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# Livestock and Poultry Outlook

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## **OUTLOOK FOR LIVESTOCK AND POULTRY IN 2022**

Justin Choe  
Livestock Analyst  
World Agricultural Outlook Board, USDA

Total red meat and poultry production reached a record 107.5 billion pounds in 2022, but the sector continued to face challenges to both supply and demand from a wide range of factors. Shortages of labor and constraints on logistics continued to limit the ability of the sector to manage throughput, and rising costs of inputs, including feed and energy, reduced the profitability of the industry. Disease outbreaks were costly, notably Highly Pathogenic Avian Influenza (HPAI) for the poultry industry and new variants of porcine reproductive and respiratory syndrome (PRRS) for the hog industry. These outbreaks had strong production impacts throughout the value chain. Drought conditions in the West and Midwest regions throughout most of the year heavily impacted hay supplies and caused a faster pace of placements and hence accelerated marketings for the cattle sector. Despite these headwinds, beef and broiler production expanded, while pork, lamb, and turkey production were lower than the previous year. On the demand side, domestic disappearance remained strong and mostly higher than the previous year amidst high prices, inflationary pressure, and a slowly recovering economy. Specifically, cattle prices for the year averaged just under that of 2015, hog prices were the highest since 2014, and broiler and turkey prices set new record highs.

In 2023, the sector is projected to continue face many of the challenges that affected production decisions in 2022, and thus far into the year producers across different sectors seem relatively cautious in expanding production despite strong prices. While logistical constraints are expected to loosen during the year, pasture conditions improve, and feed prices moderate, in many cases biological constraints and production plans already in place will limit the ability of the sector to respond rapidly to any continued improvements in external conditions. For 2023, red meat and poultry production is forecast to decrease fractionally to 106.9 billion pounds as declines in red meat production more than offset higher poultry production. Although the projected decline in production is small, if realized, it will be the first decline in total red meat and poultry production since 2014. For 2023, tighter supplies of cattle are expected to support higher fed steer prices. Hog prices are expected to be lower on larger supplies. Broiler prices are projected to fall in 2023, while turkey prices are expected average above 2022, as production recovers from the aftermath of HPAI.

### **Feed Prices Will Decline and Economic Growth Will Support Demand**

Feed prices during 2023 are likely to be slightly lower than 2022. Reflecting a forecast 2022/23 crop year average of \$6.70 per bushel and a season average price of \$5.60 per bushel for 2023/24, feed prices are projected below 2022. Reflecting a 2022/23 crop year average of \$450

per ton and a marketing year forecast of \$410 for 2023/2024, soymeal prices are also projected to be lower than 2022. Hay stocks on December 1, 2022, were 71.9 million tons, 9 percent lower than 2021. Major cattle producing States including Texas, Oklahoma, and Nebraska all had lower levels of hay stocks compared to the previous year.

Real U.S. GDP is expected to increase slightly in 2023. However, weak economic growth coupled with continued uncertainties about inflation and interest rates are likely to continue limit household expenditure. As such, per capita meat demand will be limited in growth. Per capita disappearance of beef is expected to fall on tight supplies, partly offset by a slight increase in pork and poultry disappearance. Internationally, economic growth is forecast to be positive, but lower than 2022, as central banks raise interest rates to fight inflation and the ongoing war in Ukraine continue to weigh on the global economy. The U.S. dollar is projected to weaken slightly which could support prospects for exports in 2023.

## **Cattle and Beef**

The cattle inventory contracted for the fourth consecutive year in 2022. The recent *Cattle* report estimated the number of cattle and calves on January 1, 2023, at 89.3 million head, down three percent from a year earlier. The number of cows and heifers that calved was estimated at 38.3 million head, down four percent from the previous year. The beef cow herd was estimated at 28.9 million head, four percent smaller than the 2022 estimate. The 2022 calf crop was estimated at 34.5 million head, two percent smaller than the 2021 calf crop.

The U.S. cattle inventory will likely decline further in 2023. The *Cattle* report estimated that producers retained six percent fewer replacement heifers for the beef cow herd this year, and that five percent fewer beef heifers are expected to calve during 2023. The dairy cow herd was marginally higher than Jan 1, 2022, but producers indicated intentions to hold fewer heifers for the dairy herd. Beef and dairy cow slaughter thus far in 2023 has been above 2022. Although it is likely that cow slaughter will decline later in the year as producers respond to, as assumed, improved forage conditions from normal weather conditions, a smaller cow inventory to start the year and the timing of breeding implies that the number of calves produced in 2023 will likely be smaller than the previous year.

The total number of cattle on feed in U.S. feedlots of all sizes on January 1 was 14.2 million head, four percent lower than 2022, while the number of cattle outside of feedlots on January 1 was about 2.8 percent below a year ago. The pace of placements was relatively high in 2022, likely driven by deteriorating pasture conditions as evidenced by moderate to severe drought conditions throughout key grazing regions and tight hay stocks in parts of the country. Coupled with poor winter pasture conditions in the Southern Plains, cattle which would have been placed later in production cycle were drawn forward. Current data would suggest increasingly declining placements and lower feedlot numbers throughout 2023. Declining U.S. supplies will result in higher imports. Imports of cattle are forecast at 2.1 million head in 2023, up from 1.6 million head in 2022. Although the demand pull from the U.S. will be strong, increasing imports from Mexico, total imports are likely to be limited by the relatively tight supplies of cattle in Canada.

Commercial beef production for 2023 is forecast to fall by six percent, to 26.5 billion pounds. In the first half of the year, steer and heifer slaughter is projected to be slightly below last year's levels, as current feedlot inventories will be marketed as throughput. In the second half of the year, marketings will decline, reflecting lower first-half placements, due to tightening supplies and a dwindling herd. While some of last year's momentum will continue in the first half of 2023, beef cow slaughter in the second half is expected to decline sharply due to lower inventories and stronger returns, and improved forage that will likely incentivize producers retaining cows later in the year. Cattle weights are projected higher for 2023, with a decreasing proportion of cows in the slaughter mix and lower feed prices encouraging longer feeding.

Beef exports increased three percent in 2022 over the previous year. Exports to China, South Korea, and Taiwan increased, offsetting decreases in Mexico, Japan, and Canada. Total beef exports are expected to decline to 3.09 billion pounds in 2023. U.S. exportable supplies will likely be limited by tight domestic beef supplies and higher domestic prices will make U.S. beef less competitive overseas. Furthermore, increased beef production in competing countries, such as Australia and Brazil, will increase competition in several markets.

Beef imports were marginally higher in 2022 as lower imports from Oceania were offset by increased imports from Canada, Mexico, and Brazil. Imports for 2023 are forecast at 3.43 billion pounds, about one percent higher than 2022. U.S. cow slaughter is forecast lower for most of the year, and tighter domestic supplies of processing-type beef is expected to support demand of imported beef. Imports from Brazil are expected to continue under the U.S. tariff rate quota allocation for "Other" countries to meet strong U.S. demand. Early year indicators shows that the "Other" category is filled on par with last year, supporting this projection. Australian producers have been rebuilding their herd, which should increase available supplies of beef throughout 2023 despite labor shortages. However, growth in U.S. imports may be constrained by increased competition from Asian importers.

The 5-Area steer price for 2023 is forecast to average a record \$159.00 per cwt, approximately \$15 per cwt above 2022's average price and eclipsing the previous record set in 2014. Cattle prices will likely be supported by packer demand as beef demand remains relatively firm and supplies of steers and heifers in feedlots are tighter. Feeder cattle prices are projected to jump higher in 2023 as feedlots bid on increasingly tighter cattle supplies. Improved pasture conditions, assumed with normal weather, and tighter calf supplies will likely result in increased competition for lighter-weight cattle with stocker operations. Feeder steer prices for 750–800 pound calves in 2023 are forecast to average \$203.00 per cwt, compared to \$165.94 in 2022 and nearly equal to record prices in 2014.

## **Hogs and Pork**

In 2022, the U.S. hog sector contracted for the second consecutive year as the industry continued to wrestle with various factors, including persistent disease risk such as PRRS, volatile macroeconomic conditions, and uncertainty surrounding the upcoming Supreme Court ruling on California's Proposition 12, which restricts in-State marketing of pork not produced in compliance with State law, including pork produced in States outside of California. If

Proposition 12 were upheld, it could have an impact on producer decisions. The latest *Quarterly Hogs and Pigs* report, released December 23, 2022, estimated that the inventory of all hogs and pigs on December 1, 2022, was 73.1 million head, two percent below that of the prior year. The breeding herd was fractionally up from the prior year, suggesting a slight expansion amidst general economic uncertainty in both domestic and international markets. The *Quarterly Hogs and Pigs* report also showed producers indicating they farrowed about one percent fewer sows in the second half of 2022 but intended to farrow more sows in the first half of 2023. Pigs per litter in the last two quarters of 2022 were marginally higher than the previous year, suggesting a growth pattern which is assumed to continue to 2023. Coupled with higher farrowing intentions, a larger pig crop is expected, which leads to a projected hog slaughter in 2023 that is above the previous year.

U.S. hog imports are forecast at just under 6.5 million head for 2023, fractionally below that of 2022. Imports, driven by lower supplies of U.S. hogs and diverted supplies in Canada in 2022, are expected to retain momentum and but are projected slightly lower in 2023. This forecast reflects improving supplies of hogs in the U.S. in the second half of the year offset by fractionally tighter supplies in Canada.

Commercial pork production for 2023 is forecast at 27.4 billion pounds, two percent above 2022. After declining in 2022, total commercial slaughter is projected to rise, as well as carcass weights. Favorable feed prices compared to the previous year, and continued demand for pork are likely to provide incentives to feed to heavier weights.

After a dramatic increase in 2020, pork exports in 2022 declined ten percent to 6.34 billion pounds. The strong demand pulls from China in 2019 and 2020, caused by outbreaks of African Swine Fever, subsided in 2022. Declines in key markets such as China, Japan, Canada, and Colombia were partially offset by increases in Mexico, South Korea, and the Dominican Republic. Exports in 2023 are forecast slightly above 2022 levels at 6.35 billion pounds.

Imports increased 14 percent in 2022 to a record 1.34 billion pounds. Tighter domestic supplies and strong demand drove imports up, especially from Canada due to geographical proximity and logistical ease. With higher domestic U.S. production increasing supplies, imports are expected to fall in 2023 and are forecast at 1.01 billion pounds, 25 percent lower than 2022.

National base 51%-52% lean hog prices, live equivalent, are forecast to average \$66.50 per cwt for 2023, down from last year's \$71.21. A larger pig crop, increased farrowings, and moderate slaughter demand are expected to weigh on prices in 2023 compared to 2022.

## **Sheep and Lambs**

In 2022, the U.S. sheep and lamb inventory declined for the seventh consecutive year. The January 1, 2023, Sheep and Goats report estimated the total inventory of sheep and lambs at 5.0 million head, down one percent from January 2022. The total breeding inventory was also down one percent, and the number of replacement lambs was also down one percent. Federally

inspected mature sheep slaughter was 110,400 head in 2022, almost 22 percent lower than an usually high 2021.

For 2023, commercial lamb and mutton production is forecast at 130 million pounds, a decline of just under one percent from 2022. The smaller lamb crop in 2022 suggests lower supplies for slaughter in the first part of 2023.

Imports dipped slightly in 2022 after two consecutive years of double-digit growth rates. Lamb and mutton imports are forecast higher in 2023 at 365 million pounds, up two percent from 2022, as U.S. production is forecast lower.

A smaller domestic inventory and continued firm demand are expected to support lamb prices in 2023. The National Choice/Prime slaughter lamb price is forecast at \$138.75 per cwt, a 21 percent decrease from 2022 average price of \$174.57 per cwt.

## **Broiler Meat**

For 2023, broiler meat production is forecast just over one percent higher to a record 46.7 billion pounds. The first quarter of 2022 saw a slight contraction as the sector faced several challenges, including relatively low rates of hatch which limited the rates of growth in chick placements despite an increase in the laying flock. The industry saw a steady increase of broiler-type egg placements in the third quarter of 2022, as part of recovery efforts from HPAI. In 2023, the problem of a lower-than-historical number of eggs hatching that was observed in late 2021 and early 2022 seems to be continuing and is likely to be compensated by an increased laying flock. Broiler-type layers on January 1 were virtually unchanged from 2022, but both broiler placements and broilers eggs set so far in 2023 are above the same time in 2022.

U.S. broiler meat exports for 2023 are forecast to increase fractionally to 7.32 billion pounds. Although more exportable supplies will be available due to increased production, demand will be constrained by ongoing HPAI-related restrictions and higher prices that will likely dampen demand in price sensitive markets.

The National Composite wholesale broiler price is forecast to average \$1.27 per pound in 2023, ten percent lower than the 2022 average. Prices through mid-February are lower than the previous year and are expected to be below 2022 through the first three quarters on greater supplies.

## **Turkey**

Turkey production for 2023 is forecast to increase seven percent to 5.6 billion pounds. The turkey sector was affected by the HPAI outbreak in 2022, which led to a six percent decline of annual production from the previous year. Approximately 4.2 million turkeys were depopulated between August 2022 to January 2023. The data indicate that the industry is working to recover from the outbreaks. Eggs in incubators at the start of February are above 2022 levels, as well as

net poult placements during the first month of the year. Given the inherent biological lags, these trends indicate a stronger production growth in 3-5 months, reflected in a projection of above year-earlier production levels starting in the second-quarter 2023. Additionally, higher turkey prices during the first half of year and moderating feed prices later in the year are expected to encourage production to expand at an increasing rate as the year progresses.

With reduced supplies at the start of the year and continuing HPAI-related trade restrictions in key markets, turkey exports for 2023 are forecast to fall nine percent to 370 million pounds. Mexico remains the largest destination for turkey exports but relatively tight turkey supplies in the U.S. and relatively high prices may make turkey less attractive both there and in other price-sensitive markets.

With tight supplies prior to the outbreak, and disease related supply shortages, wholesale hen prices climbed up to a record monthly average of \$1.81 per pound in November. Even after the Thanksgiving holiday season, prices remained elevated throughout the fourth quarter of 2022. Prices for the first seven weeks of 2023 have averaged \$1.72 per pound. Although prices are expected to fall below 2022 during the second half of the year, the average National turkey hen price is forecast to average \$1.62 per pound, compared to an average of \$1.55 in 2022.

## **Eggs**

Total U.S. egg production in 2023 is forecast to increase to 9.4 billion dozen, four percent higher than HPAI-reduced levels of 2022. Table egg production in 2023 is forecast at 8.1 billion dozen, five percent above 2022, but below the 2019 record of 8.3 billion dozen. The table egg laying flock started 2022 below the previous year and contracted further with avian influenza outbreaks and related culls. Efforts to ramp up production, as measured by the number of eggs in incubators and egg type chicks that were placed, which were both above the previous year in the fourth quarter of 2022. While not quite there yet, a full recovery in the laying flock is expected in the coming year. Hatching egg production is expected to remain flat in 2023 with generally slow growth in broiler production.

In 2022, egg and egg product exports were 226.5 million dozen, shell egg equivalent, 42 percent lower than 2021. The decrease in exports were mainly driven by lower exportable supplies and higher prices. South Korea, Mexico, and Hong Kong saw the biggest decreases. For 2023, exports are forecast at 240 million dozen, up six percent from 2022.

Table egg prices rose sharply during 2022, with the average wholesale price of a dozen large eggs in New York climbing from \$1.24 per dozen in mid-January to seasonally peaking at \$5.40 per dozen at the end of December. Seasonal demand swings and repeated cases of HPAI impacting production, combined with relatively strong demand, pushed up prices over the whole year. Prices have sharply come down since December, and have averaged \$3.78 per dozen in January 2023, but remain well above prior year levels. As the sector recovers from HPAI in 2023, as assumed, and larger supplies expected to weigh on the market, the projection for egg supplies is expected be above 2022 and slightly above 2021. For 2023, New York wholesale egg prices are forecast to average \$2.07 per dozen, compared to \$2.82 for 2022.

Additional information about the 2023 livestock and poultry outlook is available at:

World Agricultural Outlook Board (WAOB)  
[World Agricultural Supply and Demand Estimates](#)

Economic Research Service (ERS)  
[Livestock, Dairy, and Poultry Situation and Outlook](#)

Foreign Agricultural Service (FAS)  
[Livestock and Poultry: World Markets and Trade](#)

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