United States Department of Agriculture

Economic Research Service | Situation and Outlook Report

LDP-M-314 | August 18, 2020

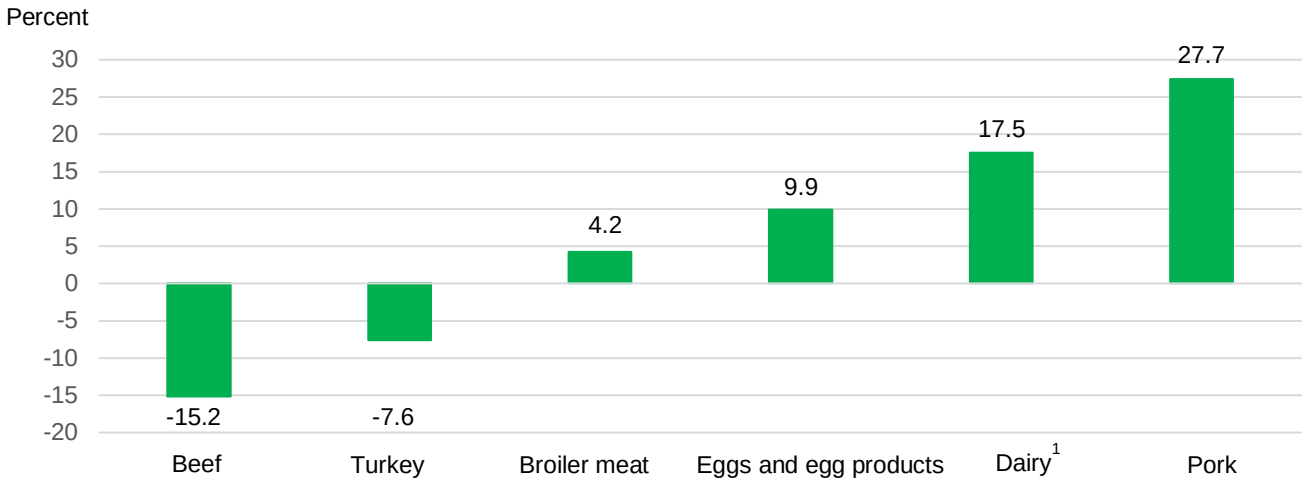
Next release is September 17, 2020

Livestock, Dairy, and Poultry Outlook

First-Half 2020 Animal Product Exports Mixed

First-half U.S animal products exports varied considerably compared with a year earlier. U.S. turkey and beef exports declined 15.2 and 7.6 percent, respectively. Mexico is the principle foreign buyer of U.S. turkey and an important destination for U.S. exported beef. Exports to Mexico of both turkey and beef were lower in first-half 2020, likely in part due to COVID-19-related market turmoil. Broiler meat exports increased 4.2 percent, with shipments to China offsetting weaknesses in other major markets. The 9.9-percent increase in exports of egg and egg products can be attributed to strong growth in egg product sales. Dairy exports on a skim-solids milk-equivalent basis increased 17.5 percent above a year earlier due to higher exports of most major dairy products. U.S pork exports for the first half of 2020 were 27.4 percent higher than a year ago due primarily to large shipments to China.

Percent change of first-half 2020 export volumes from first-half exports of 2019



[1]Skim-solids milk-equivalent basis.

Source: USDA, Economic Research Service.

Beef/Cattle: The second-half 2020 forecasts for beef production were increased on a faster-than-anticipated slaughter pace. The increase in slaughter raised the annual beef production forecast to 27.0 billion pounds. The 2021 production forecast was lowered to 27.6 billion pounds on fewer expected placements in first-half 2021, which will reduce fed cattle slaughter in the second half of the year. Fed steer and feeder steer prices in 2020 and 2021 were raised on recent price data and improved feeding margins. June's beef imports rose 15 percent from last year to 309 million pounds. The forecast for second-half 2020 imports was revised up on firm demand for processing-grade beef, as was the 2021 import forecast. Beef exports in June totaled 183 million pounds, 33 percent less than a year earlier. The third- and fourth-quarter beef export forecasts, along with the 2021 annual forecast, were unchanged.

Dairy: The all-milk price forecast for 2020 has been lowered to $17.95 per hundredweight (cwt), $0.30 less than last month's forecast, due to lower wholesale price forecasts for most major dairy products. The all-milk price forecast for 2021 is unchanged at $17.05 per cwt. The milk production forecast for 2020 has been raised, as higher expected milk per cow more than offsets lower expected cow numbers. For 2021, the milk production forecast has been lowered from last month's forecast due to lower expected milk cow numbers. Export forecasts have been raised on both the milk-fat and skim-solids milk-equivalent bases for both 2020 and 2021.

Lamb/Sheep: Second-quarter U.S. lamb imports were 67 million pounds, 7.4 percent lower than a year ago. Based on expected demand weakness, lamb price forecasts were lowered $5 per hundredweight for the rest of 2020 and for the first quarter of 2021.

Pork/Hogs: USDA data suggests that U.S. pork processing is approaching pre-COVID rates of capacity utilization. Third-quarter pork production is trimmed back slightly to 7.2 billion pounds—7 percent above a year ago—as processors respond to moderate wholesale pork demand. June exports to China\Hong Kong more than offset significant reductions to most other large foreign buyers of U.S. pork. June pork exports were more than 3 percent higher than a year ago. Second-quarter exports were about 16 percent above a year ago.

Poultry/Eggs: The 2020 broiler production forecast was unchanged, while the 2021 forecast was increased on lower feed costs. The broiler export forecast was decreased based on continued weakness in key export markets, as well as on potentially slowing demand from China. The broiler price forecast was increased slightly based on recent price movements and expectations for near-term demand. The table egg production forecast was increased based on higher-than-expected lay rates, while the price forecast was decreased on recent prices and high shell egg inventory levels. The egg export forecast was revised up on egg-product demand. Turkey production and trade forecasts for the second half of 2020 and for 2021 were not changed from last month. The third-quarter 2020 turkey price forecast was adjusted up to 110 cents per pound, but outlying price forecasts were unchanged.

Beef/Cattle

Russell Knight and Christopher Davis

U.S. Cattle Herd Expansion Leveling Out

In July, the USDA National Agricultural Statistics Service (NASS) released the midyear *Cattle* report, which provided a snapshot of U.S. cattle inventory as well as a glimpse into cow/calf producers' intentions for retaining heifers. The report estimated the U.S. cattle herd at 103.0 million head, up slightly from a year ago. Estimates in all categories were at or above last year except for beef cow and calf crop estimates, which were decreased for calves under 500 pounds at midyear. Although this marks consecutive growth at midyear since 2014,[1] this year's increase reflects the impact of Covid-19 on meatpacking facilities' inability to maintain slaughter levels in second-quarter 2020. Reduced slaughter levels slowed the pace of marketings, leading to the same number of cattle remaining in feedlots of all sizes as in the prior year, 13.6 million head. This also had the effect of increasing the number of cattle outside feedlots. The ERS webpage "Livestock & Meat Domestic Data" includes a table titled "Feeder Cattle Supplies Outside Feedlots," which estimates the number of cattle available for placement in feedlots at 37.4 million head, larger by 300,000 head, or 0.8 percent, than at this time last year.

Although the number of beef cows was 250,000 head and 0.8 percent lower than a year ago at 32.1 million head, the number of dairy cows is estimated at 50,000 head and 0.5 percent above year ago at 9.4 million head. The calf crop is estimated to be only fractionally below a year ago at 35.8 million head.

Based on the number of beef cows on July 1, ERS estimates that 7.6 percent more beef heifers entered the herd in first-half 2020 than over the same period last year. A table on the ERS web page "Livestock & Meat Domestic Data" titled "Heifers Entering the Herd" estimates that 2.7 million heifers were added from January to June this year for beef cow replacement. According to the *Cattle* report, producers intend to keep about 4.4 million beef heifers as replacements, the same number as last year. Producers' intentions signal a refreshment of the beef cow herd, as this is the second year in a row for lower beef cow inventory without a reduction in replacements.

According to the July NASS *Cattle on Feed* report, cattle in feedlots with a capacity of 1,000 head or more totaled 11.4 million head on July 1, 2020, down less than 0.5 percent from 2019. This was the second-largest number of cattle on feed for the month since the series began in 1996. The NASS report also estimated the classes of cattle on feed as 7.0 million steers and 4.4 million heifers. Compared to 2019, the number of heifers on feed decreased by 1.5 percent, while steers increased fractionally. Heifers represented 39 percent of cattle on feed on July 1, even with last year.

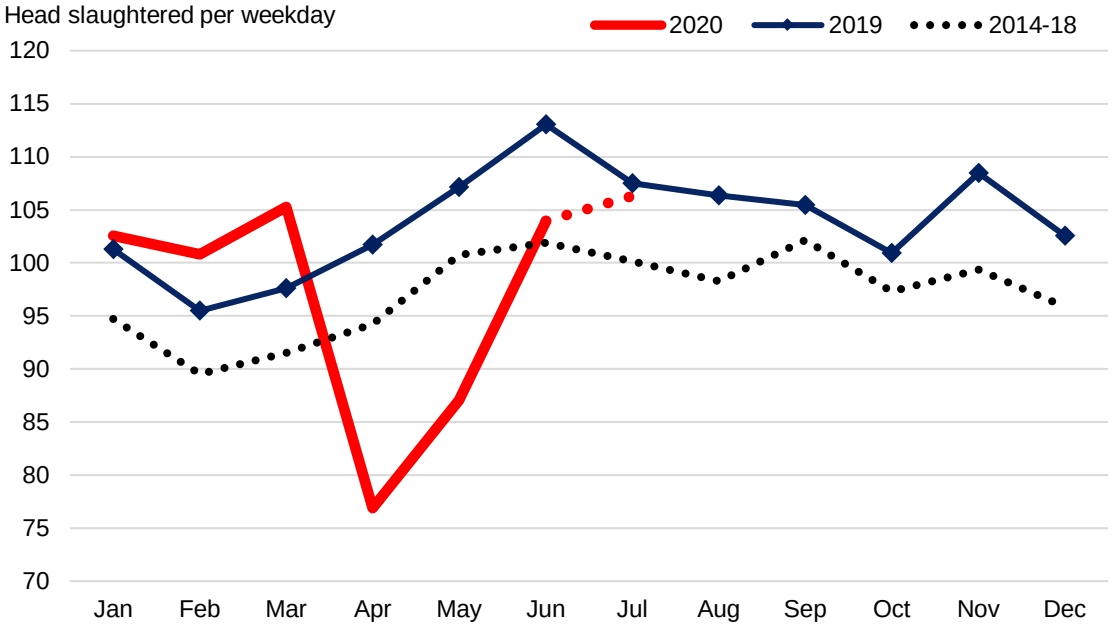
Beef Production Forecast Raised on Pace of Fed Cattle Slaughter

The 2020 beef production forecast was raised by 94 million pounds from last month to 27.0 billion pounds, based primarily on a quicker-than-expected pace of fed cattle slaughter in June and July. Based on the NASS *Livestock Slaughter* report for June, the pace of fed cattle slaughter was estimated to be about 92 percent of last year. Based on USDA Agricultural Marketing Service data for actual and estimated slaughter of steers and heifers in July, the pace of fed cattle slaughtered was almost 99

[1] The July *Cattle* report was temporarily suspended in 2013 and 2016.

percent of the pace of slaughter in July 2019. Although daily slaughter rates are inconsistent, weekly slaughter is bolstered with slaughter levels on Saturday. To estimate the pace of slaughter, the number of animals slaughtered is divided by the number of weekdays in a month, which can vary year to year.

Pace of monthly fed cattle slaughter recovers to above 5-year average



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

Although, the number of cattle outside feedlots did increase over last year, it was less than expected. The tighter feeder cattle supplies will likely slow expected placements in first-half 2021. This reduced the estimate for late-2021 fed cattle slaughter, and as a result, the forecast for 2021 beef production was lowered by 100 million pounds from last month's forecast to 27.6 billion pounds.

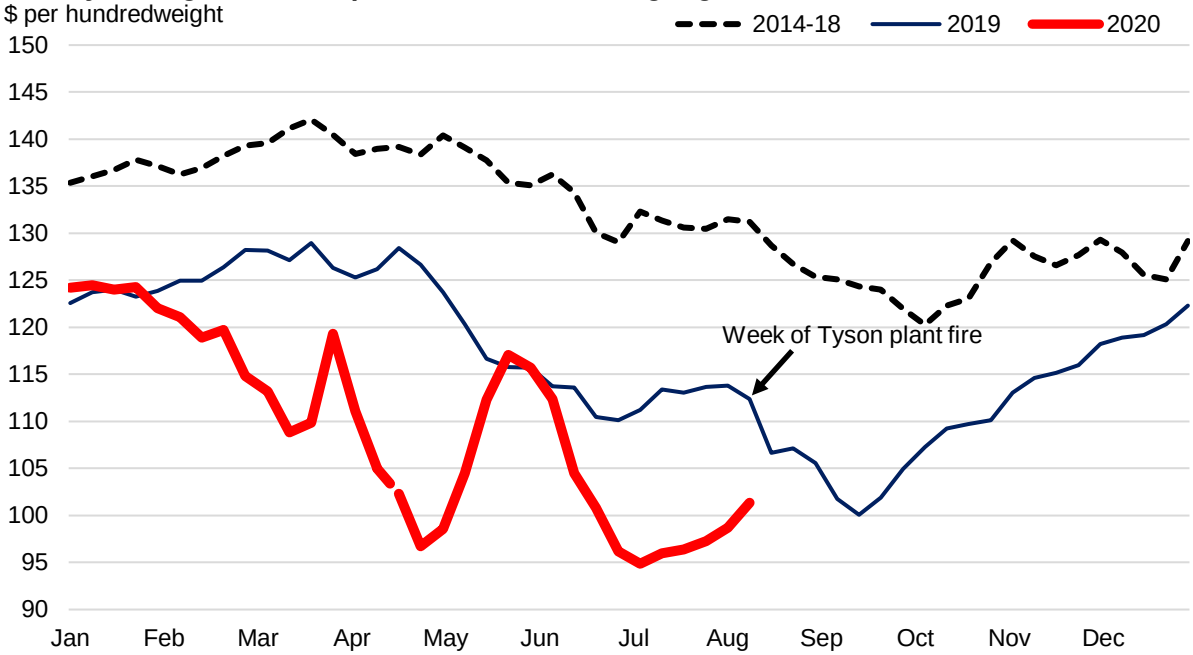
Fed Cattle Prices Raised in Second-Half 2020 and Early 2021

The week ending August 7, 2020, marked the 5th week of higher week-over-week prices in the 5-Area marketing region with $2.68 over the previous week at $101.34 per hundredweight (cwt). However, this is still about 10 percent below the same week last year. That week in 2019 was the one in which the fire occurred at the Tyson plant in Finney County, Kansas, closing the facility for several months. Following the fire, prices declined for 5 weeks and did not eclipse pre-fire price levels until 7 weeks after bottoming.

Typically, as in the chart below, fed cattle prices decline seasonally to a bottom level in late third quarter or early fourth quarter. As prices appear to have reached a seasonal bottom in the third-quarter, price strength may be further affected by economic uncertainty weighing on beef demand in the fourth quarter, at a time when average carcass weights are more than 3 percent above last year and rising seasonally.

The price forecast for third-quarter 2020 was raised $1 to $101 per cwt, and the forecast for fourth-quarter 2020 was increased by $1 to $105 per cwt. As a result, the average 2020 annual price is forecast at $107.30 per cwt, about $0.50 higher than last month.

Weekly average live steer price, 5-Area marketing region



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

The estimated price strength was carried forward to the first quarter of 2021, with the price raised $1 to $105 per cwt for an annual fed steer price of $110 per cwt.

The price for feeder steers weighing 750-800 pounds for the week of August 10, 2020, was $142.93 per cwt, more than $5 above the same week last year. Based on improved feeding margins, a smaller estimated calf crop in 2020 than a year ago, and fewer cattle outside feedlots than expected, the third-quarter 2020 feeder steer price was raised by $7 to $140 per cwt, and the fourth-quarter 2020 forecast was increased $9 from the previous month to $140 per cwt. This month's annual price forecast for 2020 is $135.70 per cwt.

This year's calf crop is estimated slightly smaller than in 2019, which will likely reduce cattle available for placement next year. With these expected tighter supplies and cheaper feed costs supporting demand, the price strength was carried over into 2021, and as a result the annual price forecast for feeder steers was raised $3 to $137 per cwt.

Beef Imports Higher in June

U.S. beef imports in June rose to 309 million pounds, an increase of more than 15-percent from a year ago. June's expansion was fueled partly by the strong demand for processing-grade beef. Imports from Canada were particularly high in June (81.57 million pounds), a level not achieved since June 2010 when beef imports from Canada reached 83.89 million pounds. While U.S. beef imports from Canada were up 4 percent in June, it was also the second consecutive month in which Mexico shipped over 72 million pounds to the United States. The strong U.S. demand for Mexican beef was partly driven by a favorable exchange rate and depressed Mexican demand for Mexican domestic beef. Shipments from Oceania, particularly Australia and New Zealand, were down 9 percent and 5 percent year over year. In June, Oceania, Canada, and Mexico accounted for 82 percent of the total U.S. beef imports. A large portion of the remaining beef imports came from Brazil and Uruguay, whose beef shipments to the

United States exceeded levels of a year earlier. Finally, Nicaragua's beef shipments to the United States were 6.75 million pounds, 64 percent higher than a year ago.

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

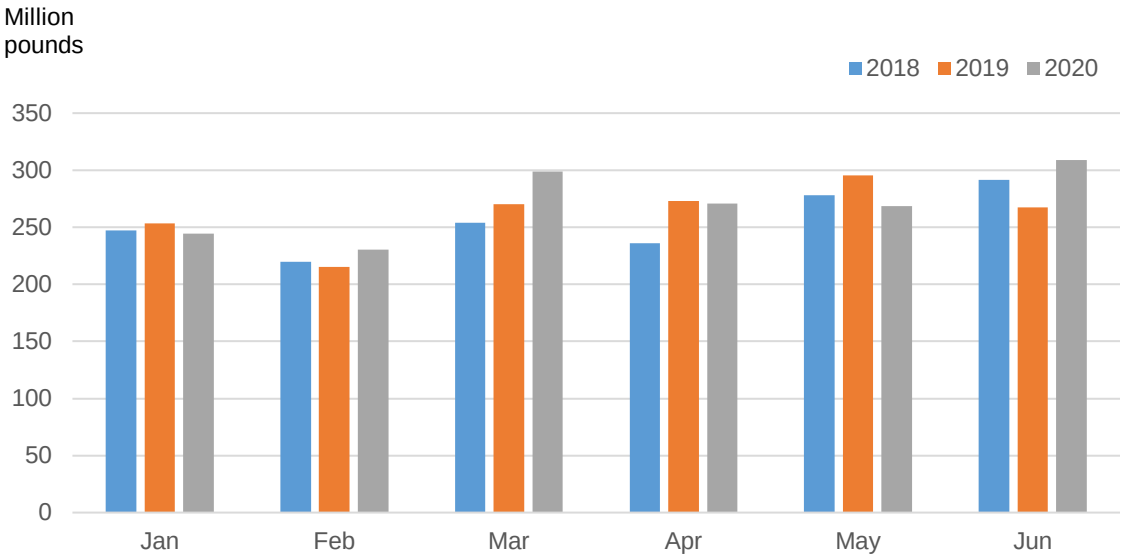
	June 2019	June 2020	Difference in volume	Year-over-year change
	--- Million pounds---			--- Percent --
Australia	56.28	51.19	-5.09	-9.04
Canada	78.28	81.57	3.29	4.20
New Zealand	50.26	47.76	-2.50	-4.97
Mexico	46.00	72.69	26.69	58.02
Brazil	12.86	18.25	5.39	41.91
Uruguay	10.04	12.12	2.08	20.72
Nicaragua	10.57	17.32	6.75	63.86
ROW	3.38	7.76	4.38	129.59
Total Imports	267.65	308.65	41.00	15.32

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

The second-quarter beef imports totaled 848 million pounds, the fifth-highest volume recorded in the second quarter since 1989. The forecasts for 2020 third- and fourth-quarter imports were revised up to 810 million pounds (+50 million) and 705 million pounds (+20 million), respectively, as domestic demand for processing-grade beef is expected to remain robust. U.S. beef imports in 2020 are further supported by a shift in product from Oceania's beef exports from China toward the United States. In June, Australia and New Zealand exports to China were 23 and 48 percent lower year over year, respectively. The forecasts for 2021 first and third quarters were raised to 755 (+15 million) and 765 million pounds (+10 million) on stronger expected demand for processing-grade beef. The annual forecasts for 2020 and 2021 are 3.124 and 3.045 billion pounds, respectively.

U.S. beef imports during the first half of 2020 have been stronger than they were over the last 2 years (see the gray bar in the chart below). The amount of beef imported over the 6 months of January through June totaled 1.622 billion pounds, 3 percent higher than 2019 imports and 6 percent higher than in 2018. The vast majority of U.S. beef imports (46 percent) during January–June 2020 came from Canada and Mexico, followed by Australia and New Zealand, whose combined shipments accounted for 37 percent of U.S. total beef imports during the first half of 2020. Brazil, Uruguay, and Argentina contributed smaller amounts to the U.S. beef supply.

U.S. beef import trends over 6 months



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

Beef Exports Down in June

U.S. beef exports in June 2020 were 183 million pounds, over 90 million pounds or 33 percent less than a year earlier. For 2 consecutive months, U.S. beef exports have been in the range of 183 to 188 million pounds, the smallest (in volume) since May 2009 when U.S. exports were 173 million pounds. The first- and- third largest reductions in exports in June were to South Korea and Japan. There is often a lag between a sale of beef for export and its shipment; therefore, product shipped in June was likely sold to South Korea and Japan in late April or early May, when exportable beef supplies were low due to COVID-19 outbreaks in U.S. beef processing plants. These outbreaks caused temporary closure of some beef processing plants, leading to reductions in slaughter capacity and beef production. High beef prices likely led exporters to make fewer sales for June. Beef exports to Mexico had the second-largest reduction year over year, partly reflecting high U.S. beef prices and an economic downturn in Mexico and Mexico's depreciated currency. Beef exports to Taiwan were down 37 percent, while to Hong Kong they were 11 percent lower year-over-year.

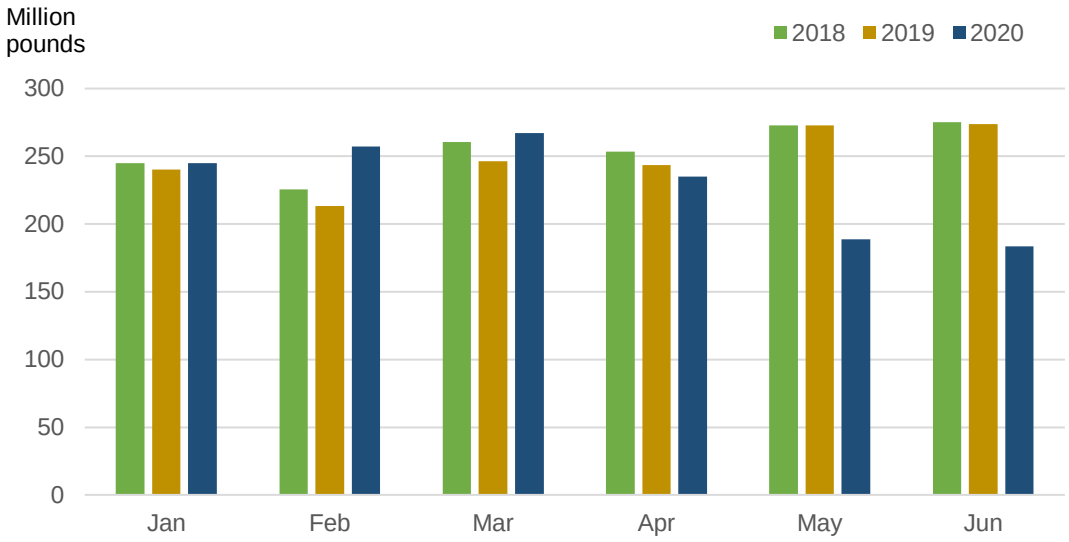
U.S. year-over-year beef exports to major destinations

	June 2019	June 2020	Difference in volume	Year-over-year change
		--Million pounds--		--- Percent --
Japan	73.14	58.03	-15.11	-20.66
Mexico	34.46	13.45	-21.01	-60.97
South Korea	67.46	41.15	-26.31	-39.00
Canada	22.58	22.54	-0.04	0.00
Hong Kong	17.67	15.69	-1.98	-11.21
Taiwan	20.61	12.94	-7.67	-37.21
ROW	9.16	19.49	10.33	112.77
Total Exports	273.68	183.29	-90.39	-33.03

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

The trend of U.S. beef exports from January through June 2020 has been mixed. U.S. beef exports were strong in the first quarter of 2020, exceeding the volumes shipped during the first quarters of 2019 and 2018. A minor reduction occurred in April exports, but more noteworthy changes occurred in May and June (see the dark blue bar in the chart below). COVID-19 disruptions to U.S. beef production set some limitations on export supplies during May and June. Along with the disruptions of the pandemic came declines in beef export supplies throughout the second quarter of 2020. The declines partly reflected a weaker demand in Asia, along with the COVID-19 disruptions in the United States during April and May.

U.S. beef export trends over 6 months



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

Second-quarter 2020 beef exports totaled 608 million pounds. The third- and fourth-quarter beef export forecasts were unchanged from July at 770 and 750 million pounds. As a result, the annual beef export forecast for 2020 was revised to 2.896 billion pounds. The 2021 forecast was unchanged from last month.

Dairy

Jerry Cessna

Recent Developments in Wholesale Dairy Prices

Volatility in cheese markets continues to be a significant issue for the dairy industry. Wholesale Cheddar cheese prices climbed to new record highs in July. From the week ending July 4 to the week ending July 25, the price of 40-pound blocks, as reported in the USDA *National Dairy Products Sales Report* (NDPSR), rose 17.8 cents to $2.7723 per pound before declining to $2.6540 for the week ending August 8. From the week ending July 4 to the week ending August 1, the price of 500-pound barrels (adjusted to 38-percent moisture) rose by 8.9 cents to a high of $2.4812 per pound before declining to $2.4589 for the week ending August 8.

Recent wholesale prices of other major dairy products have moved within a smaller range. From the week ending July 4 to the week ending August 8, the butter price declined by 6.5 cents to $1.7341 per pound, the price of nonfat dry milk (NDM) rose by 0.1 cent to $0.9773 per pound, and the price of dry whey rose by 1.2 cents to $0.3456 per pound.

Dairy wholesale product prices from USDA *National Dairy Products Sales Report* for weeks ending July 4 to August 8, 2020 (dollars per pound)

	For the week ending						Change from week ending 7-4 to week ending 8-8, 2020
	July 4	July 11	July 18	July 25	August 1	August 8	
Butter	1.7988	1.8103	1.7675	1.7572	1.7542	1.7341	-0.0647
Cheddar cheese							
40-pound blocks	2.5944	2.6359	2.7134	2.7723	2.7649	2.6540	0.0596
500-pound barrels [1]	2.3927	2.4226	2.4307	2.4592	2.4812	2.4589	0.0662
Nonfat dry milk	0.9763	0.9687	0.9647	0.9761	0.9752	0.9773	0.0010
Dry whey	0.3340	0.3470	0.3427	0.3474	0.3486	0.3456	0.0116

[1] Adjusted to 38-percent moisture.

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

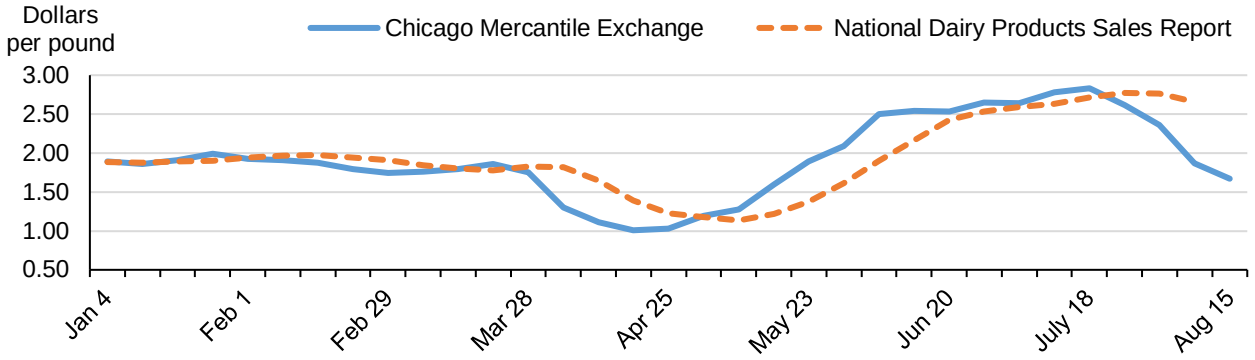
Spot prices for cheese sold on the Chicago Mercantile Exchange (CME) also reached new record highs in July but have since fallen substantially. The price for 40-pound blocks peaked at $2.8320 per pound for the trading week ending July 17 but declined to $1.6670 for the trading week ending August 14. The price of 500-pound barrels peaked at $2.4530 per pound for the trading week ending July 25 but declined to $1.4780 for the trading week ending August 14. CME butter prices have been running lower than NDPSR prices in recent weeks. For the trading week ending August 14, the average butter price was $1.4820 per pound.

U.S. NDM and dry whey prices have continued to be competitive in foreign markets. In July, Oceania and Western Europe export prices for skim milk powder (SMP) averaged $1.24 and $1.12 per pound, respectively, and the Western Europe export price for dry whey was $0.41 per pound.[2] Export prices for

[2] The source for Oceania and Western Europe export prices is USDA *Dairy Market News*. Prices listed in this report are at the midpoints of the ranges.

butter averaged $1.65 and $1.75 per pound for Oceania and Western Europe, respectively. The Oceania export price for cheese was $1.74 per pound.

Weekly average wholesale prices for Cheddar cheese 40-pound blocks
(week ending January 4, 2020, through week ending August 8, 2020)[1]



[1] End-of-week dates shown in the graph are Saturdays, which are used for the USDA *National Dairy Products Sales Report*. Usually, the end-of-week date for the Chicago Mercantile Exchange is Friday since that is usually the last day of trading.
Sources: USDA *National Dairy Products Sales Report* and Chicago Mercantile Exchange prices as reported by USDA, Agricultural Marketing Service.

Effects of Dairy Product Price Volatility on Farm-Level Milk Prices

The unprecedented price volatility of wholesale Cheddar cheese prices in recent months has resulted in nontypical Federal Milk Marketing Order (FMMO) class price alignment. Although unusual alignment of class prices has occurred in the past, the magnitude of the recent disparity between class prices is unprecedented.[3]

Large swings in wholesale Cheddar cheese prices have translated into large changes in Class III milk prices. In May, the Class III milk price fell to a low point for the year of $12.14 per hundredweight (cwt). It rose to $21.04 per cwt in June and $24.54 in July. The Class III milk price exceeded the Class IV milk price by $8.14 per cwt in June and $10.78 in July.

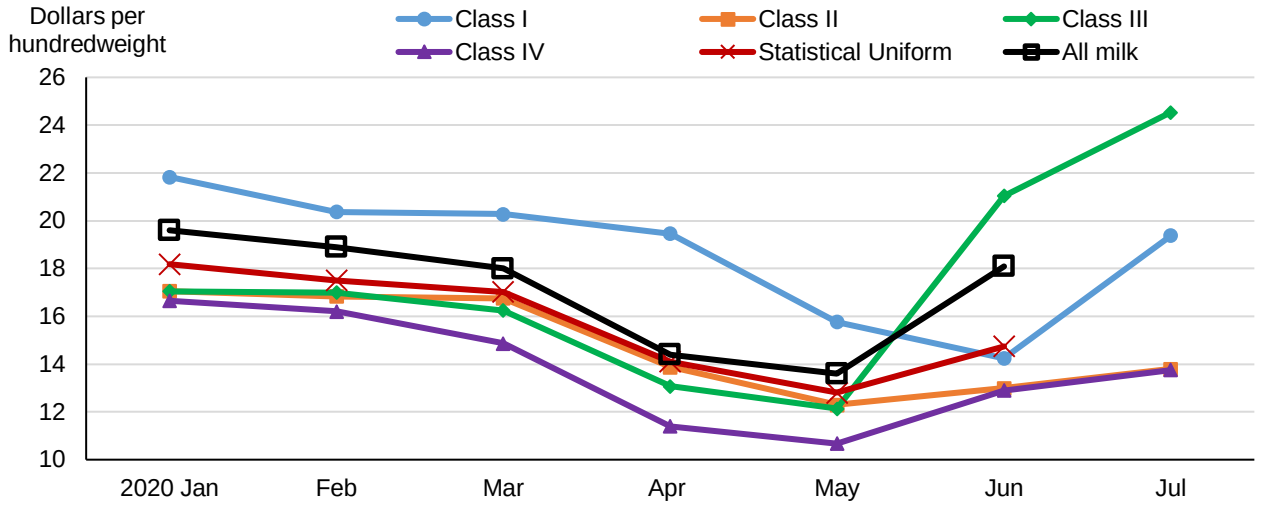
Class I is usually the highest priced class, but in June and July, the Class III price exceeded the simple average Class I price for all FMMOs by $6.80 and $5.16 per cwt, respectively. Since the June Class I base price was calculated from Class III and IV pricing factors from the weeks ending May 9 and May 16 (weeks with very low Cheddar cheese prices), the Class I average price for all FMMOs fell in June. The Class III price shot up in June with the rapid rise in cheese prices. As a result, the Class III price exceeded the weighted average statistical uniform price (a regulated minimum price for dairy farmers, commonly called the blend price) by $6.30 per cwt in June. For July, the Class I base price was calculated from Class III and IV pricing factors for the weeks ending June 6 and June 13. Although the average Class I price rose from June to July, it was still lower than the Class III price because cheese prices continued to rise, reaching record levels. FMMO blend prices for July have not yet been reported at the time of this writing.

[3] A basic knowledge of Federal Milk Marketing Orders helps with understanding this section. For more information, visit the Federal Milk Marketing Order web page on the USDA, Agricultural Marketing Service website.

With the Class III price greatly exceeding FMMO blend prices, many dairy farmers with milk pooled on the seven FMMOs with component pricing saw record-large negative producer-price differentials (PPDs) in their milk checks in June.[4] However, many handlers chose not to pool significant volumes of Class III milk. For milk that was not pooled but would have normally been pooled as Class III milk, the high price of cheese likely influenced the prices dairy farmers were paid in the marketplace. For July as well, negative PPDs and relatively low FMMO volumes of Class III milk are expected. More information concerning nontypical alignment of class prices is available in recent monthly newsletters on websites of Federal Milk Market Administrators.

For the first 5 months of 2020, milk pooled on FMMOs accounted for 71 percent of milk production. With many handlers deciding not to pool significant quantities of milk on FMMOs in June, FMMOs accounted for only 52 percent of milk production that month. The reported all-milk price averaged $0.98 per cwt above the reported blend price for all FMMOs combined for the first 5 months of 2020. However, in June the reported all-milk price was $3.36 per cwt above the blend price for all FMMOs combined.[5] The all-milk price for July has not been yet been reported at the time of this writing.

Federal milk marketing order (FMMO) minimum milk prices and the U.S. all-milk price



FMMO minimum prices are reported for milk with 3.5 percent butterfat. The U.S. all-milk price is reported for milk at the average U.S. milk-fat test. The Class I price displayed is a simple average for all FMMOs. The statistical uniform price displayed is a weighted average for all FMMOs. July data for statistical uniform price and the all-milk price were not yet available at the time of this report.
Sources: USDA, Agricultural Marketing Service; and USDA, National Agricultural Statistics Service.

Discussion of Recent U.S. Dairy Supply and Demand Data

As reported last month, dairy farmers reduced milk production in May as they faced pricing terms formulated to discourage milk production growth. In the most recent *Milk Production* report, the USDA National Agricultural Statistics Service (NASS) revised its milk production estimates for February

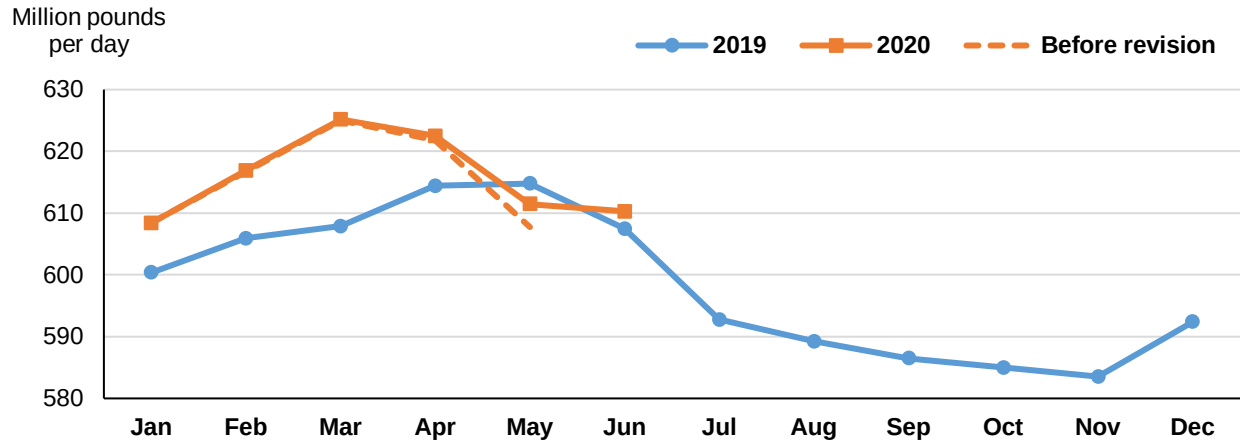
[4] The PPD represents, on a per cwt basis, total dollars accumulated by the market-wide pool minus the amount paid out to producers for priced components (butterfat, protein, and other solids).
[5] The all-milk price is highly correlated with the average FMMO blend price. The all-milk price may be higher or lower than the blend price for several reasons: (1) Over-order payments are often paid in addition to minimum prices. (2) FMMO prices are reported for statistical purposes at 3.5-percent milk fat, but the all-milk price is reported at the average fat test of U.S. milk. (3) The all-milk price includes milk that is not pooled in FMMOs. (4) There are some conditions under which FMMO minimum blend prices do not apply to producer payments for milk pooled on FMMOs.

through May, with an estimate for May of 18.955 billion pounds (611.5 million per day). Whereas the previous report estimated a 1.1-percent decline from May 2019, the most recent report estimates a 0.5-percent year-over-year decline for May. Although this was a significant revision, the decline in daily milk production from April to May was still the largest April-to-May decline on record.

In June, dairy farmers responded to higher prices. The June milk production estimate is 18.308 billion pounds (610.3 million per day), 0.5 percent higher than June 2019. Daily milk production typically declines from May to June, and 2020 was not an exception. However, the May-to-June decline of only 1.2 million pounds per day was the smallest since 1985. Milk cows averaged 9.350 million head in June, 10,000 fewer than May. Milk per cow was 1,958 pounds per head in June, 4 pounds higher than June 2019.

The recent *Cattle* report issued by NASS shows that U.S. milk cows numbered 9.350 million head on July 1, 50,000 higher than July 1, 2019. The July 1 inventory is the same as the NASS estimate for the average numbers of milk cows in June. Milk cow replacement heifers numbered 4.100 million head on July 1, the same as July 1, 2019. Weekly federally inspected dairy cow slaughter has been lower than corresponding weeks in 2019 for every week from the week ending May 9 to the week ending August 1.

U.S. Milk Production



Source: USDA, National Agricultural Statistics Service.

U.S. dairy exports remained strong in June. On a milk-fat milk-equivalent basis, they totaled 965 million pounds, 55 million higher than May and 153 million higher than June 2019. On a skim-solids milk-equivalent basis, June exports totaled 4.263 billion pounds, 134 million lower than May but 991 million higher than June 2019. Exports of cheese in June reached a record high for any month, totaling 84.7 million pounds, 6.2 million more than May and 19.0 million higher than June 2019. Top destinations for cheese were Mexico, South Korea, and Japan. A significant proportion of the cheese exports was likely contracted in April and the early part of May when domestic cheese prices were very low. The average unit value for U.S. cheese exports in June was $1.77 per pound. This compares with $1.96 per pound for May of the previous year. Exports of dry skim milk products[6] were 167.2 million pounds in June, 7.3 million lower than May but 72.9 million higher than June 2019. Top destinations included Mexico and Southeast Asian countries.

[6] Dry skim milk products are milk powders with not greater than 1.5 percent milk fat. This could include NDM, SMP, and dry skim milk for animal use.

U.S. dairy imports on a milk-fat basis were 755 million pounds in June, 181 million more than May and 117 million more than June 2019. On a skim-solids basis, June imports totaled 483 million pounds, 39 million less than May and 31 million lower than June 2019. Imports of butter in June were a record 12.1 million pounds, 0.8 million higher than May and 4.4 million higher than June 2019. Most butter imports continued to come from Ireland. Imports of anhydrous milk fat and butter oil totaled 8.1 million pounds, 5.3 million more than May and 2.0 million higher than May 2019. Imports of whey products have been decreasing in recent months. In June, they totaled 7.3 million pounds, 0.7 million less than May.

Due to the pandemic, lower foodservice use and the financial hardship of some U.S. residents likely contributed to relatively low domestic use of dairy products in the second quarter. On a milk-fat basis, domestic use in the second quarter was 52.734 billion pounds, 0.2 percent lower than the second quarter of 2019. On a skim-solids basis, it was 44.799 billion pounds, 3.8 percent less than the second quarter of 2019. Domestic use statistics in April included substantial quantities of milk that were not processed. Much of this milk was spread on fields or poured into manure lagoons. Domestic use of Other-than-American cheese, dry skim milk products, lactose, dry whey, and whey protein concentrate declined year over year in the second quarter. However, domestic use of American-type cheese increased slightly, and butter use increased significantly.

Year-over year changes in domestic commercial use for the second quarter of 2020
(quantities in millions of pounds)

	Second quarter of:			
	2019	2020	Change	Percent change
Other-than-American cheese	1,860.8	1,792.3	-68.4	-3.7
American-type cheese	1,259.6	1,264.5	4.8	0.4
Butter	454.0	511.9	57.9	12.7
Dry skim milk products	266.8	221.2	-45.5	-17.1
Lactose	105.8	67.9	-37.9	-35.8
Dry whey	165.7	124.8	-40.9	-24.7
Whey protein concentrate	67.0	48.7	-18.2	-27.2

Sources: USDA, National Agricultural Statistics Service; USDA, Farm Service Agency; USDA, Foreign Agricultural Service; U.S. Department of Commerce, Bureau of the Census; and USDA, Economic Research Service calculations.

Ending stocks were relatively high at the end of June. On a milk-fat basis, they totaled 19.038 billion pounds, an increase of 916 million from June 2019. June ending stocks on a skim-solids basis totaled 11.373 billion pounds, 219 million more than June 2019.

On July 24, USDA announced that it would launch a third round of the Farmers to Families Food Box Program. Food purchases and distributions for the third round will begin by September 1 and end by October 31. The purchases will spend the balance of $3 billion authorized for the program. In the third round, the program will supply food boxes of fresh fruits and vegetables, dairy products, meat products and combination boxes of such products. In the ongoing second round of purchasing and distribution, which began July 1 and will conclude Aug. 31, USDA aims to purchase up to $1.47 billion of food for the program. The first round of purchases totaling more than $947 million took place from May 15 through June 30.

Outlook for Feed Prices

The corn price estimate for the 2019/20 marketing year is $3.60 per bushel, and the 2020/21 forecast is $3.10 per bushel, 25 cents lower than last month's forecast. The soybean meal price estimate for the 2019/20 marketing year is $300 per short ton; the 2020/21 forecast is $290 per short ton, $10 lower than the last forecast. The alfalfa hay price in June was $179 per short ton, unchanged from May and $14 lower than June 2019. The 5-State weighted-average price for premium alfalfa hay in June was $201 per short ton, $10 lower than May and $16 lower than June 2019. For more information, see *Feed Outlook,* published by USDA, Economic Research Service.

Dairy Forecasts for 2020

With the decline in the number of milk cows from May to June, forecasts of milk cow numbers for the remainder of the year have been lowered. For the year, milk cows are forecast to average 9.365 million head, 5,000 less than last month's forecast. Since milk per cow was 30 pounds higher than expected in the second quarter, it has been raised by 15 pounds for the third quarter. For the year, the forecast for milk per cow is 23,685 pounds, 50 pounds higher than the previous forecast. The milk production forecast is 221.8 billion pounds, 0.3 billion higher than forecast last month.

The forecast for 2020 exports on a milk-fat basis is 9.2 billion pounds, 0.1 billion higher than last month's forecast. On a skim-solids basis, exports are forecast at 46.2 billion pounds, 0.4 billion higher than forecast last month, due to higher expected exports of dry skim milk products. Exports of butterfat products (butter, anhydrous milk fat, and high-milk-fat dairy spreads) are expected to be greater due to lower expected U.S. butter prices for the remainder of the year. Although cheese exports for the second quarter were strong, they are expected to weaken in the second half of the year since domestic prices are expected to be high relative to export prices of competitors.

The forecast for 2020 imports on a milk-fat basis has been raised to 7.1 billion pounds, 0.1 billion higher than last month's forecast, due to higher expected imports of butterfat products. The annual forecast for 2020 imports on a skim-solids basis is 5.7 billion pounds, 0.1 billion lower than the previous forecast, due to lower imports of whey products in the second quarter.

On a milk-fat basis, the domestic use forecast for 2020 is 218.9 billion pounds, 0.3 billion higher than last month's forecast. The domestic use forecast on a skim-solids basis is 180.2 billion pounds, 0.1 billion lower than the previous forecast. The ending stocks forecast for 2020 on a milk-fat basis is 13.1 billion pounds, 0.1 billion less than last month's forecast. On a skim solids basis, the forecast for ending stocks is 10.1 billion pounds, 0.2 billion less than the previous forecast.

Based on recent price changes, the 2020 forecasts for Cheddar cheese, butter, and NDM have been lowered to $1.845 (-6.0 cents), $1.625 (-6.0 cents), and $1.025 per pound (-1.5 cents), respectively. The dry whey price forecast is unchanged at $0.355 per pound. With the lower expected cheese price, the Class III price forecast for 2020 has been lowered to $17.40 per cwt, $0.60 lower than last month's forecast. Lower expected butter and NDM prices result in a Class IV price of $13.55 per cwt, $0.40 lower than last month's forecast. The all-milk price forecast for 2020 is $17.95 per cwt, a decrease from the July forecast of $18.25 per cwt.

Dairy Forecasts for 2021

The forecast for the average number of milk cows in 2021 has been lowered to 9.370 million head,10,000 head lower than last month's forecast. The forecast for 2021 is driven by a smaller forecast for the milking herd in 2020 and lower expected milk prices in 2020 and first quarter of 2021. Milk cows in 2021 are forecast to produce 24,050 pounds per head on average, unchanged from last month's forecast. With lower expected cow numbers, the milk production has been lowered by 0.3 billion pounds to 225.3 billion pounds.

The 2021 forecast for exports on a milk-fat basis has been raised by 0.2 billion pounds to 9.5 billion due to higher expected exports of butterfat products. On a skim-solids basis, the export forecast is 46.3 billion pounds, 0.8 billion higher than the previous forecast, due to higher expected exports of dry skim milk products. Import forecasts are unchanged at 6.9 billion pounds on a milk-fat basis and 5.6 billion pounds on a skim-solids basis.

The forecast for 2021 domestic use on a milk-fat basis is 221.7 billion pounds, 0.4 billion less than last month's forecast. On a skim-solids basis, the forecast for domestic use is 183.6 billion pounds, 1.1 billion less than the previous forecast. The ending stock forecasts on both the milk-fat basis and the skim-solids basis have been lowered by 0.2 billion pounds to 13.1 billion and 10.1 billion pounds, respectively.

The 2021 price forecast for Cheddar cheese has been lowered by 1.0 cent to $1.715 per pound, as lower prices for 2020 are expected to carry forward into the first quarter of 2021. The butter price forecast for 2021 has been lowered to $1.680 per pound, 3.5 cents less than last month's forecast. With higher demand expected for whey products and recent strength in the Western Europe price for dry whey, the domestic dry whey price forecast has been raised to $0.355 per pound, 1.0 cent higher than last month's forecast. The NDM price forecast for 2021 is unchanged at $1.010 per pound.

With the lower expected cheese price more than offsetting the higher expected whey price, the Class III price forecast for 2021 is $16.10 per cwt, $0.10 lower than last month's forecast. With lower expected prices for butter, the Class IV price forecast has been lowered by $0.15 to $13.65 per cwt. The all-milk price forecast for 2021 is $17.05 per cwt, unchanged from the previous forecast.

Lamb/Sheep

William F. Hahn

Changes to the Lamb and Sheep Data and Forecasts

The trade data for the first half of 2020 were released toward the end of July 2020; this report contains the actual lamb trade data. The second-quarter forecast in the July issue of this report was 69 million pounds, the actual quantity was 67.4 million pounds. June 2020 lamb and mutton imports were 35 percent below May 2020 imports, much lower than expected.

The U.S. red meat and poultry forecasts table in this report has actual and forecast values for National Choice/Prime Slaughter Lamb prices. These lamb prices for the second quarter of 2020 are listed as not available. The prices are reported by USDA's Agricultural Marketing Service (AMS). Lamb packers are required to report what they pay for lambs to AMS. This is a negotiated price for the lambs, decided between the packers and producers. AMS follows regulations that prevent it from reporting a price under certain circumstances to protect packer confidentiality, and consequently it has not reported this price since April of 2020. However, based on expected demand weakness, lamb-price forecasts were lowered for the rest of 2020 and the first quarter of 2021 by $5 per hundredweight live.

One of the largest U.S. lamb packers, The Mountain States Rosen (MSR) plant in Greeley Colorado, was recently sold due its bankruptcy. MSR noted COVID-19 as a factor underlying its financial problems. JBS, the world's largest meat packer and a major player in the U.S pork and beef markets, bought the Greeley plant. (JBS sold MSR the Greeley plant in 2015.) The future of the plant as a sheep processing plant is uncertain at this time. JBS has announced that it would switch this plant over to a beef-fabrication plant.

A new lamb packing plant is being built in Brush, Colorado that will slaughter but not process lambs. If it were running at full capacity, the Brush plant could replace the slaughter capacity lost by the closing of the Greeley plant.

Pork/Hogs

Mildred Haley

Capacity Utilization in U.S. Pork Processing Industry Approaching Pre-COVID-19 Levels

The U.S. pork processing industry's capacity utilization increased again in July, averaging 94.7 percent. After COVID-19-related plant closures pressured utilization rates down to 78.3 percent in April and to 72 percent in May, the industry rebounded to 90.3 percent in June. The industry's July capacity utilization suggests that most plants are approaching their pre-COVID rates. While some facilities continue to sustain virus-induced capacity utilization reductions, most attained levels of year-earlier throughput in July.

Predictably, lower utilization rates in spring and summer pork processing capacity had pronounced effects on U.S. pork production. In April, when COVID-19 infections began to increase the absences of pork plant workforces, driving capacity utilization rates lower, federally inspected pork production declined by more than 11 percent compared with a year earlier. Pork production in May declined 9 percent before turning around in June. Pork production increased by 1.6 percent in June and 6.1 percent in July. Average capacity utilization rates and year-over-year percent changes in pork production are summarized in the table below for the April-July period.

April-July 2020: Average monthly pork processing capacity utilization rates and year-over-year percent changes in pork production

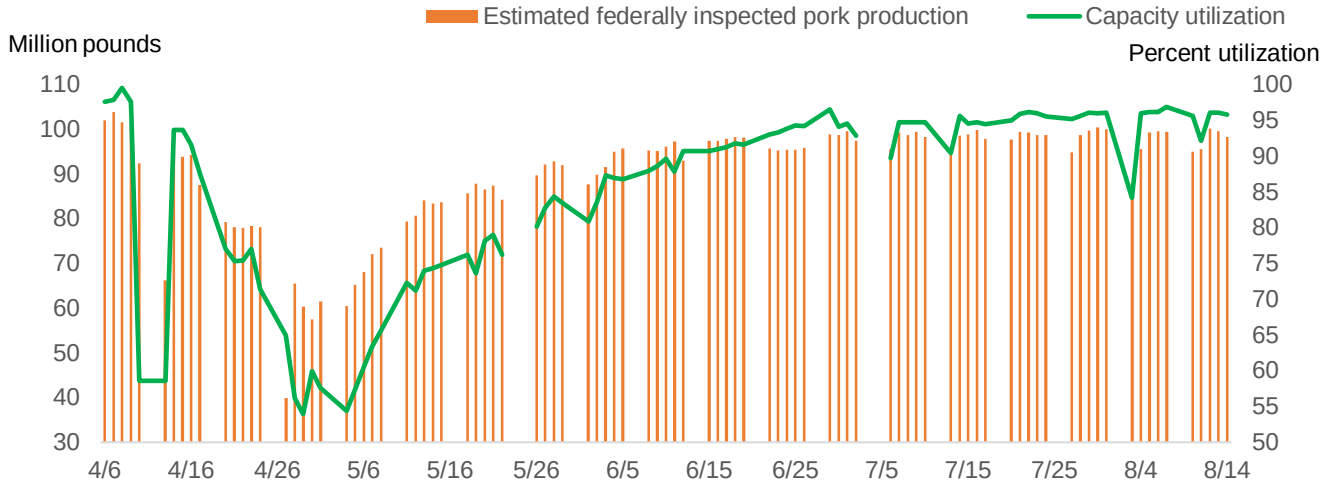
	Average capacity utilization	Year-over-year change in pork production[1]
	Percent	Percent
April 2020	78.3	-11.1
May 2020	72.0	-9.0
June 2020	90.3	1.6
July 2020	94.7	6.1

[1]Federally inspected pork production, adjusted for slaughter-day differences in May and June. July production based on weekly data.

Source: USDA, Agricultural Marketing Service and USDA, National Agricultural Statistics Service.

Data for daily U.S. pork processing capacity utilization and federally inspected pork production are summarized by 5-day weeks in the figure below. Late May and early July gaps in the data series represent Federal holidays. The data series begins at April 6, when two processing facilities closed temporarily due to COVID-19 infections in their workforces, lowering industry capacity utilization slightly to 97.6 percent. Capacity utilization bottomed out at 53.9 percent on April 29. With the exception of a "floating (industry) holiday" on August 4, utilization has trended upward since that late April point. So far in August, capacity utilization has averaged about 96 percent.

Daily pork processing capacity utilization and pork production

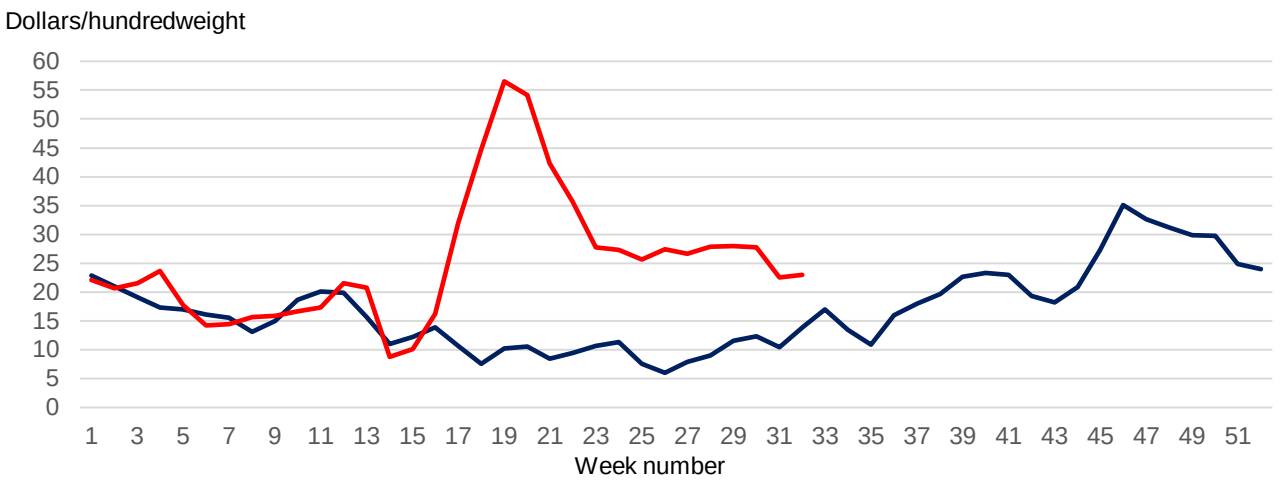


Source: USDA, Economic Research Service transformations of USDA, Agricultural Marketing Service data.

Decreasing Processor Margin Prompts Third-Quarter Production Forecast Reduction

While weekly gross pork processing spreads remain above a year ago, prospects of continued moderate wholesale demand for already-large weekly pork supplies are likely to limit incentives for processors to run plants to achieve higher weekly slaughter numbers than those seen so far this summer. Higher hog prices as slaughter rates increased and continued large pork supplies affecting wholesale prices have pressured processing margins. Processor margins are likely to stabilize as more-than-ample hog supplies achieve market weights and begin to pressure hog prices, but these margins will likely limit incentives to increase slaughter. Consequently, third-quarter pork production is lowered to 7.2 billion pounds, slightly smaller than last month's forecast, prompted by a likely continuation of July's lower-than-expected rate of weekly slaughter for the balance of the quarter. Moreover, average dressed weights are likely to be lower for the rest of the year, given the prevalence of slow-growth hog rations and the absence of ractopamine in such rations. Prices of live 51-52 percent lean hogs are expected to average $36 per cwt in the third quarter and $35 in the fourth quarter. These price forecasts are lower than last month, due to prospects of large supplies of slaughter-ready hogs coupled with just-moderate demand for hogs at the packer level, deriving from moderate wholesale pork demand.

Estimated pork processors' margin, byproduct drop value included



Source: USDA, Economic Research Service calculations with USDA, Agricultural Marketing Service data.

June Pork Exports Supported by Shipments to China\Hong Kong

U.S. pork exports totaled 515.3 million pounds, about 3 percent above shipments a year ago. Large shipments to China\Hong Kong kept the year-over-year comparison of June exports on the positive side, with exports to most other large foreign destinations—Mexico, Canada, Japan, South Korea, Australia, and Colombia—all below a year ago. Year-over-year declines are most likely due to COVID-19-related market turmoil. June exports to the 10 largest foreign destinations for U.S. exported pork are listed below. It is notable that the China\Hong Kong share of June 2020 exports (34 percent) was more than double its 2019 share (15 percent). China\Hong Kong's increased demand for imported pork is due to outbreaks of African Swine Fever (ASF), a virus lethal to hogs and pigs. Since the first discovery of ASF in China in August 2018, USDA estimates that the virus has reduced China's swine herd by almost 30 percent.

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

	Country	Exports June 2019 (Million pounds)	Exports June 2020 (Million pounds)	Percent change (2020/2019)	Export share June 2019 Percent	Export share June 2020 Percent
	World	499.0	515.3	3.3		
1	China\Hong Kong	72	175	141	15	34
2	Mexico	134	109	-18	27	21
3	Japan	98	75	-23	20	15
4	Canada	43	43	-1	9	8
5	South Korea	43	34	-20	9	7
6	Australia	24	13	-47	5	2
7	Philippines	8	9	12	2	2
8	Honduras	7	9	31	1	2
9	Dominican Republic	7	8	26	1	2
10	Colombia	22	8	-63	4	2

Source: USDA, Economic Research Service.

The 10 largest foreign buyers of U.S. pork in the second quarter of 2020 are summarized below. Shipments to China\Hong Kong—which were more than triple those of the second quarter of 2019—more than offset year-over-year declines in exports to most other large foreign buyers of U.S. pork. It is notable that China\Hong Kong's second-quarter share of U.S. exports (38 percent) was more than double the share of the next-largest U.S. export market, Mexico, at 17 percent.

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

	Country	Exports Second quarter 2019 (Million pounds)	Exports Second quarter 2020 (Million pounds)	Percent change (2020/2019)	Export share June 2019 Percent	Export share June 2020 Percent
	World	1,535.0	1,774.4	15.6		
1	China\Hong Kong	185	672	263	12	38
2	Mexico	361	293	-19	24	17
3	Japan	303	281	-7	20	16
4	South Korea	183	131	-28	12	7
5	Canada	135	118	-13	9	7
6	Australia	84	53	-37	5	3
7	Colombia	87	32	-63	6	2
8	Dominican Republic	25	29	18	2	2
9	Honduras	24	23	-4	2	1
10	Philippines	21	21	3	1	1

Source: USDA, Economic Research Service.

Total U.S. pork exports this year are expected to be 7.5 billion pounds, more than 19 percent higher than exports in 2019. Exports in 2021 are forecast at about 7.7 billion pounds, 1.4 percent higher than exports forecast for 2020.

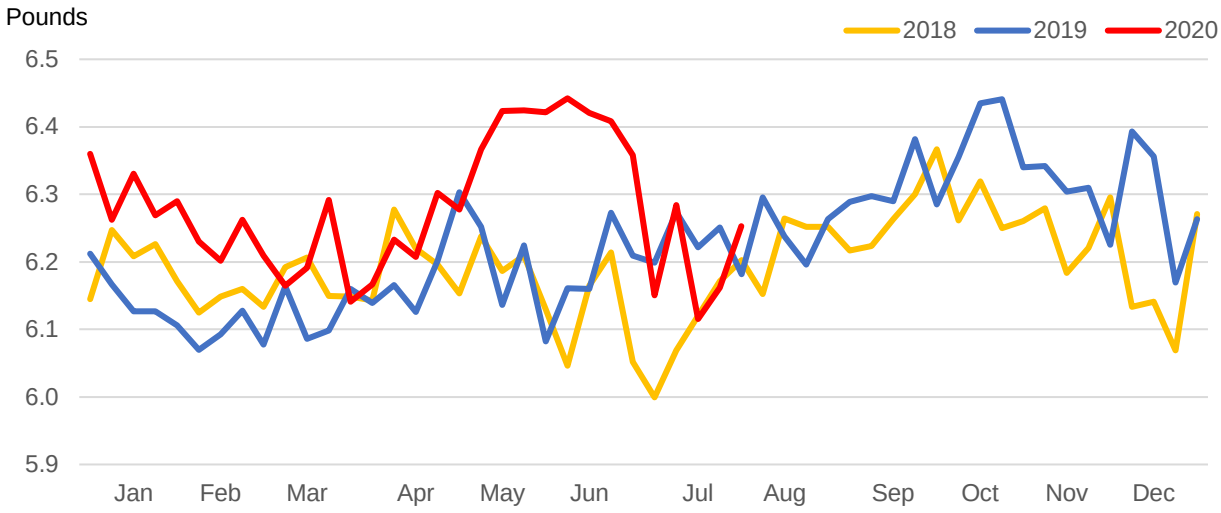
Poultry

Kim Ha and Grace Grossen

2020 Broiler Production Expectations Steady; 2021 Increased on Lower Feed Costs

For the second consecutive month, June average live bird weights set a new record, reaching 6.48 pounds or 2.5 percent higher than last year. These heavier bird weights can largely be attributed to backups at processing facilities, which caused birds to remain in flocks longer and thus to gain weight. Preliminary weekly slaughter data indicates that the heavier weights began manifesting in early May and continued until the end of June (see chart). Despite the record weights, June production—estimated at 3.8 billion pounds—decreased by 2.8 percent year over year on a daily basis, driven by a 5.2-percent decrease in per day slaughter. In July, preliminary data points toward declining weights, with average weights tracking slightly below last year, suggesting that processors have largely worked through the backlog of birds. July slaughter is expected to be down year over year. After adjusting for the June production estimate, the 2020 production forecast is unchanged. In 2021, lower feed prices are expected to motivate increased production, which was the basis for raising the production forecast to 45.275 billion pounds, an increase of 1 percent relative to the 2020 production forecast.

Average live weights of young chickens slaughtered under federal inspection (weekly)



Note: Data is preliminary and may not match official estimates.
Source: USDA, Economic Research Service using data from USDA, Agricultural Marketing Service.

Broiler Export Forecast Decreased on Lower-than-Expected Demand from China and Key Markets

June broiler exports are estimated at 551 million pounds, down 1.1 percent from last year. This decrease was due to lower shipments to several key markets, including Cuba (-33 million pounds), Angola, (-26 million pounds), Hong Kong (-18 million pounds), South Africa (-8 million pounds), the United Arab Emirates (-8 million pounds), and Mexico (-7 million pounds). Conversely, volumes were

up year over year to China (+65 million pounds), Taiwan (+18 million pounds), and Vietnam (+12 million pounds).

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

Country	Volume			Export share	
	June 2019	June 2020	Change in volume	June 2019	June 2020
	Million pounds	Million pounds	Million pounds	Percent	Percent
Top 10 largest foreign markets (per year-to-date 2020 export volumes)					
Mexico	116	109	-7	21	20
Taiwan	26	44	18	5	8
China (Mainland)	0	65	65	0	12
Vietnam	21	33	12	4	6
Cuba	47	15	-33	8	3
Canada	27	24	-2	5	4
Georgia	22	22	0	4	4
Guatemala	21	19	-2	4	3
Republic of South Africa	16	8	-8	3	1
United Arab Emirates	15	7	-8	3	1
World	**557**	**551**	**-6**	**100**	**100**
Additional foreign markets of note					
Angola	39	13	-26	7	2
Colombia	18	9	-9	3	2
Philippines	14	5	-9	2	1
Hong Kong	25	8	-18	5	1

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

Broiler export volumes are up 4.2 percent year to date, largely bolstered by increased shipments to China (+271 million pounds), Taiwan (+40 million pounds), Vietnam (+40 million pounds), Georgia (+15 million pounds), Mexico, (+14 million pounds), and the United Arab Emirates (+14 million pounds) (see table). With the exception of China and Taiwan, first-half increases to these markets can largely be attributed to strong sales volumes in the first quarter. In the second quarter, however, year-over-year volume changes have either decreased or slowed for many of these markets, including Mexico (-45 million pounds), Vietnam (-11 million pounds), Georgia (-7 million pounds), and the United Arab Emirates (+2 million pounds), suggesting continued weaker demand from these markets going forward. Further, since the beginning of the year, shipments to China had been consistently increasing month-over-month, reaching 82 million pounds in May, but they decreased by 21.0 percent in June, signaling a potential slowdown in broiler exports to China. Based on continued weakness in several export markets and lower-than-expected demand from Mexico and China, the 2020 export forecast was revised down to 7.186 billion pounds, an increase of 1 percent relative to 2019. This slowdown in foreign demand is expected to carry into 2021, which was the basis for revising the export forecast down to 7.140 billion pounds, a decrease of 1 percent relative to 2020 forecast exports.

U.S. broiler exports: Year-over-year volume change (2020/2019)

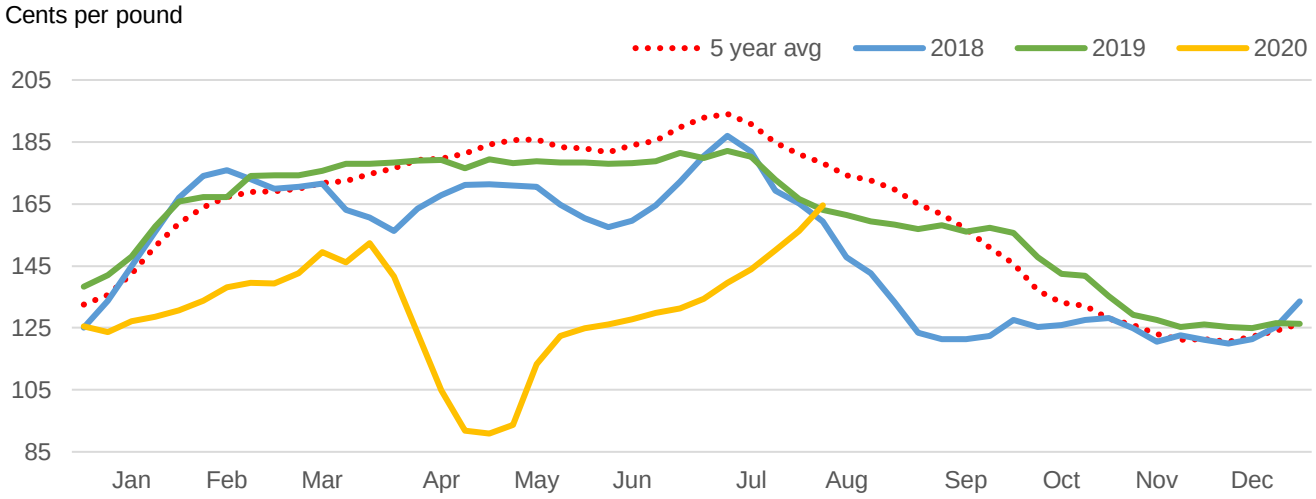
Country	Change in volume		
	First-quarter 2020	Second-quarter 2020	First-half 2020
	Million pounds	Million pounds	Million pounds
Top 10 largest foreign markets (per year-to-date 2020 export volumes)			
Mexico	59	-45	14
Taiwan	-3	43	40
China (Mainland)	48	223	271
Vietnam	51	-11	40
Cuba	-45	-32	-76
Canada	9	-2	6
Georgia	23	-7	15
Guatemala	3	-17	-14
Republic of South Africa	19	-27	-8
United Arab Emirates	12	2	14
World	**137**	**7**	**143**
Additional foreign markets of note			
Angola	-50	-34	-83
Colombia	5	-26	-21
Philippines	32	-18	14

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

Broiler Price Forecast Increased Slightly

Wholesale whole-bird broiler prices (National Composite Weighted Average) averaged 70.41 cents per pound in July, down 20.2 percent from July 2019. The benchmark wholesale broiler price has been depressed and significantly below year-earlier levels for much of the year, in part due to abundant supplies, as well as to ongoing weakened demand from the foodservice sector stemming from COVID-19. However, recent price movements suggest that demand may be improving. In particular, prices for tenderloins, which are largely considered a foodservice product, have been steadily increasing, on the combination of lower production and improving demand from food service. For the week ending August 8, wholesale tenderloin prices surpassed 2018 and 2019 prices for the same week. Based on recent price movements and expectations for near-term demand, the third-quarter price forecast was increased to 66 cents per dozen. The 2020 price forecast is 70.5 cents per pound, a decrease of 21 percent relative to 2019.

Weekly wholesale tenderloin prices (Northeast)



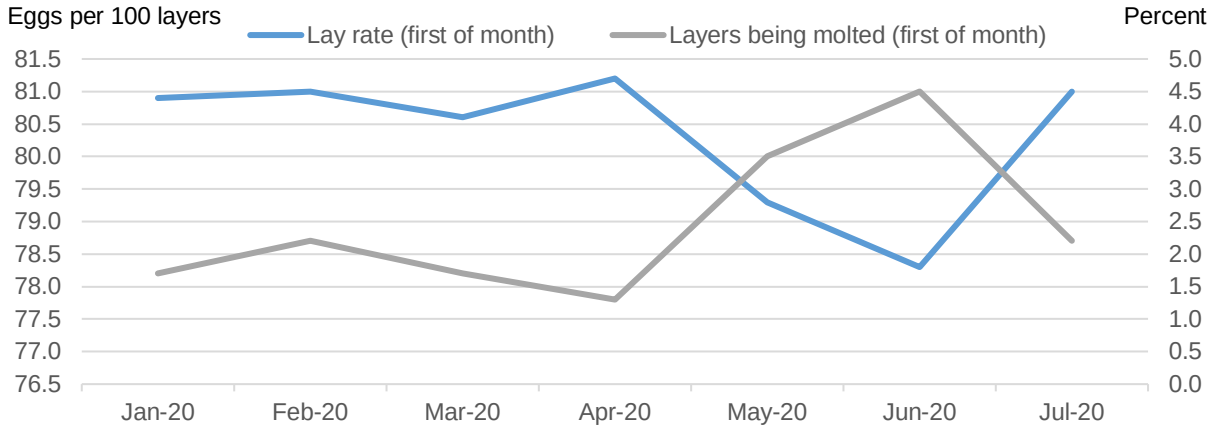
Source: USDA, Economic Research Service using data from USDA, Agricultural Marketing Service.

Table Egg Production Forecast Revised Up on Higher-Than-Expected Lay Rates

June table egg production is estimated at 634 million dozen, a decrease of 5.4 percent relative to last year. This decrease was comprised of a 4-percent year-over-year decrease in the average table egg layer flock and a 0.8 percent increase in the average table egg lay rate. As of July 1, the table egg layer flock was at 316 million layers, a reduction of 25 million layers since the beginning of the year and the lowest July 1 inventory since 2016. The sizeable decrease in the layer inventory is a reflection of the ongoing effort by the industry to balance supply and demand; however, market disruptions due to COVID-19 have made this year's demand situation especially challenging. During the first 2 months of 2020, the industry had counterseasonally reduced the table egg layer flock in response to abundant supplies and depressed prices. In March and April, when prices increased sharply due to a surge in retail demand, the industry continued to reduce the layer flock because demand for breaking eggs fell in line with food service closures. Wholesale prices have since fallen below historical averages, implying that supply continues to outpace demand, which is likely the reason for continued downsizing of the layer flock.

The table egg lay rate, on the other hand, appears to have rebounded in response to a decrease in molting rates (see chart). The chart illustrates that as the share of layers being molted increased during May and June, the lay rate decreased and, conversely, when the molting rate decreased, lay rates increased. As the decrease in molting rates happened earlier than expected, so has the increase in lay rates, which was the basis for revising the second-half table egg production forecast up to 4,030 million dozen. Total 2020 table egg production is forecast to be 8,023 million dozen, a decrease of 3 percent relative to 2019. Reflecting the upward revision to 2020 production, the 2021 forecast was increased to 8,175 million dozen, an increase of 2 percent over the 2020 forecast.

Table egg lay rate vs. percent of layers being molted

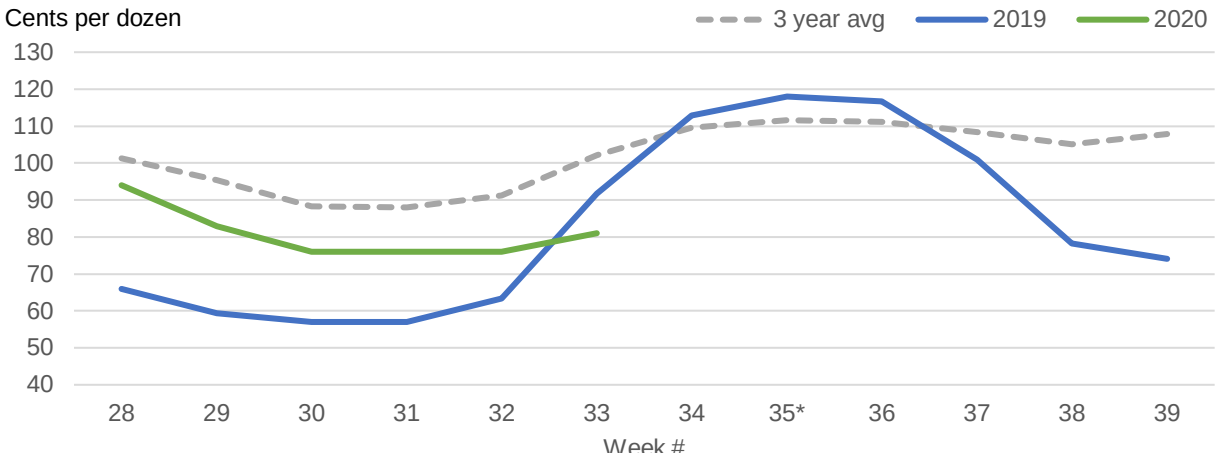


Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service.

Egg Price Forecast Decreased

Wholesale egg prices (New York, Grade A Large) averaged 85 cents per dozen in July, an increase of 36 percent year over year but down 11 percent relative to the 3-year average. Summer is typically a low period for wholesale egg prices, but prices usually see a slight bump during the month of August as students head back to school (see chart). However, in 2020, after falling to 76 cents per dozen in late July (week 30), prices have only just begun to see movement after about 3 weeks. This inactivity has likely been due to uncertainty about the beginning of the school year for many students this fall. As a result, it is expected that the back-to-school bump will be limited this year. Further, shell egg inventories continue to remain elevated—even above 2019 levels, when the industry was oversupplied—suggesting that supplies will continue to put downward pressure on prices. Based on recent prices and heightened shell egg inventory levels, the third-quarter egg price forecast was revised down to 85 cents per dozen and the fourth quarter to 120 cents per dozen. The 2020 table egg price is forecast to average 114.4 cents per dozen, an increase of 22 percent relative to 2019. The 2021 egg price forecast was revised down to 109.5 cents per dozen, a decrease of 4 percent relative to the 2020 price forecast.

End-of-week wholesale egg prices (New York Grade A Large) during the August back-to-school period



Note: Week 35 corresponds to the last week of August.
Source: USDA, Economic Research Service using data from USDA, Agricultural Marketing Service.

Third-Quarter Export Forecast Increased Slightly on Egg Products

Exports of eggs and egg products are estimated at 27 million dozen (shell-egg equivalent) for the month of June, a decrease of 1.0 percent year over year. This decrease was driven by a 14.2-percent decrease in shell egg shipments, while volumes of egg products increased by 18.8 percent year over year. Shipments of eggs and egg products to Hong Kong decreased significantly by 2,023 thousand dozen (or 35 percent) (see table), which was only slightly offset by increased exports to Mexico (+1,544 thousand dozen), the United Arab Emirates (+658 thousand dozen), and South Korea (+500 thousand dozen). Nonetheless, foreign demand for egg products continues to be strong, averaging 13 million dozen per month, which was the basis for increasing the third-quarter export forecast to 85 million dozen, bringing the total 2020 export forecast to 339.6 million dozen, an increase of 2 percent over 2019 exports. The 2021 forecast was also increased to 335 million dozen, a decrease of 1 percent compared to 2020 forecast exports.

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

Country	Volume			Export share	
	June 2019	June 2020	Change in volume	June 2019	June 2020
	Thousand dozen	Thousand dozen	Thousand dozen	Percent	Percent
Mexico	6,693	8,237	1,544	24.2	30.1
Canada	6,205	5,779	-426	22.5	21.1
Hong Kong	5,839	3,816	-2,023	21.2	14.0
Japan	2,208	2,445	237	8.0	8.9
South Korea	633	1,133	500	2.3	4.1
Denmark	483	750	268	1.7	2.7
Jamaica	583	327	-255	2.1	1.2
Trinidad and Tobago	525	423	-102	1.9	1.5
United Arab Emirates	145	803	658	0.5	2.9
Bahamas	255	319	64	0.9	1.2
World	**27,604**	**27,333**	**-271**	**100**	**100**

Note: Largest markets are based on year-to-date 2020 export volumes.
Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census.

Year to date, U.S. shipments of egg and egg products have increased by 15.3 million dozen, or 9.9 percent, year over year. Export volumes of egg products have increased by 41.6 percent, while shipments of shell-eggs have decreased by 8.0 percent. In the first half of 2020, Mexico surpassed Canada as the United States' number one export market for eggs and egg products (in terms of volume), with shipments increasing by 44.9 percent as well as its volume share of total exports from 25.1 percent to 33.1 percent compared to the same period in 2019. In addition, shipments to Japan increased by 39.2 percent relative to last year, as well as to South Korea (+123.0 percent), Denmark (+136.2 percent), and the United Arab Emirates (+100.9 percent). Conversely, shipments to Canada decreased sizably by 13.6 million dozen year over year, or 29.9 percent.

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

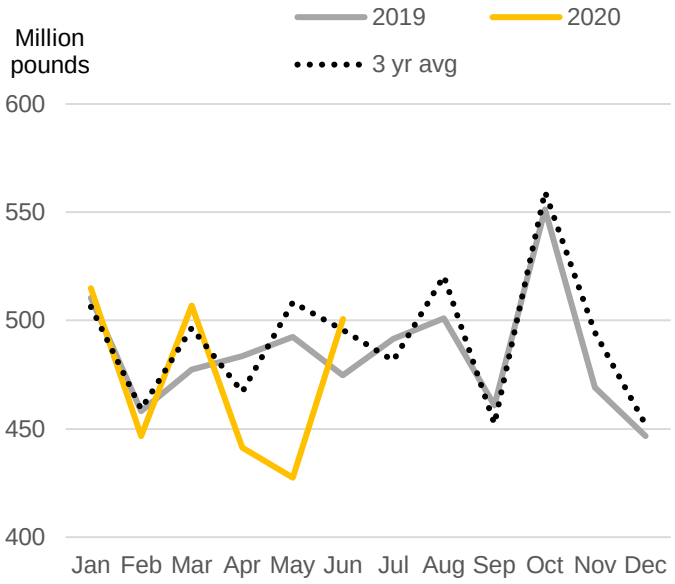
Country	Volume			Export share	
	First half 2019	First half 2020	Change in volume	First half 2019	First half 2020
	Thousand dozen	Thousand dozen	Thousand dozen	Percent	Percent
Mexico	38,720	56,087	17,367	25.1	33.1
Canada	45,410	31,813	-13,597	29.4	18.8
Hong Kong	25,867	24,146	-1,722	16.8	14.2
Japan	11,100	15,446	4,346	7.2	9.1
South Korea	2,107	4,699	2,592	1.4	2.8
Denmark	1,499	3,542	2,042	1.0	2.1
Jamaica	3,862	2,948	-914	2.5	1.7
Trinidad and Tobago	3,428	2,934	-494	2.2	1.7
United Arab Emirates	1,455	2,923	1,468	0.9	1.7
Bahamas	1,579	2,172	593	1.0	1.3
World	**154,314**	**169,605**	**15,291**	**100**	**100**

Note: Largest markets are based on year-to-date 2020 export volumes.
Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census.

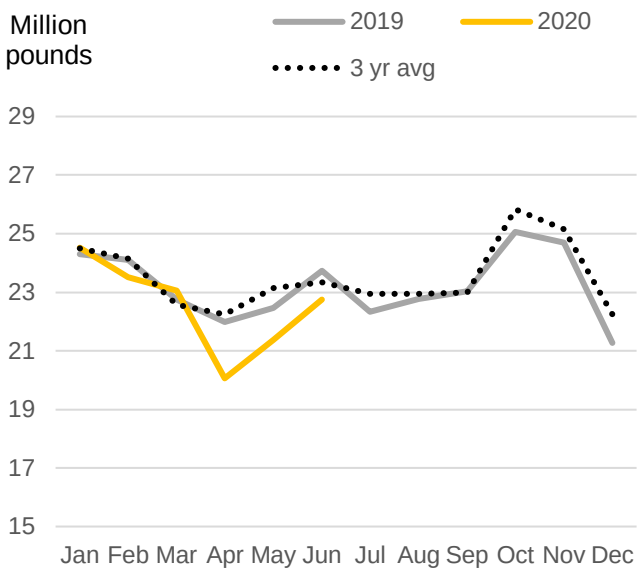
Turkey Production Forecast Unchanged

June turkey production totaled 500.7 million pounds, an increase of 73.2 million pounds from May, and a year-over-year increase of nearly 5.5 percent. On a per day basis, June production remained below last year's levels. The second quarter totaled 1.369 billion pounds. The third-quarter forecast remains at 1.40 billion pounds, and the fourth-quarter forecast remains at 1.45 billion pounds. The 2021 total forecast is 5.77 billion pounds, representing 1-percent growth over the 2020 forecast.

Monthly turkey production



Monthly turkey production per day



Source: USDA, National Agricultural Statistics Service.

Turkey Export Forecast Unchanged

June turkey exports totaled 37.6 million pounds, a 28-percent decrease from last June. The largest country decrease was from Mexico, which accounted for 27 million pounds, 72 percent of total U.S. turkey exports in June. Other export markets that declined from last June include the Dominican Republic, Jamaica, South Africa, and Hong Kong. China's share in June was just under half of what it was in May, at 1.9 million pounds. Conversely, June exports to Guatemala and Haiti increased from last year. Total exports for the second quarter were 126 million pounds, and the forecasts for the remainder of the year are unchanged, for a 2020 annual forecast of 540 million pounds. This is a 15-percent decrease from 2019. The 2021 forecast remains at 555 million pounds, representing 3-percent growth over the 2020 forecast.

U.S. turkey exports: Volume and export share in June 2019 and 2020

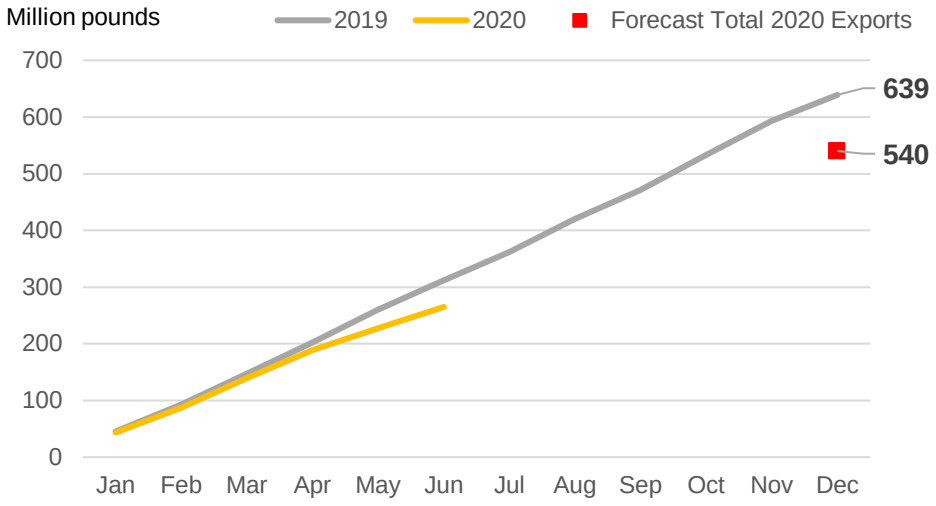
	Exports (1,000 pounds)			Export share (percent)	
Country	**June 2019**	**June 2020**	**YOY Change**	**June 2019**	**June 2020**
World	52,059	37,634	-14,425		
Mexico	31,705	27,094	-4.611	60.9	72.0
China		1,929	1,929	0.0	5.1
Guatemala	584	826	242	1.1	2.2
Canada	777	788	11	1.5	2.1
Dominican Republic	972	728	-244	1.9	1.9
Haiti	228	650	422	0.4	1.7
Jamaica	650	637	-13	1.2	1.7
South Africa	1,356	478	-878	2.6	1.3
Hong Kong	1,574	353	-1,221	3.0	0.9
South Korea	589	334	-255	1.1	0.9

YOY = year over year.
Source: USDA, Economic Research Service, Livestock and Meat International Trade Data.

The graph below shows the cumulative exports as the year progresses. The slower pace compared to last year is clear, starting in May. By the end of 2020, the total is forecast to be 99 million pounds less than 2019.

Second-quarter turkey imports totaled 5 million pounds. June imports were 2.3 million pounds, the highest in any month since May of 2017. The increase was mostly accounted for by Canada, which had a 77-percent share of June imports. Import forecasts for outlying quarters are unchanged.

Cumulative U.S. turkey exports

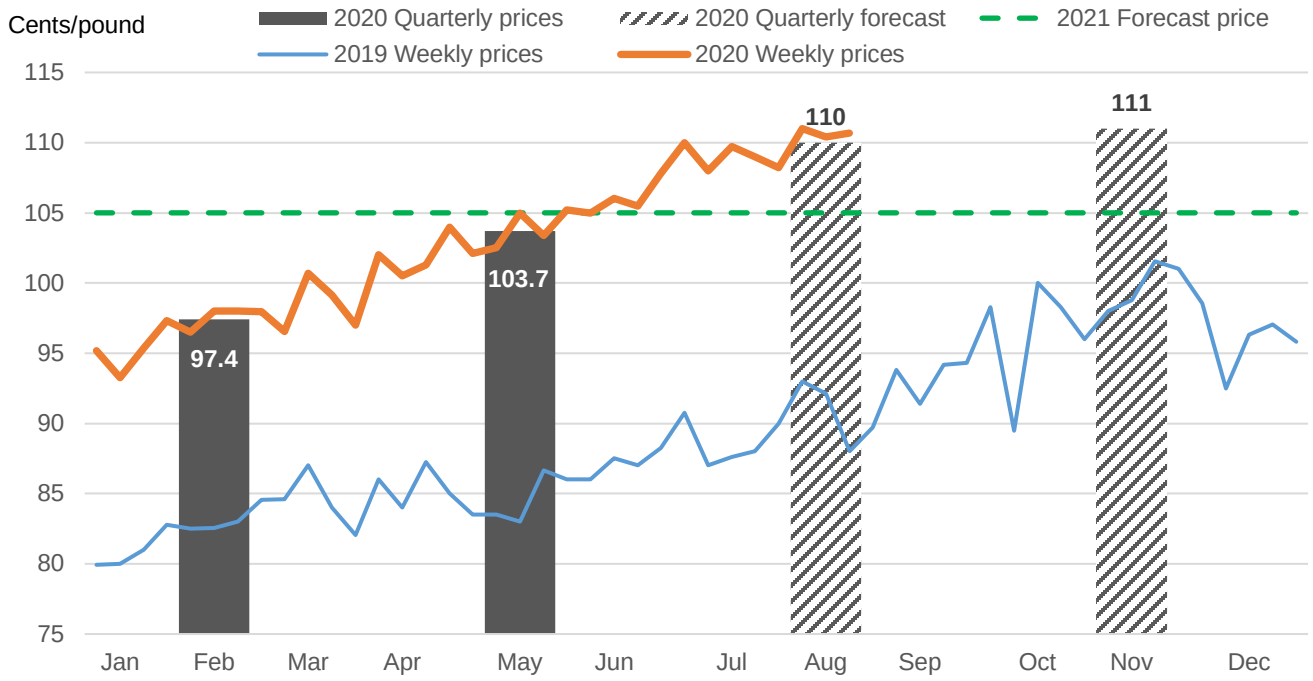


Sources: USDA, Economic Research Service, Livestock and Meat International Trade Data and USDA, World Agricultural Supply and Demand Estimates.

Third-quarter turkey price adjusted up

Wholesale whole hen frozen turkey prices averaged 109.56 cents in July, 21.3 cents above July of last year. The weekly price was 110.7 cents per pound in the week ending August 14. The quarterly forecast was adjusted up to 110 cents per pound for the third quarter on weekly data. The forecast remains unchanged for the fourth quarter and for 2021.

Wholesale whole hen frozen turkey prices



Sources: USDA, Agricultural Marketing Service and USDA, World Agricultural Supply and Demand Estimates.

Suggested Citation

Livestock, Dairy, and Poultry Outlook, LDP-M-314, U.S. Department of Agriculture, Economic Research Service, August 18, 2020.

U.S. red meat and poultry forecasts

	2016	2017				2018					2019					2020					2021						
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	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	6,817	6,923	7,001	27,155	6,929	6,054	**7,060**	**6,985**	**27,028**	**6,805**	**7,050**	**27,620**
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	27,638	7,426	6,311	**7,170**	**7,450**	**28,357**	**7,110**	**6,990**	**28,565**
Lamb and mutton	38	39	36	37	150	37	36	35	37	145	39	39	37	39	153	37	40	36	36	149	35	36	**35**	**36**	**142**	**34**	**40**	**145**
Broilers	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	11,402	11,175	43,905	11,237	10,931	**11,350**	**11,150**	**44,668**	**11,025**	**11,200**	**45,275**
Turkeys	1,435	1,520	1,515	1,511	5,981	1,488	1,482	1,479	1,533	5,981	1,452	1,477	1,431	1,518	5,878	1,446	1,451	1,453	1,467	5,818	1,469	1,369	**1,400**	**1,450**	**5,688**	**1,420**	**1,425**	**5,770**
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	25,264	26,020	26,675	27,308	105,266	27,248	24,851	**27,167**	**27,220**	**106,485**	**26,542**	**26,863**	**107,988**
Table eggs, mil. doz.	1,812	1,846	1,895	1,957	7,509	1,928	1,934	1,953	1,997	7,811	1,952	1,987	2,024	2,079	8,042	2,046	2,054	2,049	2,116	8,265	2,048	1,945	**1,990**	**2,040**	**8,023**	**1,985**	**1,990**	**8,175**
Per capita disappearance, retail lb 1/																												
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	14.7	13.6	**14.9**	**14.7**	**57.9**	**14.5**	**15.1**	**58.1**
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	52.4	13.2	11.6	**13.2**	**13.4**	**51.2**	**12.3**	**12.7**	**50.8**
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	0.4	0.3	**0.2**	**0.3**	**1.1**	**0.3**	**0.3**	**1.1**
Broilers	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	24.0	24.7	23.9	95.1	24.4	23.9	**24.6**	**23.8**	**96.7**	**23.9**	**24.2**	**97.5**
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	4.9	16.0	3.6	3.5	**3.9**	**4.7**	**15.7**	**3.4**	**3.6**	**15.7**
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	56.6	53.1	**57.1**	**57.2**	**224.1**	**54.8**	**56.4**	**224.8**
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	292.8	72.5	69.4	**69.9**	**72.0**	**283.8**	**69.9**	**69.8**	**287.1**
Market prices																												
Choice steers, 5-area Direct, $/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	115.32	117.12	125.27	118.79	108.16	114.88	116.78	118.32	105.79	**101**	**104**	**107.3**	**105**	**105**	**110**
Feeder steers, Ok City, $/cwt	155.83	146.49	140.66	128.30	142.82	129.56	147.75	148.12	154.88	145.08	146.29	143.05	150.46	147.90	146.93	140.76	140.51	140.19	147.44	142.23	136.42	126.37	**140**	**140**	**135.7**	**131**	**134**	**137**
Cutter Cows, National L.E., $/cwt	73.50	75.87	73.16	57.75	70.07	62.63	69.55	69.78	58.68	65.16	61.60	61.32	57.74	49.07	57.43	53.34	58.30	60.42	53.66	56.43	59.38	63.14	**66**	**60**	**62.1**	**61**	**65**	**62**
Choice slaughter lambs, National, $/cwt	136.76	139.35	162.47	142.71	145.32	142.34	167.94	172.40	136.92	154.90	136.83	154.86	147.95	134.30	143.49	136.23	156.16	154.93	150.99	149.58	159.12	N/A	**120**	**130**	**133**	**140**	**145**	**146**
Nat'l base cost, 51-52 % lean, live equivalent, $/cwt	44.63	53.71	49.26	37.02	46.16	49.73	51.70	55.59	44.89	50.48	49.12	47.91	43.90	42.77	45.93	40.67	57.95	50.08	43.11	47.95	42.52	38.96	**36**	**35**	**38.1**	**41**	**47**	**44**
Broilers, national composite, cents/lb	84.6	93.0	81.7	78.0	84.3	88.5	104.7	94.9	86.1	93.5	95.7	115.1	93.7	86.7	97.80	94.0	97.7	82.0	80.60	80.60	83.5	67.4	**66.0**	**65.0**	**70.4**	**80**	**87**	**81**
Turkeys, national, cents/lb	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	97.8	89.2	97.4	103.7	**110.0**	**111.0**	**105.3**	**102**	**104**	**105**
Eggs, New York, cents/doz.	121.5	67.9	71.6	81.7	85.7	80.0	74.7	102.1	147.0	100.9	179.6	124.4	120.8	125.6	137.60	107.3	69.7	81.9	117.2	94.0	133.1	119.6	**85.0**	**120.0**	**114.4**	**113**	**95**	**110**
U.S. trade, million lb, carcass wt. equivalent																												
Beef & veal exports	535	621	660	740	2557	653	680	746	781	2859	731	801	828	799	3160	700	790	788	749	3026	769	607	**770**	**750**	**2896**	**720**	**785**	**3140**
Beef & veal imports	792	831	751	638	3012	700	812	814	668	2993	721	805	807	664	2998	739	836	771	712	3058	774	848	**810**	**705**	**3137**	**755**	**825**	**3045**
Lamb and mutton imports	68	55	41	52	216	80	58	57	57	252	80	66	70	57	273	80	73	53	66	272	102	67	**50**	**57**	**277**	**85**	**65**	**273**
Pork exports	1229	1317	1235	1457	5239	1432	1426	1230	1544	5632	1516	1521	1298	1542	5877	1445	1535	1515	1826	6321	2023	1774	**1750**	**2000**	**7547**	**2025**	**1775**	**7650**
Pork imports	293	257	266	275	1091	264	281	283	287	1116	279	270	245	248	1042	259	227	231	227	945	206	220	**215**	**220**	**861**	**225**	**215**	**895**
Broiler exports	1585	1605	1734	1721	6645	1720	1622	1659	1785	6786	1709	1704	1785	1871	7069	1721	1721	1773	1888	7103	1858	1728	**1750**	**1850**	**7186**	**1745**	**1735**	**7140**
Turkey exports	116	141	160	153	569	133	148	168	173	622	153	147	141	170	611	147	166	159	167	639	139	126	**135**	**140**	**540**	**135**	**135**	**555**
Live swine imports (thousand head)	1468	1406	1371	1413	5657	1449	1458	1296	1394	5597	1357	1349	1258	1286	5250	1338	1254	1200	1305	5096	1331	1202	**1150**	**1220**	**4903**	**1250**	**1200**	**4800**

Note: Forecasts are in bold.

1/ Per capita meat and egg disappearance data are calculated using the Resident Population Plus Armed Forces Overseas series from the Census Bureau of the Department of Commerce.

Source: World Agricultural Supply and Demand Estimates and Supporting Materials.

For further information, contact: Mildred Haley, Economic Research Service\USDA.

Updated 8/18/2020

Dairy Forecasts

	2019 III	2019 IV	2019 Annual	2020 I	2020 II	2020 III	2020 IV	2020 Annual	2021 I	2021 II	2021 Annual
Milk cows (thousands)	9,322	9,345	9,336	9,374	9,362	9,355	9,365	9,365	9,365	9,365	9,370
Milk per cow (pounds)	5,818	5,779	23,391	5,988	5,975	5,870	5,850	23,685	6,020	6,165	24,050
Milk production (billion pounds)	54.2	54.0	218.4	56.1	55.9	54.9	54.8	221.8	56.4	57.7	225.3
Farm use	0.3	0.3	1.0	0.3	0.3	0.3	0.3	1.0	0.3	0.3	1.0
Milk marketings	54.0	53.7	217.4	55.9	55.7	54.7	54.5	220.7	56.1	57.5	224.3
Milk-fat (billion pounds milk equiv.)											
Milk marketings	54.0	53.7	217.4	55.9	55.7	54.7	54.5	220.7	56.1	57.5	224.3
Beginning commercial stocks	18.1	17.0	13.8	13.6	16.9	19.0	17.0	13.6	13.1	15.8	13.1
Imports	2.0	1.7	6.9	1.5	1.9	1.9	1.8	7.1	1.5	1.7	6.9
Total supply	74.1	72.5	238.1	71.0	74.4	75.6	73.3	241.5	70.7	75.0	244.2
Commercial exports	2.2	2.1	9.1	2.2	2.6	2.2	2.2	9.2	2.2	2.5	9.5
Ending commercial stocks	17.0	13.6	13.6	16.9	19.0	17.0	13.1	13.1	15.8	18.1	13.1
Commodity Credit Corporation donations [1]	0.1	0.0	0.2	0.1	0.1	0.1	0.0	0.3	0.0	0.0	0.0
Domestic commercial use [2]	54.7	56.7	215.2	51.9	52.7	56.3	58.0	218.9	52.7	54.4	221.7
Skim solids (billion pounds milk equiv.)											
Milk marketings	54.0	53.7	217.4	55.9	55.7	54.7	54.5	220.7	56.1	57.5	224.3
Beginning commercial stocks	11.2	10.7	10.7	10.2	11.6	11.4	10.3	10.2	10.1	10.5	10.1
Imports	1.5	1.5	5.8	1.5	1.5	1.4	1.4	5.7	1.4	1.4	5.6
Total supply	66.6	66.0	233.9	67.5	68.7	67.4	66.2	236.7	67.6	69.4	240.0
Commercial exports	10.3	11.0	41.5	11.2	12.5	11.6	10.9	46.2	11.3	12.1	46.3
Ending commercial stocks	10.7	10.2	10.2	11.6	11.4	10.5	10.1	10.1	10.5	11.3	10.1
Commodity Credit Corporation donations	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Domestic commercial use [2]	45.5	44.7	181.9	44.7	44.8	45.5	45.2	180.2	45.9	46.0	183.6
Milk prices (dollars/hundredweight) [3]											
All milk	18.97	20.60	18.63	18.83	15.37	19.95	17.65	17.95	17.10	16.50	17.05
Class III	17.82	19.51	16.96	16.77	15.42	20.45	16.90	17.40	15.95	15.95	16.10
Class IV	16.66	16.56	16.30	15.91	11.66	13.25	13.40	13.55	13.60	13.45	13.65
Product prices (dollars/pound) [4]											
Cheddar cheese	1.852	2.064	1.759	1.769	1.639	2.170	1.800	1.845	1.700	1.700	1.715
Dry whey	0.367	0.325	0.380	0.360	0.373	0.340	0.350	0.355	0.350	0.350	0.355
Butter	2.330	2.076	2.243	1.826	1.426	1.645	1.600	1.625	1.650	1.650	1.680
Nonfat dry milk	1.042	1.155	1.042	1.202	0.905	0.980	1.020	1.025	1.020	1.000	1.010

Totals may not add due to rounding.

[1] Commodity Credit Corporation donations include purchases made through the USDA Trade Mitigation program. They do not include products purchased under other programs.

[2] Domestic use for 2020 includes additional milk marketed but not processed.

[3] Simple averages of monthly prices. May not match reported annual averages.

[4] Simple averages of monthly prices calculated by the USDA, Agricultural Marketing Service, for use in class price formulas. Based on weekly USDA *National Dairy Products Sales Report*.

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

Published by USDA, Economic Research Service, in *Livestock, Dairy, and Poultry Outlook*.

Updated 8/18/2020.