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Livestock, Dairy, and Poultry Outlook

Kenneth Mathews
kmathews@ers.usda.gov

Mildred Haley
mhaley@ers.usda.gov

Lower Livestock, Dairy and Poultry Prices Expected in 2016

USDA is forecasting lower prices in 2016 for cattle, hogs, poultry, eggs, and milk. Cattle prices are forecast to decline almost 8 percent compared with 2015, due to larger supplies of heavy cattle, high cold-storage stock levels, and sluggish foreign demand. Hog prices are expected to be 4 percent lower next year, a consequence of larger hog supplies from recent industry expansion. Poultry and egg prices are also forecast lower—broilers (-5 percent), turkeys (-3 percent) and eggs (-11 percent)—as bird numbers and exports recover from Highly Pathogenic Avian Influenza outbreaks in 2015. Stock levels of some broiler parts are expected to be larger in 2016, which should also continue to pressure broiler prices. The 2016 all-milk price forecast is about 5 percent below prices in 2015, a result of increased milk supplies from industry productivity gains, high beginning stocks of dairy products, and weak global demand for certain products.

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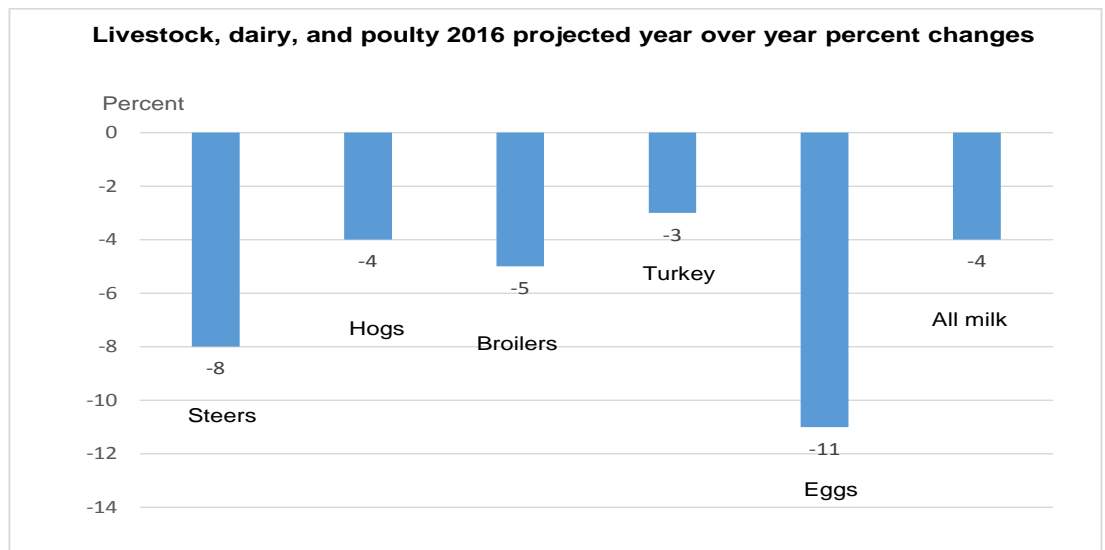
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Tables will be released on Dec. 29, 2015

The next newsletter release is Jan. 19, 2016

Approved by the World Agricultural Outlook Board.



Source: USDA, World Agricultural Supply and Demand Estimates.

Beef/Cattle: Fed and feeder cattle prices fell sharply in October 2015, and the markets may remain volatile for the remainder of the year. Both fed- and feeder-steer prices are well below year-earlier prices. The recent downward pressure on fed cattle prices can be attributed to the current high volume of very heavy fed cattle leaving feedlots. In addition, recent high cold storage supplies, coupled with very high Australian imports of beef products, may be contributing to the pressure on cattle (and beef) prices.

Beef/Cattle Trade: U.S. beef exports continue to experience significant declines year over year. Total exports for the month of October were approximately 14 percent lower, despite increased exports to Mexico. The strong dollar and weak global demand for U.S. beef remain negative factors for exports. Beef imports slumped in October as a result of steep declines in processing beef from Australia. USDA is forecasting beef imports lower in 2016 as overall U.S. beef production is expected to be higher and Australian exports are expected to be lower.

Pork/Hogs: Fourth-quarter pork production is forecast at more than 6 billion pounds, with hog prices expected to be more than 30 percent below a year ago. October pork exports were lower than expected.

Poultry: USDA lowered its fourth-quarter production forecast of ready-to-cook (RTC) broiler meat to almost 10.1 billion pounds due to low hatchery data. The production forecast for 2016 has been reduced to 40.9 billion pounds as the industry responds to recent price weakness. Turkey meat production in October totaled 525 million pounds, down 6 percent from a year earlier. Turkey integrators are expected to increase production in 2016 and for production to be significantly higher in second-half 2016. Egg prices have fallen sharply in the first portion of December, and the average price for fourth-quarter 2015 is forecast at \$1.83 to \$1.86 per dozen. Wholesale egg prices are forecast to remain higher than the previous year through first-quarter 2016, but then to move lower.

Poultry Trade: Broiler, turkey, and egg shipments in October 2015 remained down from a year ago. Broiler shipments totaled 521 million pounds, a decrease of 20 percent from a year earlier. October turkey shipments decreased 48 percent from a year ago, totaling 44 million pounds, while egg and egg product exports totaled 23 million dozen, a 38-percent decrease from the previous October.

Special Article: “U.S Poultry Exports Rank First in Sub-Saharan Africa”: In 2014, Africa became the second largest foreign destination for U.S. poultry products. USDA Long Term Agricultural projections show African import demand for poultry products continuing to increase.

Dairy: The all-milk price forecast for the fourth quarter of 2015 is \$17.70-\$17.90 per cwt, an increase from \$17.50-\$17.80 forecast last month. For 2016, the milk production forecast has been lowered by 0.5 billion pounds. Export forecasts for 2016 have been lowered by 0.4 billion pounds on a milk-fat milk-equivalent basis and by 0.8 billion pounds on a skim-solids milk-equivalent basis. The all-milk price forecast for 2016 is \$15.95-\$16.75 per cwt, lowered at the upper bound from \$15.95-\$16.85 forecast last month.

On December 7th, (World Trade Organization (WTO) Arbitrators issued their decisions with respect to the level of nullification or impairment attributable to the U.S. country of origin labeling (COOL) requirements for beef and pork products challenged by Canada and Mexico. Under WTO rules, there is no avenue for appeal of the Arbitrators’ decisions. The Arbitrators determined that the level of nullification or impairment attributable to the amended COOL measure is CAD \$1,054,729 (US \$781,057,663) annually for Canada and US \$227,758,000 for Mexico annually. Canada and Mexico may now revise their requests for the WTO to authorize them to suspend WTO concessions, which would give them the legal right to raise duties on U.S. imports. This meeting could be scheduled as early as December 18th. Thereafter, Canada and Mexico could actually raise those duties on products exported from the United States but the timing is at their discretion. Thus currently, the United States, cannot speak to the level of retaliation or the products which could be retaliated against.

Southern Plains Expects More Rain and Cooler Temperatures

The National Oceanic and Atmospheric Administration (NOAA) anticipates higher than average precipitation levels and cooler than average temperatures according to their U.S. Winter Outlook (<http://www.noaanews.noaa.gov/stories2015/101515-noaa-strong-el-nino-sets-the-stage-for-2015-2016-winter-weather.html>). With one of the strongest El Niño's on record underway, favorable precipitation will likely continue to impact the Southern Plains.

As of November 29, 2015, *Crop Progress* reported that 79 percent of winter wheat had emerged in Texas –down 3-percent compared with the 2010-2014 average. Cooler conditions were forecast for much of cattle country, for the week ending November 29, 2015, as 55 percent of selected States reported winter wheat in good or better condition— slightly lower than conditions at the same time last year (<http://usda.mannlib.cornell.edu/usda/nass/CropProg//2010s/2015/CropProg-11-30-2015.pdf>).

The December 8, 2015, U.S. Drought Monitor reported D0 Abnormally Dry and D1 Moderate Drought in much of Kansas, Oklahoma, and Texas—a major improvement compared with last year's severe drought conditions. Even with the recent precipitation and beginning of El Niño, much of the West still reported D3 Extreme Drought and D4 Exceptional Drought conditions (Dec. 8, 2015 U.S. Drought Monitor).

Cow Slaughter Reflects Low Milk Prices and Beef-Cow Herd Expansion

Total commercial cow slaughter for January through October 2015 was 5 percent below 2014 slaughter for the same period. Dairy cow slaughter through October averaged almost 4 percent higher year over year and accounted for 57 percent of the total cow slaughter, largely reflecting lower milk prices, which are not expected to improve into 2016. Beef cow slaughter through October 2015 was down 18 percent from same-period 2014, reflecting low but expanding beef cow inventories.

While the monthly over-800-pound category of placements in 1,000-plus-head feedlots in October was again higher year over year, that heaviest category accounted for only 30 percent of total placements, down from the 40-plus percent of recent months. As the proportion of over-800-pound cattle placements declines over the next few months, so should the proportion of marketings of extremely heavy fed cattle beginning next spring. However, inexpensive corn and depressed fed cattle prices could still motivate cattle feeders to hold cattle on feed well beyond optimal finish in hope of higher prices farther down the road.

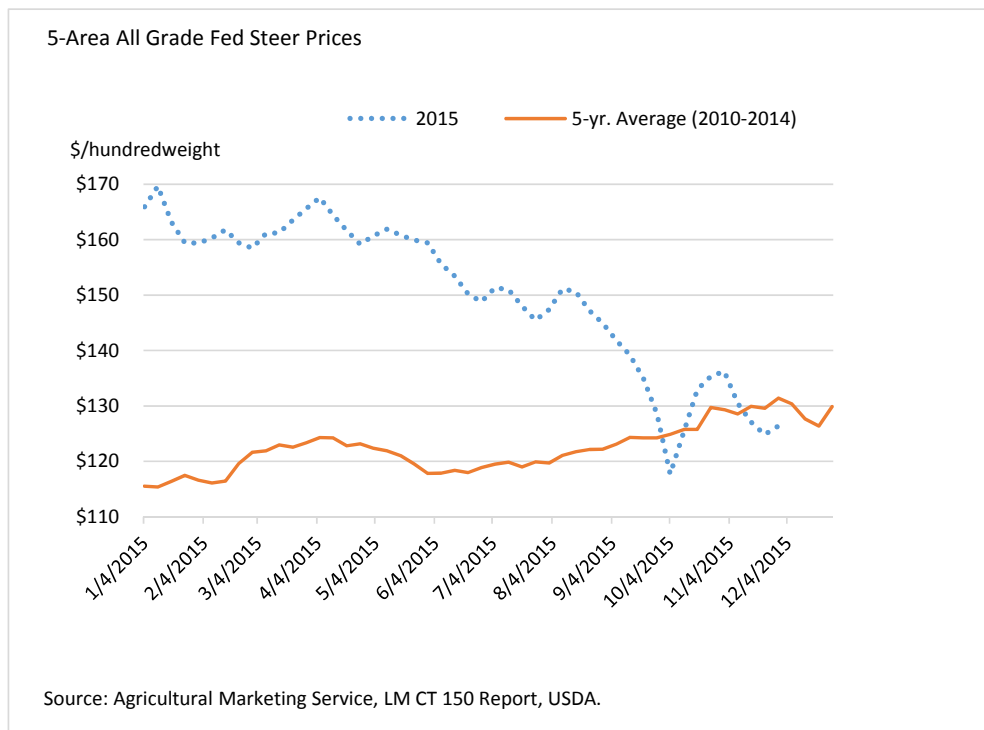
Volatile Prices

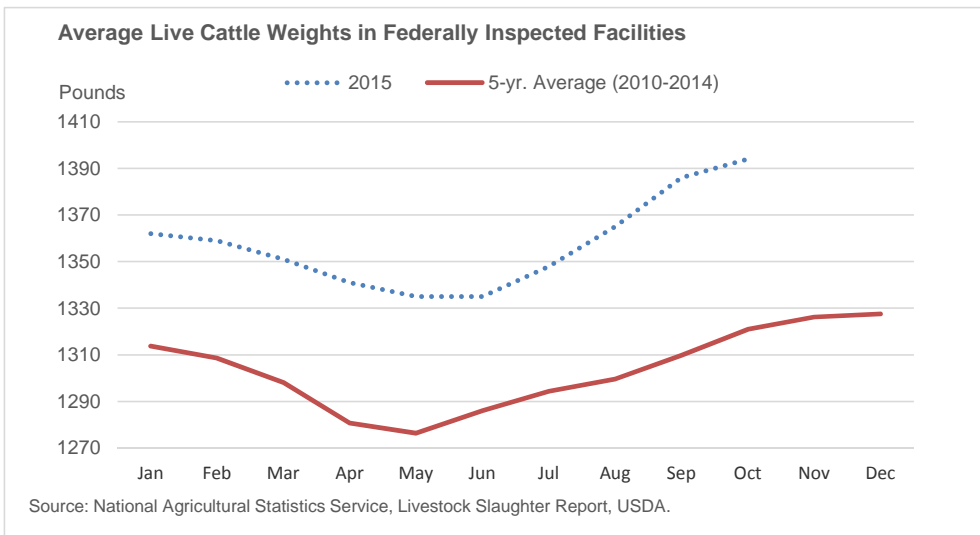
Fed cattle prices tumbled in October 2015 (see figure). The fed-cattle market volatility is expected to continue into the winter months. The recent downward pressure on fed cattle prices can be attributed to the current high volume of very heavy fed cattle leaving feedlots. In October 2015, the cattle placed on feed in 1,000-plus-capacity feedlots weighing more than 800 pounds were up 5-percent year over year—all other weight categories were down for that period (November 20, 2015 *Cattle on Feed*). In addition to marketings of heavy cattle, *Livestock*

Slaughter, released on November 19, 2015, reported a year-over-year increase in dairy cow slaughter, continuing the trend in monthly year-over-year increases (except in August) thus far in 2015. The resulting domestic beef supplies, coupled with very high Australian imports of beef products, may be contributing to the pressure on cattle (and beef) prices.

The 5-area all-grade fed steer prices recently dropped below the 5-year (2010-2015) average. For the week-ending December 6, 2015, 5-area all grade fed steers were \$123.39/hundredweight (cwt), roughly \$45 lower than year-earlier fed steer prices. USDA projected fourth-quarter 5-area direct total all grades steer prices to be \$126-129/cwt, down over \$38 compared with fourth-quarter 2014. The depressed prices are expected to carry into the 2016; USDA projected first-quarter 2016 fed steer prices to be \$128-134/cwt, down over \$30 year over year.

Like fed cattle prices, feeder cattle prices are also feeling downward pressure. The Oklahoma National Stockyards prices on December 8, 2015, for medium number 1 feeder steers weighing 750-800 pounds, ranged between \$153-160/cwt, down around \$70 compared with this time last year (http://www.ams.usda.gov/mnreports/ko_ls750.txt).





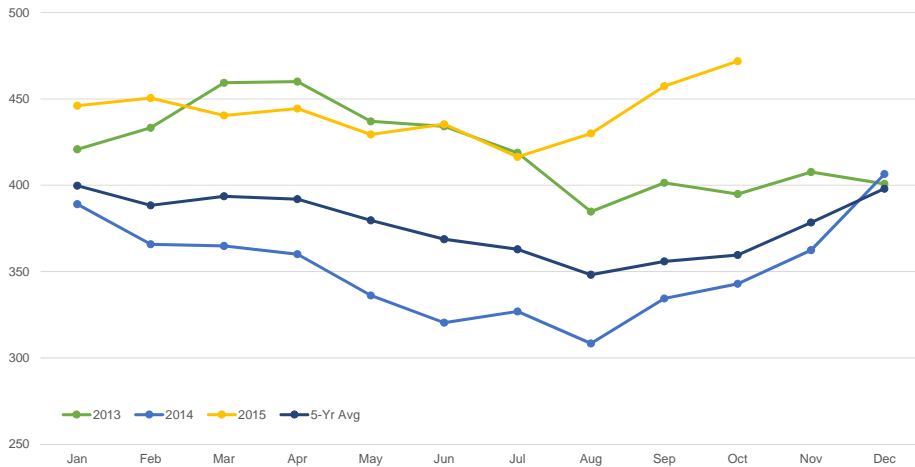
Packers Cut Kills, Cold Storage Stocks Surge

Margin pressure continues for beef processors due to the relative weakness of wholesale beef prices through much of the fourth quarter. Beef processors are limiting weekly kills in an effort to support the cutout, but how packers compensate for the year-end holiday disruptions will also play a role in reduced kill levels in the weeks ahead. On the supply side, the strategy of reducing kills will lead to backed-up front-end supplies (once again), causing additional downward pressure on cattle prices heading into 2016.

Consumer resistance to high-priced retail beef and plentiful supplies of competitively priced competing meats (pork and poultry) have resulted in weaker-than-expected demand for beef in the latter half of 2015. In addition, large volumes of beef in cold storage could prove to be problematic for the beef complex going forward. At the end of October, USDA reported total beef in cold storage at 512 million pounds, about 34 percent higher year over year. Strikingly higher volumes of boneless beef have contributed to the large year-over-year increases in the total volume of beef in cold storage. USDA reported frozen boneless beef stocks as of October 31st at a new record high of 472 million pounds. Although USDA does not indicate whether the large stocks of boneless beef are imported or domestic, it is likely that some imported 90-percent lean beef from Australia is being included in total frozen boneless beef stocks. Large freezer inventories can sometimes be indicative of slowing demand and packers' inability to move product. The combination of burdensome stocks and slowing demand for processing beef is expected continue to pressure domestic lean beef prices lower.

U.S. Cold Storage Stocks, Boneless Beef

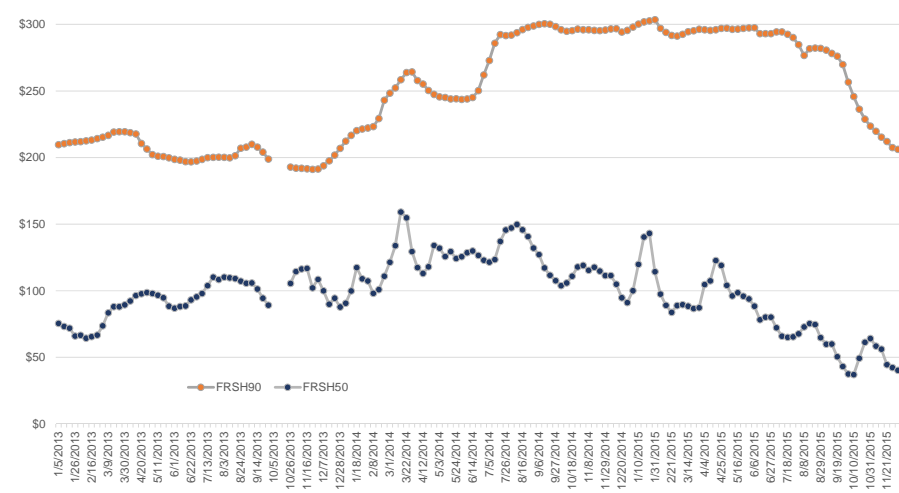
million pounds



Source: USDA NASS

Beef Trimmings, 90 and 50 percent Lean Beef

\$/cwt



Source: USDA, AMS

Beef/Cattle Trade

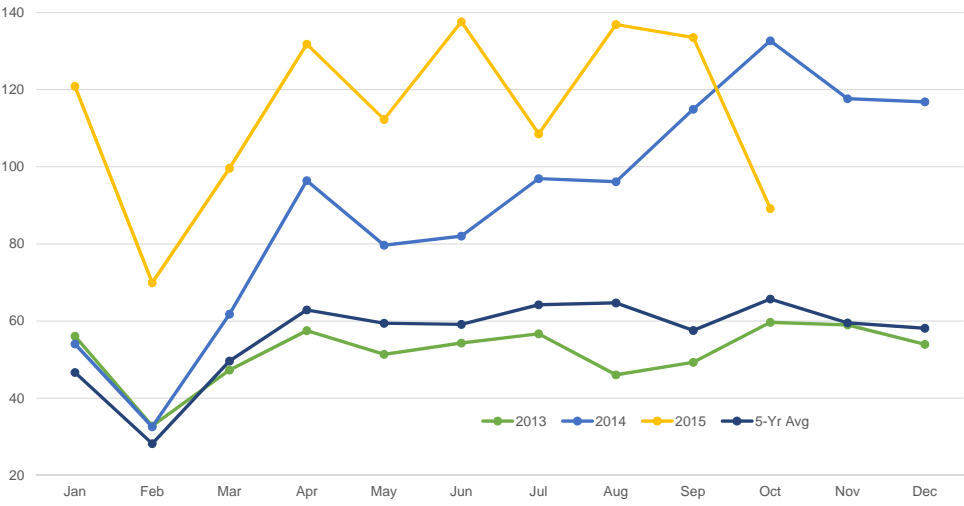
Beef Exports Lackluster, Australian Beef Imports Decline Year Over Year

A strong U.S. dollar, soft global demand for U.S. beef, and lower year-over-year beef production have resulted in a very uninspiring year for U.S. beef exports. In October, beef exports to top U.S. markets were well below year-prior levels, with the exception of Mexico (up by 13 percent). Japan, the top U.S. export destination for fed beef, continues to import more beef from Australia than from the United States, and this adversely affected total exports. Australian cattle slaughter has slowed and is expected to fall dramatically in 2016, subsequently constraining beef exports. This should help boost demand for U.S. beef exports to Japan next year. Overall, the United States is expected to produce more beef in 2016 at lower prices, increasing beef available for export, and lower beef prices should partially offset the net impact of a strong dollar and prompt renewed interest in U.S. beef on a global level.

U.S. beef imports were reported lower year over year in October for the first time since February 2014. USDA reported total beef imports at 237 million pounds, down about 13 percent relative to a year earlier. The volume of beef from Australia declined dramatically (-33 percent, year over year) for the month of October, but year-to-date totals are about 34 percent higher than a year earlier. Beef imports from other major suppliers, namely, New Zealand, Canada, Mexico, Uruguay, and Brazil, were all reported higher for the year in October and the January through October period. According to U.S. Customs data, Australia has already filled 100 percent of its World Trade Organization tariff-rate quota of 378,214 tons. However, it is significant that Australia has filled its WTO quota for the first time in over 10 years and thus is accessing the FTA quota for the first time. It is expected that the flow of processing beef from Australia will be significantly lower through the remainder of the year. The Australian cattle industry is at a pivotal point. Cattle inventories are low, producers have begun to reduce slaughter rates, and herd rebuilding is expected to begin next year, assuming favorable weather. These factors will limit the volume of Australian processing beef available for export in 2016. In addition, reduced demand for processing beef from the U.S. will also adversely affect Australian exports next year.

Australian Beef Imports

million pounds



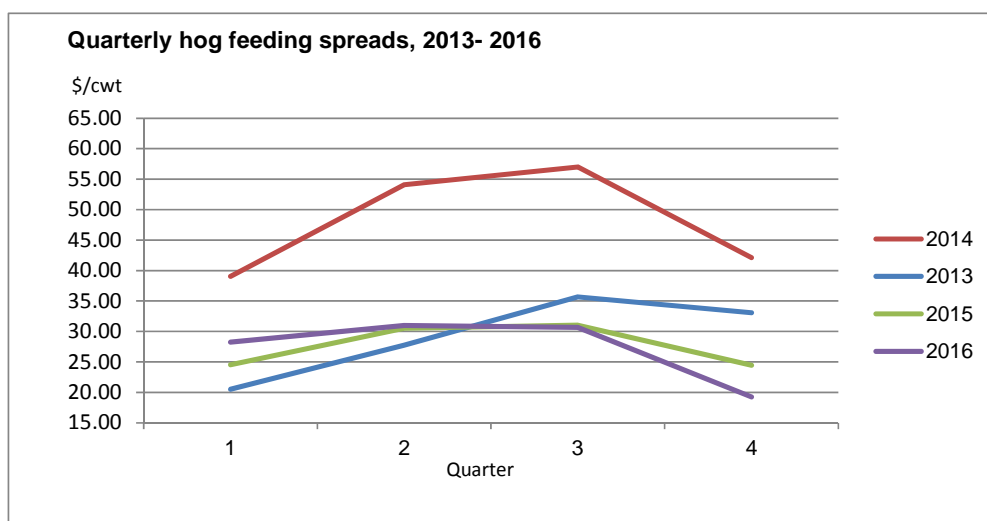
Source: USDA, ERS

Pork/Hogs

Strong Production and Soft Prices: A Fairly Typical Fourth Quarter

Pork production in fourth quarter of 2015 is expected to be about 6.5 billion pounds, about 6 percent higher than the fourth quarter a year ago and over 3 percent higher than the same period of 2013. Hog prices are responding to larger product supplies and sluggish foreign demand for U.S. pork: fourth-quarter prices of live equivalent 51-52 percent lean hogs will likely finish at \$45-\$46 per cwt, more than 30 percent below prices last year when PEDv (Porcine Epidemic Diarrhea) had reduced hog supplies.

While the extent of the change in fourth-quarter hog prices is striking, USDA prices and futures prices suggest that the spread between hog prices and feed costs remains positive. The figure below represents quarterly feed spreads—hog price minus costs of a typical corn-soybean meal ration—calculated with USDA historical and projected prices for hogs, and historical and futures prices for corn and soybean meal. The figure shows positive spreads for each quarter of 2015, although second-half values are below those of 2013. While it is true that positive feed spreads say little about producer profitability, the figure suggests that the price environment in which the U.S hog industry is currently operating—30 percent lower output prices than a year ago—speaks more to the extraordinary nature of hog prices in 2014 than to the industry's financial wellbeing in 2015.



Source: USDA/ERS, Feed Yearbook.
<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1274>
USDA/VAMS, Central Illinois Processor report. http://search.ams.usda.gov/mnreports/gx_gr117.
Chicago Mercantile Exchange.

USDA will release the *Quarterly Hogs and Pigs Report* on December 23, 2015. The report will detail December 1st hog and pig inventories, as well as quarterly farrowings and producer farrowing intentions into mid-2016.

Fourth-Quarter Exports Below Expectations

U.S. pork exports in October were 410.2 million pounds, a volume almost 7 percent larger than a year earlier. The 10 largest foreign destinations for U.S. pork shipped in October are summarized below.

U.S. pork exports and export shares of the 10 largest foreign destinations, October 2015 and 2014

Country	October 2015 (million lbs)	October 2014 (million lbs)	Percent change %	October 2015 Export share % of total exports	October 2014 Export share % of total exports
World	410	384	7		
1 Mexico	130	117	10	32	31
2 Japan	93	97	-4	23	25
3 Canada	44	44	-1	11	12
4 China-Hong Kong	41	34	22	10	9
5 S. Korea	32	34	-6	8	9
6 Central+S. America	31	31	1	8	8
7 Australia	11	6	87	3	2
8 Philippines	10	5	99	2	1
9 Caribbean	9	7	27	2	2
10 Taiwan	4	1	378	1	0

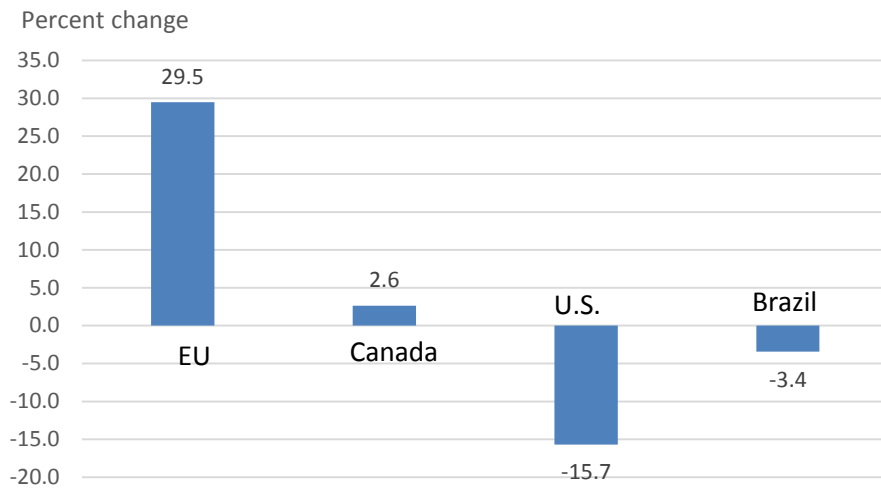
Source: USDA\ERS. <http://www.ers.usda.gov/data-products/livestock-meat-international-trade-data.aspx>

Although October shipments were year-over-year larger than in 2014, the increase in foreign demand for U.S. pork in the first month of the fourth quarter is typically more pronounced than this year's data finally indicated. Consequently, USDA decreased its forecast for fourth-quarter exports to 1.275 billion pounds from 1.325 pounds. For 2015, total U.S. pork exports are expected to be 4.9 billion pounds, almost 2 percent higher than in 2014.

A Snapshot of China-Hong Kong Pork Imports, Through October

China is the focus of considerable interest as a pork importer, given its expanding middle class and the strong Chinese preference for pork. As the table above shows, China-Hong Kong was the 4th largest importer of U.S. pork in October. Using data from the World Trade Atlas Navigator, the figure below shows year-over-year percent changes in China-Hong Kong pork imports from important exporting countries that compete with the United States for shares of the China-Hong Kong market. It is notable that the data show that China-Hong Kong imports of U.S. pork, through October, were well below the same period last year (-16 percent), as were those from Brazil (-3.4 percent). Clearly, the European Union (+29.5 percent) is the major exporter of pork to China-Hong Kong so far this year. Factors including a lower valued euro and somewhat higher 2015 pork production likely make European pork an attractive China-Hong Kong buy.

China-Hong Kong pork imports from major exporting countries, January-October: year over year percent change, 2015 compared with 2014



Source: World Trade Atlas Navigator.

Broilers

Broiler chicks placed for grow-out have been fewer almost every week since early-September on a year-over-year basis, leading USDA to lower its fourth-quarter production forecast of RTC broiler meat by 25 million pounds. October production was lower than a year ago due only to fewer slaughter days, and year-to-date production is robust, up 4.1 percent from 2014. The slaughter headcount was up over 2 percent on a year-to-date basis through October, and average weights at slaughter were approximately 2 percent higher. October weights once again hit a new record high at 6.19 pounds per bird on average.

Strong production has increased stocks of broiler meat by 32 percent as of October 31 compared to 1 year ago, since exports are weaker due to trade restrictions related to HPAI and a stronger dollar. This led USDA to add 50 million pounds to the fourth-quarter forecast for 2015 ending stocks. Exports are forecast to improve in 2016 since the last HPAI outbreak was almost 6 months ago, and USDA forecasts that stocks will decline gradually to 690 million pounds by the end of 2016.

Currently high stock levels are reflected in weak and declining prices for most chicken parts, but whole bird prices increased in November. This may reflect a divergence in whole bird stock levels from stocks of all broiler meat. Whole bird stocks were down 18 percent at the end of October compared to September, and down 9 percent compared to 1 year ago. The national composite price for whole bird broilers increased 11 percent during the 4 weeks prior to December 5, leading USDA to raise its fourth-quarter forecast to 74-75 cents per pound.

With 2016 forecasts of more exports and fewer stocks, USDA forecasts a steady increase in the national composite broiler price to 85-93 cents per pound by third-quarter 2016. However, the time required for prices to recover has lowered producer margins, and USDA revised down its 2016 production forecast by 75 million pounds.

October Turkey Production Continues Lower

Turkey meat production in October totaled 525 million pounds, down 6 percent from a year earlier. This is the sixth consecutive month of year-over-year declines in turkey meat production following the outbreak of HPAI in the first half of 2015. In October, the decrease in turkey meat production was due to a combination of a lower number of birds slaughtered (down 5 percent to 22.2 million), a reduction in the average liveweight of the birds at slaughter to 30 pounds (down 2 percent), and in part to 1 less slaughter day than in October 2014. The cumulative number of turkeys slaughtered over the first 10 months of 2015 (194 million) is down just over 1 percent from the same period last year and the cumulative average weight (30.2 pounds) is down less than 1 percent from the previous year.

Over the first 10 months of 2015, turkey poult placed for growout totaled 215 million, 4 percent lower than in 2014. The number of turkey eggs in incubators at the beginning of the month has been significantly lower for the last 3 months, with 25.2 million at the beginning of November, 10 percent lower than a year earlier. Given strong prices for whole birds and some other turkey cuts, plus lower feed and

energy costs, turkey integrators are expected to increase production in 2016 and production is forecast to be significantly higher in second-half 2016.

Cold storage holdings of whole turkeys and turkey parts totaled 356 million pounds at the end of October 2015. This is down 94 million pounds from the previous month as this is the period when most whole birds and many other turkey parts move out of cold storage to retail stores. Decreased stocks of whole birds accounted for most of the decline. At the end of October, stocks of whole turkeys totaled 194 million pounds, down 72 million pounds from the previous month and 14 percent lower than at the same time the previous year. The large decline brought overall turkey stocks 9 percent lower than the previous year. Stocks of whole toms and hens both declined between the end of September and the end of October, but stocks of whole hens fell to only 89 million pounds, 20 percent lower than last year, while stocks of toms declined to 104 million pounds, a decrease of 8 percent from the previous year. While the cold storage holdings for whole birds were lower, stocks of turkey parts were mixed. Cold storage holdings for turkey breast meat and legs were robustly higher than the previous year, while stocks of mechanically deboned meat (MDM) and other turkey parts declined. Turkey cold storage holdings at the end of 2015 are forecast at 190 million pounds, down only slightly from a year earlier, and with increasing production in 2016, stock levels are forecast to gradually increase and move above year-earlier levels starting in the second quarter.

Until the outbreak of HPAI lowered production, the national price for frozen whole hens had been averaging slightly lower than the previous year, but with the reduced production, prices moved higher and for September and October were 17 percent above a year earlier. Prices have likely peaked for the year in October at \$1.36 per pound, 17 percent higher than the same period in 2014. However, with lower stocks of whole birds in cold storage and lower production of turkey meat expected through first-quarter 2016, whole bird prices are forecast to be higher than the previous year through the first half of 2016 but to move below a year earlier in second-half 2016. November wholesale prices for frozen whole hens averaged \$1.31 per pound, up 10 percent from a year earlier.

Price increases for turkey parts at the wholesale level have varied widely, with some increasing and others falling. The weekly prices in November for both breasts and boneless/skinless breasts have been higher than at the same time in 2014. Prices for boneless/skinless breast meat have been very strong, averaging well over \$5.00 a pound. Prices for mechanically deboned meat were also averaging considerably higher than the previous year. Somewhat offsetting these higher prices were declines in the average prices for leg meat products such as drumsticks and thighs and also for wings. The outlook for prices in the last part of 2015 and through the first half of 2016 is expected to depend on the rate at which turkey production recovers and on any increases in the export market for turkey products, which dropped sharply as many countries placed restrictions on the imports of U.S. turkey products after the HPAI outbreak.

Egg Prices Spike in November

With continued lower table egg production in October and the beginning of the seasonal spike in demand going into the Thanksgiving period, wholesale prices for eggs moved higher in November. After averaging \$1.66 per dozen for Grade A eggs in the New York market in October, prices rose to average \$2.09 per dozen in November. However, prices have fallen sharply in the first part of December, and the average price for fourth-quarter 2015 is forecast at \$1.83 to \$1.86 per dozen, 13 percent higher than the previous year. Wholesale egg prices are forecast to remain higher than the previous year through first-quarter 2016 but then to move lower than the previous year as table egg production increases to levels closer to those before the HPAI outbreak.

The table egg laying flock in October was estimated at 278 million hens, 9 percent below the previous year but a small increase from the previous month. The number of hens in the table egg flock on a year-over-year basis was higher than the previous year in first-quarter 2015, but since then it has been significantly below last year. With the continued lower number of table egg layers, the forecast for fourth-quarter 2015 table egg production was lowered slightly to 1.69 billion dozen, a decline of 10 percent from a year earlier. Table egg production is forecast to continue lower than a year earlier through first-quarter 2016 and then to move slightly higher than the previous year, although production in 2016 is still forecast lower than in 2014.

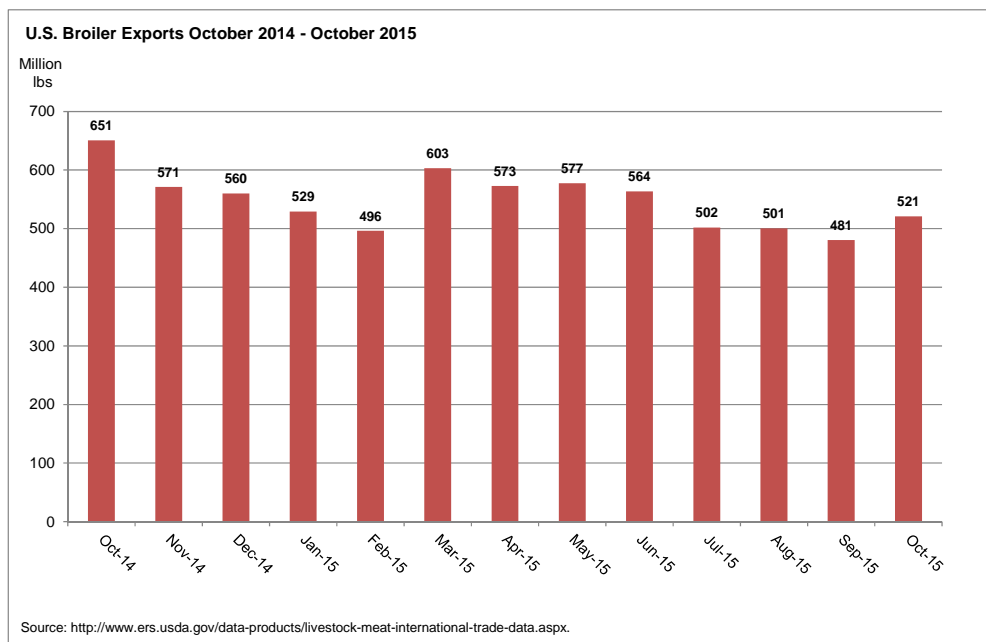
Although the number of hens producing table eggs has been lower, hens producing eggs for hatching has been higher on a year-over-year basis throughout the first 10 months of 2015. Hatching egg production in those months has totaled 925 billion dozen, 4 percent higher than during the same period in 2014. The increase in hatching egg production has been due to both higher production of meat-type and egg-type hatching eggs. In October, the number of meat-type hatching egg was 3 percent higher than the previous year and production of egg-type hatching eggs was up by 5 percent to 7 million dozen. Production of hatching eggs is forecast to continue higher than the previous year, but the increase in the second half of 2016 is forecast to narrow to less than 1 percent.

In October the number of eggs broken for egg products totaled 174 million dozen, somewhat higher than anticipated. This resulted in the forecast for fourth-quarter 2015 to be increased by 10 million dozen to 515 million. One reason for the increase in October is the increase in shell egg imports from a number of countries. These imports are destined for the breaking egg market.

Poultry Trade

U.S. Broiler Shipments Down in October

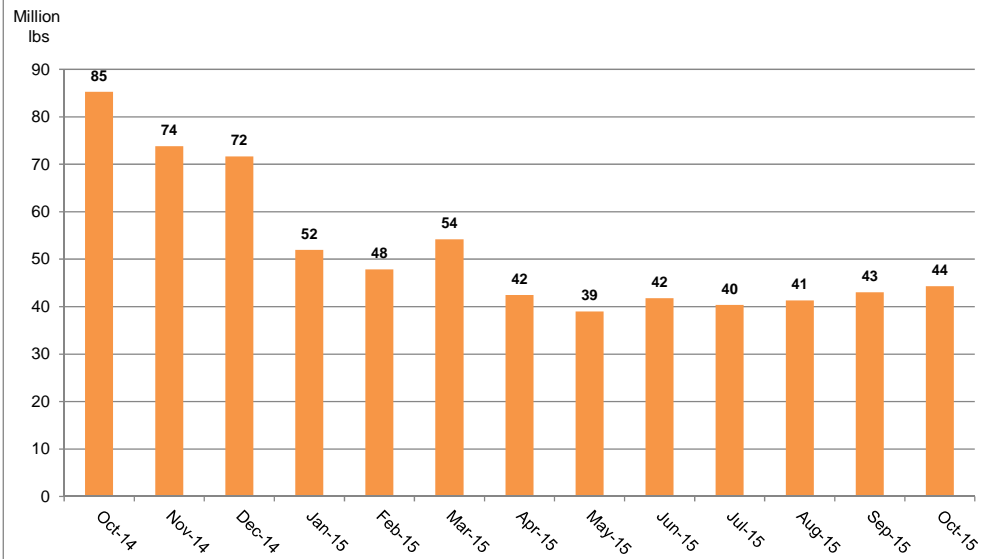
Broiler shipments dropped 20 percent in October compared with a year earlier, totaling 521 million pounds. Exports to Mexico, the United States' largest market, declined by 6 percent from October 2014 levels to 122 million pounds. National bans by China, Russia, and South Korea continue to impact exports. October trade included the return of U.S. exports to Cuba, which had suspended imports from the United States between August and September. October shipments to Cuba totaled 29 million pounds, 16 percent higher than a year earlier. While most major markets were down in October, increases in shipments to Taiwan and Vietnam helped bring monthly exports to the highest level since June, when exports totaled 564 million pounds. The forecast for fourth-quarter 2015 broiler exports was unchanged at 1.6 billion pounds because the impact of trade bans is expected to persist, while the forecast for 2016 stands at 6.98 billion pounds as the recovery in exports is expected to remain measured.



Turkey Exports Drop in October from a Year Earlier

In October, turkey exports totaled 44 million pounds, 48 percent lower than the previous October. The decrease was mainly due to a sharp decline in exports to Mexico, the largest market for U.S. turkey products. The 25 million pounds shipped to Mexico in October were 50 percent lower than the previous October. The drop was likely due to the decline in production caused by HPAI outbreaks in spring 2015 and bans on imports from U.S. States where there have been outbreaks. The forecast for fourth-quarter 2015 turkey exports is unchanged at 135 million pounds, and the 2016 forecast is unchanged at 740 million pounds. Exports in 2016 are expected to recover modestly as producers regain production capacity following the 2015 HPAI outbreak.

U.S. Turkey Exports October 2014 - October 2015

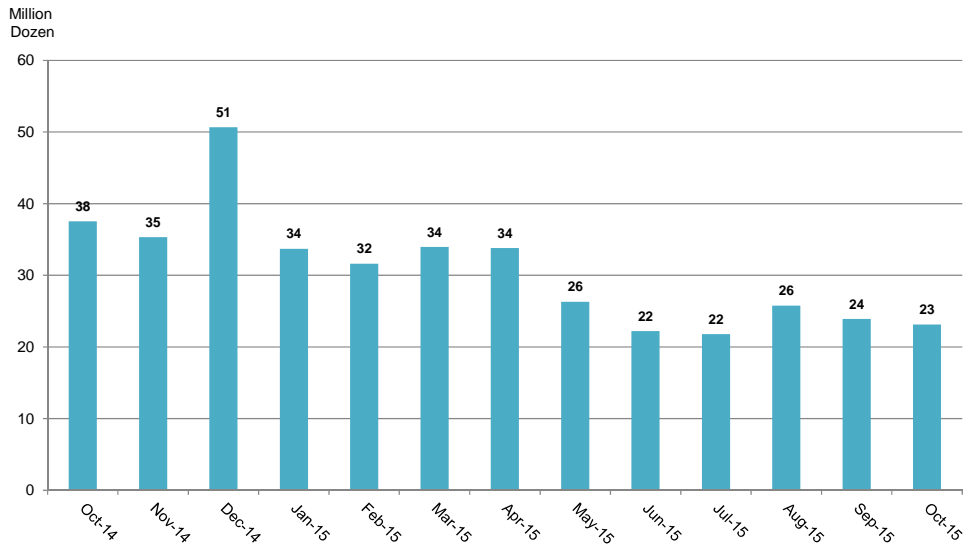


Source: <http://www.ers.usda.gov/data-products/livestock-meat-international-trade-data.aspx>.

Egg Exports Down in October

Total egg exports (shell eggs and egg products) reached the shell egg equivalent of 23 million dozen in October, 38 percent lower than the previous year. The decline was primarily due to a sharp decrease in exports to Mexico, Japan, Hong Kong, and Canada. Shipments to Mexico were 49 percent lower in October compared with a year earlier, while shipments to Japan, Hong Kong, and Canada fell by 31 percent, 61 percent, and 21 percent, respectively. As with the turkey market, declining egg and egg product exports are likely due to the decline in production caused by HPAI outbreaks in spring 2015 and bans on imports from U.S. States where there have been outbreaks. Egg exports in fourth quarter 2015 are expected to total 70 million dozen as decreased production, high domestic prices, and trade bans are expected to continue to limit exports. The forecast for 2016 exports remains unchanged at 350 million dozen.

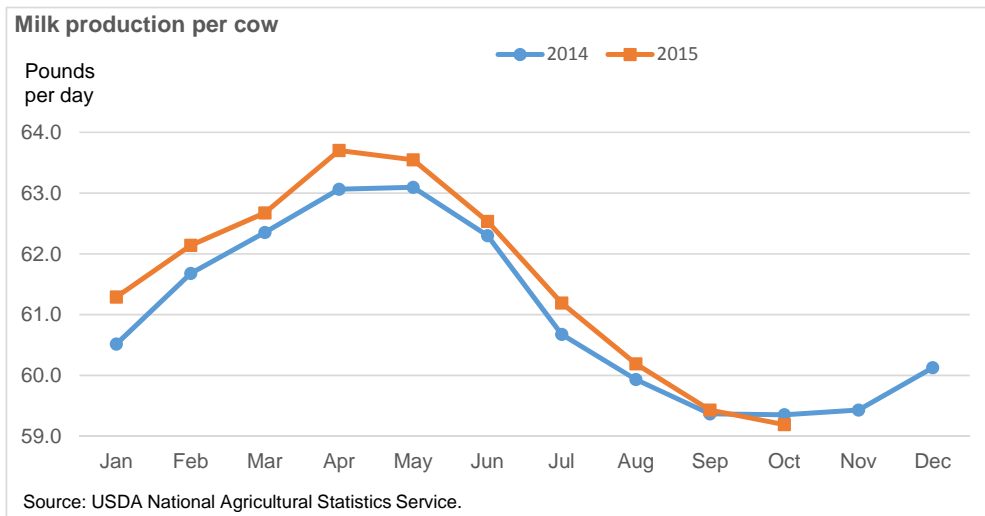
U.S. Egg and Egg Product Exports October 2014 - October 2015



Source: <http://www.ers.usda.gov/data-products/livestock-meat-international-trade-data.aspx>.

Recent Developments in Dairy Markets

The USDA National Agricultural Statistics Service (NASS) estimated U.S. milk production of 17.1 billion pounds for October, up 0.1 percent from October 2014. Milk cows numbered 9.309 million head, 32,000 head more than October 2014 but 1,000 head less than September 2015. Daily milk per cow averaged 59.2 pounds per head in October, 0.2 pounds below October 2014 and 0.2 pounds below September 2015. The year-over-year decrease in yields for the month of October followed positive changes for all previous months in 2015.



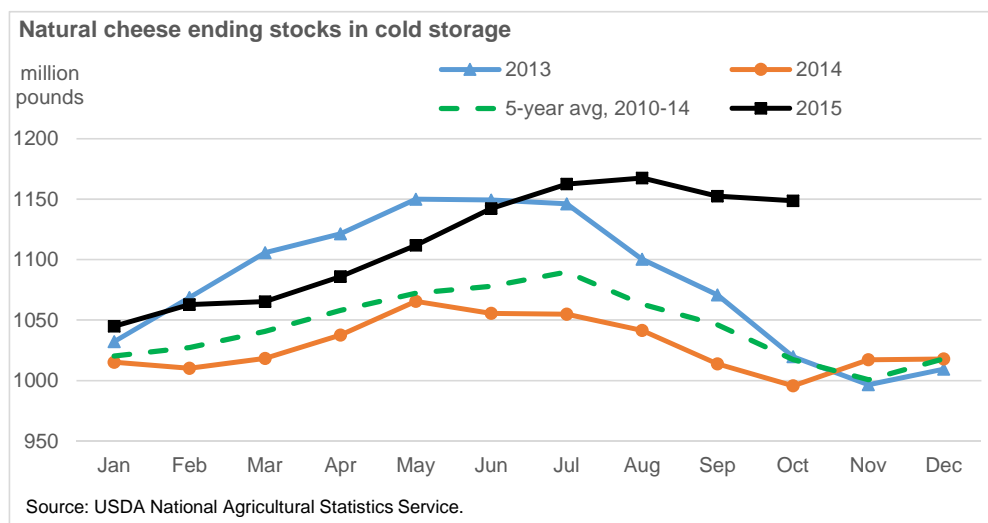
Milk production typically responds to milk and feed prices with a lag of several months. The milk-feed ratio dipped to a low point of 1.95 in April, contributing to lower milk-production growth in the following months. Since April, the milk-feed ratio has risen, reaching 2.29 in October. There has been wide disparity in milk production patterns across the Nation. Drought has contributed to lower milk production in Western States, with a year-over-year October decline of 5.5 percent in California. In contrast, milk production increased by 4.5 percent in Wisconsin.

Monthly national wholesale prices for basic dairy products, as reported by USDA Agricultural Marketing Service (AMS), moved in mixed directions from October to November. The cheddar cheese price decreased from \$1.679 to \$1.650 per pound. The nonfat dry milk price (NDM) fell from \$0.895 to \$0.837 per pound. The dry whey price rose from 23.1 to 23.4 cents per pound. The greatest change was in the butter price, which rose from \$2.573 to \$2.800 per pound.

From September to October this year, commercial exports decreased by 23 million pounds on a milk-fat milk-equivalent basis and by 171 million pounds on a skim-solids milk-equivalent basis. Lactose and whey protein concentrate exports decreased significantly. Notably, exports of NDM rose by 5.1 million pounds, with exports to Mexico making up the largest portion of the increase.

October ending stocks for butter and cheese were substantially higher than for October 2014, by 21.0 percent for butter and 15.4 percent for cheese. In contrast, October NDM ending stocks were 1.5 percent below the previous year. Typically,

cheese stocks decline seasonally from July to September at a much more rapid rate than they have in 2015.



Feed Price Situation for Dairy

The 2015/16 forecast for corn is unchanged from last month at \$3.35-\$3.95 per bushel. The soybean meal price forecast is lowered to \$290-\$330 per short ton. The national average alfalfa hay price decreased from \$157 to \$156 per short ton from September to October.

Dairy Forecasts for the Remainder of 2015

With the decline in milk per cow in October, the output per cow projection for the fourth quarter of 2015 is 5,480 pounds per head, 45 pounds less than forecast last month. The forecast for milk cow numbers is unchanged at 9.310 million head. Milk production is forecast at 51.0 billion pounds for the quarter, 0.4 billion pounds less than last month's forecast.

Based on the decline in lactose and whey protein concentrates in October, the 2015 fourth quarter forecast for commercial exports on a skim-solids basis has been lowered by 0.1 billion pounds. The commercial export forecast is unchanged on a milk-fat basis. The import forecast has been lowered by 0.1 billion pounds on a milk-fat basis due to lower expected butter imports. Imports are unchanged on a skim-solids basis.

With relatively high ending stocks of cheese and butter in October, the forecasts for 2015 ending stocks have been raised by 0.5 billion pounds on a milk-fat basis and by 0.4 billion pounds on a skim-solids basis. With higher expected ending stocks and lower milk production, domestic commercial disappearance forecasts for the fourth quarter have been reduced by 0.9 billion pounds on a milk-fat basis and 0.7 billion pounds on a skim-solids basis.

Dairy product price forecasts for the fourth quarter have been adjusted based upon recent data. The largest change from last month's forecast is for butter, an increase to \$2.670-\$2.710 per pound. Forecasts for cheese and NDM for the fourth quarter

have been lowered to \$1.625-\$1.645 and \$0.835-\$0.855, respectively. The fourth-quarter dry whey price forecast is unchanged at 22.5-24.5 cents per pound.

With the lower cheese price forecast, the Class III price forecast for the fourth quarter is \$15.00-\$15.20 per cwt, lowered 10 cents at the upper bound from last month's forecast. With the higher butter price more than offsetting the lower NDM price, the Class IV price forecast for the fourth quarter has been raised to \$16.35-\$16.65 per cwt. With the higher Class IV price forecast more than offsetting the lower Class III price forecast, the all-milk price forecast for the fourth quarter has been raised to \$17.70-\$17.90 per cwt, an increase from \$17.50-\$17.80 forecast last month.

Dairy Forecasts for 2016

The milk production forecast for 2016 has been lowered to 212.4 billion pounds, 0.5 billion pounds less than forecast last month and a 2.0 percent year-over-year increase. The milk cow forecast is unchanged. Based on recent deceleration of yield growth, the milk per cow forecast is 22,825 pounds per head, 55 pounds less than forecast last month.

Based on recent data and expectations of lower exports of butterfat products, the 2016 forecast for exports on a milk-fat basis has been lowered by 0.4 billion pounds. With lower exports of lactose and whey protein products expected, the forecast for exports on a skim-solids basis has been lowered by 0.8 billion pounds. While export forecasts have been lowered substantially, they are still expected to increase over 2015, by 2.3 percent on a milk-fat basis and 2.7 percent on a skim-solids basis. Import forecasts are unchanged from last month.

Based on higher domestic demand expected for butter and cheese, 2016 commercial disappearance on a milk-fat basis has been raised by 0.3 billion pounds. Commercial disappearance on a skim-solids basis has been raised by 0.5 billion pounds based upon higher expected domestic demand for NDM. Lower price forecasts for NDM should contribute to greater use. Ending stock forecasts for 2016 are unchanged from last month on a milk-fat basis and are 0.1 billion pounds higher on a skim-solids basis.

With relatively high butter supplies, butter prices are expected to fall substantially within the next few months. The butter price forecast for the first quarter of 2016 is \$2.010-\$2.090 per pound. For the year, the butter price forecast has been raised to \$1.880-\$1.990 per pound. The cheese price forecast has been lowered to \$1.565-\$1.615 for the first quarter. For the year, the cheese price forecast is \$1.595-\$1.675 per pound, adjusted slightly from last month at the upper end of the range. With recent declines in the NDM price and lower expectations for commercial exports on a skim-solids basis, NDM price forecasts have been lowered for all of 2016 and are expected to average \$0.915-\$0.975 for the year. The dry whey price forecast is unchanged at 28.0-31.0 cents per pound.

With only a slight change in the cheese price forecast and no change for dry whey, the Class III forecast is \$14.75-\$15.55 per cwt, with the price range narrowed but unchanged at the midpoint of the range. With the lower NDM price more than offsetting the higher butter price, the Class IV forecast has been lowered to \$13.70-\$14.60 per cwt. The all-milk price forecast for 2016 is \$15.95-\$16.75 per cwt, lowered at the upper bound from \$15.95-\$16.85 forecast last month.

Contact Information

Ken Mathews (coordinator, cattle/beef and veal)	(202) 694-5183	kmathews@ers.usda.gov
Sahar Angadjivand (beef/cattle and veal)	(202) 694-5187	sangadjivand@ers.usda.gov
Seanicaa Edwards (beef/cattle and beef/cattle trade)	(202) 694-5333	seanicaa.edwards@ers.usda.gov
Alex Melton (poultry trade)	(202) 694-5409	awmelton@ers.usda.gov
Mildred M. Haley (coordinator, hogs/pork)	(202) 694-5176	mhaley@ers.usda.gov
David J. Harvey (poultry, eggs, aquaculture)	(202) 694-5177	djharvey@ers.usda.gov
Sean Ramos (poultry, eggs)	(202) 694-5443	sean.ramos@ers.usda.gov
Roger Hoskin (dairy)	(202) 694-5148	rhoskin@ers.usda.gov
Jerry Cessna (dairy)	(202) 694-5171	jgcessna@ers.usda.gov
Keithly Jones (sheep and goats)	(202) 694-5172	kjones@ers.usda.gov
Carolyn Liggon (web publishing)	(202) 694-5056	cvliggon@ers.usda.gov

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Livestock and Meat Trade Data, <http://www.ers.usda.gov/data-products/livestock-meat-international-trade-data.aspx>, contains monthly and annual data for imports and exports of live cattle and hogs, beef and veal, lamb and mutton, pork, broilers, turkey, and shell eggs.

Livestock & Meat Domestic Data, <http://www.ers.usda.gov/data-products/livestock-meatdomestic-data.aspx>, contains domestic supply, disappearance, and price data.

Dairy Data, <http://www.ers.usda.gov/data-products/dairy-data.aspx>, includes data from multiple sources concerning supply, demand, and prices for the dairy industry.

Related Websites

Livestock, Dairy, and Poultry Outlook, <http://www.ers.usda.gov/publications/ldpm-livestock,-dairy,-and-poultry-outlook.aspx>
Animal Production and Marketing Issues, <http://www.ers.usda.gov/topics/animal-products/animal-production-marketing-issues.aspx>
Cattle, <http://www.ers.usda.gov/topics/animal-products/cattle-beef.aspx>
Dairy, <http://www.ers.usda.gov/topics/animal-products/dairy.aspx>
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WASDE, <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194>

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U.S. red meat and poultry forecasts

	2011				2012				2013				2014				2015				2016								
	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				
Production, million lb																													
Beef	6,410	6,559	6,736	6,490	26,195	6,282	6,473	6,586	6,572	25,913	6,175	6,513	6,609	6,423	25,720	5,868	6,184	6,179	6,021	24,252	5,664	5,855	6,066	6,080	23,665	5,950	6,255	6,330	24,680
Pork	5,719	5,370	5,484	6,186	22,758	5,858	5,519	5,631	6,244	23,253	5,775	5,516	5,622	6,274	23,187	5,784	5,504	5,424	6,131	22,843	6,161	5,925	5,957	6,485	24,528	6,150	5,945	6,175	24,925
Lamb and mutton	36	40	36	37	149	39	39	39	40	156	38	41	40	38	156	37	43	38	38	156	38	39	37	36	149	38	37	151	
Broilers	9,290	9,509	9,542	8,861	37,202	9,089	9,381	9,372	9,198	37,039	9,144	9,466	9,683	9,537	37,830	9,283	9,618	9,835	9,814	38,550	9,717	10,020	10,373	10,075	40,185	9,950	10,200	10,475	40,900
Turkeys	1,402	1,471	1,423	1,495	5,791	1,446	1,505	1,480	1,537	5,967	1,459	1,486	1,440	1,420	5,806	1,332	1,428	1,478	1,517	5,756	1,429	1,389	1,352	1,420	5,590	1,350	1,500	1,550	6,010
Total red meat & poultry	23,011	23,114	23,395	23,226	92,746	22,865	23,084	23,274	23,739	92,963	22,743	23,183	23,563	23,844	93,333	22,456	22,934	23,111	23,671	92,171	23,156	23,380	23,938	24,242	94,716	23,581	24,097	24,726	97,284
Table eggs, mil. doz.	1,631	1,641	1,665	1,715	6,652	1,684	1,680	1,707	1,778	6,849	1,733	1,746	1,775	1,825	7,079	1,771	1,799	1,827	1,868	7,265	1,789	1,689	1,625	1,690	6,793	1,715	1,735	1,765	7,045
Per capita disappearance, retail lb 1/																													
Beef	14.1	14.5	14.6	14.0	57.3	14.0	14.6	14.5	14.2	57.3	13.7	14.5	14.3	13.9	56.3	13.1	13.9	13.7	13.4	54.1	13.1	13.6	13.9	13.4	54	13.6	14.1	13.8	54.9
Pork	11.4	11.1	11.0	12.2	45.7	11.1	10.9	11.2	12.7	45.9	11.5	11.2	11.4	12.7	46.8	11.3	11.0	11.1	13.0	46.4	12.3	11.8	12.1	13.5	49.8	12.2	11.8	12.5	50.0
Lamb and mutton	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.8	0.3	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.3	0.9	0.2	0.3	0.2	0.3	1.0	0.2	0.2	0.2	0.9
Broilers	21.5	21.4	20.8	19.1	82.9	20.1	20.4	20.3	19.7	80.4	20.0	20.3	21.0	20.5	81.8	20.2	20.8	21.2	21.1	83.3	21.4	22.1	23.3	22.2	89.0	22.0	22.3	22.9	89.7
Turkeys	3.5	3.5	4.0	5.0	16.1	3.5	3.6	4.1	4.9	16.0	3.7	3.6	4.0	4.7	15.9	3.4	3.5	3.9	5.0	15.7	3.5	3.6	3.9	4.8	15.9	3.3	3.6	4.3	16.2
Total red meat & poultry	51.2	51.2	51.0	51.0	204.5	49.3	50.3	50.6	52.0	202.1	49.5	50.2	51.3	52.4	203.4	48.6	49.8	50.5	53.1	202.0	50.9	51.8	53.8	54.5	211.0	51.8	52.4	54.1	213.2
Eggs, number	61.3	61.5	62.8	64.3	249.9	63.2	62.2	63.3	65.6	254.3	64.3	63.4	64.7	66.0	258.4	64.7	65.3	66.3	66.7	263.0	64.4	61.5	60.4	62.9	249.1	62.8	63.1	63.9	255.7
Market prices																													
Choice steers, 5-area Direct, \$/cwt	110.07	112.79	114.05	121.99	114.73	125.29	120.91	119.69	125.54	122.86	125.52	124.95	122.30	130.77	125.89	146.34	147.82	158.49	165.60	154.56	162.43	158.11	144.22	126-129	148.07	128-134	133-145	132-144	132-142
Feeder steers, Ok City, \$/cwt	127.20	131.09	134.74	141.93	133.74	152.81	150.05	139.31	143.40	146.39	141.36	133.10	152.08	161.69	147.06	167.49	188.64	220.90	234.25	202.82	210.31	219.69	206.47	179-182	204.24	179-185	187-199	184-196	185-195
Cutter Cows, National L.E., \$/cwt	68.66	74.88	66.11	63.54	68.30	76.57	83.51	76.94	73.81	77.71	77.87	77.46	78.36	76.55	77.56	89.12	98.57	111.27	109.21	102.04	107.61	109.50	103.34	83-86	101.24	85-91	92-104	94-106	92-102
Choice slaughter lambs, San Angelo, \$/cwt	174.66	157.99	161.13	148.61	160.60	145.33	127.08	89.28	89.85	112.89	107.53	91.72	94.26	150.97	111.12	166.69	148.99	156.02	162.69	158.60	147.17	140.09	146.23	144-147	144.75	147-153	139-151	139-151	143-153
Nar'l base cost, 51-52 % lean, live equivalent, \$/cwt	59.94	68.80	71.06	64.66	66.11	61.68	61.79	61.43	58.63	60.88	59.03	65.46	70.59	61.11	64.05	68.69	85.40	83.30	66.74	76.03	48.47	53.20	54.59	45-46	50.44	47-49	50-54	50-54	47-50
Broilers, 12 City, cents/lb	80.20	83.00	78.20	78.00	79.90	87.40	85.10	82.00	92.10	86.60	103.50	108.60	93.90	92.80	99.70	98.40	113.70	104.60	102.80	104.90	97.00	104.20	83.70	74-75	89.90	80-84	81-87	85-93	83-89
Turkeys, Eastern, cents/lb	90.20	99.90	106.40	111.60	102.00	100.70	106.90	108.50	106.10	105.60	96.00	97.70	99.90	105.40	99.80	100.70	105.60	110.20	113.90	107.60	99.60	108.50	126.40	129-132	116.30	112-118	110-120	106-114	110-118
Eggs, New York, cents/doz.	105.80	106.60	117.70	131.20	115.30	108.70	99.70	131.90	129.40	117.40	126.90	109.90	119.00	143.00	124.70	142.70	134.60	129.30	162.70	142.30	146.90	170.30	235.70	183-186	184.40	174-182	158-172	149-161	160-172
U.S. trade, million lb																													
Beef & veal exports	633	702	766	683	2,785	558	624	650	620	2,452	557	636	716	680	2,589	583	667	679	644	2,573	526	606	541	550	2,223	520	610	660	2,425
Beef & veal imports	461	593	548	454	2,057	582	669	516	453	2,220	590	629	515	516	2,250	597	767	765	818	2,947	876	991	890	625	3,382	775	825	710	2,945
Lamb and mutton imports	49	48	31	34	162	38	36	38	41	154	49	44	36	44	173	46	49	45	55	195	53	56	46	52	206	50	46	46	190
Pork exports	1,248	1,208	1,260	1,481	5,196	1,442	1,301	1,251	1,386	5,379	1,217	1,225	1,205	1,341	4,988	1,347	1,279	1,090	1,140	4,857	1,165	1,334	1,172	1,275	4,946	1,250	1,275	1,225	5,125
Pork imports	201	195	194	213	803	207	191	198	205	802	208	210	229	233	880	212	240	256	299	1,008	278	264	269	295	1,106	250	225	250	1,000
Broiler exports	1,526	1,598	1,976	1,877	6,978	1,734	1,791	1,864	1,886	7,274	1,752	1,865	1,855	1,874	7,346	1,827	1,834	1,857	1,782	7,301	1,629	1,714	1,483	1,600	6,426	1,675	1,750	1,775	6,975
Turkey exports	159	171	173	199	703	180	184	216	216	797	179	182	198	202	760	163	188	223	231	805	154	123	125	135	537	150	175	200	740
Live swine imports (thousand head)	1,452	1,429	1,407	1,508	5,795	1,445	1,444	1,387	1,380	5,656	1,326	1,285	1,223	1,113	4,948	1,195	1,216	1,264	1,272	4,947	1,312	1,538	1,371	1,500	5,721	1,400	1,400	1,400	5,600

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 M. Hailey, (202) 694-5176, mhailey@ers.usda.gov
 Updated 12/15/2015

Dairy Forecasts

	2014		2015					2016			
	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Milk cows (thous.) 1/	9,287	9,256	9,305	9,320	9,313	9,310	9,310	9,310	9,310	9,305	9,305
Milk per cow (pounds)	5,487	22,260	5,583	5,757	5,546	5,480	22,365	5,690	5,815	5,660	22,825
Milk production (bil. pounds)	51.0	206.0	51.9	53.7	51.7	51.0	208.3	53.0	54.1	52.7	212.4
Farm use	0.2	1.0	0.2	0.2	0.2	0.2	1.0	0.2	0.2	0.2	1.0
Milk marketings	50.7	205.1	51.7	53.4	51.4	50.8	207.3	52.7	53.9	52.4	211.5
Milkfat (bil. pounds milk equiv.)											
Milk marketings	50.7	205.1	51.7	53.4	51.4	50.8	207.3	52.7	53.9	52.4	211.5
Beginning commercial stocks	12.2	11.2	11.2	13.3	15.6	14.1	11.2	12.9	14.9	15.8	12.9
Imports	1.5	4.3	1.2	1.3	1.5	1.7	5.8	1.3	1.4	1.5	5.8
Total supply	64.5	220.6	64.2	68.0	68.5	66.6	224.4	67.0	70.2	69.7	230.2
Commercial exports	2.3	12.4	2.4	2.5	2.1	1.9	8.8	2.0	2.3	2.4	9.0
Ending commercial stocks	11.2	11.2	13.3	15.6	14.1	12.9	12.9	14.9	15.8	14.0	12.2
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic commercial use	51.0	196.9	48.5	50.0	52.4	51.8	202.7	50.1	52.1	53.2	208.9
Skim solids (bil. pounds milk equiv.)											
Milk marketings	50.7	205.1	51.7	53.4	51.4	50.8	207.3	52.7	53.9	52.4	211.5
Beginning commercial stocks	12.3	11.7	13.1	13.7	14.6	14.0	13.1	13.8	14.3	15.4	13.8
Imports	1.5	5.6	1.4	1.5	1.4	1.6	6.0	1.4	1.5	1.5	6.1
Total supply	64.5	222.4	66.2	68.6	67.4	66.4	226.4	67.9	69.7	69.4	231.4
Commercial exports	9.0	39.1	8.8	10.7	9.1	9.1	37.7	9.0	9.8	10.0	38.7
Ending commercial stocks	13.1	13.1	13.7	14.6	14.0	13.8	13.8	14.3	15.4	14.2	13.7
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic commercial use	42.4	170.2	43.7	43.3	44.3	43.5	174.9	44.6	44.5	45.2	178.9
Milk prices (dol./cwt) 2/											
All milk	22.77	23.97	17.00	16.70	16.93	17.70	17.05	16.05	15.25	16.00	15.95
						-17.90	-17.15	-16.55	-16.05	-17.00	16.75
Class III	21.19	22.34	15.73	16.24	16.14	15.00	15.75	14.25	14.40	15.15	14.75
						-15.20	-15.85	-14.75	-15.20	-16.15	-15.55
Class IV	18.75	22.09	13.62	13.77	13.71	16.35	14.30	13.55	13.20	13.80	13.70
						-16.65	-14.50	-14.15	-14.10	-14.90	-14.60
Product prices (dol./pound) 2/											
Cheddar cheese	2.053	2.155	1.567	1.663	1.718	1.625	1.640	1.565	1.560	1.630	1.595
						-1.645	-1.650	-1.615	-1.640	-1.730	-1.675
Dry whey	0.625	0.654	0.529	0.444	0.316	0.225	0.375	0.235	0.285	0.295	0.280
						-0.245	-0.385	-0.265	-0.315	-0.325	-0.310
Butter	2.140	2.136	1.647	1.838	2.135	2.670	2.065	2.010	1.855	1.845	1.880
						-2.710	-2.095	-2.090	-1.965	-1.975	-1.990
Nonfat dry milk	1.379	1.768	1.024	0.948	0.794	0.835	0.890	0.830	0.870	0.945	0.915
						-0.855	-0.910	-0.870	-0.930	-1.015	-0.975

1/ Simple averages of monthly prices. May not match reported annual averages.

2/ Simple averages of monthly prices calculated by the 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.

For further information, contact Jerry Cessna, 202-694-5171, jgcessna@ers.usda.gov, or contact Roger Hoskin, 202 694 5148, rhoskin@ers.usda.gov.

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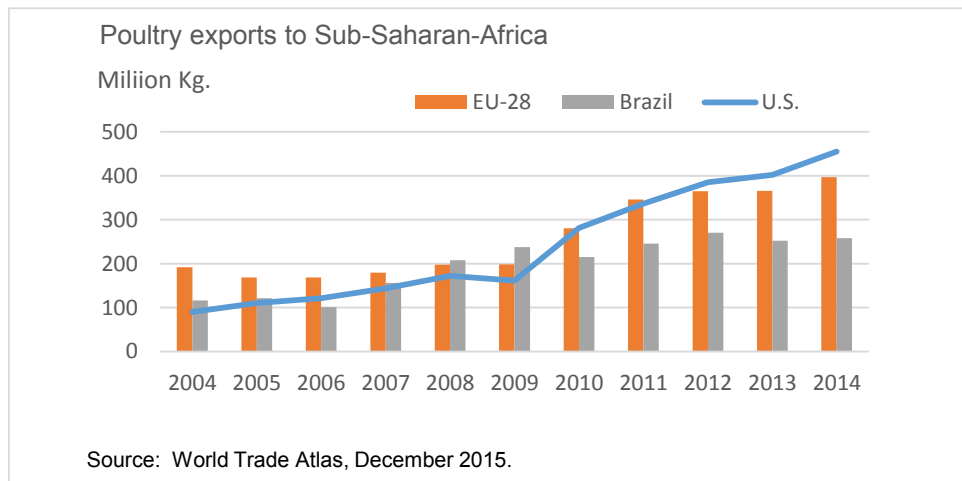
U.S. Poultry Exports Rank First In Sub-Saharan Africa

Fawzi A. Taha
Ftaha@ers.usda.gov

Evolution of U.S. Poultry Exports to Africa

...Approved by the
World Agricultural
...Outlook Board.

Strong demand for poultry (broiler, chicken, turkey, ducks, geese, and guinea fowls)¹ in Africa, due to growing per capita income, urbanization, population growth, and shortages in domestic production, propelled increases in exports by the top 3 poultry exporters by a combined 45.0 percent during 2010-14, for a total of 1,150 to 1,716 million kg. The surge in U.S. poultry exports to Africa, including Sub-Saharan Africa (SSA), started in 2004, and the exports rose from 90.36 to 486.9 million kg, valued at US\$557 million, in 2014. Africa's share of U.S. poultry exports amounted to 12.58 percent, making Africa the United States' second largest destination after Mexico (23.80 percent), ahead of Hong Kong (8.6 percent), China (5.77 percent), Canada (3.66 percent), and Russia (3.54 percent). U.S. poultry sales to Sub-Saharan Africa were \$523.6 million compared with U.S. exports of \$557.2 million to all of Africa in 2014.



¹ The analysis deals with fresh/chilled and frozen poultry meats classified as HS 0207, excluding all other poultry meats (prepared, preserved, salted, dried, or smoked).

Leading Poultry Meat Exporters to Africa and Sub-Saharan Africa

Among the top-3 exporters, the United States has risen from the third place exporter prior to 2010, behind the EU-28 and Brazil, to the top exporter since 2012. In 2014, U.S. exports to Sub-Saharan-Africa of 455.2 million kg exceeded EU-28 and Brazilian exports of 398.6 and 258.2 million kg, respectively. The African continent can be aggregated into several regions; North Africa (Algeria, Egypt, Libya, Morocco, and Tunisia); South Africa (comprising the Republic of South Africa (RSA)); and Sub-Saharan-Africa (SSA), which comprises all the remaining countries located between North and South Africa. For this analysis, these three principle poultry destinations will be treated as separate markets.

The North African markets are mainly supplied by Brazil due to consumers' preference for whole birds, while U.S. exports are composed largely of frozen leg-quarter chicken cuts.² At the southern end of the continent, poultry exports to the RSA market were dominated by EU-28, and exports to Africa increased the fastest there, from 16.5 million kg in 2010 to over 195.3 million kg in 2014. The United States had been the largest supplier of poultry to the RSA market, but exports declined substantially following the imposition of anti-dumping tariffs on U.S. products in 2000. After imposition of a new anti-dumping duty in 2012 (GAIN Report 2012), U.S. exports to RSA decreased even further, from 21.6 million kg in 2013 to 15.6 million kg in 2014 (WTA, 2015).

Facing constraints in the Northern and Southern African markets, the U.S. poultry industry steered exports to Sub-Saharan African markets. This resulted in an impressive growth of 61.7 percent for U.S. exports to SSA, much higher than the growth rate of the EU-28 (42.3 percent) and Brazil (20.0 percent) during 2010-2014 (Table 1).

Table 1: Poultry exports to Africa and Sub Saharan Africa, 2010-2014

	2010	2011	2012	2013	2014	Growth
	Million Kg					Percent
World totals	10,121	10,842	11,035	11,191	11,595	14.6
Top-3 to Africa	1,150	1,353	1,587	1,562	1,716	45.0
Top-3 share	11.4	12.5	14.4	14.0	14.8	30.3
U.S.	296	368	425	441	487	64.3
EU-28	302	442	501	525	599	98.1
Brazil	539	536	656	580	563	4.5
Top-3 to Sub Saharan Africa	781	933	1,027	1,026	1,112	42.3
U.S.	281	336	385	402	455	61.7
EU-28	285	351	370	372	399	40.0
Brazil	215	246	271	252	258	20.0

Source: Global Trade Information Services, December 2015

Growth= change from 2010 to 2014 in percent.

² U.S. poultry exports consist mainly of frozen chicken leg quarters or dark meat, as many consumers in importing regions have a preference for leg meat and U.S. consumers have a preference for white meat or breast cuts.

Outlook for Sub-Saharan Africa

According to the USDA Long Term Agricultural (“Baseline”) projections, total U.S. poultry exports are projected to grow 1.7 percent per year, from 3,682 million kg in 2014 to 4,321 million kg in 2024. Demand for poultry in Africa is also projected to be strong in general, because of its lower cost relative to beef and pork meats, and due to increases in income, population, and urbanization. Specifically, import demand for poultry in the Economic Community of West African States (ECOWAS) and other SSA countries is projected to grow by 65 percent and 45 percent, respectively (Table 2). At these growth rates, SSA import demand for poultry from all sources is projected to total 1,991 million kg by 2024, superseding Mexico’s projected imports of 1,386 million. ERS-Baseline projections also indicate that global poultry exports will increase from Brazil by 34 percent and the United States by 17.4 percent but decrease slightly from the EU-27 (-1.9 percent) during 2014-2024 (Table 2). With increasing exports, Brazil and the United States may be better positioned to take advantage of growing import demand in Sub-Saharan Africa.

Table 2: ERS-Baseline poultry trade Projections

	2014	2024	Growth
	Million Kg		Percent
Major importers	7,488	9,946	20.4
ECOWAS	305	502	64.6
Total SSA	1,333	1,991	49.4
Mexico	855	1,386	62.1
Major exporters	9,651	12,010	24.4
United States	3,682	4,321	17.4
EU-27	1,235	1,212	-1.9
Brazil	3,720	4,982	33.9

Source: USDA Long-term Agr. Projections, February 2015.
 Note: Poultry projection includes broiler and turkey, representing 99.85 % of U.S. poultry exports in 2014.

At the current cost differential between African and the international producers (Hollinger and Staats, 2015), exports to Sub-Saharan-Africa will continue to increase due to rising demand for poultry as it represents the lowest cost option among animal-protein sources.

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