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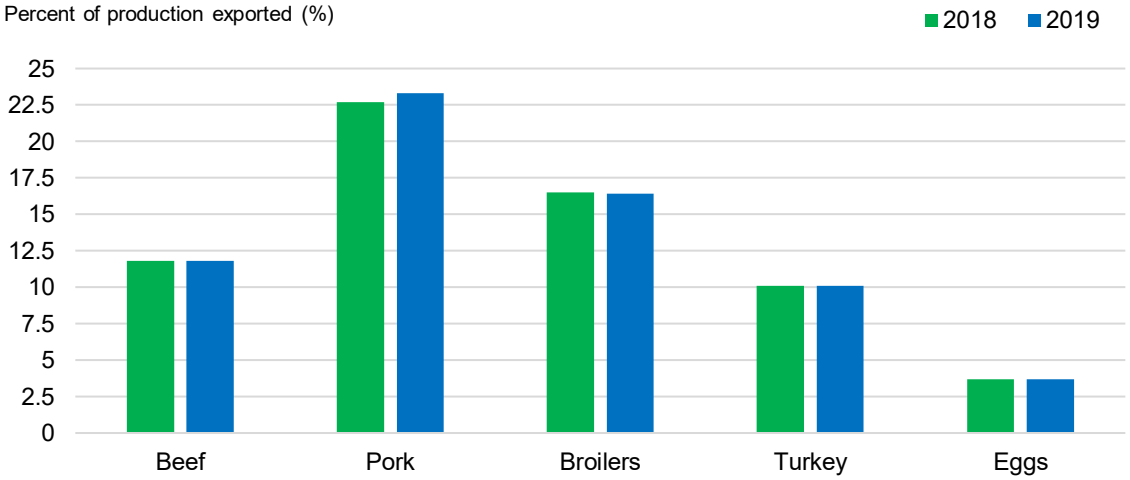
Livestock, Dairy, and Poultry Outlook

2019 Production and Export Forecasts for Red Meat, Poultry, and Eggs Imply Small Changes in Export Share Ratio From 2018

Changes in production and exports will likely lead to 2019 export shares of production that are similar to 2018 ratios. For beef, the 2019 forecast increases both production (+3.1 percent) and exports (+2.4 percent), pointing to an 11.8-percent share of U.S beef production being exported next year. This would be about the same export ratio that 2018 forecasts imply. For pork, lower prices from further industry expansion next year are expected to attract added foreign buying interest. Forecasts for increases in production (+5.3 percent) and exports (+7.8 percent) imply that more than 23 percent of U.S pork production next year will be exported, slightly higher than the 22.7 share expected this year. For broilers, a small increase in the 2019 production forecast (+1.4 percent), coupled with an expected increase of less than 1 percent in broiler exports, suggests that slightly more than 16.4 percent of production will be exported next year, just under the 16.5-percent share expected in 2018. Turkey production next year is expected to increase in 2019 by less than 1 percent—as opposed to this year, where 2018 production declines will likely amount to almost 2 percent—while turkey exports are likely to be marginally lower (-0.2 percent). Thus, roughly 10 percent of turkey production is expected to be exported next year, about the same as in 2018. For eggs, forecast production and export increases in 2019—an increase of 1.5 percent in production and 1.8 percent in exports—imply that almost 4 percent of U.S egg production will be exported in 2019, the same ratio as in 2018.

2018, 2019 Forecast shares of production exported



Source: Economic Research Service and World Agricultural Outlook Board, USDA.

Beef/Cattle: Packer demand has accelerated the pace of fed cattle slaughter in fourth-quarter 2018, which supports a slightly higher beef production forecast for 2018. The 2019 forecast was reduced fractionally on lighter cattle carcass weights. Higher fourth-quarter fed steer prices, forecast at $113-$116 per cwt, reflect current price strength. Beef import forecasts are lowered for both 2018 and 2019. The lower 2018 forecast reflects lower-than-expected October beef imports, while the reduction in the 2019 forecast is due to expected tighter supplies in Oceania. Cattle exports are forecast upward on strong feedlot demand in Canada.

Dairy: Milk production projections have been lowered from last month's forecasts to 217.8 billion pounds for 2018 (-0.1 billion) and 220.6 billion pounds for 2019 (-0.3 billion) based on recent data and lower expected milk prices. Cheese price forecasts for 2018 and 2019 have been lowered substantially due to recent price data, high stock levels, and relatively weak domestic use. The all-milk price forecast for 2018 is $16.15-$16.25 per cwt, a reduction from $16.20-$16.30 forecast last month. The all-milk price forecast for 2019 is $16.40-$17.20 per cwt, a reduction from $16.70 to $17.60 forecast last month.

Pork/Hogs: The U.S pork sector is headed toward record-high production in the fourth quarter. Commercial pork production is expected to be slightly more than 7 billion pounds, over 3 percent higher than a year ago. Hog prices will likely reflect large supplies of hogs, with year-over-year lower prices expected through the first half of next year. Pork exports in October were 1.5 percent higher than a year ago. Shipments were lower to both Mexico and China. However, demand has been strong in a number of other markets and this strength is expected to carry into 2019

Poultry/Eggs: Broiler production projections were revised up for fourth quarter on current production data, but were reduced for the first half of 2019 on expected year-over-year decreases in slaughter. Fourth-quarter exports were increased significantly on 5-year-high October shipments. Table egg production expectations for fourth quarter and first-half 2019 were reduced based on slowing layer flock expansion, while prices were revised down on stable, but lower-than-expected November prices. Egg import forecasts were decreased for fourth quarter and 2019 on low import volume. The 2018 turkey production forecast is increased by 15 million pounds to 5.890 billion pounds, also 2 percent below 2017. Turkey production for 2019 is unchanged at 5.905 billion pounds, less-than half-a-percent over the 2018 forecast.

Beef/Cattle

Russell Knight and Lekhnath Chalise

Fed Cattle Slaughter Picks Up, Lifting 2018 Beef Production

The forecast for 2018 beef production is increased by 25 million pounds to 26.9 billion pounds. This minor adjustment is based on greater expected steer and heifer slaughter, which is partially offset by anticipated lighter steer and heifer carcass weights and lower expected cow slaughter in the fourth quarter. The steer and heifer slaughter rate per weekday in the fourth quarter is expected to be above levels for the same period last year. The 2019 beef production forecast was lowered by 25 million pounds to 27.8 billion pounds, reflecting lighter expected average carcass weights in early 2019.

Lower October Placements; Cattle on Feed Numbers Remain High

Based on the most recent *Cattle on Feed* report for October—released by the National Agricultural Statistics Service (NASS) on November 21—there were 6.1 percent fewer net placements and 4.8 percent higher marketings, for a November 1 cattle on feed number of 11.7 million head. Despite year-over-year lower placements, the absolute number of placements was still higher than marketings, keeping cattle on feed numbers the largest since 2011. Among cattle on feed, there were 18.5 percent more cattle held over 150 days than at the same time in 2017. This suggests there are slaughter-ready (or near-ready) cattle supplies available. As a result, fed cattle slaughter in fourth-quarter 2018 is anticipated to be higher.

The high numbers of cattle on feed and generally poor feedlot returns are likely pressuring feeder calf prices, and feedlots may not be as willing to pay higher prices for calves this fall as compared to last year at this time. During October, Oklahoma City National Stockyards reported the highest monthly average price in 2018 for 750-800 pound feeder steers. Typically, feeder calf prices are higher in the second half of the year, but they tend to reach their peak in midsummer. Since weekly prices peaked on October 1 at $159.71 per hundredweight (cwt), they have fallen more than 14 percent to $136.93 per cwt on December 10. The forecast for fourth-quarter 2018 feeder steer prices is reduced from last month to $146-$149/cwt. However, the 2019 annual price forecast is unchanged at $140-$151/cwt.

Fed Cattle Prices Break Out, Reflecting Seasonal Packer Demand

Packer demand has increased seasonally, and strong margins this year have likely encouraged packers to be strong buyers of cattle. For the week ending December 8, the weekly slaughter estimate was 667,000 head. This would be the highest weekly slaughter total since the week ending May 19 (667,613 head). This demand is also reflected in prices offered for fed steers in the 5-area marketing region. In November, monthly prices finally broke out of the 5-month narrow price window of $109.90/cwt to 112.20/cwt to reach over $115/cwt. Further, for the week ending December 9, fed steer prices climbed to $118.11/cwt, though still below year-earlier levels. From last month, the forecast for fourth-quarter 2018 price for fed steers in the 5-area marketing region was raised to $113-$116/cwt. However, the annual forecast for 2019 fed steer prices was left unchanged $114-$122/cwt.

Beef Imports Slowed Down

October 2018 U.S. beef imports declined by 4.8 percent year over year to 234 million pounds. Among major suppliers, declines were from Mexico (-19.2 percent), Australia (-11.2 percent), and New Zealand (-10.2 percent). However, January through October 2018 imports were only fractionally lower from a year earlier at 2.569 billion pounds (see table below).

Table: Year-to-Date (YTD) October Beef Imports Fractionally Lower Year-over-year (Y-O-Y)

	YTD 2017 Million pounds	YTD2018 Million pounds	Y-O-Y change volume Million pounds	Y-O-Y Change Percentage
Australia	591	575	-16	-2.68
Canada	621	663	42	6.76
New Zealand	502	526	23	4.65
Mexico	494	423	-71	-14.37
Brazil	117	118	1	1.00
Uruguay	107	96	-11	-10.14
Nicaragua	110	133	23	20.44
Other Countries	29	35	5	18.54
Total	2572	2569	-3	-0.13

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

Based on the lower October imports, the fourth-quarter 2018 forecast is revised downward by 10 million pounds to 670 million pounds, which results in the 2018 forecast of 3.004 billion pounds. Trade data indicates that Oceanian and North American suppliers have shifted their products to Asian markets, which is likely to continue due to price incentives throughout the year. The price of imported beef (90-percent lean) in the United States has been improved in recent weeks, though it is lower than the previous year. Relatively lower U.S. prices are likely to continue hindering shipment from key suppliers. The 2019 beef import forecast was also adjusted downward by 40 million pounds to 3.020 billion due to expected tighter exportable supplies in Oceania.

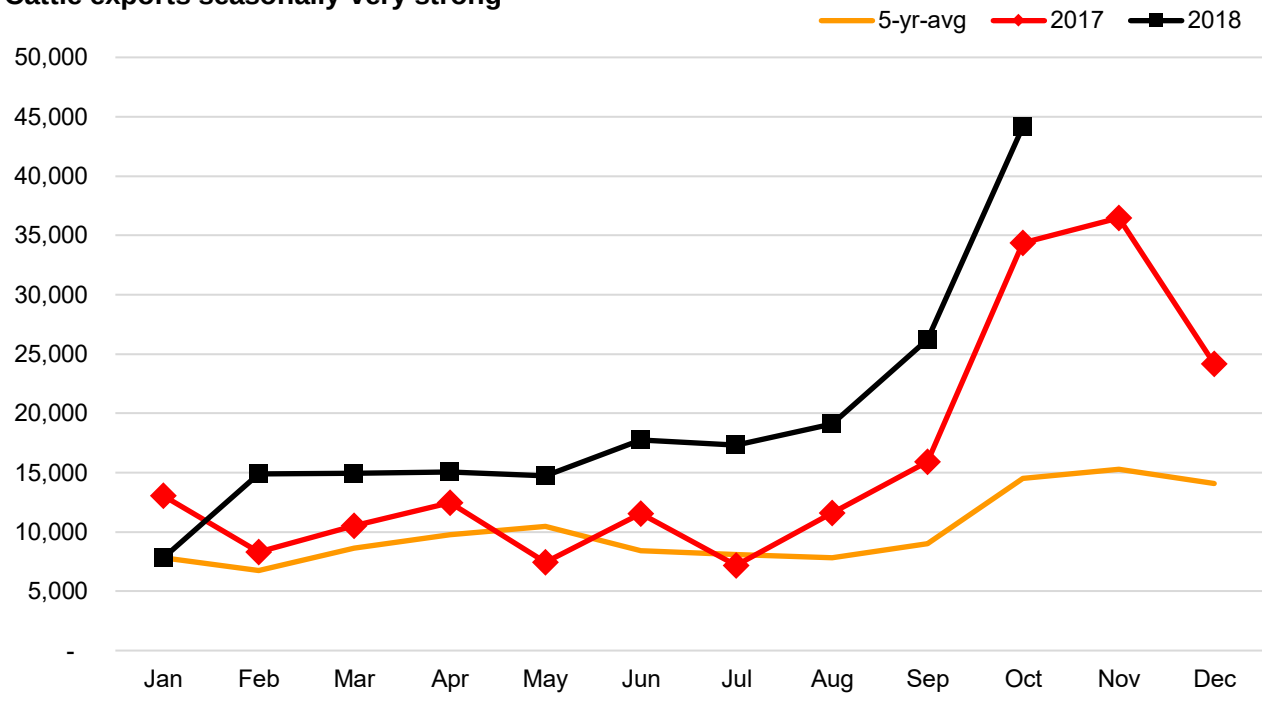
Beef Exports Continue To Grow

The volume of 2018 October beef exports was 272 million pounds, up 4.6 percent from a year-earlier level. Among major destinations, year-over-year higher exports to Japan (+10.8 percent), South Korea (+17.1 percent), Taiwan (+46.7 percent), and Mexico (+2.9 percent) more than offset the declines to Hong Kong (-17.3 percent) and Canada (-6.9 percent). Outside of major destinations, notable year-over-year increases were to Vietnam, Philippines, Indonesia, and Colombia. With higher exports in each month than year-earlier levels, cumulative beef exports through October 2018 were 2.627 billion pounds, up 12.3 percent year over year. South Korea, Japan, and Taiwan contributed most of the growth, which is likely to continue due to strong domestic demand in those markets. Exportable supplies available in the United States, along with tariff advantages over key competitor Australia, continue to enhance exports to South Korea. Based on the current pace and weekly export sales estimates for November, forecasts for 2018 and 2019 were expected to be in line with the previous month's forecast at 3.190 and 3.265 billion pounds, respectively.

Cattle Exports Strengthen

The October cattle exports were about 29 percent higher than a year ago at 44,203 head. Despite exports to Mexico of less than half year-earlier levels, significantly higher exports to Canada resulted in the highest monthly export volume recorded since October 2001. Besides Canada and Mexico, notable numbers of cattle were exported to Qatar (2,184 head) and Russia (1,850 head) in October. Year-over-year higher exports in each month of 2018 (see chart below) totaled year-to-date exports more than 45 percent above last year, to 192,008 head.

Cattle exports seasonally very strong



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

Canadian feedlot demand derived from increased cattle slaughter is likely driving U.S. cattle shipment to Canada. November through December is the peak placement season in Canada, which might support continued strong U.S. cattle shipments there as feedlots are sourcing cattle from the United States. Thus, the cattle export forecast for 2018 is revised upward by 40,000 head to 250,000 head. The cattle export forecast for 2019 has also been adjusted upward by 40,000 head to 255,000 head.

October cattle imports were 167,968 head, up 20 percent from year-earlier levels on higher supplies from both Canada and Mexico. January through October imports totaled 1.497 million head, about 82,000 above last year. The forecast for 2018 and 2019 U.S. cattle imports were left unchanged from the previous month's forecast, at 1.885 and 1.960 million head, respectively.

Dairy

Jerry Cessna and Jonathan Law

Recent Developments in Dairy Markets

From the week ending November 3 to the week ending December 8, prices declined for most wholesale dairy products reported in the USDA *National Dairy Products Sales Report* (NDPSR). The largest change was a decline of 19.6 cents per pound for 40-pound blocks of cheddar cheese. Prices for 500-pound blocks of cheddar cheese, butter, and dry whey fell by 1.7, 1.0, and 0.4 cents per pound, respectively. The price for nonfat dry milk (NDM) rose by 1.2 cents per pound.

Dairy wholesale product prices (dollars per pound)

	For the week ending		
	Nov. 3	Dec. 8	Change
Butter	2.2629	2.2530	-0.0099
Cheddar cheese			
40-pound blocks	1.6160	1.4204	-0.1956
500-pound barrels [1]	1.3407	1.3234	-0.0173
Nonfat dry milk	0.8824	0.8945	0.0121
Dry whey	0.4681	0.4641	-0.0040

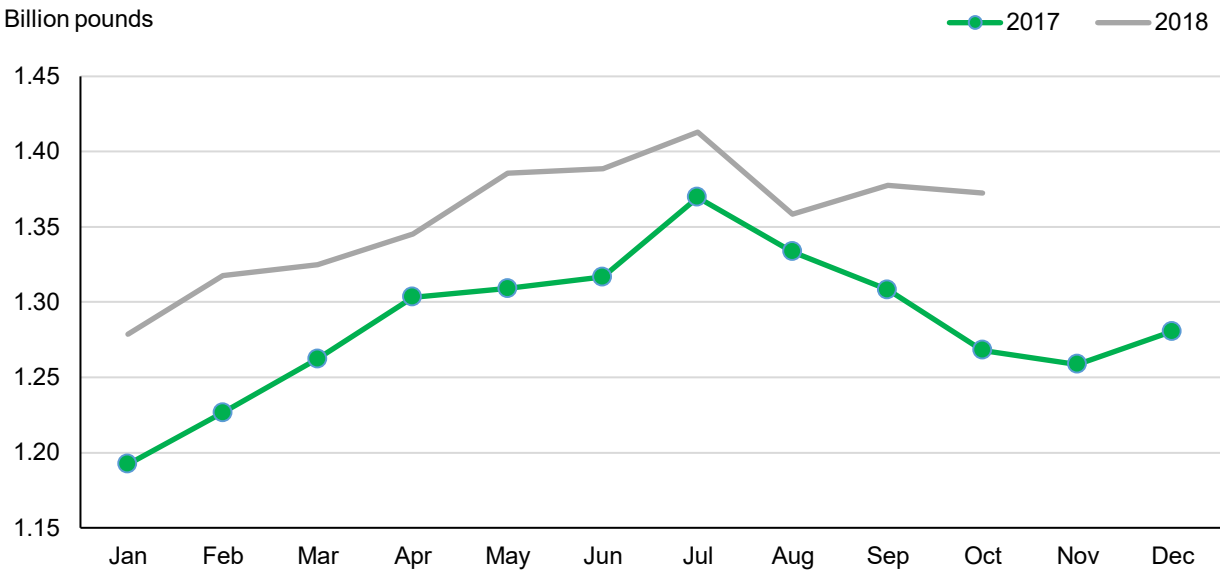
[1] Adjusted to 38-percent moisture.

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

Spot prices for cheese sold on the Chicago Mercantile Exchange (CME) were lower than the most recent NDPSR prices. For the trading week ending December 7, cheddar cheese 40-pound blocks and 500-pound barrels averaged $1.3540 and $1.2615 per pound, respectively. CME cheese prices usually lead NDPSR prices by 1 to 2 weeks. The CME butter price for the trading week ending December 7 averaged $2.230 per pound. CME butter prices usually lead NDPSR prices by 1 week.

Large cheese supplies have undoubtedly contributed to the decline in cheese prices. Cheese stocks typically fall from September to October. At the end of October, cheese stocks in cold storage totaled 1.373 billion pounds, 105 million pounds higher than October 2017 but 5 million pounds below September. This was the smallest September-to-October decline since 2010. Butter ending stocks for October were above the previous year, but ending stocks for NDM, dry whey, whey protein concentrate, and lactose were below the previous year.

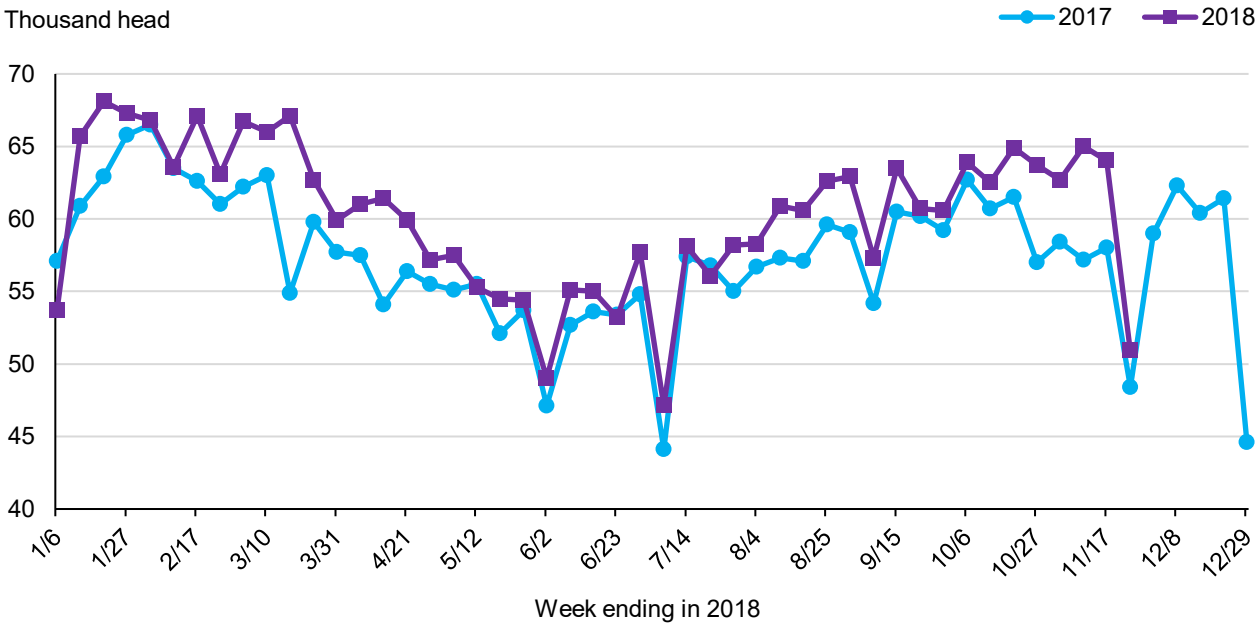
Cheese stocks [1]



[1] Does not include processed cheese or cottage cheese.
Source: USDA National Agricultural Statistics Service.

USDA National Agricultural Statistics Service (NASS) estimated that U.S. milk production in October totaled 17.905 billion pounds, 0.8 percent above October 2017. This is smaller than the year-over-year gain of 1.3 percent for September. NASS estimates that October cow numbers were 9.365 million head, a decline of 2,000 head from September. In recent weeks, dairy cow slaughter has been substantially above corresponding weeks of the previous year. Milk per cow averaged 1,912 pounds in October, 21 pounds above October 2017.

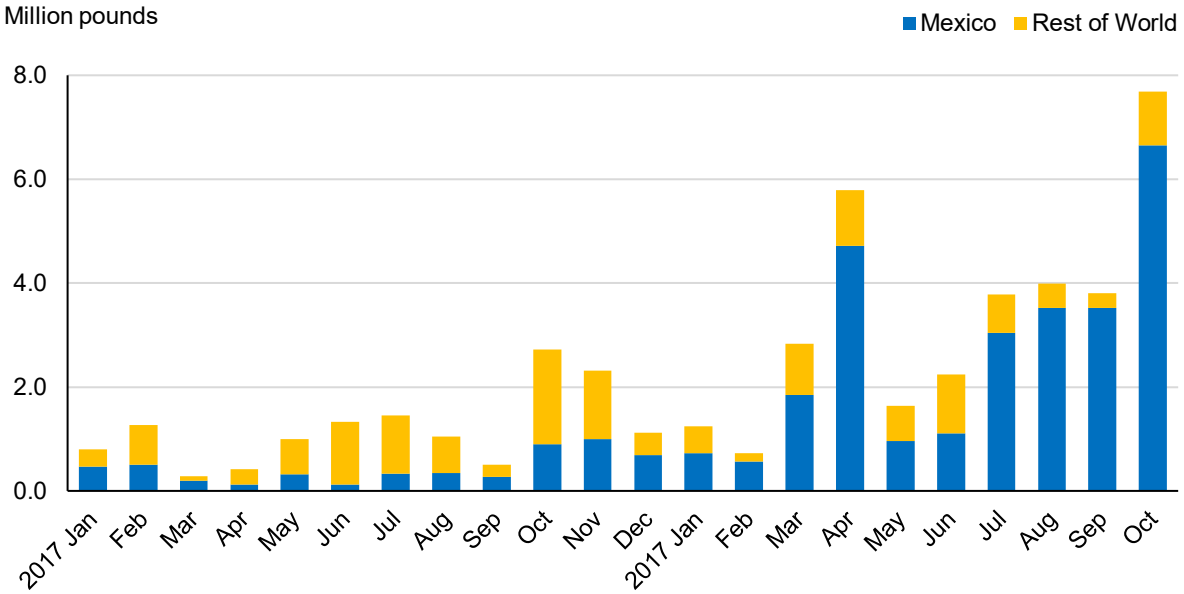
Federally inspected dairy cow slaughter



Source: USDA Agricultural Marketing Service.

On a milk-fat milk-equivalent basis, October exports were 919 million pounds, an increase of 71 million pounds from September and 136 million from October 2017. Notably, exports of butteroil and anhydrous milkfat (AMF) were 7.7 million pounds in October, an increase of 3.8 million pounds from September. Exports to Mexico accounted for 86.6 percent of October butteroil and AMF exports. On a skim-solids milk-equivalent basis, exports were 3.510 billion pounds, an increase of 64 million pounds from September and 12 million pounds from October 2017. Exports of nonfat dry milk/skim milk powder (NDM/SMP) were 133.8 million pounds, an increase of 17.8 million pounds from September, with 54.0 percent of October exports to Mexico. However, exports of lactose fell to 64.1 million pounds in October, a decrease of 4.6 million from September.

Exports of anhydrous milkfat and butteroil



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

On a milk-fat basis, October dairy imports were 620 million pounds, 71 million above September and 88 million above October 2017. Imports of butterfat products continue to be relatively high compared to last year. On a skim-solids basis, dairy imports were 427 million pounds, 72 million above September but 68 million below October 2017.

Year-over-year growth in domestic commercial use has been modest. For the 3 months ending October 2018, domestic commercial use was higher than the same months of the previous year by 0.7 percent on a milk-fat basis and 1.3 percent on a skim-solids basis. Notably, domestic use of American-type cheese[1] was down 3.9 percent for the same 3 months.

Outlook for Feed Prices

The alfalfa hay price in October was $178 per short ton, $2 lower than September but $25 higher than October 2017. The 2018/19 price forecasts for corn and soybean meal are $3.25-$3.95 per pound and $290-$330 per short ton, respectively—both unchanged at the midpoints from last month's forecasts.

Dairy Forecasts for the Remainder of 2018

Based on recent milk production data, lower expected milk prices, and relatively high slaughter rates, milk cow numbers for the fourth quarter of 2018 have been lowered to 9.360 million head, 5,000 less than last month's forecast. The milk per cow forecast for the fourth quarter has been lowered to 5,730 pounds per head, 10 pounds less than projected last month. With these changes, the milk production forecast for the year has been lowered to 217.8 billion pounds, 0.1 billion less than last month's forecast.

[1] American-type cheeses include cheddar, Colby, Monterey, and Jack.

The fourth-quarter forecast for exports on a milk-fat basis has been raised from last month's forecast to 2.6 billion pounds on a milk-fat basis (+0.2 billion), based on higher expected exports of butteroil and AMF. On a skim-solids basis, the fourth-quarter export forecast has been raised to 10.3 billion pounds (+0.1 billion) due to higher expected exports of NDM/SMP. The fourth-quarter forecast for imports on a milk-fat basis has been raised to 2.0 billion pounds (+0.2 billion) due to higher expected imports of butter, but the skim-solids import forecast is unchanged.

Based on recent data, 2018 ending stocks have been raised to 14.1 billion pounds on a milk-fat basis (+0.2 billion pounds) but are unchanged on a skim-solids basis. Based on recent relatively weak growth in domestic use, fourth-quarter forecasts for domestic use have been lowered to 55.9 billion pounds on a milk-fat basis (-0.2 billion) and to 44.2 billion pounds on a skim-solids basis (-0.2 billion).

The largest change for fourth-quarter dairy product price forecasts is for cheddar cheese. Due to recent lower cheddar cheese prices and high stock levels, the cheddar cheese price forecast has been lowered to $1.435-$1.455 per pound. Based on recent price data, the fourth-quarter butter price forecast has been lowered at the upper end of the range to $2.235-$2.275 per pound. The NDM price forecast is unchanged at the midpoint of the range. With relatively low supplies of dry whey, the fourth-quarter dry whey price forecast has been raised to $0.445-$0.465 per pound (although the range for the 2018 dry whey average price forecast remains unchanged from last month).

With the lower cheese price forecast more than offsetting the higher whey price forecast, the fourth-quarter Class III milk price forecast has been lowered to $14.25-$14.45 per cwt. With the lower butter price forecast, the fourth-quarter Class IV milk price projection has been lowered at the upper end of the range to $14.85-$15.15 per cwt. With lower expected class prices, the fourth-quarter all-milk price forecast is $16.90-$17.10 per cwt, a reduction from last month's forecast of $17.05-$17.35. For the year, the all-milk price forecast is $16.15-$16.25 per cwt, a reduction from last month's forecast of $16.20-$16.30.

Dairy Forecasts for 2019

Based on recent data and lower expected returns, the 2019 forecast for the milking herd has been lowered to 9.365 million head, 10,000 lower than last month's forecast. The milk per cow forecast has been lowered to 23,555 pounds per head, 10 pounds less than last month. Milk production for 2019 is projected at 220.6 billion pounds, 0.3 billion less than projected last month.

With higher expected butter imports, the forecast for 2019 imports on a milk-fat basis has been raised to 6.7 billion pounds, 0.5 billion higher than forecast last month. The forecast for imports on a skim-solids basis has been lowered to 5.2 billion pounds, down 0.1 from last month, due to lower expected imports of milk protein concentrate and various other products.

The 2019 forecast for exports on a milk-fat basis has been raised to 10.0 billion pounds, up 0.2 billion from last month's forecast, due to higher expected exports of butteroil and AMF. With lower expected lactose exports offsetting higher expected NDM/SMP exports, the forecast for exports on a skim-solids basis is unchanged.

Due to relatively weak growth of domestic use in recent months, 2019 forecasts of domestic use have been lowered to 216.3 billion pounds on a milk-fat basis (-1.0 billion) and 180.9 billion pounds on a skim-solids basis (-0.3 billion). The forecast for ending stocks on a milk-fat basis has been raised to 13.7 billion pounds (+1.1 billion), as relatively high stocks of cheese and butter are expected to persist

in 2019. The 2019 forecast for ending stocks on a skim-solids basis has been lowered to 10.4 billion pounds (-0.1 billion), as lower expected stocks of NDM and whey products more than offset higher expected cheese stocks.

Due to recent low cheese prices and high stock levels, the 2019 cheese price forecast has been lowered from last month's forecast to $1.495-$1.575 per pound. The 2019 butter price forecast has been lowered at the midpoint of the range to $2.200-$2.310 per pound. The NDM price forecast is $0.835-$0.895 per pound, unchanged from last month at the midpoint of the range. With considerably lower expected cheese prices, some milk will likely shift from cheese manufacturing to production of butter and NDM. With less expected cheese production, less whey solids will be produced. Due to relatively low stock levels and lower expected whey production, the dry whey price forecast has been raised to $0.405-$0.435 per pound.

With lower projected cheese prices more than offsetting higher expected dry whey prices, the 2019 Class III price forecast has been lowered to $14.65-$15.45 per cwt. The Class IV price forecast for the year is $14.40-$15.30 per cwt, unchanged from last month at the midpoint of the range. With the lower Class III price forecast, the all-milk price for 2019 is now forecast $16.40-$17.20 per cwt, a reduction from last month's forecast of $16.70-$17.60.

Pork/Hogs

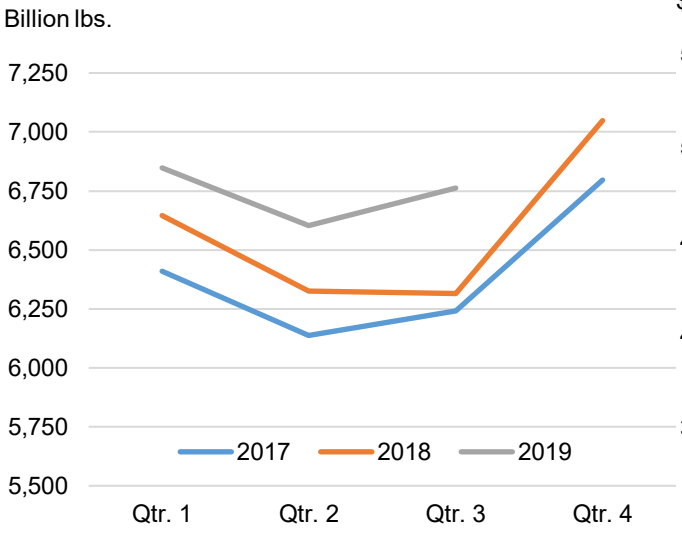
Mildred Haley

Fourth-Quarter Pork Production Likely To Be Record High

Commercial pork production is on course to achieve a record in the fourth quarter, at slightly more than 7 billion pounds. A major factor in large pork production is recently expanded processing capacity in three Midwestern States. Federally inspected (FI) pork production in October was 2.437 billion pounds (5.9 percent above a year earlier); FI production for November is estimated at about 2.3 billion pounds, almost 5 percent above November 2017. Although the additional slaughter day in October this year is also contributing to the quarterly production record, expanded processing capacity enabled the industry to increase its average weekday slaughter rate from 459 thousand head per day in October 2017 to 469 thousand head per day in October 2018. Strong gains in average weekday slaughter characterized November as well. Estimated FI data suggest a November slaughter rate of 470 head per day, compared with 459 head per day in November 2017. The record-high fourth-quarter production forecast is expected despite average dressed weights that are likely to be slightly below last year's same-period weights. For December, the expected lower dressed weights are not anticipated to significantly offset seasonally higher numbers of slaughter-ready hogs.

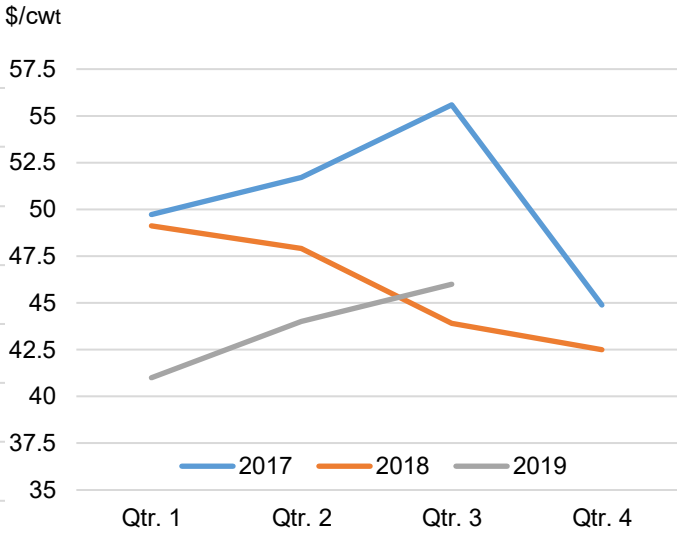
Prices of live equivalent 51-52 percent lean hogs, for the balance of 2018 and through the first half of 2019, are expected to continue to reflect large supplies of available hogs. Prices next year, however, will likely trend higher, reflecting robust demand for comparatively low-priced U.S. pork—in both domestic and international markets—and increased processor competition for hogs as processing capacity continues to expand. Fourth-quarter prices are expected to average $42-$43 per cwt, about 5 percent below a year earlier. In the first half of 2019, hog prices are likely to fall below prices of a year earlier—$40-$42 per cwt in the first quarter (almost 17 percent below first quarter 2018), and $42-$46 in the second quarter (about 8 percent below prices in the second quarter of 2018)—but prices in the third quarter are expected to be above a year earlier, at $44-$48 per cwt, about 5 percent above prices in the same quarter of 2018.

Commercial pork production: Quarterly, Jan. 2017-Sept. 2019



Source: World Agricultural Outlook Board, USDA.

Hog prices*: Quarterly, Jan. 2017-Sept. 2019



* live equiv, 51-52 percent lean.
Source: World Agricultural Outlook Board, USDA.

Small Year-Over-Year Increase in October Pork Exports

U.S. pork exports in October were 502 million pounds, 1.5 percent higher than a year earlier. Shipments were lower to Mexico (3.9 percent below October 2017), and to China\Hong Kong (44.4 percent lower than a year ago). Both these countries have imposed retaliatory tariffs on U.S. pork products. All other things equal, the tariffs make U.S. pork more costly than pork imported by China from other pork-exporting countries. Fourth-quarter exports are expected to be 1.655 billion pounds, more than 7 percent above same-period shipments last year. U.S pork exports to major foreign destinations are summarized in the table below. Quarterly export forecasts for 2019 are increased on expectations of stronger demand from a number of key importers where U.S. pork remains price competitive.

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

	Country	Exports Oct. 2017 (mil. lbs)	Exports Oct. 2018 (mil. lbs)	Percent change (2018/2017)	Export share Oct. 2017 %	Export share Oct. 2018 %
	World	495	502	1.5		
1	Mexico	158	152	-3.9	0.32	0.30
2	Japan	100	109	8.9	0.20	0.22
3	South Korea	47	59	25.8	0.09	0.12
4	Canada	45	43	-5.2	0.09	0.09
5	Colombia	26	29	11.7	0.05	0.06
6	China/Hong Kong	43	24	-44.4	0.09	0.05
7	Australia	16	15	-6.3	0.03	0.03
8	Philippines	7	12	84.6	0.01	0.02
9	Chile	8	11	32.7	0.02	0.02
10	Dominican Republic	6	10	61.2	0.01	0.02

Source: Economic Research Service, USDA.

Poultry

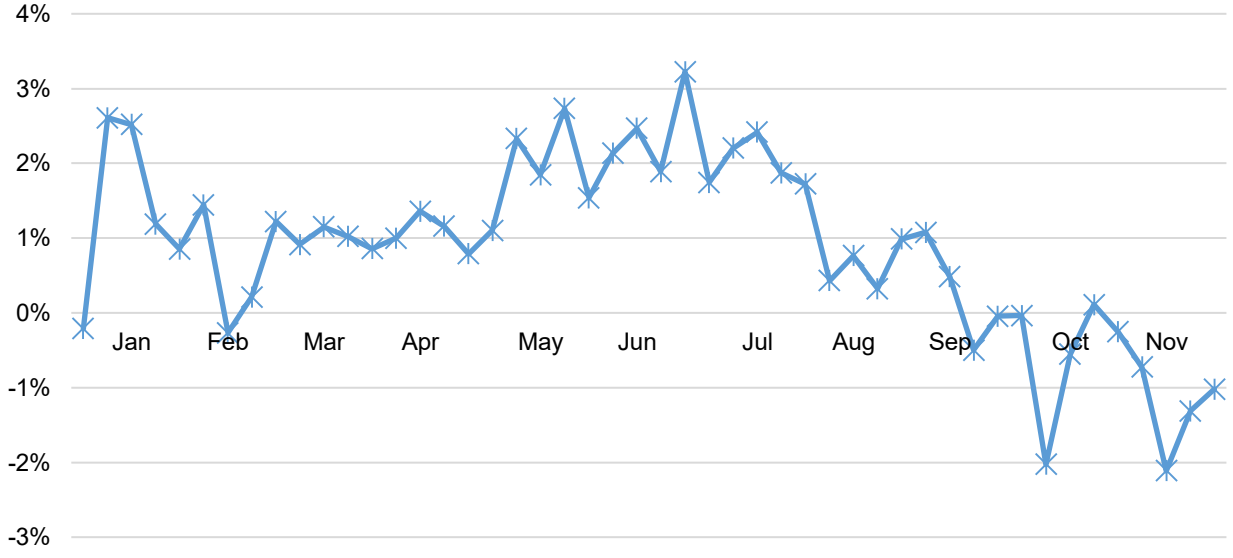
Kim Ha, and Alex Melton

Broiler Slaughter Slowing, First-Half 2019 Forecasts Revised Down

October broiler production totaled nearly 3.9 billion pounds, a 0.4 percent increase over the same period last year after adjusting for slaughter days. This growth was composed of a 0.1 percent decrease in the number of chickens slaughtered and a 0.5 percent increase in average weights. October was the first month since January 2018 in which the average rate of daily slaughter fell below 2017 levels. However, production data thus far in the quarter pointed toward higher quarterly production than expected last month, and the fourth-quarter production forecast was revised upward by 10 million pounds to 10.7 billion pounds.

After increasing rates of year-over-year growth of weekly chick placements during much of the first half of 2018, growth began slowing in August and turned negative in September (see chart below). Continued year-over-year decreases of eggs set and chick placements in October and November suggest that the trend of decreased slaughter is likely to continue into early 2019. Meanwhile, year-over-year growth of average live weights appears to be slowing as processors scale back large-bird slaughter. First-half 2019 forecasts were decreased by 120 million pounds to 21.3 billion pounds based on negative projected growth in birds slaughtered.

Year-over-year change of weekly chick placements (2018/2017)

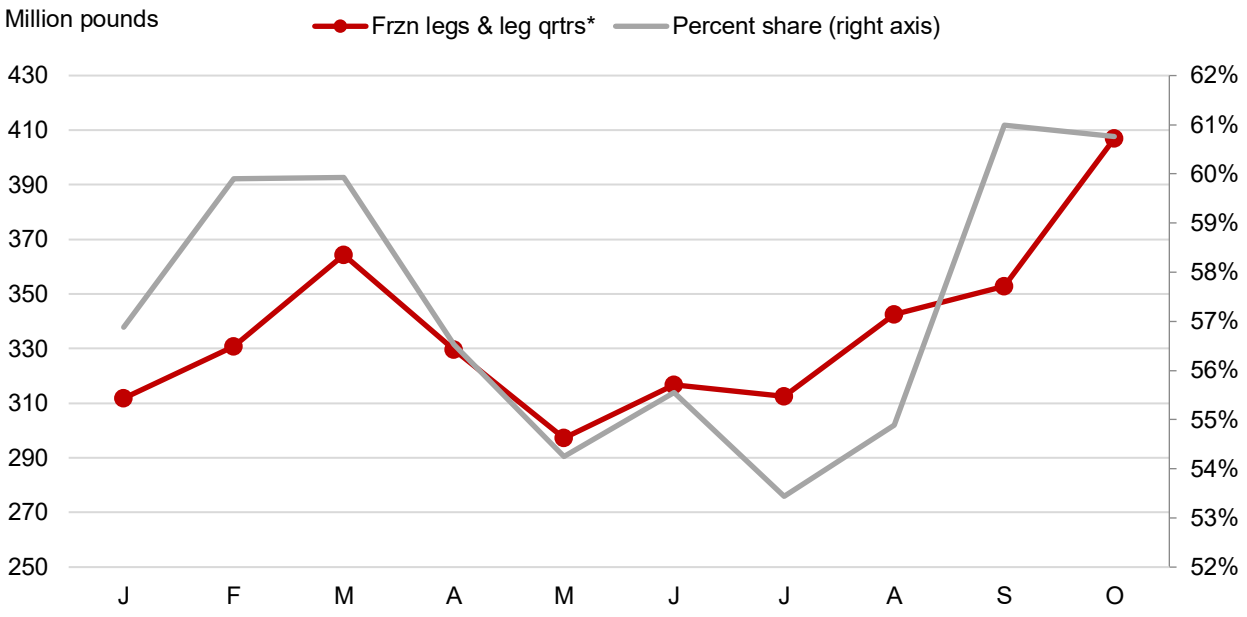


Source: U.S. Dept. of Agriculture, Economic Research Service calculations using data from U.S. Dept. of Agriculture, National Agricultural Statistics Service.

Export Volumes Approach 5-Year High

Broiler exports reached nearly 670 million pounds in October, the highest volume exported since October 2013. The surge in shipments was driven by strong exports across all product categories. In particular, increasing shipments of frozen legs and leg quarters[2] contributed significantly, reaching nearly 407 million pounds in October (see chart below). On average, these cuts represent 57 percent of export volumes; in September and October, this percentage share climbed to over 60 percent.

Monthly export volumes and percentage share of frozen legs & leg quarters (2018)

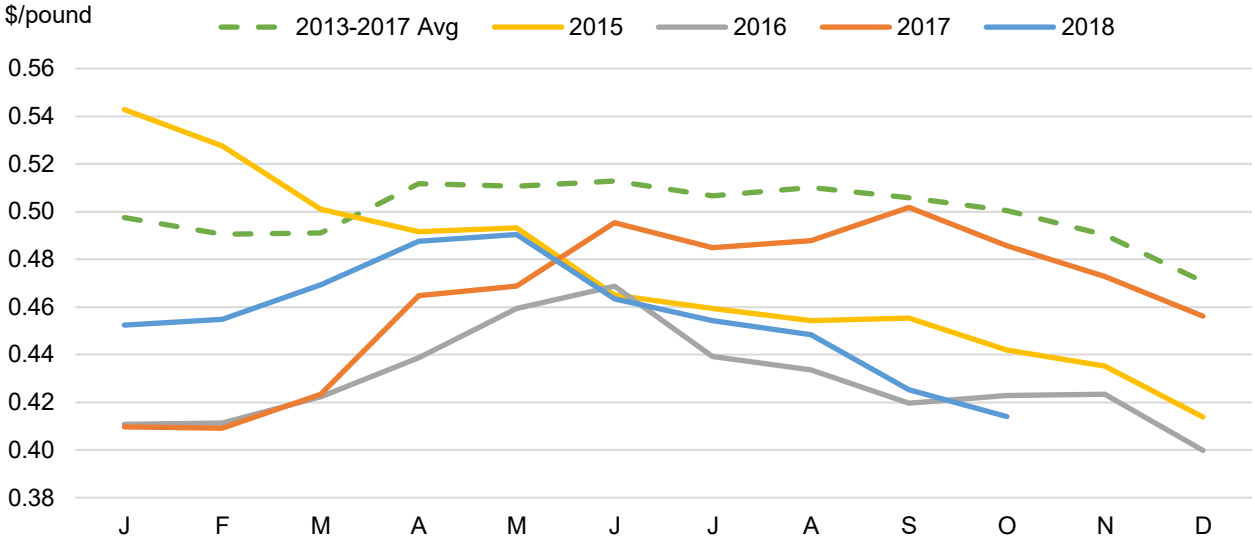


Note: * HS codes 207140025 and 207140010, respectively
Source: U.S. Dept. of Agriculture, Economic Research Service calculations using data from U.S. Department of Commerce, Census Bureau, Foreign Trade Division.

Meanwhile, unit values continued to decline rapidly, dropping below 2015 and 2016 levels (see chart below) when avian-influenza-related trade restrictions eroded broiler prices. It is anticipated that unit values will remain low in the near term, which should continue to stimulate strong export volumes. As a result, 2018 fourth-quarter forecasts were increased by 140 million pounds to 1,860 million pounds and 2019 forecasts were increased by 40 million pounds to 7,085 million pounds.

[2] (HS codes 207140025 and 207140010, respectively)

Monthly unit values for broiler exports



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

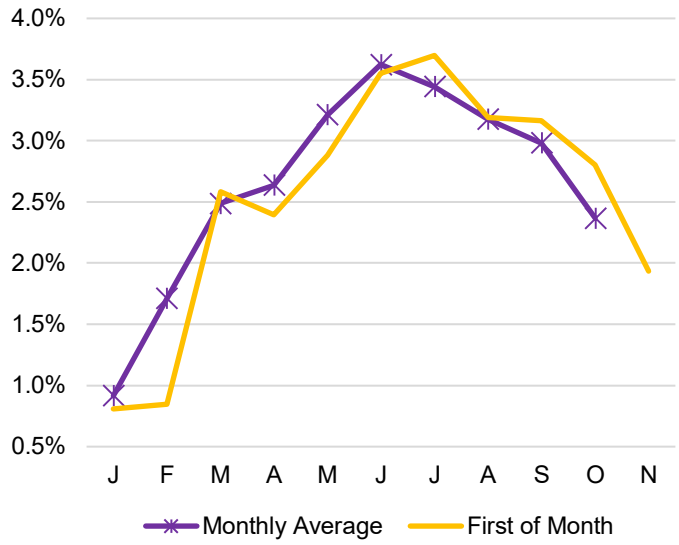
Benchmark Broiler Price Stable

Weekly whole broiler (national composite) prices averaged 86.91 cents per pound in November, 1 percent above a year earlier. During November weekly broiler prices began to consistently exceed 2017 levels for the first time since July; between July and early November prices were below 2017 levels. November and early December prices ranged from 85.74 to 87.75 cents per pound, possibly signaling that prices have rebounded from their seasonal lows. Fourth-quarter prices were forecast slightly higher at 85-86 cents per pound.

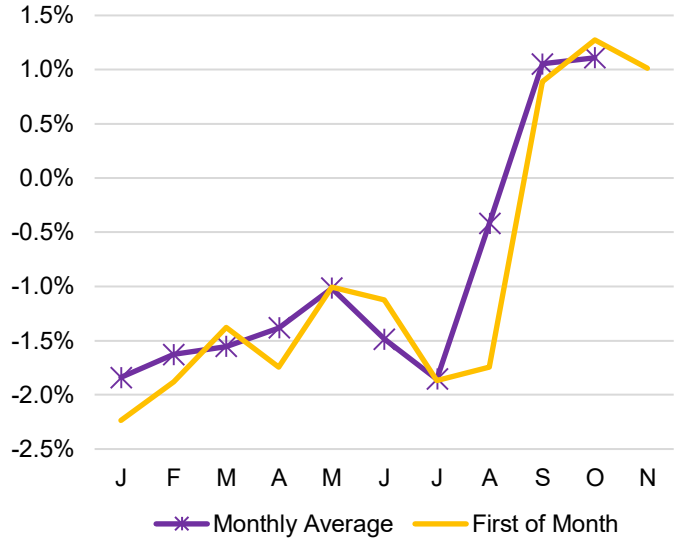
Table Egg Layer Flock Expansion Slowing, Production Expectations Reduced

Table egg production was 670 million dozen in October, a 3.5-percent increase year over year. This growth was composed of a 2.4 percent year-over-year increase in table egg layers and a 1.1-percent increase in eggs per layer. The rate of expansion in the table egg layer flock appears to be slowing as illustrated in the chart below. The November 1 table egg layer flock inventory indicates a continuation of this trend. Meanwhile, eggs per layer are expected to hover around 1 percent year-over-year growth in the near term (see chart below). Slowing flock expansion contributed to reducing the fourth-quarter table egg production forecast by 20 million dozen and first-half 2019 table egg production by 20 million dozen. Year-over-year growth in total (table plus hatching) production is now expected at 3.1 percent for fourth-quarter 2018 and 1.5 percent for 2019.

Year-over-year change in table-egg layer inventory (2018/2017)



Year-over-year change in table eggs per layer (2018/2017)



Source: U.S. Dept. of Agriculture, Economic Research Service calculations using data from U.S. Dept. of Agriculture, National Agricultural Statistics Service.

Benchmark Egg Prices Stable, Forecast Lowered

The November wholesale egg price (large grade A eggs, New York) started the month at $1.26 per dozen and increased to average $1.31 per dozen in the second-half of the month. Prices in the beginning of December indicate continued stability, though slightly down, averaging $1.29 at the midpoint. Lower-than-expected November prices, combined with lower-than-expected price volatility during the period leading up to the holidays, contributed to reducing fourth-quarter price forecasts to $1.24-1.27 per dozen.

Egg Import Forecast Revised Down

October exports of egg and egg products were 30.5 million dozen (shell-egg equivalent), a 12-percent decrease compared to 2017. This decline was driven by a 44-percent year-over-year decrease in exports of egg products. Meanwhile, exports of shell eggs were up by nearly 17 percent year over year. Forecasts remain unchanged.

U.S. imports of eggs and egg products were 1.5 million dozen. Despite being 26 percent higher than last year, imports remain low relative to imports during the period when egg supplies were affected by Highly Pathogenic Avian Influenza and are expected to remain low into 2019. As a result, the fourth-quarter forecast is lowered by 3 million dozen to 5 million dozen, and the 2019 forecast is decreased by 4 million dozen to 23 million dozen.

Turkey Production Up 3 Percent in October

October 2018 turkey production totaled 573 million pounds, a 3-percent increase from October 2017. However, this reflects 1 additional slaughter day relative to October 2017. On an average daily slaughter basis in October, production was down 1 percent compared with daily averages from a year earlier. Hatchery report data for October showed a 1-percent decline in poults hatched, but a gain of

0.25 percent in poult placements. Eggs in incubators on the first of the month were up 6 percent on the 1st of November, the second consecutive month of positive growth after a 10-month streak of negative growth. The growth in eggs in incubators is notable given diminishing returns due to wholesale prices that have remained far below recent historical averages. The 2018 turkey production forecast is increased by 15 million pounds to 5.89 billion pounds, almost 2 percent below 2017. Turkey production for 2019 is unchanged at 5.905 billion pounds, less than half-a-percent increase over the 2018 forecast.

Turkey eggs in incubators on 1st of month

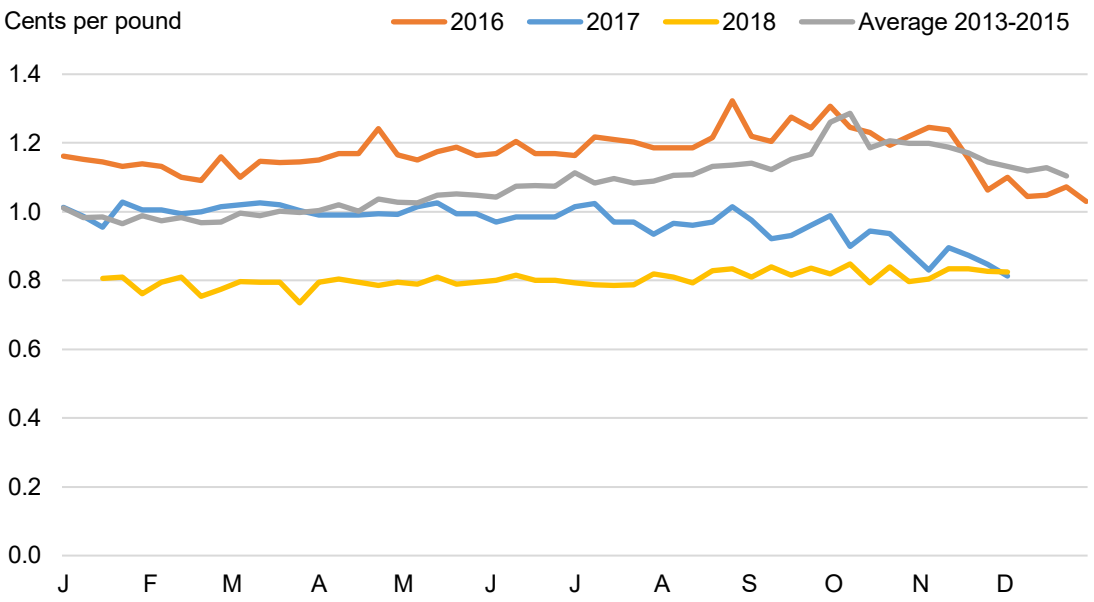
Thousand eggs in incubators

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

Whole Turkey Prices Move Slightly Above December 2018 Levels

Wholesale whole-hen frozen turkey prices have been remarkably stable throughout 2018 after their nearly 2-year fall to prices last seen in 2010. The latest price data, covering the week ending December 8, 2018, shows frozen whole hen prices at 83 cents per pound, slightly above early-December prices for 2017. This is the first time weekly wholesale prices have exceeded a year earlier since August 2016. However, prices remain significantly lower than prices in previous years. For context, prices were $1.04 per pound on December 10, 2016. The low wholesale prices indicate that turkey meat demand has not kept pace with production, further supported by higher than average stocks in cold storage. Turkey prices for 2018 are forecast to average $0.80 per pound for the year, about 17 percent below prices in 2017. In 2019, turkey prices are expected to average $0.81 to $0.88. If realized, prices at the midpoint of the range would be 5 percent higher than expectations for 2018.

Wholesale whole hen turkey prices

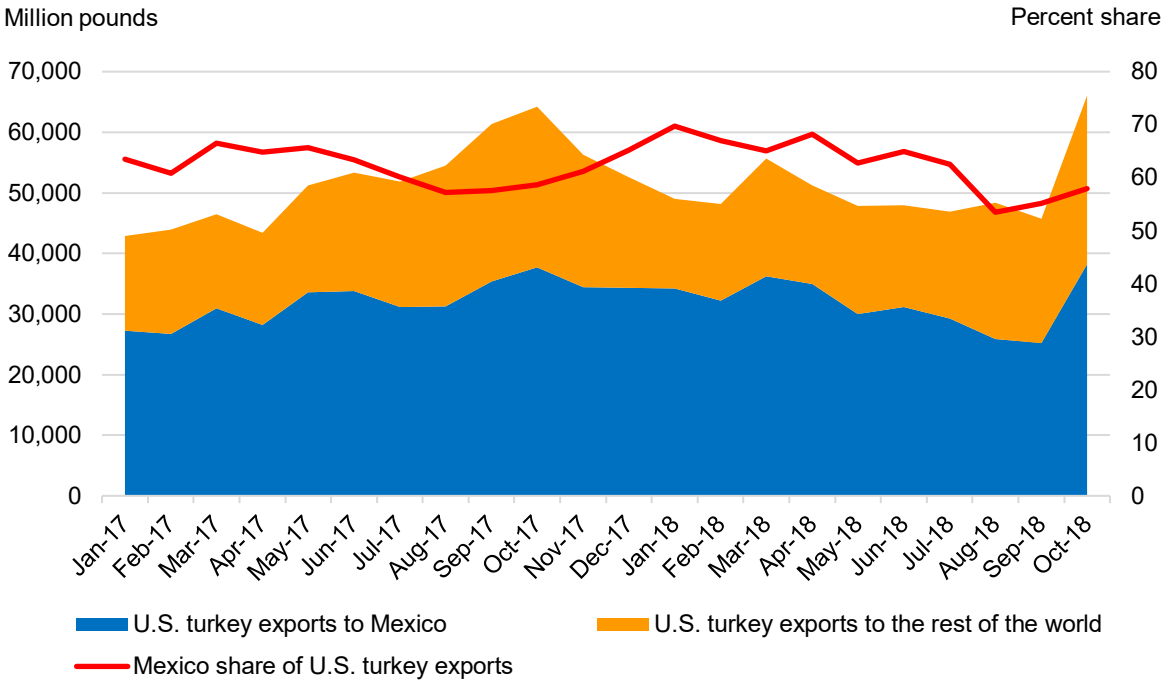


Source: USDA, Economic Research Service Livestock and Meat Domestic Data.

Turkey Exports Increase Sharply in October Following Decline

October 2018 turkey exports were 3 percent higher than a year earlier, totaling 66 million pounds. The increase follows 5 consecutive months of year-over-year declines in turkey exports, including a 25-percent decline in September 2018. October's export total exceeds every monthly total since December 2014. While one month of data is an insufficient predictor, the high total may indicate that the export market is stabilizing. Mexico remains the largest destination for U.S. turkey shipments, with 38 million pounds shipped in October, or 58 percent of all U.S. shipments. Exports are expected to total 596 million pounds in 2018, a 4-percent decrease from 2017. In 2019, turkey meat exports are expected to total 595 million pounds.

U.S. turkey exports to Mexico and the rest of the world



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

Suggested Citation

Livestock, Dairy, and Poultry Outlook, LDP-M-294, U.S. Department of Agriculture, Economic Research Service, December 17, 2018

U.S. red meat and poultry forecasts

	2015					2016					2017					2018					2019			
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	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	6,303	6,407	6,736	6,742	26,187	6,465	6,724	6,820	**6,930**	**26,939**	**6,565**	**6,975**	**7,170**	**27,875**
Pork	6,162	5,925	5,958	6,457	24,501	6,230	5,963	6,100	6,648	24,941	6,410	6,137	6,240	6,796	25,584	6,645	6,325	6,315	**7,025**	**26,310**	**6,850**	**6,605**	**6,760**	**27,715**
Lamb and muttor	38	39	37	37	150	38	39	36	37	150	37	36	35	37	145	39	38	37	**38**	**151**	**37**	**39**	**36**	**149**
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	10,385	10,685	10,940	**10,660**	**42,670**	**10,500**	**10,800**	**11,050**	**43,250**
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	1,452	1,477	1,431	**1,530**	**5,890**	**1,465**	**1,460**	**1,460**	**5,905**
Total red meat & poultry	23,157	23,382	23,940	24,150	94,629	23,834	24,119	24,623	25,038	97,614	24,617	24,621	25,197	25,734	100,169	25,129	25,406	25,706	**26,340**	**102,580**	**25,566**	**26,039**	**26,637**	**105,431**
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	1,906	1,939	1,969	**2,010**	**7,824**	**1,945**	**1,965**	**1,995**	**7,960**
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	13.9	14.4	14.3	**14.4**	**57.1**	**14.0**	**14.8**	**14.9**	**58.3**
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	12.5	12.1	12.4	**13.6**	**50.6**	**12.7**	**12.4**	**13.1**	**52.3**
Lamb and muttor	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	0.3	0.3	**0.3**	**1.1**	**0.3**	**0.3**	**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	23.2	22.4	90.8	22.6	23.3	23.5	**22.7**	**92.1**	**22.6**	**23.3**	**23.8**	**93**
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	3.5	3.8	3.9	**5.0**	**16.2**	**3.6**	**3.6**	**4.0**	**16.1**
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	53.2	54.3	54.9	**56.4**	**218.8**	**53.6**	**54.8**	**56.3**	**222.4**
Eggs, number	65.6	63.0	61.5	65.6	255.8	67.4	66.3	67.3	70.6	271.6	68.5	68.6	69.3	69.9	276.3	68.2	68.9	**70.3**	**71.3**	**278.8**	**68.5**	**68.5**	**69.7**	**279.2**
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	125.60	116.72	110.83	**113-116**	**116.91**	**119-125**	**118-128**	**109-119**	**114-122**
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	143.05	150.46	**146-146**	**146.83**	**141-147**	**142-152**	**144-154**	**142-150**
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	61.32	57.74	**47-50**	**57.29**	**52-58**	**55-65**	**56-66**	**54-62**
Choice slaughter lambs, St Joseph, $/cw	149.23	146.04	156.34	150.48	150.52	136.76	139.35	162.47	142.71	145.32	142.34	167.94	172.40	136.92	154.90	136.83	154.86	147.95	**132-135**	**143.29**	**136-142**	**154-164**	**149-159**	**144-152**
Nat'l base cost, 51-52 % lean, live equivalent, $/cw	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	47.91	43.90	**42-43**	**45.86**	**40-42**	**42-46**	**44-48**	**41-44**
Broilers, national composite, cents/lb	97.0	104.2	83.7	77.2	90.5	84.6	93.0	81.7	78.0	84.3	88.5	104.7	94.9	86.1	93.5	95.7	115.1	93.7	**85-86**	**97.5**	**92-96**	**100-108**	**91-99**	**92-99**
Turkeys, national, cents/lb	99.6	108.5	126.4	130.1	116.2	114.7	116.5	120.7	116.6	117.1	100.4	99.1	96.9	88.0	96.1	79.4	79.6	80.4	**81-82**	**80.2**	**75-79**	**79-85**	**84-90**	**81-88**
Eggs, New York, cents/doz	146.9	170.3	235.7	174.1	181.8	121.5	67.9	71.6	81.7	85.7	80.0	74.7	102.1	147.0	100.9	179.6	124.4	120.8	**124-127**	**137.6**	**117-123**	**110-120**	**120-130**	**119-128**
U.S. trade, million lb, carcass wt. equivalent																								
Beef & veal exports	523	607	542	595	2,267	535	621	660	740	2,557	653	680	746	781	2,860	730	799	826	**835**	**3,190**	**770**	**805**	**840**	**3265**
Beef & veal imports	877	989	889	613	3,368	792	831	751	638	3,012	700	812	814	668	2,993	722	805	807	**670**	**3,004**	**720**	**810**	**800**	**3020**
Lamb and mutton import	53	56	46	59	214	68	55	41	52	216	80	58	57	57	252	80	66	70	**62**	**278**	**82**	**69**	**63**	**279**
Pork exports	1,224	1,339	1,173	1,274	5,010	1,229	1,317	1,235	1,457	5,239	1,432	1,425	1,230	1,544	5,632	1,516	1,518	1,295	**1,655**	**5,984**	**1575**	**1600**	**1425**	**6450**
Pork imports	279	266	270	300	1,116	293	257	266	275	1,091	264	281	283	287	1,116	279	270	245	**265**	**1,059**	**270**	**265**	**255**	**1060**
Broiler exports	1,624	1,713	1,487	1,496	6,321	1,585	1,605	1,734	1,721	6,645	1,720	1,622	1,661	1,788	6,791	1,708	1,701	1,787	**1,860**	**7,056**	**1775**	**1745**	**1780**	**7085**
Turkey exports	148	123	125	132	529	116	141	160	153	569	133	148	168	173	622	153	147	141	**155**	**596**	**145**	**150**	**145**	**595**
Live swine imports (thousand head	1,309	1,541	1,371	1,519	5,740	1,468	1,406	1,371	1,413	5,657	1,449	1,458	1,296	1,394	5,597	1,358	1,350	1,259	**1,325**	**5,292**	**1,350**	**1,350**	**1,275**	**5,325**

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 12/12/2018

Dairy Forecasts

	2017		2018					2019			
	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Milk cows (thousands)	9,398	9,392	9,406	9,402	9,375	9,360	9,385	9,360	9,365	9,365	9,365
Milk per cow (pounds)	5,649	22,941	5,780	5,936	5,756	5,730	23,200	5,860	6,040	5,840	23,555
Milk production (billion pounds)	53.1	215.5	54.4	55.8	54.0	53.6	217.8	54.8	56.6	54.7	220.6
Farm use	0.2	1.0	0.2	0.2	0.2	0.2	1.0	0.2	0.2	0.2	1.0
Milk marketings	52.8	214.5	54.1	55.6	53.7	53.4	216.8	54.6	56.3	54.4	219.6
Milk-fat (billion pounds milk equiv.)											
Milk marketings	52.8	214.5	54.1	55.6	53.7	53.4	216.8	54.6	56.3	54.4	219.6
Beginning commercial stocks	16.2	12.7	13.4	16.4	19.1	17.3	13.4	14.1	16.5	18.7	14.1
Imports	1.6	6.0	1.2	1.6	1.7	2.0	6.5	1.4	1.5	1.7	6.7
Total supply	70.6	233.2	68.8	73.5	74.5	72.6	236.7	70.1	74.4	74.8	240.4
Commercial exports	2.4	9.2	2.4	3.0	2.6	2.6	10.6	2.4	2.7	2.5	10.0
Ending commercial stocks	13.4	13.4	16.4	19.1	17.3	14.1	14.1	16.5	18.7	16.5	13.7
Commodity Credit Corporation donations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.3
Domestic commercial use	54.8	210.5	50.0	51.5	54.6	55.9	212.0	51.1	52.8	55.8	216.3
Skim solids (billion pounds milk equiv.)											
Milk marketings	52.8	214.5	54.1	55.6	53.7	53.4	216.8	54.6	56.3	54.4	219.6
Beginning commercial stocks	12.1	9.5	11.8	11.4	11.5	10.5	11.8	10.7	11.0	11.8	10.7
Imports	1.5	6.1	1.4	1.4	1.3	1.3	5.4	1.3	1.2	1.3	5.2
Total supply	66.5	230.1	67.3	68.4	66.5	65.2	234.0	66.6	68.6	67.5	235.5
Commercial exports	11.0	40.7	11.5	12.5	10.9	10.3	45.2	10.8	11.6	11.0	44.1
Ending commercial stocks	11.8	11.8	11.4	11.5	10.5	10.7	10.7	11.0	11.8	10.6	10.4
Commodity Credit Corporation donations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.2
Domestic commercial use	43.7	177.6	44.4	44.3	45.1	44.2	178.0	44.8	45.1	45.9	180.9
Milk prices (dollars/cwt) [1]											
All milk	17.83	17.65	15.67	16.10	16.00	16.90	16.15	16.30	16.00	16.25	16.40
						-17.10	-16.25	-16.80	-16.80	-17.25	-17.20
Class III	16.34	16.17	13.87	14.95	15.05	14.25	14.50	13.75	14.35	15.10	14.65
						-14.45	-14.60	-14.25	-15.15	-16.10	-15.45
Class IV	14.12	15.16	13.01	14.32	14.53	14.85	14.10	14.60	14.45	14.20	14.40
						-15.15	-14.30	-15.20	-15.35	-15.30	-15.30
Product prices (dollars/pound) [2]											
Cheddar cheese	1.712	1.634	1.515	1.608	1.565	1.435	1.530	1.390	1.460	1.550	1.495
						-1.455	-1.540	-1.440	-1.540	1.650	-1.575
Dry whey	0.347	0.444	0.260	0.280	0.369	0.445	0.335	0.425	0.415	0.395	0.405
						-0.465	-0.345	-0.455	-0.445	-0.425	-0.435
Butter	2.295	2.330	2.161	2.320	2.284	2.235	2.240	2.185	2.200	2.205	2.200
						-2.275	-2.270	-2.265	-2.310	-2.335	-2.310
Nonfat dry milk	0.763	0.867	0.700	0.774	0.816	0.875	0.785	0.870	0.840	0.815	0.835
						-0.895	-0.805	-0.910	-0.900	-0.885	-0.895

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, Agricultural Marketing Service, Foreign Agricultural Service, and World Agricultural Outlook Board.

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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

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- 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.

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