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# Livestock and Poultry Outlook

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## OUTLOOK FOR LIVESTOCK AND POULTRY IN 2022

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Total red meat and poultry production in 2021 increased to a record 106.8 billion pounds but the sector faced continuing challenges to both supply and demand from Covid-19. Labor and logistical constraints limited the ability of the sector to manage throughput as live animals moved from the farm gate to the processing sector and product flowed on to retail, food service and export markets. Beef and broiler production expanded, but these gains were mostly offset by lower pork, lamb, and turkey production. With an improved economy and strong domestic and export demand, prices of cattle, hogs, broilers, turkeys and lambs all averaged higher in 2021. Although in many cases, the magnitude of the year-over-year increase from the prior year reflected sharp price declines during 2020, the levels of livestock and poultry prices were historically high. Specifically, cattle prices for the year averaged the highest since 2015, hog broiler prices were the highest since 2014, and turkey prices were record high.

However, despite high prices, thus far into 2022 the sector continues to face many of the challenges that affected production decisions in 2021 and producers have remained cautious in their production plans. Although 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 these improvements. For 2022, red meat and poultry production is forecast to decrease fractionally to 106.6 billion pounds as declines in red meat production more than offset higher poultry production. Although the decline in production is only fractional, it will be the first decline in total red meat and poultry production since 2014. For 2022, tighter supplies of cattle are expected to support higher fed steer prices. Hog prices are expected to be lower despite slightly lower production, as exports, which over the past two years absorbed just over 25 percent of U.S. production, is projected to decline, and domestic wholesale demand is somewhat softer relative to 2021. Broiler and turkey prices are expected to increase with only modest production growth and continued strength in demand.

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

Feed prices during 2022 are likely to be slightly lower than 2021. Corn prices in the first part of 2022 are expected to be above a year ago reflecting a forecast 2021/22 crop year average of \$5.45 per bushel. However, prices later in the year are expected to be below 2021, reflecting a decline in the season average price to \$5.00 per bushel for 2022/23. Soybean meal prices in the first part of 2022 will reflect a 2021/22 crop year average of \$410 per ton and prices in the fourth quarter are expected to reflect a market year forecast of \$375 for 2022/2023. Hay stocks on December 1, 2019 were 79.0

million tons, 6 percent lower than 2020. Although a number of major cattle producing States such as Texas, Oklahoma, and Nebraska had higher levels of stocks, areas of the Northern Plains and the West had significantly lower stock levels.

Real U.S. GDP is expected to increase approximately 4 percent in 2022. However, disposable incomes may decline as some government payments provided to mitigate the impacts of Covid-19 on incomes will expire. Coupled with expectations of persistent inflation during the year, household expenditures may be pressured. However, unemployment is forecast to continue to decline and further loosening of Covid-19 restrictions will tend to be supportive for meat demand. Internationally, economic growth is forecast to be positive as economies recover from the impacts of Covid-19. The U.S. dollar will likely strengthen slightly against key importers which could dampen prospects for exports. With higher expected prices for many livestock products and increased competition in a number of markets, meat exports are likely to be constrained.

## **Cattle and Beef**

The cattle inventory marked its third year of contraction in 2021. The *Cattle* report estimated the number of cattle and calves on January 1, 2022 at 91.9 million head, down 2 percent from a year earlier. The number of cows and heifers that calved was estimated at 39.5 million head, down 2 percent from the previous year. The beef cow herd was estimated at 30.1 million head, 2 percent smaller than the 2021 estimate. The 2021 calf crop was estimated at 35.1 million head, about 1 percent smaller than the 2020 calf crop.

The U.S. cattle inventory will likely decline further in 2022. The *Cattle* report estimated that producers retained 3 percent fewer replacement heifers for the beef cow herd this year, and that fewer numbers of beef heifers expected to calve during 2022. The dairy cow herd was estimated about 1 percent lower, and producers indicated intentions to hold fewer heifers for addition to the dairy herd. Beef and dairy cow slaughter thus far in 2022 has been above 2021, and although it is likely that cow slaughter will decline later in the year as producers respond to improved forage conditions and higher margins, the smaller cow base implies that the number of calves produced in 2022 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 14.7 million head, fractionally higher than 2021 while the number of cattle outside of feedlots on January 1 was about 2.6 percent below a year ago. While the pace of placements has been relatively high due to deteriorating winter pasture conditions in the Southern Plains and tight hay stocks in parts of the country, this is likely drawing from cattle which would have been placed later in the year. Although changes in producer decisions concerning heifer retention over the course of the year can affect the levels of heifers available for placement, current data would point towards declining placements, and consequently lower feedlot numbers during the year. Strong incentives to offset declining U.S. numbers will result in higher imports. Imports of cattle are forecast at just over 2.0 million head in 2022, up from 1.8 million head in 2021. Although the demand pull from the U.S. will be strong, imports will likely be limited by the relatively tight supplies of cattle in Mexico and Canada.

Commercial beef production for 2022 is forecast to fall by 2 percent, to 27.38 billion pounds. In the first part of the year, steer and heifer slaughter will likely remain near last year's levels, as current feedlot inventories are marketed. As the year progresses, however, marketings will decline as feedlot numbers diminish. Additionally, cow slaughter is expected to decline due to lower inventories and expectations that any response to improving returns or forage will likely be manifest in producers retaining cows later in the year. Heavier cattle weights, which is a function of expected demand for higher-grading fed cattle as well as a decreasing proportion of cows in the slaughter mix during 2022, will only partly offset lower slaughter numbers.

Beef exports increased almost 17 percent in 2021. Exports to Japan, Mexico, Canada, and Taiwan were lower, although exports to South Korea and China increased. Gains in exports to China was the primary driver of U.S. export growth in 2021, increasing over 350 percent from 2020 and propelling that market from 4 percent of U.S. exports in 2020 to almost 16 percent of total U.S. beef exports in 2021. China's demand for U.S. beef reflects a combination of a shift in dietary habits and changes in policies which previously limited U.S. beef imports. Total beef exports are expected to decline to 3.27 billion pounds in 2022. U.S. exports are likely to be pressured by tightening domestic beef supplies and the resultant higher prices may make U.S. beef less price competitive. Furthermore, increased beef production in export-oriented countries such as Australia and Brazil will likely increase competition in several markets.

Beef imports were relatively flat in 2021 as lower imports from Oceania were offset by increased imports from Canada, Mexico, and most notably, Brazil. China was Brazil's primary market but imposed a temporary import ban for part of the year due to a discovery of Bovine Spongiform Encephalopathy (BSE). As a result, Brazil became a strong competitor in the U.S. market. Imports are forecast at 3.37 billion pounds for 2022, about 1 percent higher than 2021. U.S. cow slaughter is forecast lower for much of the year and tighter domestic supplies of processing-type beef is expected to support demand. Brazil has now resumed shipping beef to China following lifting the BSE-related restrictions, and Brazil's exports to the United States will face a higher tariff if they surpass the U.S. quota allocation for "other countries". On the other hand, Australian producers have been rebuilding their herds and increased supplies of beef will likely be available in the later part of 2022.

The 5-Area steer price for 2022 is forecast to average \$137.5 per cwt, \$15 per cwt above 2021's average price and the highest price since 2015. Cattle prices will likely be supported by increased demand by packers as the sector overcomes constraints on throughput and tighter supplies of steers and heifers in feedlots. Feeder cattle prices will likely average higher during 2022 as feedlots bid for tighter cattle supplies. Improved pasture conditions and tighter calf supplies will likely result in increased competition for lighter-weight cattle, increasing costs for stocker operations. Feeder steer prices for 750–800-pound calves in 2022 are forecast to average \$161 per cwt, compared to \$146.95 in 2021.

## **Hogs and Pork**

In 2021, the U.S. hog sector contracted for its second year as the industry continued to wrestle with the impacts and uncertainties resulting from Covid-19. The December 2021 *Quarterly Hogs and Pigs* report estimated that on December 1, 2021, the inventory of all hogs and pigs was 74.2 million head, 4 percent below the prior year and the smallest December 1 inventory since 2017. The breeding herd,

however, was virtually unchanged from the prior year, indicating that while producers were keeping a rein on production growth in early 2022, they were maintaining the capability to expand production later in the year. Despite improved returns during much of 2022, in the most recent *Quarterly Hogs and Pigs* report, producers indicated that they farrowed about 6 percent fewer sows in the second half of 2021 and intended to farrow fractionally fewer sows in first-half 2022. However, the rate of growth in pigs per litter in the last 2 quarters of 2021 averaged about 1 percent, and assuming growth in pigs per litter rebounds from its first-half 2021 declines, the pig crops from the second-half 2021 and first-half 2022 which will supply the slaughter during in 2022 will likely average 1-2 percent lower than the prior period. In aggregate, the smaller pig crop is expected to result in lower hog slaughter in 2022. However, this will be skewed with sharper declines in the pig crop available for slaughter in the first half of 2022 compared to a year-over-year increase in pigs forecast to be available in the second half of 2022. In the short term, labor and logistical constraints have affected slaughter capacity and resulted in price volatility, especially in the negotiated markets. Longer term, the slaughter sector's ability to address these constraints may be reflected in prices and could be a determinant in the willingness of producers to adhere to their currently stated production plans.

U.S. hog imports are forecast at just under 5.7 million head for 2022, down about 14 percent from 2021. Imports in 2021 were stimulated both by lower supplies of U.S. hogs, and a labor dispute at a major Canadian packer resulted in an increased number of hogs shipped to the United States for slaughter. With that dispute resolved in late 2021, imports of Canadian hogs in 2022 will be lower but still reflect the pull from tight supplies of hogs in the U.S.

Commercial pork production for 2022 is forecast at 27.38 billion pounds, about 1 percent lower than 2021. After declining in 2021, carcass weights are expected to increase, offsetting to a small extent, the impacts of lower slaughter numbers. Later-year declines in feed prices and smaller pig crops relative to available finishing capacity may provide incentives to feed to heavier weights.

After a dramatic increase in 2020, pork exports in 2021 declined about 3 percent to 7.03 billion pounds. In 2019 and 2020, the United States benefited from strong import demand by China due to African swine fever (ASF)-induced shortfalls in production. The benefit was not just through increased exports to China (the growth of which were substantial), but also reflected reduced competition in other key markets as competitors shifted sales to meet China's import demand. However, in 2021, China's pork imports declined 17 percent as the sector recovered from ASF, and the U.S. not only saw exports to China decline but had to defend gains made in other markets as competing exporters who had increased production began looking at alternative markets. With China's imports forecast lower and continued competition in a number of other markets, exports in 2022 are forecast to decline about 3 percent to 6.81 billion pounds.

Imports increased 31 percent in 2021 to 1.18 billion pounds, the highest level of imports since 2003. Strong demand for pork in the United States, coupled with weakening demand in China made the United States an attractive market for exporters. Imports from all major import sources (Canada, the EU, Mexico, and Brazil) increased at double-digit rates. With lower domestic U.S. production and an increased focus on alternative-to-China markets by major exporters, U.S. imports are expected to increase in 2022 as the United States becomes a more attractive market for some exporters. Pork imports for the year are forecast at a record 1.31 billion pounds, 11 percent higher than 2021.

National base 51%-52% lean hog prices, live equivalent, are forecast to average \$65 per cwt for 2022, down from last year's \$67.29. Increased availability of hogs from slightly larger first half 2022 pig crops and lower expected export demand may keep hog prices from rising as rapidly in mid-year 2022 compared to 2021.

## **Sheep and Lambs**

In 2021, the U.S. sheep and lamb inventory declined for the sixth year. The January 1, 2022 *Sheep and Goats* report estimated the total inventory of sheep and lambs at 5.07 million head, down 2 percent from January 2021. The total breeding inventory was also down 2 percent, and the number of replacement lambs was down almost 2 percent. Despite record high lamb prices, drought conditions in much of the sheep raising areas likely led to increased liquidation of the breeding herd. Federally inspected mature sheep slaughter was 141,000 head in 2021, the highest level of slaughter since 2012.

For 2022, commercial lamb and mutton production is forecast to reach 136 million pounds, a decline of just over 1 percent from 2021. The smaller lamb crop in 2021 would suggest lower supplies for slaughter in the first part of 2022.

Lamb and mutton imports are forecast higher in 2022, as U.S. production is forecast lower. Increased supplies in Australia and strong U.S. demand will support imports growth although not at the double-digit growth rates of 2020 and 2021. Lamb and mutton imports in 2022 are forecast at 385 million pounds, up 7 percent from 2021.

A smaller domestic inventory and continued firm demand are expected to support lamb prices in 2022. The National Choice/Prime slaughter lamb price is forecast at a record \$226 per cwt, a 4 percent increase from 2021 average price of \$216.92 per cwt.

## **Broiler Meat**

For 2022, broiler meat production is forecast just over 1 percent higher to a record 45.49 billion pounds. After a contraction in production in second half of 2020 and early-2021, broiler price-feed margins began improving in early 2021. Although the stage may be set for an expansion in production, the sector continues to face challenges due in part to relatively low rates of hatch which dampen the rates of growth despite an increase in the laying flock. During 2021, broiler-type layer flocks were above 2020 for the entire year and the number of eggs produced per layer also averaged above year earlier in most months with the notable exception of a sharp decline in July. However, despite a 2-percent higher level of average weekly eggs set in incubators during 2021, the average number of chicks placed in flocks 3 weeks later averaged less than one-half of one percent higher. This shortfall in placement was reflected in a reported hatchability (the number of eggs hatched divided by the number of eggs set in incubators 3 weeks earlier) which was below 2020. Thus far in 2022, the problem of a lower-than-historical number of eggs hatching appears to be persisting. However, the sector does appear to be attempting to compensate by increasing the laying flock. Broiler-type layers on January 1 were about one percent above 2021 and during December about 13 percent more pullets-for-addition-to-the-laying-flock were hatched. Nonetheless, until the hatchability constraint is overcome, any expansion of in the number birds for slaughter will likely be muted.

U.S. broiler meat exports for 2022 are forecast to increase fractionally to a record 7.38 billion pounds following 2 years of flat exports. Although U.S. supplies are expected to be larger, higher domestic prices will likely dampen demand in price sensitive markets. Mexico and China, the largest and third largest destinations for U.S. broiler meat, respectively, are forecast to increase imports of chicken meat in 2022 which could benefit U.S. exports. However, total chicken imports by Cuba, the second largest destination for broiler meat, is expected to be lower.

The National Composite wholesale broiler price is forecast to average a record \$1.13 per pound in 2022, compared with an average of \$1.02 in 2021. Prices through mid-February were well above 2021, but with increased production, prices are expected to decline through the year to below year-earlier levels in the fourth quarter.

## **Turkey**

Turkey production for 2022 is forecast to increase 1 percent to 5.62 billion pounds. Annual production has declined since 2018 and after an improvement in turkey price-feed margins, there are signs of a pending expansion in production. However, given the inherent biological lags, quarterly production is not expected to be above year-earlier levels until second-quarter 2022. Eggs in incubators on the first of January and February been above year-earlier levels for the first time since December 2020. Poultry placements in January were also above 2021. However, these early signs for expansion are not likely to manifest themselves as higher numbers of birds for slaughter for about 3-5 months whereas production in the first part of this year will be drawing from only a marginally higher number of poults placed during the fourth quarter of 2021. Nonetheless, higher turkey prices during the year and moderating feed prices later in the year will be supportive to margins and are expected to encourage production to expand at an increasing rate as the year progresses.

Turkey exports for 2022 are forecast to increase less than 1 percent to 545 million pounds. Mexico remains the largest destination for turkey exports but relative tight turkey supplies in the U.S. and relatively high prices may make turkey less attractive in price-sensitive markets

With tight lower turkey production and tightening stocks, wholesale hen prices climbed during 2021 to peak at a record \$1.44 per pound in mid-September. Although prices gradually moved lower in the remainder of 2021, prices for the first 7 weeks of 2022 averaged \$1.29 per pound, almost \$0.21 higher than the comparable period in 2021. Although prices are expected to fall below 2021 during the second half of the year, the average National turkey hen price is forecast to average just under \$1.26 per pound, compared to an average of \$1.23 in 2021.

## Eggs

Total U.S. egg production in 2022 is forecast to increase to 9.43 billion dozen, about 1 percent higher than 2021. Table egg production in 2022 is forecast a record 8.15 billion dozen, 1 percent above 2021, but below the 2019 record of 8.260 billion dozen. Table egg prices were highly volatile during 2021, with the average wholesale price of a dozen large eggs in New York climbing from the low-\$0.90's at the beginning of the year to \$1.50 in mid-March, falling to the high \$0.80's in early June, stair-stepping to the mid-\$1.40's in August, and declining to \$1.00 in October before peaking seasonally at \$1.73 in early December. This volatility has likely made producers cautious in their expansion plans. The table egg laying flock was below 2020 and started this year below 2021. On January 1, 2022, the table layer flock was 326 million birds, fractionally below 2021. The number of egg-type layers remains below year earlier levels, indicating that flocks are not likely to expand much in the early part of the year. Hatching egg production is expected to increase modestly in 2022, reflecting expected gradual increases in both broiler and egg flocks.

In 2021, egg and egg product exports were 392 million dozen, shell egg equivalent, 14 percent higher than 2020. This increase was largely due to higher shipments to South Korea as outbreaks of Highly Pathogenic Avian Influenza resulted in widespread culling of flocks. Exports to Mexico, the largest buyer of U.S. eggs and products were lower, but exports to other major markets such as Canada, Hong Kong, and Japan were higher. Exports to South Korea are expected to be lower in 2022 as they rebuild their flocks which will put downward pressure on exports. For 2022, exports are forecast at 355 million dozen, down nearly 10 percent from 2021.

Egg prices moved lower at the beginning of the year but then spiked at \$1.89 per dozen during the first week of February. Given only modest increases in supplies and continued strong demand for eggs the annual average egg price for 2022 is expected to be above 2021. For 2022, New York wholesale egg prices are forecast to average just over \$1.31 per dozen, compared to \$1.19 for 2021.

Additional information about the 2022 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](#)