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Presentation from the USDA Agricultural Outlook Forum 2017

United States Department of Agriculture
93rd Annual Agricultural Outlook Forum
“A New Horizon: The Future of Agriculture”

February 23-24, 2017
Arlington, Virginia

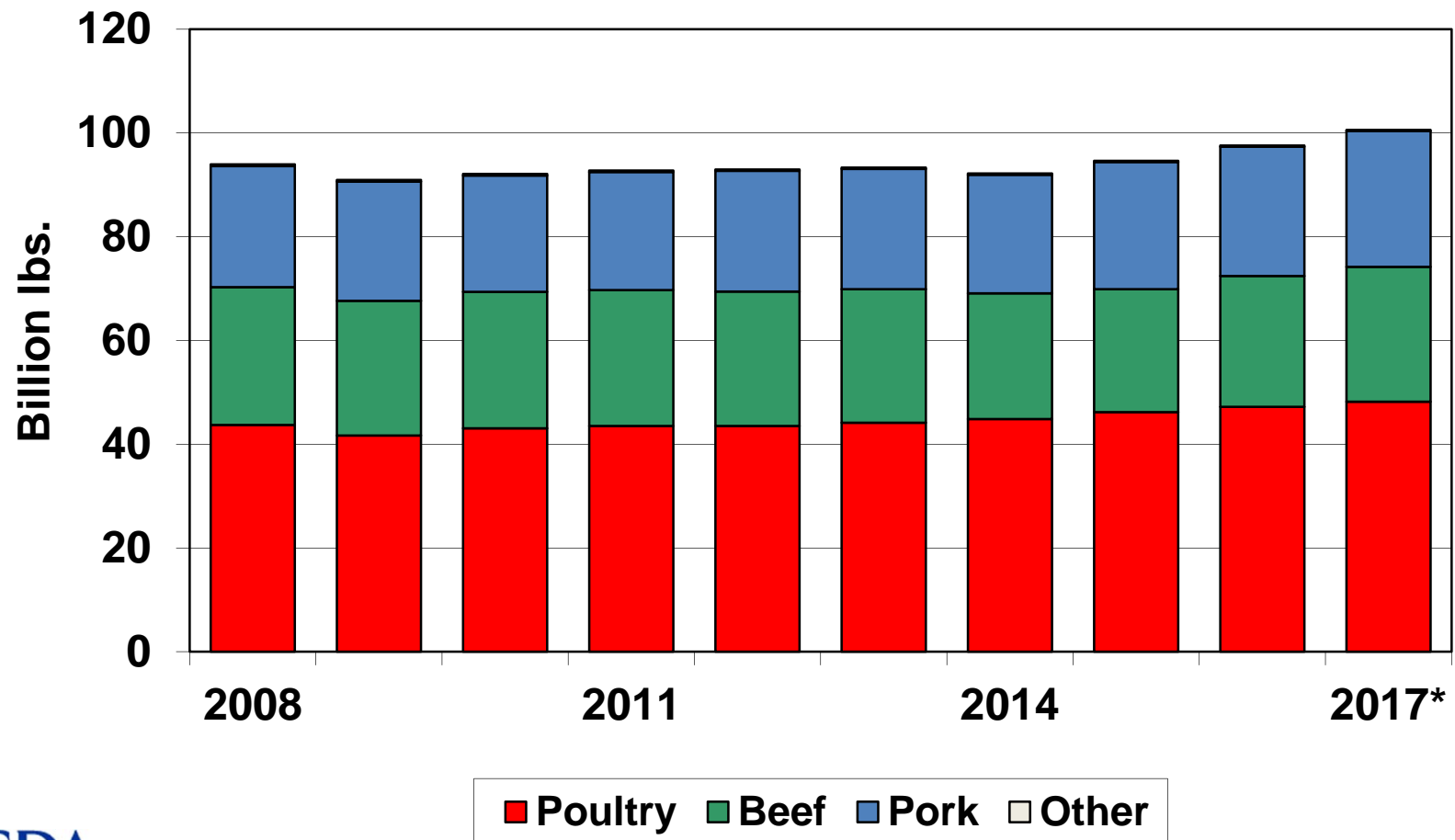
Outlook for the U.S. Livestock and Poultry Sectors

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

**USDA Agricultural Outlook Forum
Arlington, VA
February 24, 2017**

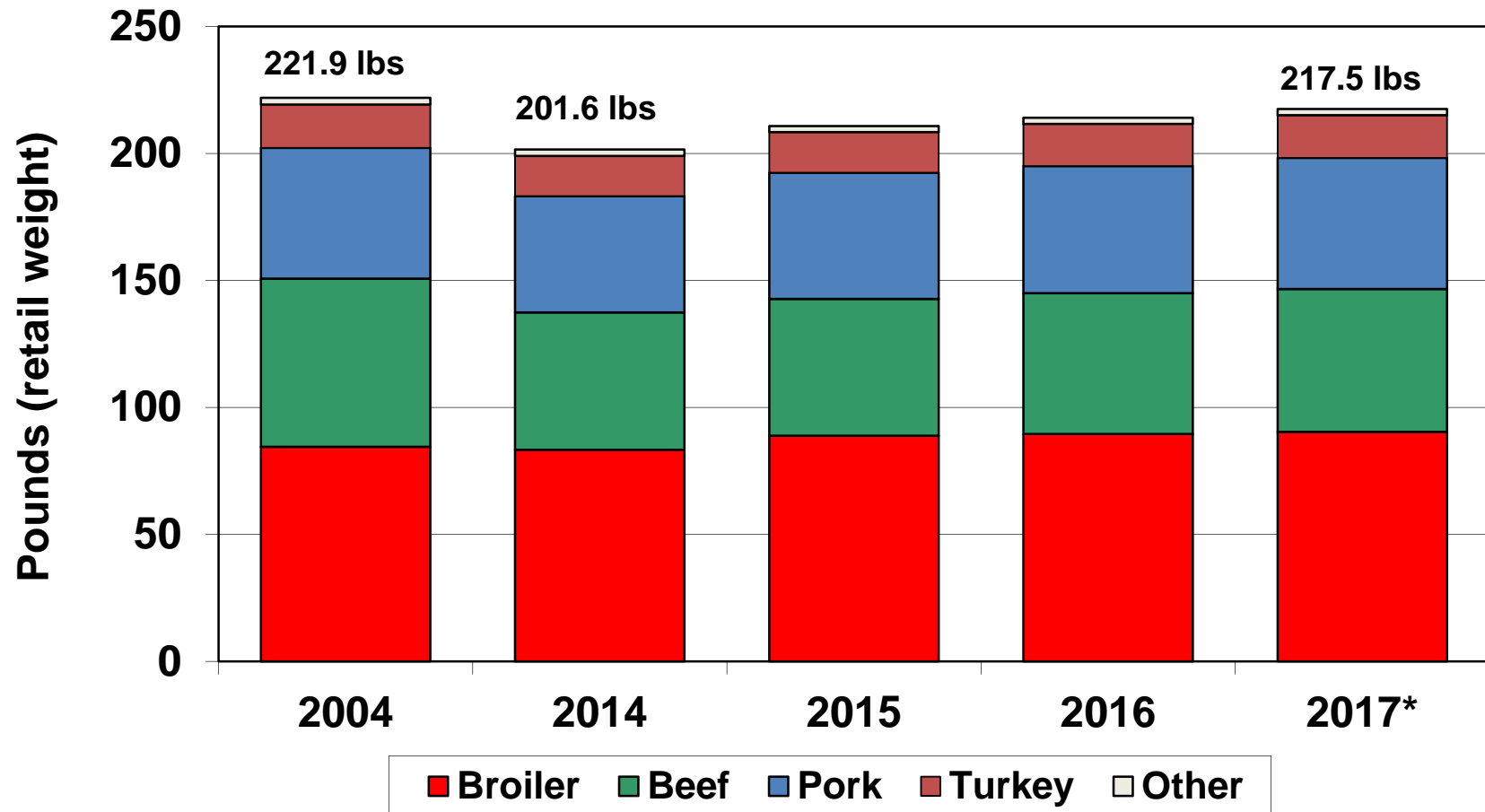


Record Red Meat and Poultry Production in 2017



* Forecast

Per Capita Disappearance Approaching 2004 Record



* Forecast

Total Meat Production Higher

Billion pounds	2015	2016	2017	2016-17 % Change
Beef	23.698	25.212	26.000	3.1
Pork	24.501	24.939	26.170	4.9
Broiler Meat	40.048	40.686	41.525	2.1
Turkey	5.627	5.981	6.120	2.3
Total Red Meat And Poultry	94.630	97.589	100.586	3.1



Large Meat Supplies Will Boost Exports

Billion pounds	2015	2016	2017	2016-17 % Change
Exports				
Beef	2.265	2.550	2.715	6.5
Pork	5.009	5.233	5.440	4.0
Broiler Meat	6.321	6.647	6.925	4.2
Imports				
Beef	3.371	3.016	2.735	-9.3
Pork	1.116	1.092	1.085	-0.6



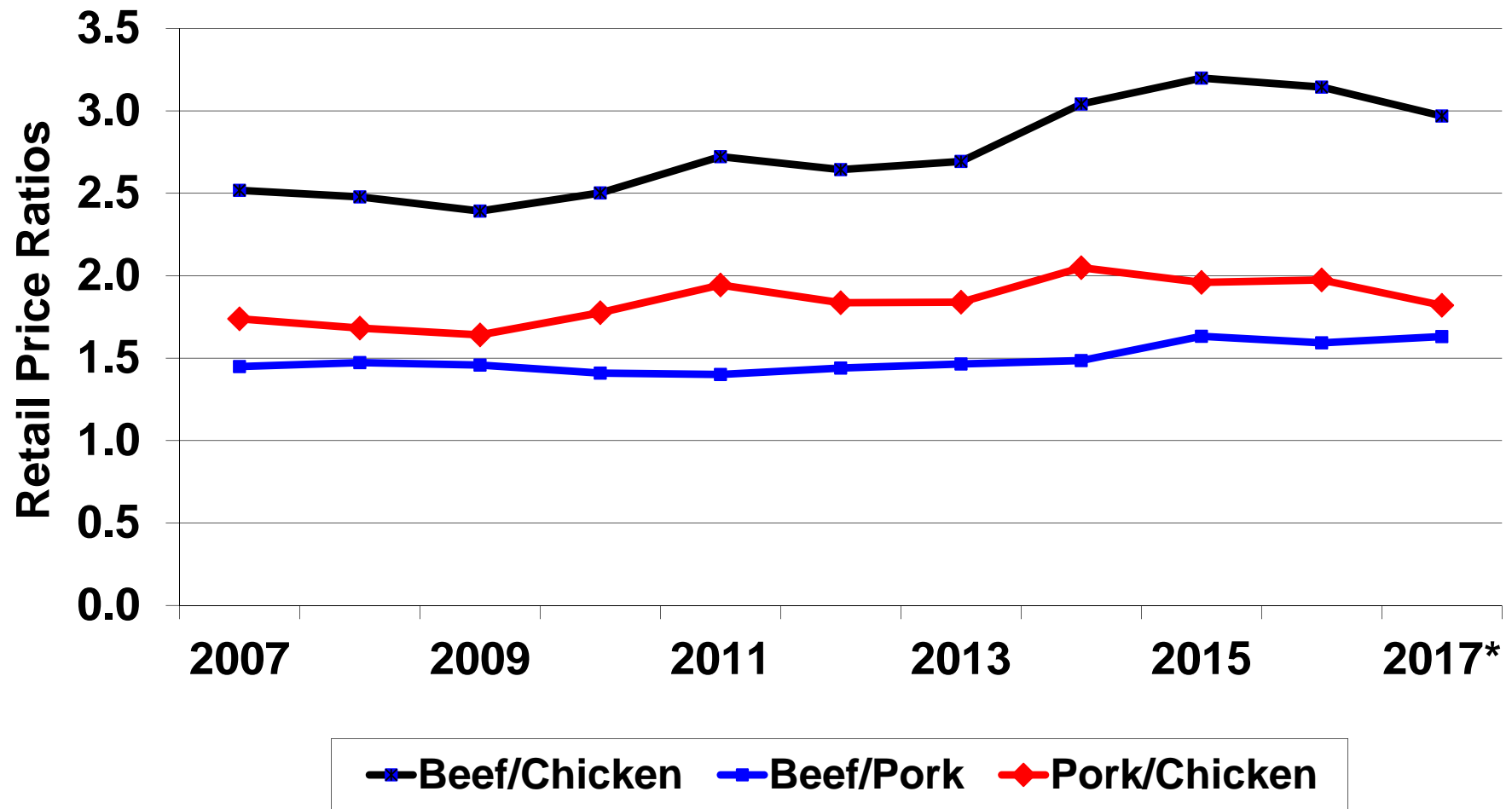
Livestock & Poultry Prices Lower

	2015	2016	2017	2016-17 % Change*
Cattle, \$/cwt	148.12	120.86	109-116	-7.3
Hogs, \$/cwt (live equiv.)	50.23	46.16	42-45	-5.8
National Composite Broiler, \$/lb	0.91	0.84	0.82-0.87	0.5
Turkey, \$/lb	1.16	1.17	1.04-1.10	-8.6



* At midpoint

Broiler Meat Will Face Increased Competition at Retail



* Forecast

Situation Facing Livestock and Poultry Producers

Moderating feed prices

- Corn: \$3.20-\$3.60/bu in 2016/17
 \$3.50/bu in 2017/18
- SBM: \$310-\$340/ton in 2016/17
 \$330/ton in 2017/18

Forage Situation Variable

- 2016 hay prices 16 percent below 2015
- Dec 1 hay stocks 1 percent higher
- Drought-affected areas have shifted

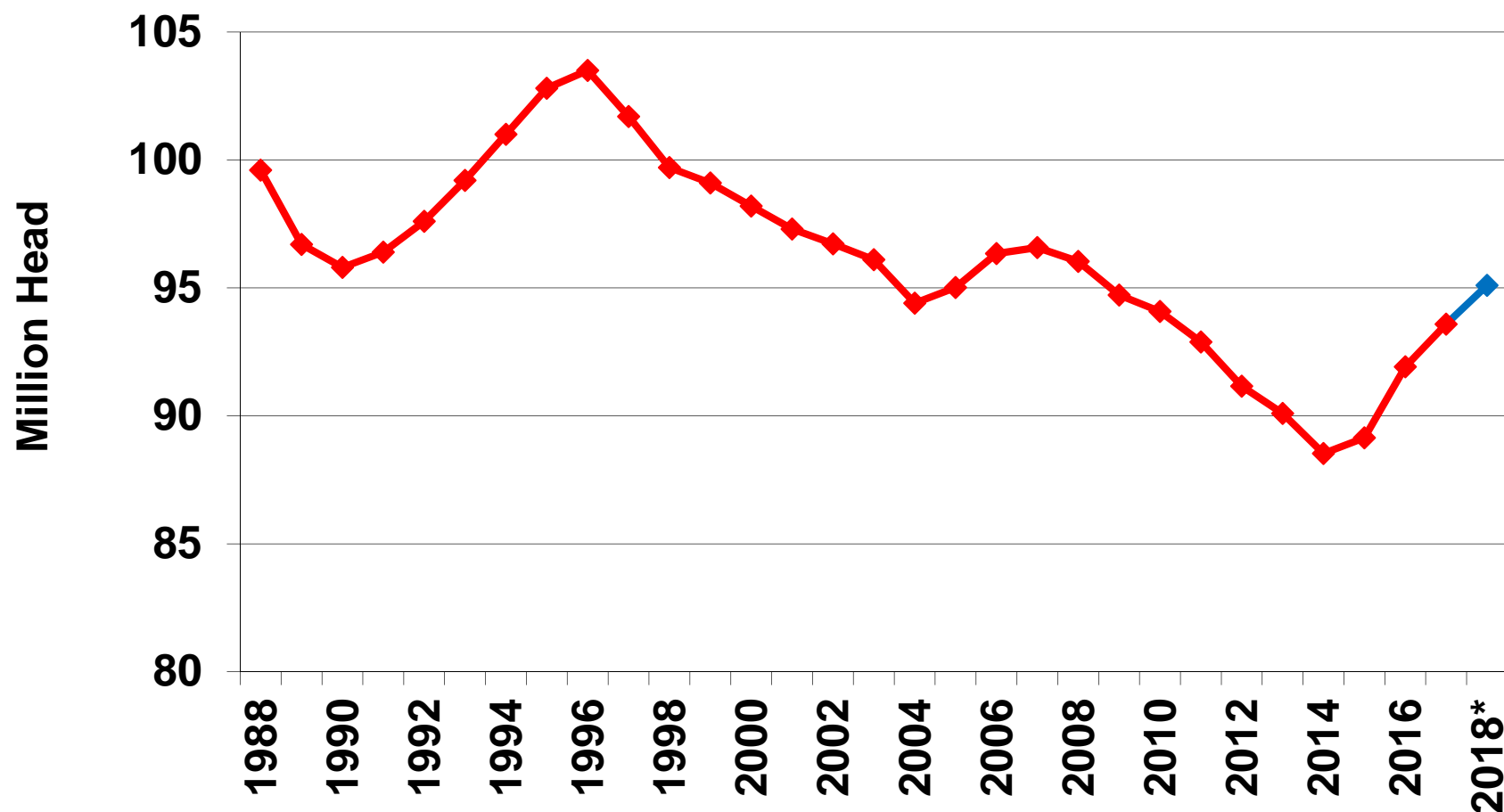


Factors Driving the Forecasts:

- Cattle – Increasing Supplies
 - Expanding Inventory

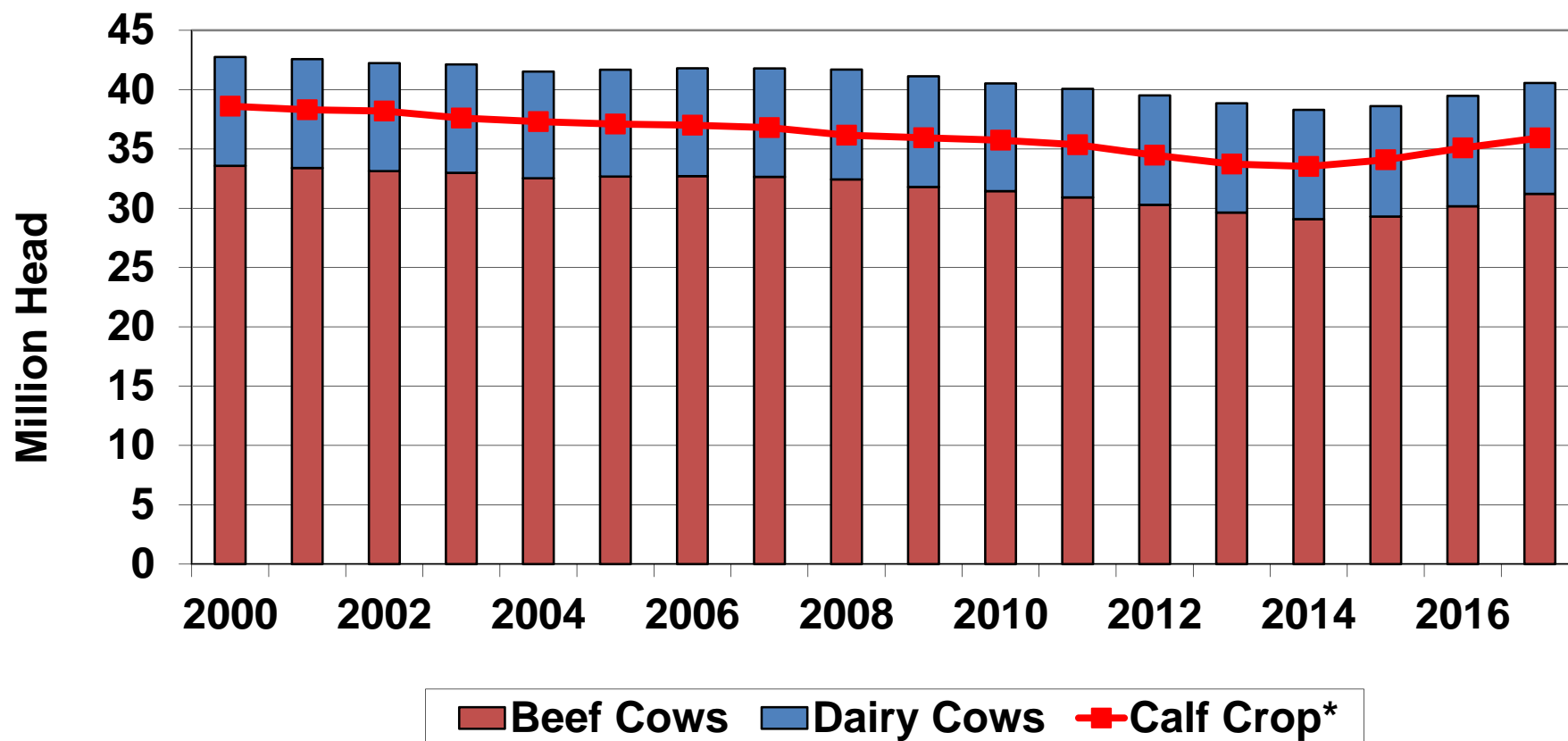


Cattle Herd at 93.6 Million on Jan 1, 2017; Expansion Will Continue During 2017



* Forecast

Beef Cow Herd Continues to Expand; Calf Crop Increasing



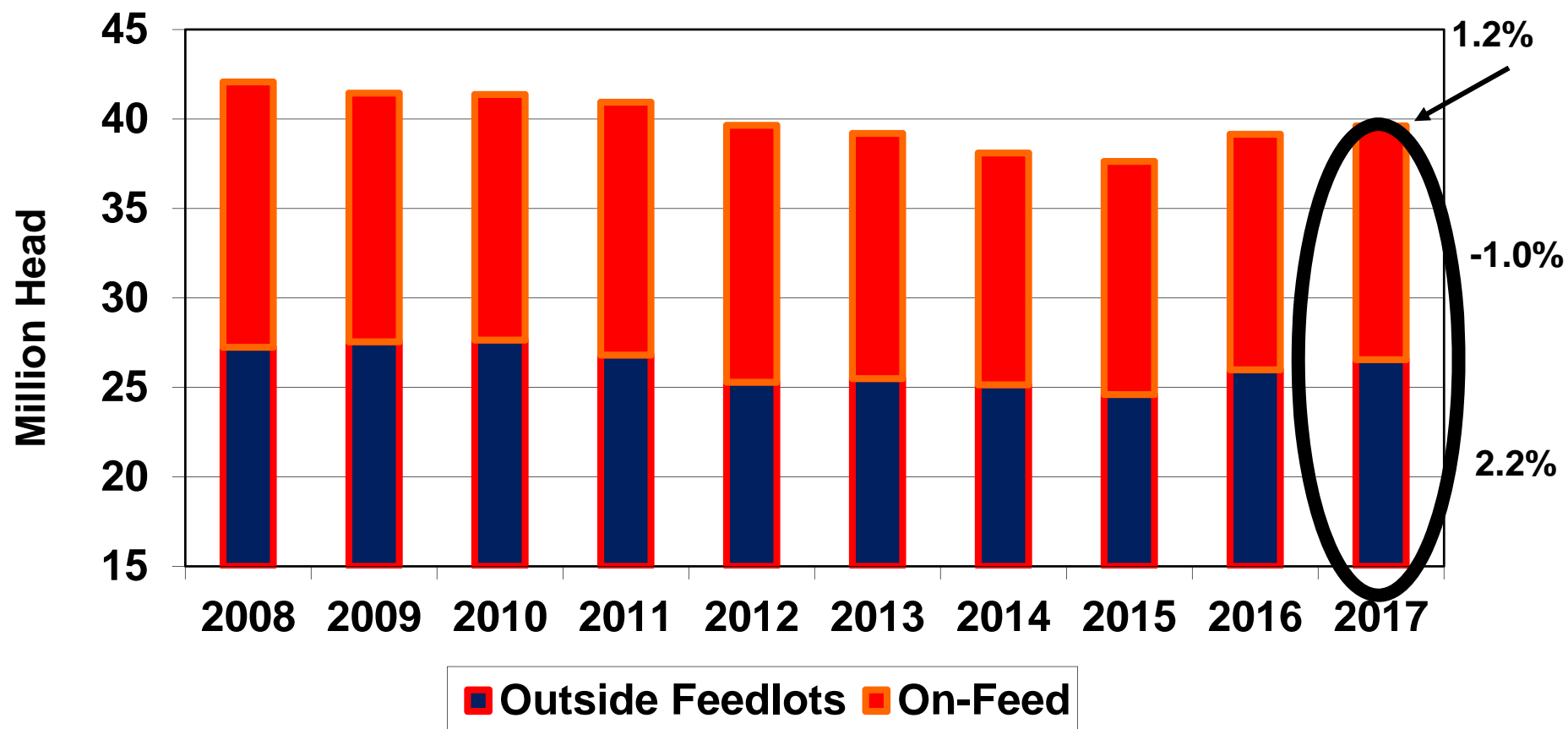
* 2017 Calf Crop Forecast

Factors Driving the Forecasts:

- Cattle – Increasing Supplies
 - Expanding Inventory
 - **Feeder Cattle Supplies Ample**



Cattle for Placement Higher on January 1



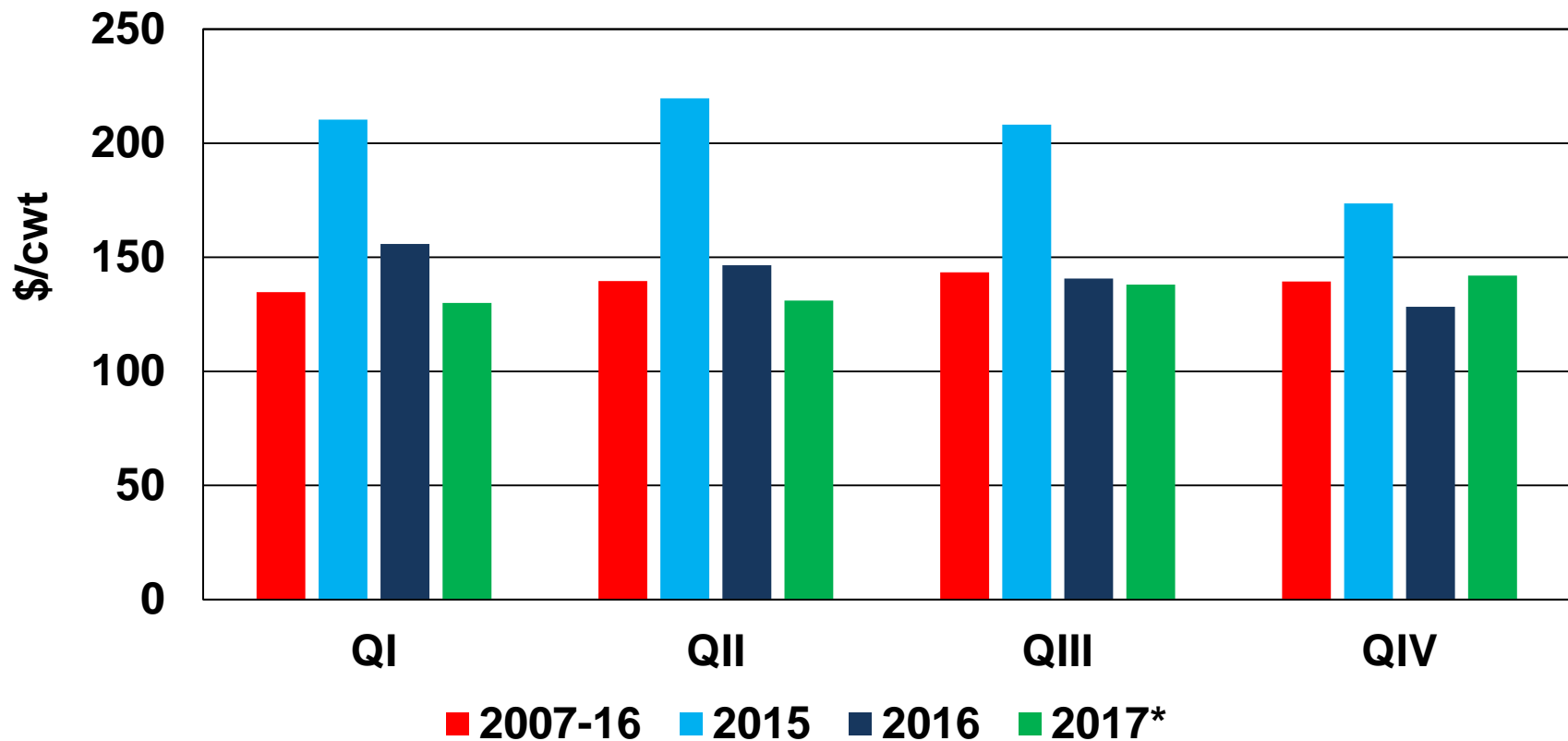
Factors Driving the Forecasts:

- Cattle – Increasing Supplies
 - Expanding Inventory
 - Feeder Cattle Supplies Ample
 - **Expansion May Slow**
 - **Cow-Calf Returns Pressured by Lower Prices**
 - **Forage Supplies Dependent on Location**



Feeder Calf Prices Have Adjusted to Increased Calf Supply

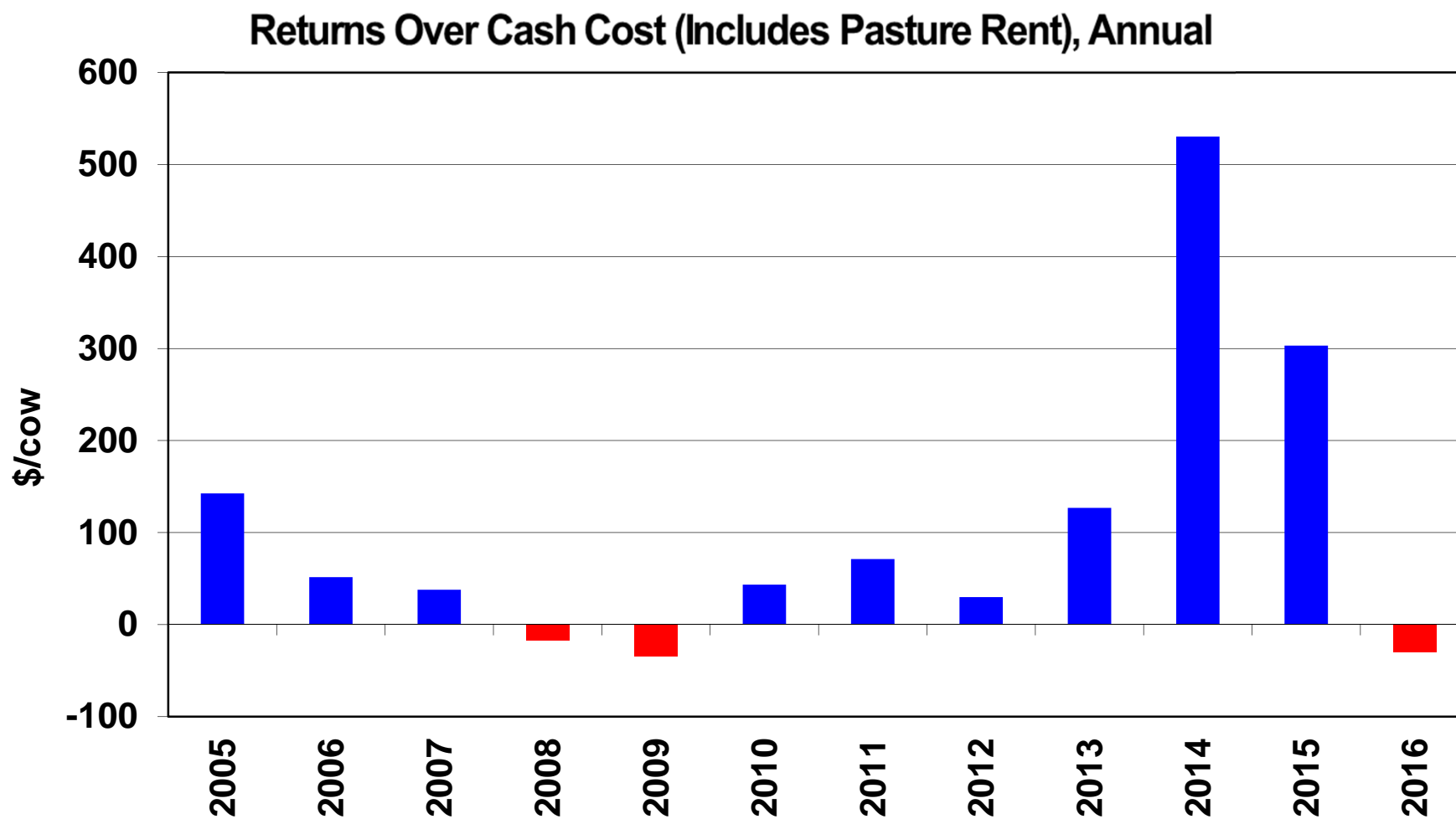
Feeder Steers, Oklahoma City
750-800 lbs



*Forecast



Estimated Average Cow Calf Returns



Source: Livestock Marketing Information Center

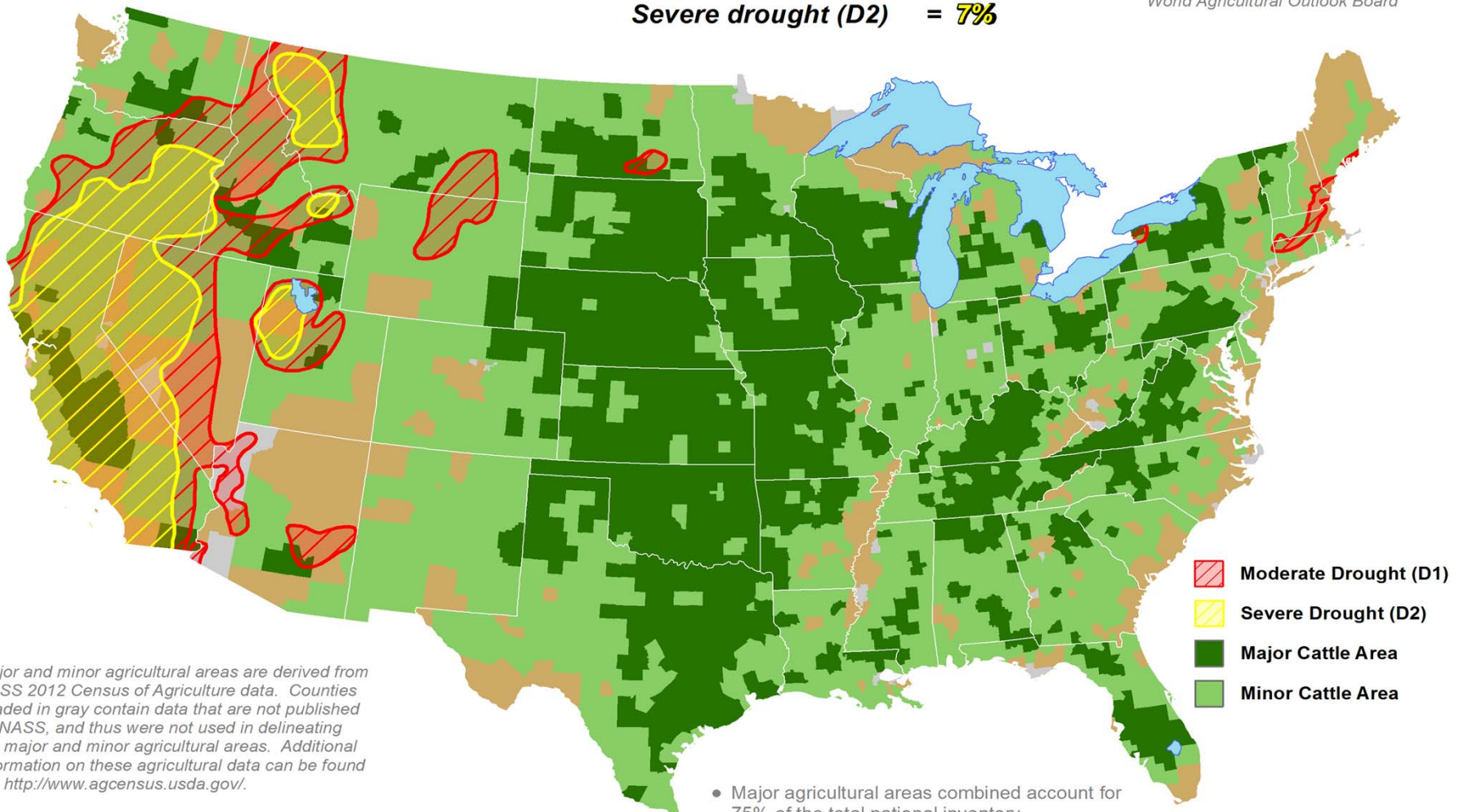
U.S. Cattle Areas Experiencing Drought

Reflects **February 2, 2016**
U.S. Drought Monitor data

Approximate inventory in drought:
Moderate drought (D1) = **11%**
Severe drought (D2) = **7%**



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



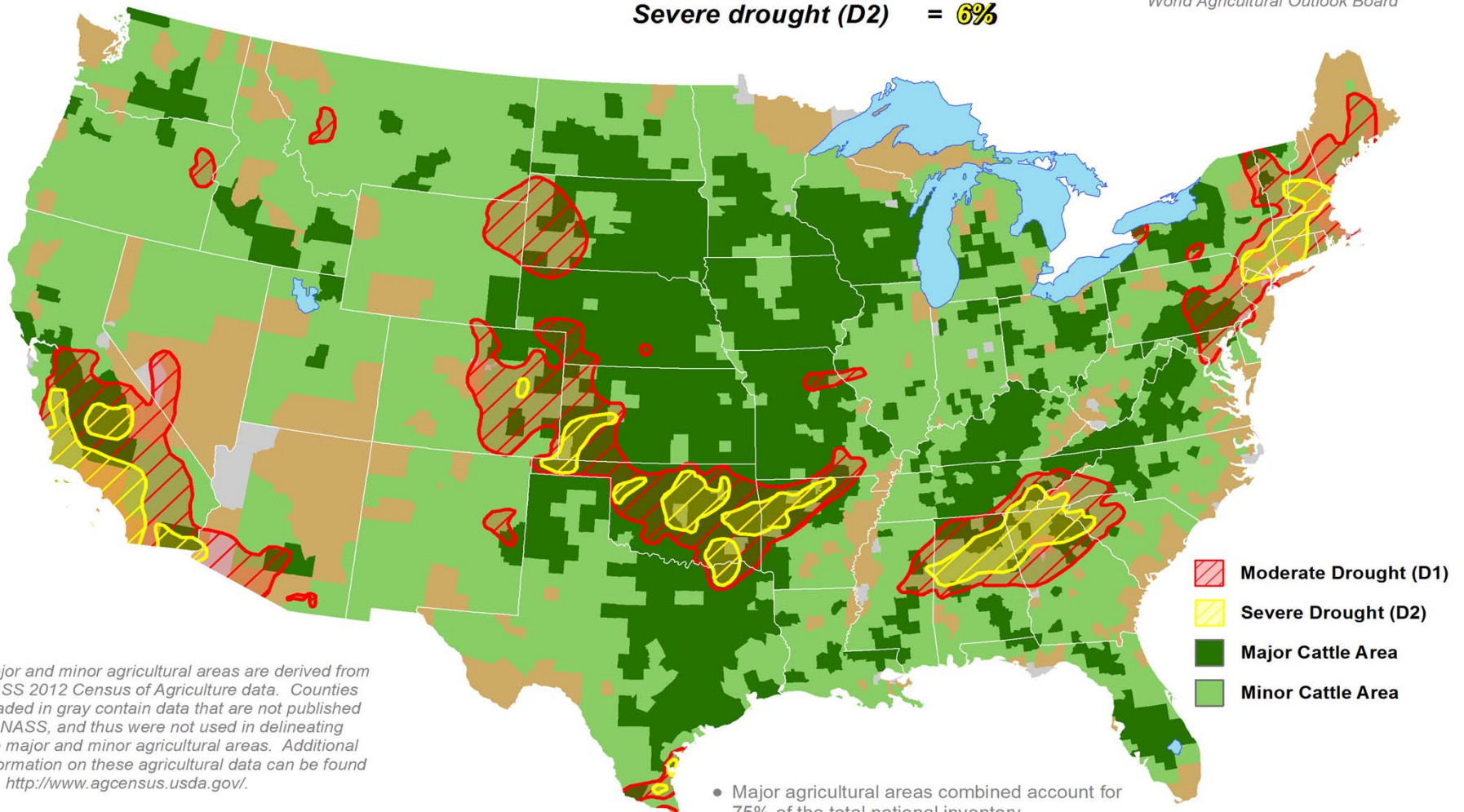
U.S. Cattle Areas Experiencing Drought

Reflects **January 31, 2017**
U.S. Drought Monitor data

Approximate inventory in drought:
Moderate drought (D1) = **19%**
Severe drought (D2) = **6%**



This product was prepared by the
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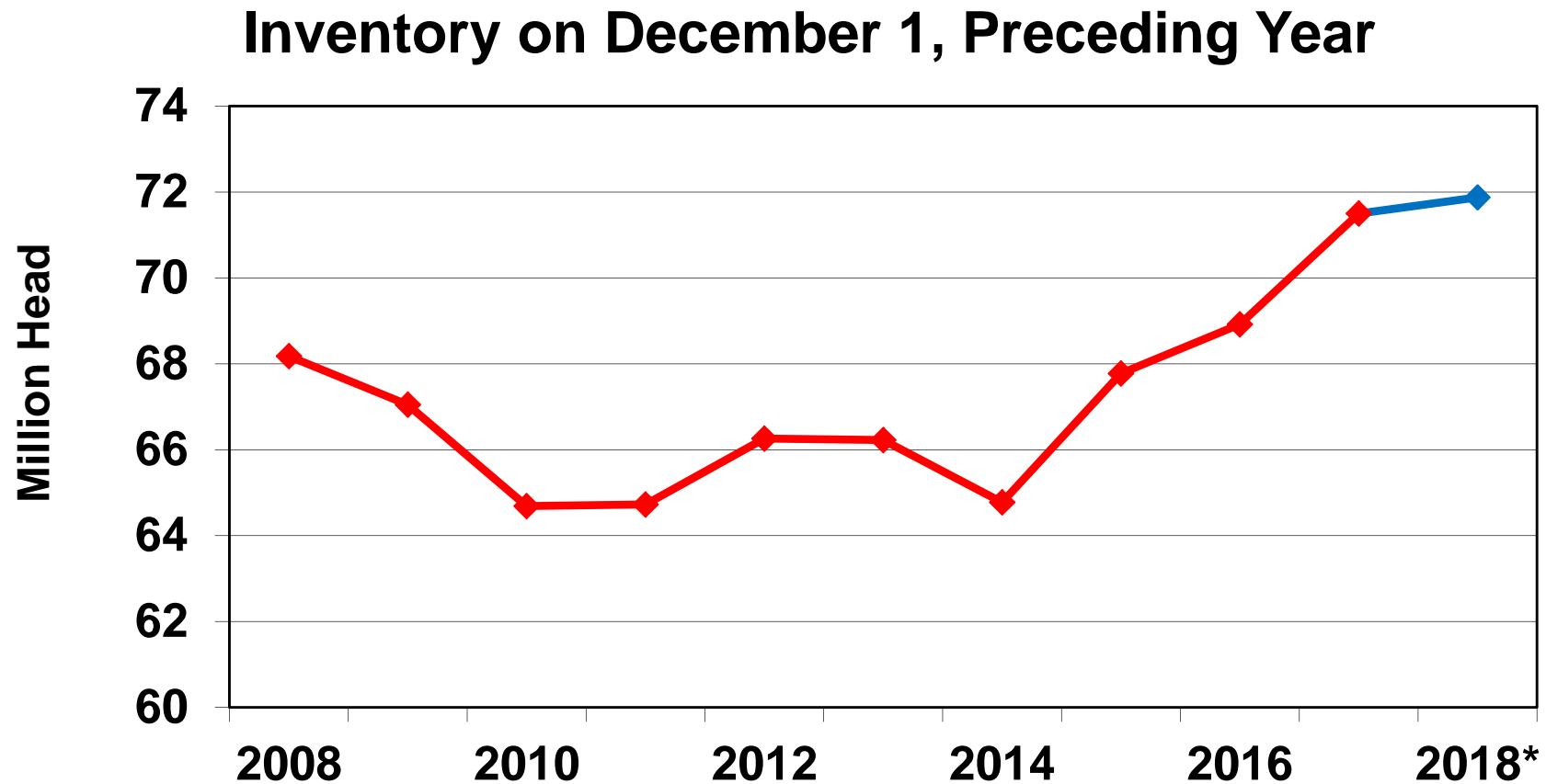


Factors Driving the Forecasts:

- Hogs – Lots of Hogs on the Way
 - **Producers Optimistic Despite Late-2016 Losses**

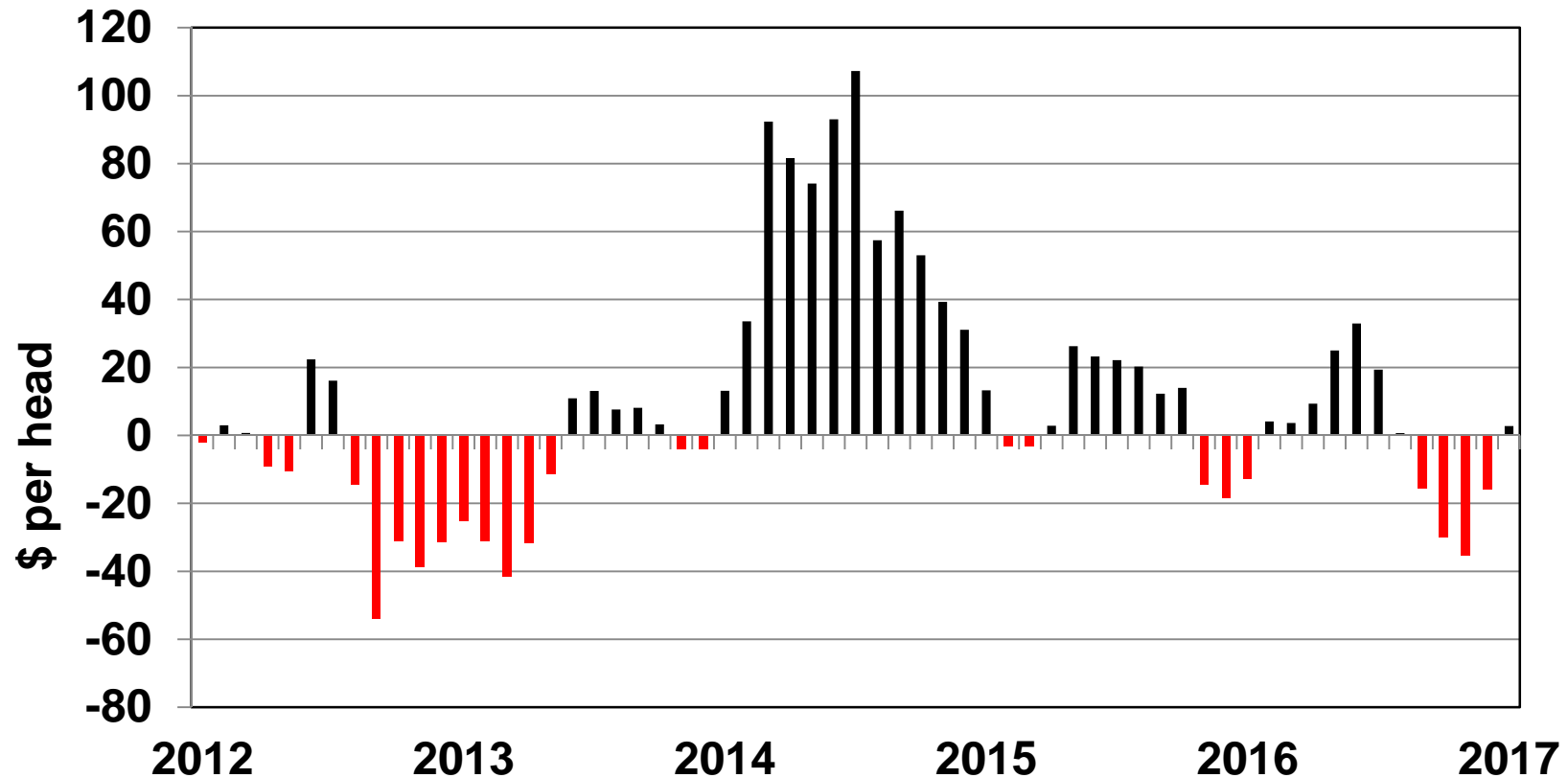


Hog Inventory Increased to 71.5 Million Head on December 1, 2016

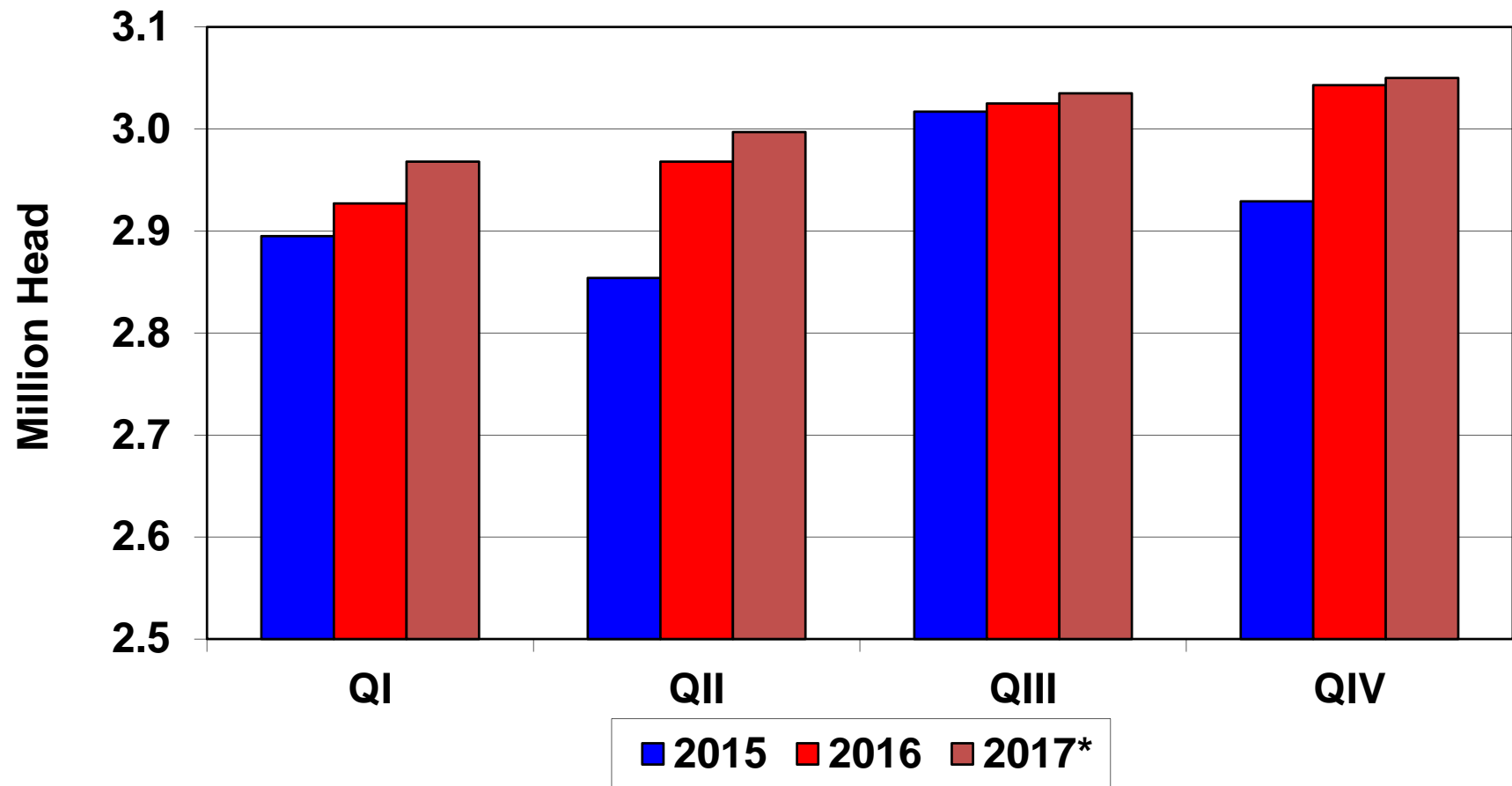


* Forecast

Average Returns to Farrow-Finish Operators



Strong Late-2016 Farrowing Growth



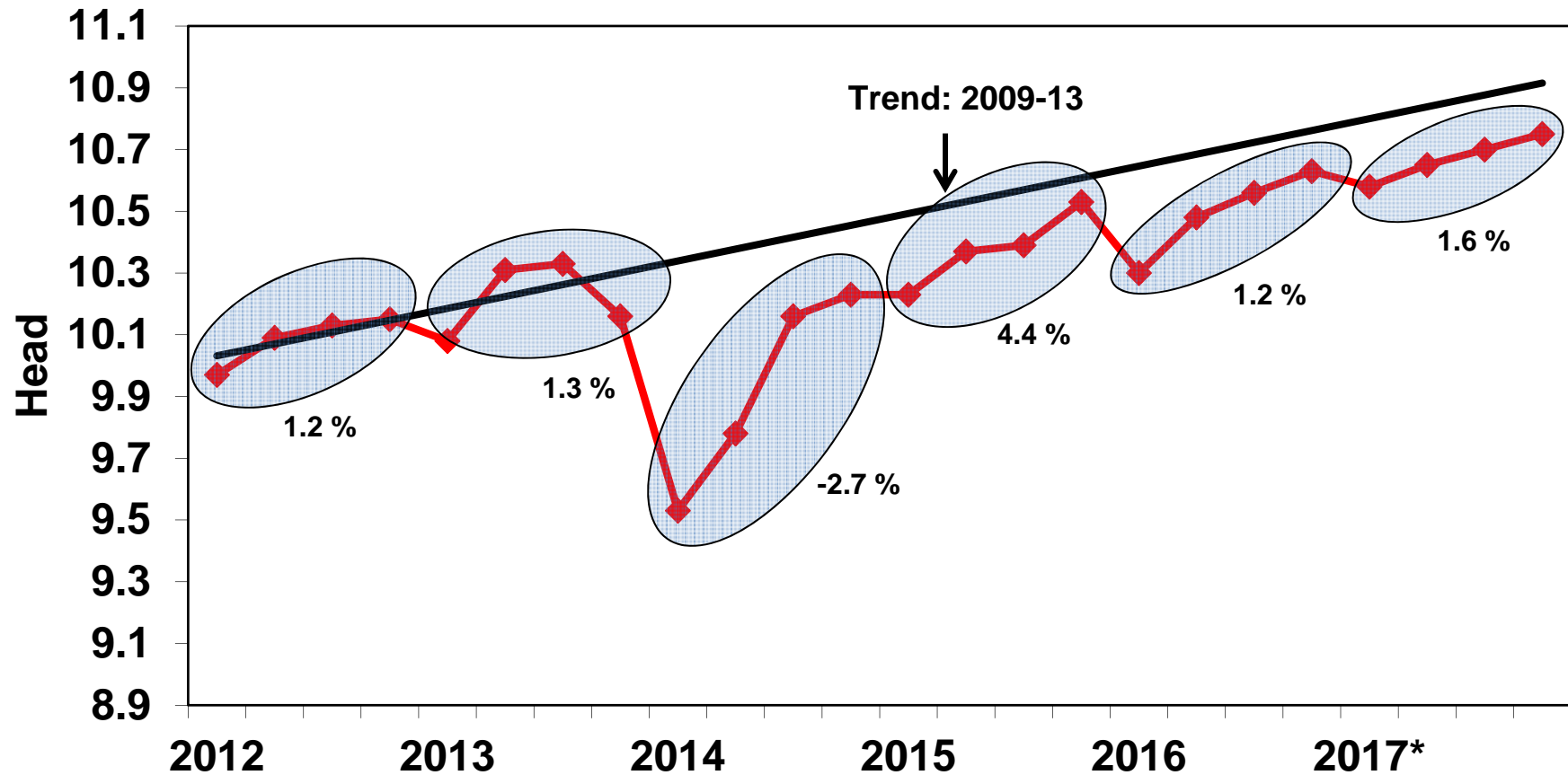
*QI & QII Reported Intentions
QIII & QIV Forecast

Factors Driving the Forecasts:

- Hogs – Lots of Hogs on the Way
 - Producers Optimistic Despite Late-2016 Losses
 - **Pigs Per Litter Continue to Set Records**



Pigs per Litter Near Trend Growth



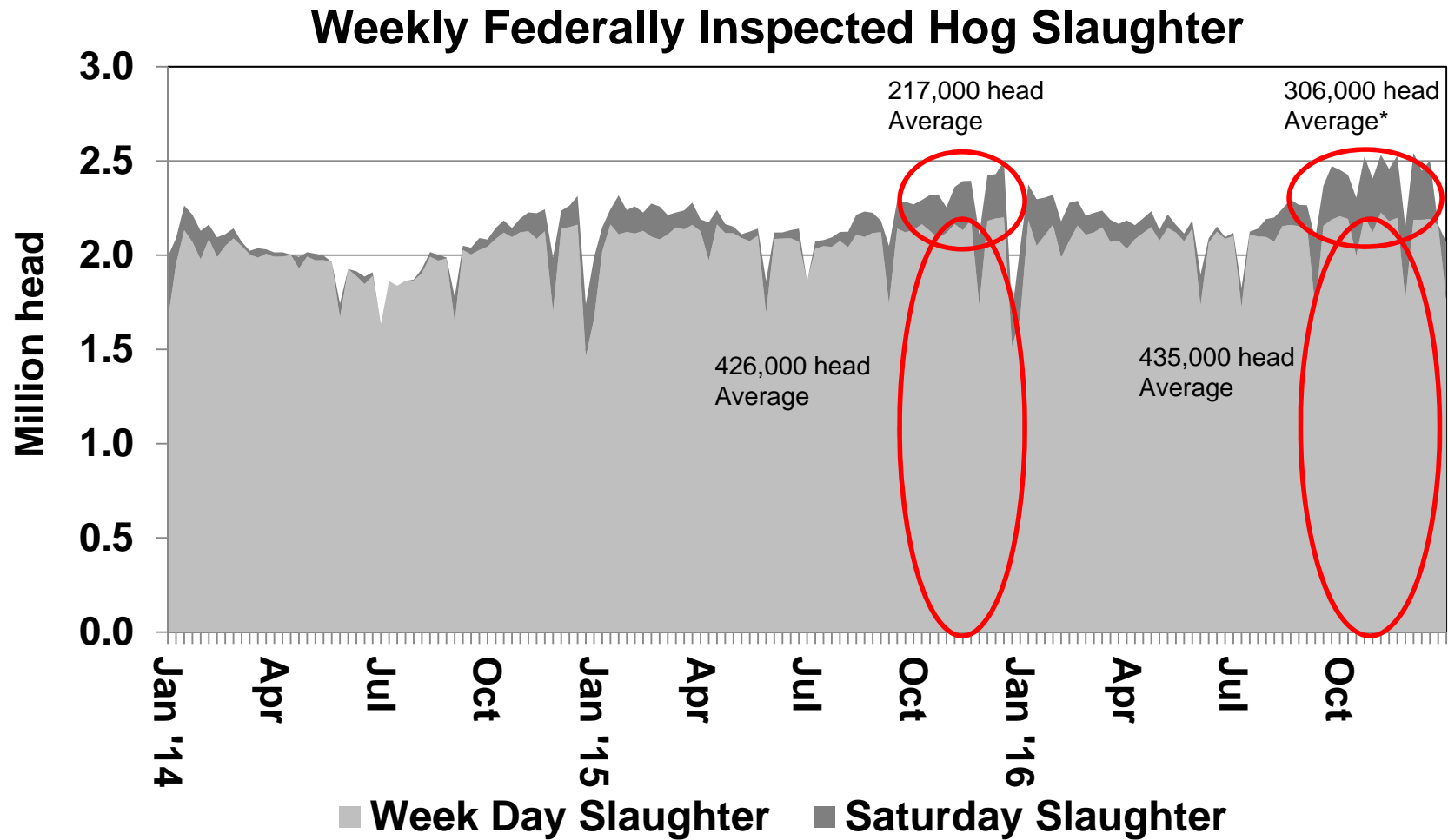
* Forecast

Factors Driving the Forecasts:

- Hogs – Lots of Hogs on the Way
 - Producers Optimistic Despite Late-2016 Losses
 - Pigs Per Litter Continue to Set Records
 - **Slaughter Capacity will be Important**



Saturday Slaughter is Increasingly Important



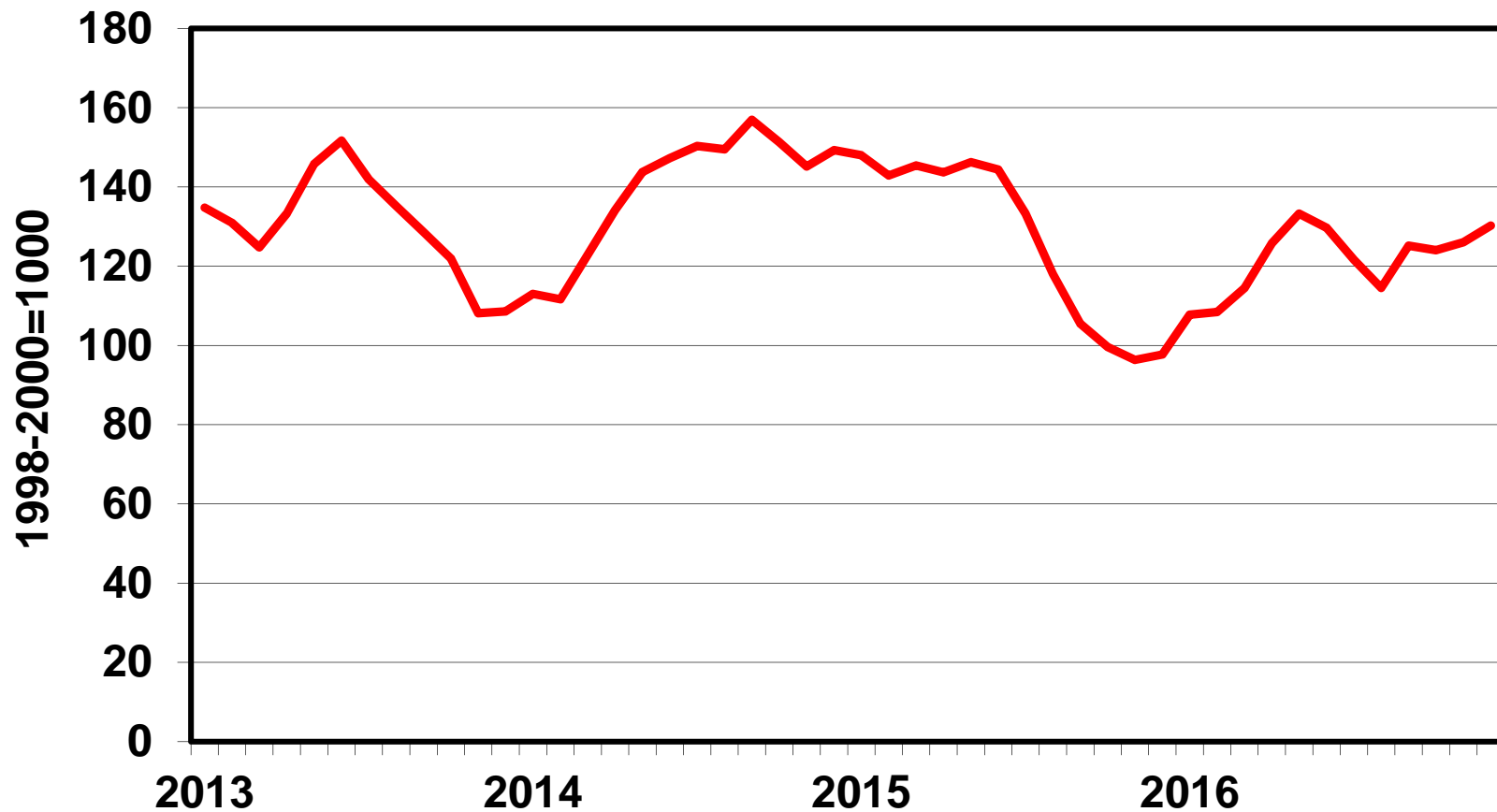
*Excluding 12/24

Factors Driving the Forecasts:

- Broilers - Expansion Continues
 - **Weak Returns Encouraging Caution**



Indexed Broiler Returns: Market Price Minus Feed Costs



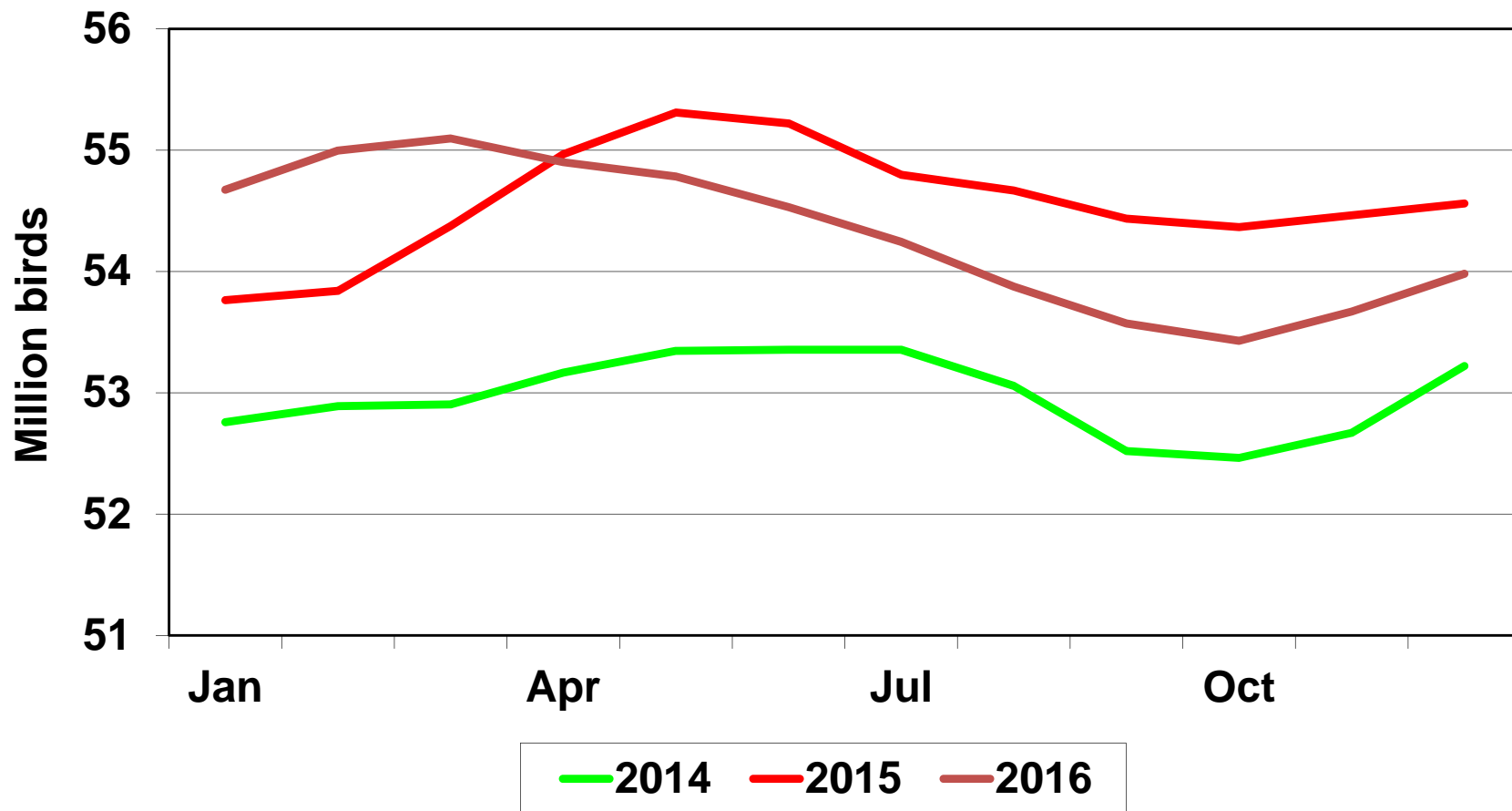
Factors Driving the Forecasts:

- Broilers – Expansion Continues
 - Weak Returns Encouraging Caution
 - **Mixed Signals from Hatchery Data**

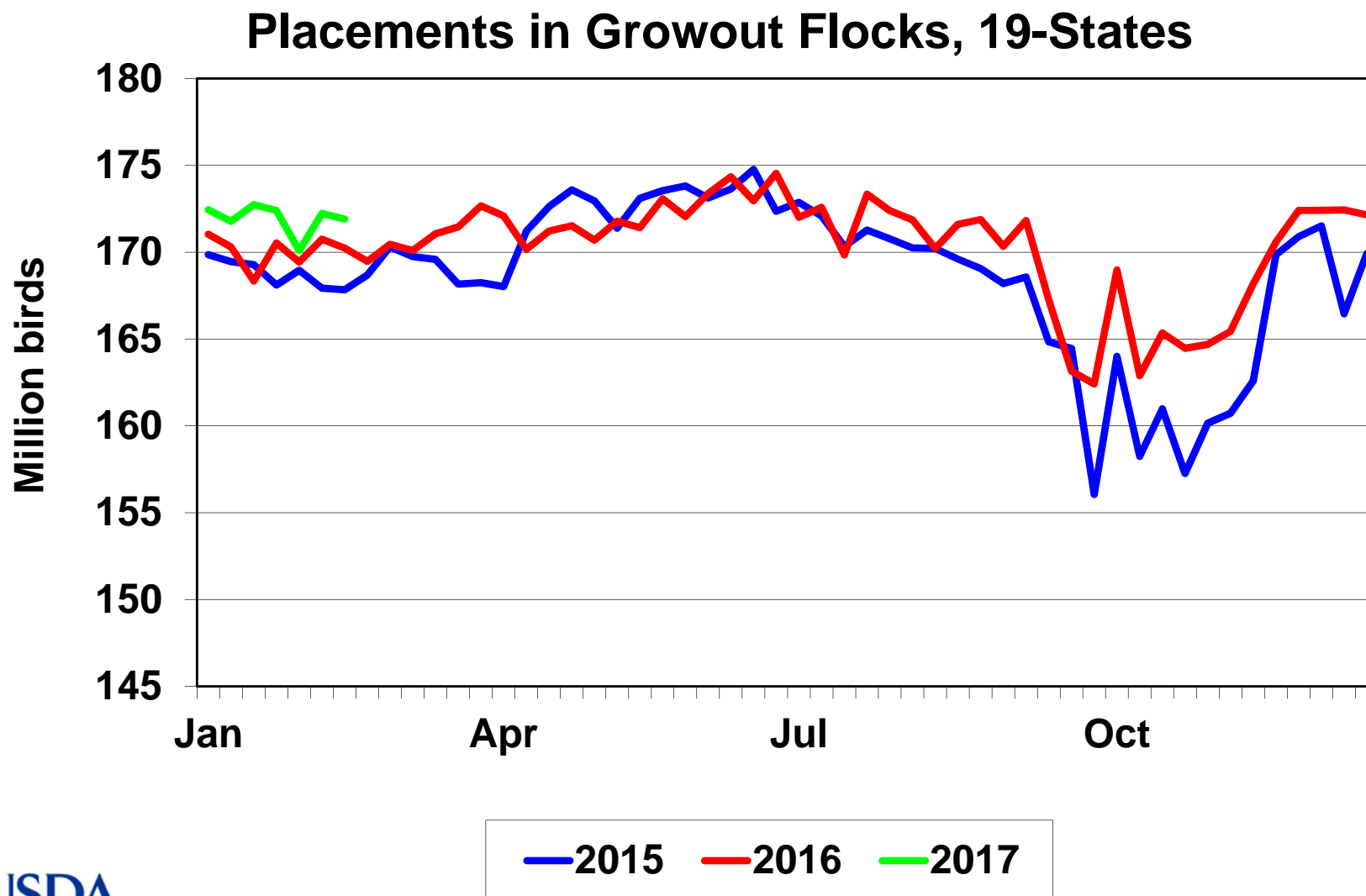


Broiler Laying Flock Below 2015

Monthly Average



Placements Remain Large

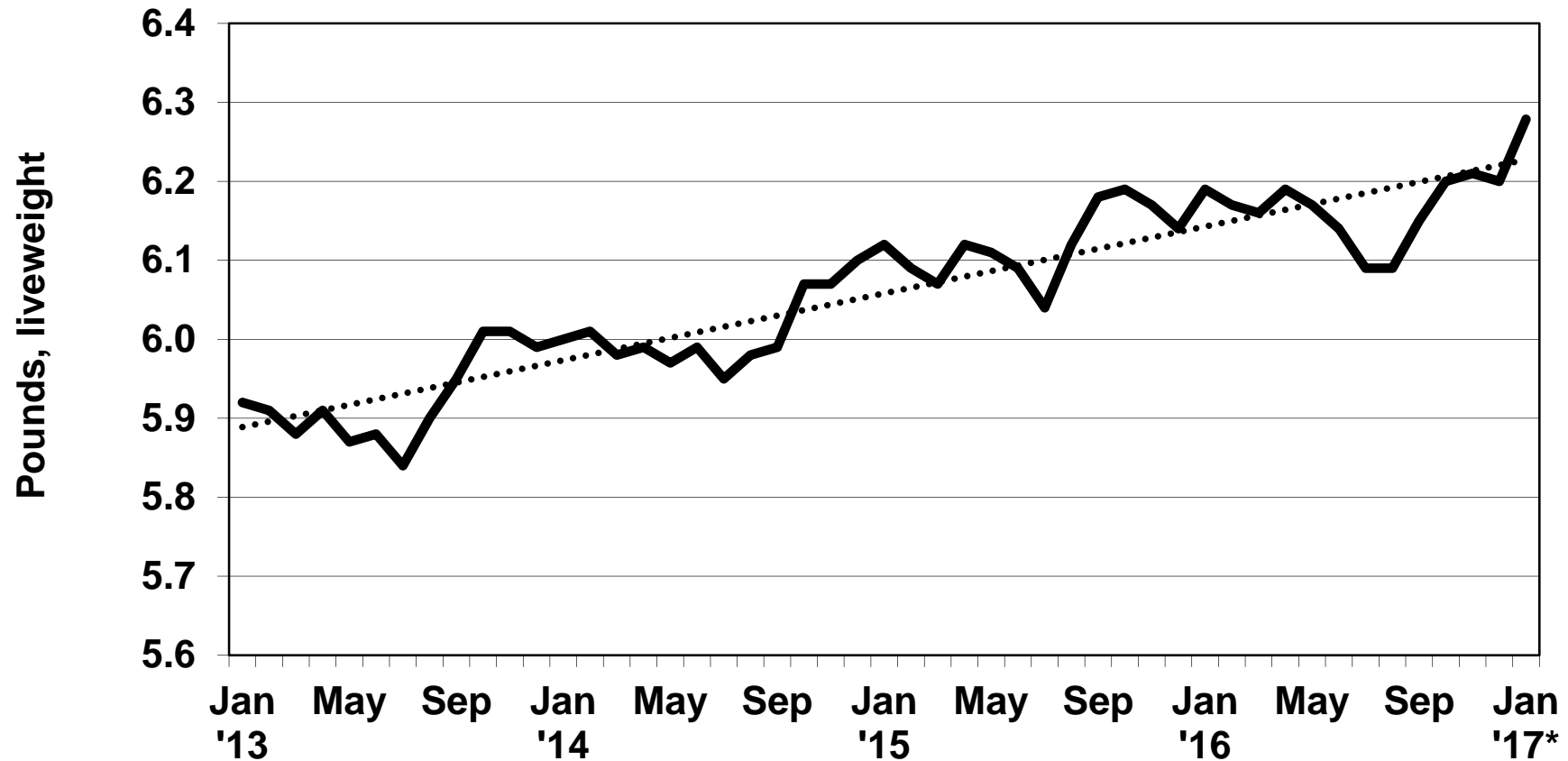


Factors Driving the Forecasts:

- Broilers – Expansion Continues
 - Weak Returns Encouraging Caution
 - Mixed Signals from Hatchery Data
 - **Bird Weights Increasing**



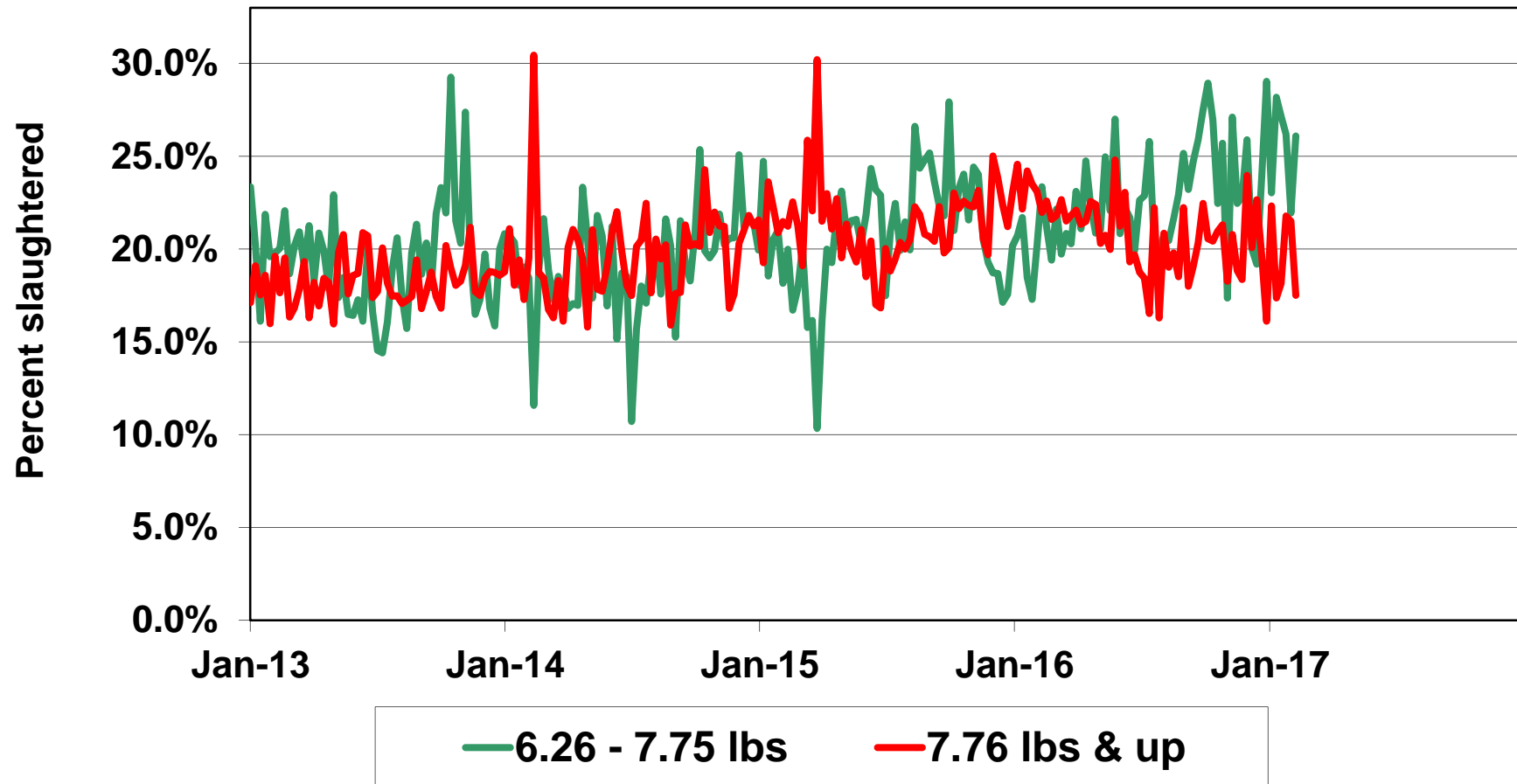
Bird Weights Continue to Increase



* Mid-month Average



Proportion of Heavy-Weight Birds Slowing

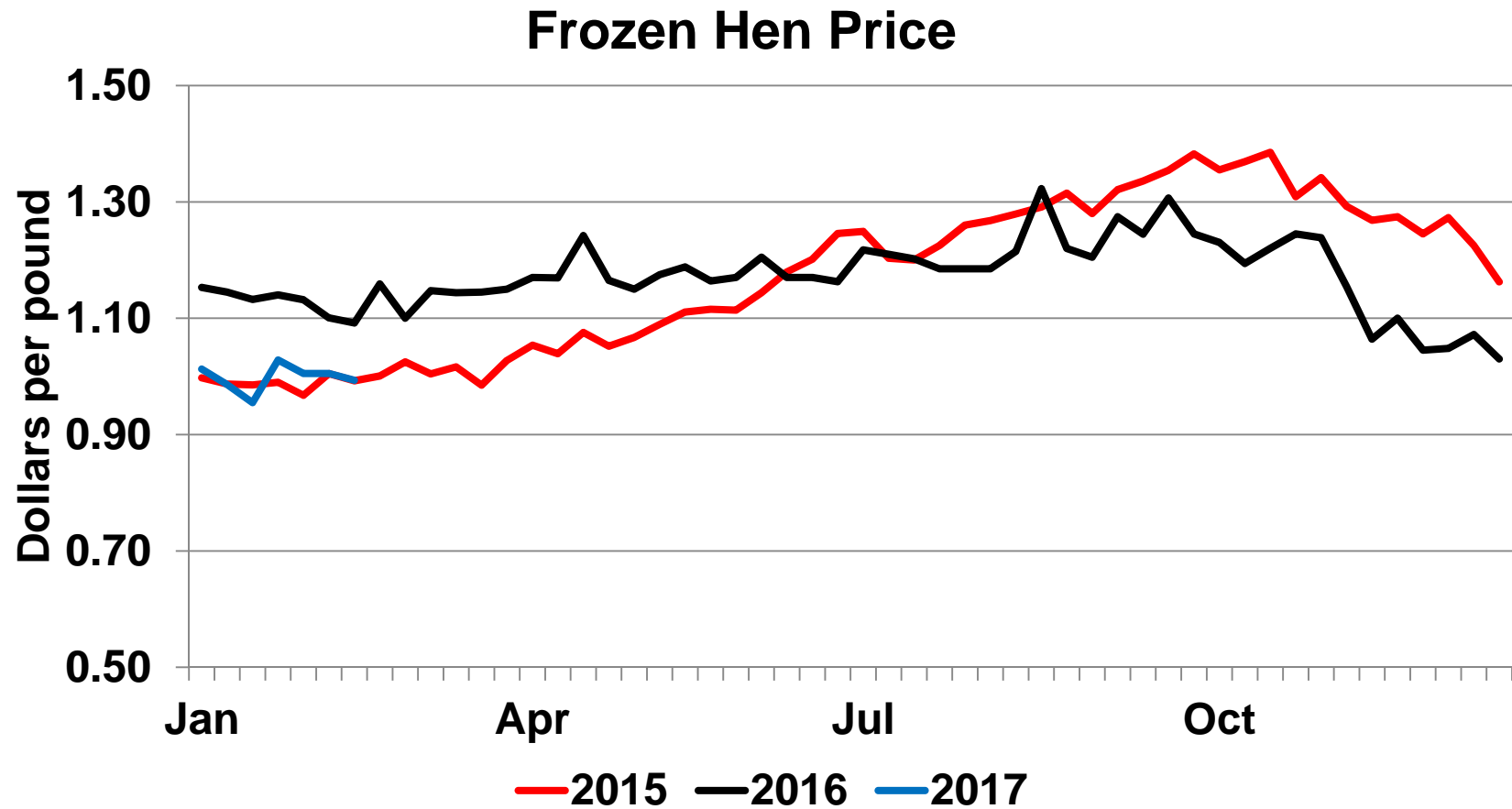


Factors Driving the Forecasts:

- Turkey – Industry Recovered from HPAI
 - **Prices Reflect Larger Supplies**



Prices Weaker With Increased Supplies

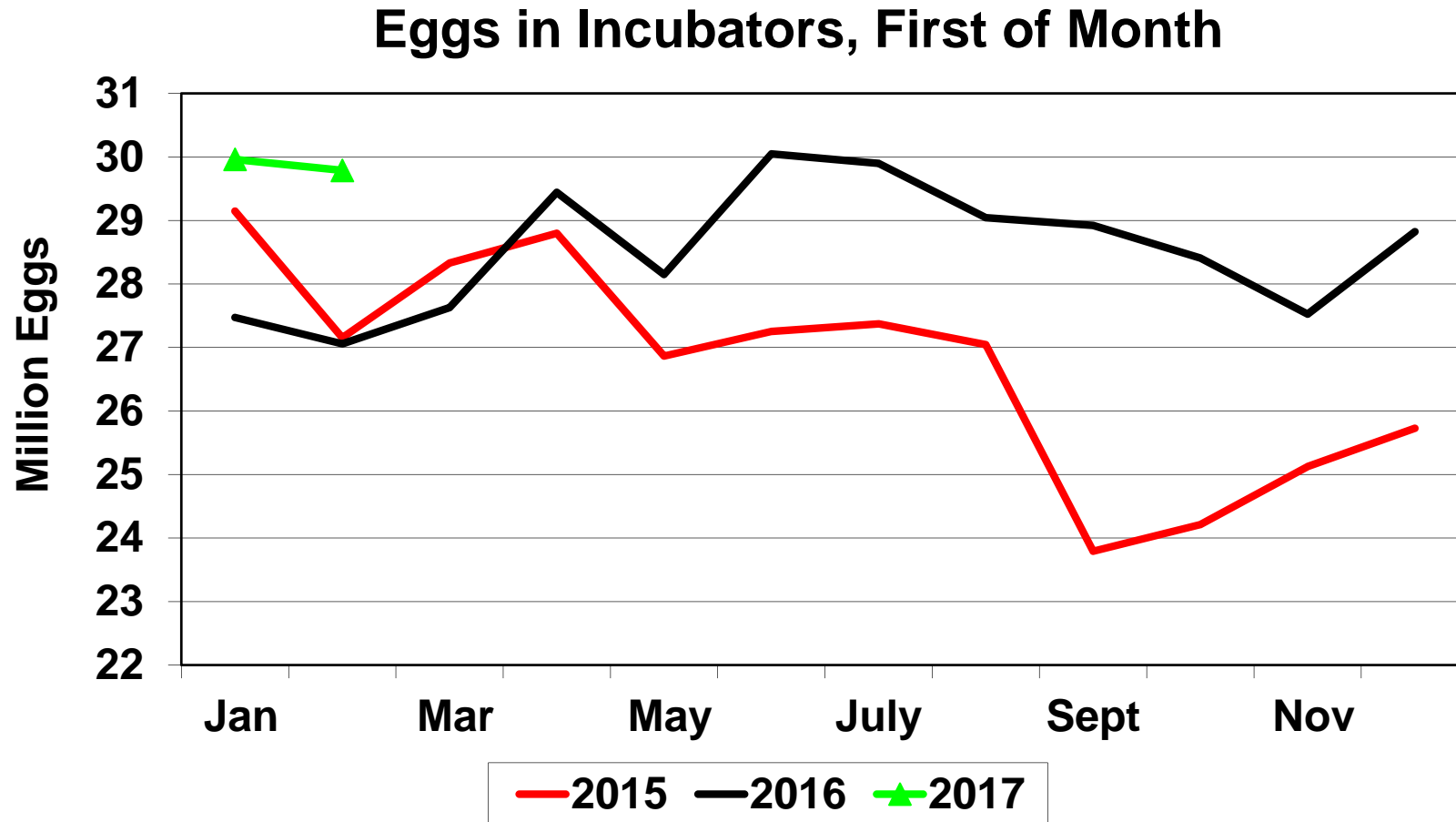


Factors Driving the Forecasts:

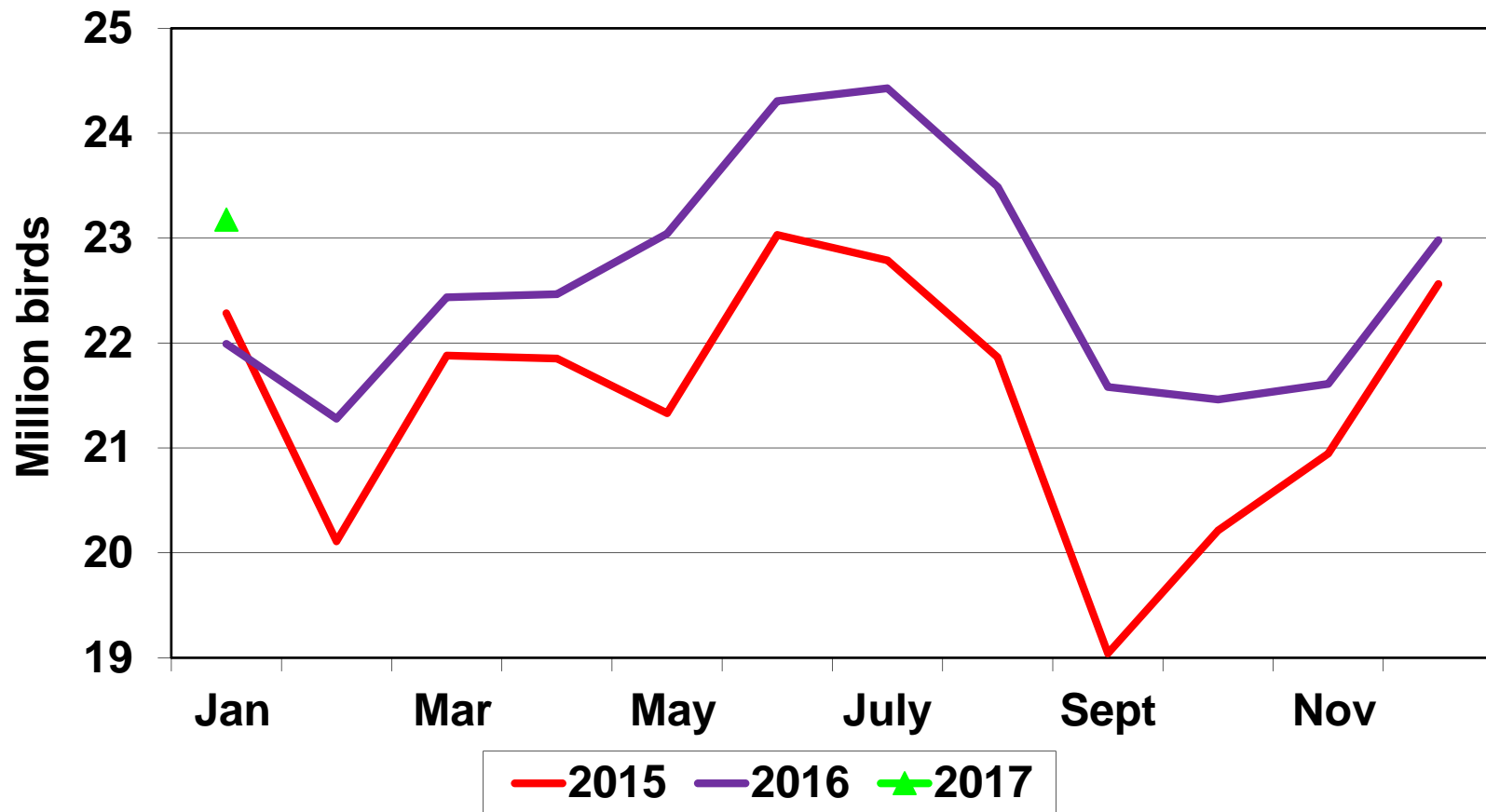
- Turkey – Industry Recovered from HPAI
 - Prices Reflect Larger Supplies
 - **Expansion Continues**



Eggs Above Pre-HPAI Levels



Turkey Poult Levels Above Pre-HPAI Levels

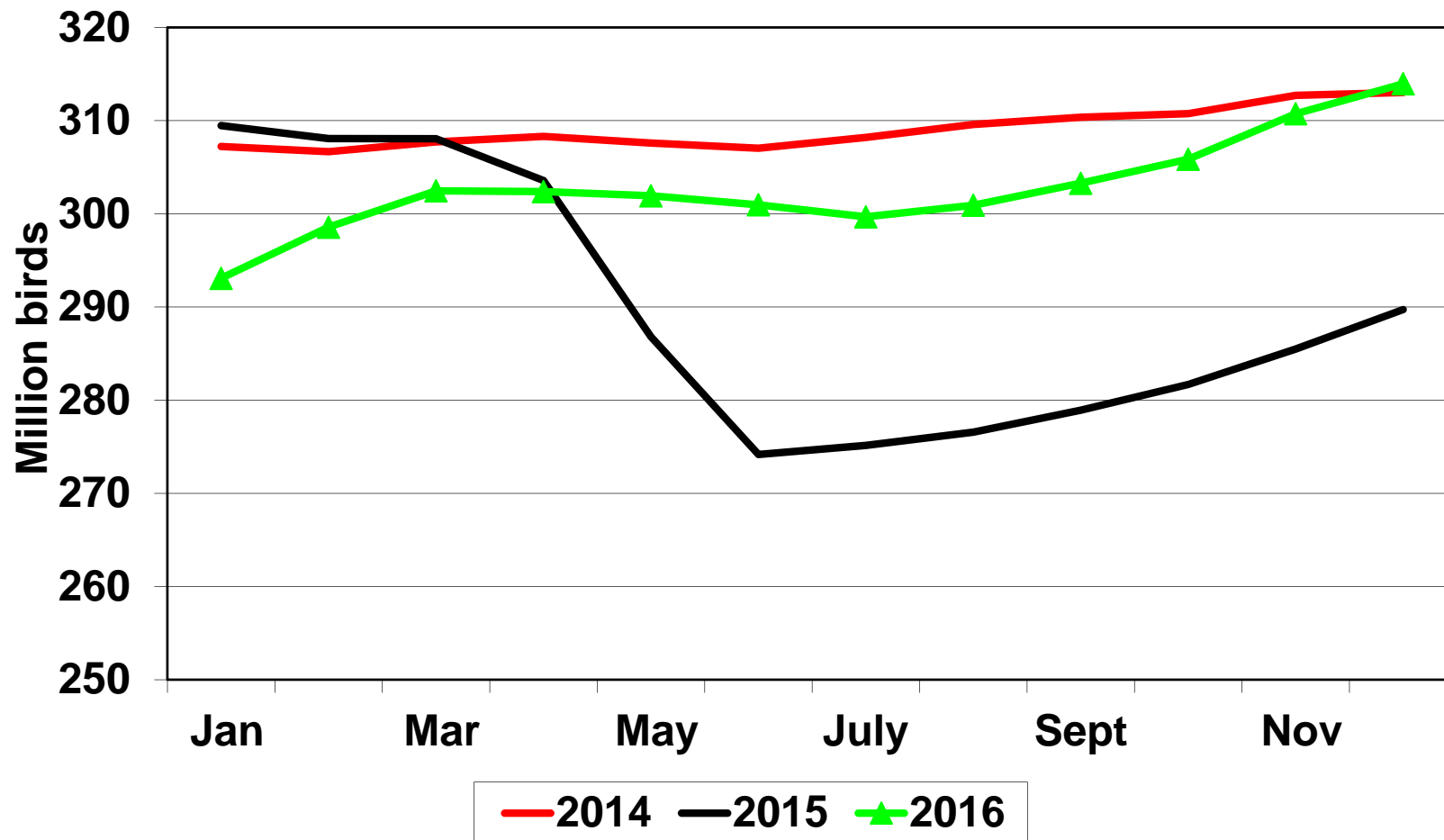


Factors Driving the Forecasts:

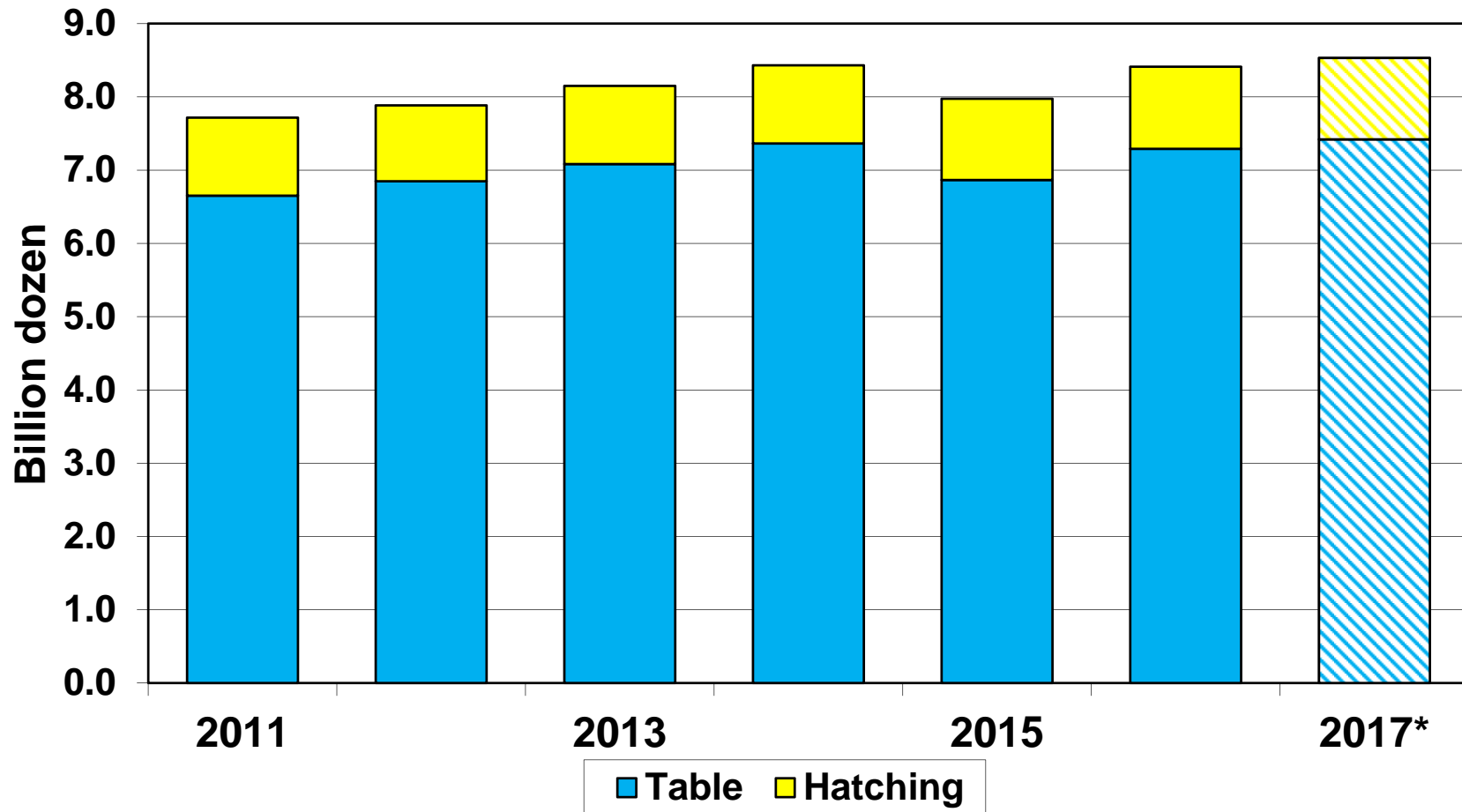
- Eggs – HPAI Cut Production
 - **Laying Flock Rebuilt From HPAI**



Egg Laying Flock At Pre-HPAI Levels



Egg Production Will Be Record Large



*Forecast

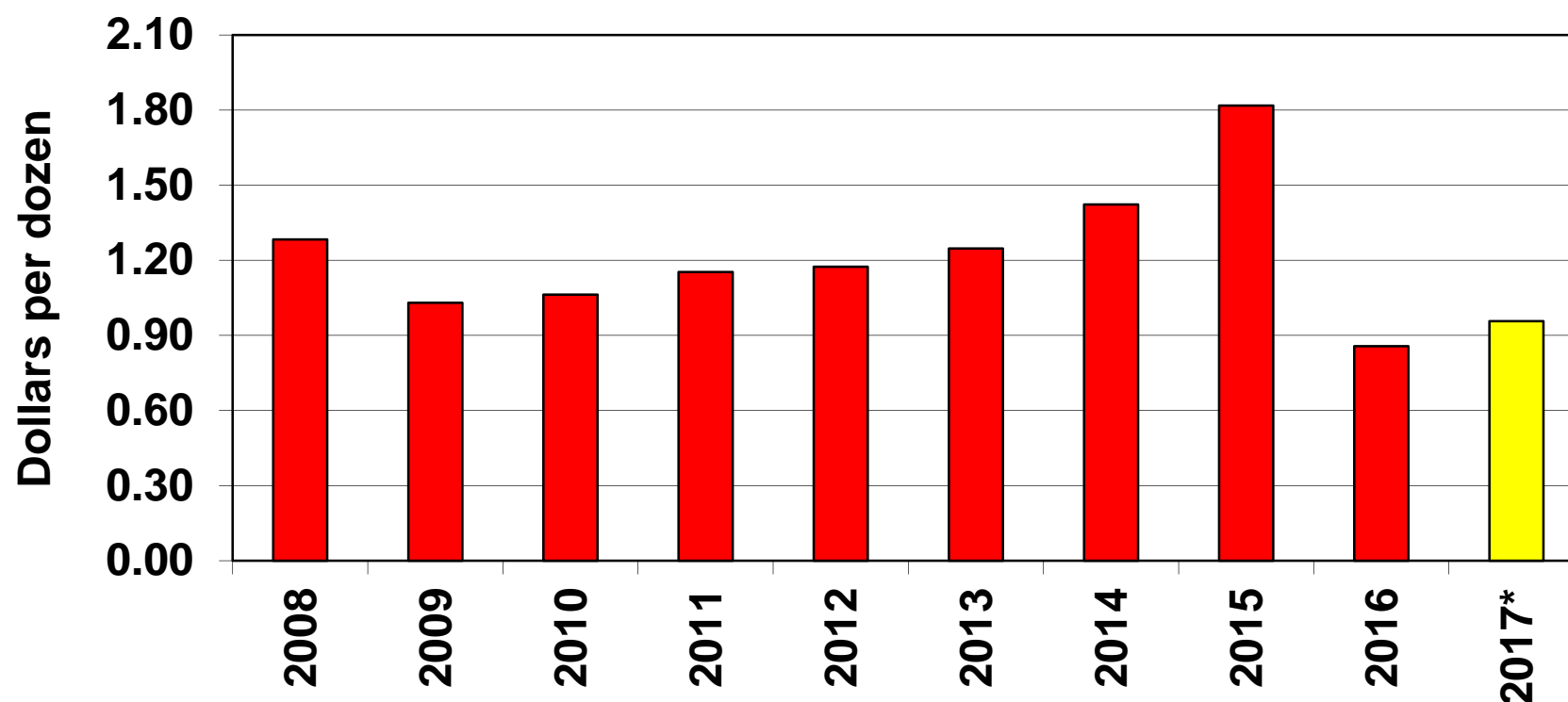
Factors Driving the Forecasts:

- Eggs – HPAI Cut Production
 - Laying Flock Rebuilt From HPAI
 - **Egg Prices More Stable but Below Pre-HPAI**



Egg Prices Will Average \$0.93-\$0.98 per Dozen

N.Y. Wholesale Price - Large Eggs



* Forecast

Additional information about 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
- Economic Research Service (ERS)
Livestock, Dairy, and Poultry Situation and Outlook
 - <https://www.ers.usda.gov/topics/animal-products/>
- Foreign Agricultural Service (FAS)
Livestock and Poultry: World Markets and Trade
 - <http://www.fas.usda.gov/data/livestock-and-poultry-world-markets-and-trade>

