United States Department of Agriculture

Economic Research Service | Situation and Outlook Report

LDP-M-286 | April 16, 2018

Next release is May 16, 2018

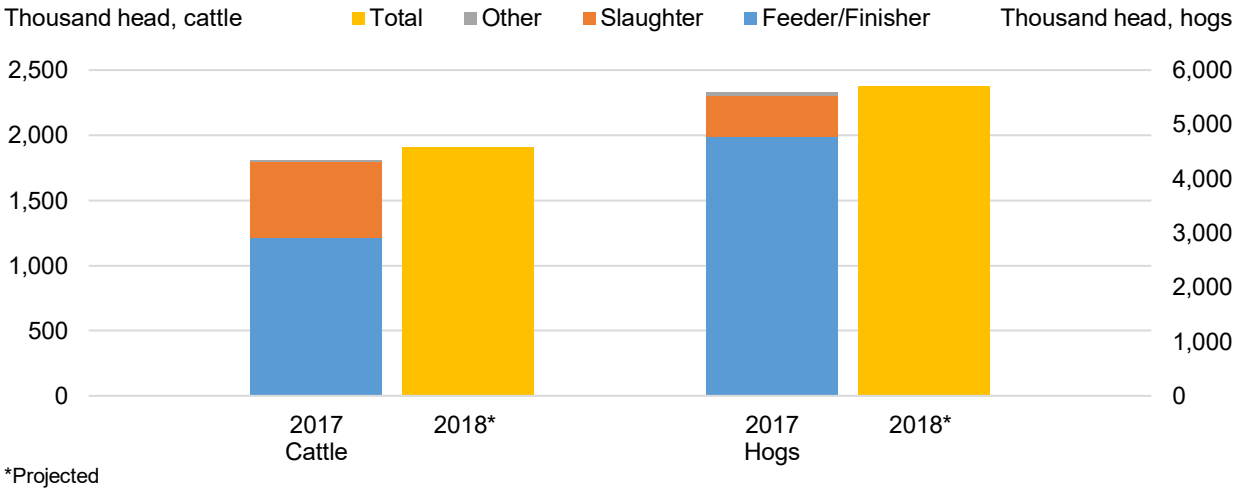
Livestock, Dairy, and Poultry Outlook

Canada and Mexico Supply the Vast Majority of Live Animal Imports to the United States

Mildred Haley and Kim A. Ha

A net importer of live animals, the United States imported 1.81 million head of cattle and 5.6 million head of hogs in 2017. In 2018, imports of live cattle are forecast at 1.91 million head and hog imports at 5.63 million head, increases of 6 percent and about 1 percent, respectively. While these animals vary by weight, they can be grouped into two main categories: young cattle and young hogs imported for further feeding and finishing before slaughter, i.e., "feeder cattle" and "finishing pigs," and animals ready for slaughter, i.e., slaughter cattle and slaughter hogs. In 2017, 67 percent of live cattle imports were feeder/stocker[1] cattle and 32 percent were slaughter cattle. For 2017 live hog imports, 85 percent were finishing pigs, while 13 percent were slaughter hogs. Import shares in 2018—between feeder cattle and slaughter cattle, and between finishing pigs and slaughter hogs—are expected to remain largely the same as in 2017. Regarding origin, all but a handful of live animal imports come from countries within North America due to proximity and ease of transport to the U.S. Feeder cattle come from Mexico and Canada, with Mexico supplying the large majority. Practically all cattle for slaughter come from Canada. For live hogs, almost all imports—both finishing and slaughter—originate from Canada. Between 2013 and 2017, live cattle imports averaged 6 percent of U.S. commercial cattle slaughter. Over the same period, live hog imports averaged 5 percent of U.S. commercial hog slaughter.

Live animal imports



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

[1] Stocker cattle are weaned calves intended for sale as commercial feeder cattle, but that have not yet been placed in the feedlot.

Cattle/Beef: The beef production forecast for first-half 2018 was reduced on an expected slower pace of fed cattle slaughter and lighter cattle weights. Although more fed cattle will be slaughtered and at heavier weights in second-half 2018, the annual beef production forecast for 2018 was pared back slightly to 27.6 billion pounds. U.S. beef trade forecasts are unchanged from last month. Cattle exports were revised downward by 40,000 to 160,000 head on lower North American demand.

Dairy: Exports on a skim-solids milk-equivalent basis in February were 13.7 percent higher than January and 19.6 percent above February 2017. With higher expected exports of nonfat dry milk/skim milk powder (NDM/SMP) and lactose, the 2018 forecast for exports on a skim-solids basis has been raised to 43.4 billion pounds, 0.6 billion higher than last month's forecast. The price forecast for dry whey has been lowered to $0.240-$0.270 per pound due to recent price data, high supplies, and lower expected demand. The 2018 all-milk price forecast is $15.60-$16.10 per hundredweight (cwt), a reduction from last month's forecast of $15.75-$16.35.

Pork/Hogs: Information published in the March *Quarterly Hogs and Pigs* report indicates that the U.S. hog industry continues to expand. Winter pig crop information and spring producer farrowing intentions imply that second-half commercial pork production is likely to be more than 5 percent above the same period last year. Chinese tariffs on U.S. pork may cause short-term dislocations and some reduction in U.S pork exports. Longer term, low U.S pork prices from increased production will more than likely be an important factor helping to support U.S. pork exports. U.S. pork exports in February were 9 percent above a year ago.

Poultry: Broiler production was up again in February, while hatchery data suggested reduced production growth for the rest of the year. Recently strong broiler prices contributed to upward revision of price forecasts. March 1 table egg inventory and hatchery data confirmed expansion intentions. Recent egg prices surged before Easter, and though they have decline since, forecasts were raised for the remainder of the year. Turkey production was up slightly in February, but hatchery data and continued low wholesale prices indicate lower production totals in the coming months.

Cattle / Beef

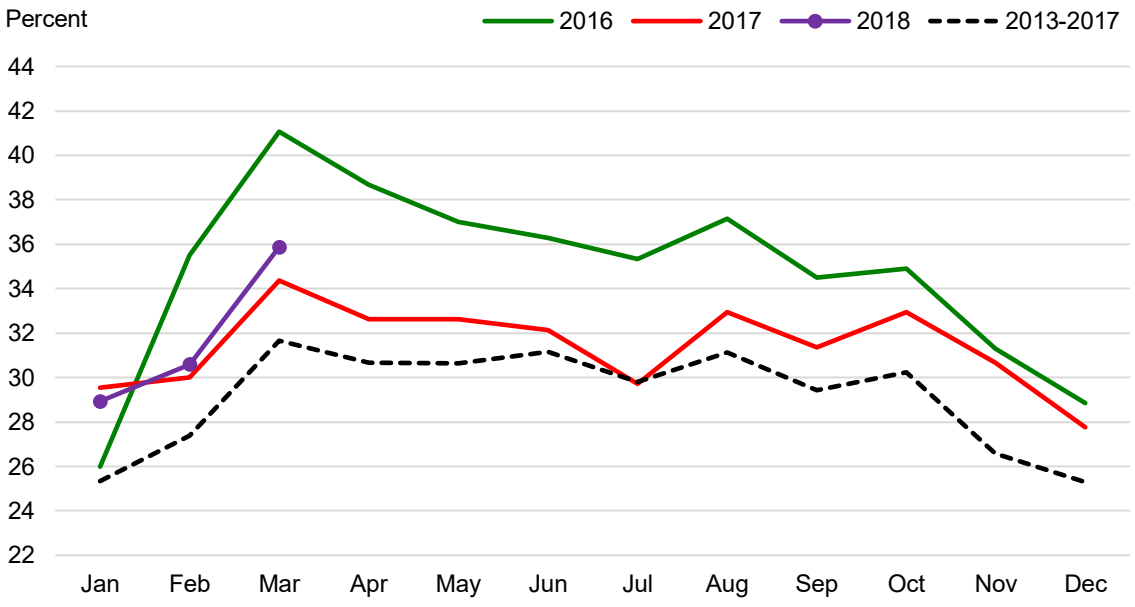
Russell Knight and Lekhnath Chalise

Beef Production Trimmed on Pace of Fed Cattle Slaughter and Lighter Weights

Commercial beef production for 2018 is forecast at 27.6 billion pounds, revised downward by 50 million pounds from last month. This change largely reflects a combination of both slower than expected pace of fed cattle slaughter and lighter cattle weights in first-half 2018. First-quarter 2018 was characterized by lower fed steer slaughter and a higher proportion of heifers and cows slaughtered, relative to the total slaughter mix of a year earlier. Heifers and cows are typically smaller and yield lower carcass weights than steers. As a result of fewer expected fed steers slaughtered and proportionally more cows and heifers slaughtered, weights and production were reduced for first half of 2018.

In second-half 2018, dressed weights are expected to rebound as a larger number of fed cattle marketings are expected in the third quarter. Based on the latest National Agricultural Statistics Service *Cattle on Feed* report, and depicted in the chart below, the percent of cattle on feed over 120 days increased in March for the third consecutive month. To the extent that cattle are on feed longer, weights will likely increase, and also the number of cattle that are market-ready. However, as the annual forecast indicates, the increase in aggregate slaughter numbers and average weights only partly offsets the lower first-half production that is pulling down production for the year. The expectation for increased marketings of fed cattle and increased beef supplies in the fall will likely exert downward pressure on fed-cattle and beef prices.

Percent of cattle on feed over 120 days

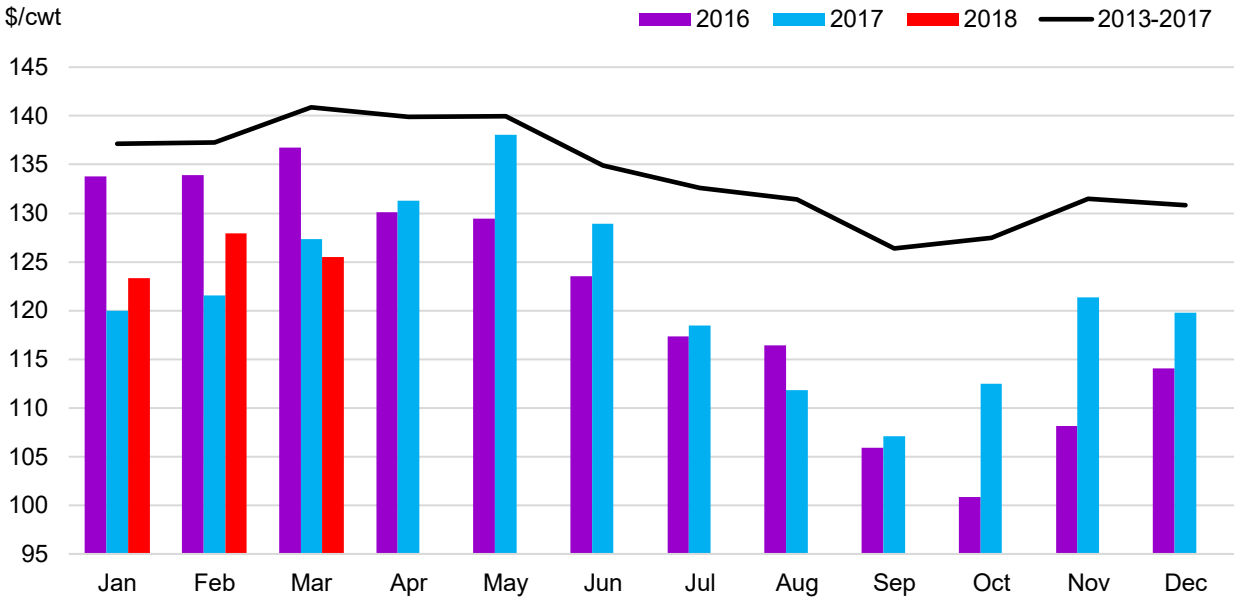


Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service

Beef Demand Firm in First-Quarter 2018

Weekly average prices for fed steers in the 5-area marketing region fell from a mid-February price of $129.93 per hundredweight (cwt) to $120.96/cwt to close out the first quarter. During this time, beef demand appears to have remained firm based on both higher to-date beef production and higher year-over-year wholesale prices. Strong wholesale prices and lower fed steer prices have supported packer margins at a time when they should be seasonally declining. With the pending increase in fed cattle slaughter, steer prices are expected to trend even lower in the second quarter to $114.00-$118.00/cwt. The price forecast for fed steers was also lowered to $106.00-$114.00/cwt in the third quarter and to $108.00-$118.00/cwt in the fourth quarter.

Average monthly price for 5-area Choice steers



Source: U.S. Dept. of Agriculture, Agricultural Marketing Service.

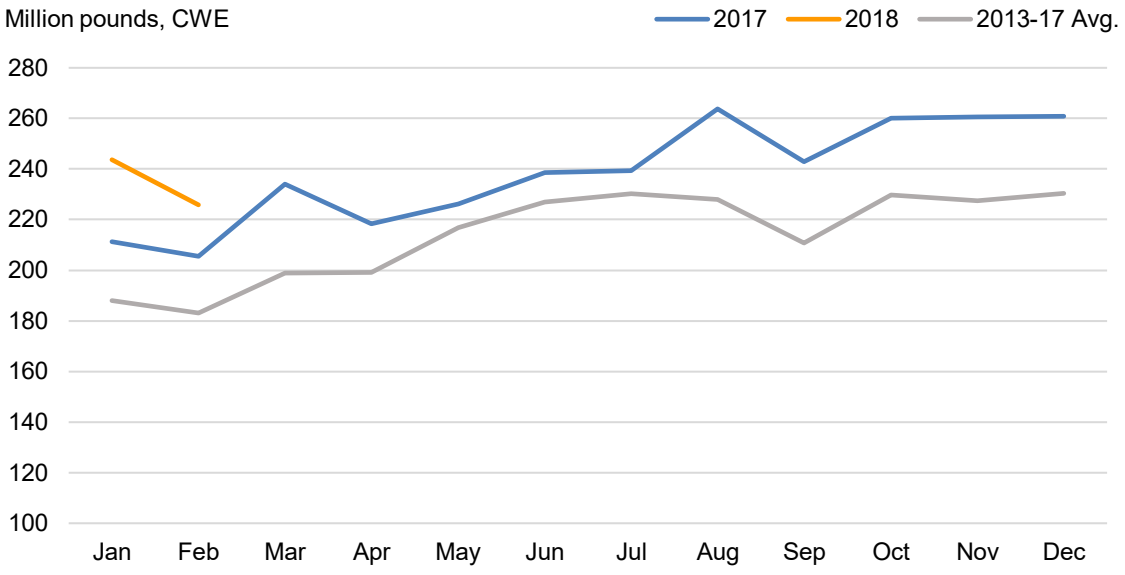
Feedlot operations, on the other hand, will likely push to keep fed steer prices from dropping further, but the growing volume of cattle on feed may make it a struggle. However, feedlots will likely have to accept lower prices if they want packers to buy more cattle. On the input side of the equation, lower fed cattle prices and higher feed prices expected for the current marketing year will likely encourage feedlots to bid lower for feeder calves. However, many calves are already on feed due to poor winter forage availability, which likely limits the availability of feeder calves to be placed on feed. Producer decisions concerning heifer breeding in the spring will likely affect supplies. Second-quarter feeder calf prices were lowered within the range of $138.00-$144.00/cwt, and third-quarter prices were reduced to $133.00-$143.00/cwt.

U.S. Beef Exports Off to Fast Start in Early 2018

In February 2018, beef exports were reported at 225.8 million pounds, up 9.9 percent from year-earlier levels. Among major destinations, increases in volume were greatest to Hong Kong (+44.5 percent), Taiwan (+36.0 percent), South Korea (+27.6 percent), and Mexico (+14.0 percent). The increased volume overshadowed declines to Japan (-12.7 percent) and Canada (-13.5 percent). Moderate increases in Canada's beef production and slowing demand in Japan likely contributed to the slower

pace of shipments. The 2018 forecast is unchanged at 3.025 billion pounds as gains in key markets will likely be offset by softer demand in outlying quarters.

Higher beef exports through February 2018



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

Beef imports in February 2018 were 9.7 percent higher year-over-year, to 220.01 million pounds. On volume basis, imports rose by the greatest percentage from Nicaragua (+68.9 percent), Brazil (+63.6 percent), Australia (+10.3 percent), and Canada (+9.5 percent). Steady demand for imported processing beef is expected to continue through 2018. The import forecast was left unchanged from the previous month at 3.040 billion pounds.

Despite Strong February Sales, Cattle Exports Revised Lower for 2018

U.S. cattle exports in February were 14,893 head, nearly 80 percent more than a year ago. Canada was the major destination for U.S. live cattle shipments, which consisted mainly of feeder cattle. Exports through February 2018 are 6.4 percent above year-earlier levels. However, based on expected weaker cattle imports by Canada, driven in part by lower expected Alberta feeder calf prices compared to fourth-quarter 2017, the U.S. cattle export forecast was revised downward by 40,000 head to 160,000 head.

U.S. cattle imports in February fell 8.6 percent year-over-year to 153,951 head. Imports from Canada declined by 14.2 percent to 43,214 head, and imports from Mexico declined by 6.3 percent to 110,737 head. Fewer imports were likely affected by increased slaughter cattle demand in Canada and moderate drought conditions in northern Mexico that have encouraged Mexican farmers to finish cattle in feedlots. The import forecast for 2018 was left unchanged from the previous month at 1.905 million head.

Dairy

Jerry Cessna and Jonathan Law

Recent Developments in Dairy Markets

From the week ending March 3 to the week ending April 7, wholesale dairy product prices, as reported in the USDA *National Dairy Products Sales Report* (NDPSR), increased for butter and cheddar cheese but decreased slightly for nonfat dry milk (NDM) and dry whey.

Dairy wholesale product prices (dollars per pound)

	For the week ending		
	Mar. 3	Apr. 7	Change
Butter	2.1368	2.1868	0.0500
Cheddar cheese			
40-pound blocks	1.5513	1.5900	0.0387
500-pound barrels [1]	1.4570	1.5407	0.0837
Nonfat dry milk	0.7017	0.6962	-0.0055
Dry whey	0.2594	0.2548	-0.0046

[1] Adjusted to 38-percent moisture.

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

For the trading week ending April 6,[1] the weekly-average price on the Chicago Mercantile Exchange (CME) for butter was $2.2740 per pound, 8.7 cents higher than the most recent NDPSR price. While the weekly average CME cheddar cheese 40-pound block price of $1.5585 per pound was comparable to the most recent NDPSR price, the CME price of $1.4475 per pound for 500-pound barrels was significantly lower than the most recent NDPSR price. The average CME price for NDM was $0.7070 per pound. On March 12, a new spot-market contract for trading dry whey debuted on the CME. For the trading week ending April 6, the CME weekly average dry whey price was $0.2890 per pound.

U.S. dairy product prices were competitive with foreign export prices in the first quarter. First-quarter domestic wholesale prices for NDM, butter, cheese and dry whey were lower than corresponding foreign export prices.

[1] For the *National Dairy Product Sales Report*, prices are reported for each calendar week ending on Saturday. For the Chicago Mercantile Exchange, prices are reported for each trading week ending on Friday.

U.S. domestic wholesale prices and foreign export prices for major dairy products in first-quarter 2018 (dollars per pound)

		Jan	Feb	Mar	Avg
Nonfat dry milk/ skim milk powder [1]	United States	0.70	0.71	0.70	0.70
	Oceania	0.82	0.90	0.86	0.86
	Western Europe	0.76	0.76	0.73	0.75
Butter	United States	2.20	2.11	2.18	2.16
	Oceania	2.16	2.39	2.41	2.32
	Western Europe	2.28	2.56	2.72	2.52
Cheese	United States	1.52	1.47	1.55	1.51
	Oceania	1.56	1.69	1.68	1.64
Dry whey	United States	0.28	0.25	0.25	0.26
	Western Europe	0.38	0.40	0.41	0.40

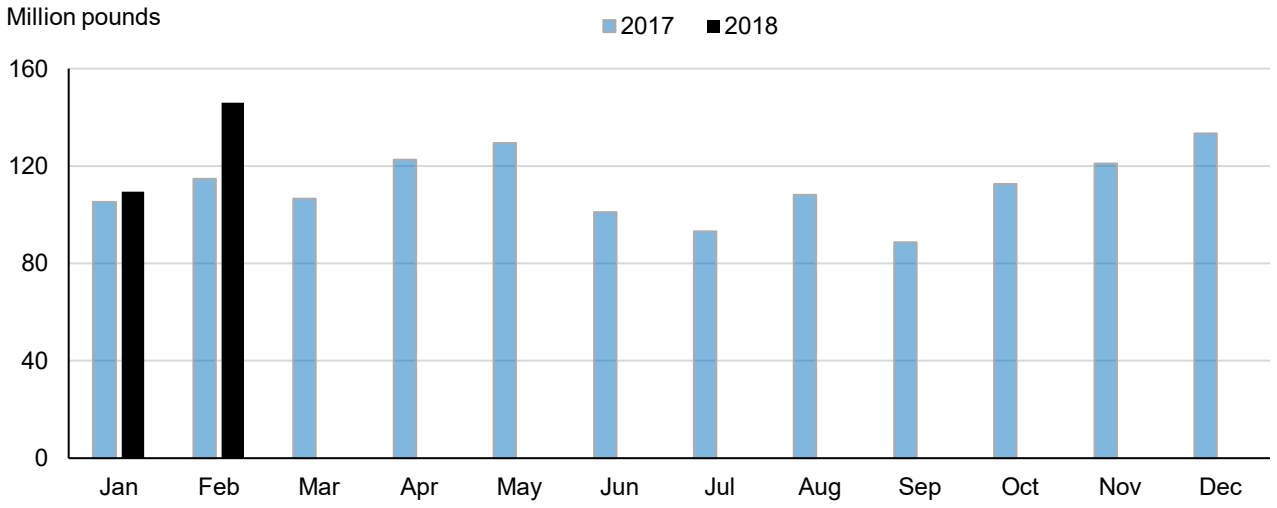
[1] The nonfat dry milk price is reported for the United States while the price for skim milk powder, a very similar product, is reported for Oceania and Western Europe.

U.S. domestic wholesale prices are weighted averages reported through a mandatory survey for products that have been shipped with title transferred. Monthly foreign export prices are midpoints of price ranges reported free on board (f.o.b.) port of the exporting country; they are reported voluntarily and reflect prices for products that may be shipped in subsequent months.

Sources: USDA, Agricultural Marketing Service, *Announcement of Class and Component Prices* and *Dairy Market News*.

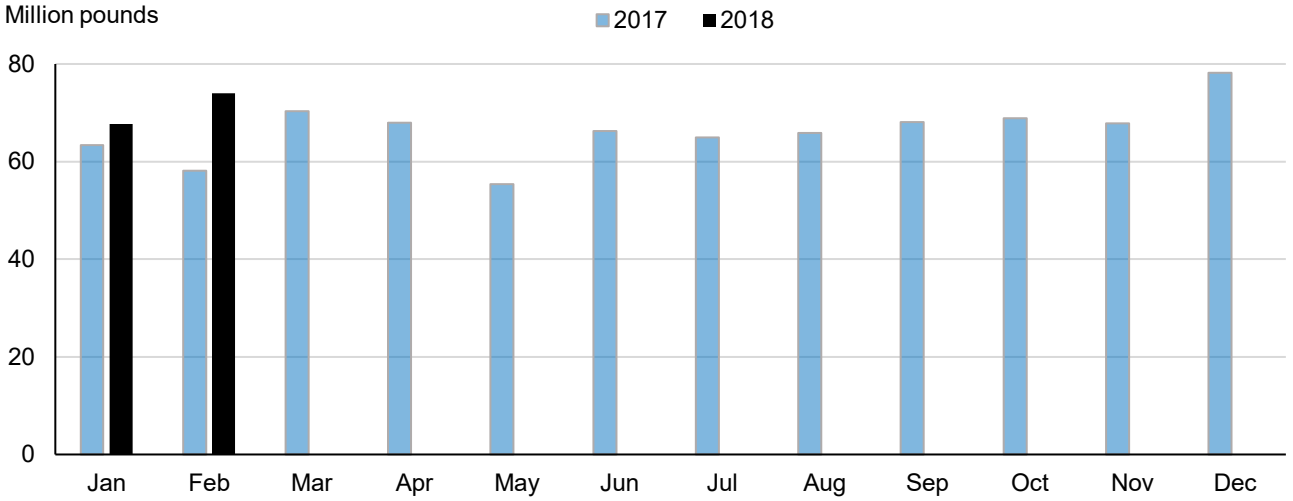
Competitive prices no doubt played a role in the strength of dairy exports in February. On a skim-solids milk-equivalent basis, exports were 3.860 billion pounds, 13.7 percent above January and 19.6 percent above February 2017. On a milk-fat milk-equivalent basis, February dairy exports were 730.0 million pounds, 6.5 percent above January and 9.2 percent higher than February 2017. Exports of nonfat dry milk/skim milk powder (NDM/SMP) and lactose were substantially higher than February 2017 at 146.1 million pounds (+27.4 percent) and 74.0 million pounds (+27.3 percent), respectively. Mexico was the leading export destination for NDM/SMP, accounting for 39.7 percent of total U.S. NDM/SMP exports. China was the leading destination for lactose exports at 27.3 percent of the total.

Nonfat dry milk/skim milk powder exports



Source: U.S. Commerce Department, Census Bureau.

Lactose exports



Source: U.S. Commerce Department, Census Bureau.

February imports were 405 million pounds on a milk-fat basis, 10.6 percent lower than February 2017. On a skim-solids basis, imports were 446 million pounds, 16.2 percent lower than the previous year. Notably, imports of sweetened and unsweetened milk powders with more than 1.5 percent milk fat were low in January and February, totaling 1.5 and 0.6 million pounds, respectively. For the first 2 months in 2017, imports of these products totaled 2.0 and 5.2 million pounds, respectively.

U.S. milk production has continued to grow, totaling 17.0 billion pounds in February, up 1.8 percent from February 2017. Milk cows numbered 9.410 million head in February, only 1 thousand more than January. Relatively high slaughter rates have contributed to slower growth in milk cow numbers. Milk per cow was 1,807 pounds per head in February, 24 pounds above February 2017.

In recent months, feed prices have risen seasonally. In November, the average corn price was $3.15 per bushel. It has risen each month since then, reaching $3.38 per bushel in February. The soybean meal price[2] rose each month from $313.52 per short ton in November to $362.85 in in February, due in part to dry conditions in South America. The alfalfa hay price rose each month from $148 per short ton in December to $155 per short ton in February. With an all-milk price of $15.30 per hundredweight (cwt) in February and a calculated feed cost of about $8.42, the milk margin above feed costs as calculated for the Margin Protection Program for Dairy Producers was about $6.88 per cwt, triggering payments for dairy farmers choosing protection of $7.00 per cwt or more.

Stock levels continued high, especially for products with high skim-solids content. February ending stocks on a skim-solids basis were 11.8 billion pounds, 14.7 percent above February 2017. On a milk-fat basis, February ending stocks were 16.2 billion pounds, 4.5 percent above February 2017. Growth in domestic use has continued to be relatively weak. For the 3 months from December to February, year-over-year growth in domestic use was only 0.6 percent on a milk-fat basis and 0.1 percent on a skim-solids basis. For the same 3 months, domestic use of NDM/SMP declined by 4.3 percent year over year.

[2] The soybean meal price specified is the rail price for Decatur-Central Illinois with 46.5-48 percent protein.

Dairy Forecasts for 2018

The 2018 estimate for the size of the milking herd is unchanged from the March forecast at 9.415 million head, as growth is expected to taper off later in the year. The forecast for milk per cow in 2018 has been raised slightly to 23,260 pounds, as year-over-year growth was higher than expected in January and February. The annual milk production forecast remains at a rounded 219.0 billion pounds.

The corn price forecast for 2017/18 is $3.20-$3.50 per bushel, unchanged from last month's forecast at the midpoint. However, the 2017/18 soybean meal price forecast has been raised to $340-$360 per short ton, $10 higher than last month's forecast at the midpoint. For more information, see the USDA Economic Research Service publication *Feed Outlook*.

The forecast for imports on a milk-fat basis has been lowered 0.1 billion pounds to 5.6 billion for the year due to lower expected imports of dry whole milk. The export forecast on a milk-fat basis is unchanged at 9.6 billion pounds for the year. With continued weakness in domestic use in recent months, the forecast for 2018 domestic use is now projected slightly lower than it was last month at 214.7 billion pounds. With high stock levels in recent months and weaker expected domestic use, the forecast for 2018 milk-fat basis ending stocks has been raised to 12.9 billion pounds, 0.1 billion pounds higher than the March forecast.

Imports on a skim-solids basis are forecast at 5.9 billion pounds for the year, unchanged from last month's forecast. Exports are forecast 0.6 billion pounds higher, at 43.4 billion pounds, based on higher expected exports of NDM and lactose. Stocks on a skim-solids basis continued to build in February, and growth in domestic demand has been sluggish in recent months, as evidenced by low prices for NDM and dry whey and weak domestic use on a skim-solids basis. As a result, the forecast for ending stocks on a skim-solids basis for 2018 has been raised 0.2 billion pounds to 11.5 billion, and the domestic use forecast has been lowered 0.7 billion pounds to 180.9 billion.

Slight changes have been made in product price forecasts for 2018. The largest change from last month is a 2.5-cent reduction in the dry whey price forecast to $0.240-$0.270 per pound, due to recent price data, large supplies, and lower expected demand. The cheddar cheese price forecast is $1.550-$1.600 per pound, unchanged at the midpoint of the range from last month. The butter and NDM price forecasts are slightly lower for the year than previously forecast at $2.210-$2.290 and $0.700-$0.740 per pound, respectively, based on recent data.

The Class III price for 2018 is now forecast lower than last month, at $14.20-$14.70 per cwt, due mainly to the lower dry whey price forecast. The Class IV price is projected slightly lower than the previous forecast at $13.25-$13.85 per cwt for the year. The all-milk price forecast for 2018 is now $15.60-$16.10 per cwt, 20 cents lower at the midpoint of the range than last month's forecast.

Changes to the Dairy Margin Protection Program for Dairy Producers

Significant changes have been made to the Margin Protection Program for Dairy Producers as authorized by the Bipartisan Budget Act of 2018. USDA has reopened enrollment for the program, and it will remain open until June 1. Dairy producers who choose to participate must make new coverage elections for 2018, even if they enrolled in a previous signup period. For more information, see USDA press release 0074.18, "USDA Reopens Enrollment for Improved Safety Net Tool."

Final Decision on California Federal Milk Marketing Order

On March 30, USDA Agricultural Marketing Service published a final decision to establish a Federal Milk Marketing Order (FMMO) for California. USDA is holding a referendum through May 5 to determine if dairy producers support the proposed FMMO. For more information, see USDA press release 0073.18, “USDA Issues Final Decision on California Federal Milk Marketing Order.”

Pork / Hogs

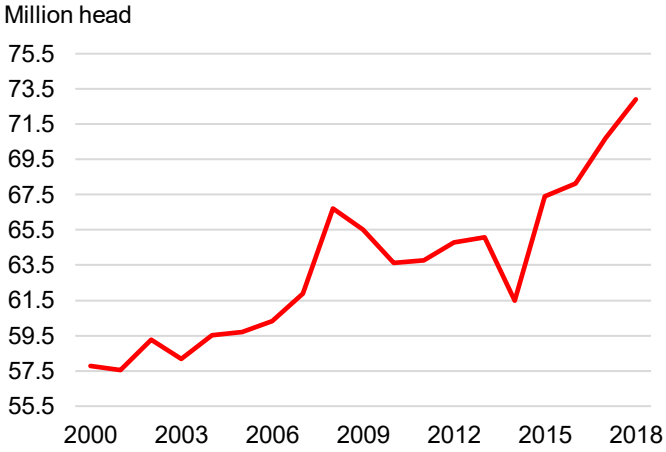
Mildred Haley

Quarterly Hogs and Pigs Shows Continued Industry Expansion

Information published in USDA's March 29, 2018 *Quarterly Hogs and Pigs* report indicates that the U.S hog industry continues to expand. Pork producers are, in all likelihood, responding to still-increasing capacity of recently opened processing facilities in Midwestern States. In terms of inventories and productivity indicators, the U.S. hog industry continued to set records in March.

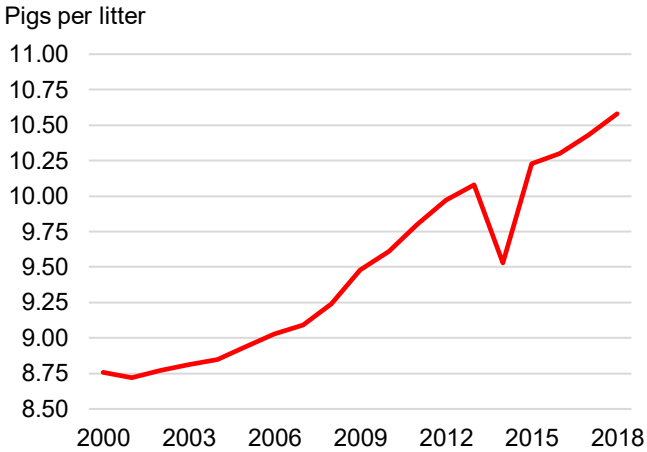
The March 1 inventory of all hogs and pigs, 72.908 million head, was record-high for the March-May quarter. The March 1, 2018, inventory was 3 percent above a year earlier. Farrowing productivity, measured by pigs per litter, also achieved a record-high level for the March quarter. At 10.58 pigs per litter, the litter rate was 1 percent above a year earlier.

March 1 inventory of all hogs and pigs, 2000-2018



Source: National Agricultural Statistics Service, USDA.

Litter rates: March quarter, 2000-2018



Source: National Agricultural Statistics Service, USDA.

The March 1 inventory of breeding animals—6.2 million head—increased about 2 percent over a year earlier. It is notable that since March 2014, when processing plant construction plans were being announced, the U.S hog industry has added almost 350,000 breeding animals. At 2017 average sow productivity rates (about 21 pigs per year), the industry has increased its production capacity by about 7.4 million pigs per year, a volume sufficient to supply single shifts at new processing facilities operating in Michigan, Minnesota, and Iowa.

With a reported December-February 2018 pig crop 4 percent above a year earlier, along with March-May producer intentions to farrow 2 percent more sows, third-quarter 2018 commercial pork production is expected to be 6.5 billion pounds, almost 5 percent above a year ago. Similarly, fourth-quarter production should be about 7.2 billion pounds, almost 6 percent above the fourth quarter of 2017.

Second-half 2018 hog prices will almost certainly reflect pressure from significantly larger year-over-year hog supplies, despite expanded processing capacity. Third-quarter prices of 51-52 percent lean hogs are expected to average $45-$49 per cwt, almost 16 percent below prices in the same quarter of 2017. Prices in the fourth quarter will likely average about $37-$41 per cwt, about 13 percent below prices a year earlier.

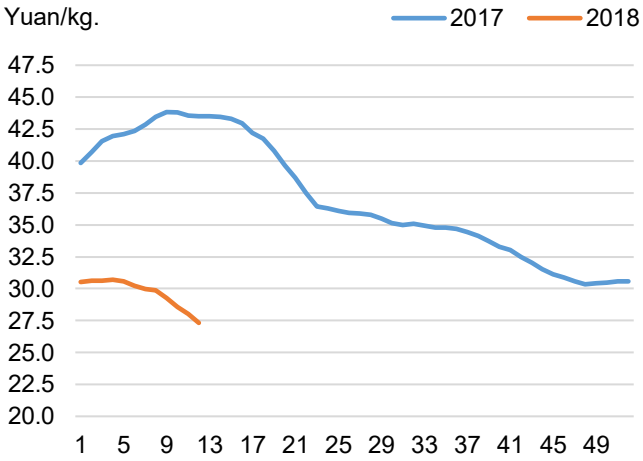
Second-quarter commercial pork production is expected to be 6.4 billion pounds, almost 5 percent more than a year earlier. Prices of live equivalent 51-52 percent lean hogs are expected to average $47-$49 per cwt, more than 7 percent below prices a year earlier.

China Imposes Tariffs on U.S Pork

On April 2, 2018, China's State Council Tariff Committee announced that additional tariffs would be placed on 84 U.S. food and agricultural products, among them pork muscle cuts. The additional tariffs of 25 percent are effective immediately.

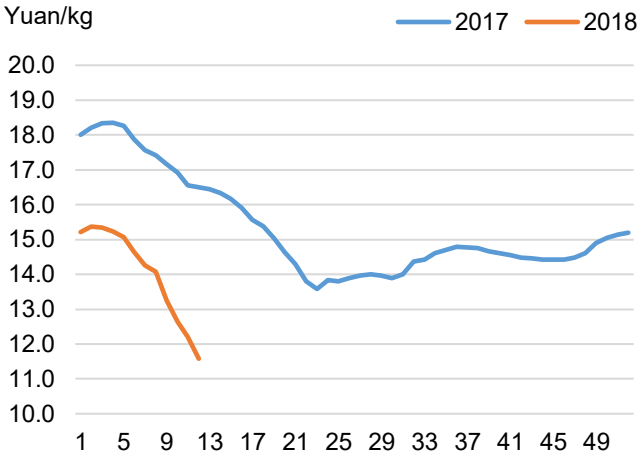
Prior to the imposition of the tariff, it was expected that China's aggregate imports of pork muscle cuts would be lower this year, because the recovery in Chinese pork production that began in 2017, is continuing in 2018. Stronger domestic production typically lowers demand for imported pork. Increased pork production is reflected in lower domestic Chinese prices for feeder pigs, hogs, and pork carcasses. In the third week of March prices for feeder pigs were 37.2 percent lower than a year earlier, live hog prices were 30 percent lower, and pork carcass prices were 18.4 percent lower than prices in the third week of March 2017. In part due to the increased competitiveness of domestic pork vis-à-vis imported product, the Foreign Agricultural Service\USDA has lowered its 2018 forecast for China's pork imports to 1.525 MMT, 5.9 percent below China's pork imports in 2017.

China weekly feeder price



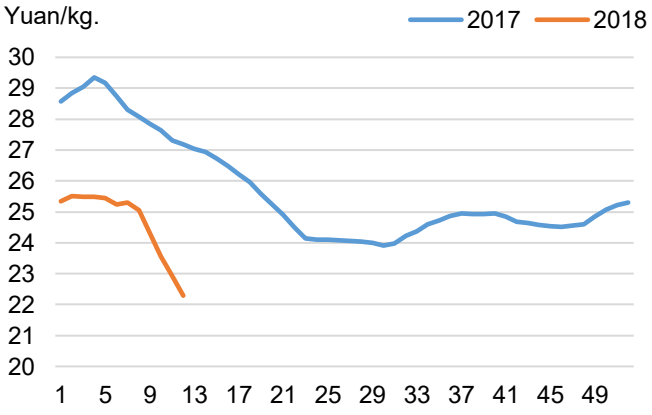
Source: China Ministry of Agriculture.

China weekly live hog price



Source: China Ministry of Agriculture.

China weekly pork carcass price



Source: China Ministry of Agriculture.

China's relatively modest share of U.S. pork muscle cut exports is a second factor that is likely to temper the impact of higher Chinese tariffs on the U.S. pork sector. Since 2015 U.S exports of pork to China have represented about 7 percent of total U.S. exports on a carcass-weight basis. In the first 2 months of 2018, the United States has exported almost 978 million pounds of pork muscle cuts on a carcass-weight basis. About 72 million pounds—7 percent—of that total was shipped to China. This is slightly less than the volume of U.S. exports to Central and South America in the first 2 months of 2018.

Short-term dislocations and backups may result from imposition of the tariffs, limiting the growth of U.S. exports. However, the longer term result of the lower import demand from China would likely be to pressure some U.S pork-cut prices lower, enhancing the competitiveness of U.S pork in other international markets and, thus, offsetting a large portion of the impacts of the decline in sales to China. The Chinese tariffs notwithstanding, by far the most important factor driving U.S. pork exports in 2018 will be the attractive prices that derive from significantly increased US pork production, largely in response to increased processing capacity. Lower pork prices will help support U.S. export growth during the coming year.

Pork Exports Continue To Climb in February

U.S. pork exports were very strong in February. At more than 491 million pounds, shipments were 9 percent above a year ago. Exports to Mexico and South Korea were particularly strong, likely aided by a weaker-valued U.S dollar. First- and second-quarter exports this year are expected to be 1.5 and 1.4 billion pounds, respectively. Total pork exports of 5.9 billion pounds for 2018 are anticipated. February exports to the 10 largest foreign destinations are summarized in the table below.

U.S. pork exports: Volumes and export shares of the 10 largest foreign destinations, February 2017 and 2018

	Country	Exports Feb. 2017 (mil. lbs)	Exports Feb. 2018 (mil. lbs)	Percent change (2018/2017)	Export share Feb. 2017 %	Export share Feb. 2018 %
	World	450	491	9.1		
1	Mexico	147	144	-2.2	32.7	29.3
2	Japan	102	101	-1.5	22.7	20.5
3	South Korea	45	67	48.2	10.0	13.6
4	China/Hong Kong	33	40	20.5	7.3	8.1
5	Canada	45	49	8.8	9.9	9.9
6	Colombia	23	20	-9.5	5.0	4.2
7	Australia	14	21	43.4	3.2	4.2
8	Dominican Republic	7.5	9.1	20.6	1.7	1.8
9	Honduras	6.8	7.9	16.7	1.5	1.6
10	Chile	3.2	5.4	71.0	0.7	1.1

Source: USDA, Economic Research Service.

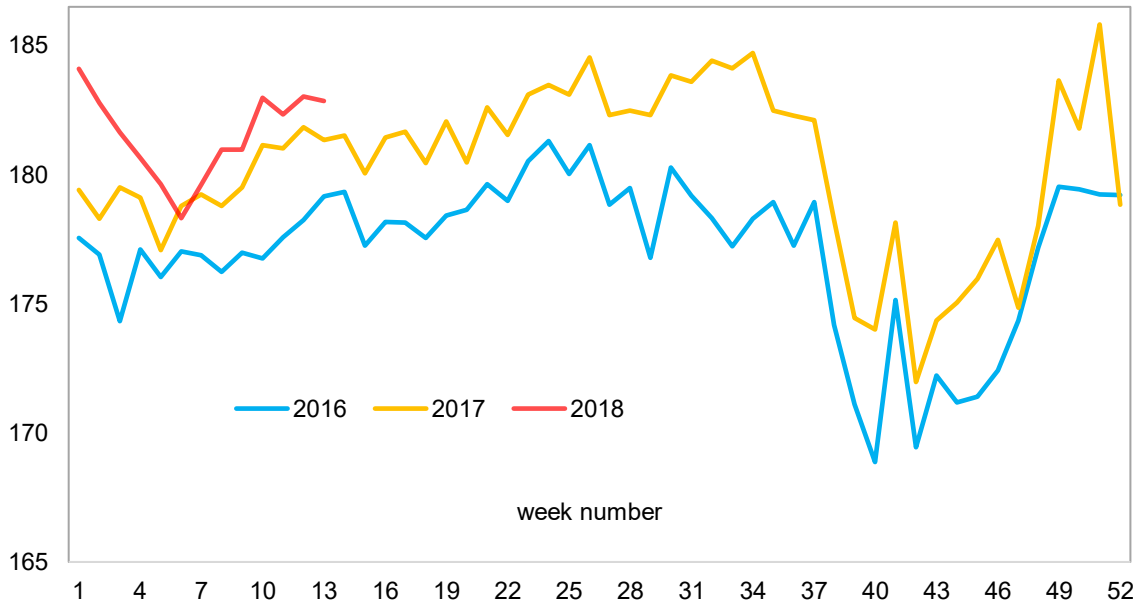
Poultry

Sean Ramos and Alex Melton

Broiler Hatchery Data Underwhelms

The broiler production forecast was reduced as recent hatchery data showed stalled growth in birds being placed for meat production (see figure below). In March, year-over-year growth in placements remained below 1 percent, and chicks being set in incubators (a step before placement) trended down. Forecast 2018 production was reduced to 4.4 billion pounds, putting expected year-over-year growth at 1.7 percent.

A recent stall in broiler hatchery growth
Weekly broiler chicks (million) placed for meat production, since 2016



Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service.

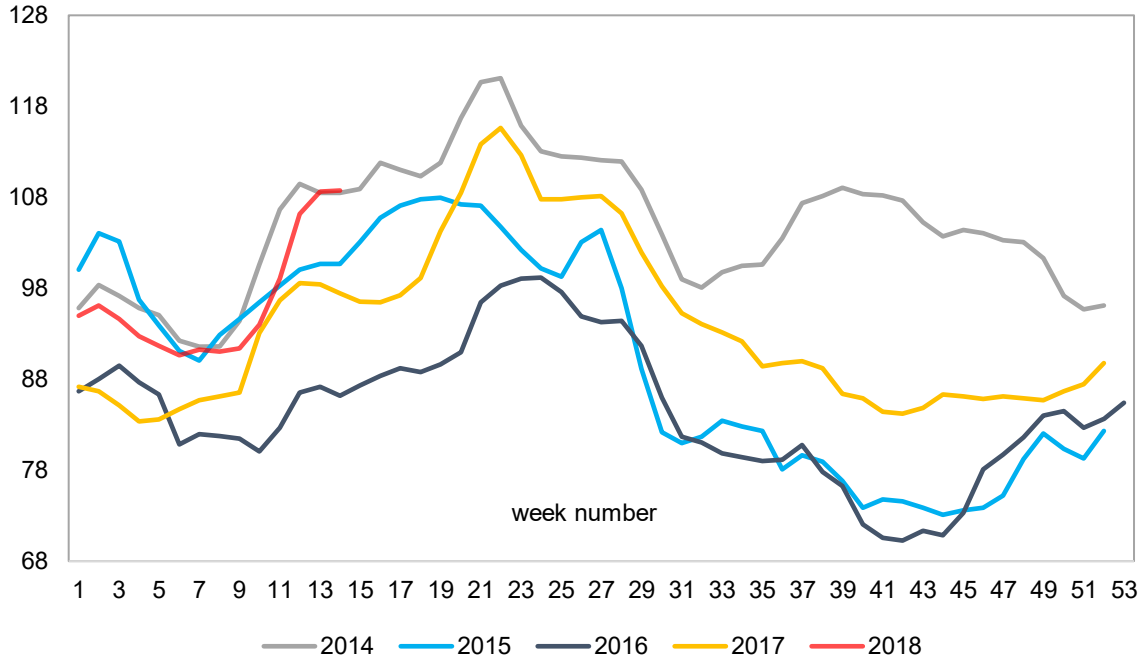
In February, broiler meat production was 3.3 billion pounds, over 3 percent higher than a year earlier. Weights were up about 1.1 percent, and a greater flow of birds accounted for the rest of the growth.

Broiler exports in February were 552 million pounds, about 1 percent higher than last year. Taiwan and Vietnam were shipped 17 and 8 million pounds more, respectively, while Hong Kong was down 8 million. Mexico and Canada were each down about 3 million pounds, and Chile was down 5 million. Georgia was up 6 million pounds and the Philippines up 4 million.

March weekly prices for whole broilers (national composite) increased rapidly to almost $1.09 per pound as of March 30, gaining more than 17 cents after March 2 on a stronger-than-normal seasonal move. This performance took prices to levels last seen in 2014 (during comparable weeks). Combined with reduced production expectations, strong prices led to upward revision for price forecasts to a 2018 average of 93-98 cents per pound.

March broiler prices reach 2014 levels

Weekly prices for broilers (national composite) in dollars/pound, since 2014



Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service.

Egg Production Expansion Preview

On March 1, the table egg laying flock reached over 324 million, previewing the production expansion that is expected to follow the prevailing strong margins. Egg-type chickens in incubators continued to show expansion intentions, reaching above 2016 levels when restocking efforts were still underway after avian influenza reduced inventories by about 10 percent.

For February, table egg production was 591 million dozen, up only marginally from last year. While the layer inventory started the month 0.8 percent above last year, production growth was constrained by fewer eggs per layer. These relatively weak lay rates will likely persist and temper production growth as the flock is gradually rejuvenated during expansion.[1] The estimate of production for the first quarter was reduced by 5 million dozen, but no changes were made to the forecasts for the rest of the year.

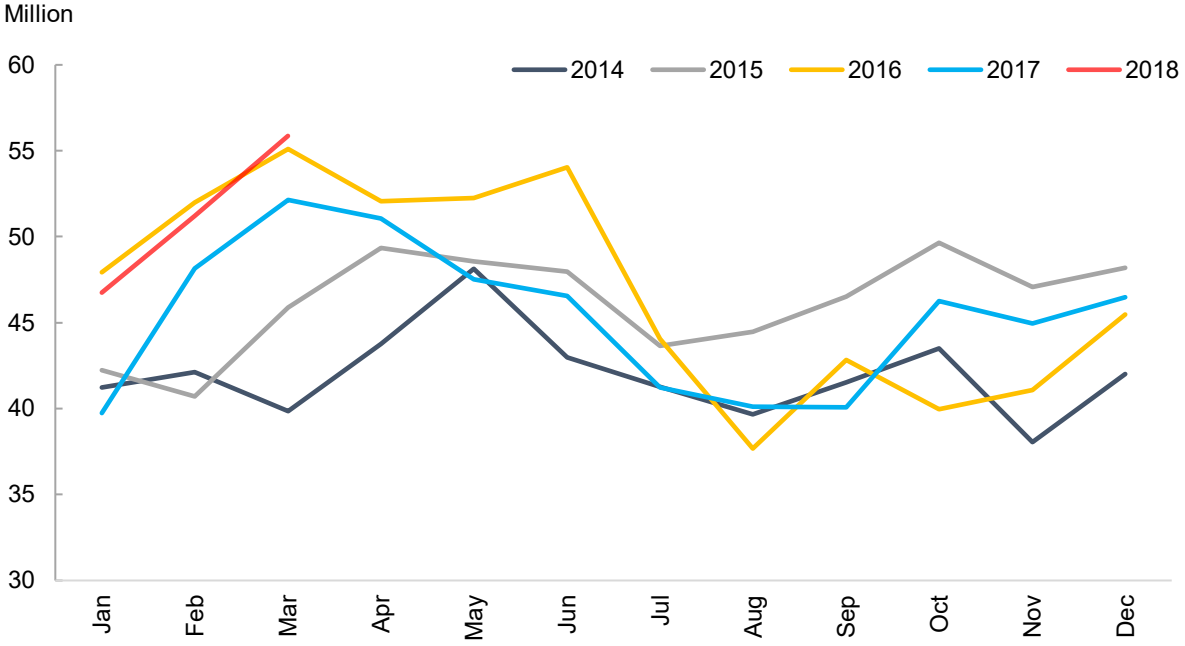
February exports of eggs and egg products were 25 million dozen (shell-egg equivalent), about 4 percent above last year. Shipments to major export markets were mostly higher, with Japan up 2.1 million dozen, Canada up 1.6 million, and Mexico up 0.9 million. Egg and egg products imported by the United States were double the level of a year ago and substantially higher than recent months. The increase largely reflects larger imports of egg products from Canada and the Netherlands. Total imports amounted to less than 10 percent of the quantity exported by the United States.

Wholesale egg prices (large grade A eggs, New York) in March averaged $2.38 per dozen, with several days when prices surpassed those at the height of avian-influenza-induced shortages in 2015. After Easter, prices began to revert to lower levels and reached $1.38 as of April 12. Forecasts for quarters

[1] When producers expand inventory, they can retain older layers or add newer birds, and both of these types of birds lay fewer eggs than layers at peak productivity.

two through four were increased, with a 2018 average of $1.38-$1.34 per dozen, compared to $1.01 per dozen in 2017.

Hatchery indicators strong, surpassing prior years after trailing behind since mid-2016
Egg-type chicken eggs (millions) in incubators for hatching, first of the month, since 2014



Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service.

Turkey Production Flat in February as Hatchery Data Indicates Contraction

February 2018 production totaled 460 million pounds, a 0.4 percent increase from February 2017. Hatchery report data for February remained below the same period in 2017, indicating lower production totals in the coming months. Hatching and placement data have been below a year earlier for 3 consecutive months, while eggs in incubators have been down for 4 months. The data suggest that producers are likely responding to reduced returns brought about by low wholesale prices, which have remained far below recent historical averages. The 2018 turkey production forecast is 5.945 billion pounds, down 30 million pounds from last month and 0.6 percent below 2017.

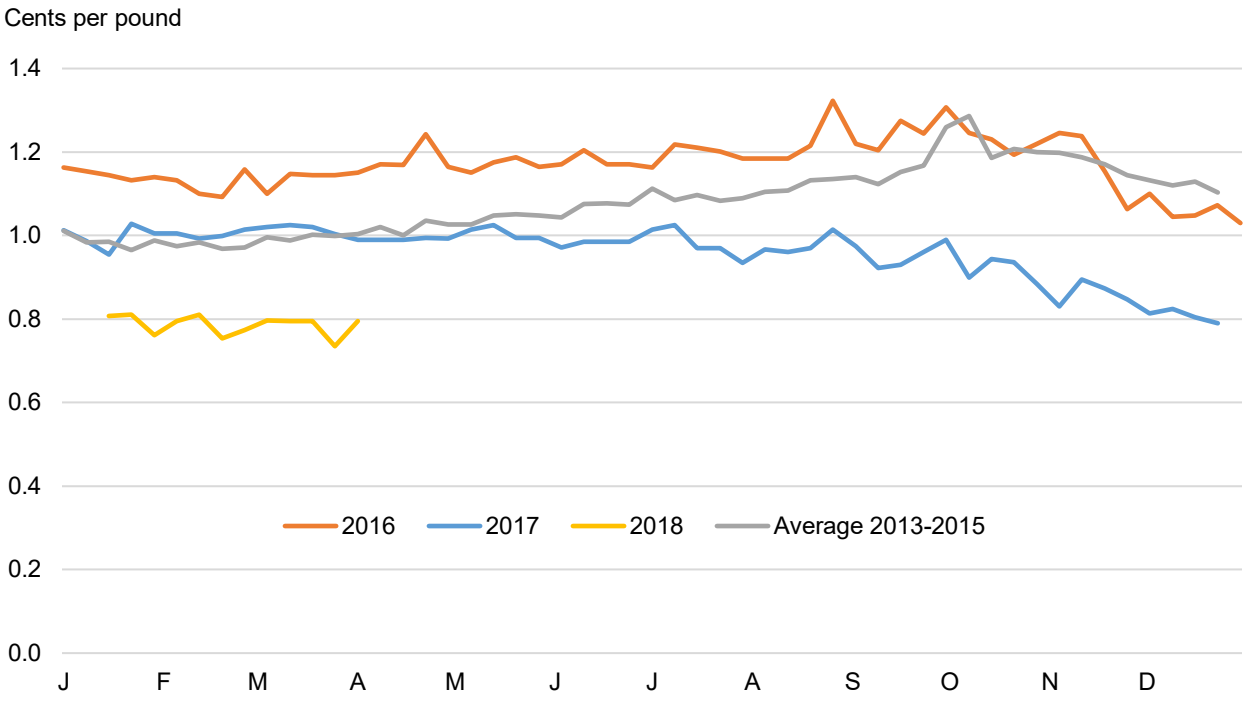
Turkey poult placements relative to a year earlier

Note: Data shows percentage change in turkey poults placed for growout compared with the same month in the previous year.
Source: USDA, Economic Research Service using USDA, National Agricultural Statistics Service Turkey Hatchery report.

Whole Turkey Prices Remain Below Historical Averages in 2018

Wholesale whole-hen frozen turkey prices remain low in comparison to past years. The latest price data, covering the first week of April 2018, show whole hen prices at 79.5 cents per pound, well below early-April prices for the past several years. The low wholesale prices indicate that turkey meat demand has not kept pace with recent production, further supported by higher than average stocks in cold storage. Turkey price forecasts are lowered for 2018 and are expected to average $0.82 to $0.86 per pound for the year, about 12 percent below prices in 2017.

Wholesale whole hen turkey prices



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

Turkey Exports Increased Again in February

February 2018 turkey exports were 10 percent higher than a year earlier, totaling 48 million pounds. Mexico remains the largest destination for U.S. turkey shipments, with 32 million pounds shipped in February, or 67 percent of all U.S. shipments. Exports as a share of U.S. turkey production are averaging 10 percent in early 2018, a slight uptick over 2017 but below 2015 and 2016. Exports are expected to grow further in 2018 to 645 million pounds, a 4-percent increase over 2017.

Contacts & Additional Information

Contact Information

Mildred M. Haley (coordinator)	(202) 694-5176	mhaley@ers.usda.gov
Kim A. Ha (Poultry, hogs/pork)	(202) 694-5360	kim.a.ha@ers.usda.gov
Lekhnath Chalise (Cattle/beef)	(202) 694-5371	lekhnath.chalise@ers.usda.gov
Russell Knight (Cattle/beef)	(202) 694-5566	russell.h.knight@ers.usda.gov
Mildred M. Haley (hogs/pork)	(202) 694-5176	mhaley@ers.usda.gov
Sean Ramos (poultry, poultry trade, eggs)	(202) 694-5443	sean.ramos@ers.usda.gov
Alex Melton (Turkey)	(202) 694-5409	awmelton@ers.usda.gov
Jerry Cessna (dairy)	(202) 694-5171	jgcessna@ers.usda.gov
Jonathan Law (dairy)	(202) 694-5544	jonathan.law@ers.usda.gov
Keithly Jones (sheep and lamb)	(202) 694-5172	kjones@ers.usda.gov
Carolyn Liggon (web publishing)	(202) 694-5056	cvliggon@ers.usda.gov

Subscribe to ERS e-mail notification service at
https://www.ers.usda.gov/subscribe-to-ers-e-newletters/ to receive timely notification of newsletter availability.

Data Products

Meat Price Spreads, https://www.ers.usda.gov/data-products/meat-price-spreads/, provides monthly average values at the farm, wholesale, and retail stages of the marketing chain for selected animal products.

Livestock and Meat Trade Data, http://www.ers.usda.gov/data-products/livestock-and-meat-international-trade-data/, contains monthly and annual data for imports and exports of live cattle and hogs, beef and veal, lamb and mutton, pork, broilers, turkey, and shell eggs.

Livestock & Meat Domestic Data, http://www.ers.usda.gov/data-products/livestock-meat-domestic-data/, contains domestic supply, disappearance, and price data.

Dairy Data, https://www.ers.usda.gov/data-products/dairy-data/, includes data from multiple sources concerning supply, demand, and prices for the dairy industry.

Related Websites

Livestock, Dairy, and Poultry Outlook,
http://www.ers.usda.gov/publications/?page=1&topicId=0&authorId=0&seriesCode=LDPM&sort=CopyrightDate&sortDir=desc
Animal Production and Marketing Issues,
https://www.ers.usda.gov/topics/animal-products/animal-production-marketing-issues/
Cattle, https://www.ers.usda.gov/topics/animal-products/cattle-beef/
Dairy, https://www.ers.usda.gov/topics/animal-products/dairy/
Hogs, https://www.ers.usda.gov/topics/animal-products/hogs-pork/
Poultry and Eggs, https://www.ers.usda.gov/topics/animal-products/poultry-eggs/
WASDE, http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194

E-mail Notification

Readers of ERS outlook reports have two ways they can receive an e-mail notice about release of reports and associated data.

- Receive timely notification (soon after the report is posted on the web) via USDA's Economics, Statistics and Market Information System (which is housed at Cornell University's Mann Library). Go to http://usda.mannlib.cornell.edu/MannUsda/aboutEmailService.do and follow the instructions to receive e-mail notices about ERS, Agricultural Marketing Service, National Agricultural Statistics Service, and World Agricultural Outlook Board products.

- Receive weekly notification (on Friday afternoon) via the ERS website. Go to https://www.ers.usda.gov/topics/farm-economy/commodity-outlook/email-notification/ and follow the instructions to receive notices about ERS outlook reports, Amber Waves magazine, and other reports and data products on specific topics. ERS also offers RSS (really simple syndication) feeds for all ERS products.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and, where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

U.S. red meat and poultry forecasts

	2015					2016					2017					2018				
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Production, million lb																				
Beef	5,665	5,856	6,068	6,109	23,698	5,938	6,187	6,472	6,625	25,221	6,300	6,404	6,731	6,738	26,173	**6,475**	**7,055**	**7,020**	**7,085**	**27,635**
Pork	6,162	5,925	5,958	6,457	24,501	6,230	5,963	6,100	6,648	24,941	6,409	6,137	6,239	6,796	25,581	**6,655**	**6,425**	**6,540**	**7,185**	**26,805**
Lamb and mutton	38	39	37	37	150	38	39	36	37	150	37	36	35	37	145	**39**	**35**	**35**	**37**	**146**
Broilers	9,718	10,021	10,372	9,937	40,048	10,039	10,253	10,338	10,065	40,696	10,233	10,407	10,551	10,472	41,662	**10,400**	**10,575**	**10,750**	**10,625**	**42,350**
Turkeys	1,429	1,389	1,351	1,458	5,627	1,435	1,520	1,515	1,511	5,981	1,488	1,482	1,479	1,533	5,981	**1,465**	**1,455**	**1,485**	**1,540**	**5,945**
Total red meat & poultry	23,157	23,382	23,940	24,150	94,629	23,834	24,119	24,622	25,038	97,613	24,613	24,618	25,190	25,729	100,151	**25,177**	**25,702**	**25,988**	**26,626**	**103,493**
Table eggs, mil. doz.	1,820	1,726	1,664	1,728	6,938	1,793	1,827	1,876	1,940	7,436	1,906	1,904	1,916	1,950	7,677	**1,910**	**1,930**	**1,950**	**2,000**	**7,790**
Per capita disappearance, retail lb 1/																				
Beef	13.1	13.6	13.9	13.3	54.0	13.6	13.9	14.0	14.0	55.5	14.0	14.2	14.4	14.3	56.9	**14.0**	**15.3**	**14.8**	**14.9**	**59.0**
Pork	12.2	11.8	12.1	13.6	49.7	12.6	11.8	12.1	13.5	50.1	12.4	11.8	12.4	13.5	50.1	**12.6**	**12.4**	**12.8**	**14.0**	**51.8**
Lamb and mutton	0.2	0.3	0.2	0.3	1.0	0.3	0.3	0.2	0.3	1.0	0.3	0.3	0.2	0.3	1.1	**0.3**	**0.2**	**0.2**	**0.3**	**1.1**
Broilers	21.4	22.1	23.3	22.1	89.0	22.5	22.7	22.7	21.8	89.7	22.4	22.9	23.1	22.4	90.9	**22.6**	**23.0**	**23.3**	**23.0**	**91.9**
Turkeys	3.5	3.6	3.9	4.9	16.0	3.6	3.9	4.2	4.9	16.6	3.7	3.7	4.0	5.0	16.4	**3.6**	**3.7**	**4.0**	**4.9**	**16.2**
Total red meat & poultry	50.8	51.8	53.8	54.5	211.0	52.9	53.0	53.7	54.8	214.4	53.2	53.2	54.6	55.8	216.8	**53.8**	**55.1**	**55.6**	**57.3**	**221.5**
Eggs, number	65.7	62.9	61.9	65.7	256.2	67.6	67.5	68.8	71.1	274.9	68.7	68.6	68.9	69.5	275.7	**68.0**	**68.6**	**69.5**	**71.2**	**277.4**
Market prices																				
Choice steers, 5-area Direct, $/cwt	162.43	158.11	144.22	127.71	148.12	134.81	127.68	113.26	107.69	120.86	122.96	132.76	112.46	117.88	121.52	126.60	**114-118**	**106-114**	**108-118**	**114-119**
Feeder steers, Ok City, $/cwt	210.31	219.65	208.11	173.59	202.92	155.83	146.49	140.66	128.30	142.82	129.56	147.75	148.12	154.88	145.08	146.29	**139-143**	**134-142**	**134-144**	**139-144**
Cutter Cows, National L.E., $/cwt	107.61	109.50	103.34	77.80	99.56	73.50	75.87	73.16	57.75	70.07	62.63	69.55	69.78	58.68	65.16	61.60	**61-65**	**59-67**	**57-67**	**60-65**
Choice slaughter lambs, San Angelo, $/cwt	147.17	140.09	146.23	142.52	144.00	133.33	136.15	137.52	131.88	134.72	138.91	153.46	141.29	131.22	141.22	131.50	**133-137**	**134-142**	**130-140**	**132-137**
Nat'l base cost, 51-52 % lean, live equivalent, $/cwt	48.47	53.20	54.59	44.66	50.23	44.63	53.71	49.26	37.02	46.16	49.73	51.70	55.59	44.89	50.48	49.12	**47-49**	**45-49**	**37-41**	**45-47**
Broilers, national composite, cents/lb	97.00	104.20	83.70	77.20	90.50	84.60	93.00	81.7	78.00	84.30	88.50	104.70	94.9	86.10	93.50	95.7	**101-105**	**90-96**	**86-94**	**93-98**
Turkeys, national, cents/lb	99.60	108.50	126.40	130.10	116.20	114.70	116.50	120.70	116.60	117.10	100.40	99.10	96.9	88.0	96.10	79.4	**76-80**	**82-88**	**91-99**	**82-86**
Eggs, New York, cents/doz.	146.90	170.30	235.70	174.10	181.80	121.50	67.90	71.60	81.70	85.70	80.00	74.70	102.1	147.0	100.9	179.6	**132-138**	**116-214**	**125-135**	**138-144**
U.S. trade, million lb, carcass wt. equivalent																				
Beef & veal exports	523	607	542	595	2,267	535	621	661	738	2,556	651	683	746	782	2,862	**720**	**730**	**785**	**790**	**3,025**
Beef & veal imports	878	990	890	613	3,371	793	831	751	639	3,015	699	813	814	668	2,994	**730**	**810**	**820**	**680**	**3,040**
Lamb and mutton imports	53	56	46	59	214	68	55	41	52	216	80	58	57	57	252	**82**	**57**	**56**	**59**	**254**
Pork exports	1,224	1,339	1,173	1,274	5,010	1,229	1,318	1,235	1,457	5,239	1,432	1,426	1,230	1,544	5,632	**1,500**	**1,425**	**1,300**	**1,675**	**5,900**
Pork imports	279	266	270	300	1,116	293	257	266	275	1,091	264	281	283	287	1,116	**280**	**255**	**265**	**265**	**1,065**
Broiler exports	1,624	1,713	1,487	1,496	6,321	1,585	1,605	1,734	1,720	6,644	1,711	1,618	1,664	1,787	6,780	**1,720**	**1,740**	**1,760**	**1,730**	**6,950**
Turkey exports	148	123	125	132	529	116	141	160	153	569	133	148	167	173	621	**145**	**155**	**170**	**175**	**645**
Live swine imports (thousand head)	1,309	1,541	1,371	1,519	5,740	1,468	1,406	1,371	1,412	5,656	1,449	1,458	1,298	1,395	5,600	**1,375**	**1,450**	**1,350**	**1,450**	**5,625**

Note: Forecasts are in bold.

1/ Per capita meat and egg disappearance data are calculated using the Resident Population Plus Armed Forces Overseas series from the Census Bureau of the Department of Commerce.

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

For further information, contact: Mildred M. Haley, mhaley@ers.usda.gov

Updated 4/12/2018

Dairy Forecasts

	2016	2017					2018				
	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thousands)	9,325	9,369	9,399	9,402	9,398	9,392	9,410	9,415	9,420	9,420	9,415
Milk per cow (pounds)	22,778	5,717	5,888	5,687	5,649	22,941	5,785	5,970	5,755	5,750	23,260
Milk production (billion pounds)	212.4	53.6	55.3	53.5	53.1	215.5	54.4	56.2	54.2	54.2	219.0
Farm use	1.0	0.2	0.2	0.3	0.3	1.0	0.2	0.2	0.3	0.3	1.0
Milk marketings	211.4	53.3	55.1	53.2	52.8	214.5	54.2	56.0	54.0	53.9	218.0
Milk-fat (billion pounds milk equiv.)											
Milk marketings	211.4	53.3	55.1	53.2	52.8	214.5	54.2	56.0	54.0	53.9	218.0
Beginning commercial stocks	12.3	12.7	16.0	17.9	16.3	12.7	13.5	16.7	18.5	16.0	13.5
Imports	7.0	1.5	1.4	1.5	1.6	6.0	1.3	1.4	1.4	1.5	5.6
Total supply	230.8	67.6	72.5	72.6	70.7	233.2	69.0	74.0	73.9	71.4	237.1
Commercial exports	8.4	2.1	2.5	2.3	2.4	9.3	2.2	2.6	2.4	2.3	9.6
Ending commercial stocks	12.7	16.0	17.9	16.3	13.5	13.5	16.7	18.5	16.0	12.9	12.9
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic commercial use	209.6	49.5	52.1	54.0	54.8	210.4	50.1	52.9	55.4	56.2	214.7
Skim solids (billion pounds milk equiv.)											
Milk marketings	211.4	53.3	55.1	53.2	52.8	214.5	54.2	56.0	54.0	53.9	218.0
Beginning commercial stocks	9.2	9.5	10.5	11.6	12.1	9.5	11.8	11.9	12.4	11.6	11.8
Imports	6.5	1.7	1.5	1.4	1.5	6.1	1.5	1.4	1.5	1.5	5.9
Total supply	227.1	64.5	67.0	66.2	66.5	230.0	67.5	69.3	67.8	67.0	235.7
Commercial exports	39.0	9.8	10.3	9.7	11.0	40.8	10.8	11.1	10.9	10.7	43.4
Ending commercial stocks	9.5	10.5	11.6	12.1	11.8	11.8	11.9	12.4	11.6	11.5	11.5
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic commercial use	178.5	44.3	45.2	44.4	43.6	177.5	44.8	45.8	45.4	44.8	180.9
Milk prices (dollars/cwt) [1]											
All milk	16.30	18.23	16.83	17.70	17.73	17.63	15.55	15.25	15.35	16.25	15.60
								-15.65	-16.05	-17.25	-16.10
Class III	14.87	16.49	15.74	16.13	16.34	16.17	13.87	14.00	14.30	14.55	14.20
								-14.40	-15.00	-15.55	-14.70
Class IV	13.77	15.37	14.80	16.36	14.12	15.16	13.01	13.30	13.25	13.55	13.25
								-13.80	-14.05	-14.65	-13.85
Product prices (dollars/pound) [2]											
Cheddar cheese	1.605	1.648	1.555	1.623	1.712	1.634	1.515	1.530	1.565	1.580	1.550
								-1.570	-1.635	-1.680	-1.600
Dry whey	0.288	0.485	0.509	0.434	0.347	0.444	0.260	0.240	0.225	0.245	0.240
								-0.260	-0.255	-0.275	-0.270
Butter	2.078	2.200	2.229	2.597	2.295	2.330	2.161	2.235	2.240	2.205	2.210
								-2.305	-2.340	-2.335	-2.290
Nonfat dry milk	0.829	0.955	0.874	0.874	0.763	0.867	0.700	0.685	0.680	0.735	0.700
								-0.725	-0.740	-0.805	-0.740

Totals may not add due to rounding.

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

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

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

For further information, contact Jerry Cessna, 202-694-5171, jgcessna@ers.usda.gov, or contact Jonathan Law, 202-694-5544, jonathan.law@ers.usda.gov.

Published in Livestock, Dairy, and Poultry Outlook, http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1350.