major dairy products have been very competitive with international export prices in recent weeks.³ In April, Oceania and Western Europe export prices for butter were \$2.61 and \$2.21 per pound, respectively. Skim milk powder (SMP) export prices for Oceania and Western Europe were \$1.55 and \$1.39 per pound, respectively. The Oceania export price for cheese was \$2.01 per pound. However, the United States is facing increased price competition in international whey markets, with the Western Europe export price for April averaging \$0.57 per pound.

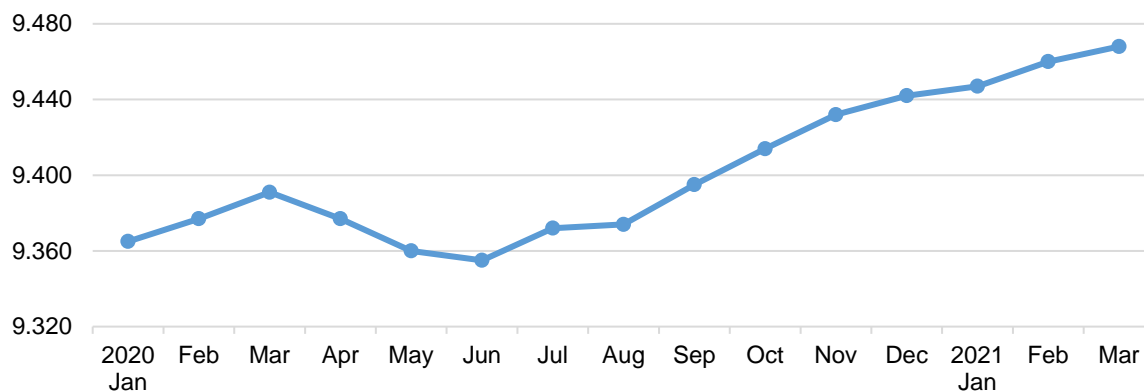
³ The source for Oceania and Western Europe prices is USDA *Dairy Market News*. International prices are in U.S. dollars, free on board (F.O.B.) port. Prices listed in this report are at the midpoints of the ranges.

Recent Dairy Supply and Use Data

According to USDA National Agricultural Statistics Service (NASS), March milk production in the United States totaled 19.750 billion pounds, 1.8 percent higher than March 2020. Milk cows numbered 9.468 million head in March, 8,000 more than the previous month, and 77,000 head more than March 2020. Milk per cow averaged 2,086 pounds per head in March, 20 pounds higher than March 2020. For the first quarter of the year (2021-Q1), U.S. milk production totaled 56.7 billion pounds, up 1.0 percent from 2020-Q1. The average number of milk cows during 2021-Q1 was 9.458 million head, 80,000 head more than the 2020-Q1. Since June 2020, there has been a notable increase in the number of dairy cows.

Milk cows in the United States

Million head



Source: USDA, National Agricultural Statistics Service.

March dairy exports on a milk-fat milk-equivalent basis totaled 1.014 billion pounds, 172 million pounds above February and 190 million pounds higher than March 2020. On a skim-solids milk-equivalent basis, March dairy exports totaled 4.811 billion pounds, 864 million above the previous month and 923 million pounds higher than March 2020. Notably, exports of cheese totaled 81.4 million pounds in March, 14.9 million higher than February and 7.9 million higher than March 2020. Exports of dry skim products totaled 190.8 million in March, 33.0 million higher than February and 53.3 million higher than March 2020. Even though the United States faces substantial price competition from foreign competitors in whey markets, U.S. dry whey exports were robust in March; at 52.7 million pounds, they were 12.0 million higher than February and 14.4 million higher than March 2020.

In March, imports on a milk-fat basis were 589 million, 265 million pounds higher than the previous month and 103 million higher than March 2020. On a skim-solids basis, March imports were 560 million pounds, 189 above February and 59 million pounds higher than March 2020. Notably, in March, butter imports totaled 10.2 million pounds, 6.7 million pounds higher than February and 6.6 million pounds above March 2020. In March, imports for other-than-American cheese totaled 23.2 million pounds, 7.0 million pounds higher than the previous month and 4.0 million pounds above March 2020. March imports of milk protein products⁴ totaled 29.4 million pounds, 14.2 higher than February and 8.8 higher than March 2021.

⁴ Milk protein products include milk protein concentrate, milk protein isolate, and casein products.

During 2021-Q1, daily⁵ domestic use of most dairy products increased. On a milk-fat basis, daily domestic use totaled 586.4 million pounds, 2.8 percent higher than the 2021-Q1. On a skim-solids basis, 2021-Q1 domestic use was 497.8 million pounds, 1.1 percent higher than 2020-Q1. Daily domestic uses of cheese, butter, dry skim products, and lactose were higher in 2021-Q1 than 2020-Q1. Domestic daily use numbers for dry whey and whey protein concentrate (WPC) in 2021-Q1 were lower than 2020-Q1 of the previous year by 20.1 percent and 17.8 percent, respectively. On a milk-fat basis, March ending stocks were 18.1 billion pounds, 7.3 percent above March 2020. On a skim-solids basis, March ending stocks were 11.6 billion pounds, 0.8 percent higher than March 2020.

Daily domestic use of milk and dairy products

Product	Units	2020 first quarter	2021 first quarter	Change	Percent change
Milk in all products					
Milk-fat basis	Million pounds	570.7	586.4	15.7	2.8
Skim-solids basis		492.4	497.8	5.4	1.1
Dairy products (million pounds)					
American type cheese		13.7	14.6	0.9	7.0
Other-than-American type cheese		20.3	20.3	0.1	0.3
Butter	Million pounds	5.3	5.6	0.4	7.0
Dry skim milk products		1.8	1.9	0.1	4.7
Dry whey		1.6	1.2	-0.3	-20.1
Whey protein concentrate		0.7	0.6	-0.1	-17.8
Lactose		0.7	0.9	0.2	36.0

Sources: USDA, National Agricultural Statistics Service; USDA, Farm Service Agency; USDA, Foreign Agricultural Service; U.S. Dept. of Commerce, Bureau of the Census; and USDA, Economic Research Service (ERS) calculations. Numerous sources were used for conversion factors. For more information, see the ERS Dairy Data Documentation webpage.

Commodity Purchase and Reimbursement Programs in Transition

USDA recently announced that the Farmers to Families Food Box program will sunset at the end of May. The program was designed to respond to disruptions caused by the global pandemic. For more information, see the website for the USDA Farmers to Families Food Box Program. Due to recent Congressional actions, food-insecure Americans now have greater access to an expanded Federal nutrition safety net, including the Supplemental Nutrition Assistance Program (SNAP); the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); the Pandemic Electronic Benefit Transfer (P-EBT); school and summer meals for children; The Emergency Food Assistance Program (TEFAP); Commodity Supplemental Food Program (CSFP); and the Food Distribution Program on Indian Reservations (FDPIR).

On April 13, 2021, USDA provided notice of retroactive reimbursements under the Dairy Donation Program (DDP). The program, which was established through the Consolidated Appropriations Act of 2021, will facilitate donation of dairy products to nonprofit organizations that distribute food to persons in need. Regulations for the program have not yet been published. Because the statute allows retroactive reimbursements before donation and distribution plans are approved, USDA provided advance notice of the minimum provisions to be included in the program to encourage the dairy

⁵ We discuss daily domestic use for the first quarter of each year instead of total domestic use since 2020-Q1 had one more day than 2021-Q1 due to leap year.

industry to process and donate surplus milk through the spring season. For more information, see the April 13 notice provided on the USDA AMS website.

Outlook for Feed Prices

The 2020/21 corn price estimate is \$4.35 per bushel, and the 2021/22 price projection is \$5.70. The 2020/21 soybean meal price estimate is \$405 per short ton, and the 2021/22 price projection is \$400.⁶ For more information, see *Feed Outlook*, published by USDA, Economic Research Service. The alfalfa hay price in March was \$181 per short ton, \$6 higher than February and \$9 higher than March 2020. The 5-State weighted-average price for premium alfalfa hay in March was \$210 per short ton, \$1 lower than February but \$5 higher than March 2020. The milk-feed ratio in March was 1.75; it has declined each month since November, when it was 2.56.

Dairy Forecasts for 2021

The U.S. milking herd is projected to average 9.470 million head in 2021, 10,000 head higher than last month's forecast. The number of milk cows is expected to trend upward into 2021-Q3 and then decline in the 2021-Q4 due to relatively high feed prices. Although milk-feed ratios have already fallen from 2020-Q4, dairy operations usually respond to price signals with a lag of several months. The milk per cow forecast for 2021 is 24,070 pounds, unchanged from last month's forecast. With the higher anticipated number of milk cows, the milk production forecast for 2021 has been raised to 227.9 billion pounds, 0.2 billion higher than last month's projection.

On a milk-fat basis, the annual dairy export forecast for 2021 is 10.8 billion pounds, 0.1 billion higher than last month's forecast, as exports on a milk-fat basis in 2021-Q1 were higher than expected. On a skim-solids basis, the dairy export projection has been lowered to 49.5 billion pounds, 0.3 billion lower than last month's forecast. Although exports of dry skim milk products have been robust, they are expected to decline in the second half of the year due to stronger price competition from foreign suppliers.

The 2021 forecast for dairy imports on a milk-fat basis has been increased to 6.2 billion pounds, 0.2 billion pounds higher than last month's forecast. On a skim-solids basis, the dairy import forecast has been raised to 5.5 billion pounds, 0.2 billion higher than last month's projections. Higher imports are expected for butterfat products,⁷ milk protein products, and cheese primarily in the first half of the year. However, this increase is not expected to be sustained into the second half as retaliatory tariffs on many dairy products from the European Union and the United Kingdom are scheduled to resume in early July.⁸

Domestic commercial use in 2021-Q1 was stronger than expected, by 0.2 billion pounds on a milk-fat basis and by 0.5 billion on a skim-solids basis. Due to recent data for domestic use, expectations of fewer pandemic-related restrictions, and increasing foodservice expenditures, forecasts for 2021 domestic use have been raised to 222.8 billion on a milk-fat basis (+0.3 billion) and 183.2 billion pounds

⁶ The marketing year begins September 1 for corn and October 1 for soybean meal.

⁷ Butterfat products include butter, anhydrous milkfat, butteroil, and spreads with high milk-fat content.

⁸ In March, the United States announced a 4-month suspension of tariffs related to a dispute involving large civilian aircraft. Several dairy products from various EU countries and the United Kingdom had been assessed the retaliatory tariffs.

on a skim-solids basis (+0.7 billion). The forecasts for ending stocks have been lowered to 15.0 billion pounds on a milk-fat basis (-0.1 billion) and 10.5 billion pounds on a skim-solids basis (-0.1 billion)

With expectations for greater domestic demand, most wholesale dairy product price forecasts for 2021 have been raised. The price forecasts for Cheddar cheese, dry whey, and NDM are \$1.740 (+3.0 cents), \$0.575 (+5.0 cents), and \$1.240 (+8.0 cents) per pound, respectively. The butter price forecast has been lowered by 2.0 cents to \$1.710 per pound. Although butter demand is anticipated to remain relatively strong, higher milk production is expected to limit upward movements in the butter price.

With higher price forecasts for Cheddar cheese and dry whey, the Class III milk price forecast has been raised by \$0.60 to \$17.70 per hundredweight (cwt). The Class IV milk price forecast has also been raised by \$0.60 to \$15.75 per cwt, as the higher NDM price forecast more than offsets the lower butter price projection. The all-milk price forecast for 2021 is \$18.95 per cwt, \$0.55 higher than last month's forecast.

Dairy Forecasts for 2022

Usually, we discuss forecasts compared to projections from the previous month. Since these are the first USDA projections for 2022, these forecasts are discussed in terms of year-over-year comparisons with 2021 forecasts.

The U.S. milking herd is projected to average 9.465 million head in 2022, 5,000 less than the 2021 projection. Some contraction is expected due to relatively high feed prices and weaker milk prices. Milk per cow is projected to average 24,335 per head, a year-over-year increase of 1.1 percent. The milk production forecast for 2022 is 230.3 billion pounds, 1.1 percent higher than the 2021 projection.

Dairy exports on a milk-fat basis are projected to total 10.3 billion pounds in 2022, 0.5 billion lower than the forecast for 2021. On a skim-solids basis, exports are projected to total 50.0 billion pounds, 0.5 billion higher than the 2021 projection. With U.S. butter prices expected to become less competitive, exports of butterfat products are expected to decline year over year. With strong foreign demand and weaker domestic prices, exports of cheese, dry skim milk products, and whey products are anticipated to increase year over year.

Dairy imports on a milk-fat basis are projected to total 5.9 billion pounds in 2022, 0.3 billion lower than 2021. On a skim-solids basis, 2022 imports are projected to total 5.4 billion pounds, 0.1 billion lower than 2021. Imports of cheese and butterfat products are expected to be lower than 2021. The lower import numbers in 2022 reflect, in part, effects of retaliatory tariffs on some dairy products from the European Union and the United Kingdom since we assume current Government policies remain in place.

Domestic use is expected to increase modestly in 2022. The domestic use forecast on a milk-fat basis is 224.8 billion pounds, an increase of 2.0 billion (0.9 percent) higher than 2021. On a skim-solids basis, the projection is 184.7 billion pounds, 1.5 billion (0.8 percent) higher. The ending stock forecast for 2022 on a milk-fat basis is 15.0 billion pounds, the same as the end of 2021. On a skim-solids basis, the ending stock forecast for 2022 is 10.4 billion pounds, a year-over-year decrease of 0.1 billion pounds.

In 2022, the Cheddar cheese price is projected to fall to \$1.715 per pound, 2.5 cents lower than 2021, as a greater proportion of milk is expected to move into cheese production in 2022. The price of dry

whey is projected to fall to \$0.475 per pound (-10.0 cents) due to relatively large cheese production and competitive pressure from foreign exporters. Foreign price competition is expected to contribute to a decline in the NDM price to \$1.195 (-4.5 cents). The butter price is expected to rise to \$1.790 per pound (+8.0 cents) as demand increases and a smaller proportion of milk fat moves into butter production.

The Class III milk price forecast for 2022 is \$16.85 per cwt, \$0.85 lower than the projection for 2021. The Class IV milk price projection for 2022 is \$15.70 per cwt, a year-over-year decline of \$0.05. The all-milk price forecast for 2022 is \$18.50 per cwt, \$0.45 lower than the projection for 2021.

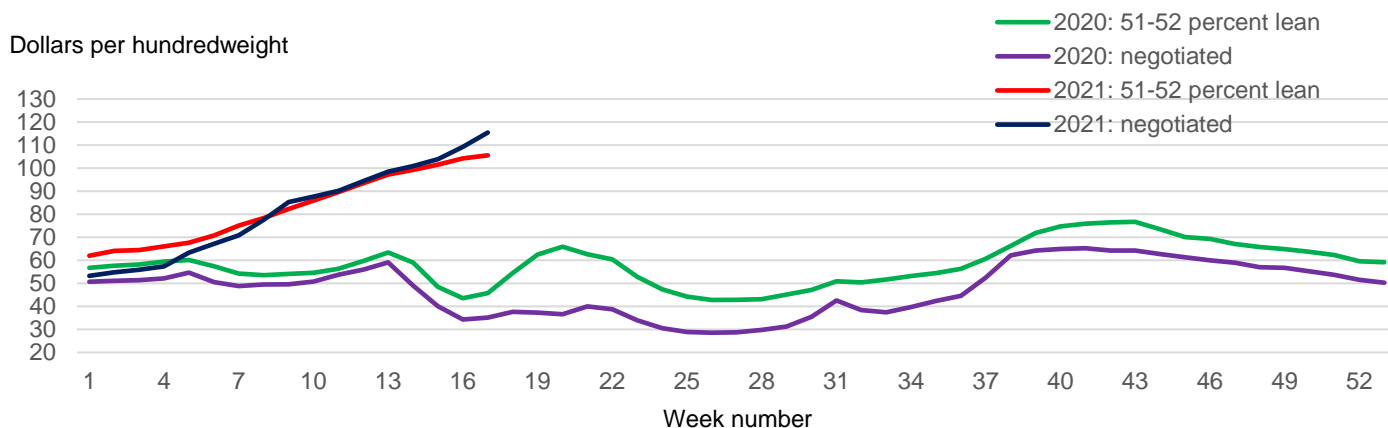
Pork/Hogs

Mildred Haley

Second-Quarter Hog Prices Supported by Declining Hog Numbers and Solid Pork Demand

Seasonally declining numbers of market hogs and continued strong demand for pork are expected to keep hog prices high in the second quarter of 2021. The estimated number of federally inspected hogs slaughtered in April was about 10.5 million head. While year-over-year comparisons of April 2021 slaughter numbers and prices with those of a year ago are distorted due to COVID-19-related market turbulence last spring, at least two factors suggested lower numbers of available market hogs in April. First, the April slaughter number appears consistent with the *Quarterly Hogs and Pigs* issued by USDA on March 25 reporting that slaughter-ready weight classes for the second quarter (180 pounds and over, and 120-179 pounds) were both 3 percent below a year earlier. Negotiated hog prices also suggested that fewer hogs were available for slaughter in April. While negotiated prices typically trade at a discount to 51-52 percent lean hog prices, in April negotiated prices averaged \$4 per hundredweight (cwt) higher than 51-52 percent base-cost hog prices. Higher negotiated hog prices often signal processors' willingness to bid up hog prices in order to increase animal deliveries to processing plants.

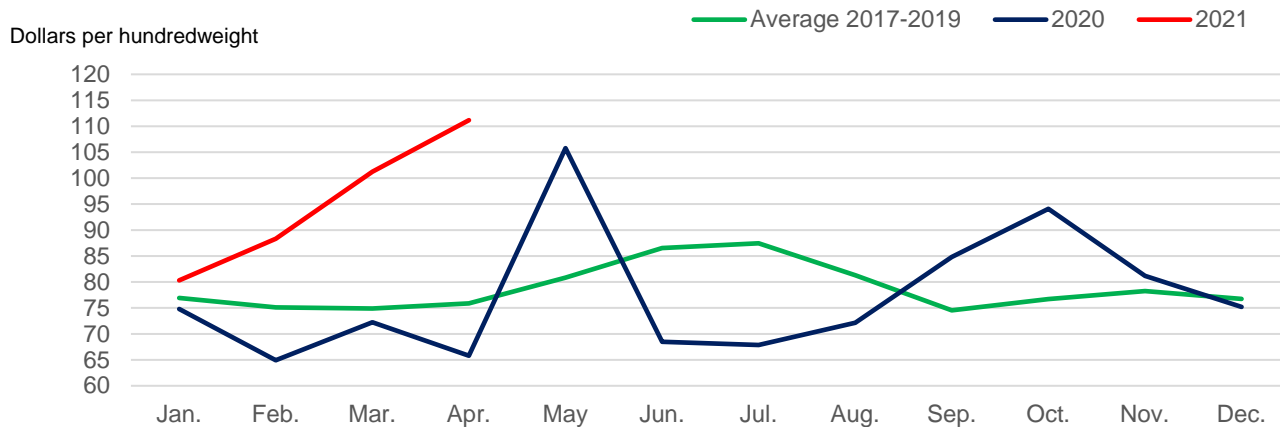
Weekly hog prices, Iowa-Southern Minnesota-negotiated and 51-52 percent lean base cost, 2020 and 2021



Source: USDA, Agricultural Marketing Service.

Wholesale pork prices continued to signal solid demand for pork products in the first month of the second quarter. Wholesale pork prices in April averaged \$111.17 per cwt, 69 percent above a year earlier. Almost 70 percent of the \$45.37 difference between the wholesale values in April 2021 and April 2020 are attributable to the ham and belly primals. While most bellies are consumed domestically (as bacon), exports often account for an important component of ham consumption.

Estimated wholesale pork carcass cutout



Source: USDA, Agricultural Marketing Service.

Demand-side factors are expected to support pork demand through the second quarter and likely for the balance of 2021. Continued reopening of the U.S. economy, with accompanying expansion of employment and economic opportunities, is likely to drive pork demand, wholesale pork prices, and by extension, hog prices. Also contributing to hog price strength will likely be continued-low pork stock levels—USDA reported March pork cold stocks at 6.5 percent below reported February levels and 26.8 percent below a year ago.

Second-quarter pork production is expected to be about 6.7 billion pounds, a forecast mostly unchanged from last month. Quarterly pork production forecasts for the second through fourth quarters were adjusted downward slightly, however, to reflect lower average dressed weights due to higher feed costs. Pork production for 2021 is expected to be about 28.2 million pounds, slightly lower than a year ago.

Quarterly hog price forecasts, on the other hand, were adjusted upwards to reflect strong processor demand—even as processor margins deteriorate seasonally—in response to domestic and foreign demand for pork products. Prices for live equivalent 51-52 percent lean hogs are expected to average \$79 per cwt in the second quarter of 2021, \$74 per cwt in the third quarter, and \$60 per cwt in the fourth quarter. For 2021, hog price forecasts average about \$67 per cwt, almost 56 percent above prices in 2020.

Pork Production To Increase Moderately in 2022

Pork production in 2022 is expected to increase about 1 percent over forecast 2021 production, to 28.5 billion pounds. With lower third-quarter 2021 farrowing intentions indicated in the March *Quarterly Hogs and Pigs* report and expected trend growth in pigs per litter, first-quarter 2022 production is forecast at about 7 billion pounds, about the same as in first-quarter 2021. Further increases next year derive from expectations of moderate rises in quarterly farrowings and trend increases in litter rates. Expected positive producer returns in 2021 help to reset quarterly farrowings in a positive direction next year. Significant risk factors remain in 2022, however, including high feed costs, new variants of PRRS (Porcine Reproductive and Respiratory Syndrome), labor supply and utilization in processing plants, and the potential for increased State regulation of sow housing. Prices of live equivalent 51-52 percent lean hogs are expected to average about \$56 per cwt in 2022, 17 percent lower than the forecast average price for 2021. First-quarter hog prices are forecast at \$58 per cwt, more than 4 percent above

prices in the first quarter of this year. Hog prices, as always, derive from demand for pork products. Lower 2022 hog prices reflect expectations that pork consumption dynamics will more closely resemble those established prior to 2020 and will be more consistent with a reopened, post-COVID U.S. economy.

Pork Exports Accelerate In March

U.S. pork exports in March were 729 million pounds, almost 4 percent greater than a year ago. Shipments to Mexico, Japan, the Philippines, and South and Central America were particularly strong. While exports to China\Hong Kong were year-over-year lower, they led the list of the 10 largest foreign destinations for U.S.-exported pork in March. (See table below)

With expectations that higher feed costs and continuing problems with swine diseases will limit domestic pork production in several major importing countries, forecasts for U.S. pork exports were increased in the second quarter of 2021 by 75 million pounds to 1.85 billion pounds, and by 50 million pounds in the third quarter to 1.7 billion pounds. For 2021, total U.S. pork exports are expected to total about 7.4 billion pounds, almost 2 percent higher than exports last year.

U.S. pork exports: March volumes and first- quarter 2021 volumes of the 10 largest foreign destinations

Country	Exports March 2020 (Million pounds)	Exports March 2021 (Million pounds)	Percent change (2021/2020)	Exports First-quarter 2020 (Million pounds)	Exports First-quarter 2021 (Million pounds)	Percent change (2021/2020)
World	702	729	3.9	2,023	1,927	-4.7
China\Hong Kong	196	174	-11	597	461	-23
Mexico	141	149	6	435	423	-3
Japan	114	129	13	322	329	2
Canada	59	55	-8	154	147	-4
South Korea	55	52	-5	157	145	-8
Philippines	7	37	453	17	66	295
Colombia	24	28	16	60	73	22
Australia	23	23	0	81	67	-18
Dominican Republic	14	19	36	35	51	46
Honduras	12	15	31	27	37	37

Source: USDA, Economic Research Service.

Steady Pork Export Volumes Likely in 2022

Expectations are that U.S. pork exports in 2022 will be about 7.4 billion pounds, almost the same as this year. Export volumes are likely to be determined by factors similar to those driving foreign demand for U.S. pork this year, namely swine diseases, economic recovery from the COVID-19 virus, and feed costs.

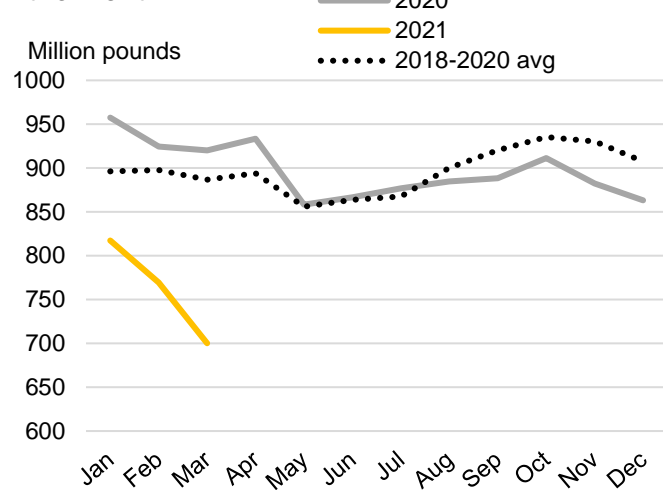
Poultry

Grace Grossen and Adriana Valcu-Lisman

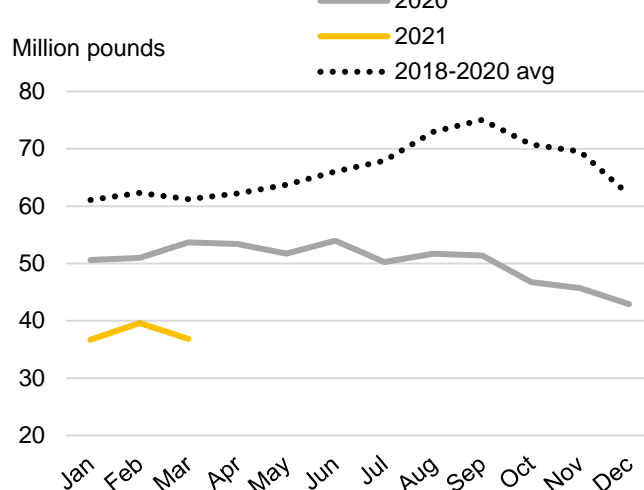
Broilers in Cold Storage at Record Lows; Production Expected To Grow in 2022

In March, broiler production totaled 4 billion pounds. This was 3.6 percent above production in March 2020 but a 1-percent year-over-year decrease in production on a per day basis. First-quarter production totaled 10.884 billion pounds, 3 percent below first-quarter 2020, but reflected an additional slaughter day in 2020. Low chicken supply is currently being compounded by record-low stocks in cold storage. Broiler meat in cold storage at the end of March totaled 700 million pounds; November 2014 was the last time chicken stocks were this low. Chicken wings, which have been in high demand as a takeout item during the pandemic, are at their lowest level in cold storage since 2012. As the restaurant sector begins to reopen, in the short term, supplying the growing demand for chicken will be a challenge.

Total broiler meat in cold storage at the end of the month



Chicken wings in cold storage at the end of the month



Source: USDA, National Agricultural Statistics Service.

As hatchery data and preliminary weekly production data remain consistent with expectations, production forecasts for the outlying quarters of 2021 are unchanged. The 2021 total forecast is 44.764 billion pounds, an increase of less than half-a-percent over the 2020 total. In 2022, broiler production is forecast to total 45.3 billion pounds, a year-over-year increase of 1 percent over the 2021 forecast. Despite expectations of firm broiler prices through most of 2021 and into 2022, increased feed costs will likely dampen the rate of expansion.

Broiler Export Forecast Increased in 2021; Forecast To Grow in 2022

March broiler exports declined less than expected, totaling 661 million pounds. This was a 2.8-percent decrease from March of 2020. Increases in shipments to Mexico (+9 million pounds), China (+9 million

pounds), Cuba(+39 million pounds), Angola (+10 million pounds), and the Philippines (+36 million pounds) were offset by year-over-year decreases in shipments to Taiwan (-21 million pounds), Vietnam (-16 million pounds), Georgia (-22 million pounds), and South Africa (-16 million pounds). The first-quarter total was 1.854 billion pounds, a decrease of less than half-a-percent from the first quarter of 2020. The second-quarter export forecast was increased by 15 million pounds, bringing the 2021 total forecast to 7.354 billion pounds, a decrease of less than half-a-percent from 2020. In 2022, broiler exports are forecast to total 7.45 billion pounds, an increase of 1 percent over the 2021 forecast.

U.S. broiler exports: Volume and export share, March 2020 and 2021

Country	Volume (million pounds)			Export share (percent)	
	March 2020	March 2021	Change in volume	March 2020	March 2021
Top 10 largest foreign markets (2020 export volumes)					
Mexico	144	153	9	21	23
China	30	39	9	4	6
Taiwan	51	31	-21	8	5
Cuba	34	72	39	5	11
Canada	27	28	1	4	4
Vietnam	33	17	-16	5	3
Guatemala	26	29	3	4	4
Angola	12	21	10	2	3
Georgia	28	6	-22	4	1
Colombia	18	13	-5	3	2
World	680	661	-19	100	100
Additional foreign markets of note					
South Africa	33	17	-16	5	3
Philippines	13	48	36	2	7

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

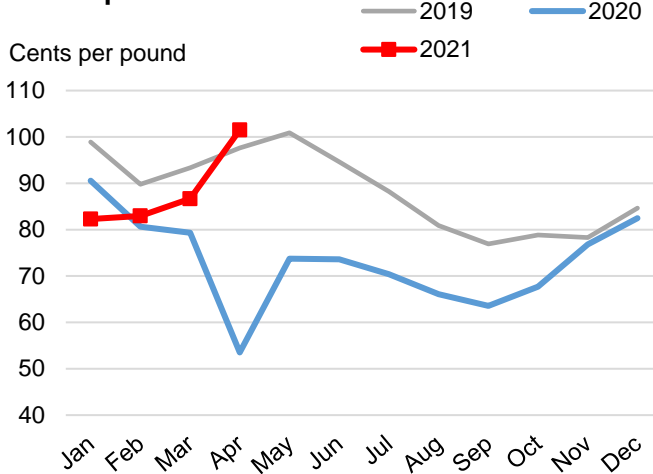
Quarterly Broiler Prices Increased on Recent Prices; Slow Production Growth Expected To Keep Prices High in 2022

In April, national composite wholesale broiler prices averaged 101.5 cents per pound. Weekly prices reached a high of 105.03 cents per pound in the week ending April 30th and ended the first week of May at 104.49 cents per pound. The steep price increase is likely a result of many factors, including slow production, record low supplies in cold storage, and increasing demand as the economy reopens. Wholesale prices for chicken parts are also climbing. Weekly average chicken drumstick prices at the end of April and early May were almost 51 cents per pound. The April average price was 48.9 cents per pound, about 14 cents above the same month in 2019. Wholesale prices for boneless/skinless breasts, the center of fast-food chicken sandwiches, have also been climbing since the start of 2021. The April average price was 171.92 cents per pound, 44 cents above the same month in 2019. Chicken wings, which have been in high demand as takeout food, have been steadily climbing in price since last year. April was a low point in wholesale wing prices in 2020, but the average price in April 2021 was 291.81 cents per pound, 92 cents above the same month in 2019.

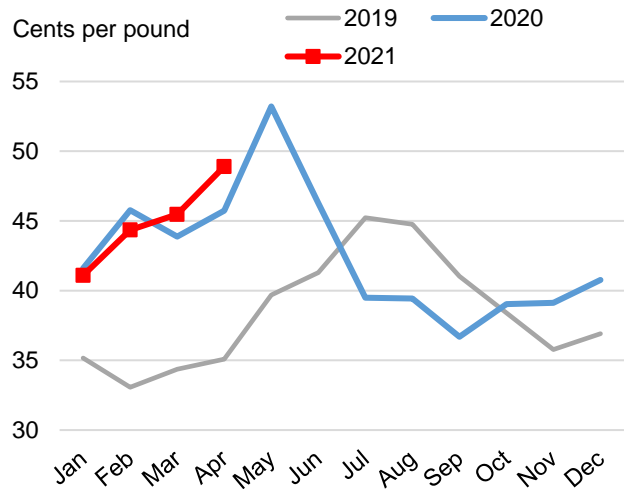
Quarterly whole-bird price forecasts for the remaining quarters of 2021 were increased, reflecting recent price data, expectations of slowly growing production, and high demand. The second-quarter price was adjusted up to 105 cents per pound, the third quarter to 94 cents per pound, and the fourth quarter to 88 cents per pound. The annual average price forecast for 2021 is 92.7 cents per pound, an increase of 27 percent over the 2020 average. As feed costs are expected to rise, constraining

production growth, broiler prices are projected to stay high next year. The annual average price forecast for 2022 is also 93 cents per pound.

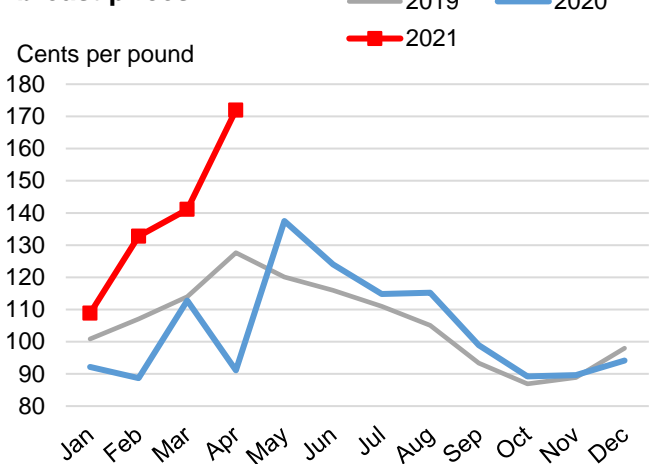
Monthly national composite wholesale whole broiler prices



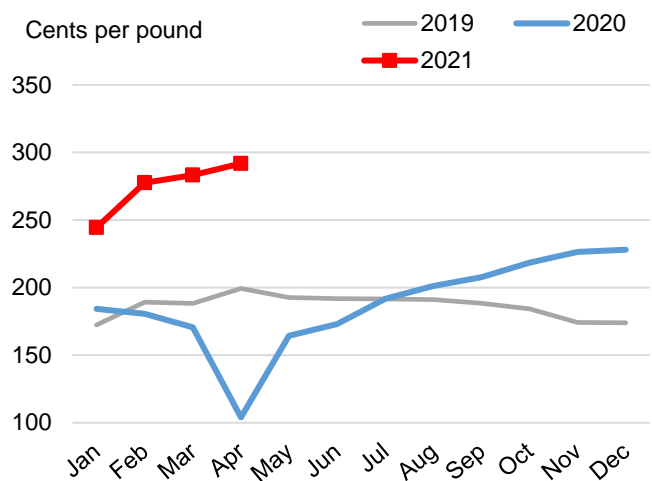
Monthly wholesale chicken drumstick prices



Monthly wholesale boneless/skinless chicken breast prices



Monthly wholesale chicken wing prices



Source: USDA Agricultural Marketing Service.

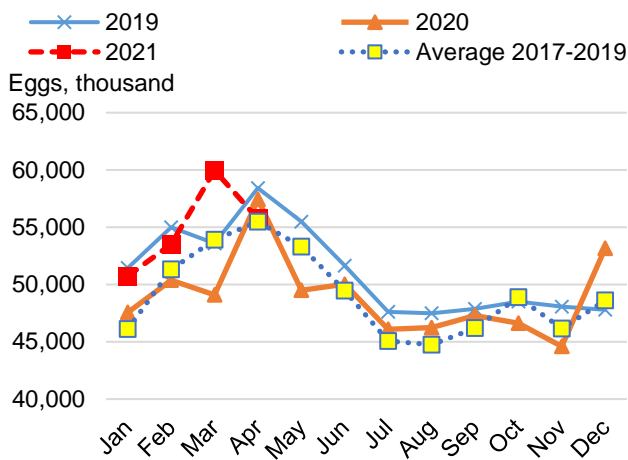
Table Egg Production Revised Down

March table egg production was 687.5 million dozen, a slight decrease from March 2019. The table egg layer flock averaged 326.2 million layers in March, a 1.5-percent year-over-year decrease. March lay rate reached 82 eggs per 100 layers per day, a slight increase from last year and a record high for March.

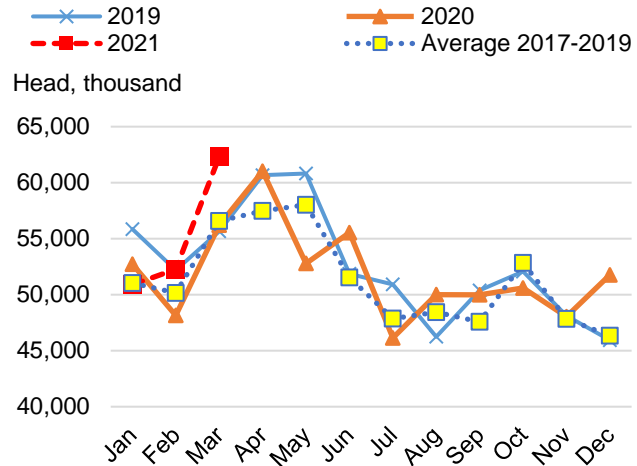
The upstream production indicators mirror the challenges faced by the industry: higher feed costs and a shifting demand as foodservice activity returns to pre-pandemic levels. The April 1, 2021, data for egg-type eggs in incubators suggest that producers intend to add fewer birds to the layer flock. Additionally, March slaughter of light spent hens (slaughter of spent table egg layer hens—one of the methods used to manage the size of the flock) shows a seasonal uptick reaching a level similar to last March. March

data for egg-type chicks and pullets hatched indicates producers' intentions to add more layers to the flock in the near term (see charts). Given the current prospects, the 2021 table egg production forecast was lowered to 8,071 million dozen, a slight increase from 2020 production levels.

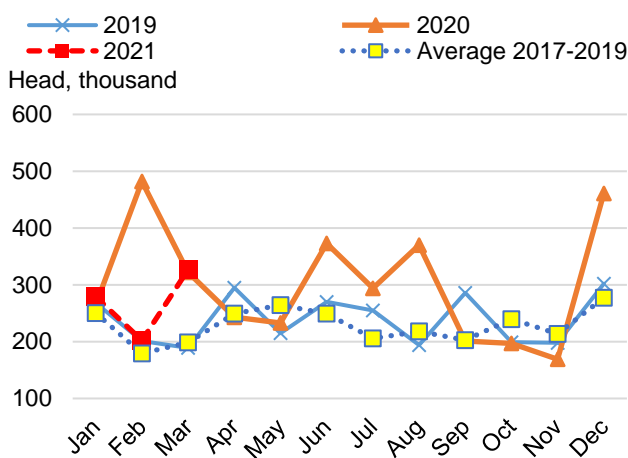
Egg-type eggs in incubators



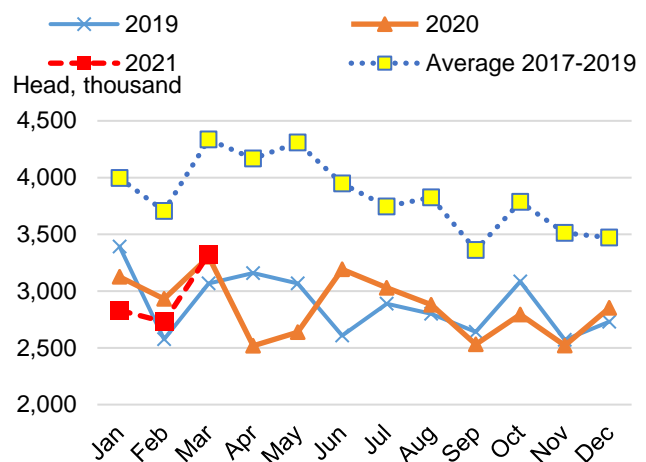
Egg-type chicks hatched



Egg-type pullet chicks hatched



Monthly slaughter of light spent hens



Source: USDA, National Agricultural Statistics Service.

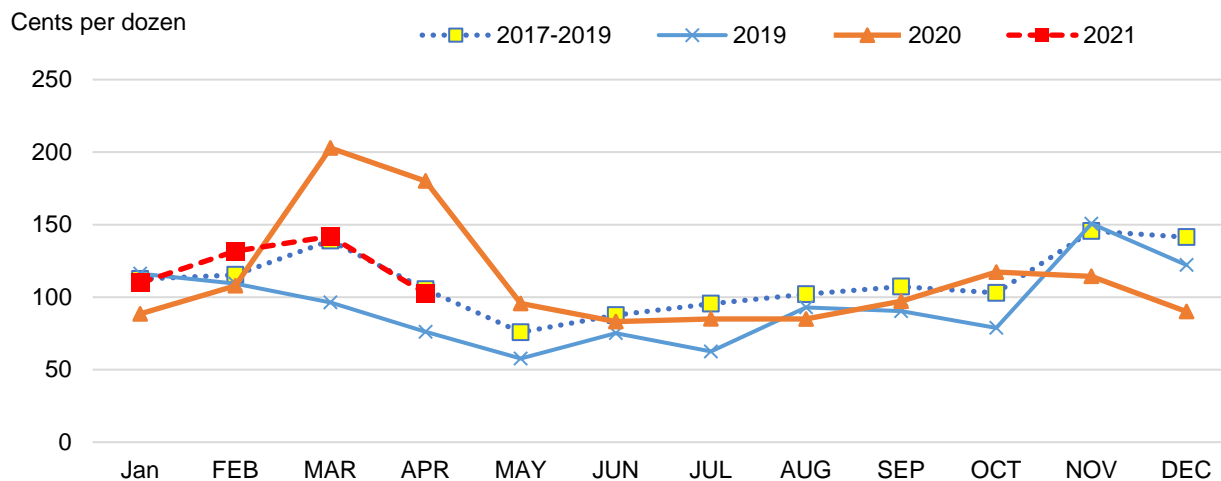
Total (table and hatching) egg production in 2022 is expected to increase by just slightly under 1.5 percent year over year, to 9.5 billion dozen. Expectations for lower exports, stable demand, and a slight increase in production levels support a forecast for higher egg stocks in 2022. In 2022, per capita disappearance is expected to be 287.8 eggs per person, a 1-percent increase from the disappearance forecast for 2021.

Wholesale Table Egg Prices Revised Up

April wholesale table egg prices (New York, Grade A Large) overcame the seasonal Easter-related higher prices from the prior month and averaged 102.6 cents per dozen, a 43-percent decrease from last year when prices were affected by COVID-19-related market disruptions. Given the current

industry's cautious approach to making changes to production, the price forecasts were increased for each of the quarters as follows: 95, 103, and 124 cents per dozen for the second, third, and fourth quarter, respectively. In 2021, table egg prices are forecast to average 112.5 cents per dozen, almost unchanged from year-ago levels.

Monthly average midpoint prices for New York eggs (wholesale, large grade A)



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

Based on expectations of the demand being fully recovered to the pre-pandemic levels in 2021, along with a marginal increase in 2022 production reflecting higher feed costs, 2022 wholesale table egg prices (New York, Large Grade A) are expected to trend upward and average 115 cents per dozen, about 2 percent above the 2021 forecast average price.

Egg Exports Increased, Forecasts Revised Up

First-quarter 2021 exports of shell eggs and shell egg-equivalent products equaled 95.8 million dozen (60 million shell eggs and 35.8 million shell egg-equivalent products), a 10.8-percent increase over the first quarter of last year. Year-over-year first-quarter changes in egg exports were dominated by significant increases in shipments to Canada (+7,533 thousand dozen), South Korea (+ 8,935 thousand dozen), and Japan (+1,545 thousand dozen). These increases more than compensated for decreases in shipments to some traditional markets such as Mexico, Hong Kong, Jamaica, and Denmark. Total imports of eggs and egg products in the first 3 months of 2021 were 4.1 million dozen (0.7 million shell eggs and 3.4 million shell egg-equivalent products), a 17-percent decrease from the same period last year.

Higher-than-expected 2021 first-quarter exports and an optimistic outlook for international demand for U.S. eggs and egg products supports a higher export forecast for 2021. Exports for all quarters were revised up, increasing 2021 total egg exports to 379 million dozen, a 10-percent year-over-year increase. Eggs and egg product exports in 2022 are forecast to be 365 million dozen shell-egg equivalent, about a 4-percent decrease from the 2021 forecast levels.

U.S. egg and egg product exports: Volume and export share, January-March 2020-2021

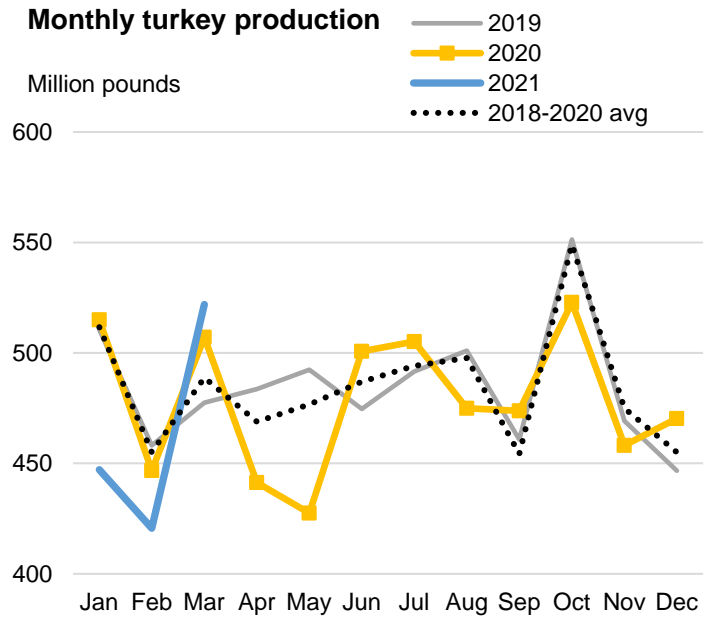
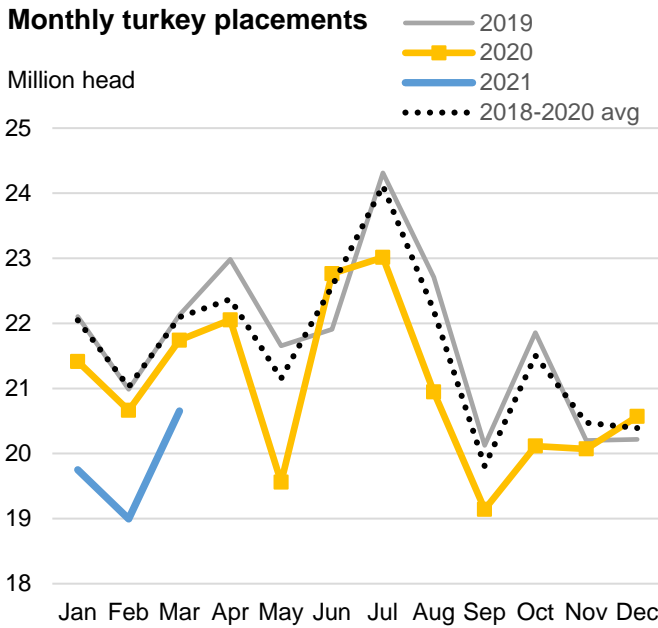
Country	Volume			Export share	
	2020	2021	Change in volume	2020	2021
	Thousand dozen			Percent	
Mexico	29,193	27,629	-1,564	34	29
Canada	16,050	23,583	7,533	19	25
Hong Kong	11,513	11,331	-182	13	12
Japan	7,221	8,765	1,545	8	9
South Korea	1,786	10,720	8,935	2	11
Jamaica	1,965	1,628	-337	2	2
United Arab Emirates	1,557	1,355	-202	2	1
Trinidad and Tobago	1,589	1,138	-451	2	1
Denmark	1,599	789	-810	2	1
Bahamas	1,191	936	-256	1	1
World	86,409	95,762	9,353	100	100

Note: Largest markets are based on 2021 year-to-date export volumes.

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

Turkey Production Revised Down in 2021

At 521.9 billion pounds, turkey meat production in March outperformed the same month a year ago by about 15 million pounds, but this is more than accounted for by March 2021 having one more slaughter day than the previous March. First-quarter production totaled 1.39 billion pounds, a decrease of 79 million pounds or 5 percent from the first quarter of 2020. March turkey placements increased over February but were still down by 5 percent year-over-year. Based on recent placement and preliminary production data, forecast production for the second and third quarters of 2021 was decreased by 20 million pounds each quarter to 1.38 and 1.41 billion pounds, respectively. This brings the 2021 total production forecast to 5.63 billion pounds, a 2-percent decline from the 2020 total. In 2022, turkey production is forecast to increase by 1 percent over the 2021 forecast to 5.69 billion pounds. This would be the first time since 2016 that turkey production has grown year-over-year.



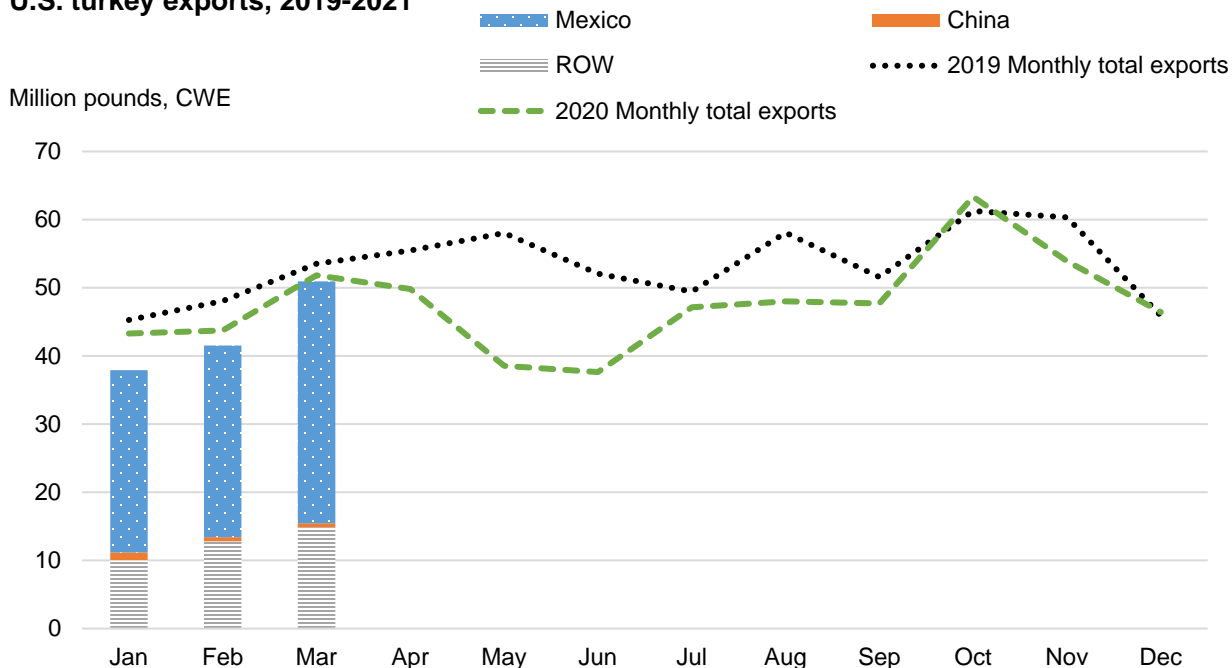
Source: USDA, National Agricultural Statistics Service.

Turkey Exports Revised Down

March turkey exports totaled 50.9 million pounds, 1.8 percent below the same month last year but the highest monthly export level so far in 2021. This partially reflects a bump in turkey production in March that increased availability; as a share of production, March exports were 9.8 percent, similar to the 9.9 percent share in February. China's share of U.S. turkey exports continues to shrink, accounting for 1 percent of March exports and only 2 percent of exports year-to-date. Mexico still accounts for the largest share; exports to Mexico in March increased by 2.6 million pounds year over year. Increased shipments to Mexico, South Africa (+778 thousand pounds), and Haiti(+1.378 million pounds) were offset by year-over-year decreases in shipments to China (-1.76 million pounds), Jamaica(-1.356 million pounds), Costa Rica (-271 thousand pounds), Canada (-242 thousand pounds), and some others.

The 2021 turkey export forecast was decreased by 15 million pounds in the second quarter on lowered production expectations and higher prices. This makes the 2021 total forecast 560 million pounds, a decrease of 2 percent from 2020. In 2022, turkey exports are forecast to total 580 million pounds, an increase of 4 percent over the 2021 forecast.

U.S. turkey exports, 2019-2021



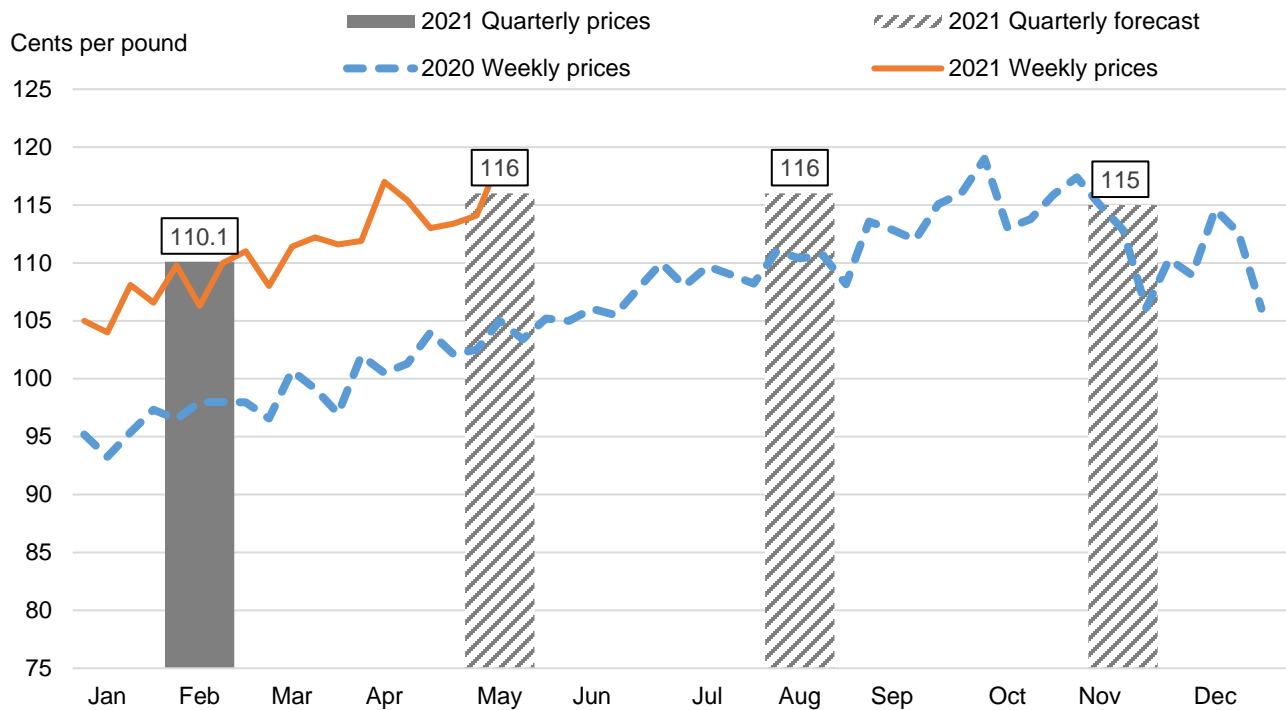
Notes: CWE = Carcass Weight Equivalent; ROW = Rest of world.

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

Turkey Price Forecast Increased

Wholesale turkey prices for frozen whole hens averaged 113.55 cents per pound in April, 12 cents above the same month a year ago. Prices ended the first week of May at 119 cents per pound. Frozen whole-hen prices are continuing their steady climb since 2018. The wholesale whole-hen frozen turkey price projection for the second quarter was adjusted up by 4 cents per pound to 116 cents, reflecting strong weekly prices. Third- and fourth-quarter prices were revised up to 116 and 115 cents per pound, respectively, bringing the annual average price forecast to 114 cents per pound. The 2022 projected average price is 116 cents per pound, reflecting continued expectations of slow growth in production due to elevated feed costs.

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-323, U.S. Department of Agriculture, Economic Research Service, May 18, 2021.

Use of commercial and trade names does not imply approval or constitute endorsement by USDA.

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [How to File a Program Discrimination Complaint](#) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

USDA is an equal opportunity provider, employer, and lender.