



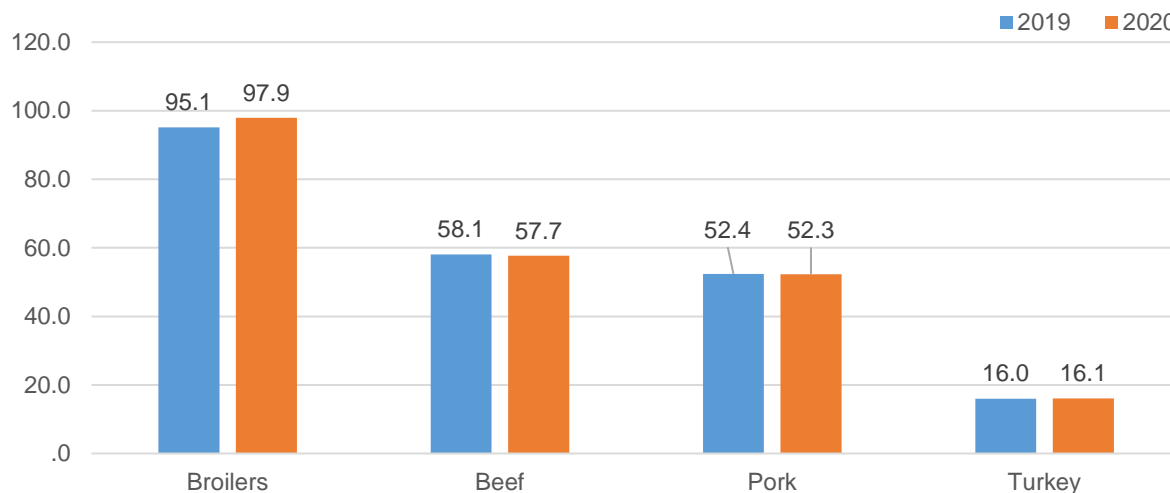
Livestock, Dairy, and Poultry Outlook

Beef and Pork Disappearance Expected To Decrease Between 2019 and 2020; Poultry Likely To Increase

Red meat and poultry disappearance is calculated as the volume of meat and poultry production that remains for domestic use after subtracting net trade and changes in cold storage volumes. Dividing this residual by the U.S. population yields the per capita quantity for use in the domestic market. Although per capita disappearance factors in both imports and exports, it is largely a supply statistic. It does not take account of waste or nonfood uses of meat products. It imparts no information about prices, tastes and preferences, and other demand factors that ultimately determine how much red meat and poultry individual consumers will choose to buy and consume.

The figure below shows expected retail weight per capita disappearance for beef, pork, broilers, and turkey for 2020, and disappearance for 2019. These are the largest-volume meats produced in the United States. Beef disappearance is likely to decline this year by about 1 percent. Pork is also forecast to decrease, albeit just slightly: about 0.3 percent. Broiler disappearance is expected to increase 3 percent this year compared to 2019. Turkey disappearance is also expected to increase about 1 percent.

U.S. retail weight per capita disappearance for major red meats and poultry, 2019 and 2020



Source: Economic Research Service, USDA calculations from World Agricultural Outlook Board, USDA data.

Beef/Cattle: The first-quarter production forecast was raised on a faster pace than a year ago of cattle slaughter along with heavier dressed weights. However, production for the remainder of the year is reduced on lower expected fed cattle slaughter that is partially offset by higher nonfed cattle slaughter, as well as by heavier dressed weights. Slower beef demand and potentially slower rates of slaughter are expected to pressure cattle prices. February's beef imports rose to 230.6 million pounds, and the first-quarter forecast was raised by 25 million pounds based on the pace of shipments from Oceania. U.S. beef exports in February were up 21 percent from a year earlier. However, forecasts for the second, third, and fourth quarters were revised down, partly due to the potential global economic downturn driven by the pandemic.

Dairy: Wholesale dairy product prices and milk price forecasts have been lowered substantially from last month's forecasts. The all-milk price forecast is \$14.35 per hundredweight, a reduction of \$3.90 from the previous forecast. Demand for dairy products is expected to be much lower due to the COVID-19 pandemic. Export forecasts have been lowered based on lower expectations for global demand.

Pork/Hogs: Information reported in the March 2020 *Quarterly Hogs and Pigs* report suggests diminishing hog production growth toward the end of 2020. It is likely also that pork production growth will slow as processors adjust to disruptions in slaughter schedules due to labor force absences caused by the COVID-19 virus. 2020 growth in U.S. pork exports is also likely to slow due to peso depreciation and demand uncertainties generated by the virus. Even so, U.S. pork exports are expected to increase more than 18 percent this year compared with exports in 2019.

Poultry/Eggs: The 2020 broiler production forecast was decreased on expectations for decreased demand from food service and foreign markets, while the price forecast was revised down on recent price movements and weakening demand. The 2020 export forecast was decreased on expectations for weakening economic conditions in global markets. The table egg production forecast was revised down on expectations for a smaller layer flock, while the 2020 price forecast was increased on expectations for strong demand and tightening supplies. The first-quarter egg export forecast was increased on strong export demand, while the second- and third-quarter forecasts were decreased on expectations for slowing exports due to higher egg prices and a strong dollar. The 2020 turkey production forecast was decreased on lower-than-expected average weights. Wholesale turkey prices for the remainder of 2020 were revised up on expectations for strengthening demand. Turkey exports for 2020 were revised down after lower-than-expected exports in January and February and expectations for weakening demand from Mexico.

Beef/Cattle

Russell Knight and Christopher Davis

COVID-19 and Economic Uncertainty Impacting Beef Industry

The spread of COVID-19 has caused shifts in the beef demand structure; coupled with global economic uncertainty, it is affecting the entire beef supply chain. Consequently, the beef production forecast for 2020 was lowered by 255 million pounds from last month's forecast to 27.4 billion pounds. However, production is expected to remain above last year's by about 1 percent. Expected steer and heifer slaughter is reduced from last month. However, it is partially offset by higher expected dressed weights and higher nonfed cattle slaughter.

In the first 2 months of the year, the pace of cattle slaughter was almost 4 percent faster than the same period last year, a pace that appears to have continued to climb through March. Also, based on the USDA, Agricultural Marketing Service weekly slaughter report for the weeks ending March 28, 2020, steer and heifer average cattle carcass weights are up 27 pounds from year-earlier levels. This represents an increase of about 4 percent and reflects a mild winter compared to last year. With a faster pace of slaughter, combined with dressed weights at levels not seen since 2016, first-quarter 2020 is expected to be 8 percent above last year and to set a record for the quarter.

One impact of COVID-19 on beef demand has been a shift in the types of demand. To the extent that the food service and hotel sector has been affected by restaurant closures or service limitations and the decline in travel, demand from that sector has declined. However, retail demand has increased as people have been told to remain at home. The impact has been felt in both the quantities and cuts of beef demanded. Concurrently, the slaughter sector itself has been faced with challenges as it adjusts to the impacts of COVID-19 on its day-to-day operations.

Second-quarter production forecast was reduced, but remains up by 1 percent from 2019. This reduction is based on an expected slower pace of fed cattle slaughter, in part as the slaughter sector responds to the impacts of COVID-19. Feedlots may also slow the pace of marketings in the short term as they are less willing to accept low prices currently offered. This reduction in the slaughter pace forecast was partially offset by higher anticipated dressed weights as cattle remain on feed longer.

Beef production in the third and fourth quarters was reduced on the expectation that feedlot operators will place fewer steers and heifers in feedlots in the first half of the year as they face lower returns and economic uncertainty. With lower expected placements in the first half of 2020, expected fed cattle slaughter in second half of 2020 is also forecast lower. However, increased nonfed cattle slaughter and higher average dressed weights will partly offset the reduction in fed cattle.

Weaker Beef Demand and Slaughter Reduction To Pressure Prices

Customer demand in the hotel, restaurant, and institutional service (HRI) sector has diminished since stay-at-home orders were put in place across much of the United States. With higher sales at the retail level in March reflecting consumers "stocking up" and retailers refilling depleted coolers, sales are expected to slow down as these demands are satiated. Currently, overall slaughter rates have been

affected as packing plants adjust to the impacts of COVID-19 on their operations. Slower demand and potentially slower rates of slaughter are expected to pressure cattle prices. However, prices are expected to improve through the rest of the year but remain well below year-ago levels.

The first-quarter 2020 average fed steer price for the 5-area marketing region is estimated at \$118.32 per hundredweight (cwt), down about 6 percent from last year. Weekly fed steer prices for the 5-area marketing region have declined since the beginning of the year, moving counterseasonally to a quarter low of \$108.84 per cwt for the week ending March 15, then rebounding briefly.

In early second quarter, fed cattle prices declined further to \$105 per cwt and will reflect seasonally increasing supplies of market-ready cattle in feedlots at heavier than year-ago weights at a time the beef packing sector is adjusting to the impacts of COVID-19. Based on weaker expected beef demand and a slower anticipated pace of cattle slaughter, the 2020 annual price forecast was lowered by \$3 to \$111 per cwt.

As fed cattle prices fall and feedlot margins decline, feedlot operations will likely reduce placements and reduce bids for feeder calves. Relatively good pasture conditions might allow producers to keep cattle on grass and other pasture until prices begin to recover. To that end, these calves will likely be placed in feedlots at heavier weights, and expected average slaughter weights will be higher. Recent price data and expectations of weaker feedlot demand underpins a decrease in this year's expected feeder calf prices. This month's annual price forecast for 2020 was lowered by \$10 to \$132 per cwt.

Beef Imports Up in February

February's beef imports rose to 230.6 million pounds, 7.1 percent above a year ago. The bulk of the increase from last year is in shipments from Australia. The higher year-over-year imports from Australia, Nicaragua, Mexico, and New Zealand more than offset declines in beef imports from other sources in February 2020. Year over year, over 16 million pounds more beef was imported from Australia this February, exceeding beef imports last year by 53 percent. Beef imports from other major sources such as Nicaragua, Mexico, and New Zealand were also up year over year by 2.5, 2.3, and 0.61 million pounds, respectively (see table below). However, there were also some reductions in shipments to the United States. While Canada was the largest beef supplier to the United States at 57 million pounds, it also had the largest reduction in beef shipments to the United States in February 2020, over 7 million pounds less than a year earlier. U.S. beef imports were also down from Brazil by 1.8 million pounds and from Uruguay by 1.3 million pounds.

Based on the pace of shipments from Oceania, higher U.S. beef imports are anticipated in the first quarter. The 2020 first-quarter forecast was raised by 25 million pounds from 720 million to 745 million pounds.

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

	February 2019	February 2020	Difference in volume	Year-over-Year change
	----- Million pounds -----			--- Percent ---
Australia	30.1	46.0	15.9	1.53
Canada	64.2	57.2	-7.1	0.89
New Zealand	36.6	37.2	0.6	1.02
Mexico	46.5	48.7	2.3	1.05
Brazil	10.3	8.5	-1.8	0.83
Uruguay	8.7	7.4	-1.3	0.85
Nicaragua	14.8	17.3	2.5	1.17

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

Beef Exports Down on Global Demand

U.S. beef exports were reported at 257.0 million pounds, up 21 percent in February 2020. Exports to the seven largest trading partners for exported U.S. beef are summarized in the table below. Bolstered by robust shipments to Japan and South Korea, U.S. beef exports in February were a record high for the month. Exports to Japan and South Korea accounted for over half of U.S. total beef exports in February 2020. Beef exports to Canada, Taiwan, and Vietnam were also noticeably higher and contributed to the overall year-over-year U.S. growth.

Conversely, there were a few major markets in which less beef was exported in February 2020 than in the previous February. Exports to Hong Kong in February were 26 percent less than a year ago, the lowest beef export to Hong Kong since 2012. Exports to Mexico were 8 percent lower than last year. Weakness in the Mexican economy and the peso likely limited Mexico's imports.

The 2020 beef export forecast for the first quarter was unchanged at 735 million pounds. However, the forecasts for second, third, and fourth quarters were revised down to 780 (-35 million pounds), 830 (-20 million pounds), and 815 (-50 million pounds), respectively. The forecast for beef exports was lowered partly due to global economic weakness and the relative strength in the U.S. dollar.

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

	February 2019	February 2020	Difference in volume	Year-over-Year change
	----- Million pounds -----			--- Percent --
Japan	56.9	75.1	18.2	1.32
Mexico	37.0	34.0	-3.1	0.92
South Korea	45.8	62.6	16.8	1.37
Canada	18.8	23.6	4.9	1.26
Hong Kong	14.8	11.0	-3.8	0.74
Taiwan	12.9	14.9	2.0	1.16
Vietnam	1.9	3.1	1.1	1.58

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

Dairy

Jerry Cessna

Effects of COVID-19 on Dairy Markets and USDA's Response

It is clear that the COVID-19 pandemic has brought about disorderly market conditions in dairy markets. However, the extent of the problems is highly uncertain, and the situation continues to evolve. Although price data for milk and dairy products are available for March and April, supply and use data are not yet available.

Domestic demand for dairy products has declined due to the crisis. Americans facing financial hardship have likely scaled back consumption of some dairy products. In addition, Americans typically consume high proportions of cheese, butter, and other dairy products through food service establishments. With the shift to a greater proportion of at-home food consumption, people are eating less of these products. With reduced food-service demand and greater demand from supermarkets, supply chain bottlenecks have developed due to logistical and packaging issues. At the same time, the dairy industry is entering its peak season of milk production. Since dairy industry supply and demand shocks are happening around the world, global dairy trade is also affected, limiting the ability of U.S. suppliers to export dairy products.

Americans tend to consume much more fluid milk at home than at food-service outlets. However, school closures have hampered fluid milk sales to some extent. According to a report by USDA Agricultural Marketing Service (AMS) entitled *Packaged Fluid Milk Sales in Milk Order Markets*, distribution to schools accounted for 8 percent of fluid milk sales under Federal Milk Marketing Orders (FMMOs)¹ in 2015. On March 26, USDA announced waivers that would give States the option to allow parents or guardians to take meals received through USDA's child nutrition programs, such as the National School Lunch Program, home to their children. Typically, children would need to be present to receive these meals. These waivers help families provide nutrition for their children and mitigate losses to the agricultural sector. For more information, see USDA Press Release 0206.20.

The dramatic decline in demand for dairy products has shocked milk processing channels. For the week ending April 10, USDA *Dairy Market News* (DMN) reported that farm milk production was steady to increasing, with mostly mild weather in all regions. Cheese, butter, and dry product inventories had all been growing. Food-service demand for cheese was extremely weak. Butter makers were looking outside of their localities for additional storage. Demand for fluid milk had been very strong a few weeks ago due to the retail rush related to COVID-19, but demand has since slowed drastically.

This overwhelming imbalance between supply and demand has caused considerable handling problems. Many loads of milk from various parts of the country are not being processed under these conditions. Such milk is often spread on fields as fertilizer, added to manure lagoons, or fed to animals.

By not processing some of the milk, the industry avoids incurring additional costs for producing, transporting, and storing products that have limited market value. For milk that would usually be pooled on a FMMO but currently has no market, USDA is providing flexibility at the request of the farmers'

¹ Most U.S. milk is marketed through FMMOs. Federal Milk Marketing Orders (FMMOs) establish certain provisions under which dairy processors purchase fresh milk from dairy farmers supplying a marketing area. For more information, see the Federal Milk Marketing Orders web page on the AMS website.

cooperative or non-cooperative milk handler. This milk may remain pooled on the FMMO, though the handler still bears the loss of the manufacturing value of that milk. If that handler is a farmer cooperative, as is most common, that loss is borne by its farmer-owners together.

On March 27, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) into law. The CARES Act contains \$9.5 billion in assistance for agricultural producers who have been impacted by COVID-19 along with a \$14 billion replenishment to the Commodity Credit Corporation. The implementation details have not yet been announced. For more information, see USDA Press Release 0208.20.

Discussion of Recent Dairy Market Data

From the week ending February 29 to the week ending April 4, most wholesale dairy product prices reported in the USDA *National Dairy Products Sales Report* (NDPSR) declined substantially. The butter price fell by 14.8 cents to \$1.6209 per pound. The nonfat dry milk (NDM) price declined by 14.7 cents to \$1.0773 per pound. Prices for Cheddar cheese 40-pound blocks and 500-pound barrels fell to \$1.8215 (-8.3 cents) and \$1.4784 (-12.6 cents), respectively. The dry whey price was little changed at \$0.3767 per pound (+0.02 cents).

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

	For the week ending		Change
	Feb. 29	Apr. 4	
Butter	1.7691	1.6209	-0.1482
Cheddar cheese			
40-pound blocks	1.9049	1.8215	-0.0834
500-pound barrels ¹	1.6048	1.4784	-0.1264
Nonfat dry milk	1.2239	1.0773	-0.1466
Dry whey	0.3743	0.3767	0.0024

¹ Adjusted to 38-percent moisture.

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

The most recent Chicago Mercantile Exchange (CME) spot prices for dairy products have been substantially lower than the most recent NDPSR prices. From the trading week ending February 28 to the trading week ending April 10, prices for butter, NDM, and dry whey fell to \$1.2669 (-45.5 cents), \$0.8913 (-20.7 cents), and \$0.3375 per pound (-1.3 cents), respectively. Prices for Cheddar cheese 40-pound blocks and 500-pound barrels fell to \$1.1094 (-63.7 cents) and \$1.0638 (-52.6 cents), respectively. For butter and Cheddar cheese, CME average prices for the trading week ending April 10 were the lowest since 2009.

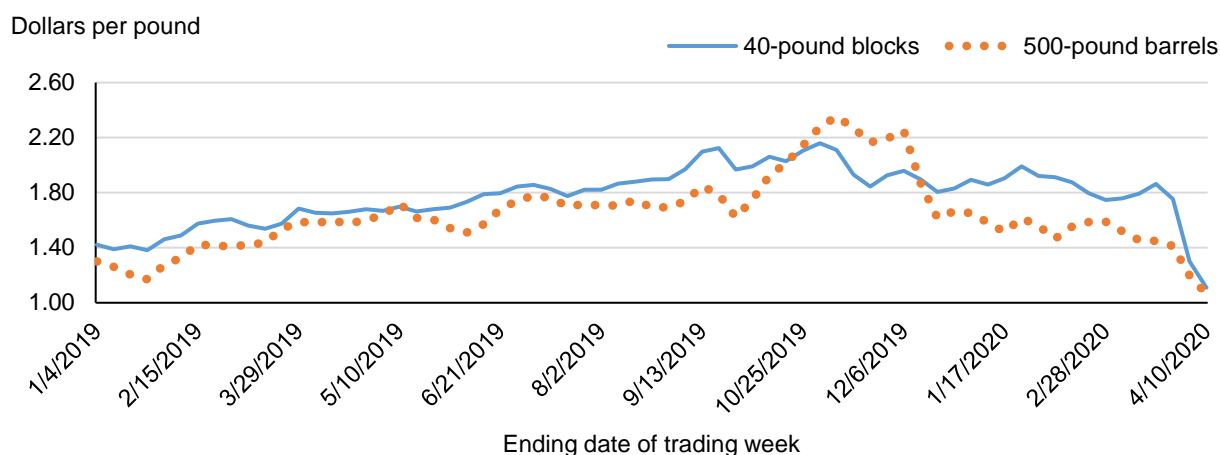
Dairy wholesale product prices, Chicago Mercantile Exchange spot market (dollars per pound)

	For the trading week ending		Change
	Feb. 28	Apr. 10	
Butter	1.7215	1.2669	-0.4546
Cheddar cheese			
40-pound blocks	1.7465	1.1094	-0.6371
500-pound barrels	1.5900	1.0638	-0.5262
Nonfat dry milk	1.0980	0.8913	-0.2067
Dry whey	0.3505	0.3375	-0.0130

¹ Adjusted to 38-percent moisture.

Source: Chicago Mercantile Exchange as reported by USDA, Agricultural Marketing Service.

Weekly average spot wholesale prices for Cheddar cheese, Chicago Mercantile Exchange



Source: Chicago Mercantile Exchange prices as reported by USDA, Agricultural Marketing Service.

U.S. domestic dairy prices have been competitive with export prices of major competitors, but recently reported European export prices have been very low. For the 2 weeks ending April 10, USDA *Dairy Market News* (DMN) reported that butter export prices for Oceania and Europe were \$1.9561 and \$1.2814 per pound at the midpoints of the ranges, respectively. Skim milk powder (SMP) export prices for Oceania and Europe were \$1.2134 and \$0.8505 per pound, respectively. The Cheddar cheese export price for Oceania was \$2.0185 per pound, and the dry whey price for Europe was \$0.3175 per pound.

According to USDA National Agricultural Statistics Service (NASS), milk production in the United States during February totaled 17.865 billion pounds. Daily milk production in February averaged 616.0 million pounds, an increase of 1.7 percent from February 2019. NASS reported that milk cows averaged 9.370 million head, an increase of 9,000 head from January. NASS revised the January estimate for cow numbers upward by 13,000 head. Milk per cow was 1,907 pounds in February. Daily milk per cow averaged about 65.8 pounds, an increase of 1.5 percent from February 2019.

In February, U.S. exports on a milk-fat milk-equivalent basis totaled 733 million pounds, 59 million higher than January but 74 million less than February 2019. On a skim-solids milk-equivalent basis,

exports totaled 3.438 billion pounds, 368 million less than January but 277 million higher than February 2019. Exports of NDM and lactose both declined from January to February, to 120.1 million pounds (-33.3 million) and 69.1 million pounds (-4.8 million), respectively. Cheese exports totaled 68.2 million pounds in February, 6.4 million higher than January but—notably—3.5 million lower than February 2019. Exports of butterfat products (anhydrous milk fat, butteroil, and high-fat dairy spreads) totaled only 0.5 million pounds in February, about the same as January but 1.3 million lower than February 2019.

There has been considerable concern about the impact of the COVID-19 pandemic on dairy exports to China. Despite some supply-chain disruptions during February, U.S dairy exports to China remained relatively strong. In February, exports to China totaled 26 million pounds on a milk-fat basis, 1 million pounds higher than January and 1 million pounds higher than February 2019. On a skim-solids basis, U.S. dairy exports to China totaled 383 million pounds in February, 36 million pounds lower than January, but 8 million higher than February 2019.

U.S. dairy imports on a milk-fat basis were 496 million pounds in February, 47 million less than January but 66 million higher than February 2019. On a skim-solids basis, February imports totaled 492 million pounds, 16 million higher than January and 57 million higher than February 2019. Imports of butter in January and February were low compared to 2019, at 3.5 million pounds (-1.3 million) and 4.8 million pounds (-0.3 million), respectively.

Dairy ending stocks for February were relatively high. On a milk-fat basis, they totaled 16.422 billion pounds, 1.094 billion higher than February 2019. On a skim-solids basis, they totaled 11.095 billion pounds, 71 million higher than February 2019.

Outlook for Feed Prices

The 2019/20 corn price forecast is \$3.60 per bushel, 20 cents lower than last month's forecast. The 2019/20 soybean meal forecast is \$305 per short ton, unchanged from the previous forecast. The alfalfa hay price in February was \$171 per short ton, unchanged from January and \$9 lower than February 2019. The 5-State weighted-average price for premium alfalfa hay in February was \$210 per short ton, unchanged from January but \$15 lower than February 2019. For more information, see *Feed Outlook*, published by USDA, Economic Research Service.

Dairy Forecasts for 2020

Milk cow number estimates reported by NASS for January and February were higher than expected. As a result, the milk cow forecast for the first quarter of 2020 has been revised upward to 9.365 million head, 15,000 higher than last month's forecast. Due to the downturn in prices, milk cow numbers are expected to contract through the rest of the year. The annual average for the 2020 is 9.350 million head, 5,000 higher than last month's forecast. Lower expected prices will likely affect yields. Average milk per cow for 2020 is forecast at 23,765 pounds, a decrease of 15 pounds per cow.

The 2020 forecast for exports on a milk-fat basis is 8.9 billion pounds, 0.3 billion lower than last month's forecast. Exports on a skim-solids basis are forecast at 42.1 billion pounds, 1.8 billion lower than last month's forecast. Based on recent data and weaker expected global demand, expectations for exports of cheese, butterfat products, NDM and SMP, and lactose are lower. The 2020 forecast for imports on a milk-fat basis is 6.6 billion pounds, 0.2 billion lower than last month's forecast, as demand for butter

and butterfat product imports is expected to be weaker. The annual forecast for imports on a skim-solids basis is unchanged at 5.6 billion pounds.

The forecast for domestic commercial use has been lowered to 217.0 billion pounds on a milk-fat basis, 1.2 billion lower than last month's forecast. The pandemic is expected to have large negative effects on cheese and butter demand. On a skim-solids basis, domestic use has been raised 0.6 billion pounds to 183.3 billion. Note that milk marketed but not processed is included in the 2020 forecasts for domestic commercial use. With weaker expected demand, stocks are expected to be substantially higher. The forecast for ending stocks has been raised from last month's forecast to 15.3 billion pounds on a milk-fat basis (+1.2 billion) and to 11.4 billion pounds on a skim-solids basis (+1.0 billion).

Based on recent price weakening and lower expected demand, 2020 price forecasts for cheese, butter, NDM, and dry whey have been lowered to \$1.380 (-37.5 cents), \$1.430 (-41.5 cents), \$0.955 (-22.0 cents), and \$0.345 per pound (-1.0 cent), respectively. With the lower expected wholesale prices for all of the major dairy products, the Class III milk price forecast has been lowered by \$3.90 to \$12.75 per hundredweight (cwt), and the Class IV price forecast has been lowered by \$3.60 to \$12.15 per cwt. The all-milk price forecast for 2020 is \$14.35 per cwt, a reduction from last month's forecast of \$18.25 per cwt.

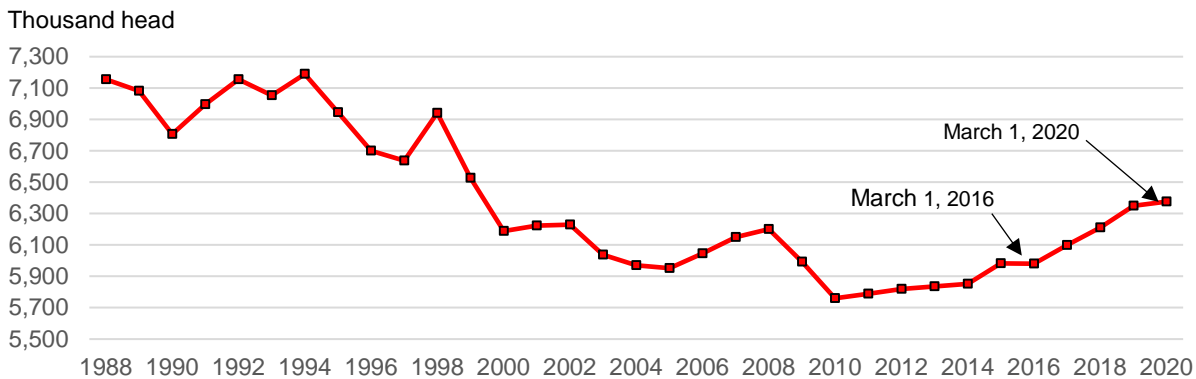
Pork/Hogs

Mildred Haley

March *Quarterly Hogs and Pigs* Report Suggests Slowing Increases in Pork Production

Estimates published in the March *Quarterly Hogs and Pigs* report suggests that the U.S. hog production industry may be tapping on the brakes. While the inventory of breeding animals continued to expand, the rate of increase slowed. March 1 inventory of breeding animals, reported at 6.375 million head, showed an increase of 0.4 percent year over year. This change is the smallest registered for the March 1 inventory since 2016 when the number of breeding animals declined 0.03 percent from a year earlier.

March 1 inventory of breeding animals



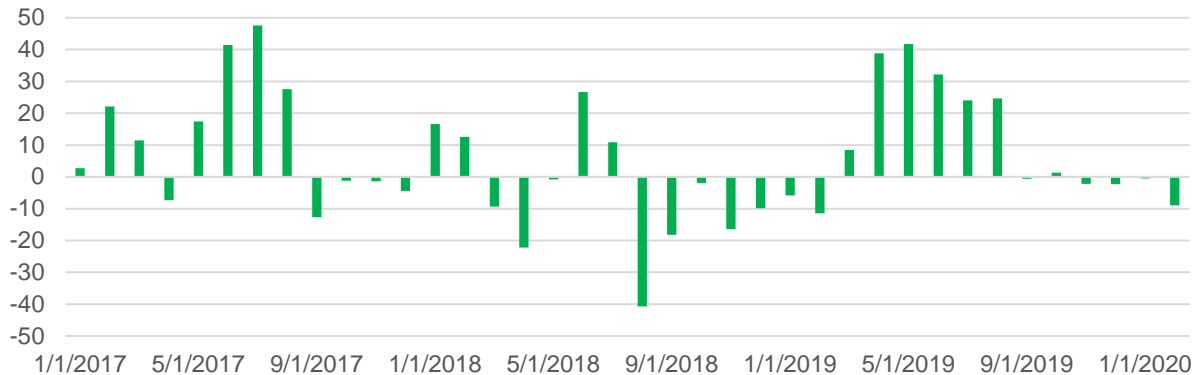
Source: USDA, National Agricultural Statistics Service.

Additionally, the report indicated that producers' farrowing intentions for the Spring and Summer 2020 pig crops were both year-over-year lower. Producers' second intentions for farrowings in the March-May quarter were reported at 3.119 million head, 28,000 head fewer than the first set of producer intentions reported in December, and 0.4 percent lower than a year earlier. First intentions for the June-August quarter were reported at 3.134 million head, more than 4 percent below year-earlier farrowings. If producers' intentions are realized, it would be the first time since 2013 that both the Spring and Summer farrowings were below a year earlier.

Negative producer returns are among the most important variables driving slower production growth in the U.S. hog industry. The Iowa State University series calculating monthly returns for Farrow to Finish operations in Iowa have shown negative returns since November 2019. The Iowa State calculations show that producer returns have been negative in 19 of the 30 months since the September 2017 opening of the first of three large Midwestern-State processing plants.

Hog producer returns, Farrow to Finish operations in Iowa

Dollars per head



Source: Iowa State University.

Slower Pork Production Increases for the Balance of 2020

Slower breeding inventory growth and lower producer farrowing intentions suggest a moderated pace of pork production growth late in 2020. It is also anticipated that pork production will be impacted by effects of the COVID-19 virus. These effects are likely to be felt particularly in the second quarter as the processing sector adjusts to the impacts of COVID-19 on its operations. As a consequence, processor adjustments to slaughter schedules are expected to slow the rate of hog slaughter, and subsequently, pork production. As some processors' hog slaughter schedules are disrupted, some postponed animal slaughter is expected to be rolled forward to succeeding quarters. Revised quarterly forecasts of 2020 pork production are as follows: Second-quarter pork production is expected to be almost 6.7 billion pounds, about 1 percent above year-ago production levels. Third-quarter pork production is forecast at about 7.3 billion pounds, an 8-percent increase from a year earlier. Production in fourth quarter should approach 7.7 billion pounds, almost 4 percent higher than a year ago. For the year, anticipated pork production is forecast at just over 29 billion pounds, more than 5 percent higher than production in 2019.

Hog prices from the second quarter through the end of 2020 are expected to reflect large animal numbers combined with the impacts of COVID-19 on pork demand. Second-quarter prices of live equivalent 51-52 percent lean hogs are expected to average \$41 per cwt, 29 percent below prices a year ago. Third-quarter prices are forecast at \$42 per cwt, about 16 percent below the same period in 2019. Fourth-quarter hog prices are likely to average \$35 per cwt, almost 19 percent below the same-period prices a year ago. For 2020, quarterly price forecasts average \$40.13 per cwt, more than 16 percent below average prices in 2019.

February Pork Export Data Show Continued-Strong China and Mexico Demand

U.S. pork exports in February—at 658 million pounds, 46 percent greater than a year ago—resembled those of January in the sense that shipments to China were outstanding. Large February exports to China were not unexpected; weekly export data reported by the USDA Foreign Agriculture Service (FAS) have shown particular strength in sales to China since the Chinese Government relaxed

retaliatory import measures aimed at U.S. pork. Increased Chinese demand for imported pork products is a consequence of the decline in Chinese pork production due to African Swine Fever (ASF) since its first diagnosis in China in August 2018. The FAS has updated its 2020 production and trade forecasts for major pork-producing and trading countries. (The new information is available in the publication, “Livestock and Poultry: World Markets and Trade”, available on the FAS website, and in the agency’s Production, Supply and Distribution database, also available on the agency’s website). It is notable, too, that exports to Canada, Mexico and Japan registered double-digit year-over-year increases in February. Foreign buyers are likely responding primarily to low U.S. pork prices compared with those of other pork-exporting countries. February exports to major foreign markets are summarized below.

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

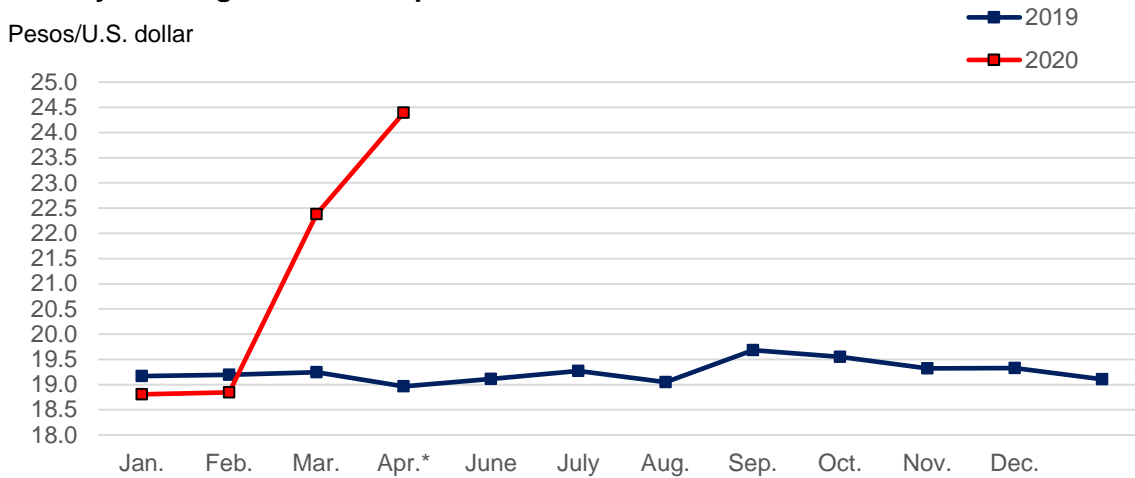
	Country	Exports Feb. 2019 (mil. lbs)	Exports Feb. 2020 (mil. lbs)	Percent change (2020/2019)	Export share Feb. 2019 %	Export share Feb. 2020 %
	World	452	658	45.5		
1	China\Hong Kong	32	198	518.3	7.1	30.1
2	Mexico	117	138	18.4	25.8	21.0
3	Japan	89	110	23.7	19.6	16.7
4	South Korea	59	52	-11.6	13.1	8.0
5	Canada	40	47	17.4	8.9	7.2
6	Australia	29	26	-11.4	6.5	4.0
7	Colombia	24	18	-27.6	5.4	2.7
8	Chile	10	13	37.1	2.2	2.0
9	Dominican Republic	9	11	20.6	2.0	1.7
10	Honduras	7	9	19.3	1.6	1.3

Source: USDA, Economic Research Service.

Demand Shocks Likely to Translate to Slower U.S. Pork Export Growth

Depreciation of the Mexican peso, together with uncertainty generated by COVID-19, is likely to negatively impact Latin American and Caribbean countries’ demand for U.S. pork exports. Lower oil prices are among the factors that have driven the value of the Mexican peso lower by almost 30 percent since the beginning of the year. Uncertainty surrounding the tourist industry in Caribbean countries is also likely to reduce demand for imported products.

Monthly exchange rate: Pesos per U.S. dollar



*April exchange rate data are for partial month.

Source: Federal Reserve Bank of Kansas City.

Revised forecasts for quarterly U.S. pork exports are as follows: First-quarter exports are expected to be 2 billion pounds (+38 percent year over year), driven primarily by Chinese demand, in light of China's continued ASF-reduced pork production. Second-quarter exports are forecast at 1.65 billion pounds, 125 million pounds less than last month's forecast but almost 8 percent above a year ago. Third-quarter exports should total 1.7 billion pounds, reduced by 100 million pounds from last month, but more than 12 percent ahead of same-period 2019. Fourth-quarter exports are expected to come in at about 2.125 billion pounds, 150 million pounds below last month's forecast but more than 16 percent higher than a year ago. These quarterly forecasts total to 7.475 billion pounds for 2020, more than 18 percent higher than total pork exports in 2019.

Poultry

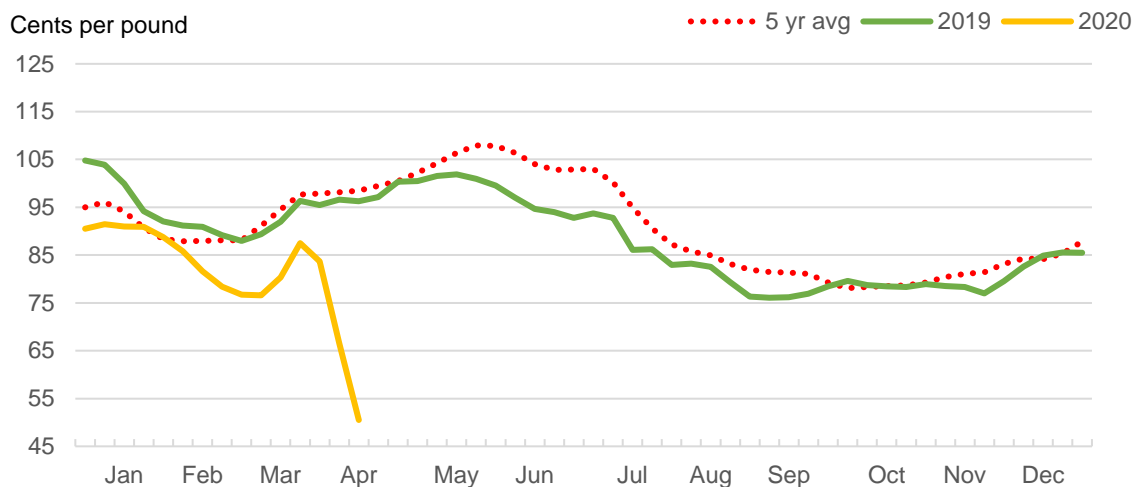
Kim Ha and Grace Grossen

Broiler Production and Price Forecasts Revised Down on COVID-19-Related Market Disruptions

Despite high optimism in the broiler industry the beginning of the year, market disruptions caused by COVID-19 and economic uncertainty have significantly impacted expectations for broiler production, prompting a downward revision to the production forecast. First and foremost, demand from the food service industry has declined sharply as restaurants and hotels have been shut down due to COVID-19-related stay-at-home measures. While retail demand is likely to remain strong as consumers prepare more meals at home, it is unlikely that it will make up for the lost food-service demand.

Since a significant share of large-bird production is marketed for food service, producers have begun scaling back their big-bird programs by harvesting large birds before they reach market weight. To the extent this practice is adopted and large-bird production is reduced, it is likely that average live weights will be lower than year-earlier levels in the coming months. In addition, producers have also begun scaling back egg sets. After 17 weeks of year-over-year gains in egg sets ranging from about 3 percent to more than 7 percent, egg sets for the week of April 4th were less than 2 percent higher year over year. Growth in chicks placed in grow-out flocks have also slowed, from an average of about 3 percent in March to less than 1 percent in the first week of April. The processing sector is also adjusting plant-level operations in response to COVID-19. Based on expectations for reduced food service and export demand, the 2020 production forecast was revised down to 45.160 billion pounds, 3 percent higher than 2019 production.

Wholesale whole-bird prices (National Composite Weighted Average)



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

Weekly wholesale whole-bird prices (National Composite Weighted Average) trended upward in March, consistent with seasonal patterns, but decreased counterseasonally during the first 2 weeks of April (see chart). This dramatic decline in prices likely reflects the impact of decreased demand from food service combined with relatively high levels of broiler supplies. The 2020 price forecast was revised down to 74 cents per pound, down 17 percent year over year.

2020 Broiler Export Forecast Decreased on Expectations for Weakening Economic Conditions in Foreign Markets

Broiler exports totaled 582 million pounds in February, up 6 percent from last year. Shipments increased year over year to several key markets, including Mexico (+22.6 million pounds), Vietnam (+14.5 million pounds), China (+13.3 million pounds), the Philippines (+11.3 million pounds), and Georgia (+10.1 million pounds) and are expected to remain strong in March. However, despite strong expectations for broiler exports in the first quarter, export demand is expected to weaken for the remainder of 2020 as markets face weakening economic conditions. In particular, the local currency of Mexico, the biggest purchaser of U.S. broiler products, fell significantly in March and is likely to impact Mexico's purchasing power. Shipments to Cuba are expected to remain low as the country continues to face foreign exchange constraints. Angola's depreciating Kwanza is not likely to recover, given that the country's economy is heavily tied to oil prices. Countries in the Caribbean region are also likely to purchase less broiler meat as their economies have been impacted by decreased tourism. In the Philippines, there have been reports of congestion at the Port of Manila, which could impact shipments. While shipments to China have been steadily increasing, it is uncertain whether the Chinese market will be able to make up for decreased exports in other markets. Based on expectations for challenging global economic conditions, the 2020 export forecast was decreased to 7.230 billion pounds, about 2 percent higher than 2019 exports.

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

Country	Volume			Export share	
	Feb 2019	Feb 2020	Change in volume	Feb 2019	Feb 2020
	<i>mil. lbs</i>	<i>mil. lbs</i>	<i>mil. lbs</i>	%	%
Top 10 largest foreign markets (per 2019 export volumes)					
Mexico	105.9	128.5	22.6	19.3	22.1
Cuba	40.7	17.3	-23.5	7.4	3.0
Taiwan	51.2	42.6	-8.6	9.3	7.3
Angola	16.1	6.8	-9.4	2.9	1.2
Vietnam	31.2	45.8	14.6	5.7	7.9
Canada	20.4	24.0	3.7	3.7	4.1
Guatemala	20.5	19.4	-1.1	3.7	3.3
Georgia	18.3	28.4	10.1	3.3	4.9
Hong Kong	18.9	11.4	-7.5	3.4	2.0
Philippines	8.5	19.8	11.3	1.5	3.4
Additional foreign markets of note					
South Africa	20.5	25.0	4.5	3.7	4.3
China (Mainland)	0.0	15.9	15.9	0.0	2.7
World	548.8	581.7	32.8	100	100

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

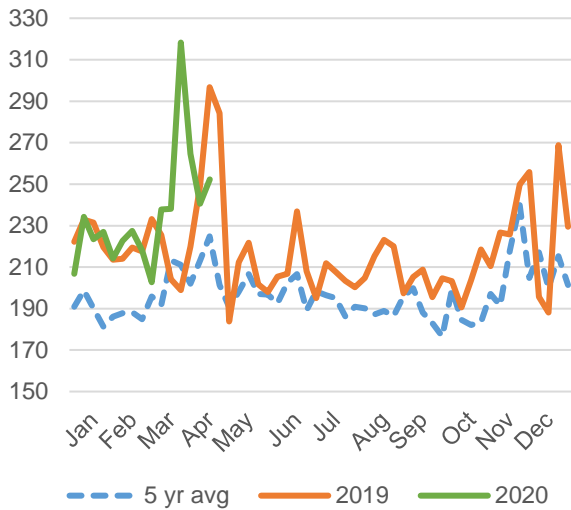
Tightening Egg Supply and Surge in Retail Demand Pushed Wholesale Egg Prices to Record Levels in March

Wholesale egg prices (New York, Grade A Large) more than tripled in March, increasing from 101 cents per dozen at the beginning of the month to 307 cents per dozen at the end of the month, the

highest price on record. While egg prices were expected to rise in line with Easter-related demand, this increase was compounded by a surge in retail demand as consumers increased purchases in preparation for more at-home meals due to COVID-19. This market activity is illustrated in the charts below; retail egg purchases spiked in March as retailers rushed to keep grocery aisles stocked, and shell egg inventories for large eggs fell significantly below historical levels after being elevated for more than a year.

Weekly retail egg purchases

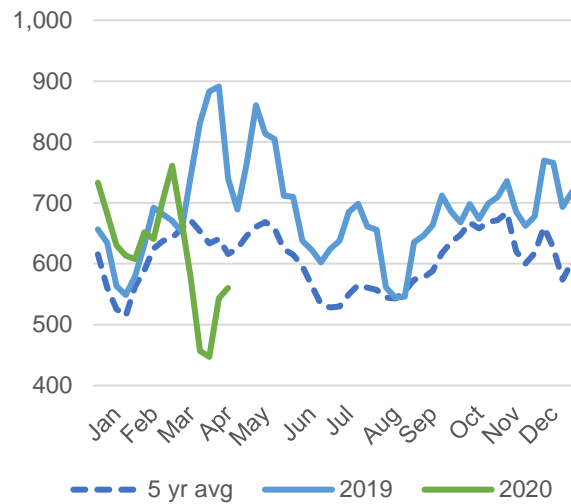
30-dozen cases (1,000s)



Note: Data representative of 14 cooperators.
Source: USDA, Economic Research Service using data from USDA, Agricultural Marketing Service.

Weekly shell egg inventory (large eggs)

30-dozen cases (1,000s)

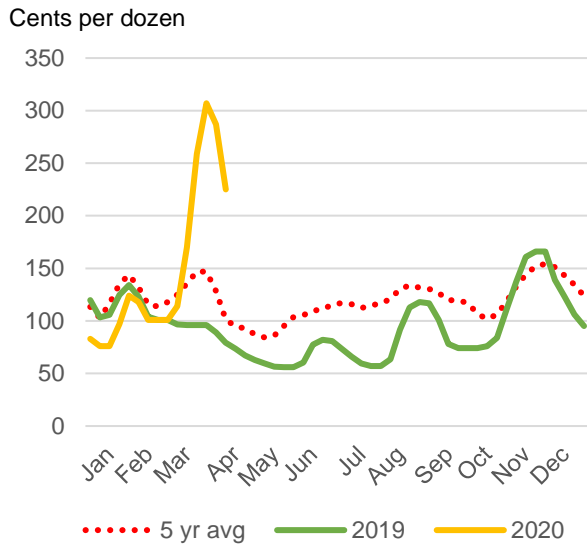


Note: Chart represents total stocks of large eggs available for marketing.
Source: USDA, Economic Research Service using data from USDA, Agricultural Marketing Service.

This surge in retail demand came at a time of industry contraction. February table egg production, which is estimated at 649 million dozen, decreased year over year for the first time since April 2016, by 1.1 percent (adjusted for leap day). While lay rates continue to increase relative to last year, the table egg layer flock decreased counterseasonally for the second month in a row, reaching 330 million layers as of March 1, or 3.5 percent below the 2019 layer flock and 0.9 percent below the 2018 layer flock (see chart). While this reduction in the layer flock might seem untimely given March wholesale egg prices, U.S. egg producers have spent much of the last year correcting an oversupply of table eggs, which caused weaker wholesale prices for most of 2019 and the beginning of 2020 (see chart).

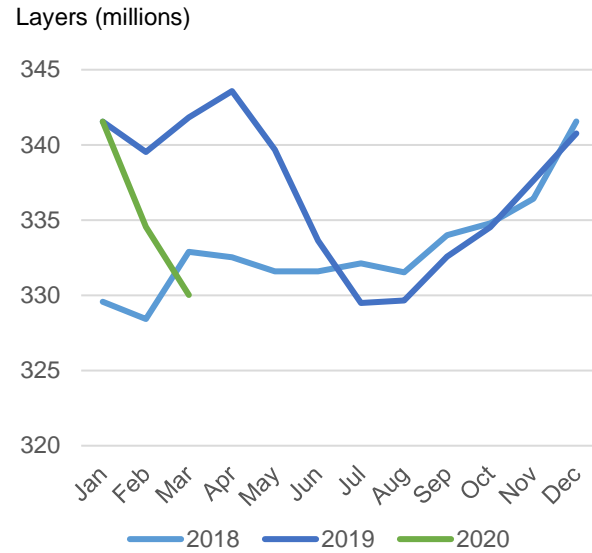
Whether egg producers choose to expand production in response to increased demand depends on the extent to which the industry expects demand to remain heightened. Given the low returns producers faced in 2019 and early 2020, they are unlikely to react strongly unless demand is expected to continue in the long term, as it would take at least 5 months (the time it takes for an egg to hatch and reach egg-laying maturity) before supply would increase significantly. The best and timeliest indicator for egg demand is price, which tends to be highly volatile. At the beginning of April, egg prices began decreasing rapidly (see chart). While prices are impacted by a number of factors, including seasonal patterns, the redirection of eggs from the food-service sectors to the retail sector has likely increased retail supplies at the same time that retailers have been able to restock their cases and demand has eased. It thus appears that egg prices are likely to return to more sustainable levels. However, based on recent price movements and expectations for lower forecast production, the 2020 egg price forecast was revised up to 127 cents per dozen, 35 percent higher than 2019 average prices.

Weekly wholesale egg prices (New York, Grade A Large)



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

Table egg layer inventory (first of month)



Source: USDA, National Agricultural Statistical Service.

Although the next *Chickens and Eggs* report will provide another month of layer inventory data and may enable some insight into industry intentions, as discussed earlier, any potential flock expansion will take time to manifest itself in increased egg production. In the intermediate term, it is possible producers could take smaller measures to increase production, such as retaining older, less-productive hens for more laying cycles. However, based on recent reductions in the layer flock and uncertainty around demand, supplies are expected to remain tight for the remainder of 2020—the basis for lowering the 2020 table egg forecast down to 8,310 million dozen, up less than 1 percent from 2019 production.

Egg Export Forecast Revised Down

February exports of eggs and egg products are estimated at 29.9 million dozen (shell egg equivalent), a 55-percent increase year over year. This increase was comprised of a 33-percent increase in shell egg exports and an 85-percent increase in egg product shipments. Shipments were particularly strong to Mexico (which increased shipments year over year by 6,720 thousand dozen), Japan (+930 thousand dozen), Hong Kong (+914 thousand dozen), and South Korea (+774 thousand dozen). The first-quarter export forecast was increased to 90 million dozen on expectations for continued strong demand in March.

However, with higher prices in the domestic market and strength in the dollar, it is expected that exports will slow in the second and third quarter, which was the basis for lowering the forecast to 70 million and 75 million dozen, respectively. The 2020 export forecast is 315 million dozen, a 6-percent decrease compared to 2019 volumes.

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

Country	Volume			Export share	
	Feb 2019	Feb 2020	Change in volume	Feb 2019	Feb 2020
	<i>Thousand dozen</i>	<i>Thousand dozen</i>	<i>Thousand dozen</i>	%	%
Canada	5,028	4,763	-265	26.0	15.9
Mexico	4,992	11,712	6,720	25.9	39.2
Hong Kong	2,702	3,615	914	14.0	12.1
Japan	1,222	2,152	930	6.3	7.2
Jamaica	623	620	-3	3.2	2.1
Trinidad and Tobago	608	514	-94	3.1	1.7
South Korea	348	1,122	774	1.8	3.8
Philippines	553		-553	2.9	0.0
United Arab Emirates	237	639	402	1.2	2.1
Denmark	339	600	261	1.8	2.0
World	19,303	29,881	10,578	100	100

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

First-Quarter Turkey Production Revised Down

February turkey production totaled 446.7 million pounds, a 2.5-percent decrease from February of last year. Turkey slaughter in February was 2 percent below a year ago, at 17.1 million head. Average weights also fell 0.5 percent below February last year, after 16 months of continuous year-over-year increases in average live weights. The chart below shows the weekly average live weight data through the week ending March 28th. Average live weights were below last year by an average of 0.6 pounds over the last 8 weeks, indicating that the average weight will likely be lower again for March. Based on lower-than-expected weights, the first-quarter production forecast was revised down by 10 million pounds from last month's forecast, putting the 2020 production forecast at 5910 million pounds, a 1.6-percent increase over 2019.

Weekly average turkey live weights



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

Turkey Exports Revised Down

February turkey exports totaled 43.7 million pounds, an 8.7-percent year-over-year decrease compared to February 2019. This is the third consecutive month with a year-over-year decline. Exports to Mexico, the United States' largest turkey export destination, increased slightly year over year. However, total exports are expected to decrease in March, in part as a result of the global economic effect of the COVID-19 pandemic. Exports to Mexico in particular are expected to reflect the effect of the peso's decline in value against the dollar. The table below shows year-over-year February turkey exports to Mexico, the United States' largest turkey destination, and to China, which lifted a ban on poultry imported from the United States in November. The ban was in place for 4 years.

February turkey exports (million pounds)

	Feb 2019	Feb 2020	YOY % Change
Mexico	26.1	26.4	0.99%
China	0	2.7	
All Others	21.8	14.7	-32.68%
Total	47.9	43.7	-8.71%

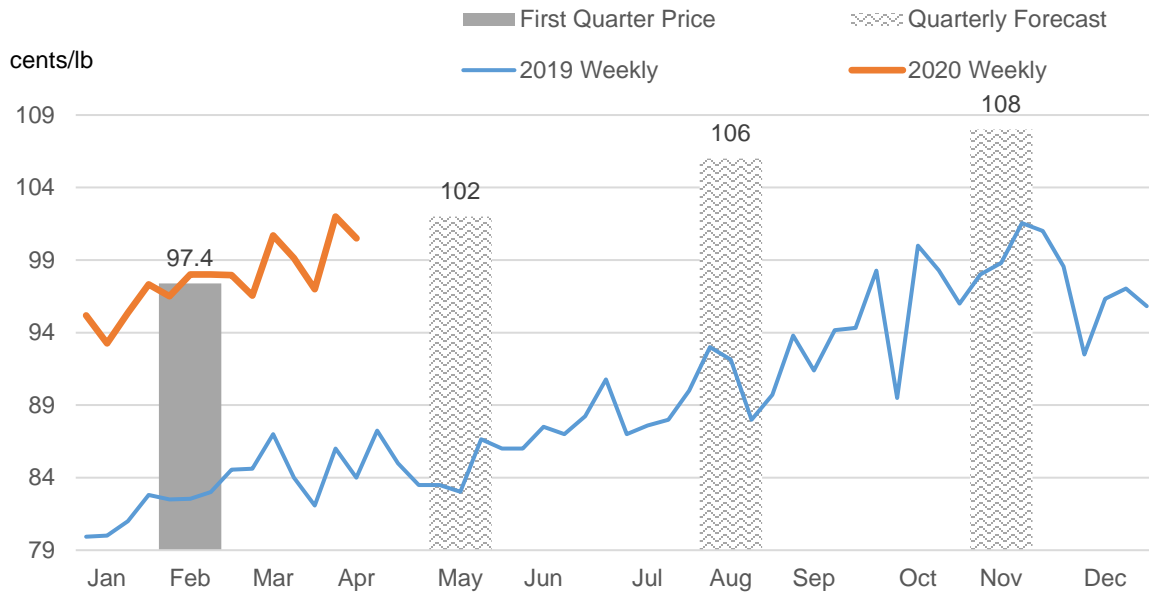
Source: Economic Research Service, Livestock and Meat International Trade Data.
YOY = Year Over Year.

Due to the strength of the dollar and global economic weakness, the 2020 export forecast was revised down by 70 million pounds from last month's forecast to 580 million pounds, a 9-percent decrease from 2019 exports. The import forecast remains unchanged.

2020 Turkey Prices Revised Up

The first-quarter average wholesale price for frozen whole hens was 97.4 cents per pound, 2 percent above the 5-year average quarterly price and 18 percent above last year's first-quarter price. The weekly prices in the first quarter averaged about 14 cents above the same weeks in 2019. The price incline that started last year is expected to continue. The price projections for the remaining quarters of 2020 have been revised up to 102 cents per pound in the second quarter, 106 cents in the third quarter, and 108 cents in the fourth quarter, shown in the chart below. These prices would be 20 percent, 17 percent, and 10 percent over last year's quarterly prices, respectively. This reflects an expected increase in consumer demand for more affordable proteins in a time of economic uncertainty, particularly ground turkey, which is typically an inexpensive alternative to ground beef.

Weekly frozen wholesale whole hen turkey price



Source: USDA, Economic Research Service using data from USDA, Agricultural Marketing Service and USDA, World Agricultural Supply and Demand Estimates.

Suggested Citation

Livestock, Dairy, and Poultry Outlook, LDP-M-310, U.S. Department of Agriculture, Economic Research Service, April 15, 2020

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U.S. red meat and poultry forecasts

	2016				2017				2018				2019				2020								
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual					
Production, million lb																									
Beef	5,938	6,187	6,472	6,625	25,221	6,303	6,407	6,736	6,742	26,187	6,466	6,726	6,819	6,862	26,872	6,414	6,814	6,923	7,000	27,151	6,925	6,890	6,780	6,850	27,445
Pork	6,230	5,963	6,100	6,648	24,941	6,410	6,137	6,240	6,796	25,584	6,645	6,325	6,315	7,031	26,315	6,838	6,615	6,706	7,478	27,637	7,395	6,650	7,250	7,740	29,035
Lamb and mutton	38	39	36	37	150	37	36	35	37	145	39	39	39	39	153	37	40	35	36	148	34	35	33	34	136
Birds	10,039	10,253	10,338	10,065	40,696	10,233	10,407	10,551	10,472	41,662	10,385	10,687	10,940	10,588	42,601	10,384	10,945	11,042	11,175	43,905	11,110	11,150	11,350	11,350	45,160
Turkeys	1,433	1,320	1,313	1,311	5,381	1,488	1,482	1,499	1,533	5,981	1,452	1,477	1,431	1,518	5,878	1,446	1,451	1,453	1,467	5,838	1,480	1,460	1,485	1,515	5,910
Total red meat & poultry	23,834	24,119	24,623	25,038	97,614	24,617	24,621	25,197	25,734	100,169	25,130	25,410	25,704	26,191	102,435	25,265	26,016	26,675	27,306	108,262	27,065	26,340	27,259	27,639	108,303
Table eggs, mil. doz.	1,812	1,846	1,895	1,957	7,599	1,928	1,934	1,953	1,992	7,807	1,940	1,970	2,003	2,039	7,952	2,046	2,054	2,049	2,116	8,245	2,050	2,040	2,075	2,145	8,310
Per capita disappearance, retail lb /																									
Beef	13.6	13.9	14.1	14.0	55.6	14.0	14.2	14.4	14.3	57.0	14.0	14.5	14.4	14.4	57.3	14.0	14.8	14.5	14.8	58.1	15.4	15.4	14.3	14.2	57.7
Pork	12.6	11.9	12.2	13.5	50.2	12.4	11.8	12.4	13.5	50.2	12.6	12.2	12.4	13.8	51.0	13.1	12.5	12.9	13.9	53.4	13.3	11.9	13.2	13.9	52.3
Lamb and mutton	0.3	0.3	0.2	0.3	1.0	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	0.2	1.1
Birds	22.5	22.8	22.8	21.8	89.8	22.4	22.9	23.2	22.5	91.1	22.7	23.4	23.6	22.9	92.6	22.5	24	24.7	23.9	95.1	24.3	24.3	25	24.3	97.9
Turkeys	3.6	3.9	4.2	4.9	16.7	3.7	3.7	4.0	5.0	16.5	3.5	3.8	3.9	4.9	16.2	3.5	3.7	4.0	4.8	16.0	3.6	3.6	3.6	4.1	16.1
Total red meat & poultry	53.0	53.0	53.8	54.9	214.7	53.3	53.3	54.7	56.0	217.3	53.4	54.5	55.1	56.8	219.8	53.8	55.7	56.7	58.2	224.3	57.3	54.2	57.3	57.9	226.7
Eggs, number	68.3	67.3	68.2	71.5	275.3	69.4	69.9	70.9	71.9	282.1	70.1	71.0	72.7	74	287.8	73.0	72.8	72.6	74.5	292.9	71.9	72.4	73.8	75.9	294.0
Market prices																									
Choice steers, 5-stein D्रेन, \$/cwt	134.81	127.68	113.26	107.69	120.86	122.96	132.76	112.46	117.88	121.52	125.60	116.72	110.83	113.32	117.12	125.27	118.79	108.16	114.88	116.78	118.32	105	109	112	111
Feeder steers, OK City, \$/cwt	155.83	146.49	140.66	128.30	142.82	129.56	147.75	124.82	154.88	145.08	146.29	143.05	150.46	147.90	146.93	140.76	140.51	140.19	147.44	142.23	136.42	123	128	135	130.5
Culler cows, National L.E., \$/cwt	73.50	75.87	73.16	57.75	69.75	62.63	69.78	58.68	65.16	61.60	61.32	57.74	49.07	57.43	53.34	58.30	60.42	53.66	56.43	59.38	56	56	50	55.5	
Choice slaughter lambs, St. Joseph, \$/cwt	136.76	139.35	162.47	142.71	145.32	142.34	167.94	172.40	154.90	136.92	136.83	134.86	147.95	134.30	143.49	136.23	156.16	154.93	150.99	149.58	158.86	152	152	155	154.5
Nafl base cost, 51-52 % lean, live equivalent, \$/cwt	44.63	53.71	49.26	37.02	46.16	49.73	51.70	35.59	44.89	50.48	49.12	47.91	43.90	42.77	45.95	40.67	57.95	50.08	43.11	47.95	42.52	41	42	35	40
Broilers, national composite, cent/sb	84.6	93.0	81.7	78.0	88.5	84.3	88.5	93.5	86.1	95.7	93.7	93.7	86.7	97.80	94.0	97.7	82.0	80.60	80.60	83.5	70.0	72.0	70.0	74.0	74.0
Turkeys, national composite, cent/sb	114.7	116.5	120.7	116.6	117.1	100.4	99.1	96.9	88.0	96.1	79.4	79.6	80.4	81.4	80.20	82.8	85.5	90.8	97.80	89.20	97.4	102.0	106.0	108.0	103.5
Eggs, New York, cent/sbzoz.	121.5	67.9	71.6	81.7	85.7	80.0	74.7	102.1	147.0	100.9	124.4	120.8	125.6	137.60	107.3	69.7	81.9	117.20	94.00	133.1	125.0	120.0	120.0	130.0	127.0
U.S. trade, million lb, carcass wt. equivalent																									
Beef & veal exports	535	621	660	740	2,557	653	680	746	781	2,899	731	801	828	800	3,161	696	790	788	748	3,022	745	780	830	815	3,160
Beef & veal imports	792	831	751	638	3,012	700	812	814	668	2,995	721	805	807	664	2,998	738	836	771	711	3,057	745	750	745	700	2,940
Lamb and mutton imports	68	55	41	52	216	80	58	57	57	232	66	66	70	57	273	80	73	53	66	272	80	59	61	57	287
Pork exports	1,229	1,317	1,235	1,457	5,239	1,432	1,426	1,230	1,544	5,632	1,516	1,520	1,298	1,542	5,876	1,446	1,535	1,516	1,825	6,321	2,000	1,650	1,700	2,125	7475
Pork imports	293	257	266	275	1,091	264	281	283	287	1,116	279	270	245	248	1,042	259	227	231	227	945	205	195	205	210	815
Broiler exports	1,585	1,605	1,734	1,721	6,645	1,720	1,622	1,659	1,785	6,786	1,709	1,704	1,785	1,871	7,069	1,722	1,724	1,784	1,880	7,109	1,775	1,755	1,800	1,900	7,230
Turkey exports	116	141	160	153	569	133	148	168	173	622	153	147	141	170	611	147	166	159	168	639	135	150	145	150	580
Live swine imports (thousand head)	1,488	1,406	1,371	1,413	5,657	1,449	1,458	1,296	1,394	5,997	1,357	1,349	1,258	1,286	5,250	1,339	1,255	1,201	1,305	5,100	1,300	1,220	1,170	1,260	5,000

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: Matthew Haley, mihaley@usda.gov
 Updated 4/10/2020

Dairy Forecasts

	2018	2019					2020				
	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thousands)	9,398	9,346	9,331	9,322	9,345	9,336	9,365	9,355	9,340	9,335	9,350
Milk per cow (pounds)	23,152	5,823	5,971	5,818	5,779	23,391	5,970	6,065	5,880	5,850	23,765
Milk production (billion pounds)	217.6	54.4	55.7	54.2	54.0	218.4	55.9	56.7	54.9	54.6	222.2
Farm use	1.0	0.3	0.3	0.3	0.3	1.0	0.3	0.3	0.3	0.3	1.0
Milk marketings	216.5	54.2	55.5	54.0	53.7	217.4	55.7	56.5	54.7	54.4	221.2
Milk-fat (billion pounds milk equiv.)											
Milk marketings	216.5	54.2	55.5	54.0	53.7	217.4	55.7	56.5	54.7	54.4	221.2
Beginning commercial stocks	13.4	13.8	16.1	18.2	17.1	13.8	13.7	17.1	19.5	18.4	13.7
Imports	6.3	1.4	1.9	2.0	1.7	7.0	1.5	1.4	1.7	1.9	6.6
Total supply	236.2	69.4	73.4	74.2	72.5	238.1	70.9	75.0	75.9	74.7	241.4
Commercial exports	10.4	2.4	2.5	2.2	2.1	9.1	2.1	2.2	2.3	2.2	8.9
Ending commercial stocks	13.8	16.1	18.2	17.1	13.7	13.7	17.1	19.5	18.4	15.3	15.3
Commodity Credit Corporation donations	0.0	0.0	0.0	0.1	0.0	0.2	0.1	0.1	0.1	0.0	0.3
Domestic commercial use ¹	212.1	50.9	52.8	54.8	56.7	215.1	51.6	53.2	55.1	57.1	217.0
Skim solids (billion pounds milk equiv.)											
Milk marketings	216.5	54.2	55.5	54.0	53.7	217.4	55.7	56.5	54.7	54.4	221.2
Beginning commercial stocks	11.8	10.7	11.1	11.2	10.8	10.7	10.2	11.3	11.8	11.6	10.2
Imports	5.5	1.3	1.6	1.5	1.5	5.8	1.4	1.3	1.4	1.4	5.6
Total supply	233.8	66.1	68.1	66.6	66.0	233.9	67.3	69.1	67.9	67.4	237.0
Commercial exports	44.7	9.9	10.3	10.3	11.0	41.6	10.3	10.1	10.7	11.0	42.1
Ending commercial stocks	10.7	11.1	11.2	10.8	10.2	10.2	11.3	11.8	11.6	11.4	11.4
Commodity Credit Corporation donations	0.0	0.0	0.0	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.1
Domestic commercial use ¹	178.5	45.1	46.6	45.5	44.7	181.9	45.7	47.1	45.6	44.9	183.3
Milk prices (dollars/hundredweight) ²											
All milk	16.27	16.97	17.93	18.97	20.53	18.60	18.90	12.90	12.10	13.45	14.35
Class III	14.61	14.30	16.20	17.82	19.51	16.96	16.75	11.50	10.90	11.90	12.75
Class IV	14.23	15.68	16.28	16.66	16.56	16.30	15.90	10.85	10.45	11.30	12.15
Product prices (dollars/pound) ³											
Cheddar cheese	1.538	1.440	1.678	1.852	2.064	1.759	1.770	1.255	1.200	1.300	1.380
Dry whey	0.342	0.449	0.378	0.367	0.325	0.380	0.360	0.340	0.340	0.340	0.345
Butter	2.257	2.258	2.310	2.330	2.076	2.243	1.825	1.305	1.250	1.350	1.430
Nonfat dry milk	0.795	0.963	1.007	1.042	1.155	1.042	1.200	0.875	0.850	0.900	0.955

Totals may not add due to rounding.

¹ Domestic use for 2020 includes additional milk marketed but not processed.

² Simple averages of monthly prices. May not match reported annual averages.

³ Simple averages of monthly prices calculated by the USDA, Agricultural Marketing Service, for use in class price formulas.

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

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