



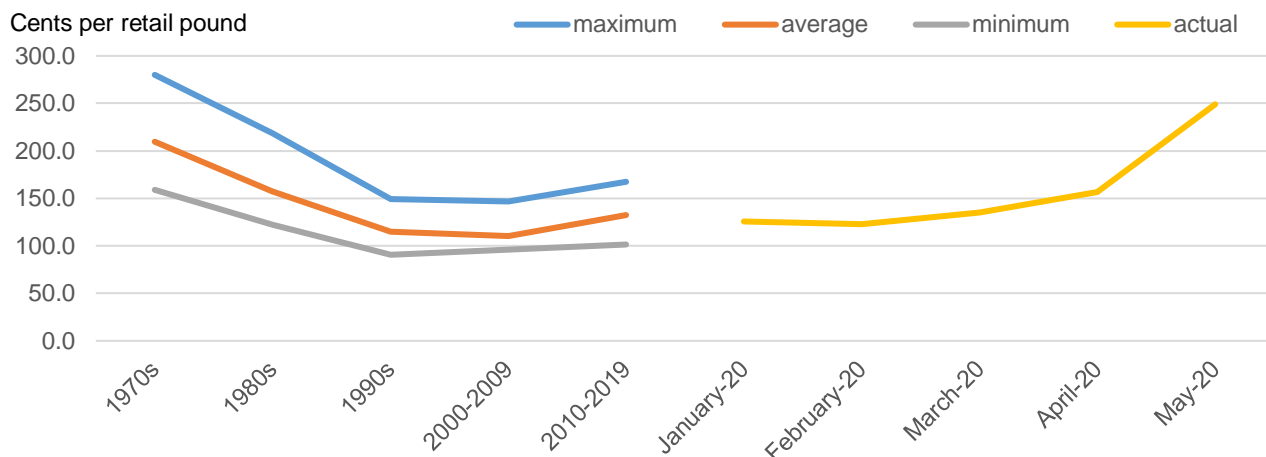
Livestock, Dairy, and Poultry Outlook

COVID-19 Disruptions Drove Increases in 2020 Choice Beef Values and Spreads

William Hahn

COVID-19-related increases in retail prices have garnered considerable attention since early spring. USDA’s Economic Research Service has published monthly “price spreads” data for beef and pork since 1970, which compare the value of an animal and its product at the different levels of the marketing chain. The price spread for beef estimates the value of a Choice steer at the farm and the wholesale and retail values of its beef product. Shifts in demand caused by the COVID-related shelter-in-place orders and loss of packing plant capacity due to sick workers caused large increases in the wholesale beef values, part of which have been passed on to consumers as higher retail prices. In May 2020, inflation-adjusted retail and wholesale beef values were 295.8 cents and 249.1 cents per pound, respectively. Although these values have increased 25 percent and 97 percent, respectively, since January 2020, the inflation-adjusted record high for the wholesale beef value was 280.0 cents per pound, set in August 1973. The inflation-adjusted record high for the retail beef value was 330.8 cents per pound, set in September 1973. The figure below shows the maximum, average, and minimum inflation-corrected wholesale values for beef for each decade, starting with the 1970s, and the actual values for the first 5 months of 2020. Wholesale values in the early part of 2020 were close to their averages for the previous decade.

Inflation-adjusted wholesale values for Choice beef



Source: USDA, Economic Research Service.

Beef/Cattle: The second-quarter 2020 forecast for beef production was raised on recent slaughter data. Third- and fourth-quarter 2020 forecasts were raised on heavier carcass weights and faster expected pace of slaughter. The increase in slaughter and carcass weights elevated the annual beef production forecast to 26.9 billion pounds. Fed steer prices in 2020 were lowered on recent price data and the large supply of fed cattle. May's beef imports fell 9 percent to 269 million pounds, but the forecasts for second- and third-quarter 2020 imports were revised up from a month ago on the demand for lean beef trimmings as U.S. beef production recovered in June. Beef exports in May totaled 188 million pounds, 31 percent below a year earlier. The second-quarter beef export forecast was revised down on lower exportable supplies in the quarter. However, the third-quarter beef export forecast was raised 20 million pounds from a month ago due to the expected availability of more exportable supplies.

Dairy: Wholesale prices for Cheddar cheese, butter, and nonfat dry milk rose significantly from April to June. A large decline in milk production from April to May, an increase in foodservice demand, Government purchases of dairy products, and relatively high exports contributed to the rise in prices. The all-milk price forecast for 2020 has been raised to \$18.25 per hundredweight (cwt), \$1.60 higher than last month's forecast. For 2021, the all-milk price forecast has been raised to \$17.05 per cwt, \$0.85 higher than last month's forecast.

Pork/Hogs: Higher hog inventories reported in the June *Quarterly Hogs and Pigs* are expected to pressure hog prices in the second half of 2020. In the same report, hog producers signaled intentions to reduce sow farrowings, implying lower pork production in the first half of 2021. Forecasts for U.S. pork exports in 2020 and 2021 are both raised in response to recent strong export data. 2020 exports are expected to be 19 percent higher than last year and about 2 percent higher in 2021 than shipments this year.

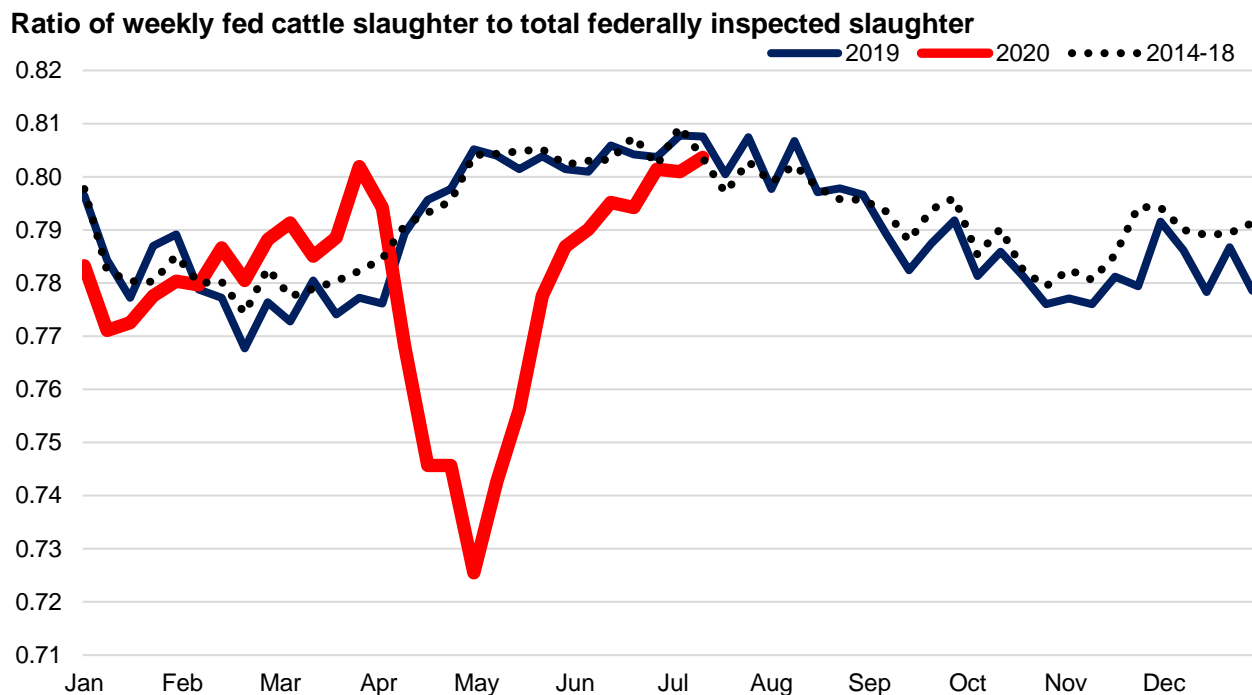
Poultry/Eggs: The broiler production forecast was increased on May data as well as recent hatchery data, while the price forecast was unchanged. The second-quarter export forecast was decreased on lower-than-expected May volumes. The table egg production forecast was decreased on expectations for a smaller laying flock, as well as on low lay rates. The egg price forecast was decreased on recent price movements, while the second-quarter export forecast was increased slightly on attractive egg prices to foreign buyers. Turkey production was revised down in 2020 and 2021 on low poult placements. Turkey export forecasts were revised down to reflect lower production expectations and low exports so far this year. Turkey price estimates were adjusted up for the second half of 2020 and in 2021 on lowered production expectations.

Beef/Cattle

Russell Knight and Christopher Davis

Strong June Production on Heavier Fed Cattle

Meatpacking facilities have continued to recover weekday slaughter capacity and have used Saturday as an opportunity to improve overall weekly slaughter totals. Based on the USDA, Agricultural Marketing Service (AMS) livestock slaughter estimates for the week ending July 11, cattle slaughter was 0.2 percent below last year. Accordingly, estimated steer and heifer slaughter trail year-ago levels by almost 1 percent, while the slaughter of cows and bulls maintains levels just above last year. Despite the lag in the number of steers and heifers slaughtered on a weekly basis, the proportion of fed cattle in the slaughter mix has rebounded, as shown in the chart below.

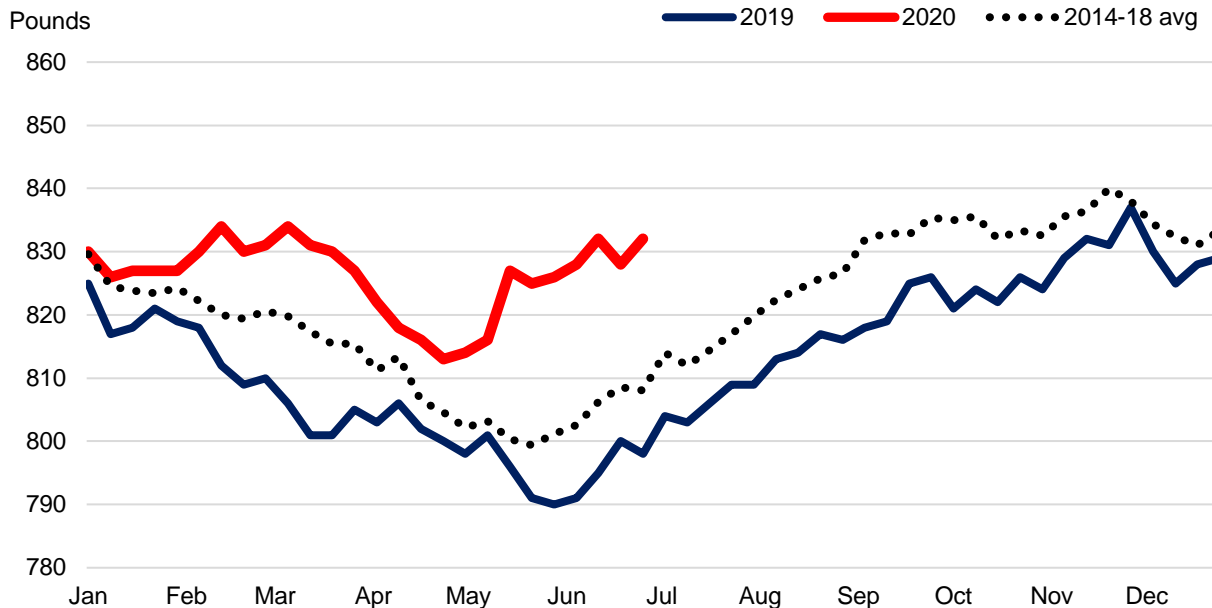


Note: Fed cattle refer to steers and heifers fed in a feedlot.

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

As more fed cattle were reintroduced into the slaughter mix in June, average carcass weights increased, as shown in the chart below. For the week ending June 27, steer and heifer carcass weights were about 42 pounds and 37 pounds, respectively, heavier than the same week last year. The gains elevated the average carcass weight for that week to 34 pounds above last year. Further, heavier fed cattle carcass weights raised average carcass weights for June 2020 to 24 pounds above the 5-year average for the month. Based on AMS slaughter reports, total steer and heifer slaughter in June 2020 will likely be less than year-ago levels, but heavier carcass weights will likely support heavier June beef production relative to a year ago.

Weekly average cattle carcass weights



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

2020 Beef Production Raised on Slaughter and Weights

Based on stronger-than-expected AMS slaughter data for June, the second-quarter 2020 production forecast was adjusted higher but remains about 11 percent below last year. This increase in slaughter capacity and heavier carcass weights was carried into second-half 2020, raising the production forecast. Accordingly, the annual beef production forecast for 2020 was increased 260 million pounds from last month to 26.9 billion pounds, about 1 percent below 2019.

As more fed cattle are expected to be marketed in second-half 2020, it is anticipated that feeder cattle placements will be pulled forward at that time. This adjustment in the analysis increased fed cattle slaughter in 2021. As a result, beef production in 2021 is forecast higher at 27.7 billion pounds, up 145 million pounds from last month.

Market-Ready Cattle Supplies Weigh on Cattle Prices

Despite slaughter rates having stabilized near year-ago levels, there continues to be a large volume of market-ready cattle supplies available for slaughter. Based on the USDA, National Agricultural Statistics Service *Cattle on Feed* report for June, the number of cattle that have been on feed over 150 days grew to 971,000 head, or 42 percent, more than last year. Further, wholesale beef prices declined rapidly from recent peaks to below year-ago levels, marking a sharp turnaround.

The June price for fed steers marketed for slaughter in the 5-Area marketing region averaged \$103.82 per hundredweight (cwt), but prices ended the month at \$96.21, losing more than \$16 from the first week of June. With the expectation of steadying demand for slaughter cattle and a large number of market-ready cattle in feedlots, price forecasts for both the third and fourth quarters were lowered by \$4 to \$100.00 and by \$3 to \$103.00 per cwt, respectively. The 2021 price forecast remains unchanged from last month.

With higher anticipated fed cattle slaughter in 2020, feedlot marketings will increase; a faster pace of marketings will likely improve feedlot demand for feeder cattle. Recent price strength from the end of the second quarter and early third quarter was carried through to the third-quarter forecast, which was raised \$1 to \$133 per cwt. The fourth-quarter 2020 price was unchanged from last month as producers face higher forecast feed costs and lower forecast fed cattle prices. As a result, this month's annual price forecast for 2020 was \$132.00 per cwt. The 2021 annual feeder steer price is unchanged.

Beef Imports Down in May

U.S. beef imports fell 9 percent year-over-year to 269 million pounds in May. U.S. beef imports were down from six of the top seven beef suppliers. Most of the reductions in beef shipments were from Australia and New Zealand. Beef imports from Oceania have been important to the United States. The two countries accounted for 33 percent of U.S. beef imports in May but shipped 35 percent (47.50 million pounds) less beef in May 2020 than a year earlier. U.S. beef imports from Australia and New Zealand were down 41 and 27 percent in May, respectively. This was partly due to lower domestic production limiting the supply of fat trimmings, which decreased demand for imported lean trimmings; the two are commonly blended together to produce ground beef. However, from January to May 2020, Oceania accounted for over 38 percent of U.S. total beef imports, just 1 percent less than it did the year before.

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

	May 2019	May 2020	Difference in volume	Year-over-year change
	--- Million pounds-			--- Percent --
Australia	77.93	45.93	-32.00	-41.06
Canada	69.33	64.33	-5.00	-7.21
New Zealand	57.11	41.61	-15.50	-27.14
Mexico	49.66	74.63	24.97	50.28
Brazil	13.11	11.04	-2.07	-15.79
Uruguay	13.61	11.93	-1.68	-12.34
Nicaragua	11.78	13.01	1.23	10.44
ROW	3.17	6.18	3.01	94.95
Total Imports	295.69	268.65	-27.03	-9.14

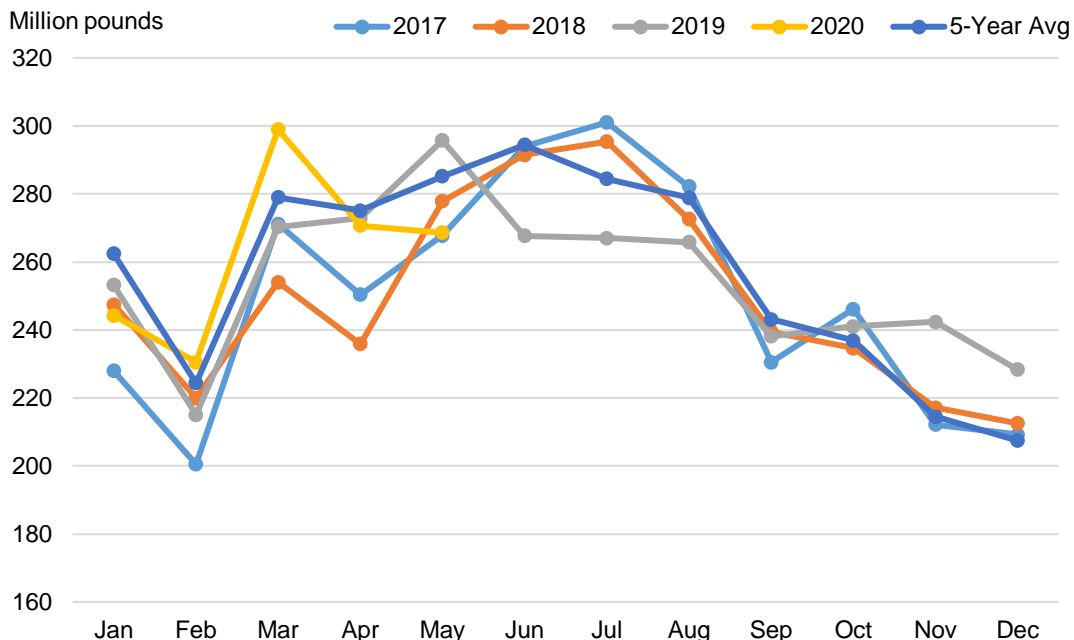
ROW = Rest of the World.

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

In contrast to the slowdown in U.S. imports from Oceania in May, imports from Mexico were up 50 percent above last year. Mexico's record-breaking beef shipments to the United States in May exceeded the previous top volume shipped on May 2017 by 22.5 million pounds. The depreciated peso relative to the U.S. dollar made Mexican beef an attractive import for the U.S. market. Shipments from Nicaragua were 10.44 percent higher than a year earlier, but the combined increase from Mexico and Nicaragua was not enough to offset reductions in volume from the remaining suppliers.

In a closer examination of U.S. beef imports, the chart below shows them over the first 5 months of 2020 and during the last several years. The disruptions of COVID-19 came with high unemployment among service-related occupations such as restaurants, hotels, bars, and institutions and a weakened U.S. economy. Beef imports during the COVID-19 pandemic have been lower month over month since March (see the yellow line in the chart below). The downward trend partly reflects tight U.S. beef supplies due to disruptions in slaughter plants that reduced the need for 90- to 95-percent imported lean beef for blending with domestic beef to produce ground beef.

U.S. beef imports



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

The forecasts for second- and third-quarter imports were revised up to 820 million pounds (+35 million) and 760 million pounds (+30 million), respectively. Stronger demand for processing-grade beef is expected as traditional grilling season demand kicks into full swing and the desire for less expensive animal protein increases demand for ground beef. The import strength of the second quarter was carried over into the third quarter. However, third-quarter imports are expected to remain lower than last year, as lower exportable supplies are expected from Oceania. The fourth-quarter beef import forecast remains unchanged from last month at 685 million pounds. No changes were made to the 2021 import forecast.

Beef Exports Decline in May

U.S. beef exports in May 2020 were 188 million pounds, almost 84 million pounds or 31 percent below a year ago. May beef exports had not been at or below 188 million pounds since May 2009, when the United States exported just 173 million pounds. The largest reductions in beef exports were to Mexico, followed by Japan. Beef exports to Mexico had not been lower since February 2004, after the discovery of bovine spongiform encephalopathy (BSE) in December 2003. Mexico's economy was weaker in May, and a depreciated currency likely made U.S. beef products more expensive and less attractive to Mexican consumers. May exports to Japan and South Korea were lower year over year, partly due to lower exportable supplies and higher prices. Reductions in beef exports were also seen for other major destinations such as Canada, Taiwan, and Vietnam. Of the seven major destinations highlighted in the table below, Hong Kong was the only one that had a year-over-year increase in beef shipments from the United States.

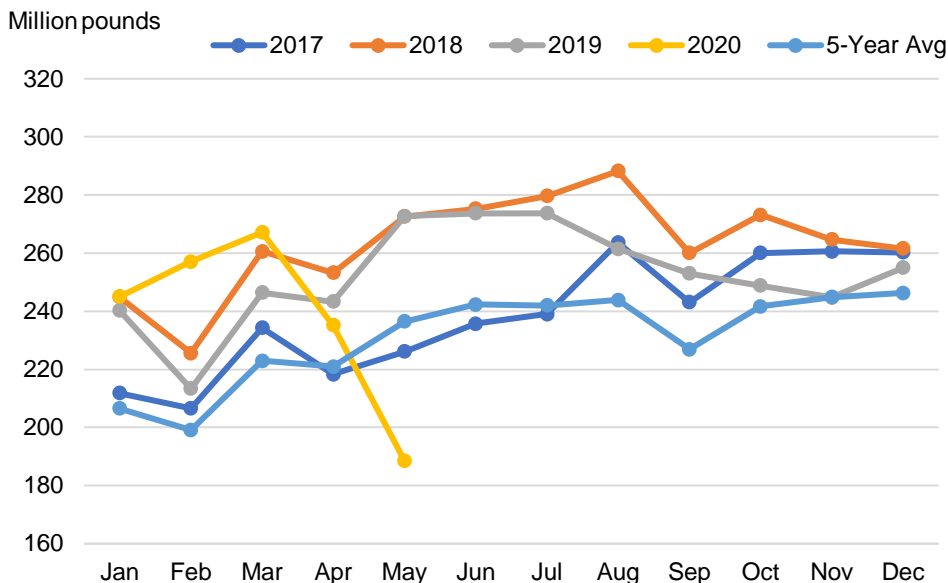
U.S. year-over-year beef exports to major destinations

	May 2019	May 2020	Difference in volume	Year-over-year change
	--Million pounds--			--- Percent ---
Japan	77.23	57.23	-20.00	-25.90
Mexico	37.60	8.26	-29.34	-78.03
South Korea	63.19	49.36	-13.83	-21.89
Canada	25.75	21.21	-4.54	-17.63
Hong Kong	17.85	21.60	3.75	21.01
Taiwan	18.21	12.41	-5.80	-31.85
Vietnam	2.14	1.39	-0.75	-35.04
ROW	30.37	17.04	-13.33	-43.89
Total Exports	272.33	188.49	-83.85	-30.79

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

An examination the U.S. beef export market shows a notable change in the trend of beef exports (see the yellow line in the chart below). Beef shipments to six of the seven major U.S. beef destinations were down in May year over year, partially due to fewer exportable supplies from the United States and higher domestic beef prices. However, Mexico is one of the United States' top beef destinations, and a weaker economy and depreciated currency there likely played a role in reducing import demand. In May, the reduction in shipments to Mexico accounted for 35 percent of the U.S. decrease in beef exports year over year. Another factor contributing to the declining trend of beef exports was weaker demand from Japan and South Korea, likely connected to economic disruptions caused by COVID-19.

U.S. beef exports



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

The second-quarter beef export forecast was revised down 50 million pounds to 625 million pounds, due in part to weaker demand in Mexico and continued tightness in exportable supplies. The third-quarter beef export forecast was increased to 770 million pounds(+20 million pounds) on greater expected U.S. beef production, providing more exportable beef supplies, though at 2 percent lower than last year for the quarter.

Dairy

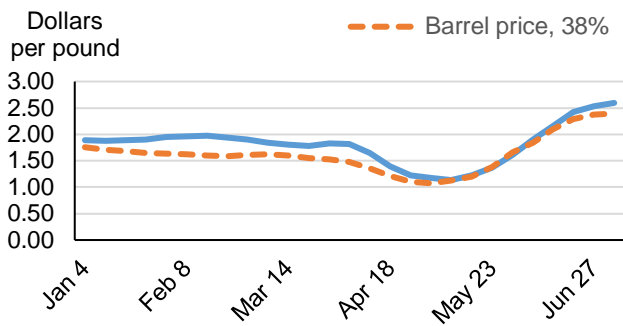
Jerry Cessna

Recent Developments in Wholesale Dairy Product Prices

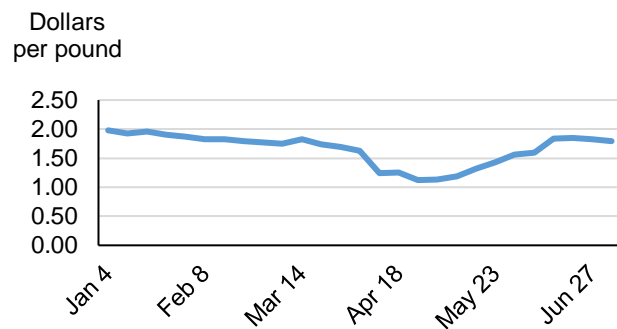
The effects of the COVID-19 pandemic have brought greater volatility in dairy product prices, especially cheese prices. In recent weeks, wholesale Cheddar cheese prices have continued the steep rise from very low prices in April and early May. The price of 40-pound blocks, as reported in the USDA *National Dairy Products Sales Report* (NDPSR), rose to a new record of \$2.5947 per pound for the week ending July 4. The price of 500-pound barrels (adjusted to 38-percent moisture) rose to \$2.3927 per pound for the same week. The wholesale butter price rose to \$1.8427 per pound for the week ending June 20 but then declined for the following 2 weeks; for the week ending July 4, the price was \$1.7966 per pound. The nonfat dry milk (NDM) price rose from \$0.8398 per pound for the week ending May 16 (the low point for the year) to \$0.9767 for the week ending July 4. The price of dry whey fell from \$0.0389 per pound for the week ending May 16 (the high point for the year) to \$0.3378 for the week ending July 4.

Weekly wholesale prices for dairy products, *National Dairy Products Sales Report*
(week ending January 4, 2020, through week ending July 4, 2020)

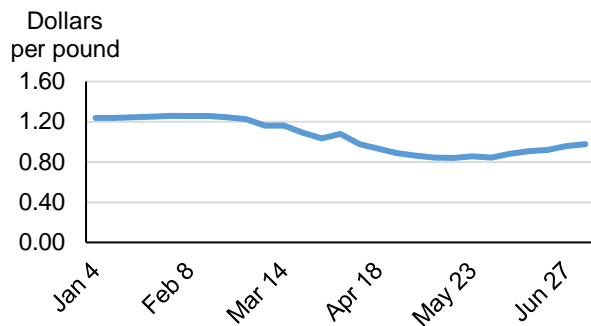
Cheddar cheese ¹



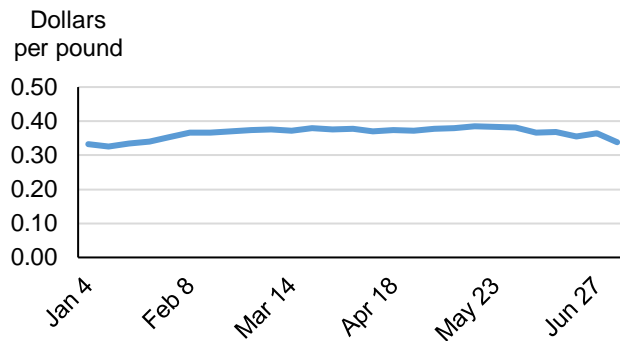
Butter



Nonfat dry milk



Dry whey



¹ Cheese prices are for 40-pound blocks and 500-pound barrels (adjusted to 38-percent moisture).

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

Spot prices for cheese sold on the Chicago Mercantile Exchange (CME) have been very high in recent weeks. Average prices for 40-pound blocks and 500-barrels of Cheddar cheese for the trading week ending July 10 were \$2.7785 and \$2.3760 per pound, respectively. For the same week, average CME prices for butter, NDM, and dry whey were \$1.7095, \$1.0250, and \$0.2925 per pound, respectively.

U.S. NDM and dry whey prices have been competitive in foreign markets. In June, Oceania and Western Europe export prices for skim milk powder (SMP) averaged \$1.19 and \$0.95 per pound, respectively, and the Western Europe export price for dry whey was \$0.36 per pound.¹ However, U.S. domestic prices for butter and cheese have been substantially higher than export prices of major competitors. In June, Oceania and Western Europe export prices for butter averaged \$1.65 and \$1.39 per pound, respectively, and the Oceania export price for cheese was \$1.74 per pound.

Several supply and demand factors have likely contributed to the increase of most wholesale dairy product prices from low levels in April and early May:

- The COVID-19 pandemic contributed to weak domestic use of dairy products in April. Demand for dairy products generally decreased with the shift away from consumption at food establishments to at-home eating; Americans typically consume higher proportions of dairy products when they eat out than when they eat at home. Financial hardships of some U.S. residents likely contributed to lower consumption of dairy products.
- In April, substantial quantities of milk from various parts of the country were not processed due to low demand for dairy products and logistical problems resulting from effects of the pandemic. Such milk is often spread on fields or added to manure lagoons.
- Actions by cooperatives and other milk handlers to manage the oversupply of milk contributed to a tightening of the milk supply in May. Pricing terms were formulated to discourage dairy farmers from increasing milk production growth.
- Foodservice orders have increased since April due to the easing of COVID-19 quarantine limitations in some areas. With the increase in foodservice demand, there was depletion of pipeline stocks among some distributors.
- The U.S. Government began buying food (including dairy products) to distribute to foodbanks, community and faith-based organizations, and other nonprofit organizations through the USDA Farmers to Families Food Box Program. USDA has also purchased dairy products through funding and authorities provided in the Coronavirus Aid, Relief, and Economic Security Act (CARES); the Families First Coronavirus Response Act (FFCRA); Section 32 of the Act of August 24, 1935; and other USDA existing authorities.
- The low prices for many dairy products in April and early May were very competitive in export markets. Exports are often delivered in the months following sales negotiations. As demand for dairy products among domestic foodservice buyers has increased, commitments of sellers to the export market likely contributed to a tight supply of products for the domestic market.

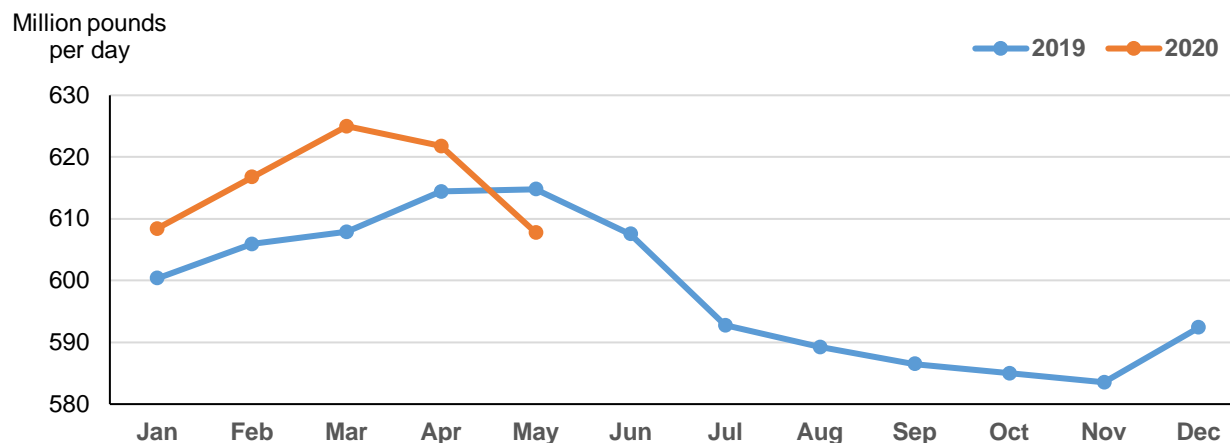
Discussion of Recent Supply and Demand Data

May is usually the peak month for milk production in the United States. This was not the case for 2020. According to USDA National Agricultural Statistics Service (NASS), May milk production totaled 18.840 billion pounds, or 608 million pounds per day. Daily milk production decreased by 14 million pounds

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.

from April to May, a record April-to-May decline.² Daily milk production in May was 7 million pounds less than May 2019 (down 1.1 percent), the largest year-over-year decline for any month since March 2004. The milking herd numbered 9.370 million head in May, 11,000 less than April. Milk per cow averaged 64.9 pounds per head per day, 1.4 pounds per less than April and 1.0 pound less than May 2019. Faced with pricing terms formulated to discourage milk production growth, dairy operations increased culling rates to reduce cow numbers. They likely lowered yields by changing feed rations, reducing milking frequency, or drying cows off early.³

U.S. Milk Production



Source: USDA, National Agricultural Statistics Service.

Federally inspected dairy cow slaughter in May was 233,300 head. Based on 20 weekday slaughter days in the month, slaughter averaged 11,665 head per day, 67 head per day lower than May 2019. This was a significant change from the year-over-year increase of 495 head per day in April. In early May, culling may have been relatively low due to COVID-19-related closures of some slaughter facilities. As wholesale dairy product prices rose in the latter part of May, dairy farmers likely decreased culling in response to higher expected milk prices. For each week in June, dairy cow slaughter has been less than the corresponding week in June 2019.

U.S. dairy exports were relatively strong in May. On a milk-fat milk-equivalent basis, they totaled 910 million pounds, 214 million higher than April and 54 million higher than May 2019. On a skim-solids milk-equivalent basis, May exports totaled 4.397 billion pounds, 532 million higher than April and 767 million higher than May 2019. Exports of dry skim milk products⁴ were a record monthly high of 174.5 million pounds in May, 24.8 million higher than April and 34.5 million higher than May 2019. About 30 percent of dry skim milk product exports in May went to Mexico, and about 47 percent went to Southeast Asia.⁵ Exports of cheese totaled 78.5 million pounds, 19.6 million more than April and 5.7

² Monthly milk production totals for the United States are readily available from NASS starting with the year 1930. April and May milk production data are not available for 1982 or for 1986 through 1997.

³ Dairy farmers typically dry off cows about 60 days before calving. In May, some farmers likely dried some cows off earlier due to pricing terms. NASS counts dry cows as part of the milking herd. Since milk per cow is calculated as milk production divided by the number of cows, an increase in dry cows would result in a decrease in average milk per cow.

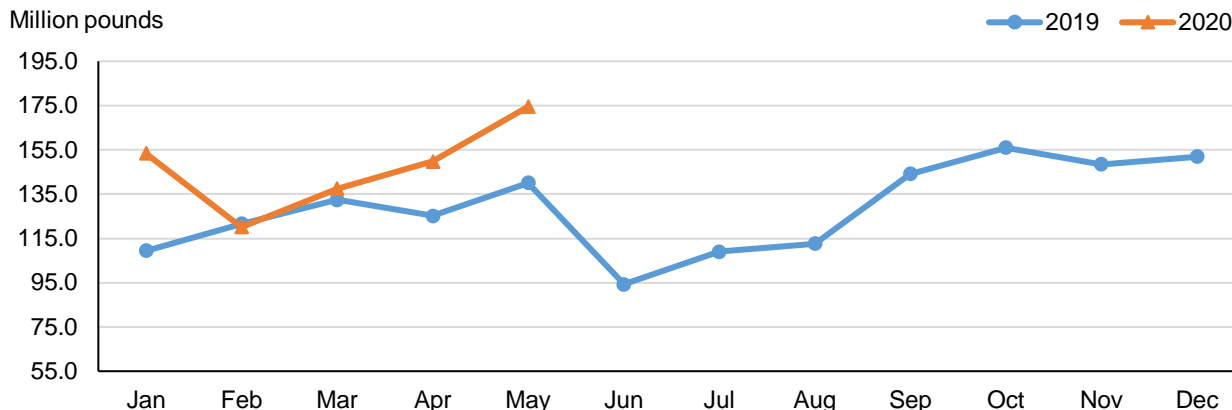
⁴ Dry skim milk products are milk powders with not greater than 1.5 percent milk fat. This includes NDM, SMP, and dry skim milk for animal use.

⁵ Southeast Asia countries that were export destinations for U.S. dry skim milk products in May included the Philippines, Indonesia, Vietnam, Malaysia, Thailand, Cambodia, and Singapore.

million higher than May 2019. Exports of lactose totaled 80.3 million pounds, 7.8 higher than April and 12.4 higher than May 2019. Exports of butterfat products (butter, anhydrous milk fat, and butteroil) totaled 4.9 million pound in May, 1.5 million higher than April but 0.4 billion lower than May 2019.

U.S. dairy imports on a milk-fat basis were 574 million pounds in May, 42 million more than April but 79 million less than May 2019. On a skim-solids basis, May imports totaled 521 million pounds, 52 million more than April but 37 million lower than May 2019. Imports of butter were a record 11.3 million pounds, 3.8 million higher than April and 2.7 million higher than May 2019. About 92 percent of May butter imports came from Ireland.

U.S. exports of dry skim milk products¹



¹ Dry skim milk products have a fat content, by weight, not exceeding 1.5 percent. Nonfat dry milk, skim milk powder, and dry skim milk for animal use are included in this category.

Sources: USDA, Foreign Agricultural Service; U.S. Department of Commerce, Bureau of the Census.

Domestic use in May rebounded from relatively low levels in April, but it was below May of 2019. On a milk-fat basis, it was 18.040 billion pounds, 1.846 billion higher than April but 94 million lower than May 2019. On a skim-solids basis, domestic use was 15.192 billion pounds in May, 801 million higher than April but 515 million lower than May 2019. (The April totals include milk marketed but not processed.) Greater foodservice demand, along with Government purchases of products for distribution to nonprofit organizations, contributed to the increase in domestic use from April to May. Ending stocks for May on a milk-fat basis totaled 19.408 billion pounds, 1.685 billion higher than May 2019. On a skim-solids basis, ending stocks totaled 12.020 billion pounds, 748 million higher than May 2019.

On July 1, USDA announced that it approved \$1.47 billion in extended and new contracts for a second round of deliveries for the Farmers to Families Food Box Program. The deliveries are taking place from July 1 to August 31. As of July 15, 35.3 million food boxes (including a wide variety of dairy products and fluid milk) had been invoiced for the first round (delivery from May 15 through June 30). While deliveries from the first round have ceased, AMS continues to receive and tabulate invoices for deliveries during that period. As of July 15, USDA had invoiced 4.3 million boxes for the second round (delivery from July 1 through August 31).

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 \$3.35 per bushel, 15 cents higher than last month's forecast. The soybean meal price estimate for the 2019/20 marketing year is \$300 per short ton, \$5 higher than last month's estimate. The 2020/21 forecast is \$300 per short ton, \$10 higher than the last forecast. The alfalfa hay price in May was \$179

per short ton, \$2 lower than April and \$25 lower than May 2019. The 5-State weighted-average price for premium alfalfa hay in May was \$211 per short ton, \$2 higher than April but \$11 lower than May 2019. For more information, see *Feed Outlook*, published by USDA, Economic Research Service.

Dairy Forecasts for 2020

With the downturn in milk production from April to May, expectations for 2020 milk production are significantly lower than expected last month. The milk production forecast for 2020 is 221.5 billion pounds, 1.0 billion pounds lower than last month's forecast. Compared to 2019, this would be an increase of 1.1 percent, adjusted for leap year. Milk cows are forecast to average 9.370 million head for the year, 5,000 less than the previous forecast. The milk per cow estimate has been lowered by 105 pounds per head to 23,635 pounds.

Dairy export forecasts for 2020 have been raised due to higher expected exports of dry skim milk products, butterfat products, lactose, and cheese. Although cheese exports for the second quarter are expected to be relatively strong, they are likely to be hampered in the second half of the year as domestic prices are expected to be high relative to export prices of competitors. The forecast for 2020 exports on a milk-fat basis is 9.1 billion pounds, 0.2 billion higher than last month's forecast. On a skim-solids basis, exports are forecast at 45.8 billion pounds, 0.7 billion higher than forecast last month. The forecast for 2020 imports on a milk-fat basis has been raised to 7.0 billion pounds, 0.2 billion higher than last month's forecast, due to higher expected butter imports. The annual forecast for 2020 imports on a skim-solids basis is unchanged at 5.8 billion pounds.

Based on recent commercial use data, domestic use on both the milk-fat and skim-solids bases for the second quarter of 2020 are expected to be lower than forecast last month. With higher demand expected in the second half of the year, including additional Government purchases, domestic use forecasts have been raised for the second half. On a milk-fat basis, the net effect is that the forecast for 2020 domestic use on a milk-fat basis is unchanged at 218.6 billion pounds. On a skim-solids basis, the domestic use forecast for 2020 domestic is 180.3 billion pounds, 1.4 billion less than last month's forecast. The forecast for 2020 ending stocks on a milk-fat basis is 13.2 billion pounds, 1.0 billion pounds lower than last month's forecast. On a skim-solids basis, the forecast for 2020 ending stocks is 10.3 billion pounds, 0.3 billion less than last month's forecast.

Based on recent price strength and higher expected domestic demand, the cheese price forecast for 2020 has been raised to \$1.905 per pound, 24.5 cents higher than last month's forecast. The butter price forecast has been raised to \$1.685 per pound, 0.5 cents higher than the previous forecast. With higher expected exports, the NDM price forecast has been raised to \$1.040 per pound, 4.0 cents higher than forecast last month. The dry whey price forecast for 2020 has been lowered 0.5 cents to 0.355 per pound.

With the higher expected cheese price, the Class III price forecast for 2020 has been raised to \$18.00 per hundredweight (cwt), \$2.35 higher than last month's forecast. Higher expected butter and NDM prices result in a Class IV price of \$13.95 per cwt, \$0.40 higher than last month's forecast. The all-milk price forecast for 2020 is \$18.25 per cwt, an increase from the June forecast of \$16.65 per cwt.

Dairy Forecasts for 2021

The milk production forecast for 2021 has been raised by 0.3 billion pounds to 225.6 billion pounds, based on higher expected milk per cow of 24,050 pounds per head (up 20 pounds). The 2021 forecast for the number of milk cows is unchanged at 9.380 million head.

The forecast for 2021 exports on a milk-fat basis is 9.3 billion pounds, 0.1 billion higher than last month's forecast. On a skim-solids basis, the export forecast is 45.5 billion pounds, 0.6 billion higher than the previous forecast, due to higher expected exports of dry skim milk products. The import forecast on a milk-fat basis for 2021 has been raised to 6.9 billion pounds, 0.2 billion higher than last month, due to higher expected butter imports. On a skim-solids basis, the import forecast is unchanged at 5.6 billion pounds.

With higher price forecasts for 2021, domestic use forecasts have been lowered for 2021. On a milk-fat basis, the forecast for domestic use is 222.1 billion pounds, 0.3 billion less than last month's forecast. The forecast for 2021 domestic use on a skim-solids basis is 184.7 billion pounds, 0.7 billion less than the previous forecast. The forecast for ending stocks on a milk-fat basis is 13.3 billion pounds, 0.4 billion lower than last month's forecast. On a skim-solids basis, the forecast for 2021 ending stocks is 10.3 billion pounds, unchanged from the previous forecast.

Higher expected dairy product prices in 2020 are expected to continue into next year. Price forecasts for 2021 Cheddar cheese, butter, and NDM have been increased from last month's forecast to \$1.725 (+11.5 cents), \$1.715 (+2.5 cents), and \$1.010 (+4.0 cents) per pound, respectively. The forecast for dry whey is unchanged at \$0.345 per pound.

With the higher expected cheese price, the Class III price forecast for 2021 is \$16.20 per cwt, \$1.10 higher than last month's forecast. With higher expected prices for butter and NDM, the Class IV price forecast has been raised by \$0.45 to \$13.80 per cwt. The all-milk price forecast for 2021 is \$17.05 per cwt, an increase from the June forecast of \$16.20 per cwt.

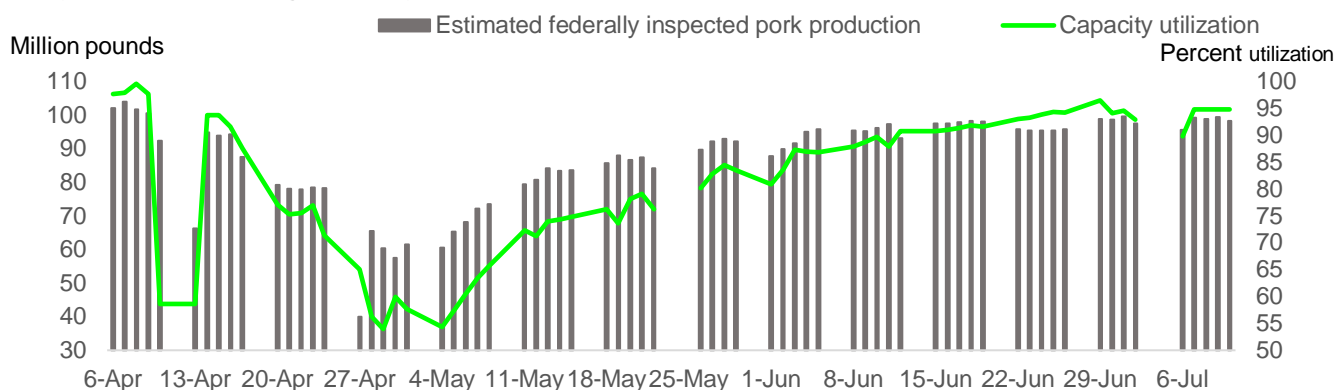
Pork/Hogs

Mildred Haley

Pork Processing Capacity-Utilization Rebound Continues

The rebound of the U.S. pork processing industry continued in June, as hog slaughter facilities stepped up operations after sustaining significant COVID-19-related slowdowns and temporary closures earlier in the spring. The industry's low point in capacity utilization came on April 29 when only 53.9 percent of the industry's capacity functioned. Since that date, utilization has climbed, albeit slowly. May's capacity utilization averaged 72 percent, while in June it averaged 90.3 percent, with a high of 96.5 percent on June 29. For the week ending July 10, industry capacity utilization was 93.8 percent.

Daily pork processing capacity utilization and pork production



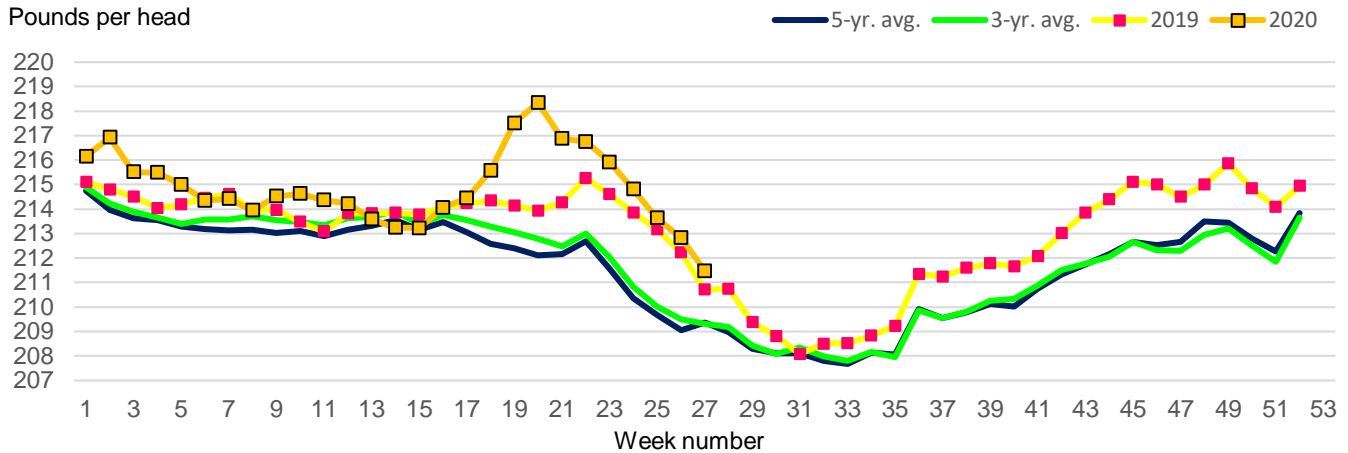
Source: USDA, Economic Research Service transformations of USDA, Agricultural Marketing Service data.

USDA released its *Quarterly Hogs and Pigs* report on June 25, detailing June 1 swine inventories, spring pig crop particulars, and producer farrowing intentions for the second half of 2020. Several aspects of the report broadly suggest the probable direction of pork production changes through the first half of 2021. First, the report detailed large year-over-year increases in inventories of heavier-weight animals. The 180-pounds-and-over category was 113 percent of last year's June 1 hog numbers, and the next heaviest category, animals weighing between 120-179 pounds, was 112 percent of year-ago numbers. These unusually large year-over-year inventory increases are mostly a result of continuing disruptions in processing capacity utilization; pork processing facilities postponed and/or reduced slaughter schedules due to COVID-19 plant disruptions, causing market-ready animal backups in the tightly sequenced—but usually-smooth—operating process leading hogs to timely slaughter. The extent of industry turmoil has been such that backups bled into the next-lower weight category, animals weighing between 120-179 pounds on June 1, as well.

Anecdotal evidence suggests that the hog industry has managed the supply chain consequences of processing industry disruptions by a combination of measures that include relaxing stocking ceilings, nutritional innovations, and other miscellaneous slaughter options. There are indications that many producers have raised the ceilings on stocking rates of production buildings, meaning that more animals are stocked in barns than was the pre-COVID practice. Additionally, many animals have reportedly been placed on maintenance rations, diets relatively low in protein, which tends to slow weight gain. This is a very important development, because for technical reasons, conventional

slaughter plants often experience difficulties processing hogs weighing more than 300 pounds. Maintenance diets allow producers to hold hog weights steady in anticipation of resumption of fuller slaughter schedules. Some market hogs have also reportedly been processed in specialized sow-slaughter facilities, and others in small, non-federally inspected plants. These measures, together with higher summer temperatures—which tend to decrease swine appetites—and rebounding processing capacity utilization, have contributed to reducing weekly average slaughter weights of federally inspected hogs from their peak in the week of May 15 (week 20 in the figure below).

Average weekly dressed hog weights



Weight-category information reported in the *Quarterly Hog and Pigs* points to third-quarter pork production of about 7.3 billion pounds, 9 percent higher than a year ago. The accumulated backlog of hogs will likely pressure hog prices in this quarter. Average third-quarter prices of live equivalent 51-52 percent lean hogs is expected to be \$38 per hundredweight (cwt), more than 24 percent lower than a year ago.

The June report indicated that despite COVID-19-generated market turmoil and uncertainty, March-May sow farrowings—at 3.172 million head—were 1 percent above a year ago. In previous Quarterly reports—March 2020 and December 2019—producers reported intentions to farrow about the same number of sows in the March-May quarter. The litter rate of the spring pig crop was also higher than a year ago. At 11.01 pigs per litter, the metric was slightly higher than in the March-May period of last year. Higher farrowing numbers and higher litter rates yielded a 1.4 percent larger pig crop, which is expected to be slaughtered mostly in the fourth quarter of 2020. Fourth-quarter pork production is expected to be almost 7.5 billion pounds, just slightly higher than last year. Hog prices in the fourth quarter are expected to average \$36 per cwt, almost 17 percent below year-earlier prices. The fourth-quarter hog price forecast reflects more-than-ample supplies of hogs relative to the expected capacity of the processing sector.

Pork producers who responded to the *Quarterly Hogs and Pigs* information survey in June indicated intentions to farrow fewer sows in both the summer quarter (June-August) and the fall quarter (September-November) of 2020. For each of these quarters, respondents indicated that farrowings would be about 95 percent of a year earlier for the same quarters. For the June-August quarter, the June report responses were the second set of intentions. First intentions for the June-August quarter, reported in the March *Quarterly Hogs and Pigs*, were 96 percent of a year earlier. Producer responses

for the fall quarter (September-November 2020) are the first of two sets of farrowing intentions. The second set, for the September-November 2020 quarter, will be published in the September report.

If both sets of producer intentions stated in the June report are realized, first-half 2021 pork production will likely decrease almost 3 percent. For the first quarter of 2021, incorporating producer farrowing intentions and trend changes in litter rates and dressed weights would yield a production volume of about 7.1 billion pounds, more than 4 percent lower than first-quarter 2020. In the second quarter, the same assumptions would take pork production to just below 7 billion pounds, almost 11 percent higher than the second-quarter of (significantly COVID-19-reduced) pork production this year. For 2021 in total, commercial pork production is forecast at about 28.6 billion pounds, slightly higher than the 2020 total of 28.5 billion pounds.

Hog-price forecasts for the first half of 2021 combine assumptions of more than ample hog supplies relative to processing sector capacity. First-quarter 2021 prices of live equivalent 51-52 percent lean hogs are expected to be \$41 per cwt, almost 4 percent below a year earlier. Second-quarter prices are forecast at \$47 per cwt, almost 21 percent higher than a year earlier when COVID-19-related turmoil was at its peak.

May Pork Exports Dominated by China\Hong Kong

U.S. pork exports in May were about 618 million pounds, almost 21 percent higher than a year earlier. May exports to China\Hong Kong dwarfed shipments to other countries. The table below—with the 10 largest destinations for U.S.-exported pork in May—shows that shipments to China\Hong Kong offset the year-over-year lower shipments to all other large markets. Only shipments to the Dominican Republic—and those to China\Hong Kong—were year-over-year higher in May, likely due to COVID-19-related processing sector turmoil. It is notable that China\Hong Kong accounted for more than 40 percent of U.S. exports in May—compared to 12 percent a year ago—which amounts to about 14 percent of May 2020 U.S. commercial pork production.

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

Country	Exports May 2019 (million pounds)	Exports May 2020 (million pounds)	Percent change (2020/2019)	Export share May 2019 Percent	Export share May 2020 Percent
World	511.3	617.8	20.8		
1 China\Hong Kong	60	261	334	12	42
2 Mexico	109	85	-22	21	14
3 Japan	112	84	-24	22	14
4 South Korea	65	50	-22	13	8
5 Canada	43	39	-9	8	6
6 Australia	30	20	-33	6	3
7 Dominican Republic	9	11	25	2	2
8 Colombia	32	9	-72	6	1
9 Chile	8	7	-10	2	1
10 Honduras	8	7	-13	2	1

Source: USDA, Economic Research Service.

On the strength of May trade data, the 2020 and 2021 forecasts for U.S. pork exports were revised upwards by 325 million pounds and 350 million pounds, respectively. If realized, 2020 exports would be about 7.5 billion pounds, 19 percent higher than last year. Exports in 2021 would be 7.65 billion pounds, almost 2 percent higher than forecast exports in 2020.

July forecasts for production and trade imply that exports are likely to account for a greater share of production than in the recent past. By comparison, the export share of production averaged 21.7 percent between 2010 and 2019. Last year, when China\Hong Kong exports accelerated, 22.9 percent of production was exported. In 2020, the export share is expected to increase to 26.4 percent, and next year to 26.8 percent. After accounting for production, net trade and stocks changes, per capita disappearance—the volume of retail-weight pork used in the domestic U.S. market—declines about 1.5 percent in 2020 to 51.6 pounds per capita, from 52.4 pounds last year. Next year retail-weight per capita disappearance is expected to decline about 1.7 percent to 50.8 pounds per capita.

Poultry

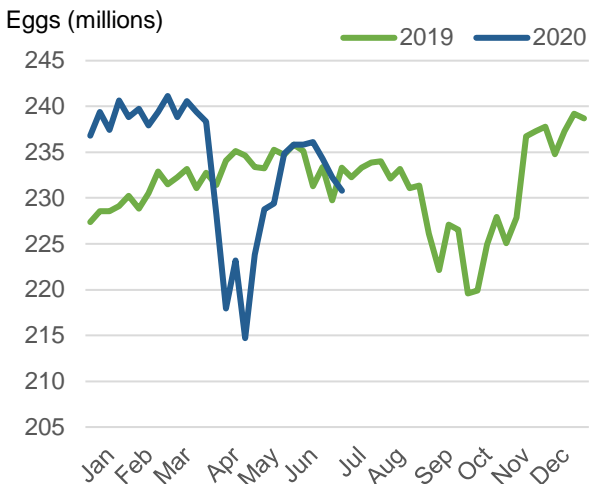
Kim Ha and Grace Grossen

Broiler Production Expectations Increased

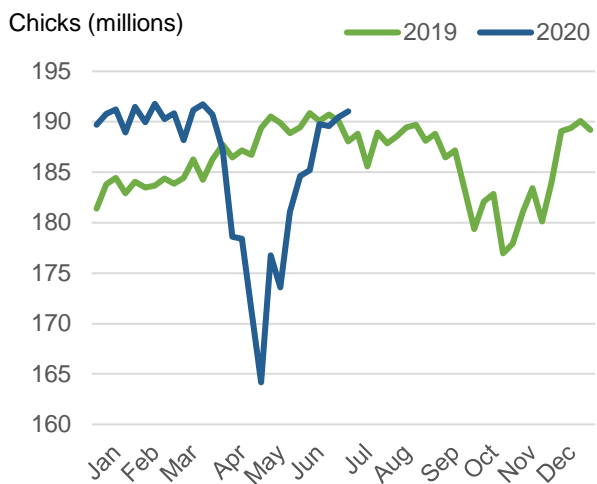
May broiler production came in higher than expected at 3.6 billion pounds, a year-over-year increase of 2.2 percent (adjusted for slaughter days). This increase was driven largely by average live-bird weights, which reached a record 6.45 pounds (2.0 percent higher year over year), while slaughter increased by 0.2 percent (adjusted for slaughter days). Preliminary weekly slaughter data imply that the increase in May bird weights was driven by higher weights in both the small (6.25 pounds and below) and large-bird (6.26 pounds and above) weight categories, as well as an increase in the proportion of large-bird production. It is possible that the increase in bird weights reflected the disruptions in the processing sector. The year-over-year increase in slaughter—albeit slight—points to the ability of the broiler industry to recover quickly. Based on higher-than-expected May production, the second-quarter production forecast was increased to 10.900 billion pounds.

In May and June, eggs set and chick placements recovered from April lows and increased beyond year-earlier levels (see charts), pointing to improved producer expectations as well as more birds available for slaughter in the coming months. Based on expectations for higher slaughter, the second-half production forecast was increased to 22.500 billion pounds. The 2020 production forecast is 44.637 billion pounds, about 2 percent higher than 2019 production.

Eggs set



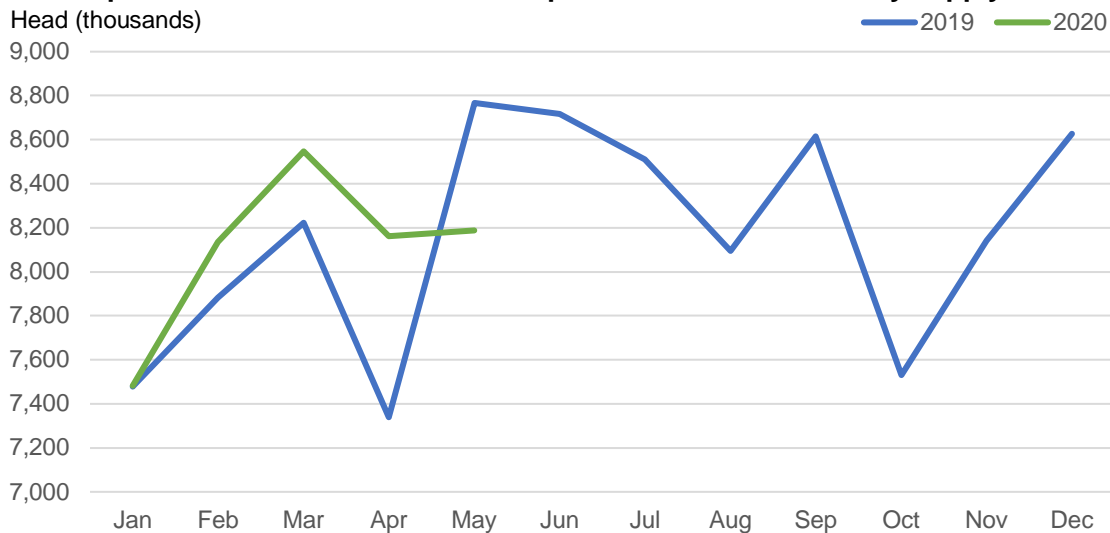
Chicks placed



Source: USDA, National Agricultural Statistics Service.

The production forecast for 2021 was increased to 45.175 billion pounds to echo the increase in the 2020 production forecast; however, year-on-year growth expectations were slowed to 1 percent based on May domestic pullet placements (see chart). Pullet placements have been consistently higher year over year since September 2019, but May data reflects a 6.6-percent decrease, suggesting that producers may intend to reduce or slow the rate of expansion of the broiler breeder flock going into 2021.

Broiler pullets hatched and intended for placement in U.S. hatchery supply flocks



Source: USDA, National Agricultural Statistics Service.

Broiler Price Forecast Steady

Wholesale whole-bird prices (National Composite Weighted Average) averaged 73.60 cents per pound in June, essentially unchanged from May. Prices continue historically low—this is the lowest price on record for June since this price series began in 2009 and is 20.8 percent lower than 2019. The upward revision to broiler production further supports expectations that broiler supplies will continue to be abundant for the remainder of the year, keeping wholesale prices depressed. The price forecast remains unchanged.

Second-Quarter Broiler Export Forecast Decreased

In May, export volumes of U.S. broiler products amounted to 592 million pounds, a year-over-year decrease of 4.5 percent. Shipments decreased year over year to several key markets, including Mexico (-37.7 million pounds), Cuba (-13.1 million pounds), Angola (-11.8 million pounds), Hong Kong (-10.4 million pounds), Vietnam (-8.1 million pounds), and South Africa (-8.0 million pounds) (see table). Fortunately for the U.S. broiler industry, higher shipments to China (+82.4 million pounds) and Taiwan (+14.4 million pounds) helped to partially offset these sizeable decreases. Based on lower-than-expected May export volumes, the second-quarter export forecast was lowered to 1,755 million pounds.

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

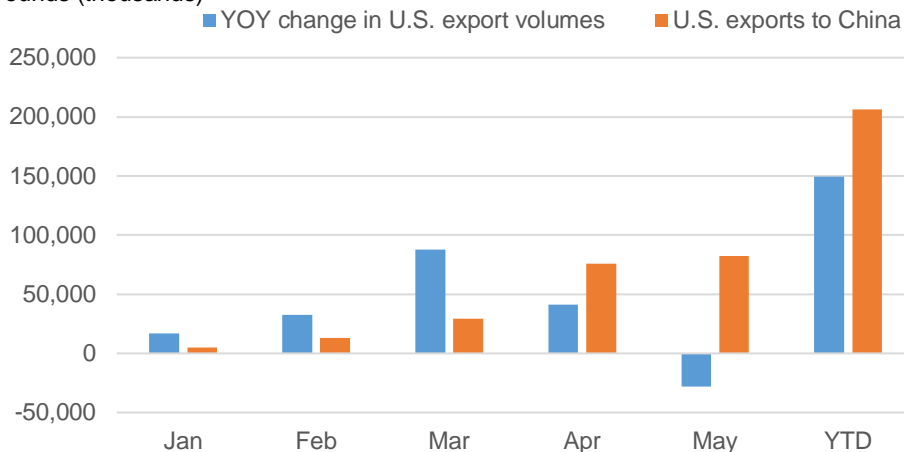
Country	May 2019	May 2020	Change in volume	May 2019	May 2020
	Million pounds	Million pounds	Million pounds	Percent	Percent
Top 10 largest foreign markets (per year-to-date 2020 export volumes)					
Mexico	136.6	98.9	-37.7	22.0	16.7
Taiwan	42.0	56.4	14.4	6.8	9.5
China (Mainland)	0.0	82.4	82.4	0.0	13.9
Cuba	60.0	46.9	-13.1	9.7	7.9
Vietnam	27.5	19.4	-8.1	4.4	3.3
Canada	24.8	24.2	-0.5	4.0	4.1
Georgia	19.3	12.6	-6.7	3.1	2.1
Guatemala	25.8	20.0	-5.8	4.2	3.4
Republic of South Africa	21.4	13.3	-8.0	3.4	2.3
United Arab Emirates	10.4	12.8	2.4	1.7	2.2
World	620.5	592.3	-28.2	100	100
Additional foreign markets of note					
Angola	34.3	22.5	-11.8	5.5	3.8
Philippines	8.1	2.6	-5.5	1.3	0.4
Colombia	18.9	7.7	-11.1	3.0	1.3
Hong Kong	18.3	7.9	-10.4	3.0	1.3

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

Through May, China has been a huge boon to U.S. broiler exports this year. Year-to-date U.S. exports are up 5.2 percent year over year. The chart below illustrates that the Chinese market has played an important role in partially offsetting lower shipments to various foreign markets facing economic challenges. Without China, it is likely that U.S. exports would see little if any growth in 2020. Chicken import demand from China has increased significantly due to a protein deficit caused by African Swine Fever. The July 10 issue of the Foreign Agriculture Service's *Livestock and Poultry: World Markets and Trade* report provides more detail about how China is impacting global meat trade. Based on expectations that shipments to China will continue to underpin U.S. broiler export volumes, the export forecast for the outlying quarters remains unchanged.

U.S. broiler exports: Change in total export volumes (2020/2019) and exports to China (2020)

Pounds (thousands)



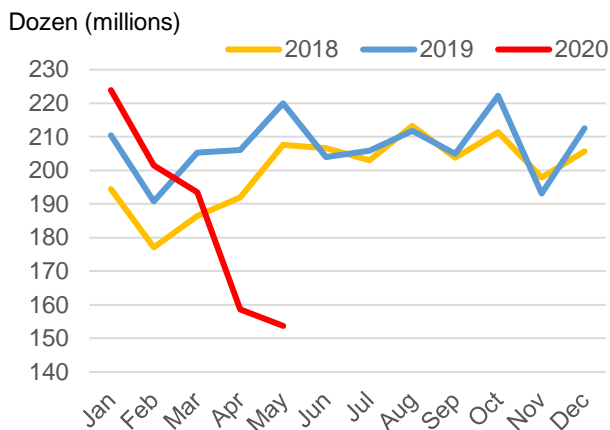
Note: YOY = year-over-year.

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

Table Egg Production Forecast Revised Down on Layer Flock and Lay Rates

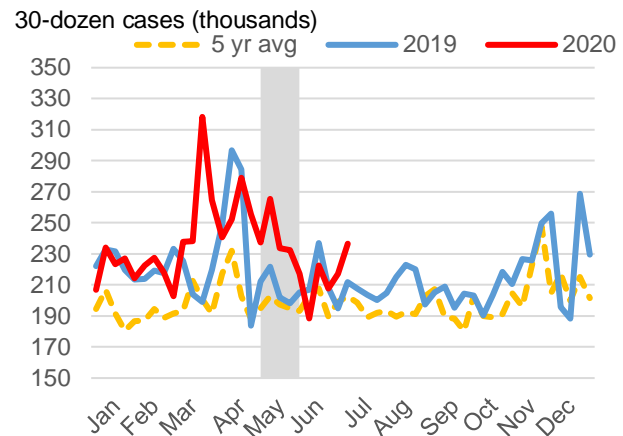
The table egg layer flock continued to contract in May, reaching an average of 321.6 million layers, or 4.5 percent lower than 2019. The reduction in the layer flock can largely be attributed to the sharp decrease in foodservice demand for processed eggs (see chart), which led egg processing companies to reduce their flocks. Meanwhile, retail demand remained relatively elevated in May (see chart), suggesting that shell-egg companies producing for the retail sector were unlikely to have made significant reductions to their laying flocks. The June 1 layer inventory points to another likely month-over-month decrease in the layer flock.

Federally inspected shell eggs, broken (monthly)



Source: USDA, National Agricultural Statistics Service.

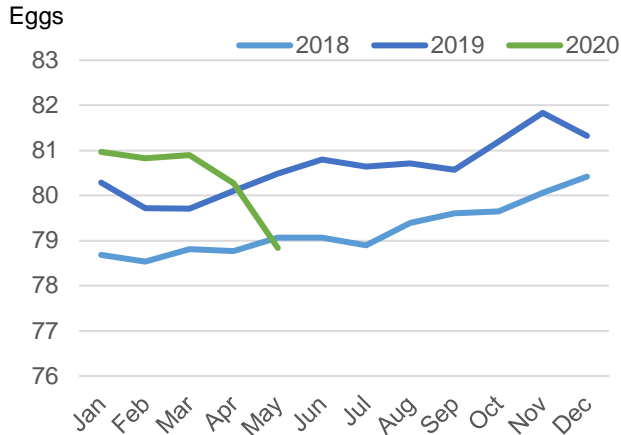
National retail egg purchases (weekly)



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

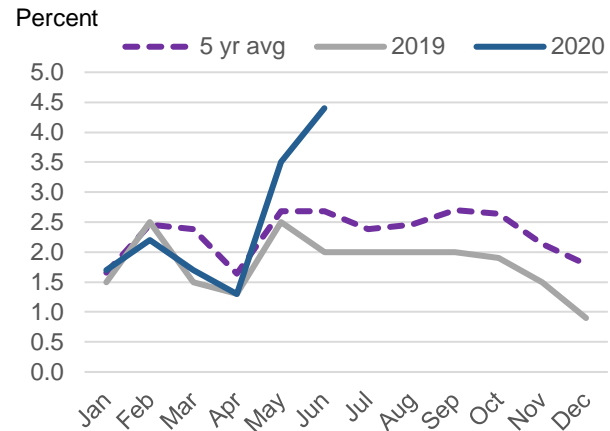
In addition, the table egg lay rate decreased substantially for the second consecutive month (see chart), falling to 78.8 eggs per 100 layers per day in May—a year-over-year decline of 2 percent. The decline in the lay rate was driven by an increase in the share of layers being molted (see chart). Layers undergoing molting are included in the total layer inventory but produce fewer if any eggs during this time, pulling down the average number of eggs per layer. As noted, retail demand was still relatively strong in May, so producers were likely seeking to expand production of shell eggs for retail. As it takes at least 5 months to add new hens to the laying flock before they can produce eggs, shell-egg producers were likely molting more birds to retain them for additional laying cycles in order to increase production. Also, given the level of market uncertainty stemming from COVID-19, it is possible that producers were molting more birds—with the option of retaining or culling molted birds as market conditions necessitated—in the event that demand increased suddenly. However, it is expected that as the share of birds being molted decreases, lay rates will likely recover.

Table eggs per 100 layers per day (monthly average)



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

Total layers molted (first of month)



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

The decrease in the table egg layer flock and the lay rate resulted in a 6.4-percent year-over-year decline in May table egg production, which is estimated at 655 million dozen. Based on expectations that the table egg layer inventory and lay rate will remain relatively low in June, the second-quarter table egg production forecast was revised down to 1,940 million dozen. In the second half of the year, it is expected that the layer flock will gradually expand consistent with seasonal patterns as demand increases heading into the holiday season but will likely remain below year-earlier levels. A smaller expected layer flock was the basis for decreasing the second-half production forecast to 3,995 million dozen. In sum, 2020 table egg production is forecast at 7,983 million dozen, a decrease of 3 percent relative to 2019. The 2021 production forecast was decreased to 8,135 million dozen, an increase of 2 percent relative to 2020 forecast production.

Egg Price Forecast Decreased

Wholesale egg prices (New York, Grade A Large) averaged 83.14 cents per dozen in June, 10.6 percent higher than last year but 5.1 percent lower than the 3-year average. Egg prices continued to slump in the first half of June and fell below year-earlier levels the week ending June 20. However, wholesale prices have since begun gradually increasing, likely supported by retail feature activity, which has resumed at historical levels after being dramatically lower since March. The 2020 price forecast was revised down to 121.9 cents per dozen.

Second-Quarter Export Forecast Revised Up

May shipments of U.S. eggs and egg products are estimated at 25.5 million dozen, a decrease of 12.1 percent relative to last year. This decrease was driven by a 30.0-percent year-over-year decrease in shell-egg exports, while exports of egg products increased 23.9 percent. The decrease in total egg and product exports was due to significantly lower year-over-year shipments to Canada (-3.2 million dozen), Mexico (-1.7 million dozen), and Hong Kong (-684 thousand dozen), which, when combined, represented 61 percent of May U.S. egg exports. Volumes increased year over year to Japan (628

thousand dozen), Denmark (601 thousand dozen), South Korea (409 thousand dozen), and the United Arab Emirates (312 thousand dozen).

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

Country	Volume			Export share	
	May 2019	May 2020	Change in volume	May 2019	May 2020
	<i>Thousand dozen</i>	<i>Thousand dozen</i>	<i>Thousand dozen</i>	<i>Percent</i>	<i>Percent</i>
Mexico	7,626	5,949	-1,677	26.3	23.4
Canada	7,917	4,765	-3,152	27.3	18.7
Hong Kong	5,513	4,829	-684	19.0	19.0
Japan	2,428	3,057	628	8.4	12.0
South Korea	646	1,054	409	2.2	4.1
Denmark	156	757	601	0.5	3.0
Jamaica	727	360	-367	2.5	1.4
Trinidad and Tobago	546	465	-81	1.9	1.8
United Arab Emirates	124	436	312	0.4	1.7
Bahamas	154	326	173	0.5	1.3
World	28,970	25,464	-3,506	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.

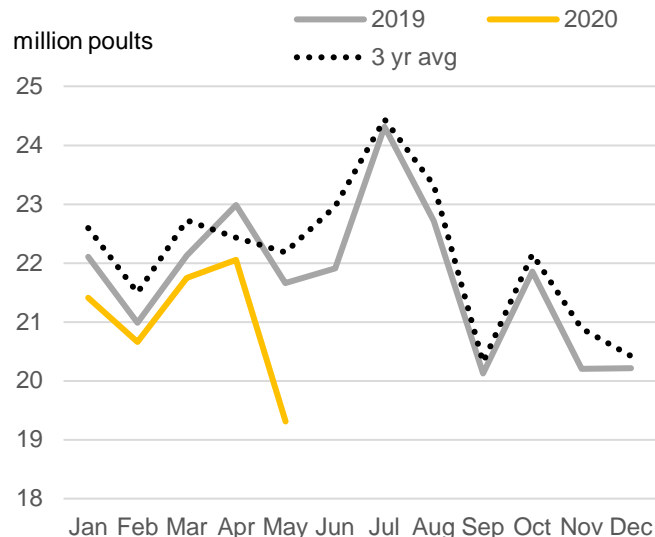
With the exception of May, egg export volumes have been consistently higher year over year since June 2019. Also, given that the year-over-year decline in May export volumes was driven by shell-egg exports, the decrease can likely be attributed to record-high wholesale egg prices in March and April. As wholesale prices have returned to historic averages, it is expected that U.S. shell eggs will remain attractive to foreign buyers. The second-quarter export forecast was increased to 83 million dozen.

Turkey Production Forecast Revised Down On Lower Placements and Slowing Production

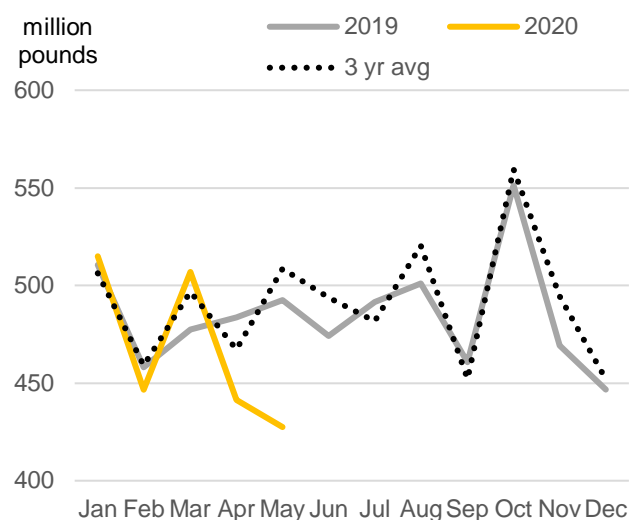
May turkey production totaled 427.5 million pounds. Although this was 6 percent higher than April on a per day basis, it was about 5 percent lower than last year. May is the second month of year-over-year decline. Net poult placements, which have been below 2019 levels so far in 2020, fell to 19.3 million poults in May. This is a year-over-year decline of 10.8 percent, and the lowest number of poults placed in a month since September 2015. The second-quarter production forecast was revised down to 1.360 billion pounds on May data. Based on lower-than-expected placements, the third-quarter production forecast was revised down to 1.400 billion pounds, and the fourth-quarter was revised to 1.450 billion pounds, making the 2020 total forecast 5.679 billion pounds. This would be a 2-percent decrease from 2019. The 2021 production forecast was also revised down to 5.770 billion pounds, which would be a 2-percent year-over-year increase from the 2020 forecast.

Reflecting the lower production estimates, cold storage estimates were also adjusted. Ending stocks for 2020 were revised down to 215 million pounds.

Monthly turkey poult placements



Monthly turkey production

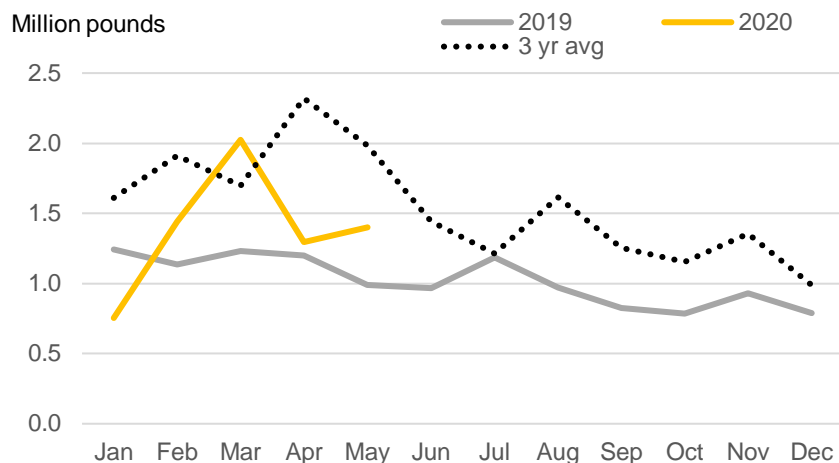


Source: USDA, National Agricultural Statistics Service.

Turkey Imports Adjusted Up And Exports Adjusted Down

Total turkey imports have been above year-ago levels since February, peaking in March at 2 million pounds. May imports totaled 1.4 million pounds, 407 thousand pounds more than May 2019. Most of the increase is accounted for by Canada, which made up 92 percent of U.S. imports in May. The total turkey import forecast in 2020 was revised up to 14 million pounds on May data.

Monthly turkey imports



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

Turkey exports totaled 38.5 million pounds in May, 19.5 million pounds below a year ago. Much of the decline is accounted for by Mexico's importing 12 million pounds less than a year ago. Mexico's share of U.S. turkey exports remained similar to the previous May at 60 percent. China, which was not importing poultry from the U.S. last year, imported 4.1 million pounds in May, making up almost 11 percent of the total. The Dominican Republic imported half a million pounds more in May than a year

ago. There were also decreases in shipments to South Africa and Benin. The 2020 turkey export forecast was revised down, reflecting May data and expectations for lower production. 2020 exports are forecast at 539 million pounds, a 16-percent decrease from 2019. The 2021 export forecast was also revised down to 555 million pounds, which would be a 3-percent year-over-year increase from the 2020 forecast.

U.S. turkey exports: Volume and export share in May 2019 and 2020

Country	Exports (1,000 pounds)			Export share (percent)	
	May 2019	May 2020	YOY Change	May 2019	May 2020
World	58,024	38,547	-19,477	100	100
Mexico	35,213	23,180	-12,033	60.7	60.1
China		4,140	4,140	0.0	10.7
Dominican Republic	928	1,430	503	1.6	3.7
Republic of South Africa	3,175	1,101	-2,073	5.5	2.9
Benin	2,129	820	-1,310	3.7	2.1
Canada	1,071	698	-373	1.8	1.8
Costa Rica	736	527	-209	1.3	1.4
Haiti	567	479	-89	1.0	1.2
Jamaica	699	478	-221	1.2	1.2
Hong Kong	628	459	-169	1.1	1.2

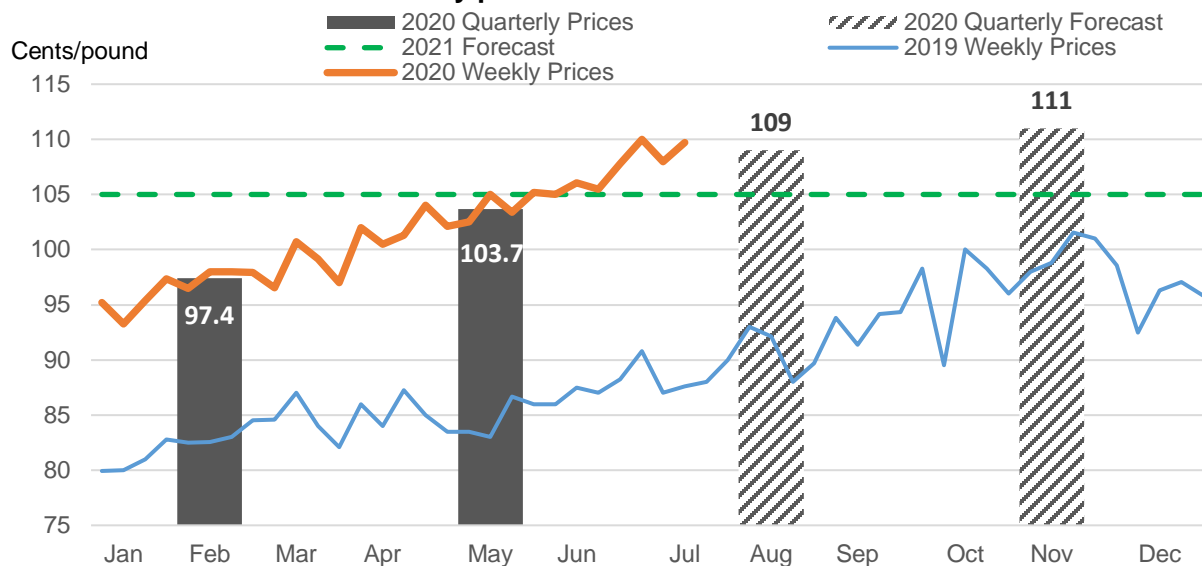
YOY = Year-over-year.

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

Turkey Prices Expected To Continue Climbing as Production Slows

Wholesale whole hen frozen turkey prices averaged 103.7 cents per pound in the second quarter. The weekly price was 109.7 cents per pound in the week ending July 10. The quarterly forecast for the second half of 2020 was revised up by one cent each quarter on lower production expectations. The 2021 average price forecast was also revised up by one cent to 105 cents per pound.

Wholesale whole hen frozen turkey prices



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

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Dairy Forecasts

	2020			2020					2021		
	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Milk cows (thousands)	9,322	9,345	9,336	9,374	9,375	9,370	9,370	9,370	9,375	9,375	9,380
Milk per cow (pounds)	5,818	5,779	23,391	5,987	5,945	5,855	5,850	23,635	6,020	6,165	24,050
Milk production (billion pounds)	54.2	54.0	218.4	56.1	55.7	54.9	54.8	221.5	56.4	57.8	225.6
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	55.5	54.6	54.6	220.5	56.2	57.5	224.6
Milk-fat (billion pounds milk equiv.)											
Milk marketings	54.0	53.7	217.4	55.9	55.5	54.6	54.6	220.5	56.2	57.5	224.6
Beginning commercial stocks	18.1	17.0	13.8	13.6	16.9	18.7	17.1	13.6	13.2	16.0	13.2
Imports	2.0	1.7	6.9	1.5	1.8	1.8	1.8	7.0	1.5	1.7	6.9
Total supply	74.1	72.5	238.1	71.0	74.1	75.1	73.5	241.1	70.9	75.2	244.6
Commercial exports	2.2	2.1	9.1	2.2	2.6	2.2	2.1	9.1	2.2	2.4	9.3
Ending commercial stocks	17.0	13.6	13.6	16.9	18.7	17.1	13.2	13.2	16.0	18.8	13.3
Commodity Credit Corporation donations ¹	0.1	0.0	0.2	0.1	0.1	0.1	0.1	0.3	0.0	0.0	0.0
Domestic commercial use ²	54.7	56.7	215.2	51.8	52.8	55.8	58.2	218.6	52.7	54.0	222.1
Skim solids (billion pounds milk equiv.)											
Milk marketings	54.0	53.7	217.4	55.9	55.5	54.6	54.6	220.5	56.2	57.5	224.6
Beginning commercial stocks	11.2	10.7	10.7	10.2	11.6	11.5	10.5	10.2	10.3	11.5	10.3
Imports	1.5	1.5	5.8	1.5	1.6	1.4	1.4	5.8	1.4	1.4	5.6
Total supply	66.6	66.0	233.9	67.5	68.6	67.5	66.4	236.5	67.9	70.4	240.5
Commercial exports	10.3	11.0	41.5	11.2	12.5	11.2	10.8	45.8	11.1	11.8	45.5
Ending commercial stocks	10.7	10.2	10.2	11.6	11.5	10.5	10.3	10.3	11.5	11.0	10.3
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	44.6	45.8	45.3	180.3	45.3	47.6	184.7
Milk prices (dollars/hundredweight) ³											
All milk	18.97	20.60	18.63	18.83	14.70	20.95	18.55	18.25	17.35	16.25	17.05
Class III	17.82	19.51	16.96	16.77	15.42	22.35	17.45	18.00	16.40	15.95	16.20
Class IV	16.66	16.56	16.30	15.91	11.66	13.90	14.30	13.95	13.70	13.45	13.80
Product prices (dollars/pound) ⁴											
Cheddar cheese	1.852	2.064	1.759	1.769	1.639	2.365	1.850	1.905	1.750	1.700	1.725
Dry whey	0.367	0.325	0.380	0.360	0.373	0.340	0.350	0.355	0.340	0.350	0.345
Butter	2.330	2.076	2.243	1.826	1.426	1.735	1.750	1.685	1.680	1.650	1.715
Nonfat dry milk	1.042	1.155	1.042	1.202	0.905	1.010	1.050	1.040	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*.

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