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U.S. Livestock and Poultry Outlook

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Overview

Total red meat and poultry production in 2020 increased to a record 106.5 billion pounds, despite facing unprecedented challenges due to the global COVID-19 pandemic. Pork and broiler production increased in 2020; however, beef production was virtually unchanged while lamb and turkey production was estimated lower. For 2021, total red meat and poultry production is forecast to increase about 1 percent to 107.6 billion pounds driven primarily by record production of beef, pork, and broiler meat. Turkey production is expected to continue to decrease with production growth late in the year tempered by rising feed costs.

In 2020, livestock and broiler prices were lower, reflecting reduced packer demand in the second quarter of the year. Nonetheless, prices did rebound in the second half of the year but averaged lower than 2019 prices on an annual basis. For 2021, growth in demand is expected to support higher livestock and poultry prices, despite expected increases in production.

Feed Outlook 2021

On an annual basis, feed prices are forecast higher in 2021. The annual 2020/21 corn price is forecast to average \$4.30 per bushel, up 20.8 percent from the previous year. The 2021/22 average corn price is forecast to decline slightly to \$4.20 per bushel. Soybean meal price for 2020/21 are forecast to average \$400 per ton, up 33.6 percent from last year. The 2021/22 average soybean meal price is forecast to decline to \$390 per ton.

Cattle

The annual *Cattle* report estimated the number of cattle and calves on January 1, 2021 at 93.6 million head, down fractionally (0.2 percent) from a year earlier. This is the second year of contraction for the U.S. cattle sector. The number of cows and heifers that calved was estimated at 40.6 million head, down 0.2 percent from the previous year. The beef cow herd was estimated at 31.2 million head, down 1 percent from 2020. The 2020 calf-crop was estimated at 35.1 million head, 1 percent smaller than 2019 calf crop.

The U.S. cattle inventory is expected to recover and increase modestly in 2022, with support from estimates that producers retained approximately the same level of replacement heifers for the beef cow herd as last year; but the number of beef heifers expected to calve during 2021 was approximately 1 percent higher than 2020. The dairy cow herd was estimated to be approximately 1 percent higher than last year, however the number of dairy cows retained for milk cow replacement was 2 percent lower and the number of dairy cows expected to calve was also estimated 2 percent below the previous year.

The total number of cattle on feed in feedlots of all sizes as of January 1 was 14.7 million head, up fractionally from the previous year. Supplies of cattle outside feedlots was estimated fractionally lower than last year. However, the number of cattle grazing on small grains pastures was estimated 7 percent above year-ago levels. These cattle will likely be placed in feedlots in early 2021 and marketed during the latter part of the year. However, higher projected feed costs and dry conditions coupled with low stocks of forage in some parts of major cattle producing regions could potentially affect the timing of when these cattle will be placed in feedlots.

Beef production for 2021 is forecast at 27.5 billion pounds, an increase of 1.4 percent year-over-year. In 2021, commercial steer and heifer slaughter is expected to be above 2020 levels while cow slaughter is forecast to decline approximately 4 percent. Total commercial cattle slaughter during 2021 is expected to increase 1 percent. Carcass weights are expected to increase in 2020 but higher forecast feed costs are expected to temper growth in the second half of the year.

After declining in 2020, U.S. beef exports are forecast to increase over 6 percent in 2021. Japan and South Korea were top destinations for U.S. beef exports volume-wise in 2020, followed by Mexico and Canada and increasingly strong exports from China. Strong international demand strength from late 2020 is expected to carry into 2021. Total U.S. beef exports are forecast to reach 3.1 billion pounds in 2021, up 6.4 percent from 2020. U.S. beef imports are forecast to reach 3.0 billion pounds in 2021, down 10.1 percent from 2020. Decreased shipments from Australia are the primary driver behind lower imports in 2021.

The 5-area steer price for 2021 is forecast to average \$115 per cwt, nearly 6 percent higher than 2020. Firm domestic demand and stronger exports are expected to support higher prices, despite higher beef production.

Pork

The *Quarterly December Hogs and Pigs* reported estimated the total number of hogs and pigs on December 1 at 77.5 million head, 1 percent below 2019. Producers farrowed 3.164 million sows during the September-November period, down 1 percent when compared to the previous year. The September-November pigs per litter estimate was fractionally lower than last year at 11.05. Estimated year-over-year lower farrowings and pigs per litter resulted in the 2020 September-November pig crop 1 percent lower at 34.973 million head. Producers indicated intentions to farrow about 2 percent more sows in the December 2020-February 2021 quarter, but intend to

farrow 1 percent fewer sows in the March-May 2021 quarter. Hog production will continue to expand as growth in pigs per litter will support larger pig crops.

In 2021, commercial pork production is forecast to reach a record 28.7 billion pounds, up 1.4 percent year over year. Increasing slaughter hog inventories will boost commercial pork although lighter annual hog carcass weights will offset slaughter gains. First-half 2021 pork production is forecast higher on larger estimated pig crops from the second half of 2020 while second half 2021 pork production will reflect slightly higher average farrowing intentions for the first half of the year and growth in pigs per litter.

Pork exports for 2021 are forecast to reach 7.2 billion pounds, about 1.5 percent lower than 2020. The firm growth in import demand from China is expected to slow in 2021 as China begins to recover from African Swine Fever (ASF) and begins to rebuild its sow herd and live hog inventories. However, export growth in other key markets such as Mexico, Canada, and Japan (and to a lesser degree several Latin American countries) are expected to partially offset declines from China. Pork imports for 2021 are forecast at 0.9 billion pounds, up 4.5 percent from 2020.

U.S. hog prices, on a national base, 51%-52% lean, live equivalent, are forecast to average \$50.50 per cwt for 2021, higher than last year's price by nearly 17 percent. Despite higher hog slaughter expectations, firm demand will support higher prices.

Sheep and Lambs

The January 1 *Sheep and Goats* report estimated the total inventory of sheep and lambs at 5.2 million head, down about 1 percent from January 2020. The total breeding inventory was also down 1 percent while the number of replacement lambs was estimated approximately 2 percent lower.

For 2021, commercial lamb and mutton production is forecast to reach 136 million pounds, a decline of 1.4 percent from 2020. Lamb and mutton imports are forecast lower in 2021, despite lower forecast production, largely reflecting limited availability of exportable supplies in Australia. Lamb and mutton imports for 2021 are forecast at 290 million pounds, down 3.8 percent from 2020.

The 2021 National Choice/Prime slaughter lamb price is forecast at \$161 per cwt, fractionally lower than the previous year.

Broilers

The 2021 broiler production forecast is projected to be record large at 44.9 billion pounds, driven primarily by heavier average bird weights. However, the combination of higher feed prices and weakening returns are expected to limit production growth.

U.S. broiler exports to several key markets were hampered in 2020 as the global economy slowed because of the global pandemic as well as non-SPS trade barriers and challenges. However, China emerged as a strong market late in the year after bans on U.S. poultry meat were lifted. This supported stronger export growth in 2020. For 2021, broiler meat exports are forecast to increase fractionally to 7.4 billion pounds supported by continued import demand from China and gradual recovery of global economic conditions.

The National composite wholesale broiler price is forecast to average \$0.85 per pound in 2021, up 15.4 percent relative to last year. Broiler prices are forecast higher for the year, supported by improving demand and lighter anticipated production in the second half of the year.

Turkey

Turkey production for 2021 is forecast to reach 5.7 billion pounds, down fractionally (0.3 percent) from 2020. Recent hatchery data points towards lower production levels in the months ahead as placements remain below year prior levels. Expectations of continued declines in monthly placement numbers and expectations for rising feed costs in the second half of the year will keep turkey production in a steady state.

In 2020, exports were estimated 10.5 percent lower than 2019 on weak international demand from major trading partners. However, demand from China increased notably after China lifted a long-standing import ban on U.S. poultry meat due to the 2014 avian influenza outbreak. Looking ahead into 2021, turkey exports are forecast slightly higher on recovering global demand.

For 2021, the National turkey hen price is forecast to average \$1.11 per pound, approximately 4 percent higher than 2020.

Eggs

In 2020, total egg production declined nearly 2 percent, largely reflecting the lapse in demand from the HRI sectors, particularly for processed eggs. For 2021, total U.S. egg production for 2021 is forecast to be 9.3 billion dozen, up nearly 1 percent from 2020 on expected recovery in HRI demand. Retail demand is also expected to remain strong in 2021. In addition, higher expected layer inventories are expected support increased egg production, but higher forecast feed costs will likely temper production growth in the last half of the year.

Egg exports for 2021 are forecast to reach 335 million dozen, down 2.6 percent from 2020.

For 2020, the New York egg price forecast is expected decrease fractionally, averaging 112 cents per dozen.

Additional information about the 2021 livestock and poultry forecasts is available at:

World Agricultural Outlook Board (WAOB)
World Agricultural Supply and Demand Estimates
www.usda.gov/oce/commodity/wasde/index.htm

Economic Research Service (ERS)
Livestock, Dairy, and Poultry Situation and Outlook
<https://www.ers.usda.gov/publications/?page=1&topicId=0&authorId=0&seriesCode=LDPM&sort=CopyrightDate&sortDir=desc>

Foreign Agricultural Service (FAS)
Livestock and Poultry: World Markets and Trade
<http://www.fas.usda.gov/data/livestock-and-poultry-world-markets-and-trade>