2018 Outlook for the U.S. Livestock and Poultry Sectors

Presented By

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World Agricultural Outlook Board, USDA

USDA Agricultural Outlook Forum

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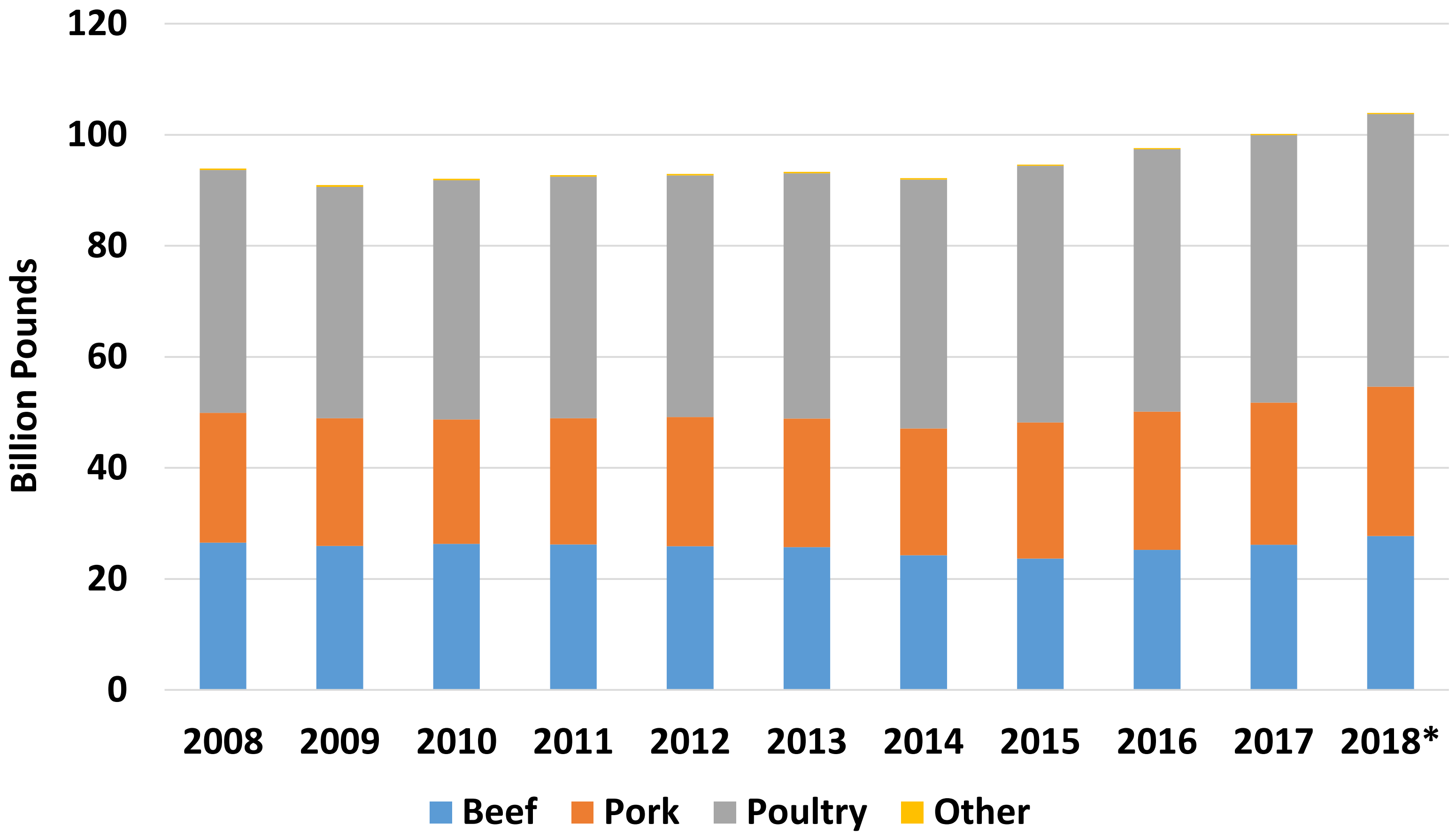
2018 Livestock and Poultry Highlights

- Record Production
- Record per capita disappearance
- Favorable feed costs
- Continued Export Growth
- Lower Prices

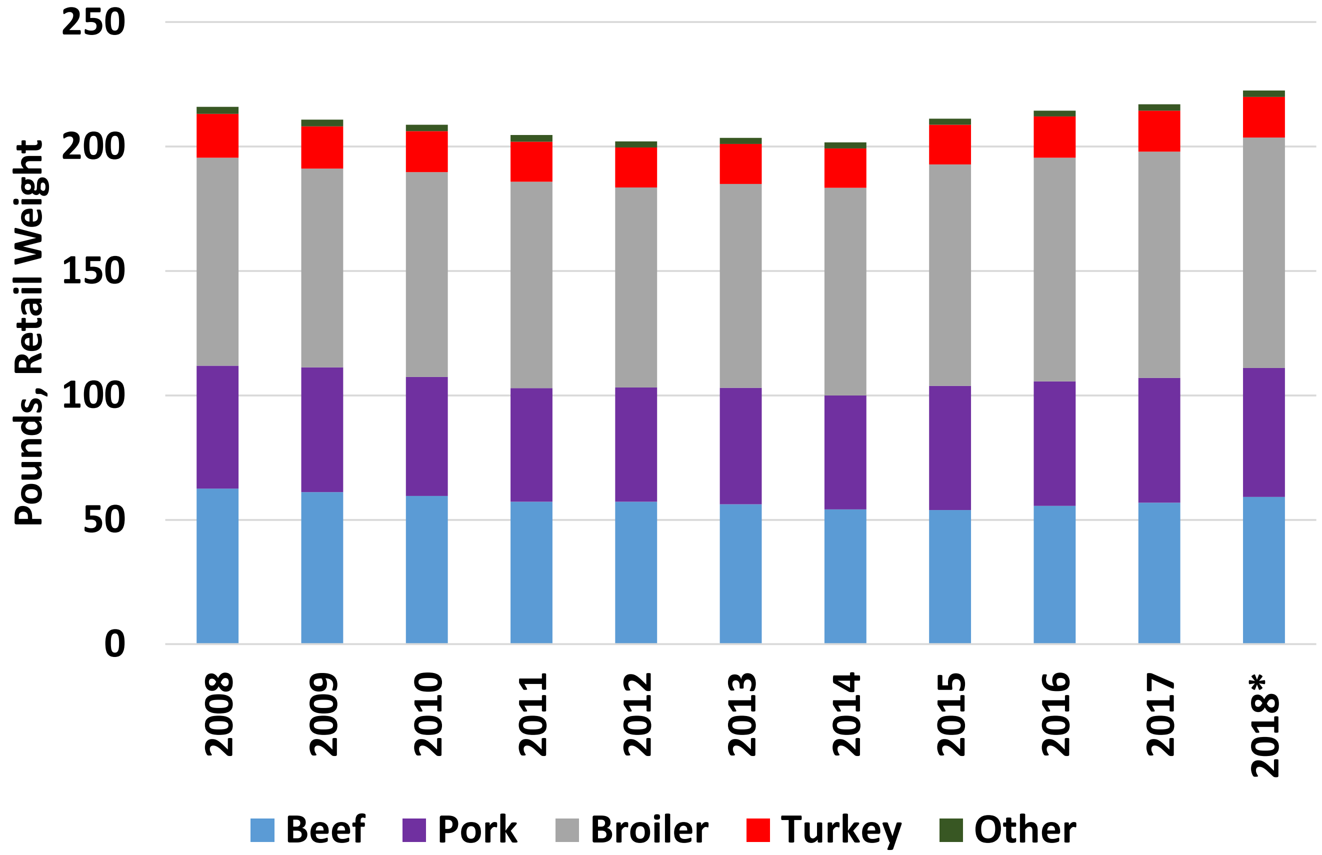
Total Red Meat And Poultry Production Record Large In 2018



- Total red meat and poultry production up 3.8 percent in 2018.
- Beef, pork, broiler sectors are positioned for further expansion.

*Forecast

Per Capita Disappearance, Retail Basis



- Per capita disappearance projected to be record high in 2018 at 222.6 pounds.

*Forecast

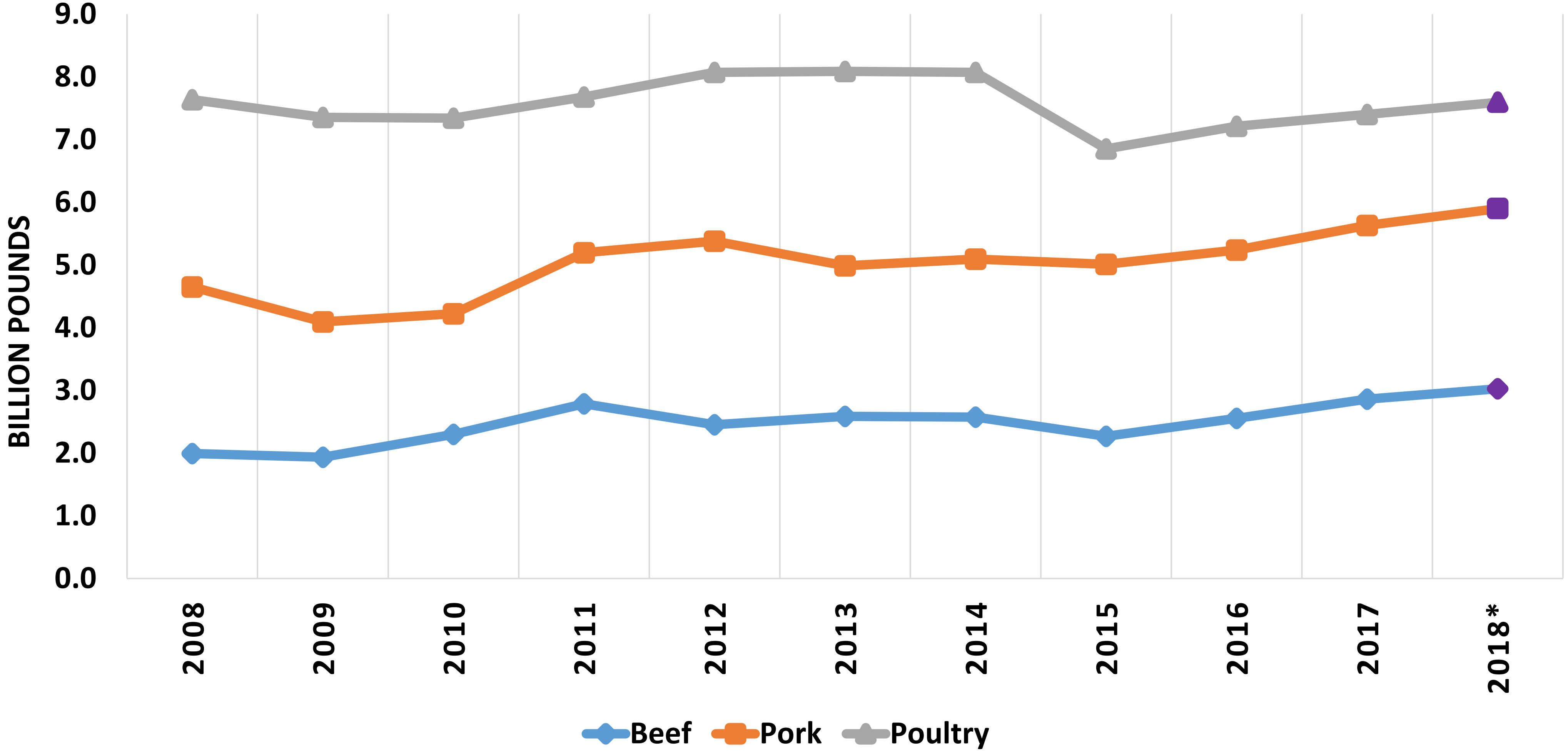
Feed Cost Outlook

- Corn: $3.36 per bushel in 2016/17
  *$3.30 per bushel in 2017/18
  *$3.40 per bushel in 2018/19

- SBM: $316.88 per ton in 2016/17
  *$320 per ton in 2017/18
  *$320 per ton in 2018/19

*average price at the midpoint

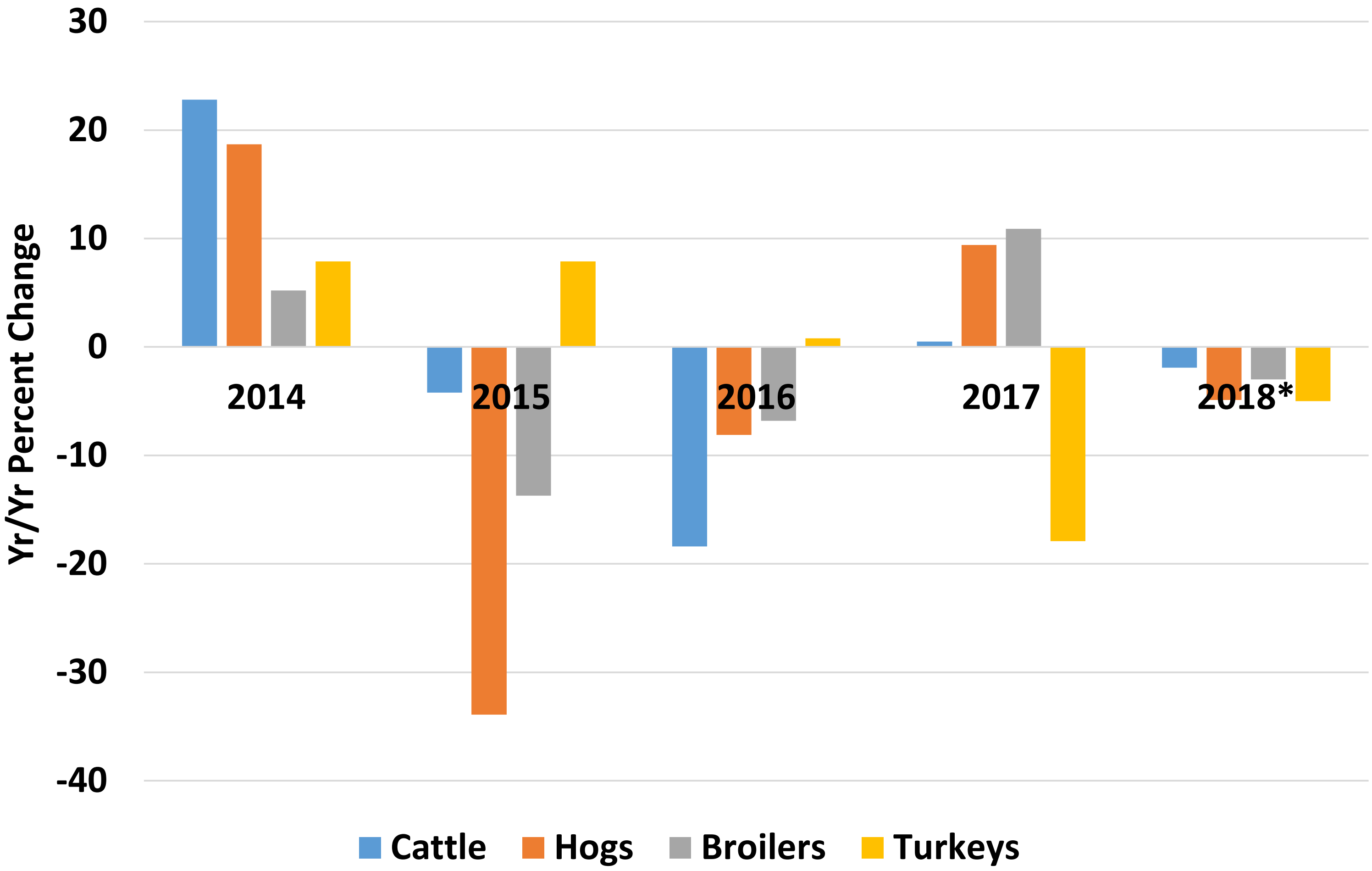
Meat Exports Projected To Rise In 2018



Poultry = Broilers & Turkey

*Forecast

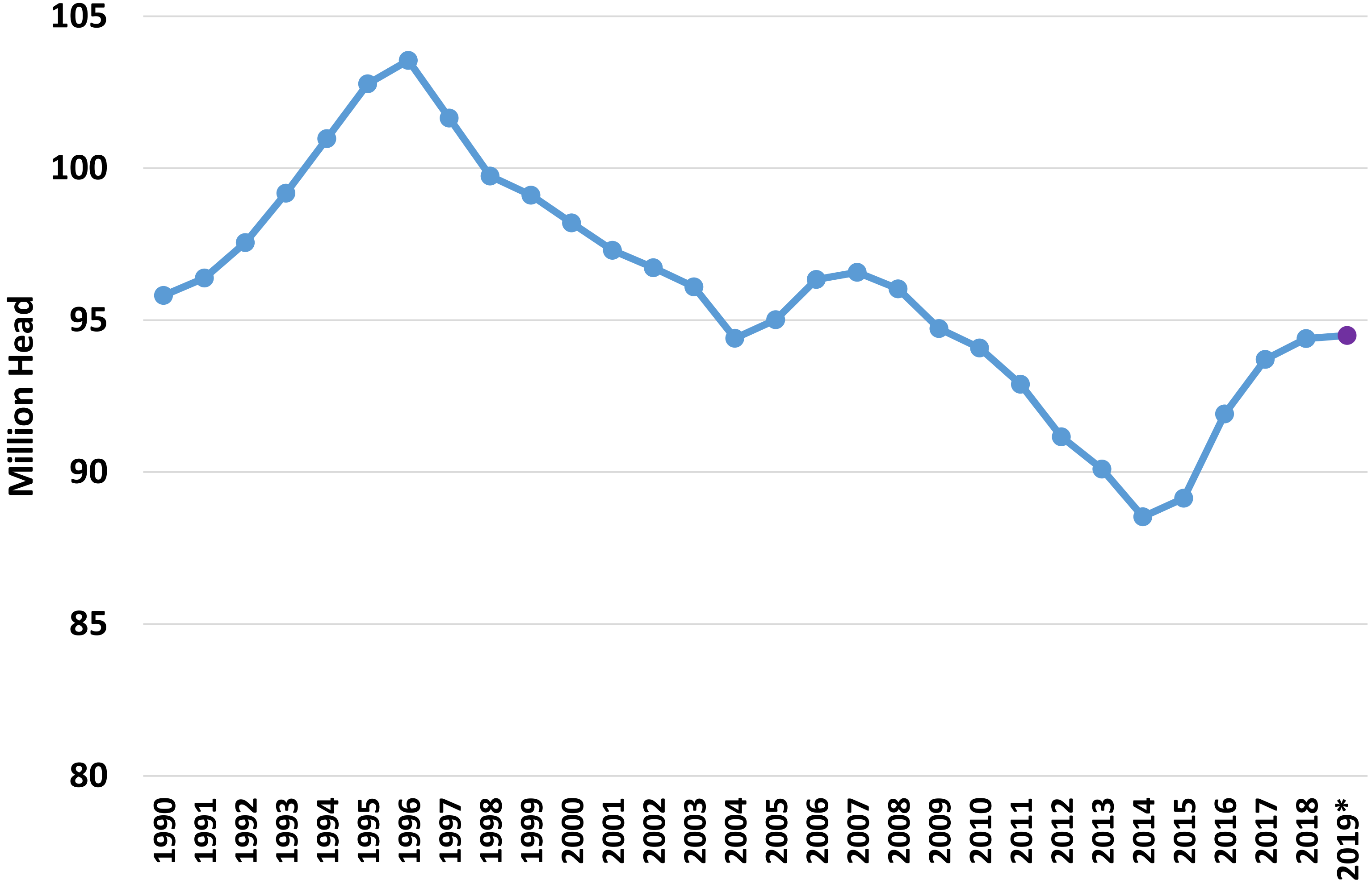
Livestock & Poultry Prices Forecast Lower



- Livestock and broiler prices pressured lower by increasing production in 2018.
- Turkeys prices forecast lower as production adjusts to changes in demand.

*Forecast

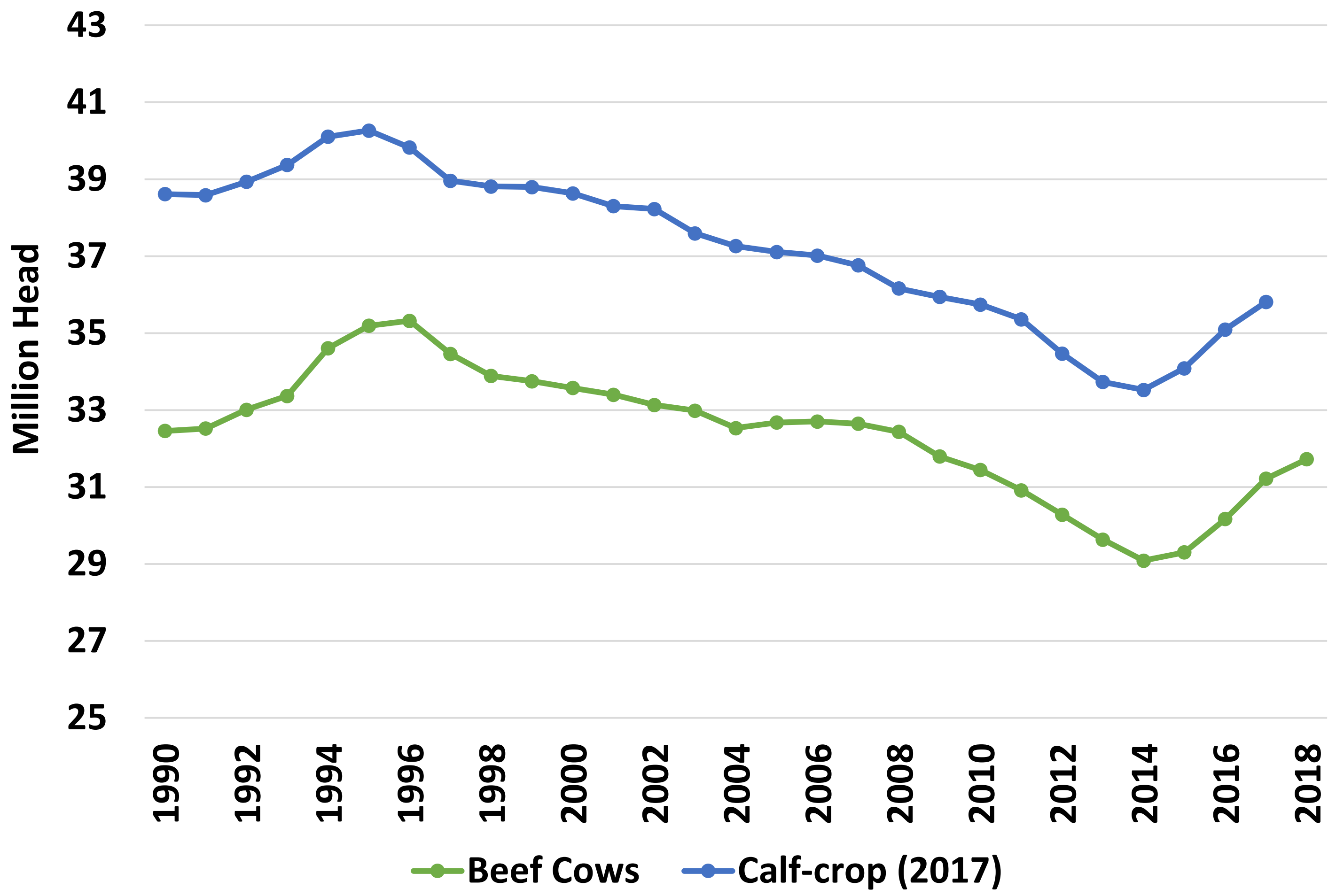
January 1 Cattle Inventory



- In 2017, cattle herd expanded for fourth consecutive year.
- 94.4 million head as of Jan. 1, 2018, up 0.7 percent year-over.

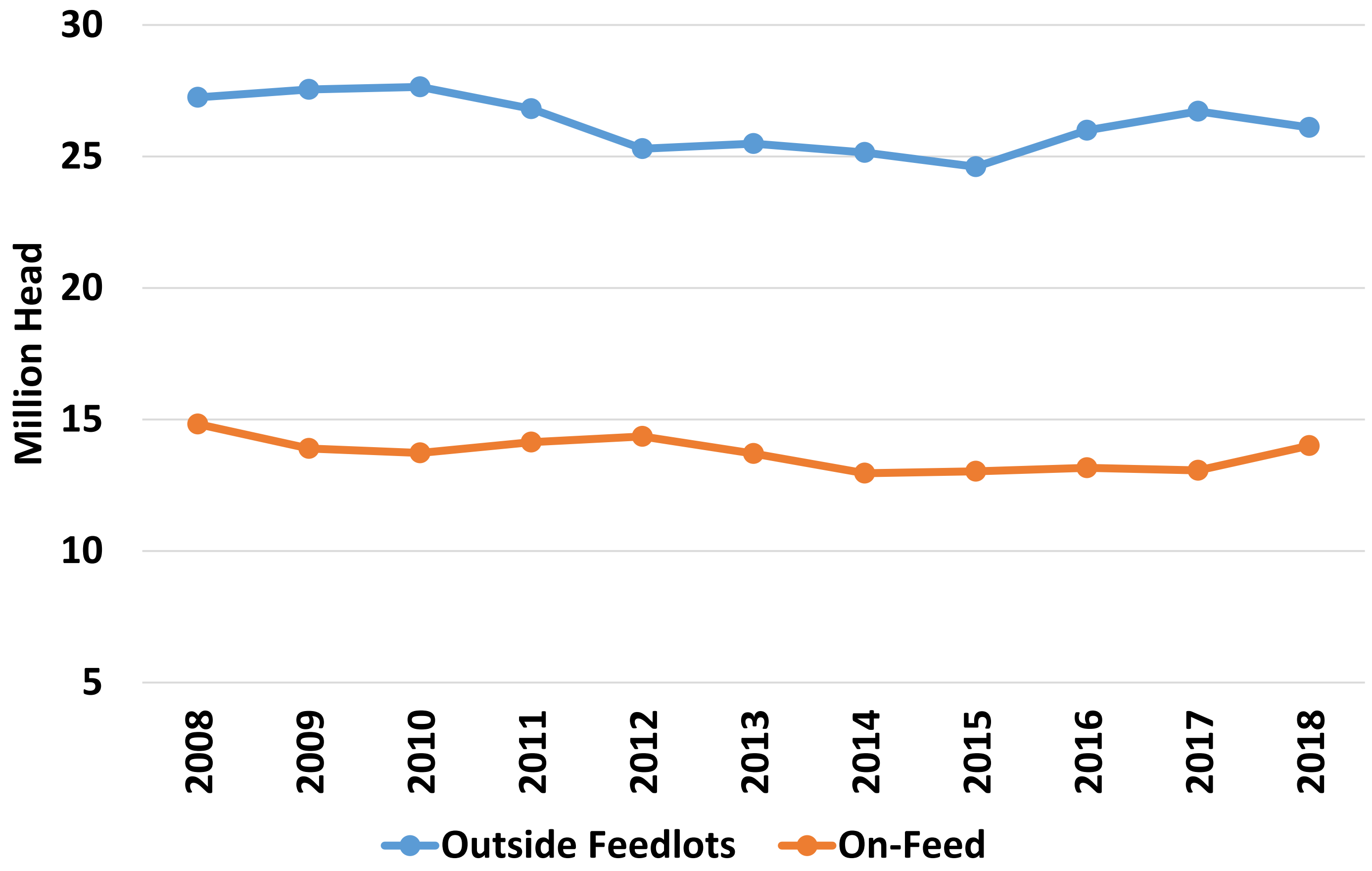
*Forecast

Beef Cow Herd Expands, Calf-crop Increases



- Beef cow herd up 1.6 percent at 31.7 million head.
- 2017 calf-crop estimated at 35.8 million head, 2 percent larger than 2016 calf-crop.
- Rate of expansion slowing. Producers retaining fewer replacement heifers.

Cattle On Feed Higher January 1, Supplies Outside Feedlots Down



- 14.0 million cattle on feed as of January 1, up 7.2 percent year-over.
- Cattle outside feedlots down 2.3 percent.

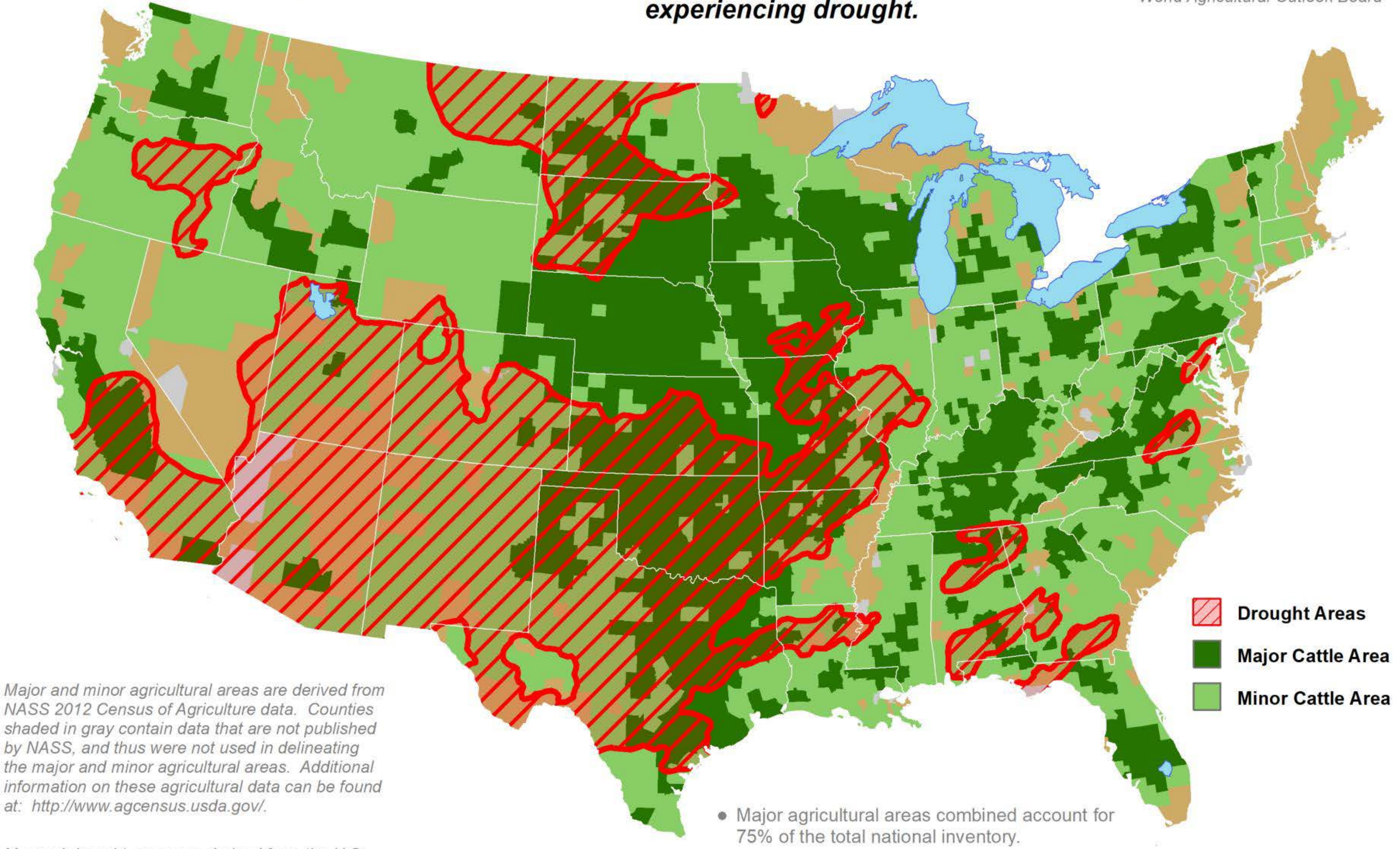
U.S. Cattle Areas Experiencing Drought

Reflects February 13, 2018
U.S. Drought Monitor data

Approximately 38% of cattle inventory is within an area experiencing drought.

USDA United States Department of Agriculture

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

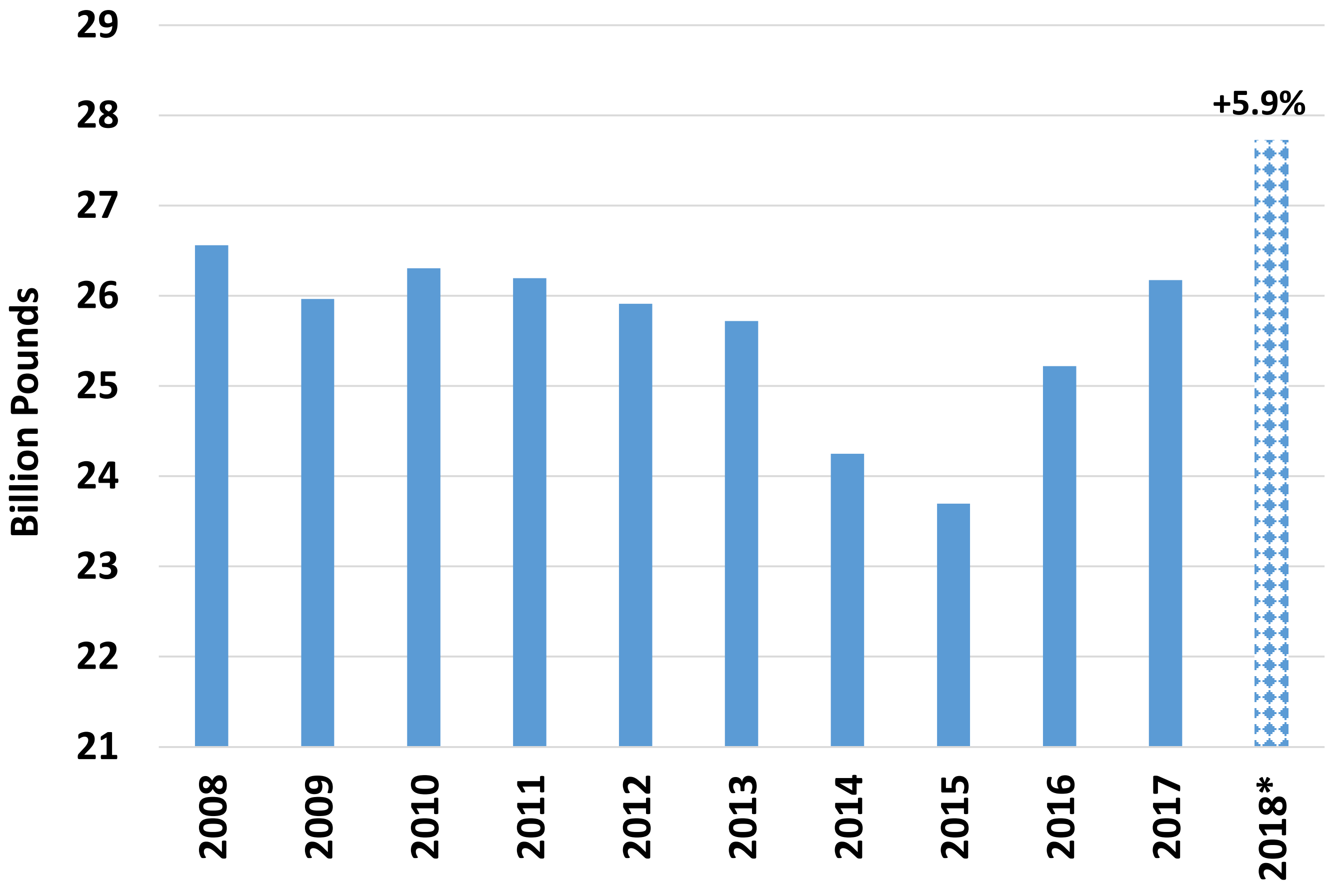


Major and minor agricultural areas are derived from NASS 2012 Census of Agriculture data. Counties shaded in gray contain data that are not published by NASS, and thus were not used in delineating the major and minor agricultural areas. Additional information on these agricultural data can be found at: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

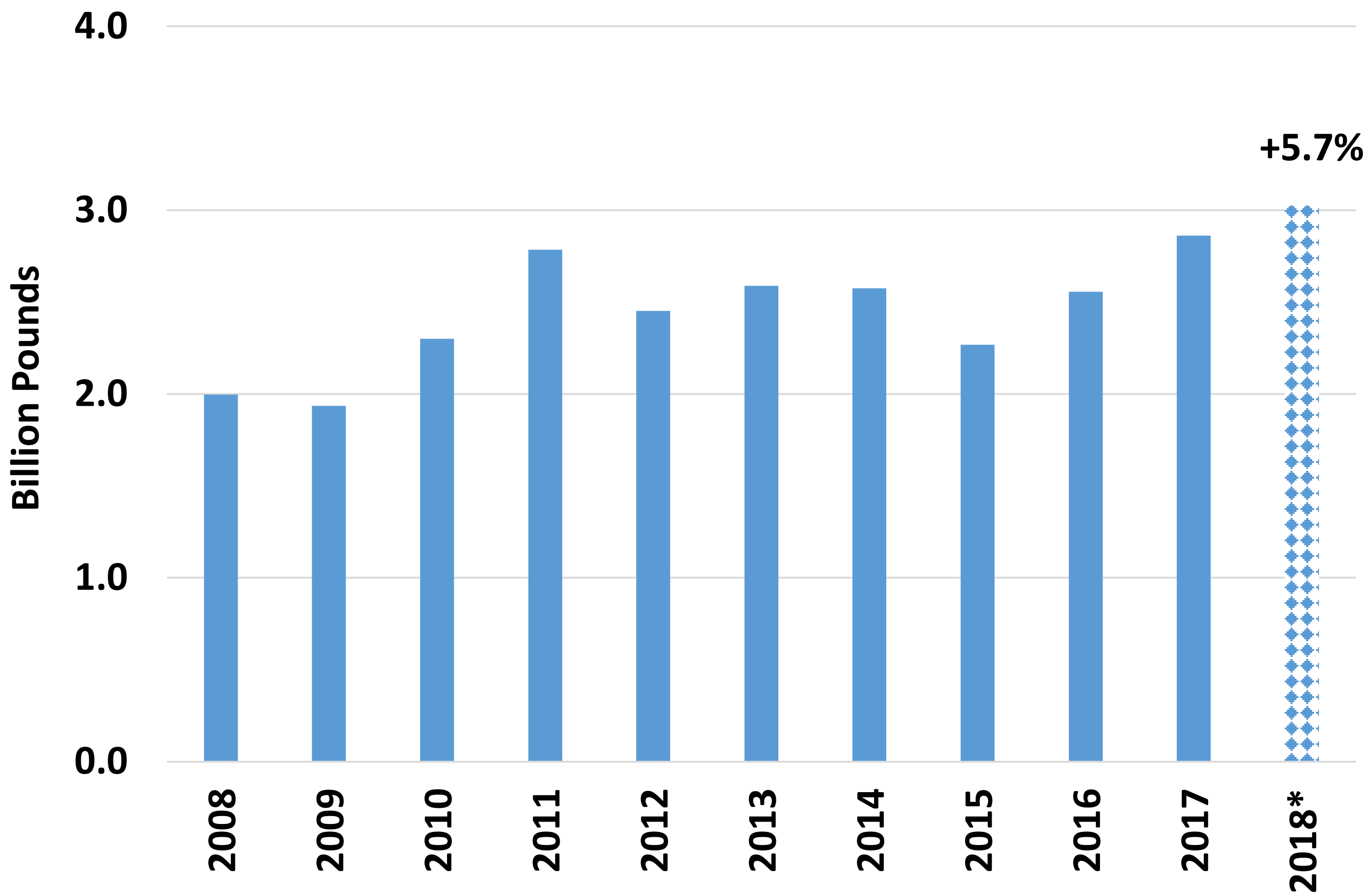
Beef Production Forecast Record High In 2018



- 2018 beef production is forecast to reach 27.7 billion pounds.

*Forecast

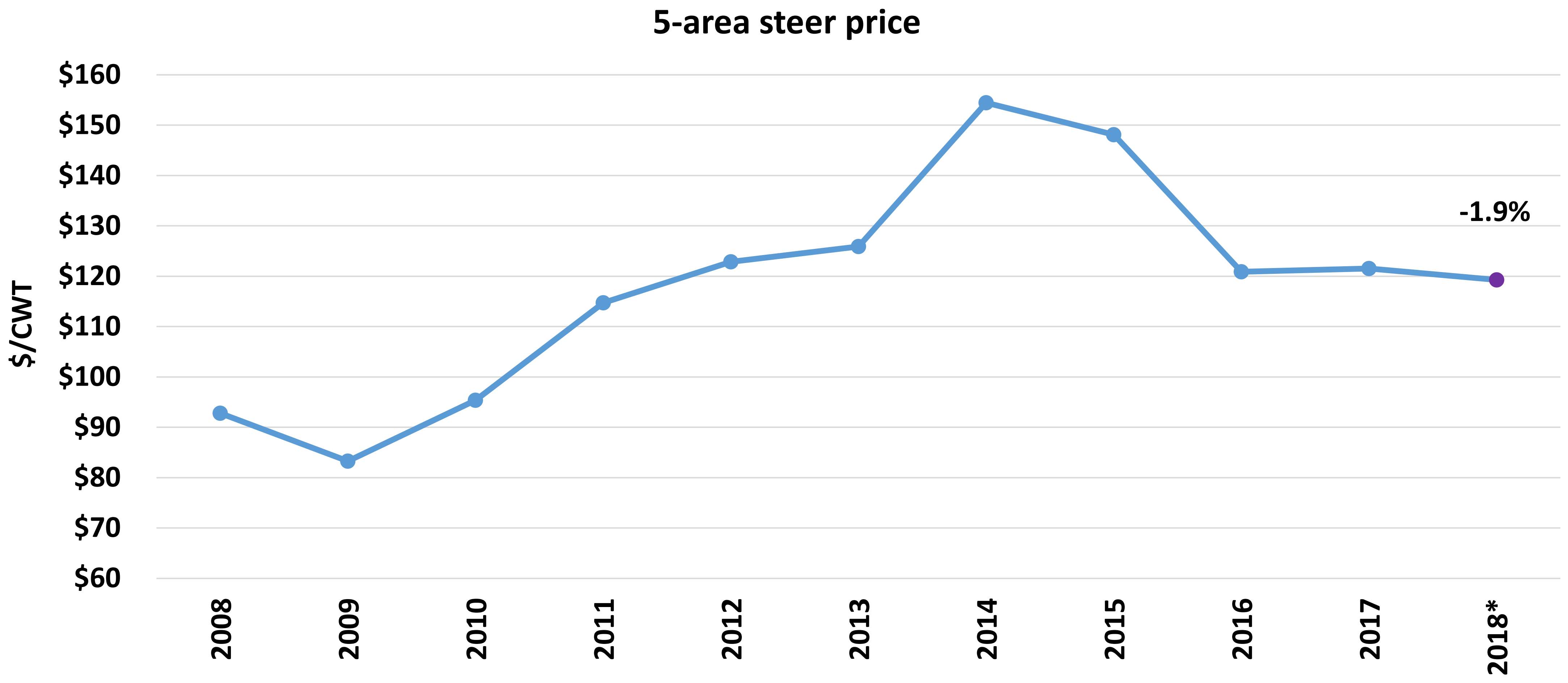
Beef Exports Forecast to Increase In 2018



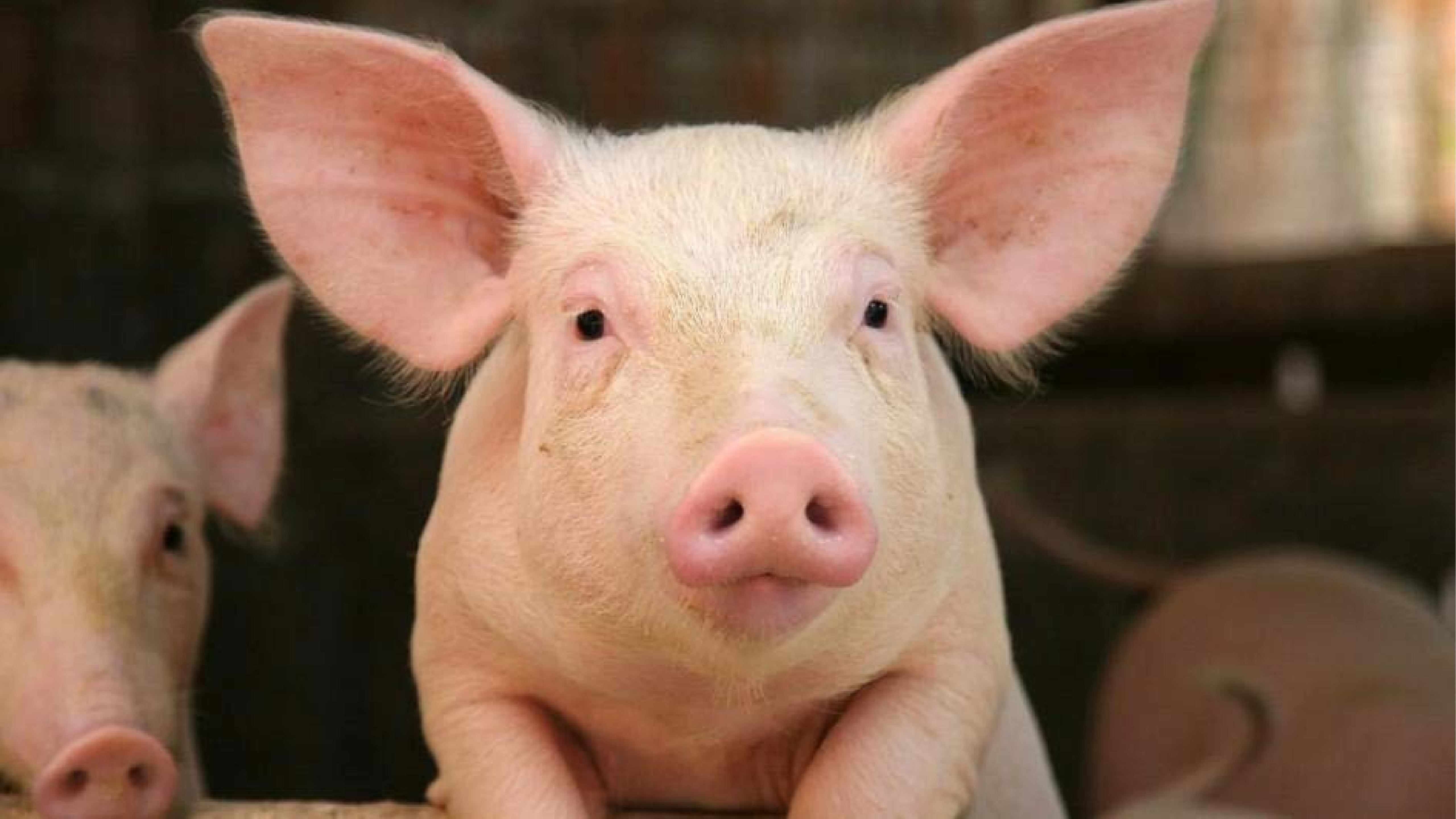
- Beef exports forecast to reach 3.0 billion pounds this year.

*Forecast

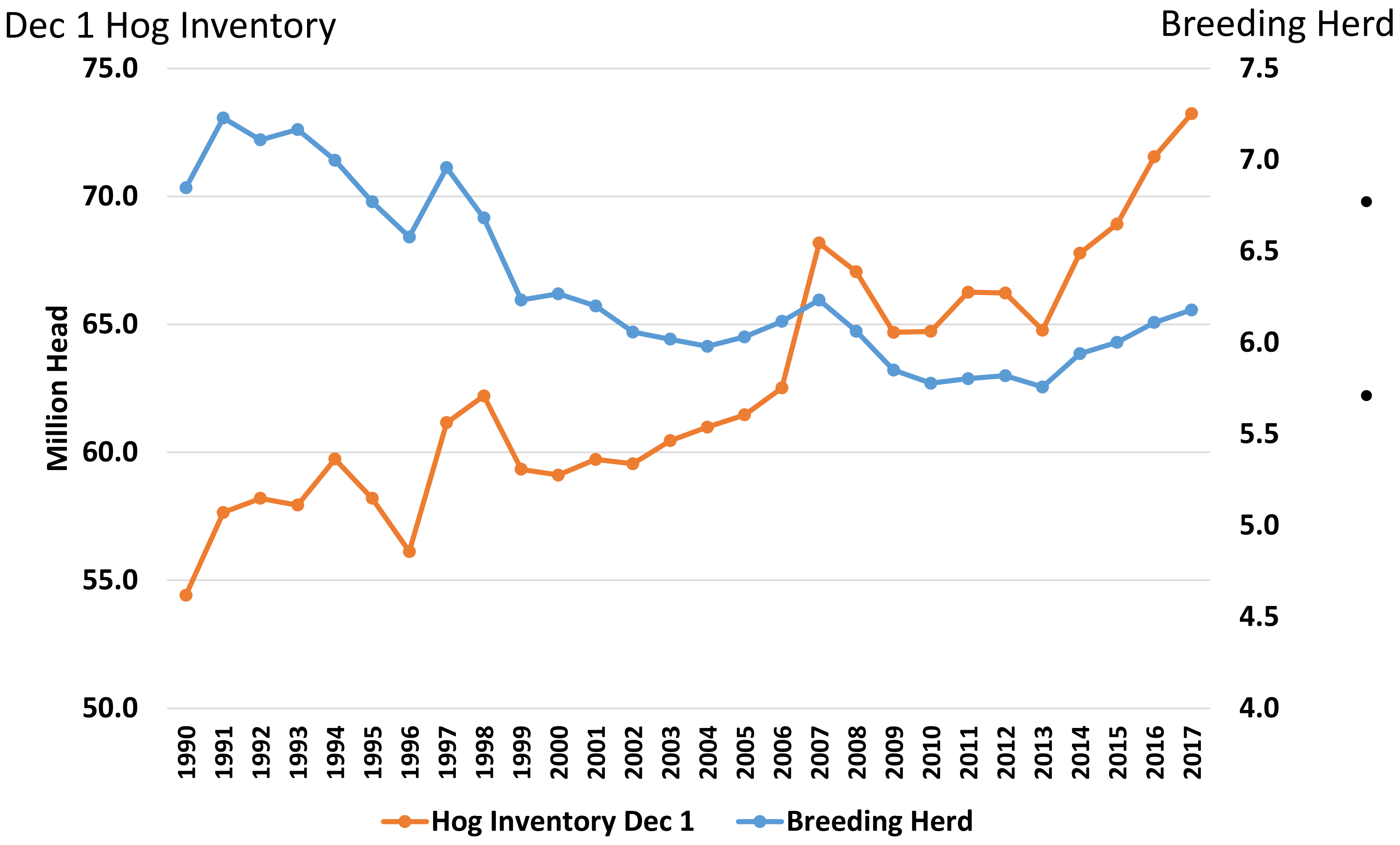
Cattle Prices Forecast Lower In 2018



*Forecast

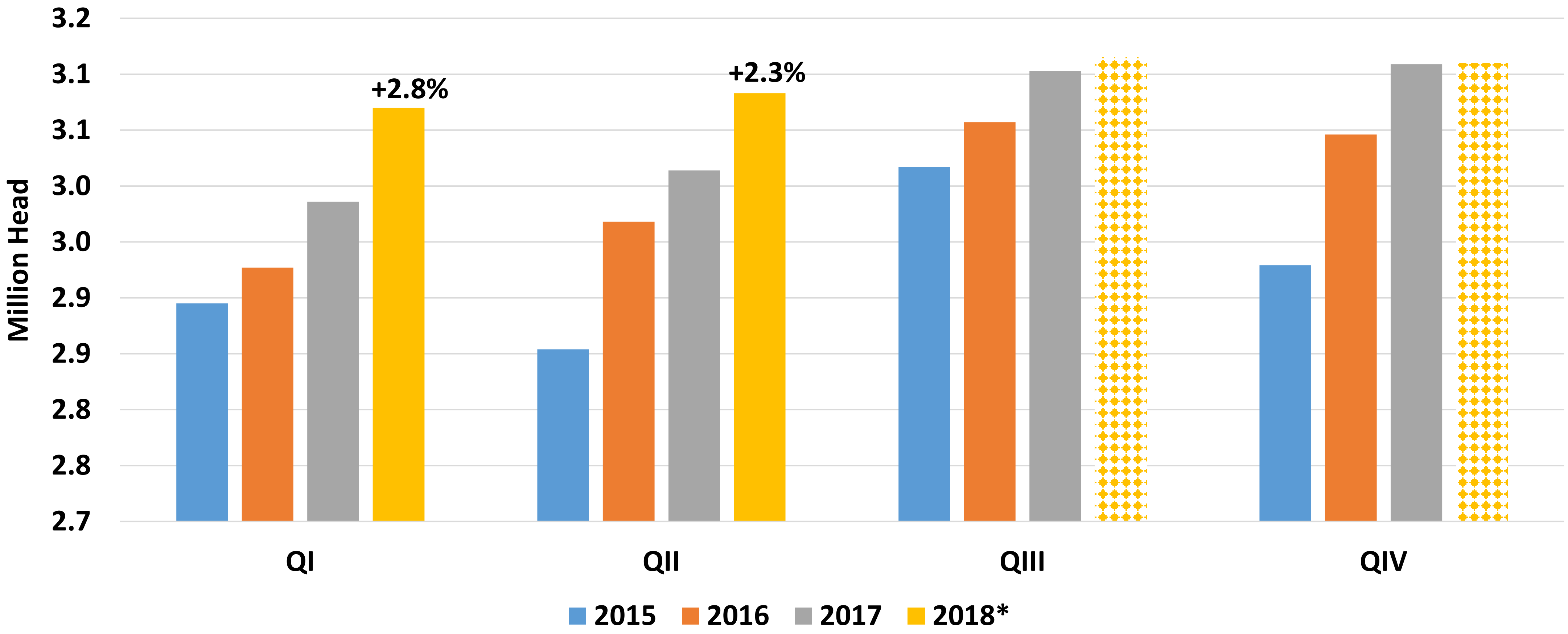


Hog Inventories, Breeding Herd Higher On December 1, 2017



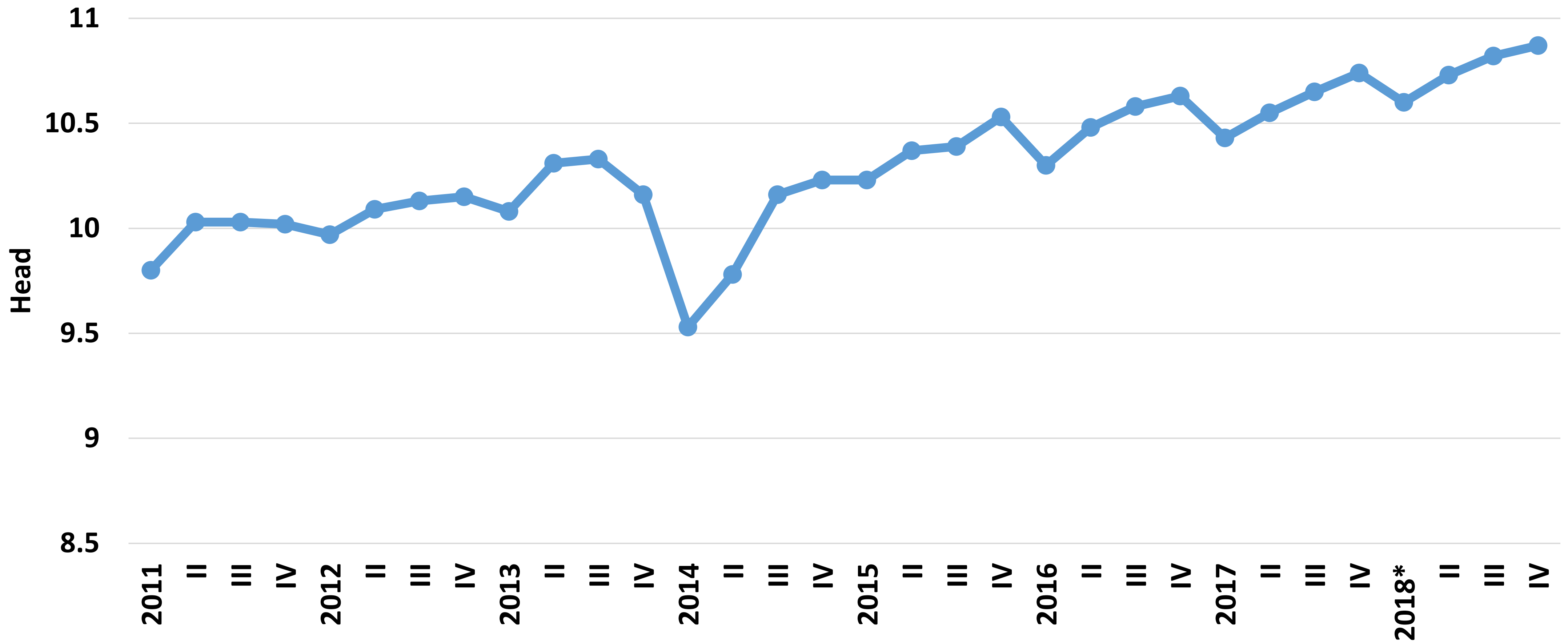
- All hogs and pigs estimated at 73.2 million head, up 2.4 percent.
- Breeding herd continues to expand. Up 1.1 percent year over year.

Producers Intend To Farrow More Sows



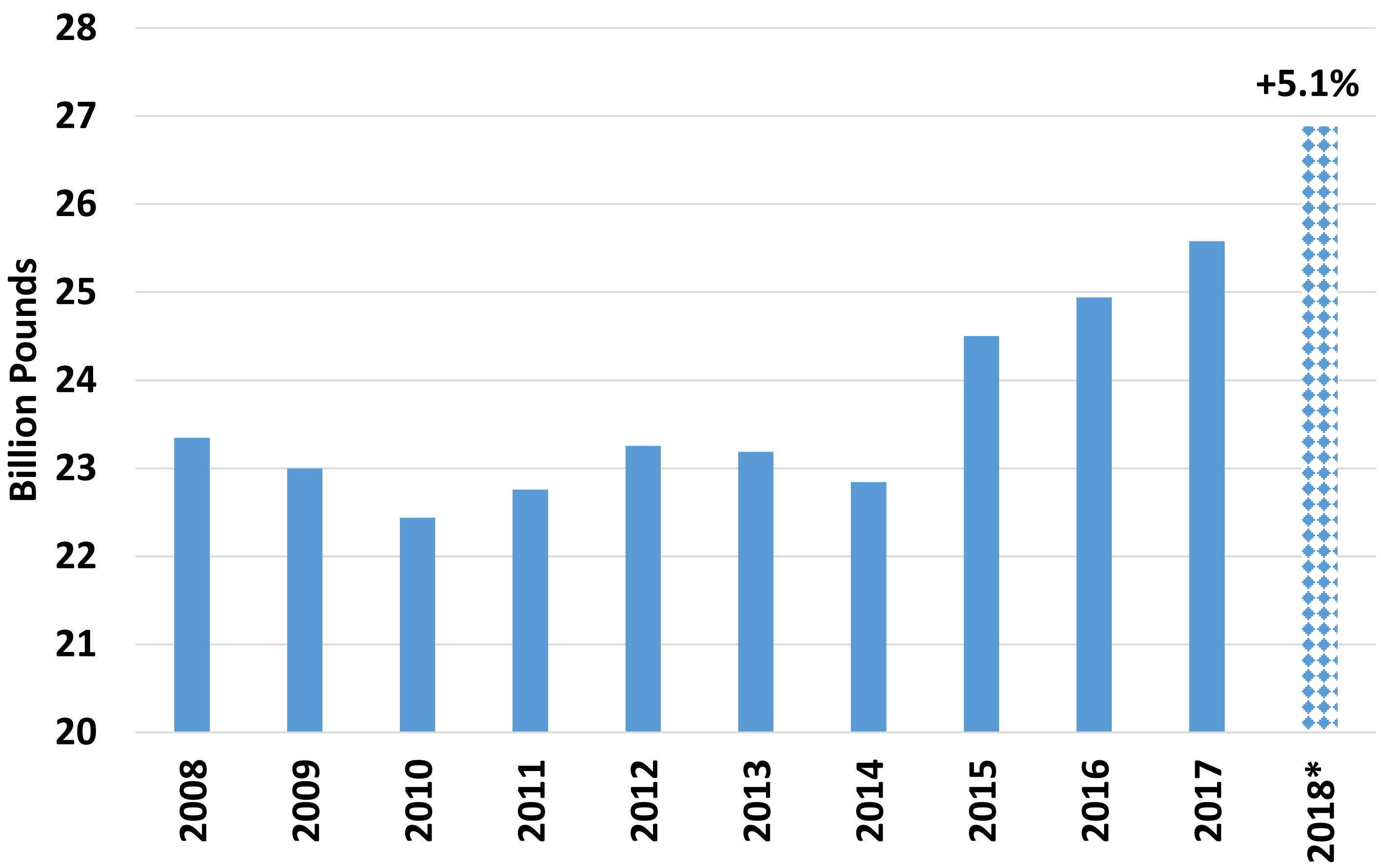
*Forecast - 2018 Q1 & Q2 reported intentions. Q3 & Q4 forecasts.

Productivity Growth Increasing



*Forecast

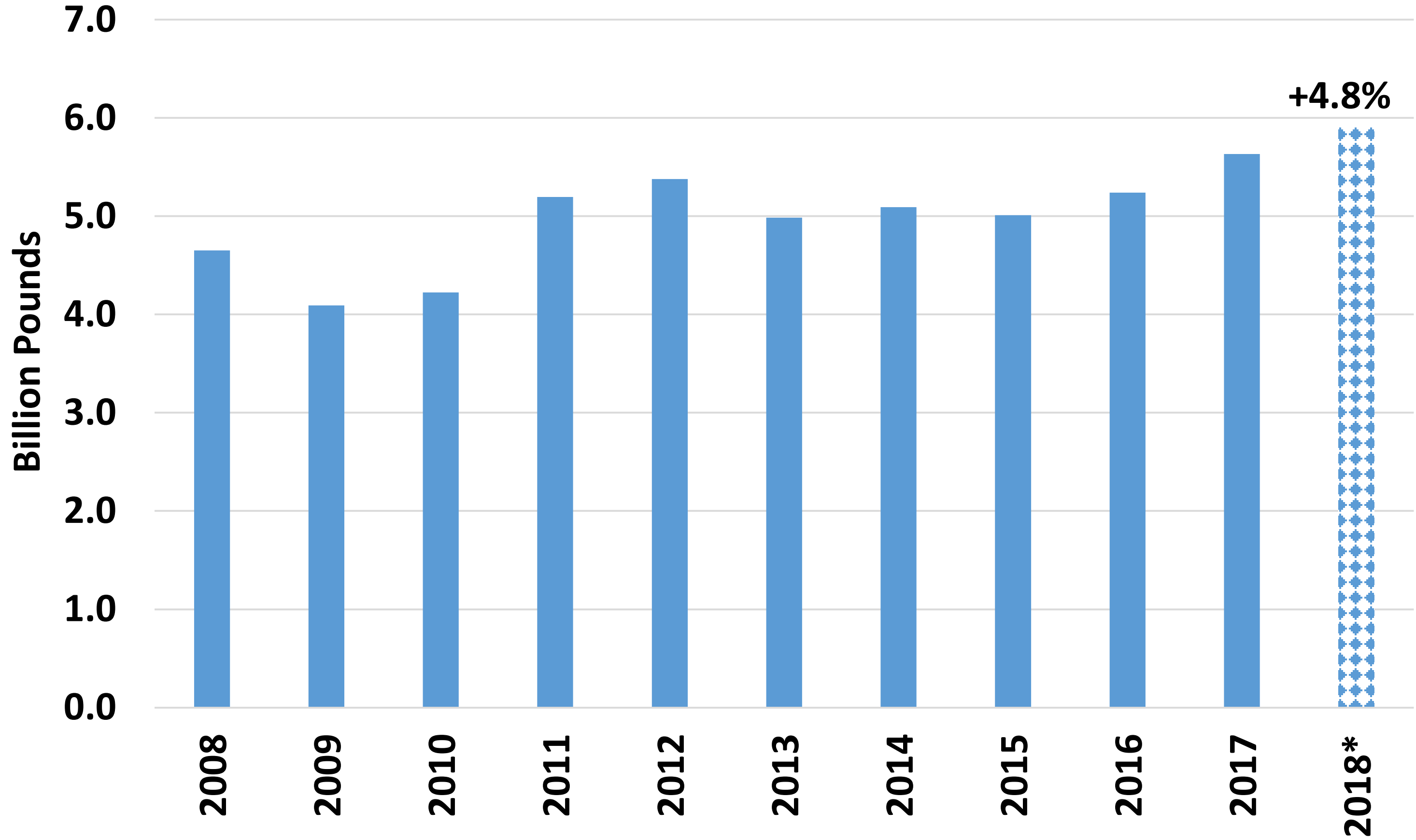
Pork Production Forecast Record High in 2018



- Pork production is forecast to reach 26.9 billion pounds in 2018.

*Forecast

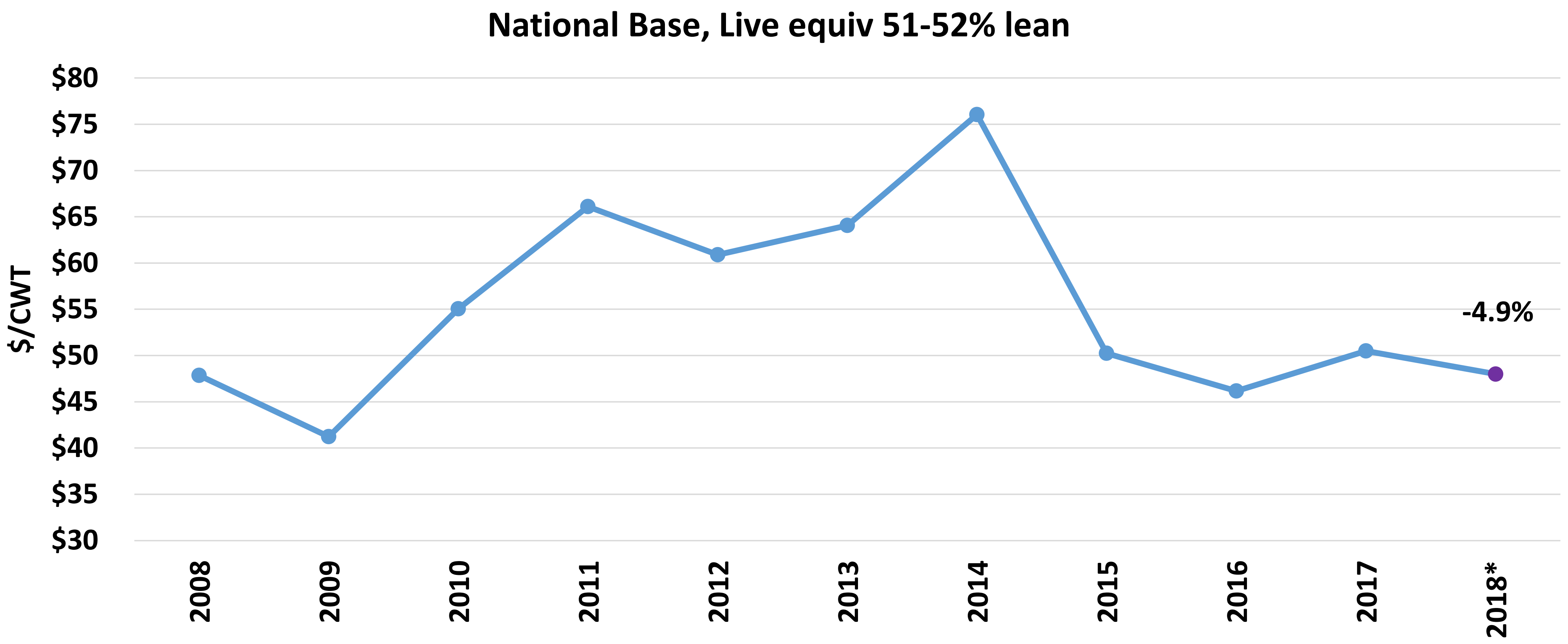
Strong Pork Exports Expected in 2018



- Pork exports are forecast at 5.9 billion pounds, up 4.8 percent year over.
- Lower pork prices, weaker U.S. dollar, and strong global demand to underpin U.S. pork exports.

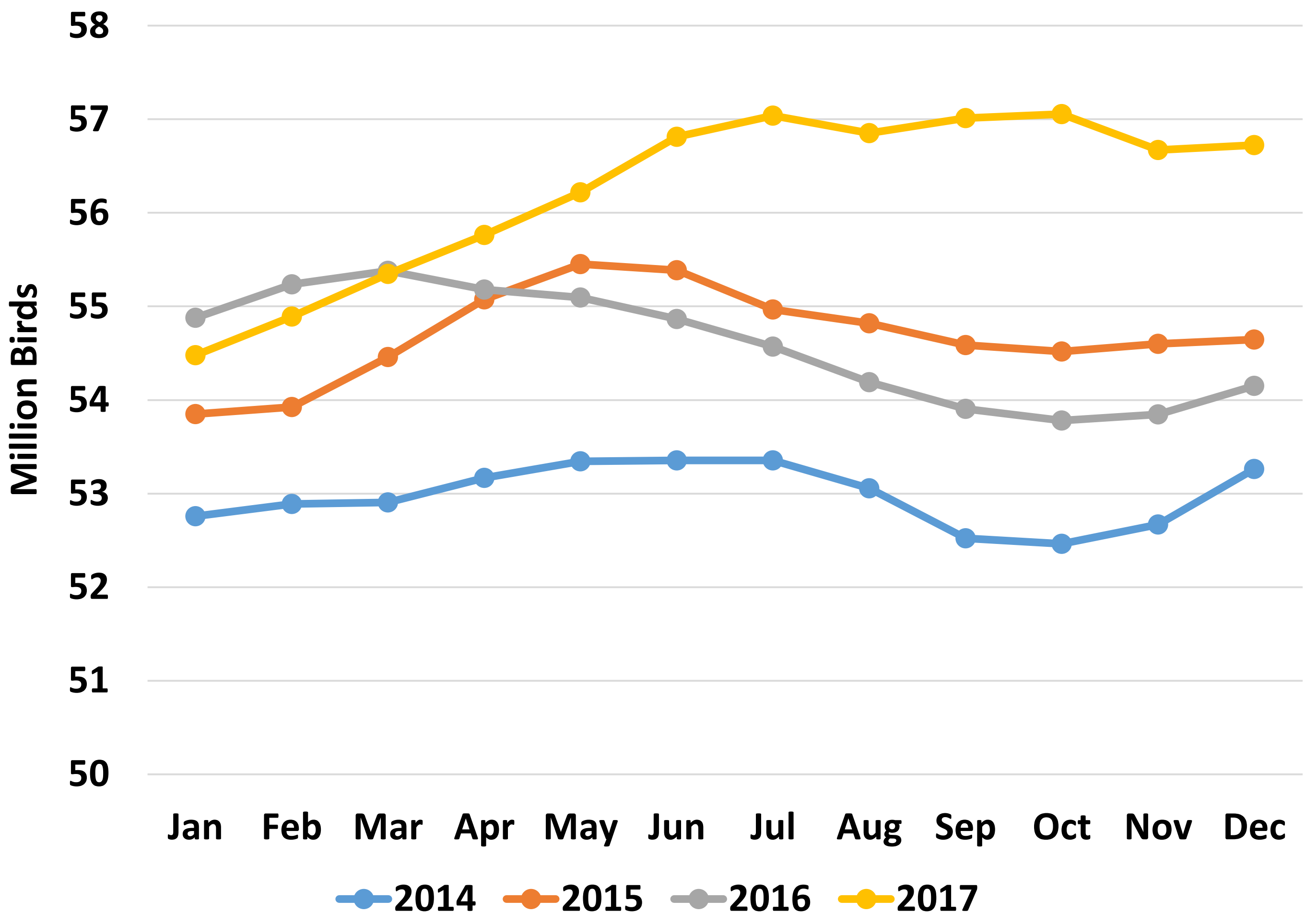
*Forecast

Hog Prices Forecast Lower in 2018



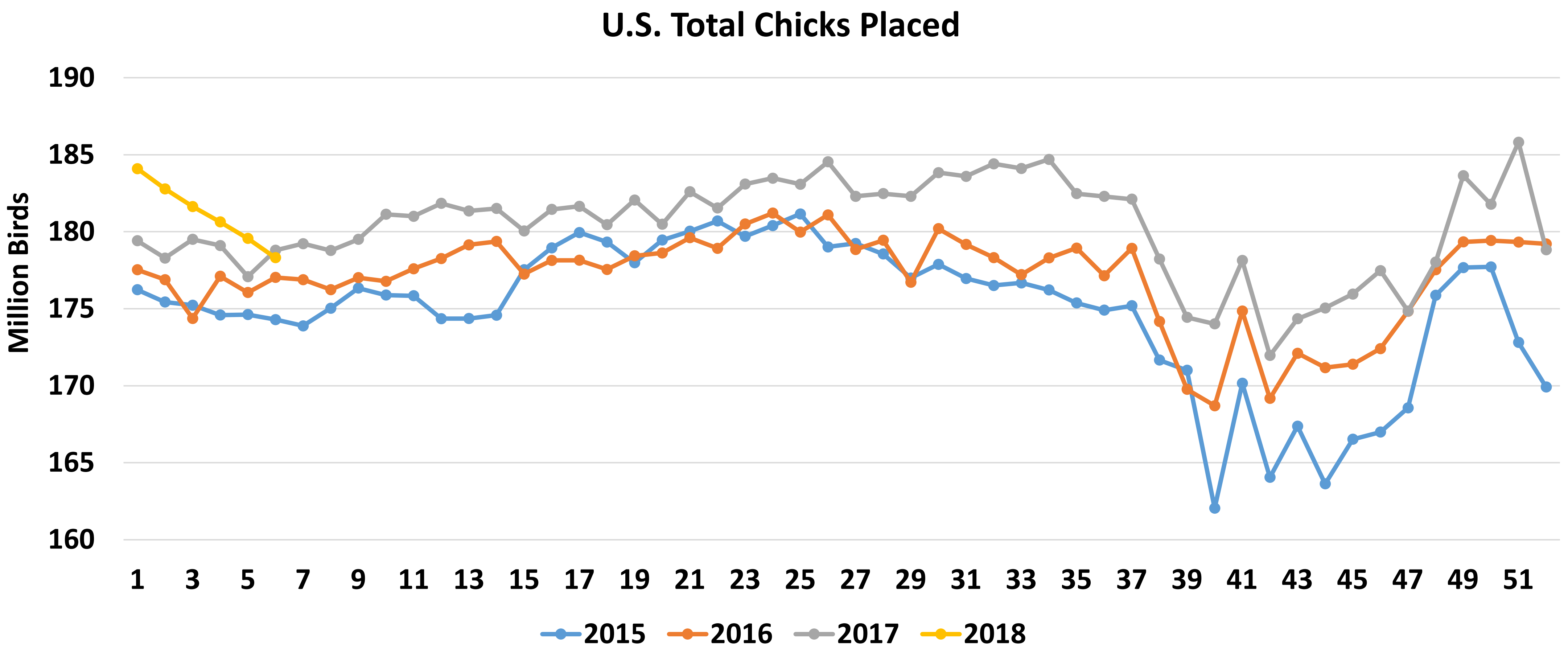
*Forecast

Broiler Laying Flock Above 2016 Levels

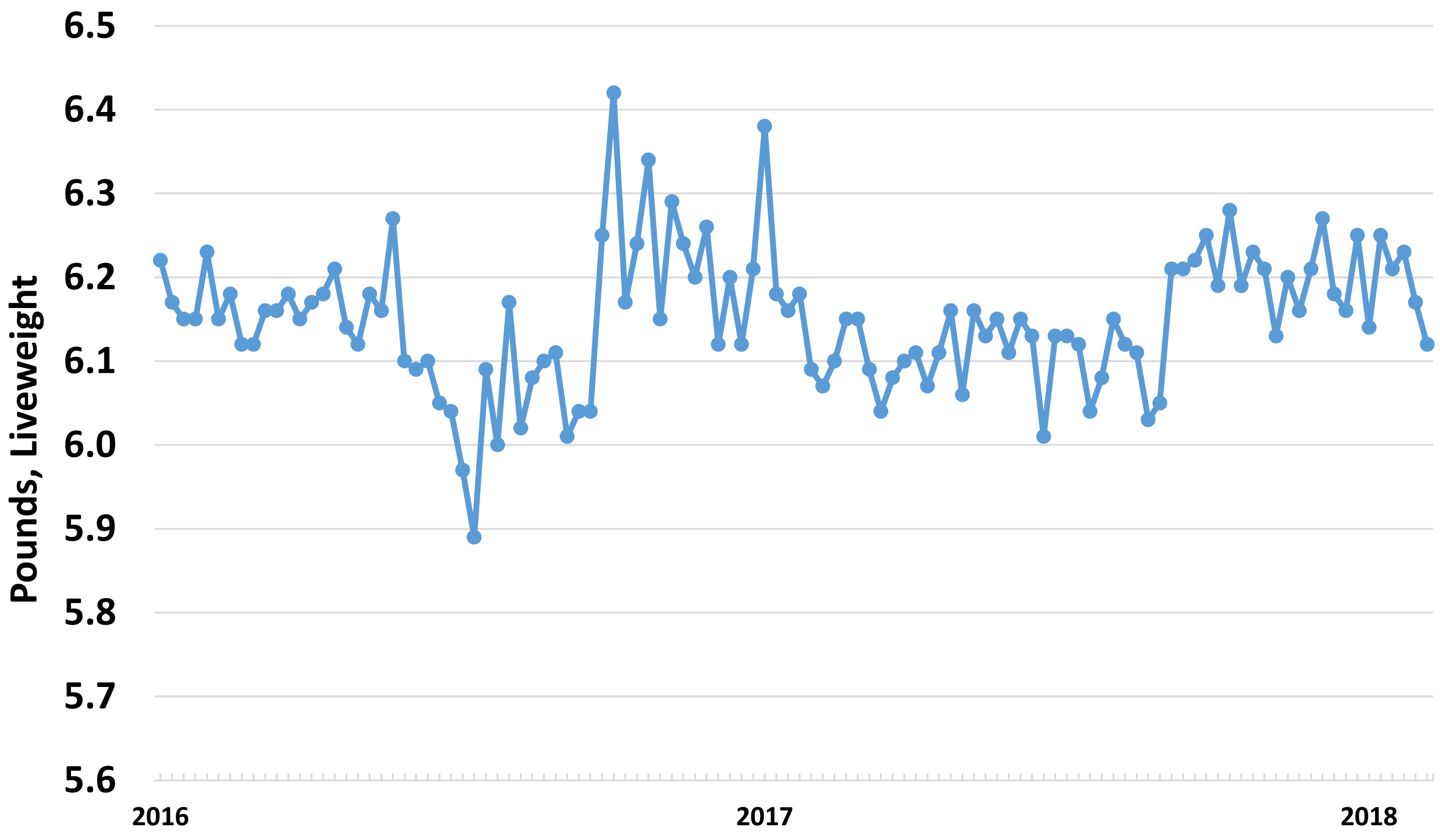


- U.S. laying flock above 2016 levels.
- Increasing broiler laying birds are partially offsetting declines in egg laying rates and chick placements.

Chick Placements Declining in early 2018

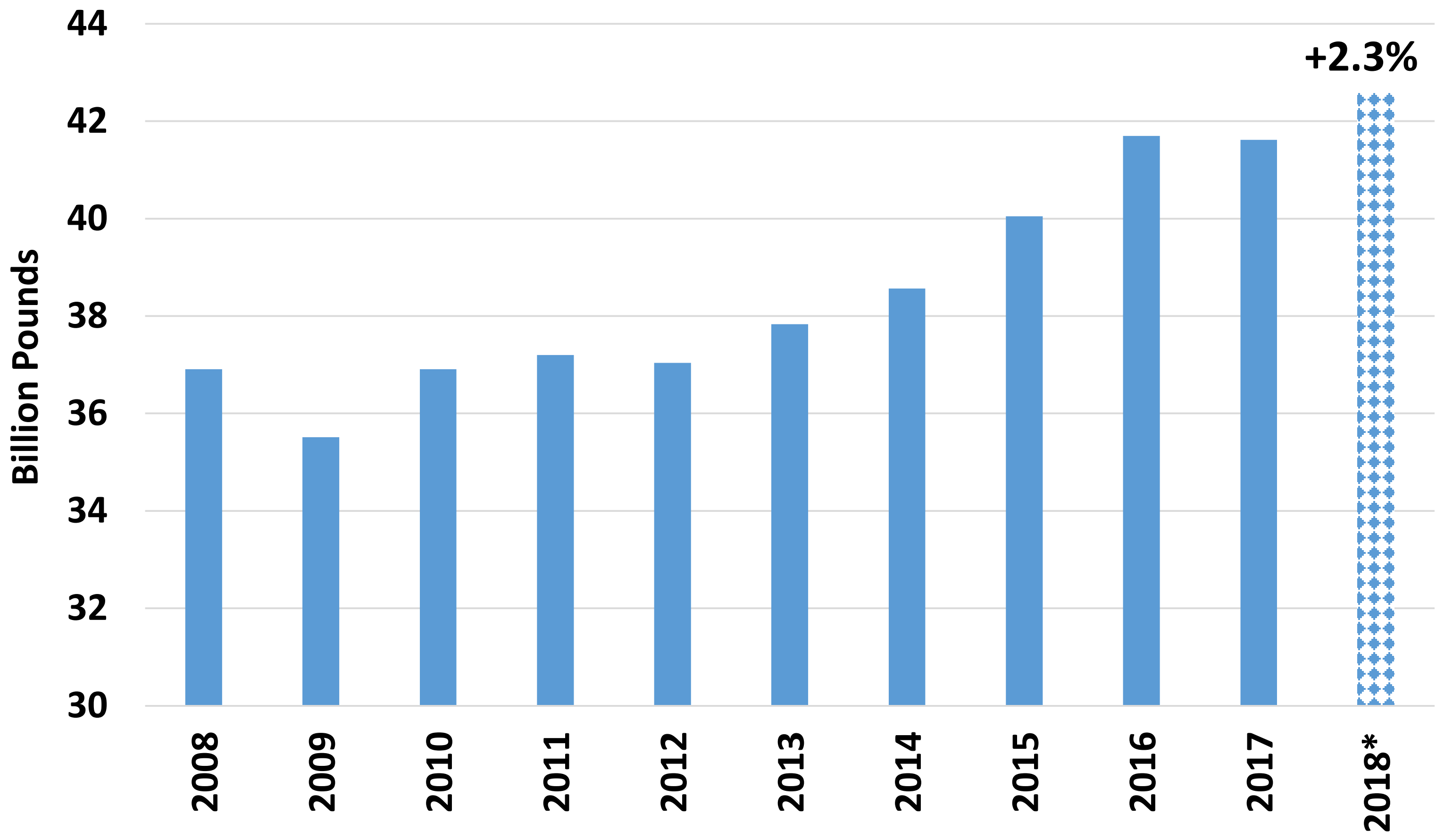


Heavier Bird Weights Supporting Higher Production in 2018



- Higher proportion of heavier weight birds, supporting increase in average bird weights.

Broiler Production Forecast Record High in 2018



- Broiler production is forecast to reach 42.6 billion pounds this year.

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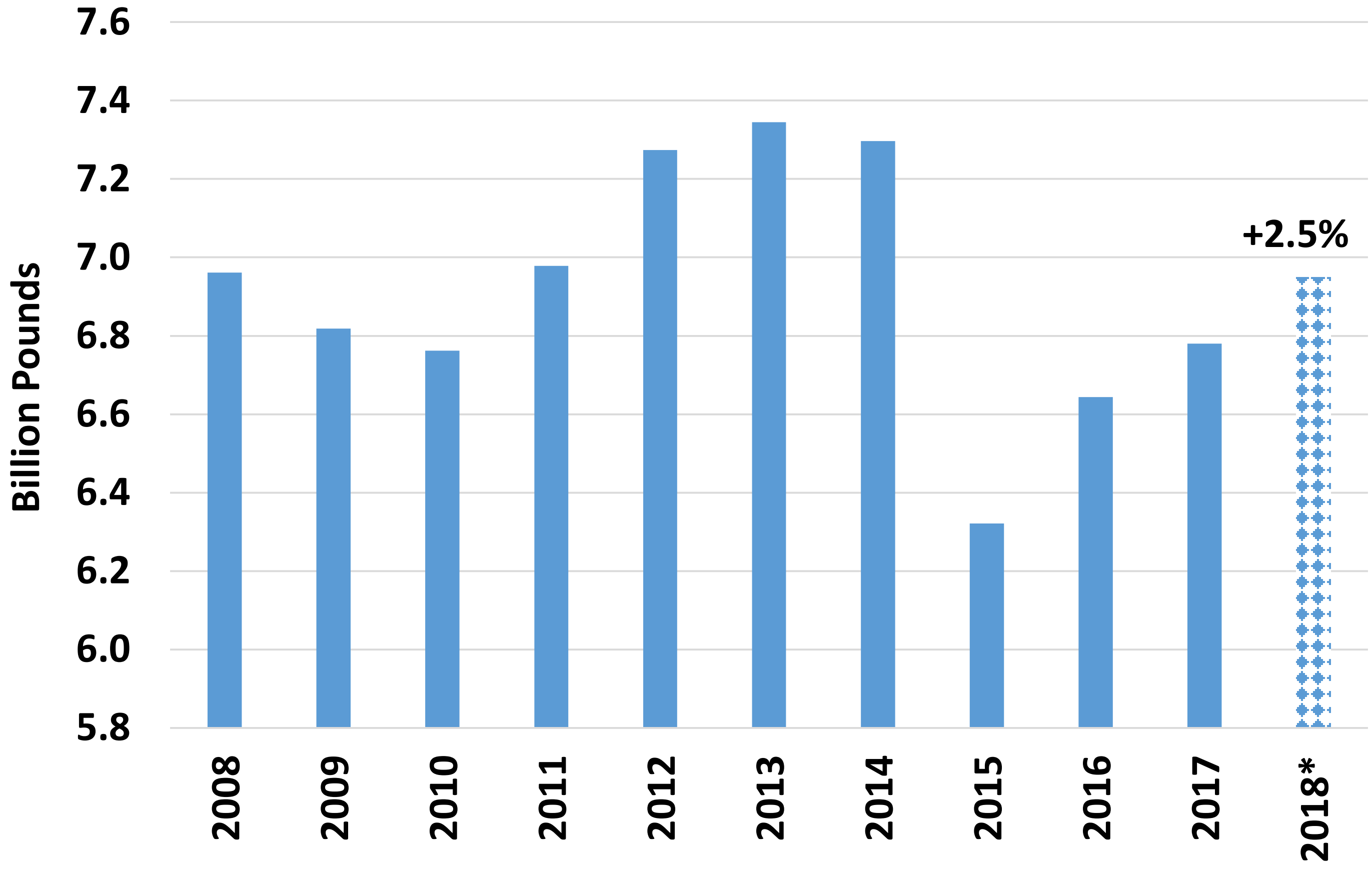
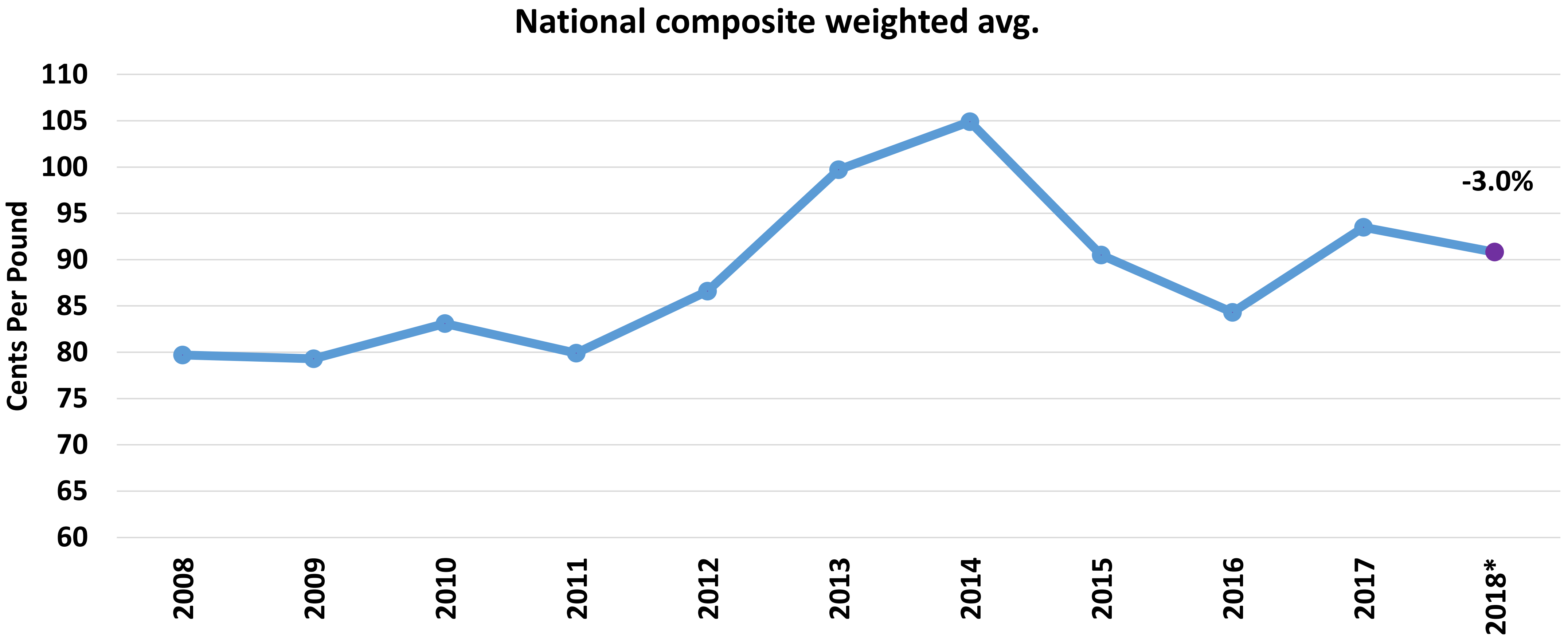
Broiler Exports Forecast To Reach 7.0 Billion pounds in 2018



- Exports continuing to make progress from 2015 HPAI disruptions in trade.
- 2018 exports are forecast to increase 2.5 percent year-over.
- Improved shipments to developing markets in Sub-Saharan Africa, Caribbean, and Central America.

*Forecast

Broiler Prices Forecast Lower In 2018



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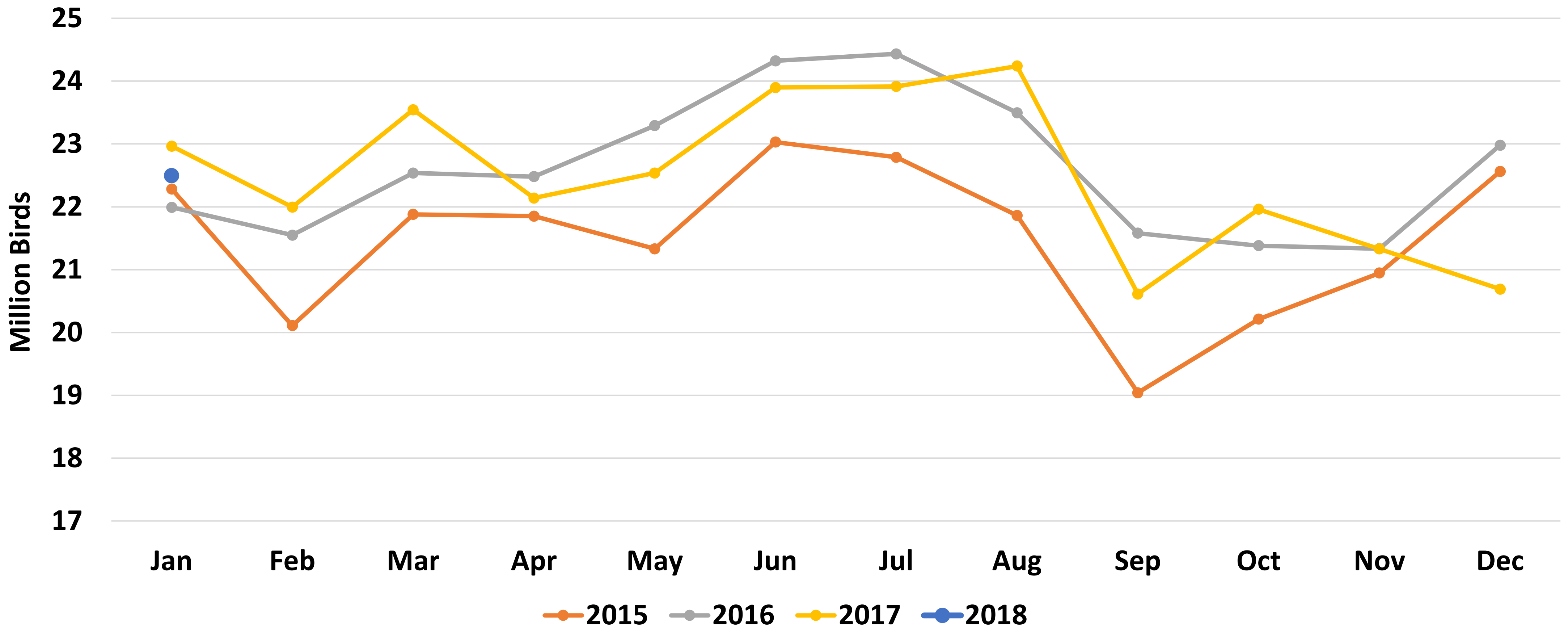
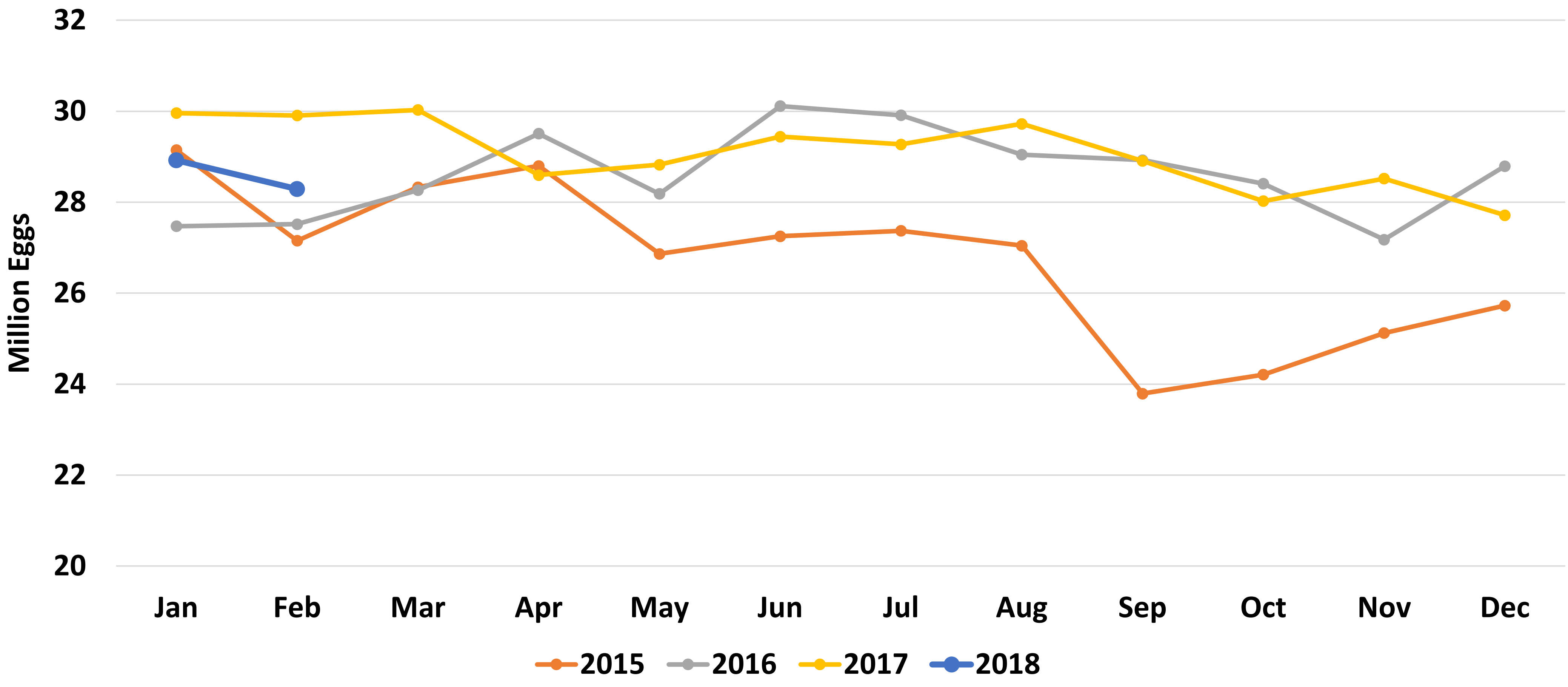
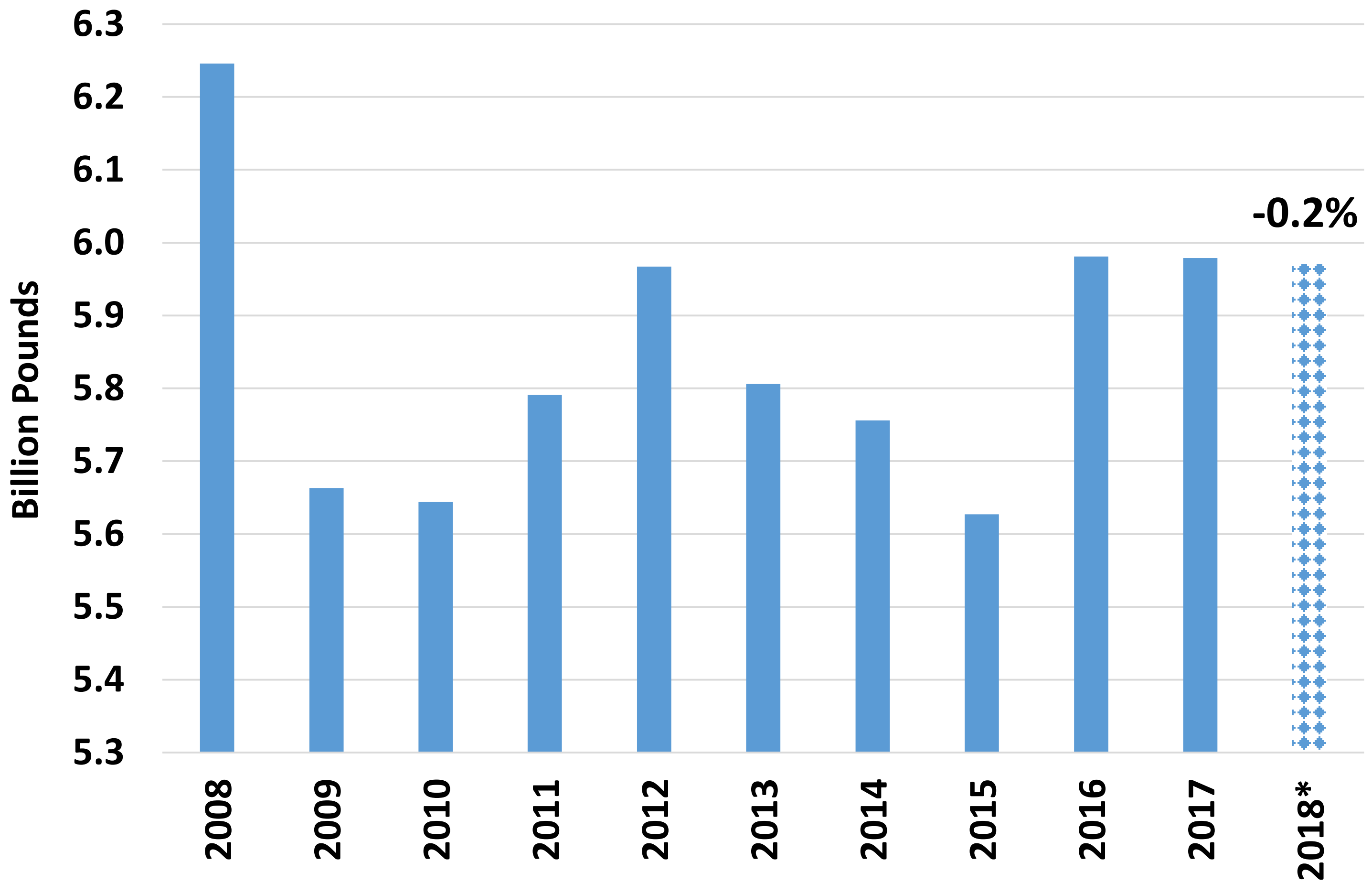
Turkey Poult Placements Below Year-Ago



Turkey Eggs In Incubators Below Year-Ago



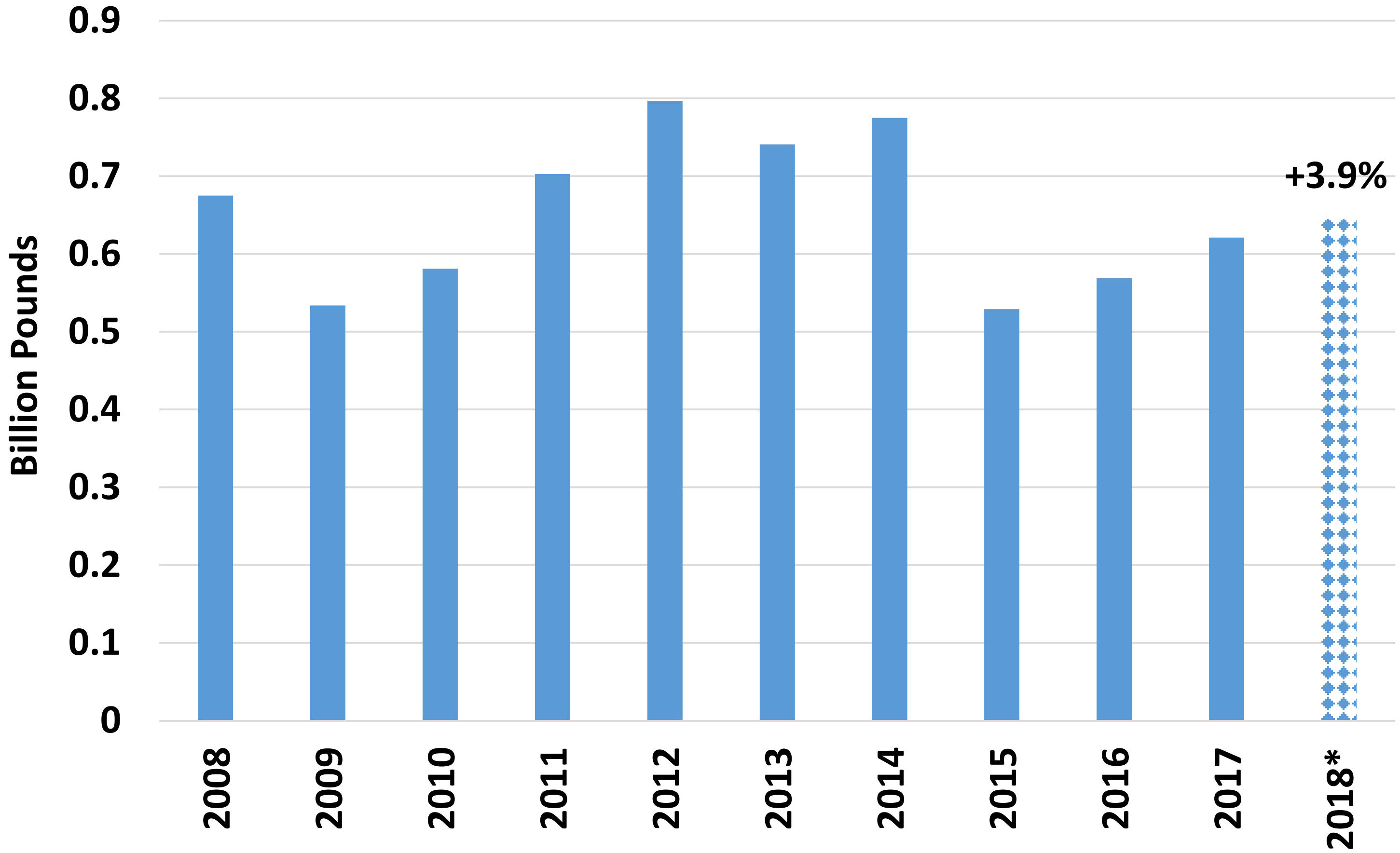
Turkey Production Fractionally Lower in 2018



- Turkey production is forecast to decline below 2017 in Q1 and Q2.
- Production is expected to recover in the last half of the year as supplies and demand move into balance.

*Forecast

Turkey Exports Silver Lining in 2018



- Exports to Mexico expected to remain firm in 2018.

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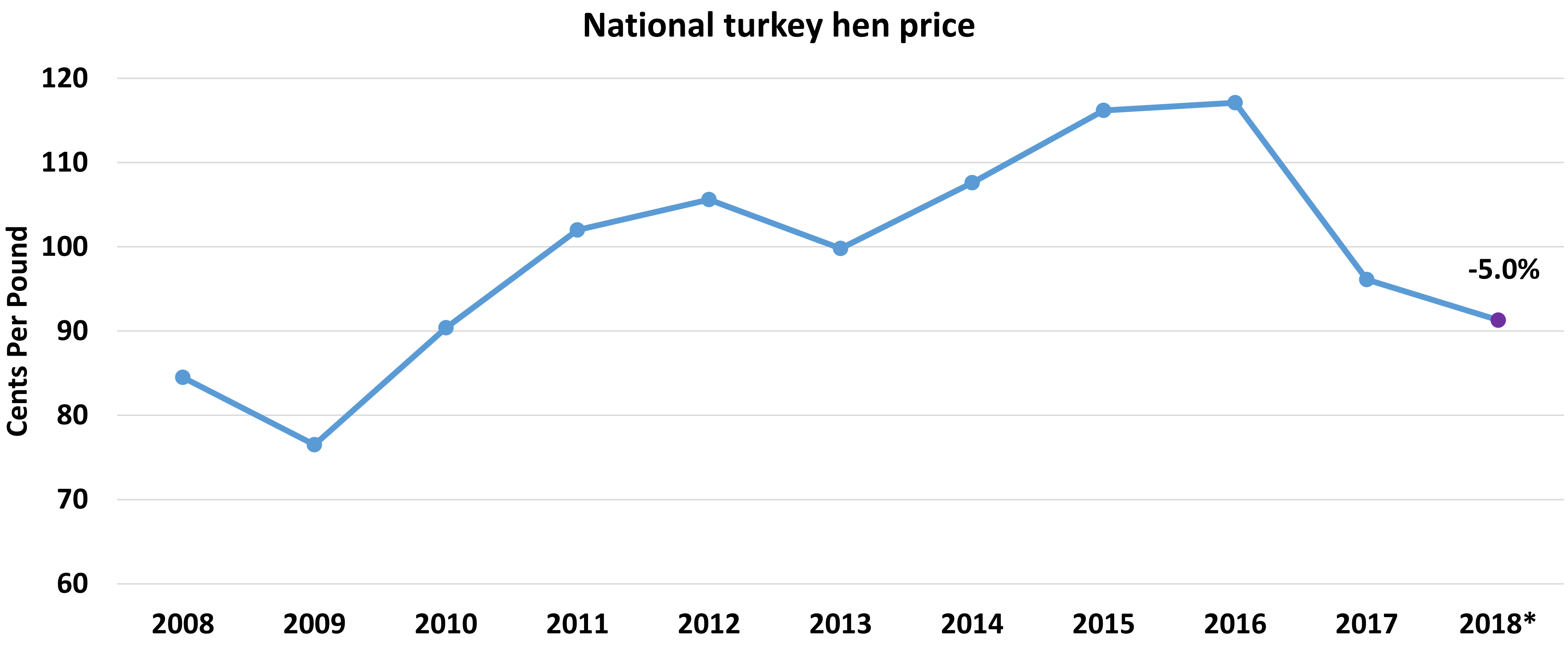
Turkey Prices Forecast Lower In 2018



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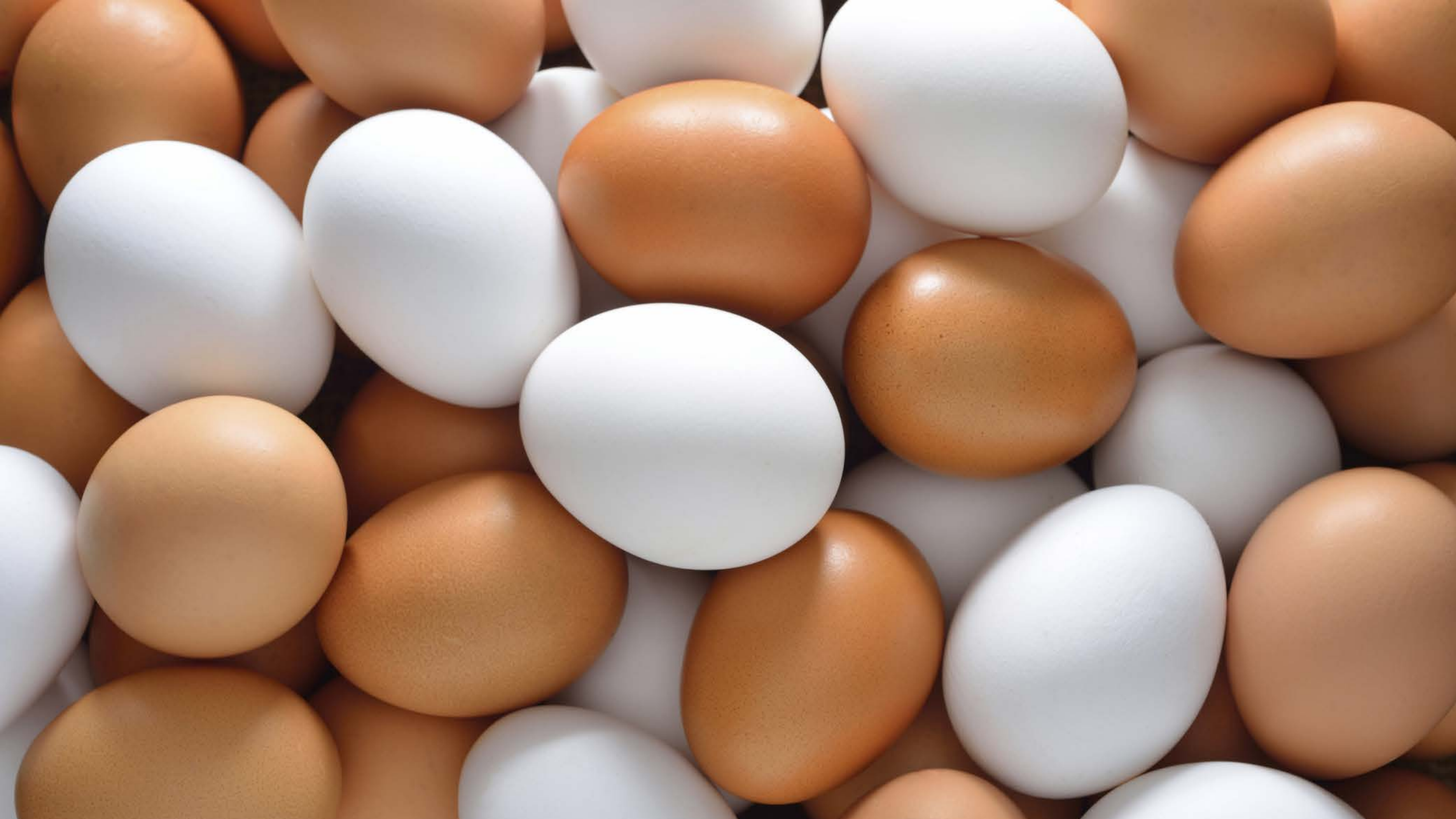
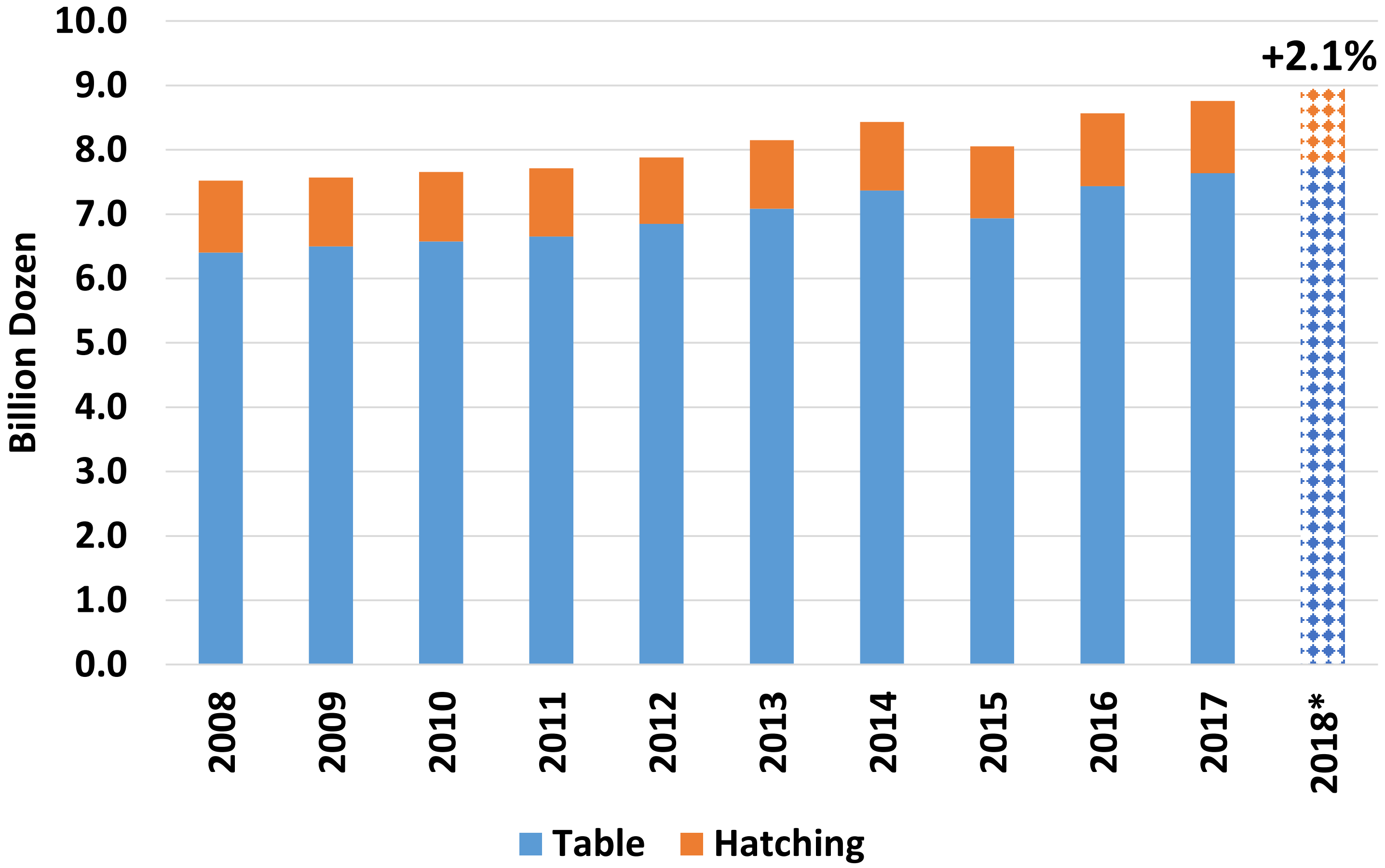


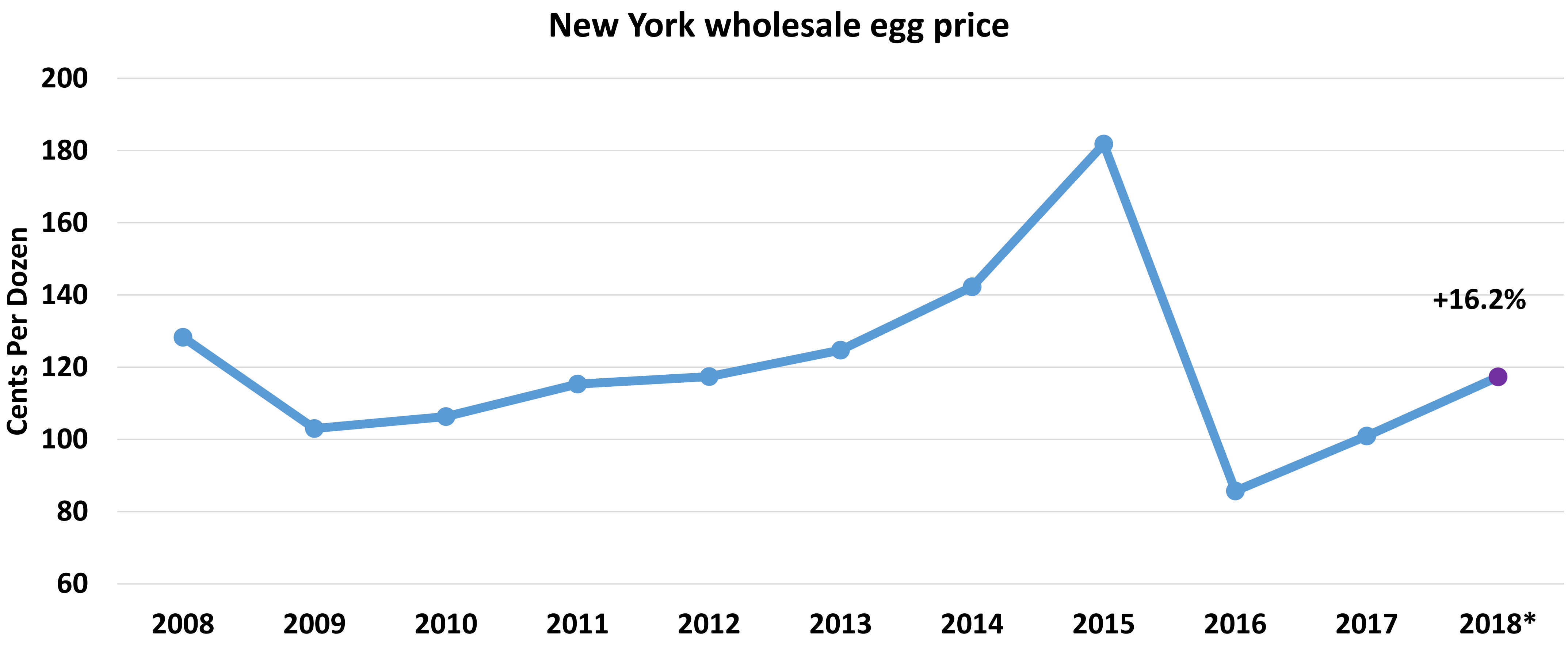
Egg Production Forecast Higher In 2018



- Favorable margins to support producer intentions to expand egg production in 2018.

*Forecast

Strong Demand Underpins Higher Egg Price Forecast in 2018



*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
  - 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