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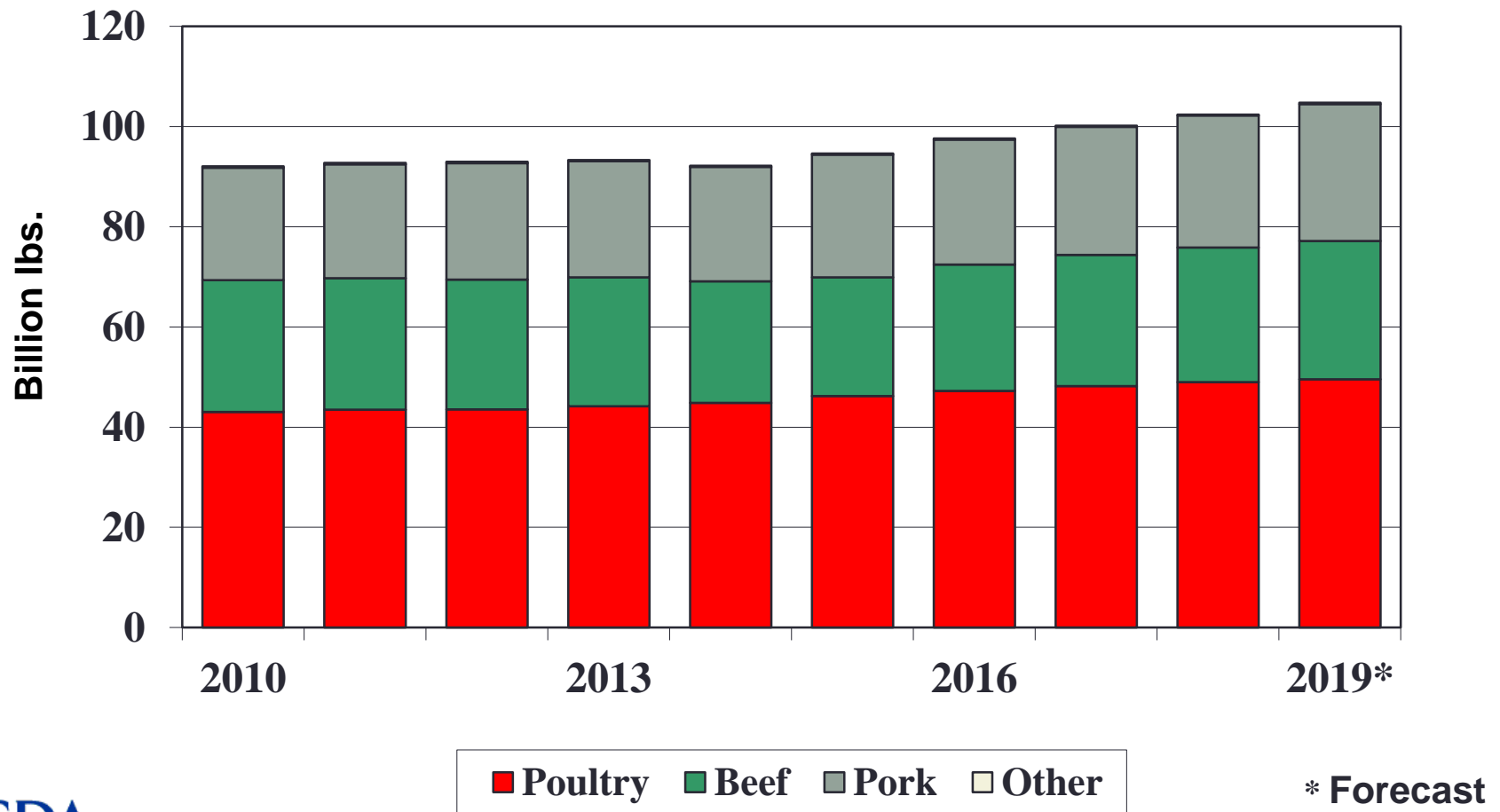
# Outlook for the U.S. Livestock and Poultry Sectors

**Presented By  
Shayle D. Shagam  
World Agricultural Outlook Board, USDA**

**USDA Agricultural Outlook Forum  
Arlington, VA  
February 22, 2019**



# Record Red Meat and Poultry Production in 2019



# Total Meat Production Higher

<b>Billion pounds</b>	<b>2017</b>	<b>2018</b>	<b>2019F</b>	<b>2018-19 % Change</b>
<b>Beef</b>	<b>26.187</b>	<b>26.864</b>	<b>27.610</b>	<b>2.8</b>
<b>Pork</b>	<b>25.584</b>	<b>26.320</b>	<b>27.340</b>	<b>3.9</b>
<b>Broiler Meat</b>	<b>41.662</b>	<b>42.535</b>	<b>43.100</b>	<b>1.3</b>
<b>Turkey</b>	<b>5.981</b>	<b>5.890</b>	<b>5.915</b>	<b>0.4</b>
<b>Total Red Meat And Poultry</b>	<b>100.169</b>	<b>102.377</b>	<b>104.741</b>	<b>2.3</b>

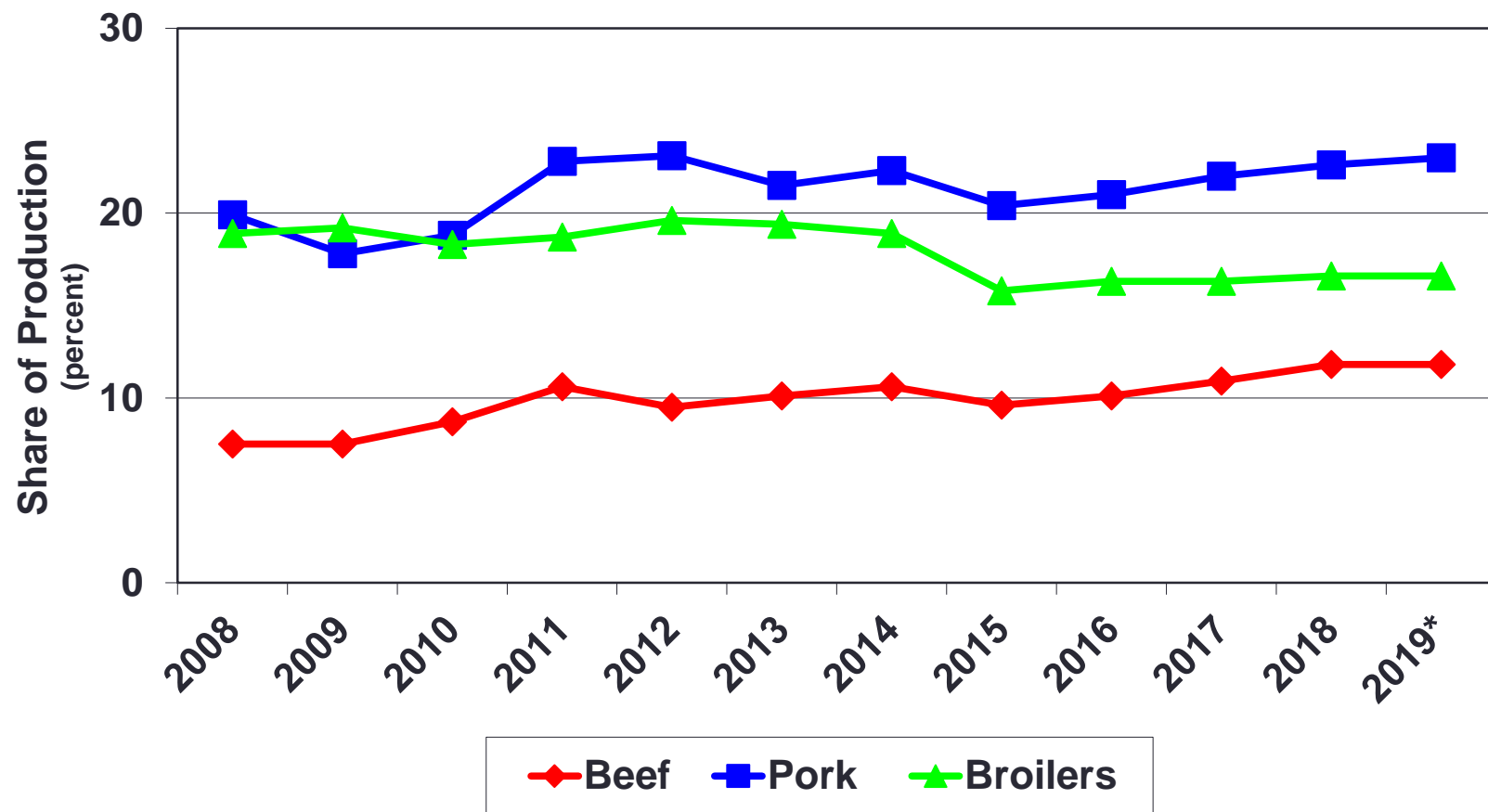


# Large Meat Supplies Will Boost Exports

<b>Billion pounds</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2018-19 % Change</b>
<b>Exports</b>				
<b>Beef</b>	<b>2.860</b>	<b>3.180</b>	<b>3.255</b>	<b>2.4</b>
<b>Pork</b>	<b>5.632</b>	<b>5.939</b>	<b>6.300</b>	<b>6.1</b>
<b>Broiler Meat</b>	<b>6.791</b>	<b>7.081</b>	<b>7.145</b>	<b>0.9</b>
<b>Imports</b>				
<b>Beef</b>	<b>2.993</b>	<b>2.994</b>	<b>3.010</b>	<b>0.5</b>
<b>Pork</b>	<b>1.116</b>	<b>1.059</b>	<b>1.060</b>	<b>0.1</b>



# Red Meat Exports Important to Sector



\* Forecast

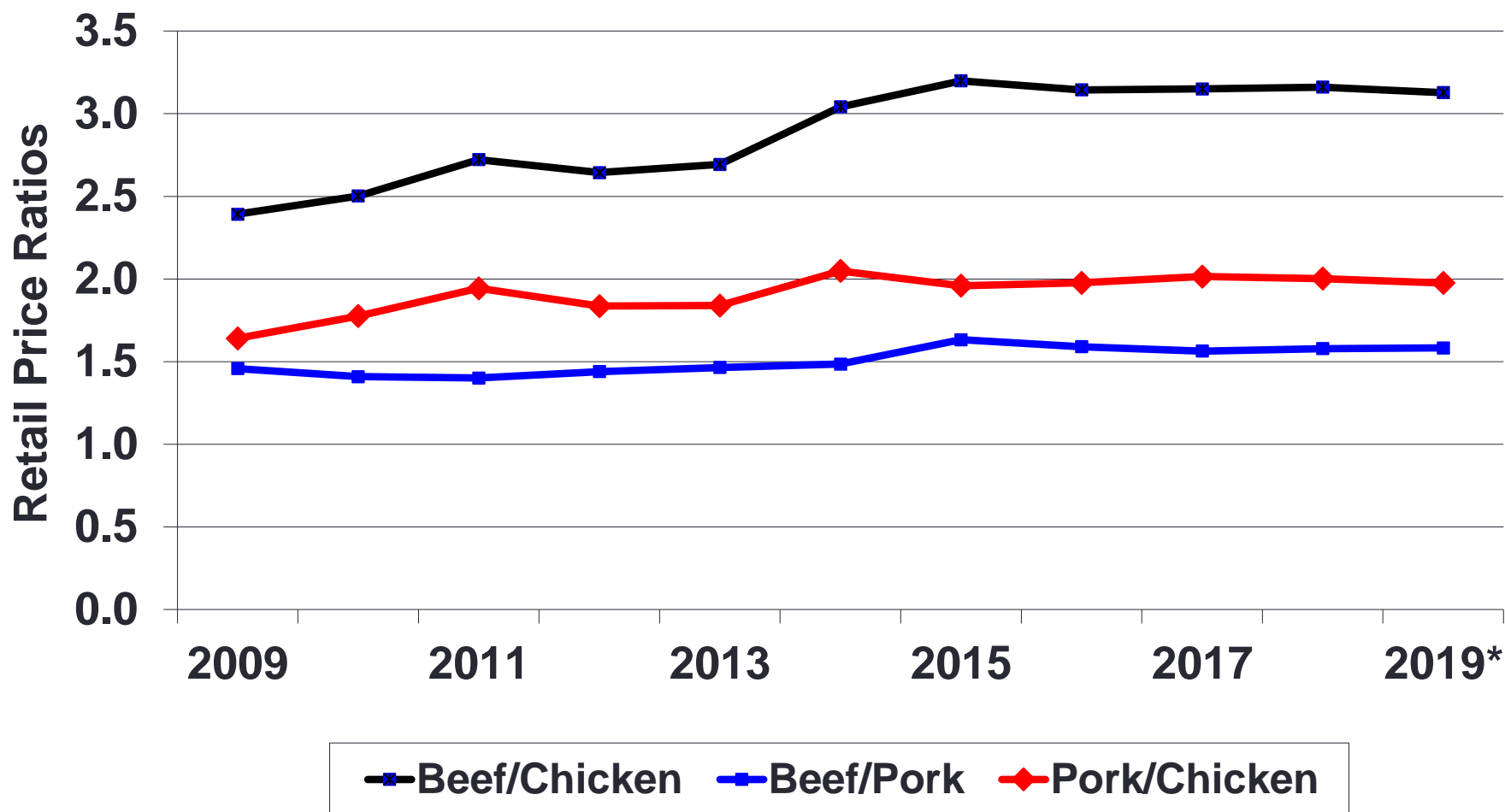
# Livestock & Poultry Prices Mixed

	2017	2018	2019F	2018-19 % Change*
Cattle, \$/cwt	121.52	117.12	115-122	1.2
Hogs, \$/cwt (live equiv.)	50.48	45.93	41-44	-6.9
National Composite Broiler, \$/lb	0.935	0.978	0.94-1.00	-0.8
Turkey, \$/lb	0.961	0.802	0.83-0.88	6.9



\* At midpoint

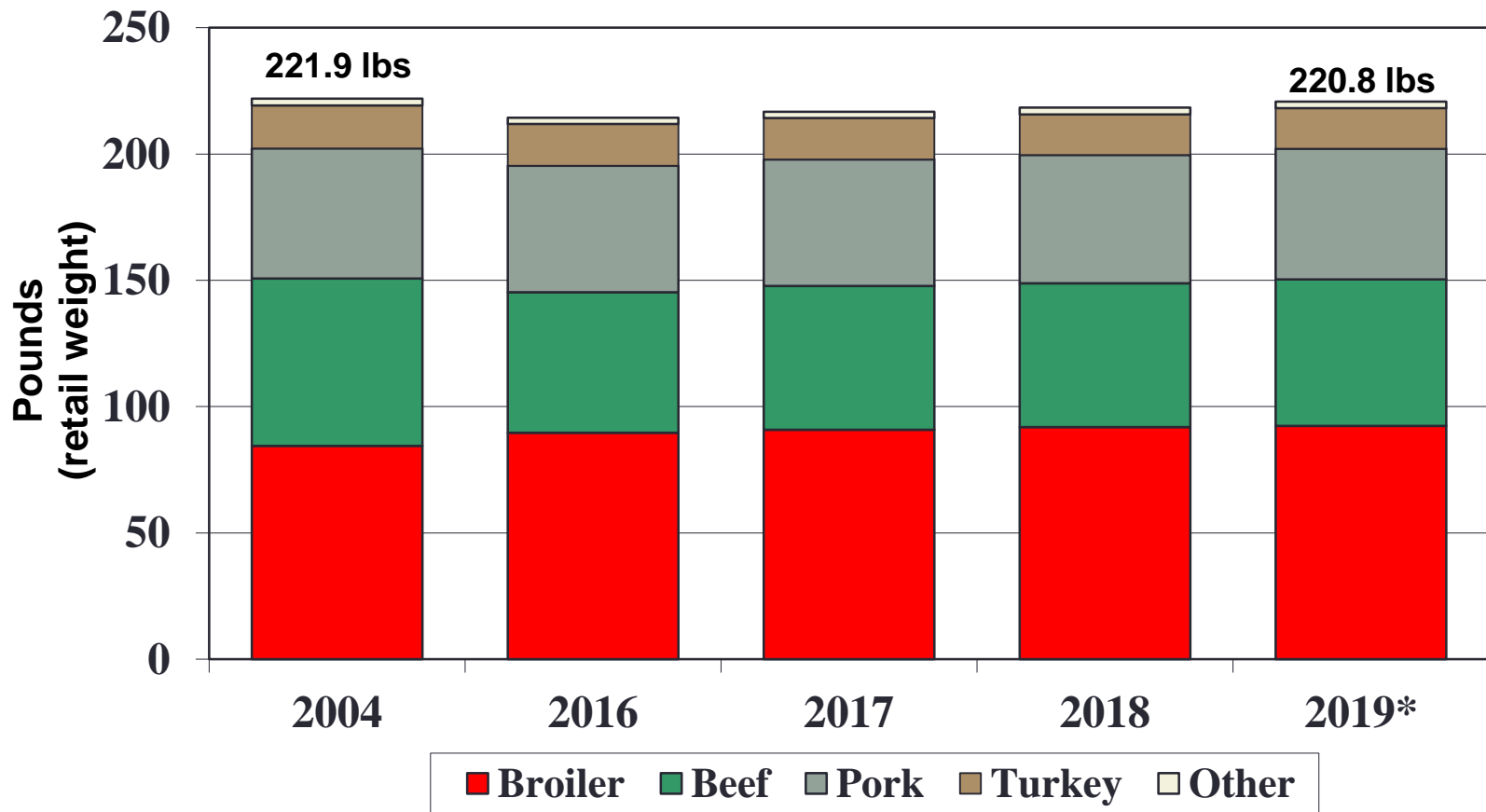
# Retail Price Relationships Will Be Little Changed



\* Forecast



# Per Capita Domestic Disappearance Nearing 2004 Record



\* Forecast

# Situation Facing Livestock and Poultry Producers

## Divergent Feed Prices

- Corn:       \$3.35-\$3.85/bu in 2018/19  
              \$3.65/bu in 2019/20
- Soybean meal: \$295-335 ton in 2018/19  
                  \$320/ton in 2019/20

## Forage Situation Uncertain

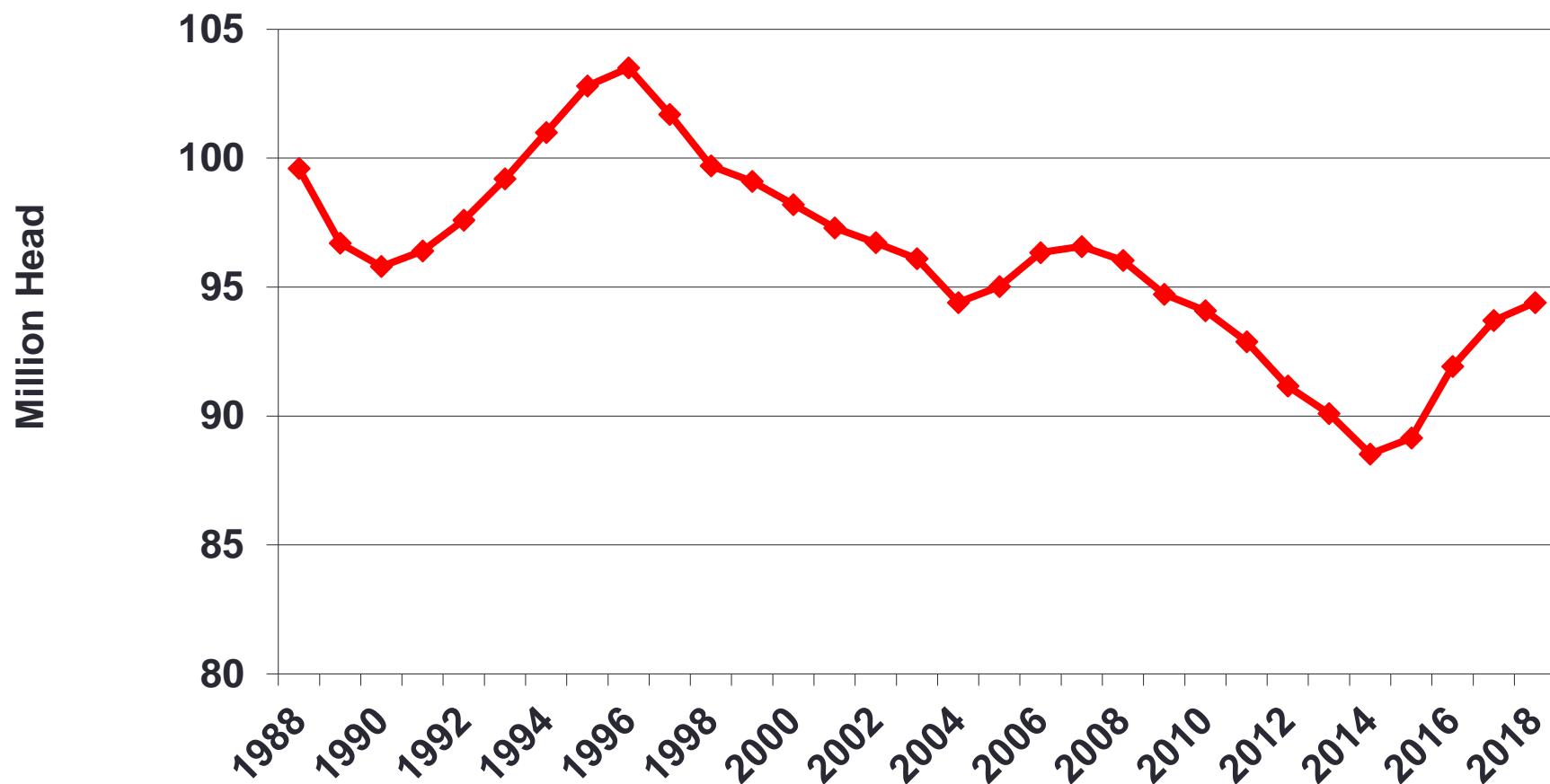
- 2018 “other” hay prices 6 percent above 2017
- Dec 1 hay stocks 2 percent lower



# Factors Driving the Forecasts:

- Cattle – Changes in the Cattle Herd?
  - **January 1 Inventory Data due February 28**

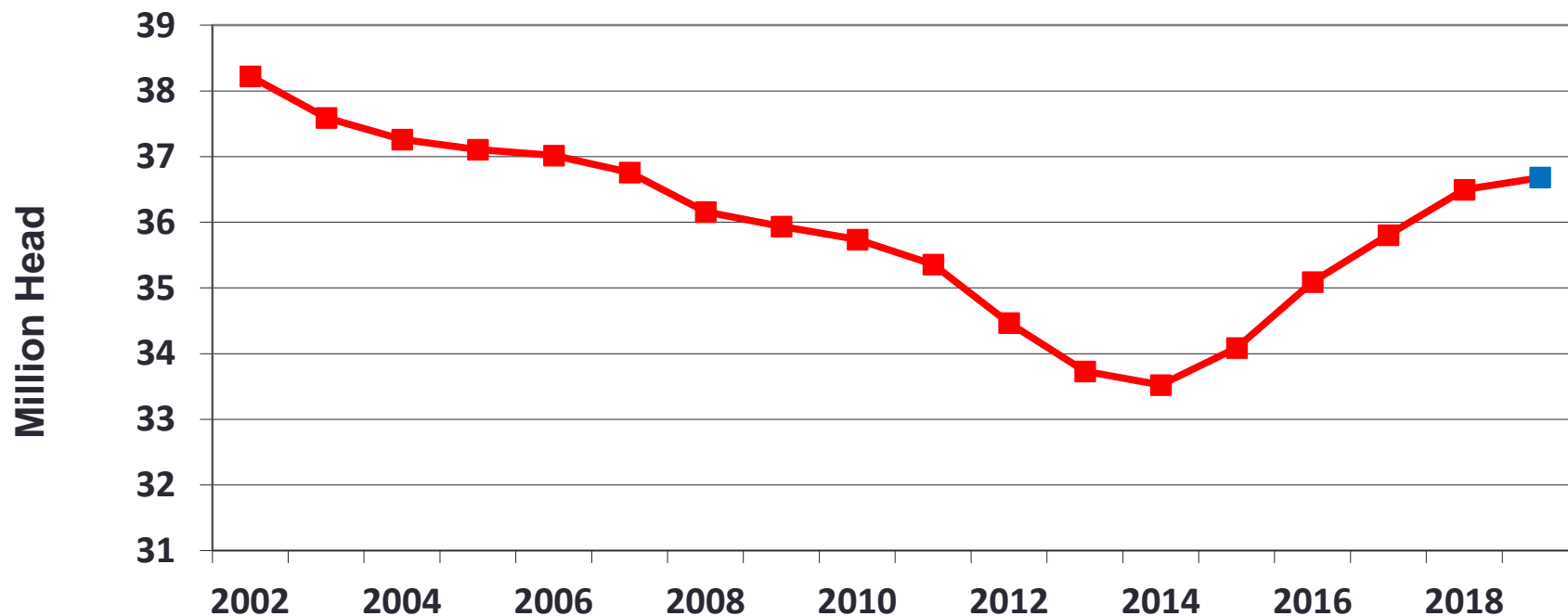
# Cattle Herd at 94.4 Million on Jan 1, 2018; 2019 Inventory Data Delayed



# Factors Driving the Forecasts:

- Cattle – Changes in the Cattle Herd?
  - January 1 Inventory Data due February 28
  - **What Does the July 1 Inventory Data Tell Us?**
    - July 1, 2018 cattle inventory 1 percent higher
    - July 1 beef cow inventory 1 percent higher
    - Slower retention of heifers for addition to the herd
    - Larger 2018 calf crop

# Calf Crop Increasing



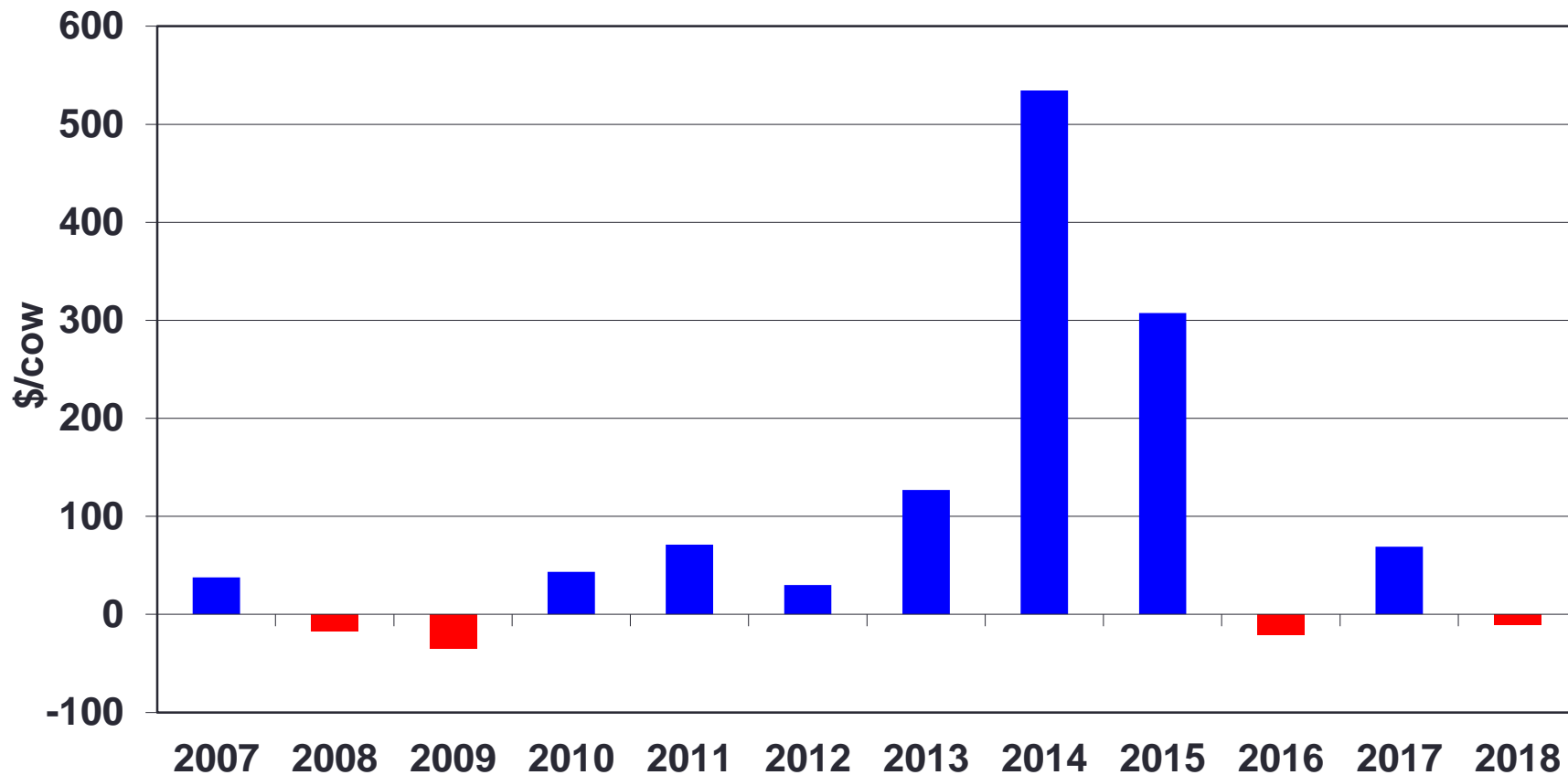
2019 Calf Crop Forecast

# Factors Driving the Forecasts:

- Cattle – Changes in the Cattle Herd?
  - January 1 Inventory Data due February 28
  - What Does the July 1 Inventory Data Tell Us?
  - **Cow-Calf Returns Pressured**

# Estimated Average Cow Calf Returns

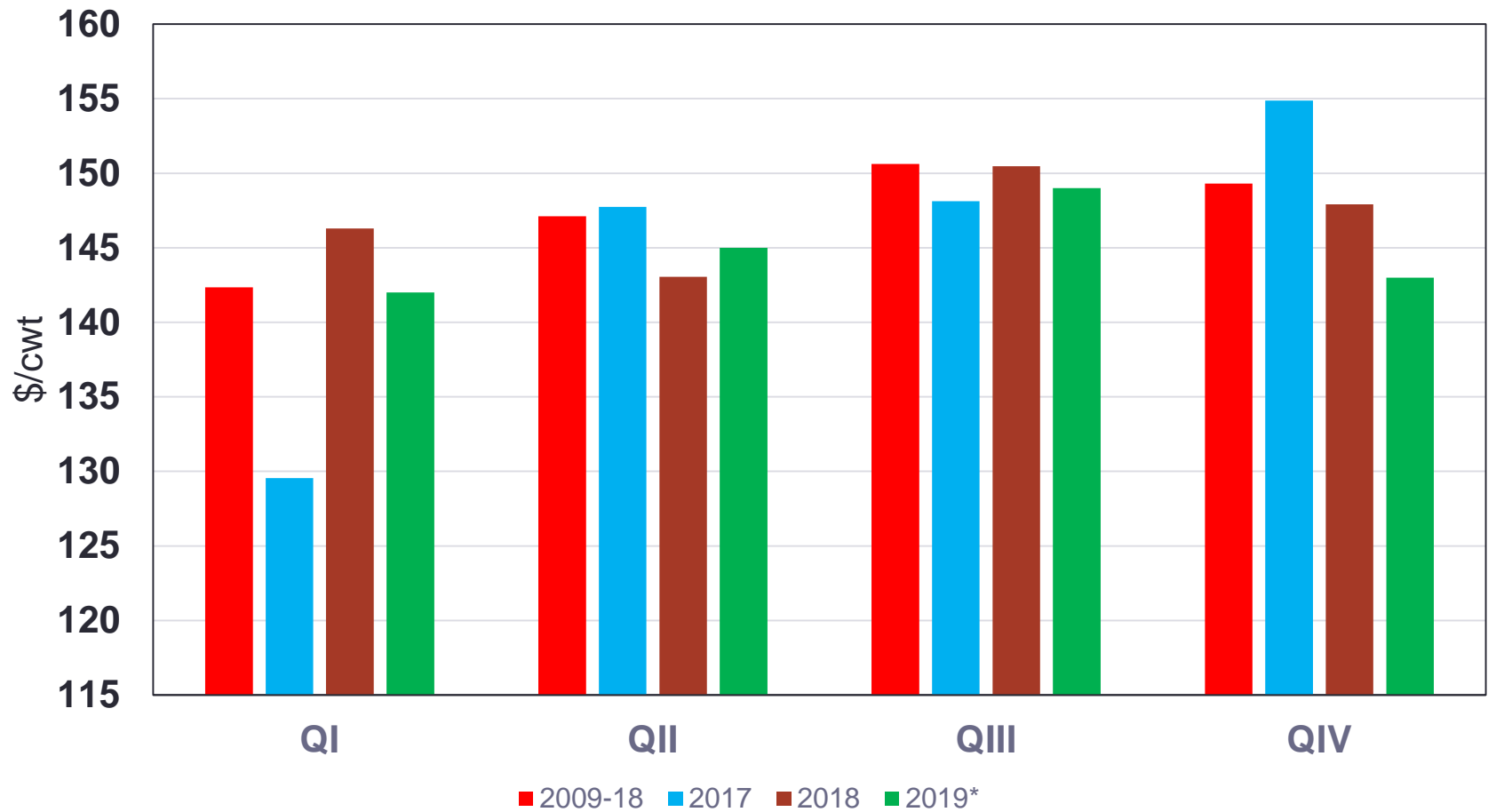
Returns Over Cash Cost (Includes Pasture Rent), Annual



Source: Livestock Marketing Information Center



# Feeder Calf Prices Will Average Lower in 2019



# Factors Driving the Forecasts:

- Cattle – Increasing Supplies?
  - January 1 Inventory Data due February 28
  - What can the July 1 Inventory Data Tell Us?
  - Cow-calf Returns Pressured
  - **Forage Supplies will be Important**

# U.S. Cattle Areas Experiencing Drought

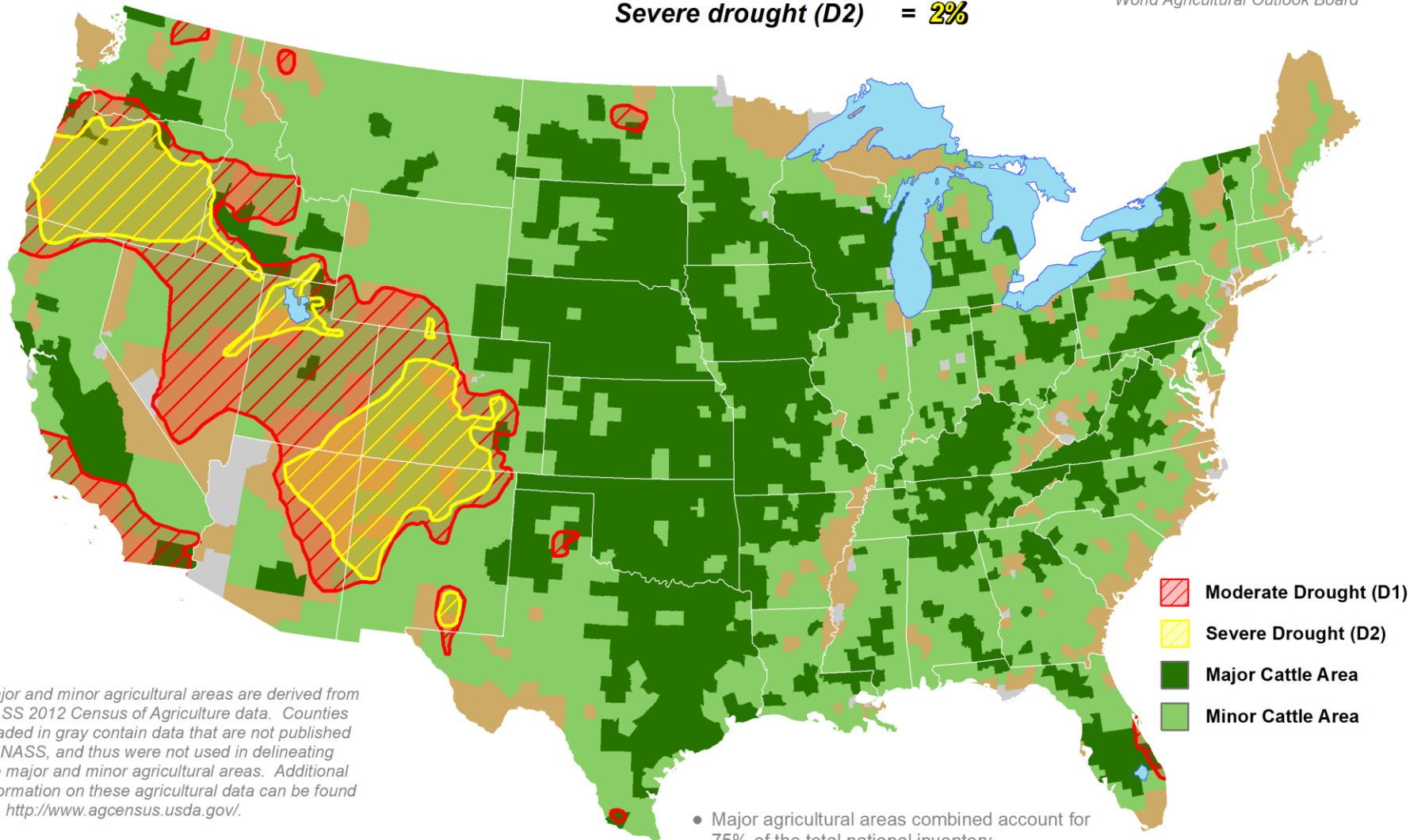


United States  
Department of  
Agriculture

Reflects **January 29, 2019**  
U.S. Drought Monitor data

Approximate inventory in drought:  
Moderate drought (D1) = **6%**  
Severe drought (D2) = **2%**

This product was prepared by the  
USDA Office of the Chief Economist  
World Agricultural Outlook Board



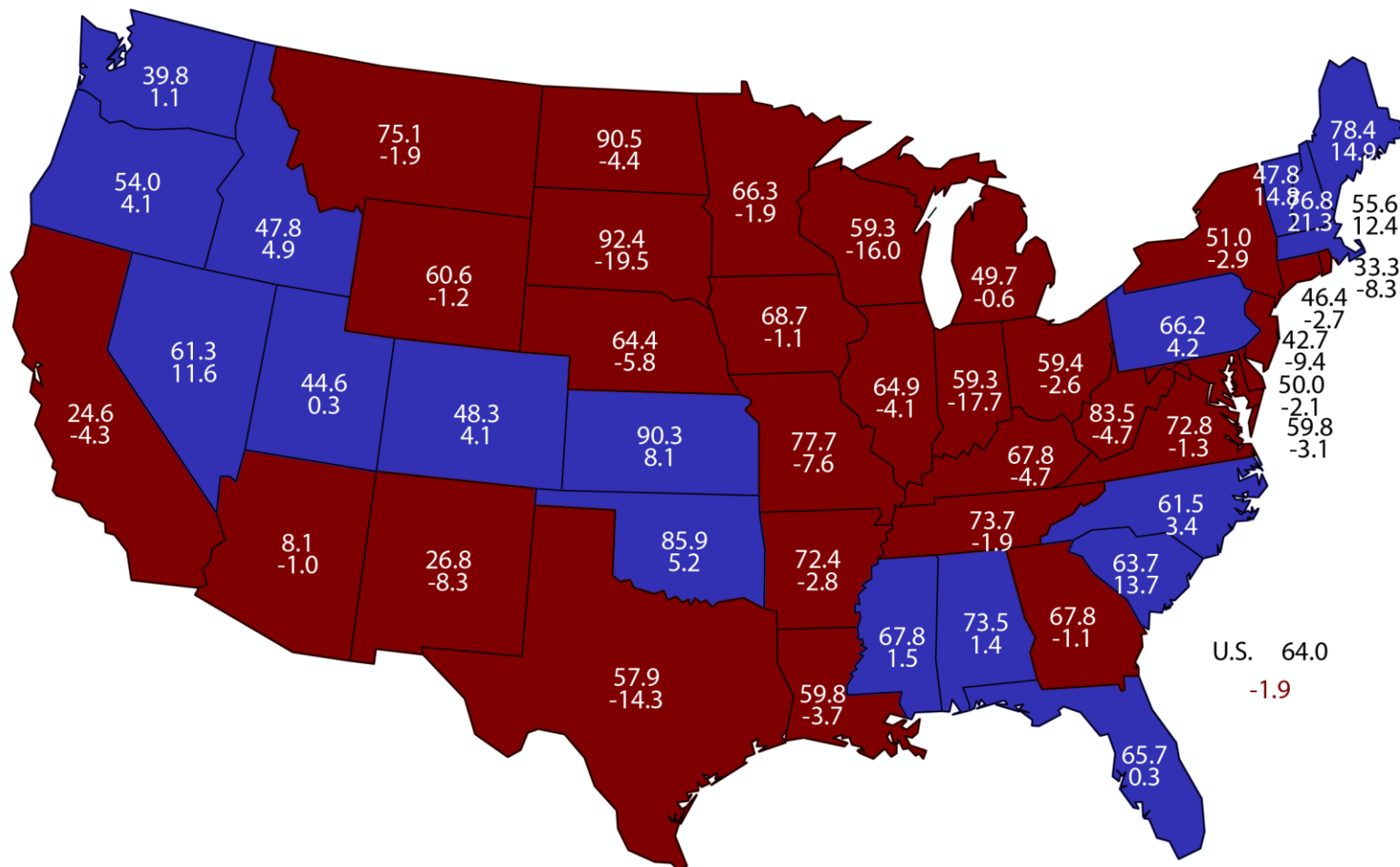
Major and minor agricultural areas are derived from NASS 2012 Census of Agriculture data. Counties shaded in gray contain data that are not published by NASS, and thus were not used in delineating the major and minor agricultural areas. Additional information on these agricultural data can be found at: <http://www.agcensus.usda.gov/>.

Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the intensity of drought in any particular location. More information on the Drought Monitor can be found at: <http://droughtmonitor.unl.edu/>.

- Major agricultural areas combined account for 75% of the total national inventory.
- Major and minor agricultural areas combined account for 99% of the total national inventory.

# December 1, 2018 Hay Stocks/Production

## Percent and Change From Previous Year

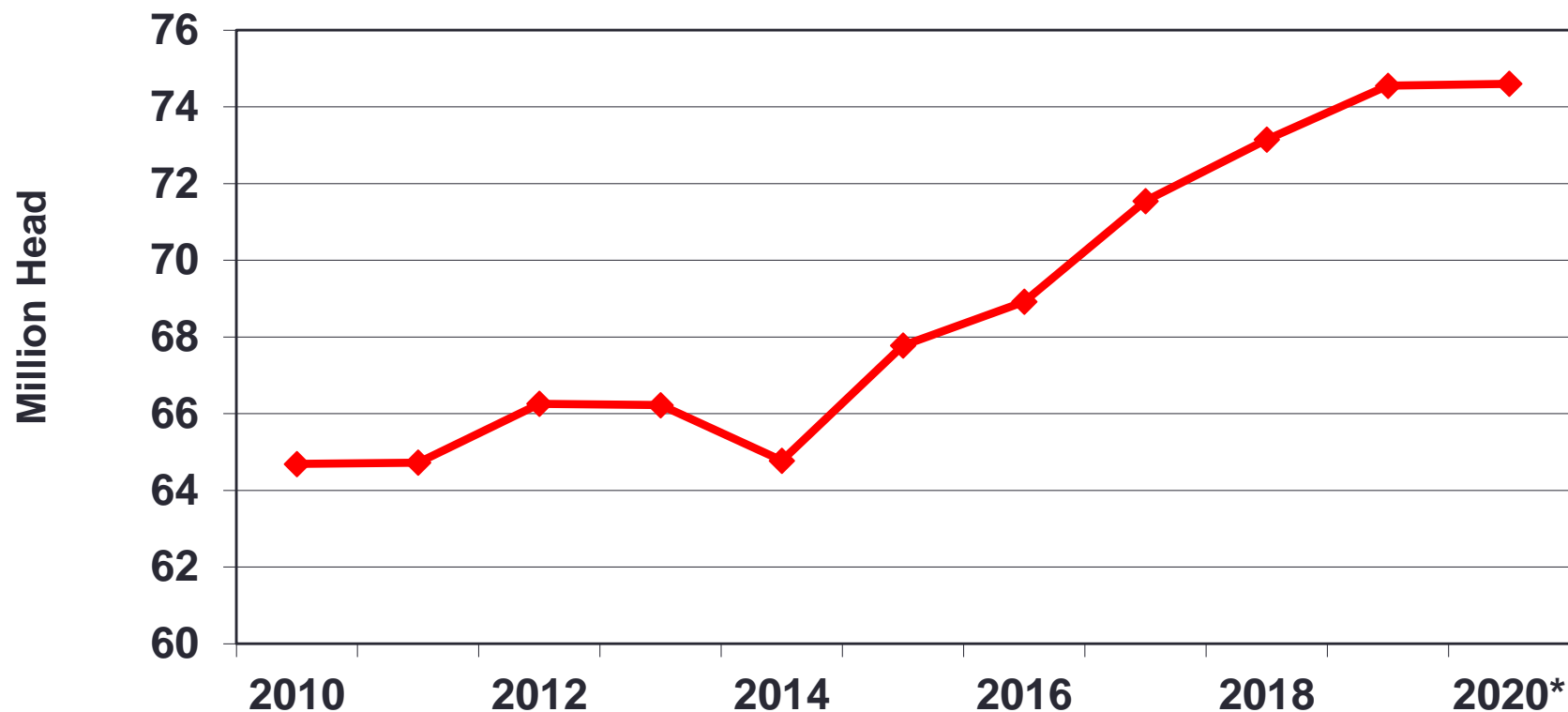


# Factors Driving the Forecasts:

- Hogs – Inventory Continues to Build
  - **Producers Optimistic Despite Recent Losses**

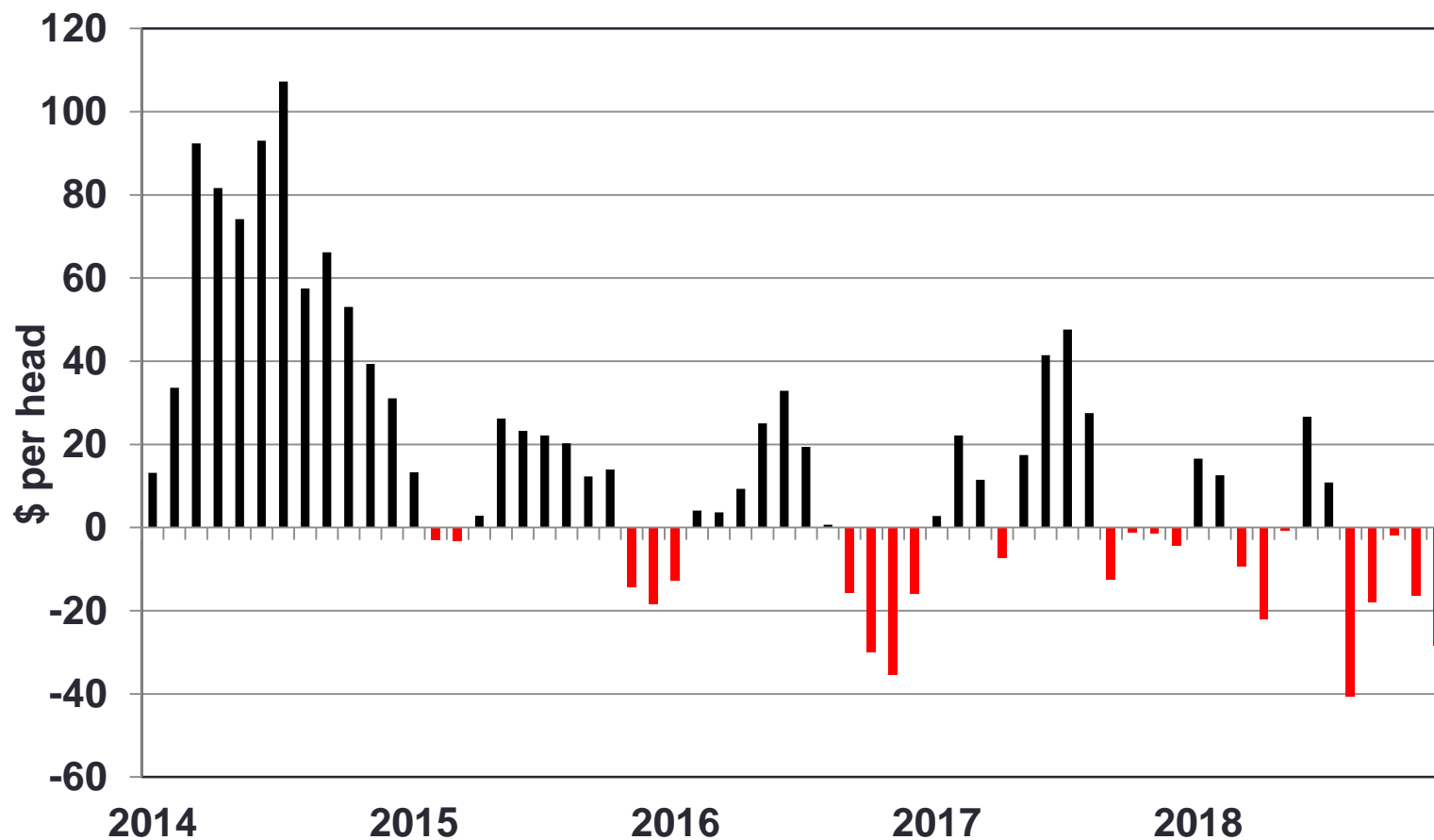
# Hog Inventory Increased to 74.6 Million Head on December 1, 2018

Inventory on December 1, Preceding Year

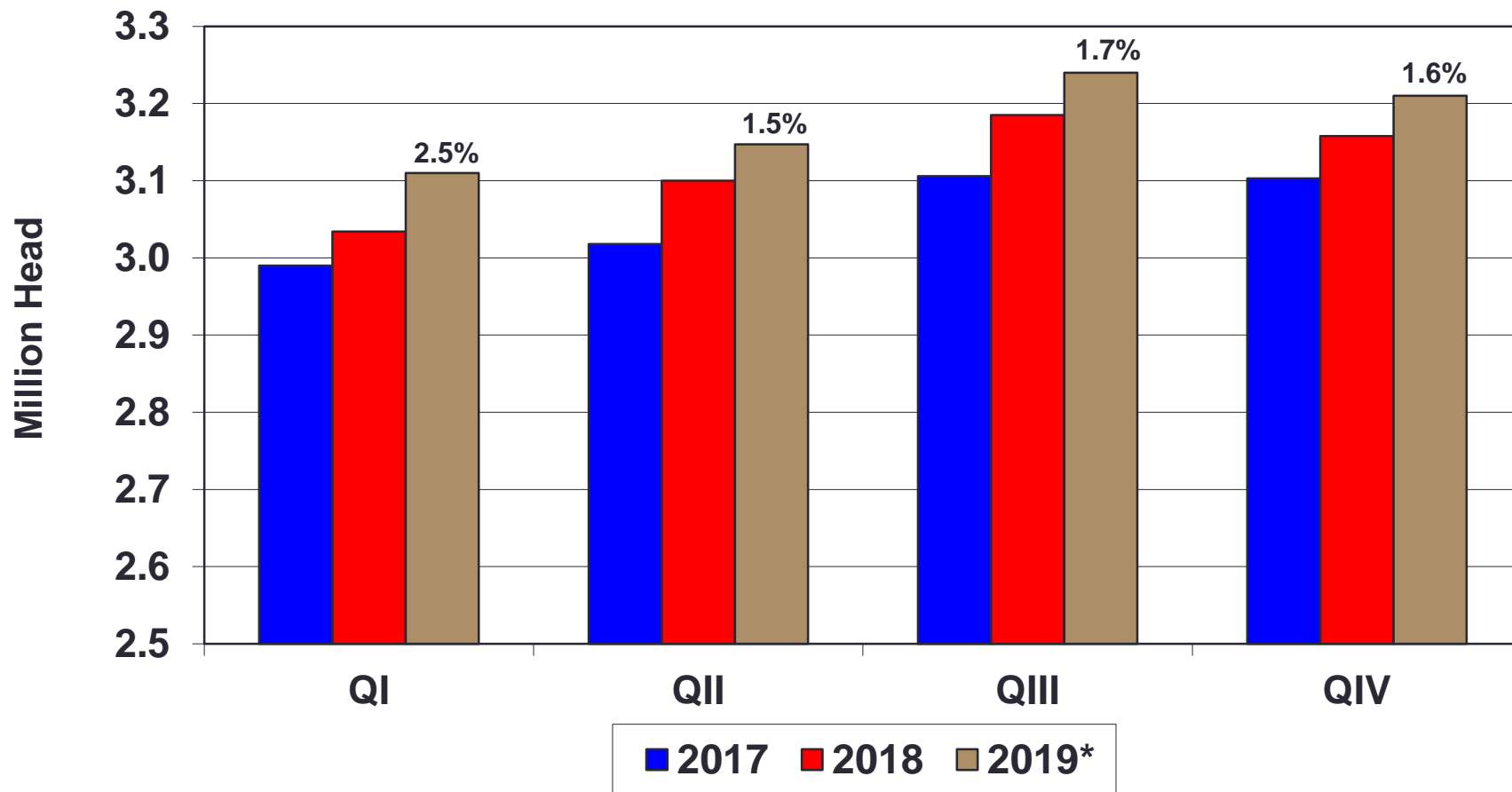


\* Forecast

# Average Returns to Farrow-Finish Operators



# 2019 Farrowing Growth Slowing



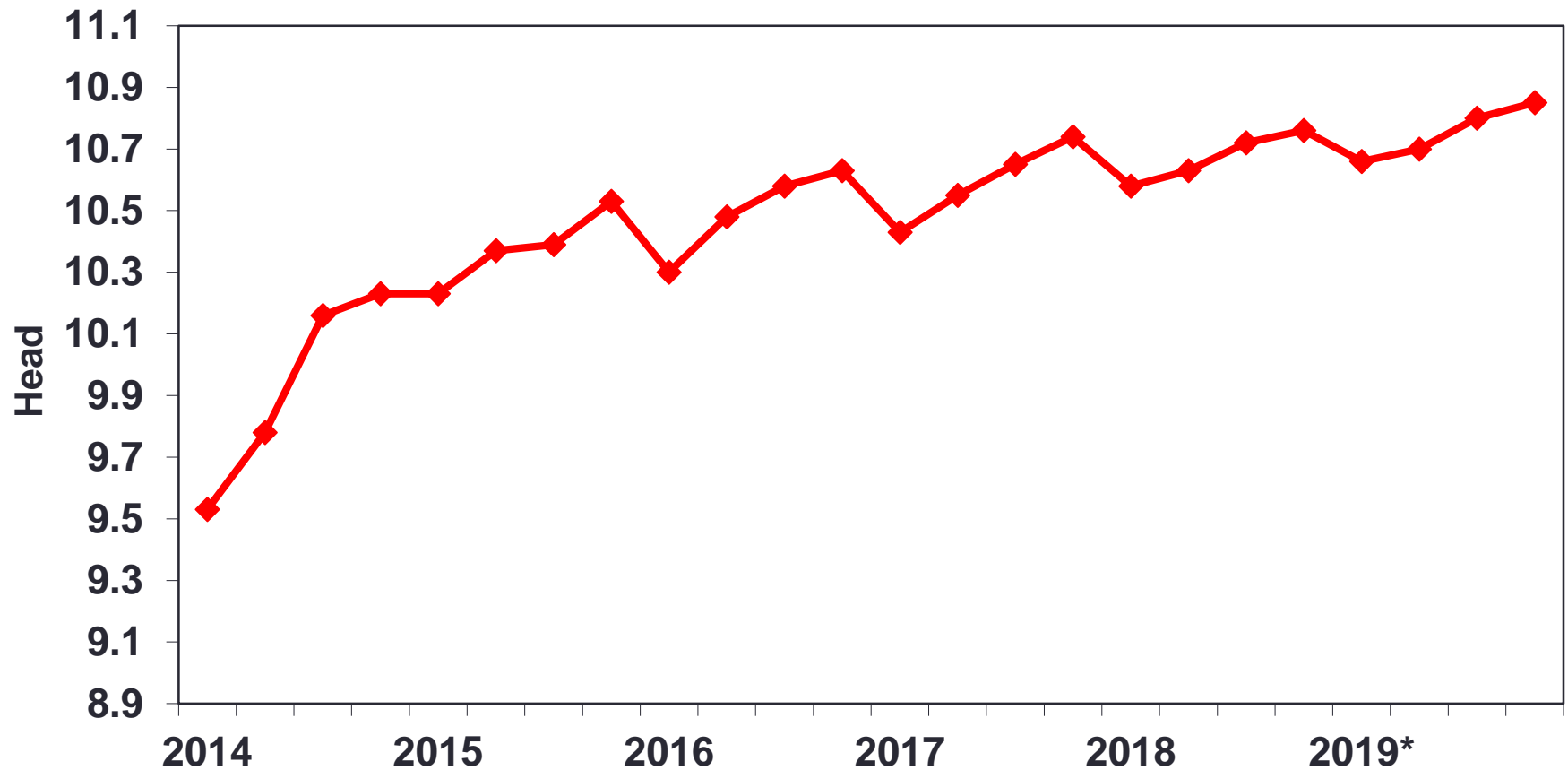
\*QI & QII Reported Intentions  
QIII & QIV Forecast



# Factors Driving the Forecasts:

- Hogs – Inventory Continues to Build
  - Producers Optimistic Despite Recent Losses
  - **Pigs per Litter Continues to Set Records**

# Pigs per Litter Continues to Grow

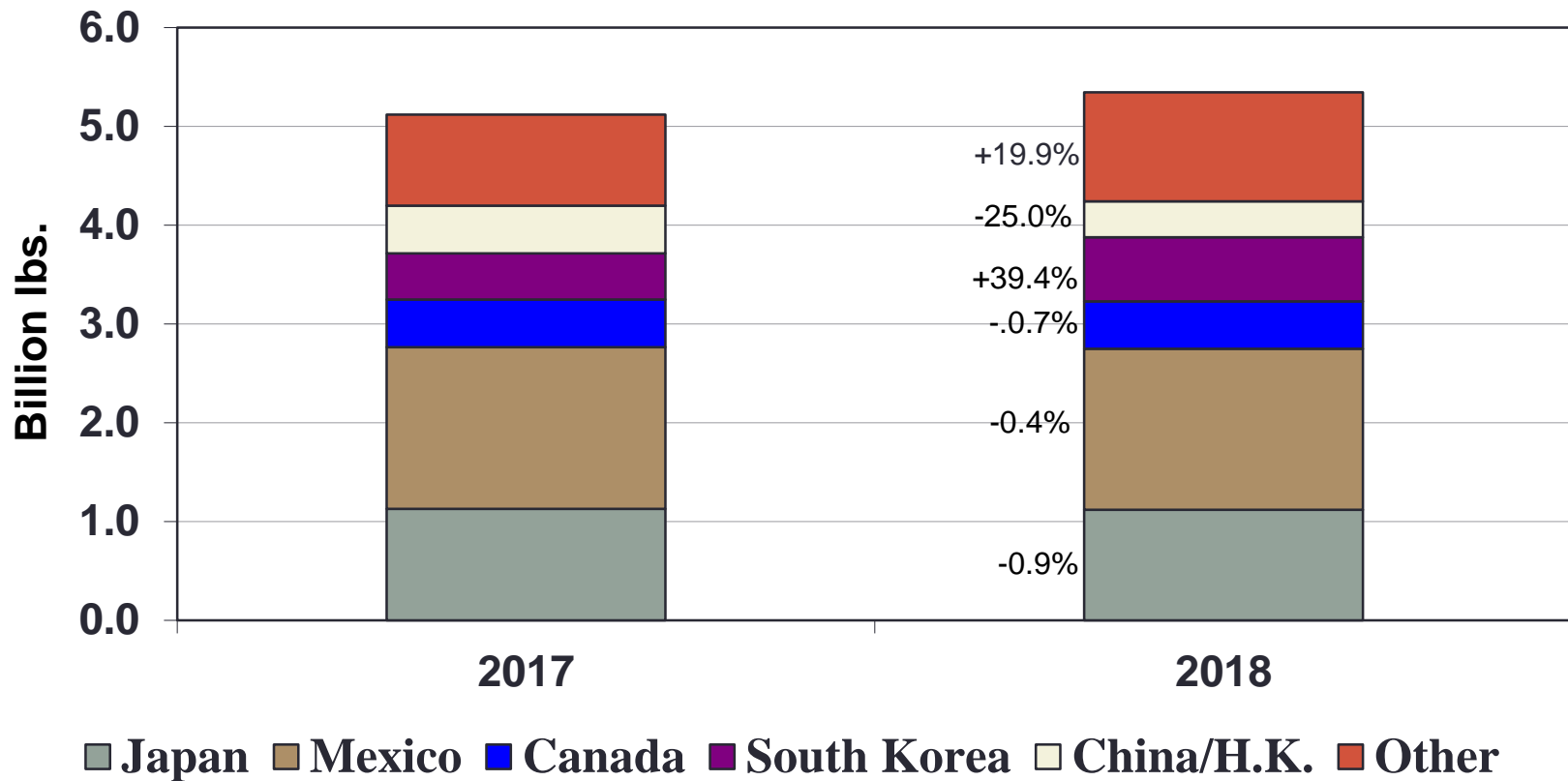


\* Forecast

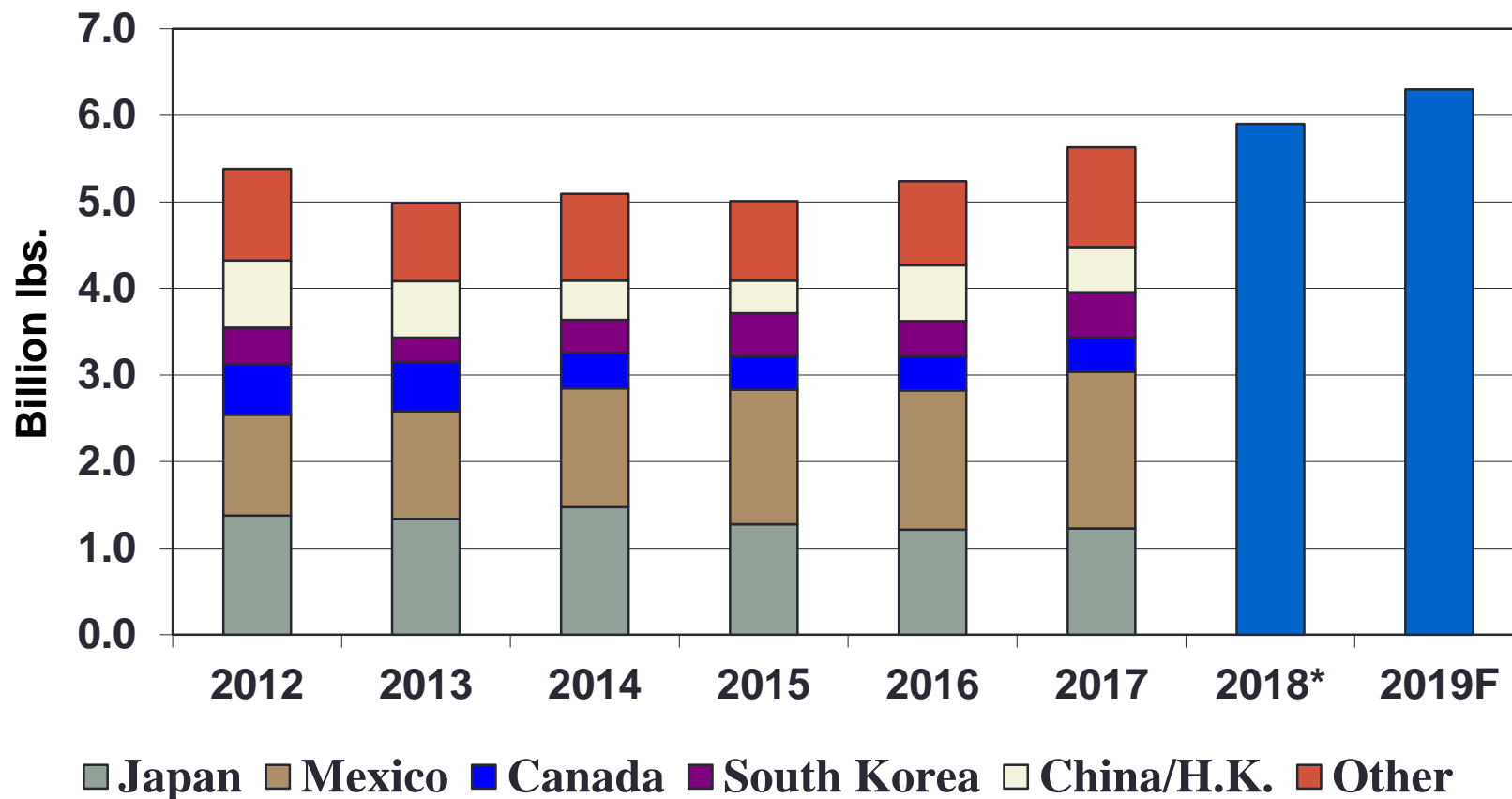
# Factors Driving the Forecasts:

- Hogs – Lots of Hogs on the Way
  - Producers Optimistic Despite Recent Losses
  - Pigs Per Litter Continue to Set Records
  - **Trade Disputes Dampen Export Growth**

# Exports Through November Were 4 Percent Higher, but Reflects Shift Among Partners



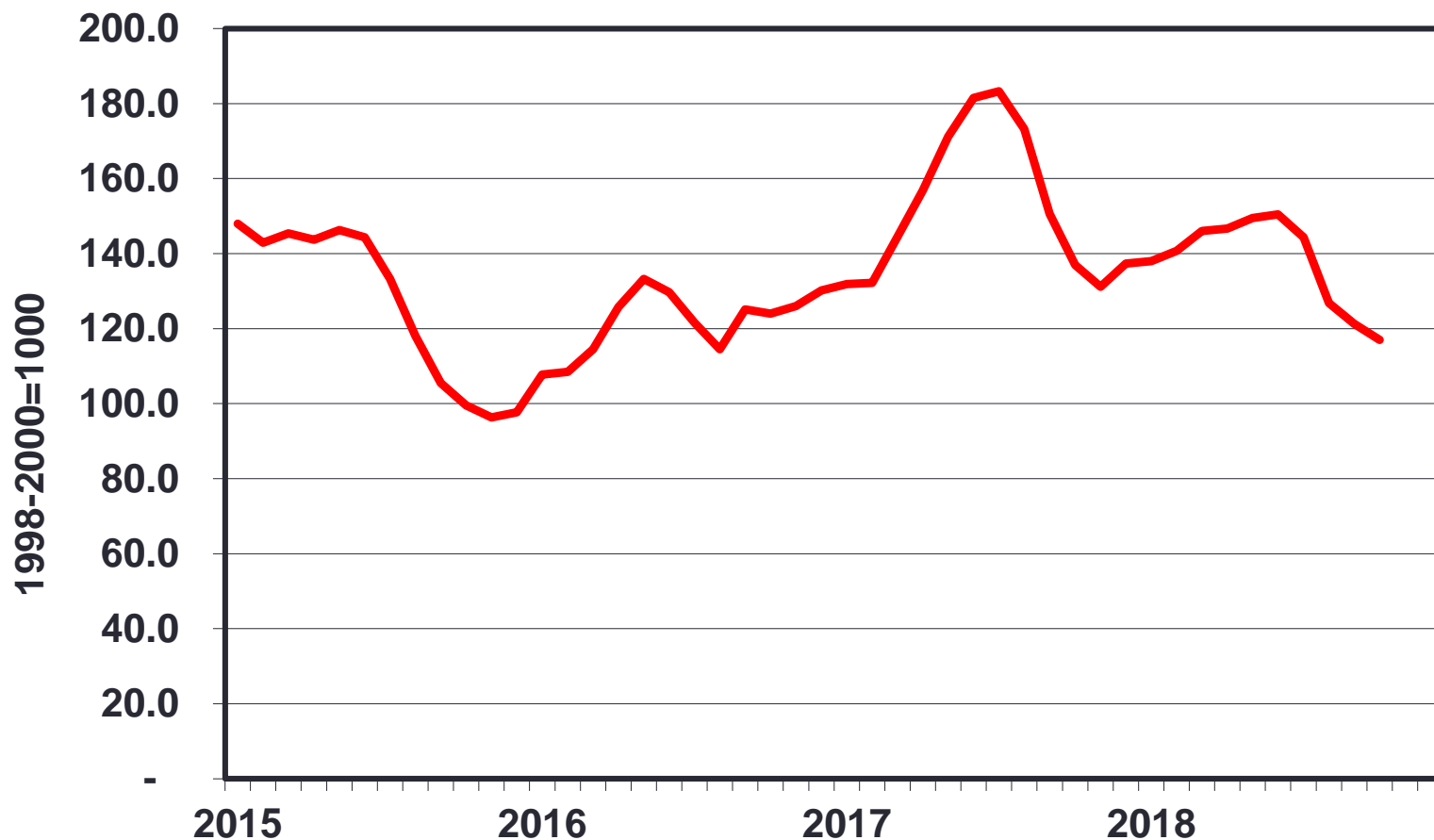
# 2019 Pork Exports to Be Record 6.3 Billion Pounds



# Factors Driving the Forecasts:

- Broilers – Sector Cautious
  - **Weak Returns Encouraging Caution**

# Indexed Broiler Returns: Market Price Minus Feed Cost



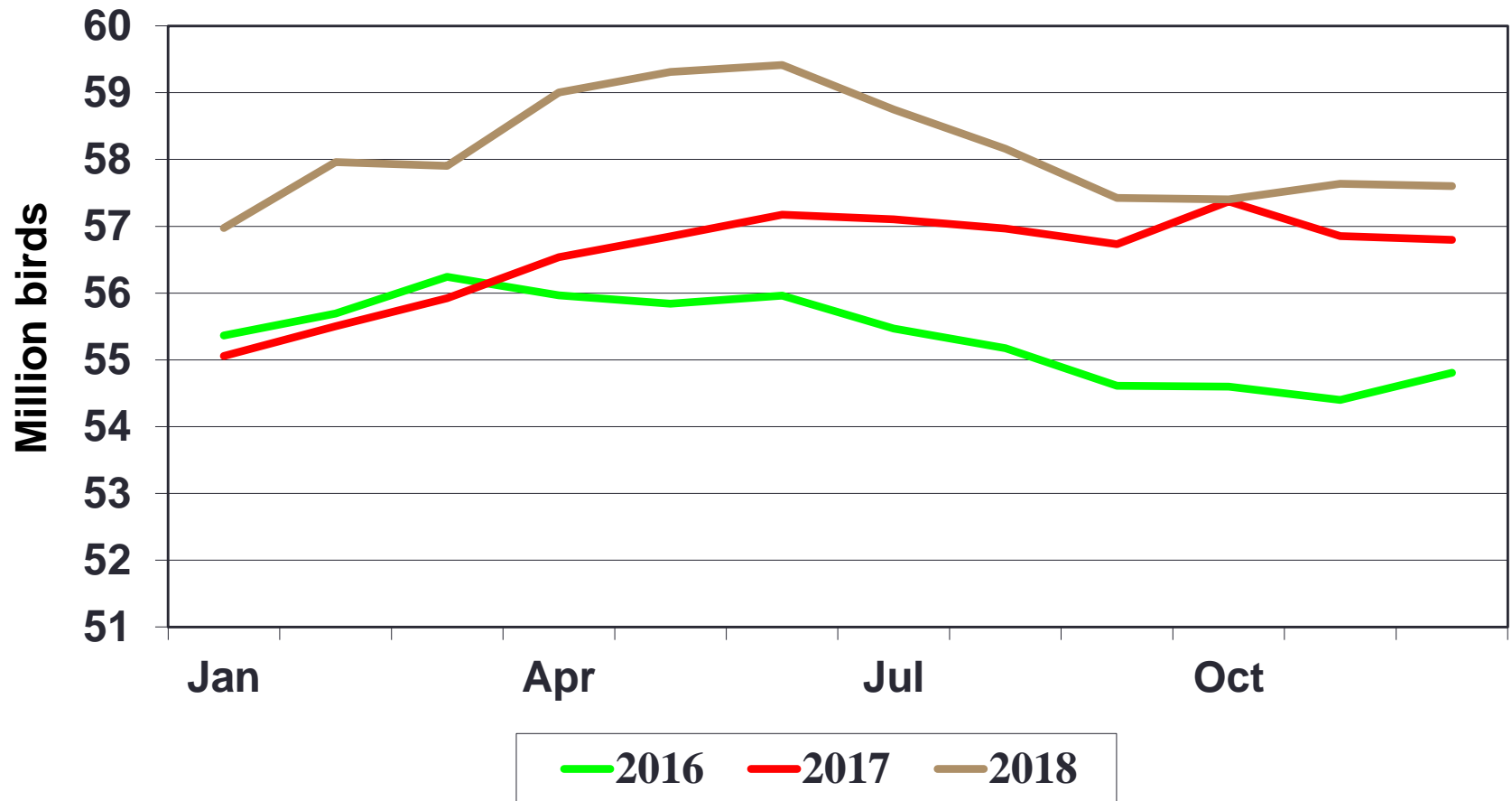
# Factors Driving the Forecasts:

- Broilers – Sector Cautious
  - Weak Returns Encouraging Caution
  - **Mixed Signals from Hatchery Data**



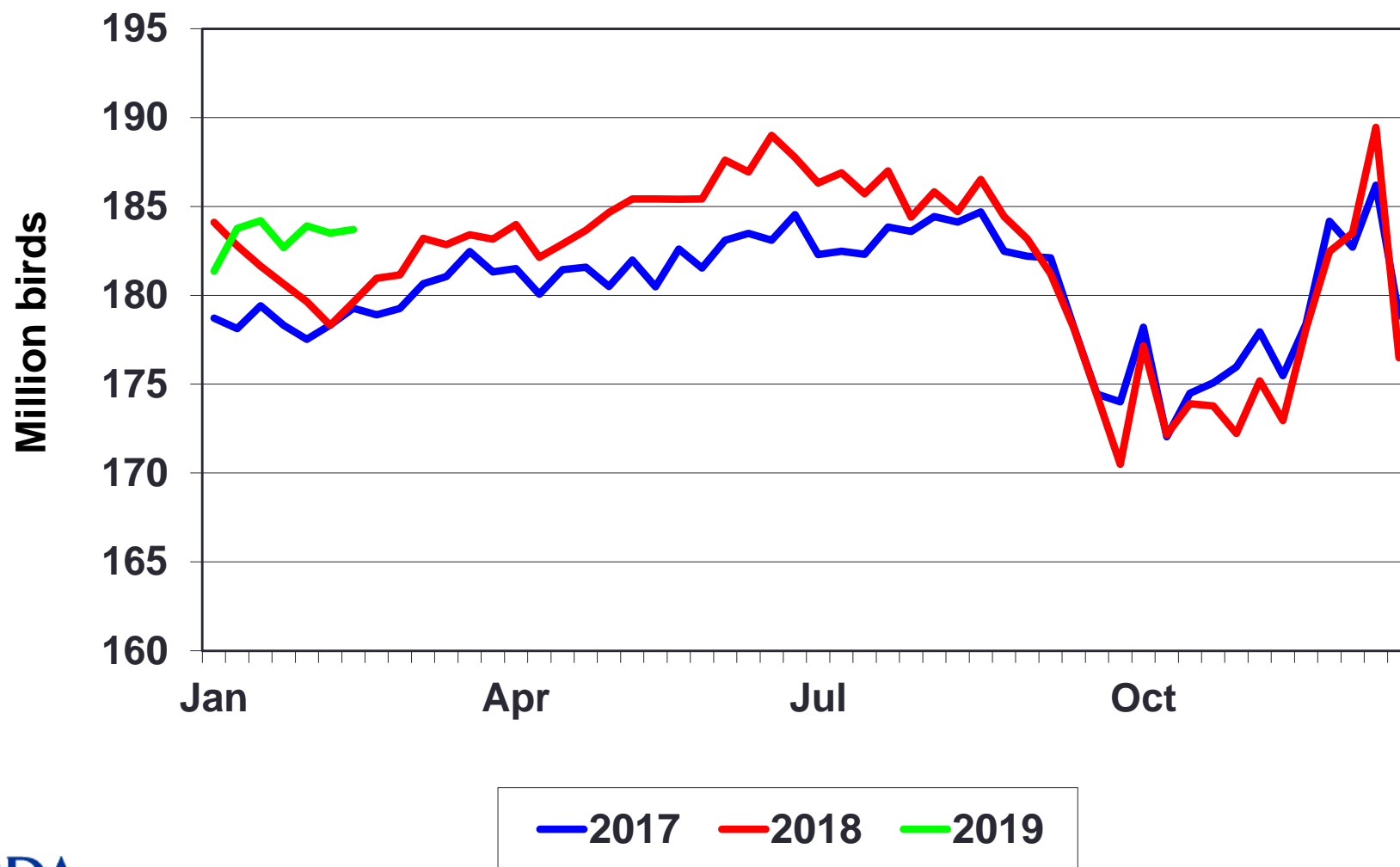
# Broiler Laying Flock Growth Slows in Late-2018

## First of Month



# Placements Remain Large

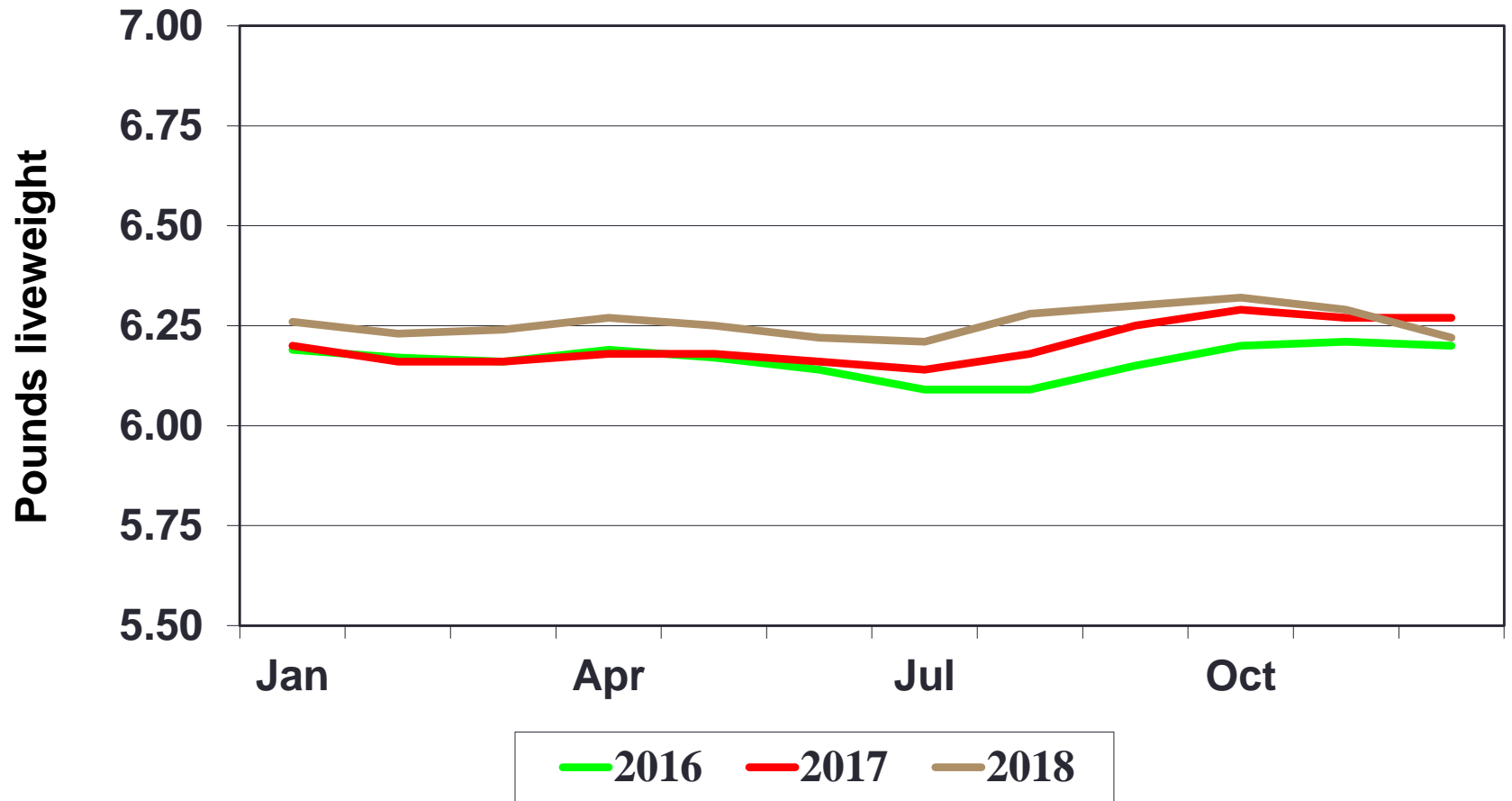
Placements in Growout Flocks, United States



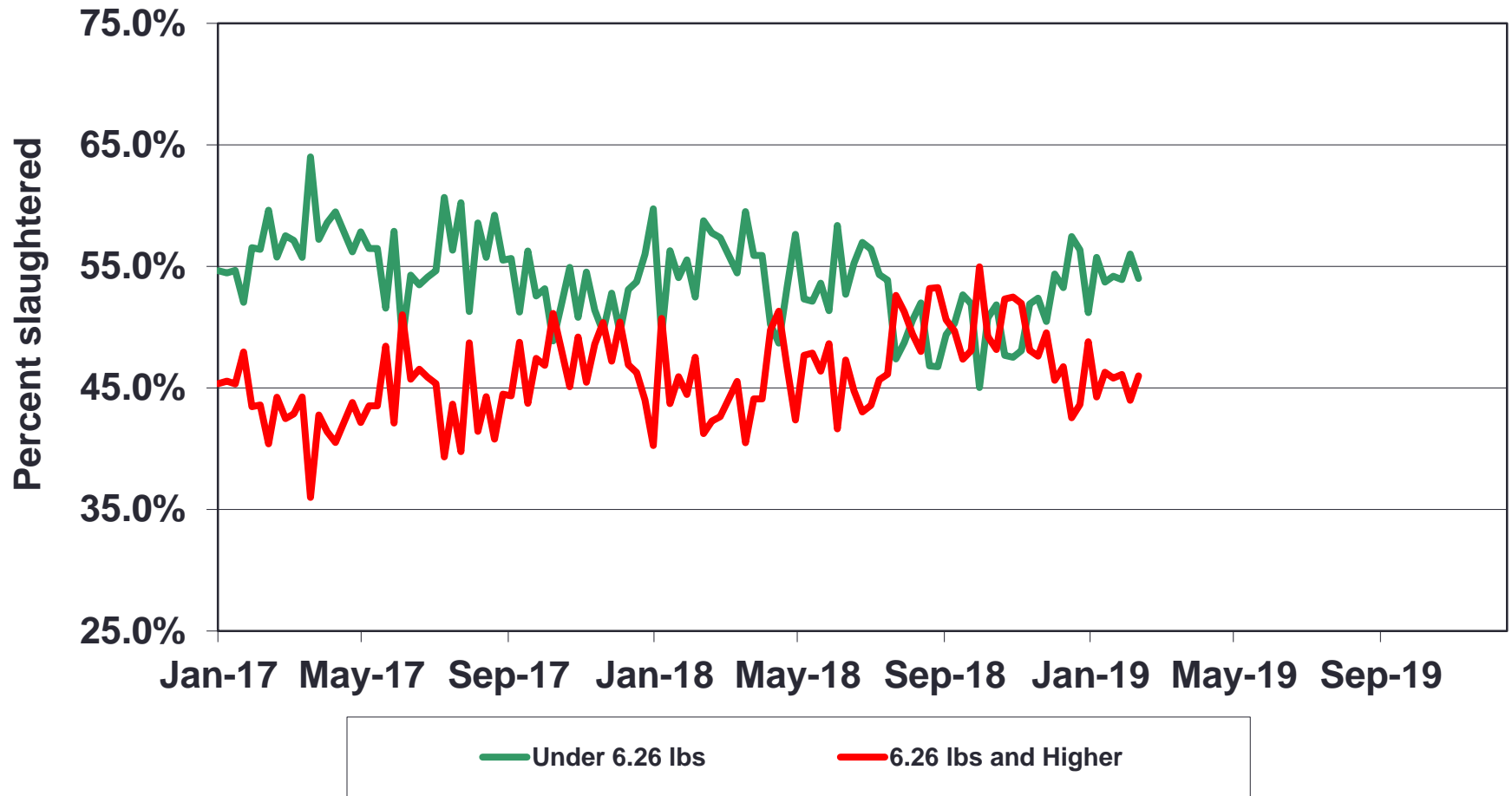
# Factors Driving the Forecasts:

- Broilers – Sector Cautious
  - Weak Returns Encouraging Caution
  - Mixed Signals from Hatchery Data
  - **Bird Weights Slowing**

# Broiler Weight Growth Slowing



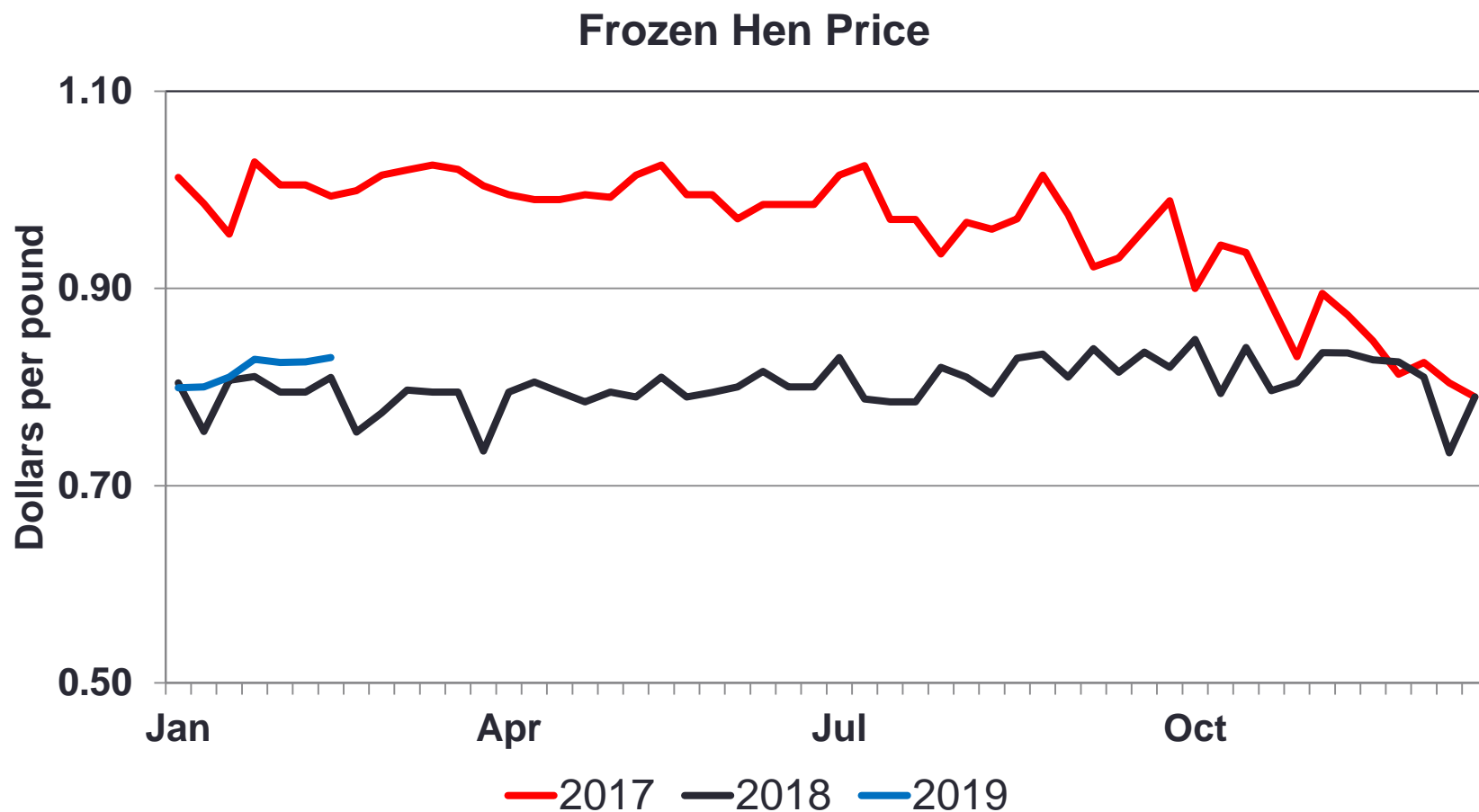
# Proportion of Lighter-Weight Birds Increasing



# Factors Driving the Forecasts:

- Turkey – Light at the End of the Tunnel?
  - **Prices Are Fractionally Higher**

# Prices Stabilizing with Tighter Supplies

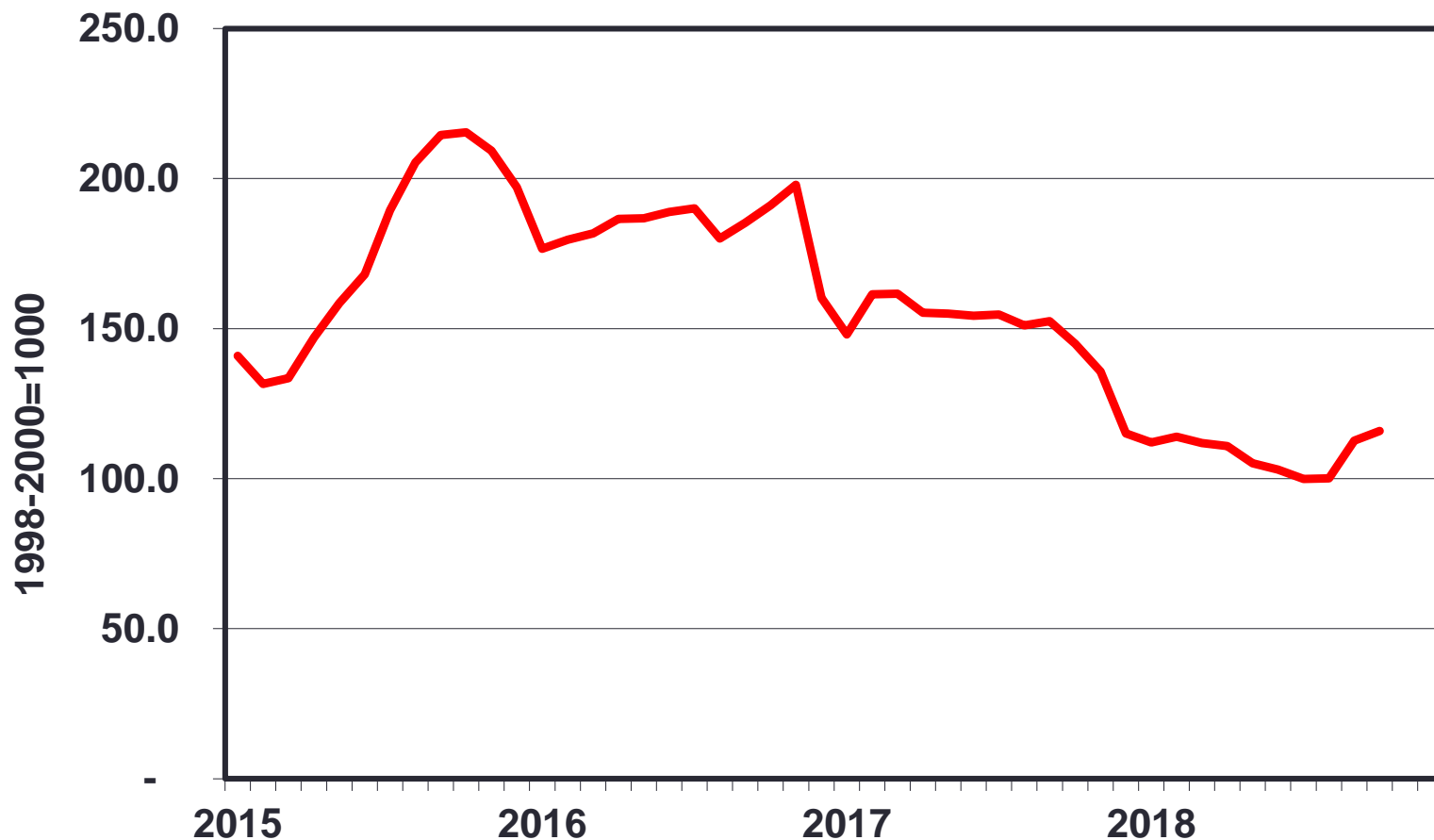


# Factors Driving the Forecasts:

- Turkey – Light at the End of the Tunnel?
  - Prices are Fractionally Higher
  - **Indexed Returns Still Weak**

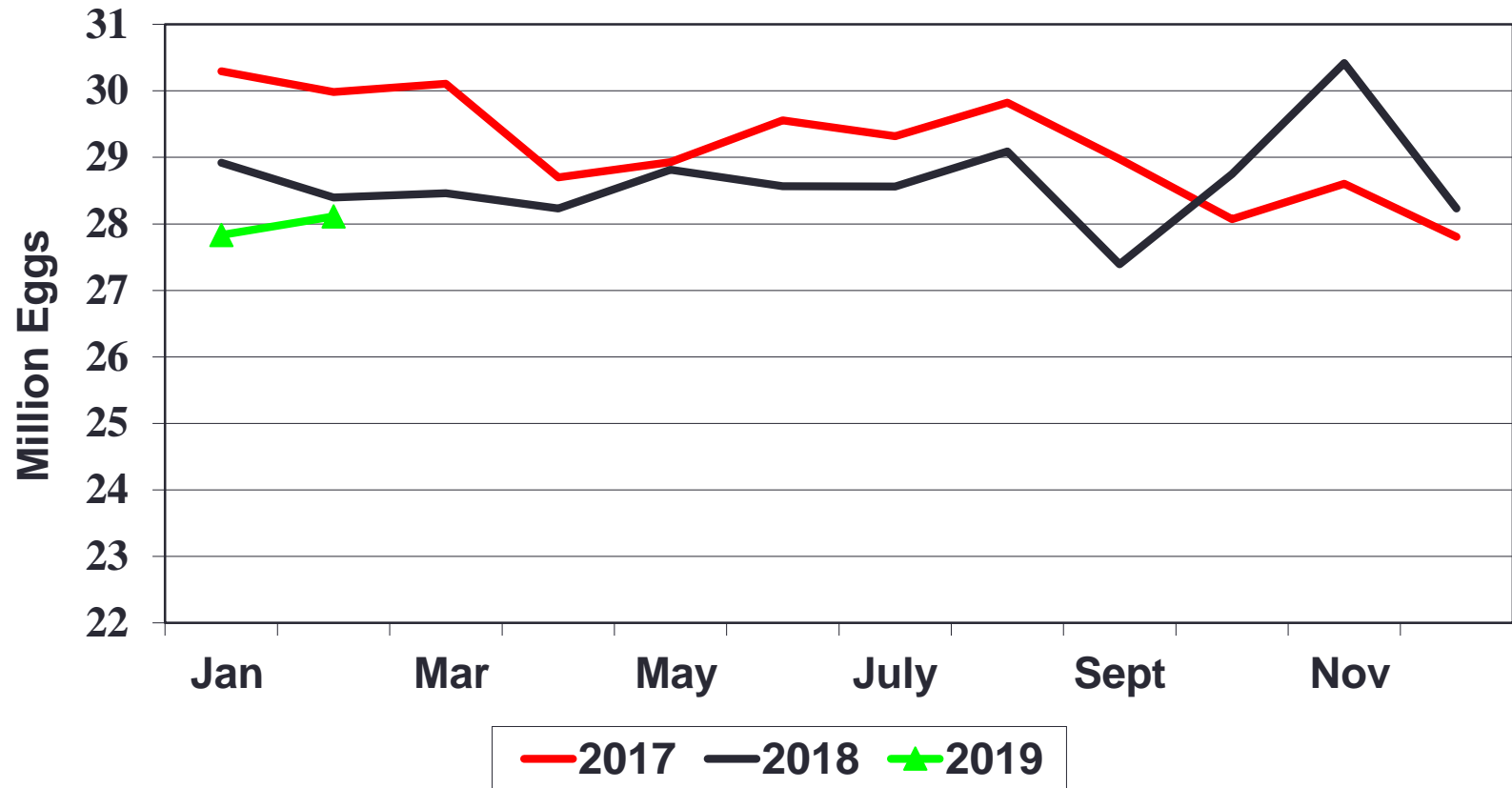


# Indexed Turkey Returns: Frozen Hen Price Minus Feed Cost

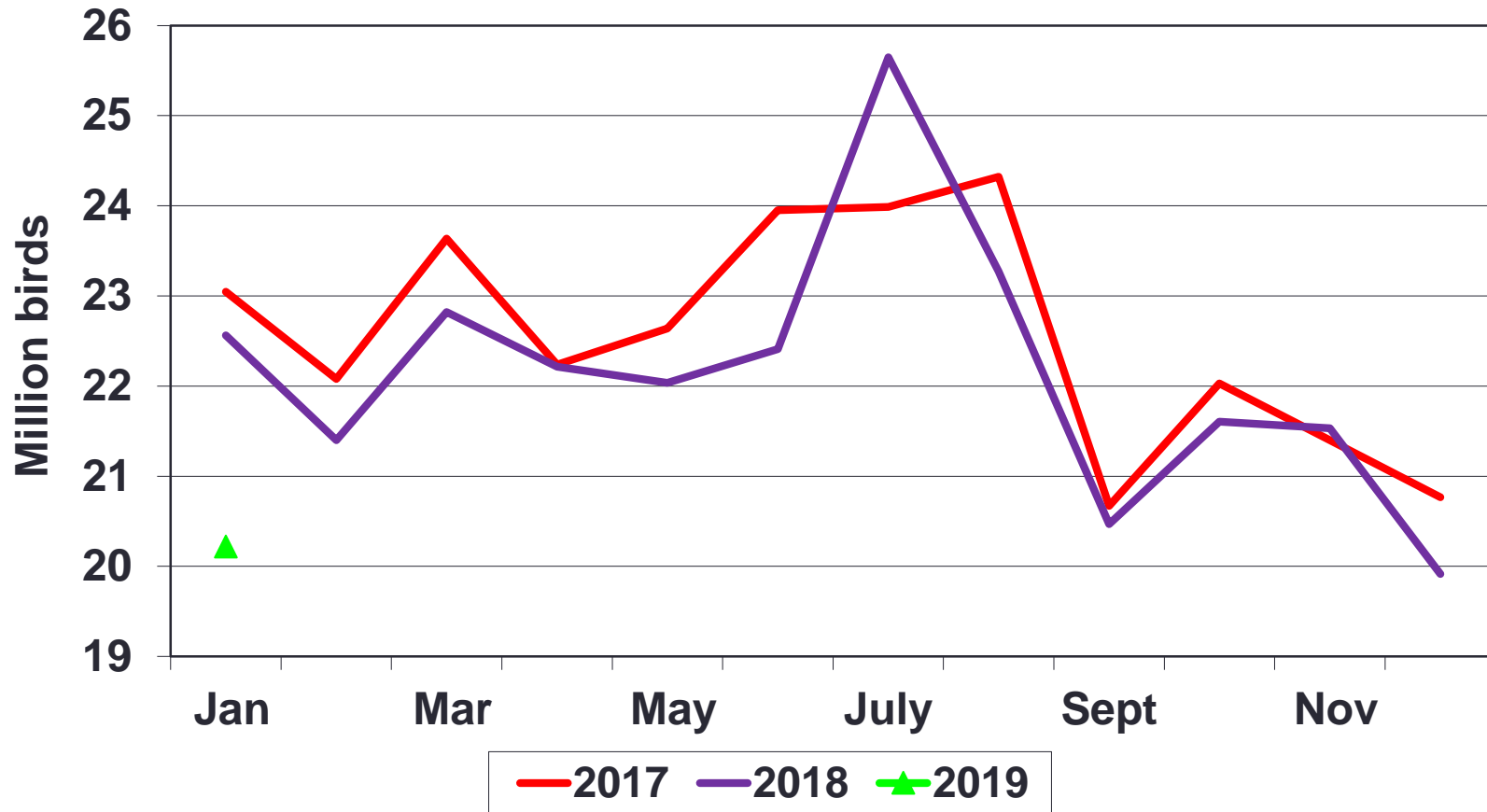


# Sector Caution Returns in Early-2019

Eggs in Incubators, First of Month



# Turkey Poult Placement Lags

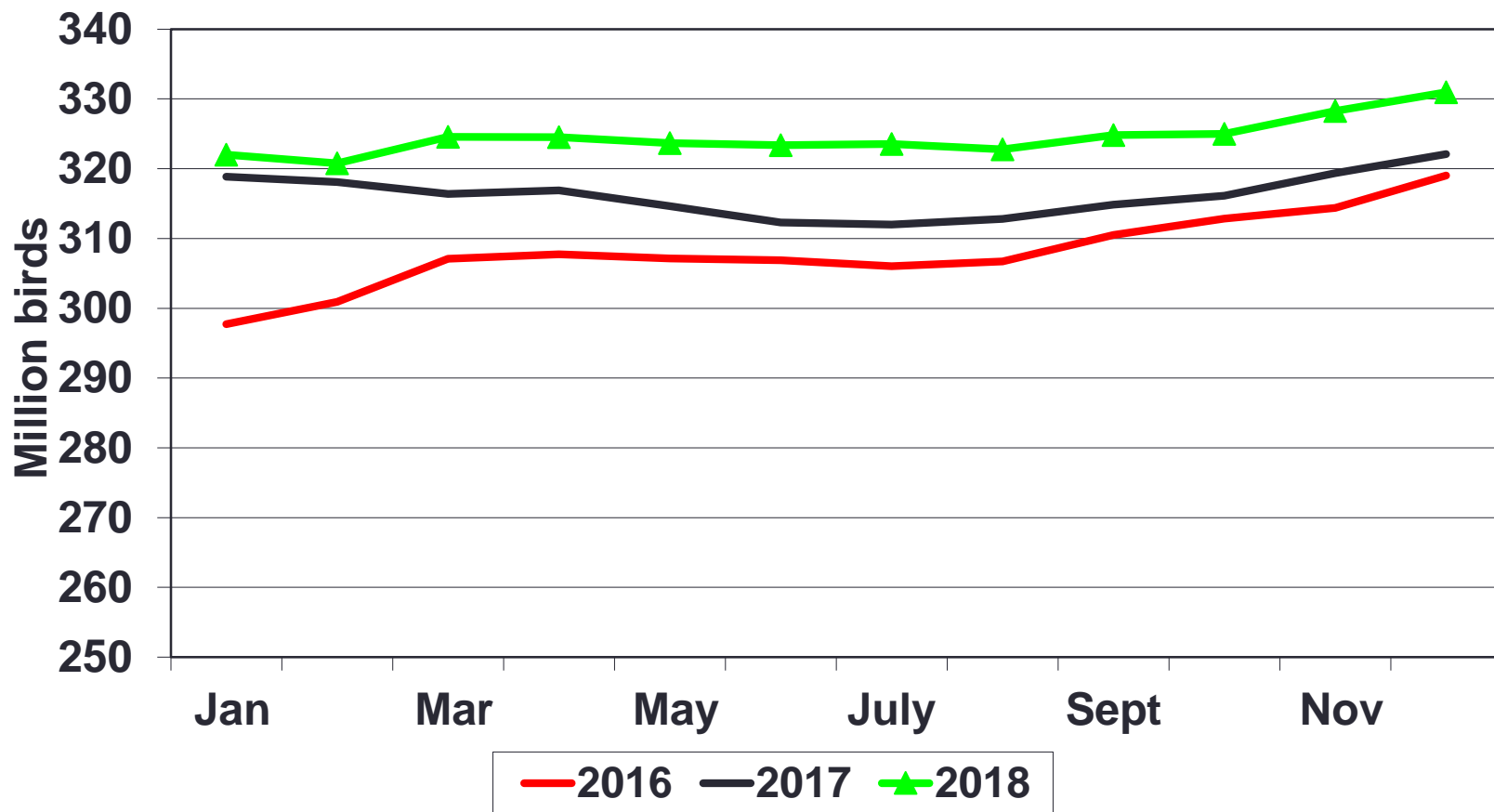


# Factors Driving the Forecasts:

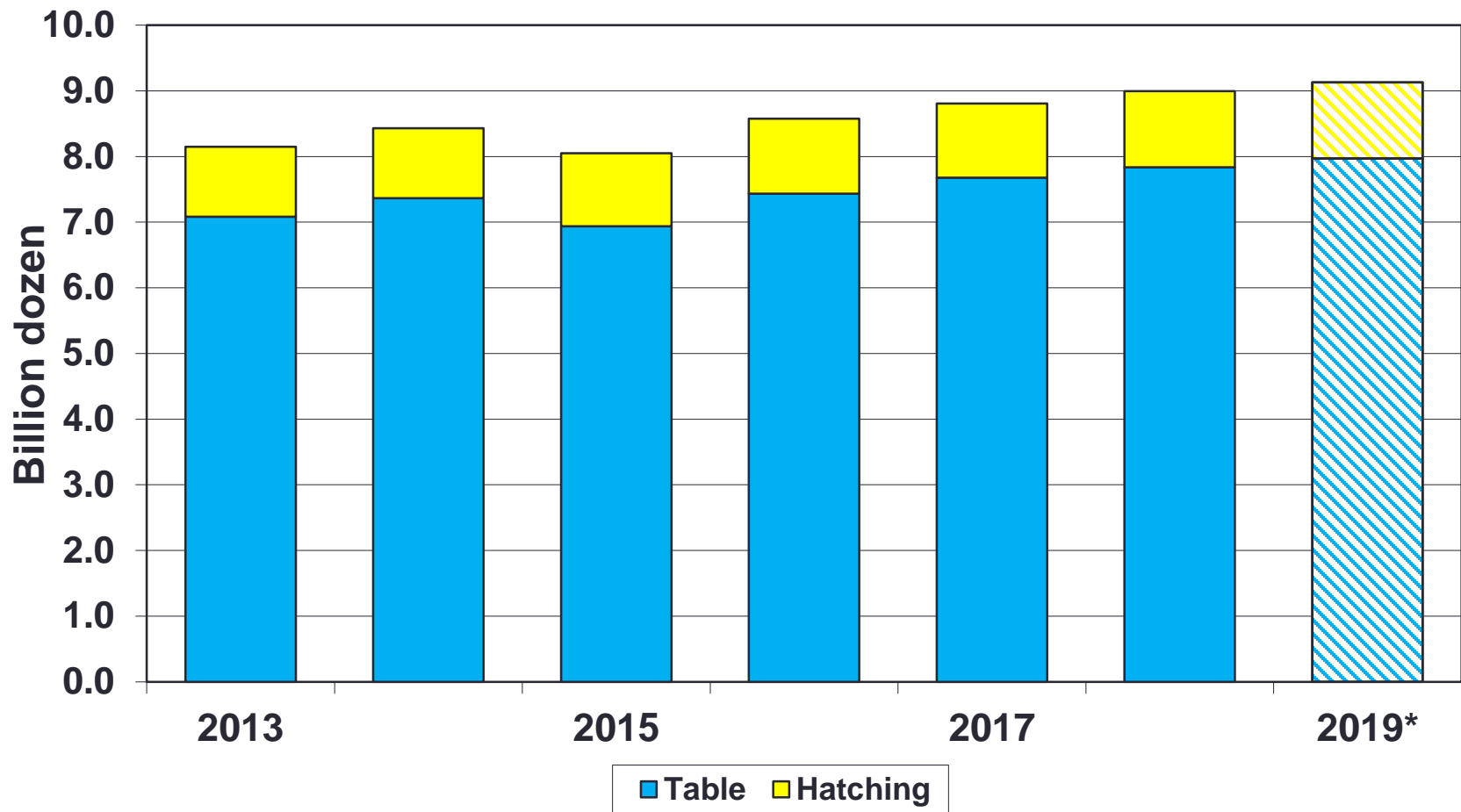
- Eggs – Growth Continues
  - Laying Flock Expanding

# Egg Laying Flock Growth Continues

## First of Month



# Egg Production Will Be Record Large

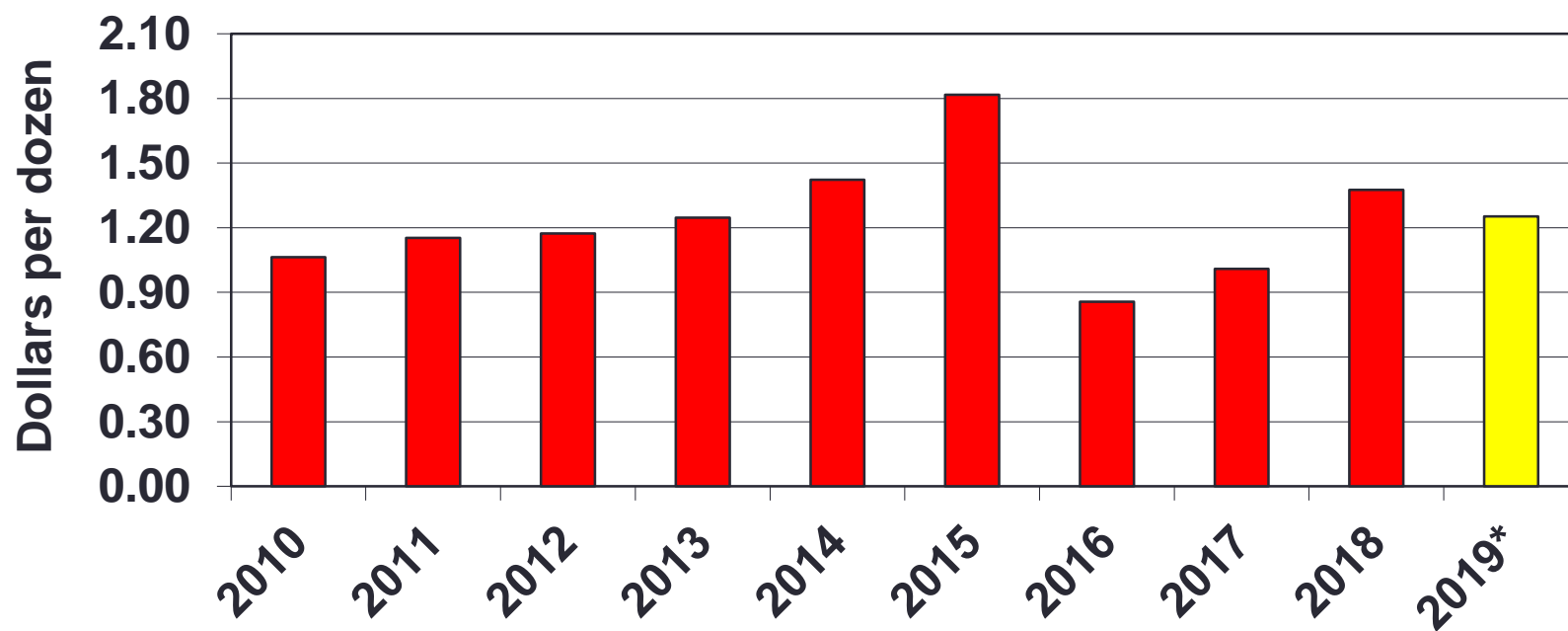


# Factors Driving the Forecasts:

- Eggs – Growth Continues
  - Flock Expanding
  - **Egg Prices More Stable but Below 2018**

# Egg Prices Will Average \$1.22-\$1.29 per Dozen in 2019

N.Y. Wholesale Price - Large Eggs





# Additional information about the USDA outlook is available at the following websites:

- World Agricultural Outlook Board (WAOB)  
World Agricultural Supply and Demand Estimates
  - [www.usda.gov/oce/commodity/wasde/index.htm](http://www.usda.gov/oce/commodity/wasde/index.htm)
- Economic Research Service (ERS)  
Livestock, Dairy, and Poultry Situation and Outlook
  - <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1350>
- Foreign Agricultural Service (FAS)  
Livestock and Poultry: World Markets and Trade
  - <http://www.fas.usda.gov/data/livestock-and-poultry-world-markets-and-trade>

