Outlook for the U.S. Livestock and Poultry Sectors in 2022

Presented By
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World Agricultural Outlook Board, USDA

USDA Agricultural Outlook Forum
February 25, 2022
## Total Meat Production Lower

<table>
<thead>
<tr>
<th>Billion pounds</th>
<th>2020</th>
<th>2021</th>
<th>2022F</th>
<th>2021-22 % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef</td>
<td>27.174</td>
<td>27.937</td>
<td>27.375</td>
<td>-2.0</td>
</tr>
<tr>
<td>Pork</td>
<td>28.303</td>
<td>27.673</td>
<td>27.380</td>
<td>-1.1</td>
</tr>
<tr>
<td>Broiler Meat</td>
<td>44.583</td>
<td>44.889</td>
<td>45.485</td>
<td>1.3</td>
</tr>
<tr>
<td>Turkey</td>
<td>5.743</td>
<td>5.558</td>
<td>5.615</td>
<td>1.0</td>
</tr>
<tr>
<td>Total Red Meat &amp; Poultry</td>
<td>106.556</td>
<td>106.784</td>
<td>106.601</td>
<td>-0.2</td>
</tr>
</tbody>
</table>
Tighter Meat Supplies Will Constrain Exports, Boost Imports

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<tr>
<th>Billion pounds</th>
<th>2020</th>
<th>2021</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Exports</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beef</td>
<td>2.951</td>
<td>3.447</td>
<td>3.270</td>
<td>-5.1</td>
</tr>
<tr>
<td>Pork</td>
<td>7.280</td>
<td>7.030</td>
<td>6.810</td>
<td>-3.1</td>
</tr>
<tr>
<td>Broiler Meat</td>
<td>7.367</td>
<td>7.367</td>
<td>7.375</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Imports</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beef</td>
<td>3.342</td>
<td>3.348</td>
<td>3.370</td>
<td>0.7</td>
</tr>
<tr>
<td>Pork</td>
<td>0.904</td>
<td>1.180</td>
<td>1.310</td>
<td>11.0</td>
</tr>
</tbody>
</table>
## Livestock & Poultry Prices Mixed

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022F</th>
<th>2021-22 % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cattle, $/cwt</strong></td>
<td>$108.51</td>
<td>$122.40</td>
<td>$137.50</td>
<td>12.3</td>
</tr>
<tr>
<td><strong>Hogs, $/cwt (live equiv.)</strong></td>
<td>$43.18</td>
<td>$67.29</td>
<td>$66.00</td>
<td>-3.4</td>
</tr>
<tr>
<td><strong>National Composite Broiler, $/lb</strong></td>
<td>$0.73</td>
<td>$1.01</td>
<td>$1.13</td>
<td>11.4</td>
</tr>
<tr>
<td><strong>Turkey, $/lb</strong></td>
<td>$1.07</td>
<td>$1.23</td>
<td>$1.26</td>
<td>2.8</td>
</tr>
</tbody>
</table>
First Decline in Per Capita Domestic Disappearance Since 2012

- Broiler
- Beef
- Pork
- Turkey
- Other

* Forecast
Situation Facing Livestock and Poultry Producers

Lower Feed Prices

• Corn: $5.45/bu in 2021/22
  $5.00/bu in 2022/23

• Soybean meal: $410/ton in 2021/22
  $375/ton in 2022/23

Forage Supplies Tight

• Drought in parts of the country
• “Other” hay prices in second-half 2021 above 2020
• Dec 1 hay stocks 6 percent lower
Cattle Areas in Drought

Reflects December 28, 2021
U.S. Drought Monitor data

Approximate inventory in:
Moderate drought (D1) = 50%
Severe drought (D2) = 33%

Major and minor agricultural areas are delineated using NASS 2017 Census of Agriculture data. Drought areas are identified using the U.S. Drought Monitor product.
December 2021 Hay Stocks
1,000 Tons and Percent Change from 2020

Source: US Department of Agriculture
National Agricultural Statistics Service
Situation Facing Livestock and Poultry Producers

- Animal Diseases - Ongoing Concern
- Forecasts based on conditions as of February 9, 2022
Highly Pathogenic Avian Influenza Disease Presence – Early 2022

Source: OIE/WAHIS
African Swine Fever Presence - Early 2022

Source: OIE/WAHIS
Situation Facing Livestock and Poultry Producers

• Animal Diseases - Ongoing Concern
  • Forecasts based on conditions as of February 9, 2022

• Covid-19 Impacts Still Reverberate
  • Health and Safety Restrictions Easing
  • Logistical Costs and Constraints
Is Spending Shifting Back to Longer-term Relationship?

Source: U.S. Census Bureau data retrieved Federal Reserve Bank of St. Louis
Refrigerated Container Trucking Rates* Rose in First-Half 2021

*Dollars per mile

*Based on fruit and vegetable shipments

Source: USDA Agricultural Marketing Service
Cattle Slaughter is Close to Pre-Covid Weekday Averages

Daily Federally Inspected Cattle Slaughter

- 2019 Jan-March: 115,000 head
- 2019 Jan-March: 30,600 head
Hog Slaughter is Partly Constrained by Supplies

Daily Federally Inspected Hog Slaughter

- Average Weekday Slaughter
- Average Non-Holiday-Week Saturday Slaughter

Thousand head


2019 Jan-March
460,000 head

2019 Jan-March
185,000 head

USDA
Factors Driving the U.S. Forecasts:

- Cattle – Herd Contraction Continues
  - January 1 cattle inventory down 2 percent
  - Beef cow numbers down 2 percent
  - Heifers for beef cow replacement 3 percent lower
Cattle Herd at 91.9 Million on Jan 1, 2022
Further Decline Likely
Beef Cow Herd, Calf Crop Smaller

* 2022 Calf Crop Forecast
Cattle on Feed Higher, Available for Placement Lower

- 2013: Million Head -2.6%
- 2014: Million Head +0.2%
- 2015: Million Head -1.6%

Legend:
- Outside Feedlots
- On-Feed

USDA
Feeder Calf Prices Will Average Higher in 2022
Factors Driving the Forecasts:

- Hogs — Inventory Smaller
- Producers Retrenching
Hog Inventory Declined to 74.2 Million Head on December 1, 2021
Average Returns to Farrow-Finish Operators

Source: Iowa State University
2021-22 Stated Farrowing Intentions Reflect Uncertainty

*QI & QII Reported Intentions
QIII & QIV Forecast
Factors Driving the Forecasts:

- Hogs – Inventory Smaller
  - Producers Retrenching
- Slower Growth in Pigs per Litter
Pigs per Litter Slightly Below Trend

Trend: 2014.3-2021.4

* Forecast
China’s Recovery From African Swine Fever has Affected Import Patterns

Source: Livestock and Poultry: World Markets and Trade, January 12, 2022
USDA/FAS

*Excluding paws
2021 Pork Exports Fell, First Decline Since 2015
Factors Driving the Forecasts:

• Broilers – Sector Slowly Expanding
Indexed Broiler Returns: Whole Broiler Price Minus Feed Cost

Source: USDA Economic Research Service
Broiler Laying Flock Grew During 2021 First of Month

Source: US Department of Agriculture
National Agricultural Statistics Service
Eggs per Layer Mostly Higher

Source: US Department of Agriculture
National Agricultural Statistics Service
Factors Driving the Forecasts:

• Broilers – Sector Expanding
  • Hatchability Remains a Constraint to Production Increase
Placements Lag Egg Sets

Chicks Placed as Percent of Eggs Set 3 Weeks Prior

Source: US Department of Agriculture
National Agricultural Statistics Service
Factors Driving the Forecasts:

• Broilers – Sector Slowly Expanding
  • Hatchability Remains a Constraint to Production Increase
  • Bird Weights Continue to Increase
Proportion of Heavier-Weight Birds Above Last Year…

Source: USDA Agricultural Marketing Service
But Broiler Weight Growth Slowed

Pounds liveweight

Source: US Department of Agriculture
National Agricultural Statistics Service
Factors Driving the Forecasts:

- Turkey – Market is Facing Tight Supplies
  - Prices Are Stronger
Turkey Prices Increasing with Tight Supplies

Frozen Hen Price

Source: USDA Agricultural Marketing Service
Indexed Turkey Returns:
Frozen Hen Price Minus Feed Cost

Source: USDA Economic Research Service
Factors Driving the Forecasts:

• Turkey – Market is Facing Tight Supplies
  • Prices Are Stronger
  • Signs of Expansion
Has the Sector Begun to Rebound?

Eggs in Incubators, First of Month

Source: US Department of Agriculture
National Agricultural Statistics Service
Turkey Poult Placement Higher

Source: US Department of Agriculture
National Agricultural Statistics Service
Factors Driving the Forecasts:

• Eggs – Slow Growth Continues
  • Laying Flock Little Changed
Egg Laying Flock Remains Little Changed
First of Month

Source: US Department of Agriculture
National Agricultural Statistics Service
Second-Half Eggs per Layer Lagged 2020 with Older Hens

Eggs per 100 Layers per Day

Source: US Department of Agriculture National Agricultural Statistics Service
Egg Production Will Be Below 2019 Record

Table

Hatching

*Forecast
Egg Prices Will Average $1.31 per Dozen in 2022

N.Y. Wholesale Price - Large Eggs

* Forecast
Additional information about the USDA outlook is available at the following websites:

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

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

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