

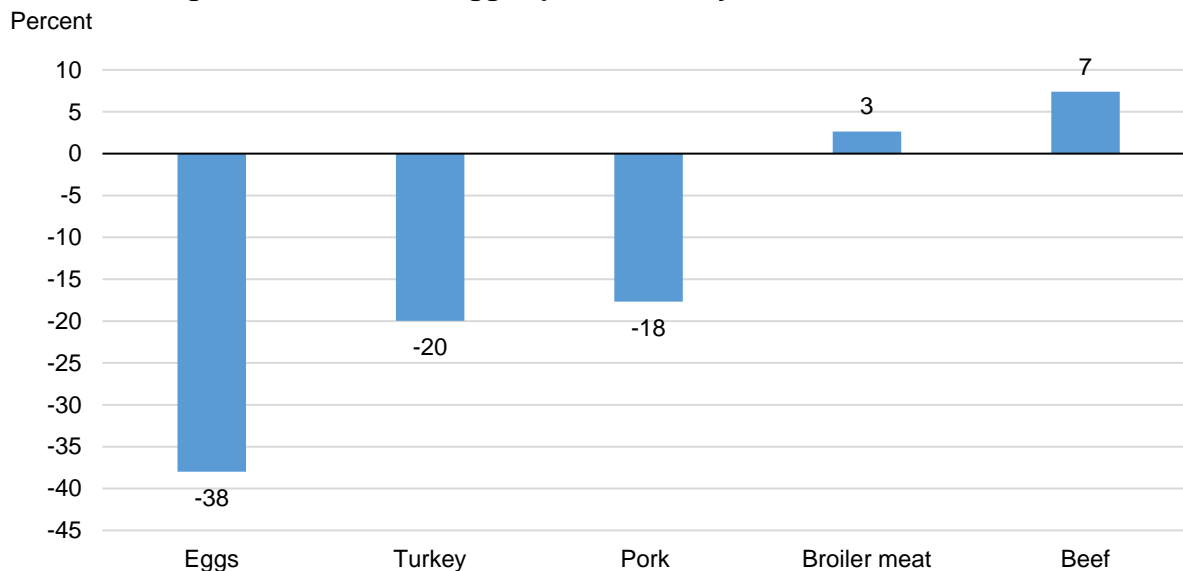


Livestock, Dairy, and Poultry Outlook: August 2022

First-Half Meat and Egg Exports Mostly Lower in 2022

U.S. export quantities of eggs, turkey, and pork in the first half of 2022 were down compared to the first half of 2021, while exports of broiler meat and beef were up. Egg and turkey exports, which were down 38 and 20 percent, respectively, were negatively impacted by the outbreak of Highly Pathogenic Avian Influenza. Egg export quantities to Canada remained relatively flat but there were significant decreases in exports to the other major markets (Mexico, Japan, and Hong Kong). Exports of turkey to Mexico, the leading destination for U.S. turkey exports, were down 18 percent from last year. Pork exports were down 18 percent year over year, mostly due to weaker demand for U.S. pork in Asian markets. Broiler exports were up 3 percent, with exports to Taiwan increasing over 64 percent from the previous year helping offset the decrease in exports to the two other major markets, Mexico and Cuba. Beef exports have increased over 7 percent, driven by strong demand in Asian markets as well as a number of smaller markets. Looking forward, U.S. animal product exports may continue to face headwinds, including a relatively strong U.S. dollar, making U.S. exports more expensive.

Percent change in U.S. meat and egg exports, January–June, 2022 versus 2021



Source: USDA, Economic Research Service calculations using data from U.S. Department of Commerce, Bureau of the Census.

Summary

Beef/Cattle: Robust slaughter volumes are expected to raise second-half 2022 production as well as the 2023 outlook. More aggressive beef cow culling will impact production this year, while higher expected placements in late 2022 and early 2023 are anticipated to raise marketings next year. Cattle price forecast for late 2022 and early 2023 were adjusted mainly on current price strength. Record exports for the month of June raised the outlook for exports for the remainder of 2022 and 2023. However, import projections are lowered on second-quarter data and expectations of slower imports, largely from Oceania.

Dairy: The all-milk price in June 2022 was \$26.90 per hundredweight (cwt), \$0.40 lower than May, but \$8.70 higher than June 2021. With higher-than-expected milk production, the all-milk price forecast for 2022 and has been lowered to \$25.20 per cwt (-95 cents), and the 2023 forecast has been lowered to \$22.50 per cwt (-\$1.65). The milk production forecasts for 2022 and 2023 have been raised due to a higher expected number of cows and higher milk productivity per cow. Lower expected prices for dairy products should boost their demand; thus, the domestic use for dairy products was adjusted higher for 2022 and 2023.

Pork/Hogs: High 2022 prices for hogs and pork are largely attributable to supply factors, unlike 2021, when prices were mostly driven by pandemic-related changes in consumer pork demand. Pork production for 2022 is expected to decline 2.2 percent from a year ago, due largely to lower numbers of available slaughter-ready hogs. Hog prices should average about \$74 per cwt this year, almost 10 percent higher than in 2021. This year's exports are forecast to decline 6.4 percent due to reduced Chinese purchases and to the appreciated value of the U.S. dollar.

Poultry/Eggs: Broiler production in 2022 was adjusted up on recent production and hatchery data, while exports were revised down in 2022 and 2023 reflecting corrected data. Broiler price forecasts were adjusted down on recent price trends and strong availability. Following recent trends in relevant indicators and data, 2022 and 2023 forecasts for table-egg production are revised up, while egg and egg products export forecasts are revised down. The third-quarter wholesale egg price (New York, Large, Grade A) forecast is revised up to account for July's record-high values. For turkey, 2022 and 2023 production forecasts are revised down. Forecasts for ending stocks are unchanged. Export forecasts for 2022 and 2023 are raised. Prices are raised 5 cents for the third quarter of 2022 and 9 cents for the fourth quarter. 2023 prices are raised as well.

Beef/Cattle

Russell Knight and Hannah Taylor

NASS Cattle Report Shows Herd Contracting

On July 22, USDA, National Agricultural Statistics Service (NASS) released the midyear *Cattle* report. It provided a snapshot of the U.S. cattle herd, which includes both beef and dairy cattle, as well as a glimpse into producers' outlook for retaining heifers and the availability of cattle for placement in the coming year. The report estimated the U.S. cattle herd on July 1 at 98.8 million head, which is 2 percent—or 2 million head—below a year ago. Currently, the U.S. beef industry is in a contracting phase of the cattle cycle¹ that began during 2014 and peaked in 2019.

As the number of cattle has declined since 2019, several indicators in the report were evaluated to assess the stage of herd reduction. While the report does not distinguish beef cattle from dairy cattle in all its statistics, it does specify separate statistics for heifers and cows. That is significant, as beef females make up two-thirds of all females and about a third of all cattle types. To gauge the direction and magnitude of the cattle cycle, it is important to examine the estimated number of beef cows and the number beef heifers that producers expect to retain to either replace older cows or increase their herds.

According to the *Cattle* report, the number of beef cows on July 1 was estimated at 30.4 million head, 2.4 percent below July 1, 2021. The number of dairy cows is estimated at 9.5 million head, 0.5 percent less than the previous year. Further, producers intend to keep about 4.2 million beef heifers as beef cow replacements, almost 3.5 percent fewer than producers intended to keep at this time last year. This is one of the lowest retention estimates of replacement heifers as a percent of beef cows since 2011, and the lowest total heifers estimated for retention since the series began in 1973. During this time, the number of heifers retained has ranged from 4.2 to 7.9 million head. In addition, dairy producers are retaining 3.8 million heifers, the fewest replacement heifers since 2005. For context, since 1973, the number of dairy heifers retained midyear has kept a range between 3.6 and 5.0 million head.

“Other heifers,” which are females typically relegated to feedlots and not retained for breeding purposes, are also reported in the *Cattle* report. When fewer heifers are retained for beef cow replacements, more females might enter feedlots. Although the number of other heifers declined from last year, as did all types of cattle, the heifers on feed increased. According to the July NASS *Cattle on Feed* report, the number of cattle on feed² totaled 11.3 million head on July 1, 2022, up slightly from last year. The report estimated 4.4 million heifers on feed, which is an increase of 3 percent and represented a larger share of the cattle on feed than last year.

The initial estimate of the 2022 calf crop reported in the *Cattle* report is 34.6 million head, 1.4 percent below a year ago. The ratio of calf crop to number of cows and heifers expected to calve on January 1 was higher than in the last 3 years, and the ratio was larger than expected.

From the time the herd size peaked in 2019, it appears the contraction of the beef cattle herd has been accelerating. Further contraction is supported by the lowest number of heifers expected to be retained at this time of year and the estimates of heifers on feed, as well as by the lively pace of producers culling beef cows from their herd.

¹ For more information on the cattle cycle, visit the ERS Topics page for Cattle and Beef.

² Cattle on feed in feedlots with capacity of 1,000 head or more.

Observing nonbreeding types of cattle, the number of cattle outside feedlots available for placement in feedlots in the second half of 2022 can be assessed by adding the number of steers, other heifers, and calves under 600 pounds and then subtracting the total number of cattle on feed. The number of cattle not in feedlots is 37.5 million head, which is smaller by 3 percent, or 1 million head, than at this time last year.

Robust Slaughter Raises Outlook for Late 2022 and 2023

There are a couple of takeaways regarding cattle slaughter in the first half of 2022. The first is the aggressive culling of beef cows. This is likely based on producers' reaction to pasture conditions and increased operating costs, and then by the packers' ability to achieve weekday slaughter levels of fed cattle, the highest observed since 2013. Strong domestic wholesale beef cutout and lean trimming prices supported by strong domestic beef demand and record export sales helped support this level of slaughter.

At the beginning of second-half 2022, drought conditions have intensified through July into August, particularly in the southern and central plains and the southeast. As a result, pastureland conditions have declined since last month and are at levels typically occurring in the fall. This continues to manifest itself in beef cow slaughter as 60 percent of cattle are experiencing drought and producers continue to cull deep into their herds. Regions 6 and 7 are the areas³ reporting the highest beef cow slaughter volumes. These areas represent where slaughter takes place, and some of these cows may not have originated in the areas.

As a result, the pace of beef cow slaughter in July is the fastest recorded since USDA, Agricultural Marketing Service (AMS) began reporting the series in 1986. Looking at the rest of year, it is expected that beef cow slaughter will likely decline, but not below year-ago levels until early next year.

In addition to rapid pace of cow slaughter, the weekday pace of federally inspected fed cattle slaughter in July is the fastest in over a decade. However, despite robust cattle slaughter reported in July, the outlook for 2022 beef production is forecast only slightly higher, by 68 million pounds from last month to nearly 28.0 billion pounds. This is mainly on higher expected cow and fed cattle slaughter in the second half that is partly offset by lower anticipated average carcass weights. With the anticipated addition of more cows in the slaughter mix than expected last month and recent carcass weight data from the AMS July weekly reports of *Actual Slaughter Under Federal Inspection*, prospective weights in the second half of 2022 were lowered to levels below the previous year.

For 2023, greater expected fed cattle marketings and heavier expected carcass weights more than offset a reduction in anticipated cow slaughter to raise projected beef production by 325 million to 26.3 billion pounds. The larger increase in marketings next year is grounded on the prospect of more cattle placed in feedlots in second-half 2022 and first-half 2023. Higher calf placements in late 2022 are bolstered by the likelihood that poor pasture conditions will move cattle into feedlots at a quicker pace and in early 2023 by placements from the 2022 calf crop. Also, more cows were removed from the forecast in 2023 based on the expected increase in cow slaughter in second-half 2022. Coupled with relatively steady feed costs, this tipped the scale slightly toward heavier expected carcasses next year.

³ Region 6: Arkansas, Louisiana, New Mexico, Oklahoma, and Texas; Region 7: Iowa, Kansas, Missouri, Nebraska.

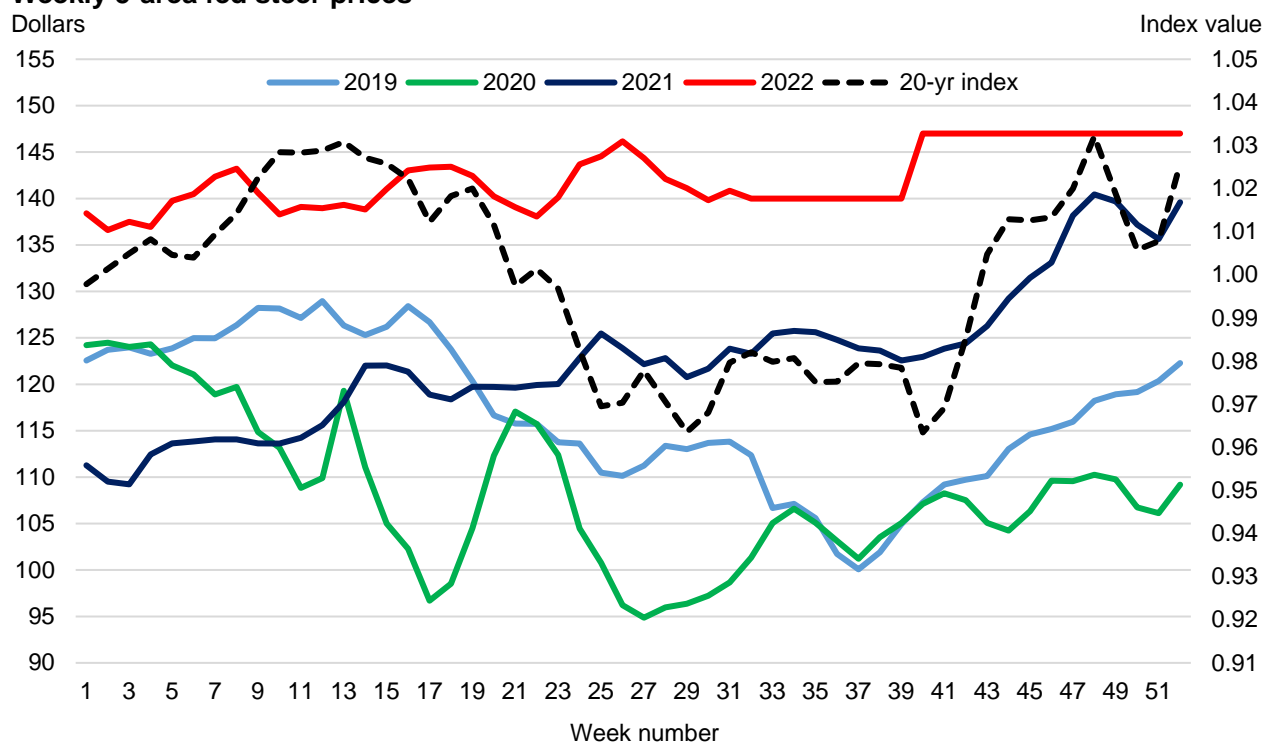
Cattle Prices Exhibit Resilience

The price for feeder steers 750-800 pounds at the Oklahoma City National Stockyards averaged \$169.26 per hundredweight (cwt) in July, up more than \$16 from last year. The most recent available price from August 8 put feeder steers at \$178.56 per cwt, a jump of more than \$9 from the prior week.

Based on anticipated firm feedlot demand in second-half 2022 and current price data, the third- and fourth-quarter 2022 price forecasts are raised \$3 to \$171.00 per cwt and \$2 to \$173.00 per cwt, respectively. The outlook for feeder steer prices in 2023 is unchanged at \$199.00 per cwt.

Based on the chart below, weekly fed steer prices have trended upward throughout the year but have traded in a narrow range when compared to typical seasonal movements. Although weekly prices had retreated more than \$5 by the end of July from the year-to-date high set the week ending July 3, it is expected that prices will continue the overall trend upward through rest of the year. The fed steer price for the 5-area marketing region for the week ending August 14 was \$144.39 per cwt, more than \$21 above a year ago.

Weekly 5-area fed steer prices



Source: USDA, ERS calculations using USDA, AMS data.

Recent fed cattle prices have been supported by a generally faster pace of slaughter than last year, lighter weights, and relatively stable boxed-beef prices. Carcasses grading Choice and higher have fallen below year-ago levels, likely supporting higher cutout values for Choice carcasses.

Based on current price data, the third- and fourth-quarter 2022 fed steer prices are projected higher at \$140 and \$147 per cwt, respectively. The 2023 fed steer price is up slightly from last month at \$154.00 per cwt, as that price strength was carried forward into early next year.

Record-High First-Half Beef Exports Suggest Increase to 2022 and 2023 Forecasts

Beef exports continue to set new records, totaling 315 million pounds in June, the highest exports on record for the month. This was also the third-largest export month overall, behind August 2021 and May 2022. Total beef exports in the second quarter hit a new high at 940 million pounds, 7 percent above last year. Exports for the first 6 months of the year totaled nearly 1.8 billion pounds, a record for the first half of the year.

As the table below shows, cumulative exports to all destinations from January through June this year were 7 percent above last year. The largest increase was to China, up 83 million pounds (36 percent) compared to the previous year. Increases to other countries not in the top five also contributed to the strength in exports. Year-to-date exports to Taiwan were up 24 million pounds, 27 percent above a year ago. The next five-largest year-to-date increases were to the Netherlands, Indonesia, Colombia, the Philippines, and the Dominican Republic, which together had a cumulative year-over-year increase of over 34 million pounds.

South Korea has maintained its position as the largest cumulative market for U.S. beef throughout the first 6 months of the year after taking an early lead with a record shipment in January. Japan, the largest export market from 2013 to 2021, is now the second-largest market so far this year. Year-to-date exports to China have surpassed those to all of North America combined, making the country the third-largest destination for U.S. beef.

U.S. beef exports by volume, January–June 2021 and 2022

Country	June 2022 exports	Year-to-date exports				Share of YTD exports, percent	
		2022	2021	Year-over-year volume change	Year-over-year percent change	2021	2022
South Korea	69.1	416.2	400.3	15.9	4	24	23
Japan	75.0	407.5	408.5	-1.0	0	25	23
China	59.5	313.4	230.7	82.8	36	14	18
Canada	23.8	135.8	136.1	-0.3	0	8	8
Mexico	20.3	131.9	157.9	-26.0	-16	9	7
Taiwan	17.7	115.2	90.8	24.3	27	6	6
ROW	49.6	265.6	238.4	27.2	11	14	15
Total	315.0	1,785.7	1,662.7	123.0	7		

Notes: Top six countries based on 2022 year-to-date exports; YTD = year-to-date; ROW = rest of world.

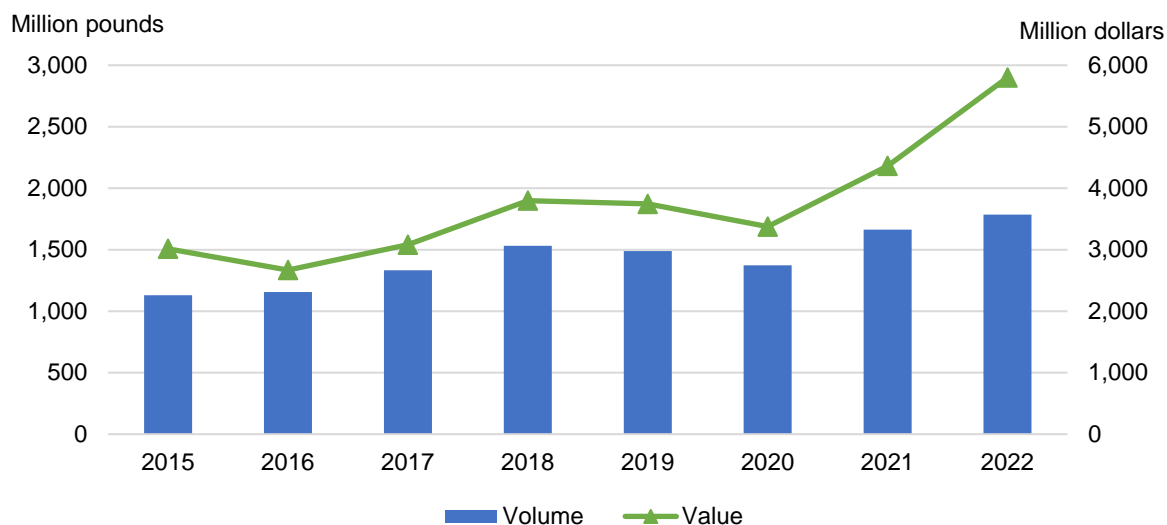
Source: USDA, Economic Research Service calculations using data from U.S. Department of Commerce, Bureau of the Census.

Beef exports continue to set records, despite headwinds that include a stronger U.S. dollar on top of already-high beef prices. The value of beef exports in the first half of the year spiked dramatically over last year, as shown in the chart below. While the export volume was 7 percent higher than last year, the total value of those exports increased nearly 33 percent.

Typically, a strong U.S. dollar causes exports to lose competitiveness in the global market. Over the past 6 months, the Nominal Broad Dollar Index, calculated by the Federal Reserve, has

increased 7 percent, indicating a stronger U.S. dollar.⁴ Limited beef supplies from other major exporters such as Australia and New Zealand, along with strong demand for U.S. beef, has allowed U.S. exports to overcome these obstacles and post record exports so far this year.

U.S. beef exports by volume and value, January–June



Source: USDA, Economic Research Service calculations using data from U.S. Department of Commerce, Bureau of the Census.

Based on anticipated sustained demand in Asia and other smaller markets, the export forecasts are raised 15 million pounds for the third and fourth quarters of 2022. The annual forecast for 2022 is 3.561 billion pounds. The first- and second-quarter forecasts for 2023 are each raised by 10 million pounds, and the outlying forecast for 2023 is raised 20 million pounds, for a total of 3.020 billion.

Beef Imports Slow in Second Quarter; Import Forecast Lowered

After a strong first quarter, driven mostly by a spike in imports from Brazil, total U.S. beef imports were slower in the second quarter. Imports in June were 271 million pounds, a year-over-year decrease of about 15 percent. This was the first year-over-year decline since September 2021. Monthly imports from all major suppliers decreased year over year, with the largest decreases from New Zealand (33 percent) and Australia (26 percent).

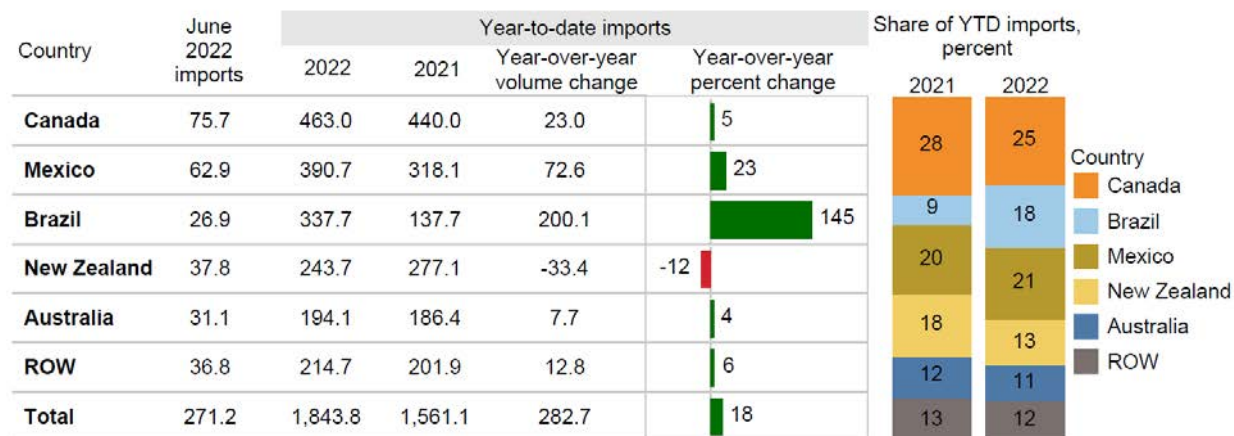
The table below shows that year-to-date imports are up just over 18 percent. The largest increase has been 338 million pounds from Brazil so far this year, an increase of nearly 150 percent. Imports from Brazil in the first quarter were 230 million pounds, while the second quarter decreased to 108 million pounds after the quota was filled in the first 3 months of the year.

Year-to-date imports from Mexico are also higher compared to the same period last year, up 23 percent. Mexico is the only major supplier to gain market share other than Brazil. Although imports are up slightly from Canada and Australia as well, the share of imports from those

⁴ The Nominal Broad Dollar Index is a weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of major U.S. trading partners. Source: Board of Governors of the Federal Reserve System. Foreign Exchange Rates-H.10.

suppliers has decreased due to the rapid spike in share from Brazil. Imports from New Zealand in the first half of the year are down 12 percent from the same period last year.

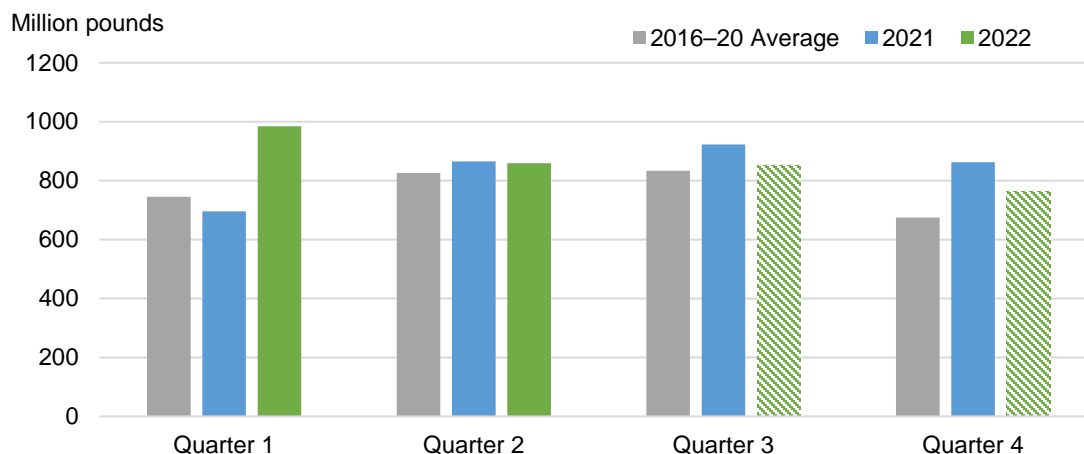
U.S. beef imports by volume, January–June 2021 and 2022



Notes: Top five countries based on 2022 year-to-date imports; YTD = year-to-date; ROW = rest of world.
Source: USDA, Economic Research Service calculations using data from U.S. Department of Commerce, Bureau of the Census.

The expectation for the remainder of the year is that fewer supplies from Oceania and continued high U.S. cow slaughter will put downward pressure on imports. The chart below outlines the quarterly imports for the first two quarters, as well as the forecasts for the remainder of the year. There was a counter-seasonal decrease from first to second quarter due to the record-breaking first quarter. The third and fourth quarters are still forecast above the 5-year average, but well below last year.

Quarterly U.S. beef imports



Note: 2022 quarters 3 and 4 are forecasts.
Source: USDA, Economic Research Service calculations using data from U.S. Department of Commerce, Bureau of the Census; USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*.

The third-quarter 2022 forecast is decreased by 20 million pounds to 850 million, and the fourth quarter is lowered 5 million pounds to 765 million. The 2022 annual forecast is 3.459 billion pounds. The annual forecast for 2023 remains unchanged from last month at 3.200 billion pounds.

Dairy

Angel Terán

Recent Wholesale Dairy Product Prices

From the week ending July 9 to the week ending August 6, except for dry whey, most dairy product prices reported in the USDA *National Dairy Products Sales Report* (NDPSR) declined. The price of 40-pound blocks of Cheddar cheese decreased 16.7 cents to \$2.0369 per pound, and the price of 500-pound barrels (adjusted to 38-percent moisture) decreased 18.8 cents to \$2.0426 per pound. Prices of nonfat dry milk (NDM) and butter decreased to \$1.7327 (-11.1 cents), and \$2.9667 (-0.7 cents) per pound, respectively. The price of dry whey increased to \$0.5348 (+0.6 cents).

Dairy wholesale product prices, July 9–August 6, 2022

Dollars per pound

	For the week ending		Change
	9-Jul	6-Aug	
Butter	2.9740	2.9667	-0.0073
Cheddar cheese			
40-pound blocks	2.2041	2.0369	-0.1672
500-pound barrels *	2.2306	2.0426	-0.1880
Nonfat dry milk	1.8439	1.7327	-0.1112
Dry whey	0.5293	0.5348	0.0055

* Adjusted to 38-percent moisture.

Source: USDA, Agricultural Marketing Service, *National Dairy Products Sales Report*, August 10, 2022.

For the trading week ending August 12,⁵ the spot price for 40-pound blocks of Cheddar cheese traded on the Chicago Mercantile Exchange (CME) averaged \$1.8220 per pound and averaged \$1.8740 per pound for 500-pound barrels, both lower than the August 6 NDPSR prices. Prices for butter, NDM, and dry whey were also lower than the August 6 NDPSR prices, averaging \$2.9625, \$1.4945, and \$0.4420 per pound, respectively.

In July 2022, most international dairy product prices decreased from the previous month. Except for Oceania butter, U.S. wholesale prices of major dairy products have continued to be competitive compared to international export prices.⁶ For the month of July, Oceania and Western Europe export prices for butter were \$2.555 and \$3.383 per pound, respectively. Skim milk powder (SMP) export prices for Oceania and Western Europe were \$1.781 and \$1.827 per pound, respectively. The Oceania export price for cheese was \$2.338 per pound. The Western Europe dry whey export price averaged \$0.544 per pound in July.

⁵ While the end of each week for NDPSR average prices falls on a Saturday, the trading week for CME usually ends on a Friday.

⁶ The source for Oceania and Western Europe prices is USDA *Dairy Market News*. International prices are in U.S. dollars, free on board (F.O.B.) port. Prices listed in this report are at the midpoints of the ranges.

Dairy product export prices for Oceania and Europe, June–July, 2022

Dollars per pound

Product	Region	June 2022	July 2022	Change
Butter	Oceania	2.744	2.555	-0.189
	Western Europe	3.576	3.383	-0.193
Cheddar cheese	Oceania	2.414	2.338	-0.076
Skim milk powder	Oceania	1.932	1.781	-0.151
	Western Europe	1.959	1.827	-0.132
Dry whey	Western Europe	0.655	0.544	-0.111

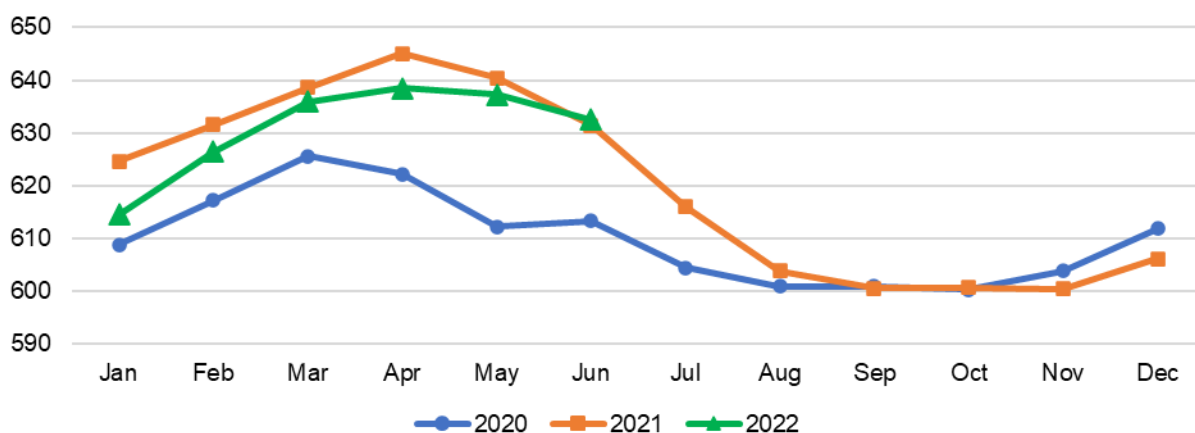
Source: USDA, Agricultural Marketing Service, *Dairy Market News*.

Recent Dairy Supply and Use Data

According to USDA, National Agricultural Statistics Service (NASS), in June 2022, milk production in the United States totaled 18.975 billion pounds, up 0.2 percent from June 2021. Milk cows on farms averaged 9.423 million head in June, 4,000 head more than the previous month but 78,000 head less than June 2021. As shown in the chart below, U.S. milk production per day was in line with June 2021, after being below 2021 since January 2022. June milk production per cow averaged 2,014 pounds, 20 pounds above the same month in 2021.

U.S. milk production

Millions of pounds per day



Source: USDA, National Agricultural Statistics Service.

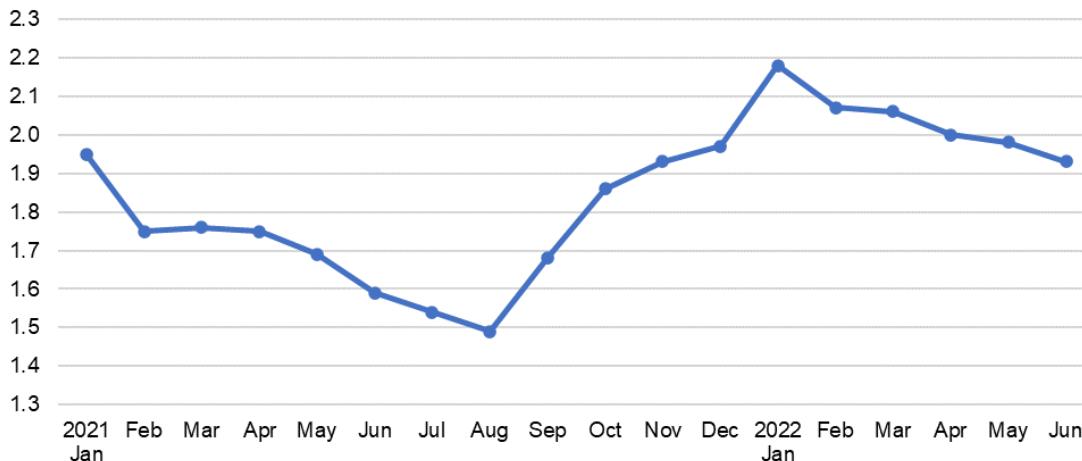
The June all milk price was \$26.90 per hundredweight (cwt), \$0.40 lower than May but \$8.70 higher than June 2021. The alfalfa hay price in June 2022 was \$245 per short ton, \$1 higher than May and \$46 higher than June 2021. The 5-State weighted-average price for premium alfalfa hay in June 2022 was \$277 per short ton, \$3 higher than May and \$47 higher than June 2021.

After a rising trend over the 5 months from September 2021 to January 2022, the milk-feed ratio has been steadily declining each month since February, reaching 1.93 in June 2022. From

January 2022 to June 2022, the all-milk price increased from \$24.20 to \$26.90 per cwt of milk. However, for those same months, the dairy feed price used by NASS in their calculations increased from \$11.10 to \$13.90 per cwt. As a result of these changes, the milk-feed ratio decreased from 2.20 in January to 1.93 in June.

Milk-feed ratio *

All-milk price / feed value

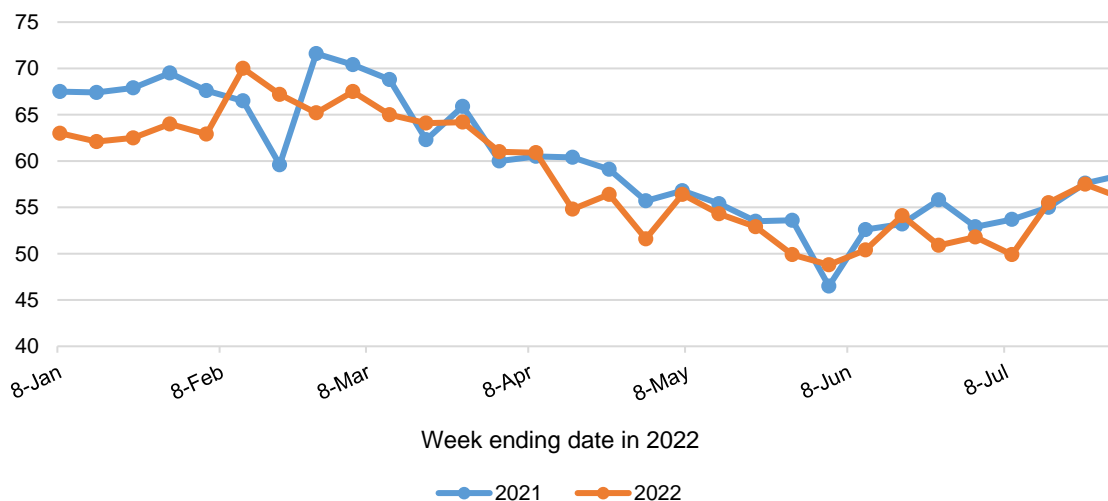


*The milk-feed ratio measures pounds of 16-percent protein dairy feed equal in value to one pound of all milk. The feed value is based on the composite U.S. average prices of 51 percent corn, 8 percent soybeans, and 41 percent alfalfa hay.
Source: USDA, National Agricultural Statistics Service.

There were fewer milk replacement heifers as of July 1, 2022, compared to July 1, 2021. According to the recent NASS Cattle report, milk replacement heifers numbered 3.75 million head on July 1, 2022; this was 50,000 lower than July 1, 2021. Since the week ending January 8, 2022, weekly federally inspected dairy cow slaughter has averaged around 1,800 head per week below the corresponding weeks of 2021.

Weekly federally inspected milk cow slaughter

1,000 head



Source: USDA, National Agricultural Statistics Service, *Cow Slaughter Under Federal Inspection Report*, August 11, 2022.

Dairy exports experienced a notable growth in June; on a milk-fat milk-equivalent basis, they totaled 1.339-billion pounds, 378 million pounds higher (+39 percent) than June 2021. On a skim-solids milk-equivalent basis, June dairy exports totaled 4.747 billion pounds, 233 million (+5 percent) above June 2021. Notably, butter exports totaled 12.9 million pounds, 4.8 million more (+60 percent) than the same month in 2021. Exports of cheese totaled 96.8 million pounds in June, 23.0 million higher (+31 percent) than June 2021. Exports of dry whey totaled 41.0 million pounds, 2.0 million higher (+5 percent) than June 2021. Exports of dry skim products totaled 152.6 million in June, 27.0 million lower (-15 percent) than June 2021.

Dairy imports were lower in June; on a milk-fat basis, they were 613 million pounds, 86 million lower (-12 percent) than June 2021. On a skim-solids basis, June imports were 514 million pounds, 31 million lower (-6 percent) than June 2021. In June, butter imports totaled 7.7 million pounds, 2.3 million pounds below June 2021. Imports for other-than-American cheese totaled 26.3 million pounds, 1.0 million pounds below June 2021.

The domestic use of milk in all products was lower during the second quarter of 2022 (2022-Q2). On a milk-fat basis, 2022-Q2 domestic use totaled 53,715 million pounds, 1.7 percent lower than 2021-Q2. On a skim-solids basis, 2022-Q2 domestic use was 44,214 million pounds, 1.4 percent below 2021-Q2. In 2022-Q2, domestic uses of other-than-American cheese, butter, and dry whey were higher than 2021-Q2, but domestic use declined for American-type cheese, dry skim milk products, whey protein concentrate, and lactose.

Domestic use of milk and dairy products for the second quarter of 2021 and 2022

Product	Units	2021 second quarter	2022 second quarter	Change	Percent of change
Milk in all products					
Milk-fat basis	Million pounds	54,619	53,715	-904.6	-1.7
Skim-solids basis		44,841	44,214	-627.6	-1.4
Dairy products					
American-type cheese		1,404	1,324	-79.9	-5.7
Other-than-American-type cheese		1,920	1,940	20.1	1.0
Butter	Million pounds	463	467	3.9	0.8
Dry skim milk products		163	159	-3.7	-2.3
Dry whey		101	135	34.0	33.8
Whey protein concentrate		68	41	-26.3	-39.0
Lactose		47	26	-20.7	-44.1

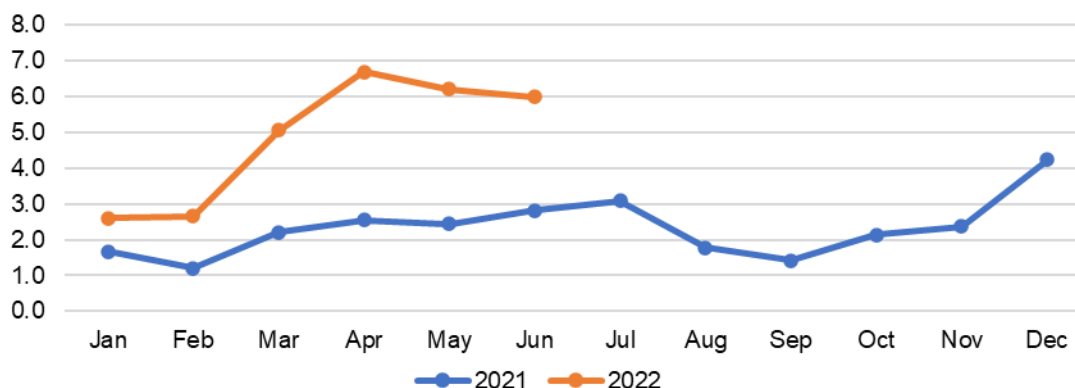
Sources: USDA, National Agricultural Statistics Service; USDA, Farm Service Agency; USDA, Foreign Agricultural Service; U.S. Dept. of Commerce, Bureau of the Census; and USDA, Economic Research Service (ERS) calculations. Numerous sources were used for conversion factors. For more information, see the ERS Dairy Data Documentation webpage.

Steady imports of Infant Formula in June

Imports of infant formula, which fall under a broader category of “preparations suitable for infant and young children, put up for retail sale,” decreased marginally from May to June 2022. Excluding certain nondairy products, imports of these products totaled 6.0 million pounds in June 2022. This marked a 0.2-million-pound decrease from May but a 3.2-million-pound year-over-year increase from June 2021.

United States imports of preparations suitable for infants and young children, put up for retail sale*

Million pounds



*Includes most products imported under Harmonized Tariff Schedule number 1901.10. Does not include products that are specifically designated as nondairy products.

Sources: USDA, Economic Research Service calculations; USDA, Foreign Agricultural Service; and U.S. Department of Commerce, Bureau of the Census.

On August 5, the U.S. Food and Drug Administration (FDA) provided an update on additional steps it has taken that will lead to more infant formula available in the United States under the agency's recent increased flexibilities. In August, about 33,000 pounds of specialized infant formula from The Netherlands are expected to arrive in the United States.

Dairy Forecasts for 2022

The U.S. milk production forecast for 2022 is 226.8 billion pounds, 0.8 billion higher than last month's forecast. Higher milk cow numbers and yield per cow were forecast for 2022-Q3 and 2022-Q4, based on July 1 dairy cow inventory estimates provided in the recent *Cattle* report. The 2022 annual projection for the cow inventory is 9.420 million head, 20,000 head above the previous projection. The 2022 annual forecast for milk per cow was increased by 30 pounds to 24,070 pounds.

Based on recent trade data showing strong exports in June and all of 2022-Q2, dairy export forecasts are projected upward as growth in available supplies are expected for the rest of 2022. On a milk-fat basis, exports are projected at 12.9 billion pounds, 0.7 billion pounds higher than last month's projection. On a skim-solids basis, exports are forecast at 51.3 billion pounds, 0.8 billion higher than last month's forecast. With competitive prices on international markets, higher exports of NDM, dry whey products, cheese, butter, and lactose are expected throughout 2022. The 2022 import forecast on a milk-fat basis is 7.0 billion pounds, 0.1 billion lower than last month's forecast due to lower anticipated imports of butterfat products. On a skim-solids basis, the projection for imports is 6.1 billion pounds, unchanged from last month's projections.

Due to lower-than-anticipated domestic use in 2022-Q2, the 2022 domestic forecast is adjusted down from the last projection despite a slight year-over year increase in expected second-half domestic use. On a milk-fat basis, the 2022 domestic use projection is 221.1 billion pounds, 0.1 billion lower than last month's forecast. On a skim-solids basis, the 2022 domestic use forecast is 180.0 billion pounds, 0.5 billion lower than last month's forecast.

Based on relatively low wholesale domestic prices for most dairy products in recent weeks, recent downward trends in international prices, and higher forecast milk production, wholesale price forecasts for dairy products, excluding butter, have been lowered for 2022. Price forecasts for cheese, NDM, and dry whey are \$2.075 (-11.0 cents), \$1.665 (-9.0 cents), and \$0.610 (-3.0 cents), per pound, respectively. Price for butter is up 0.5 cent from the previous month's forecast at \$2.785, as stocks are expected to remain tight throughout 2022.

With lower estimated wholesale prices for cheese and dry whey, the Class III milk price forecast for 2022 is \$21.60 per hundredweight (cwt), \$1.20 lower than the previous month's forecast. The Class IV milk price projection is \$23.95 per cwt, \$0.75 lower than last month's forecast as the higher butter price is more than offset by the lower NDM price. The all-milk price forecast for 2022 is \$25.20 per cwt, a decrease of \$0.95 from last month's forecast.

Dairy Forecasts for 2023

Following through on the 2022 upward forecast, the 2023 milk cow inventory is raised by 35,000 head to 9.435 million head. The forecast for milk per cow is 24,300 pounds, 10 pounds higher than last month's forecast. The projection for 2023 milk production has been raised to 229.2 billion pounds, 0.9 billion higher than last month's forecast and 2.4 billion pounds above the 2022 forecast.

Dairy exports are projected higher for 2023 on greater expected supplies, although increased competition with other suppliers may limit increases. On a milk-fat basis, the export forecast for 2023 is 11.7 billion pounds, 0.1 billion above last month's forecast. In 2023, dairy exports are projected to total 51.2 billion pounds on a skim-solids basis, 0.2 billion higher than the previous month's forecast, as strong skim exports of dry skim milk products and lactose are expected in 2023. With larger expected domestic supplies, dairy imports are projected slightly lower from the previous forecast in 2023, at 6.8 billion pounds (-0.1 billion) on a milk-fat basis and 5.9 billion pounds (-0.1 billion) on a skim-solids basis.

Higher expected milk production and lower dairy product prices are expected to boost domestic milk use in 2023. On a milk-fat basis, the annual domestic use forecast for 2023 is 222.1 billion pounds, 0.3 billion higher than the previous forecast. On a skim-solids basis, the forecast for domestic use is 182.2 billion pounds, 0.8 billion above last month's forecast.

Dairy product price forecasts for 2023 have been lowered due to high expected domestic supplies and strong price competition from international exporter countries. Wholesale price forecasts for Cheddar cheese, butter, NDM, and dry whey are lowered from last month's projections to \$1.975 (-9.5 cents), \$2.375 (-6.5 cents), \$1.450 (-19.5 cents) and \$0.485 (-3.0 cents), respectively.

With lower estimated wholesale prices for cheese and dry whey, the Class III milk price forecast for 2023 is \$19.70 per cwt, \$1.15 lower than the previous month's forecast. Due to lower butter and NDM price forecasts, the Class IV milk price projection for 2023 is \$20.35 per cwt, \$1.95 lower than last month's forecast. The all-milk price forecast for 2023 is \$22.50 per cwt, a decrease of \$1.65 from last month's forecast.

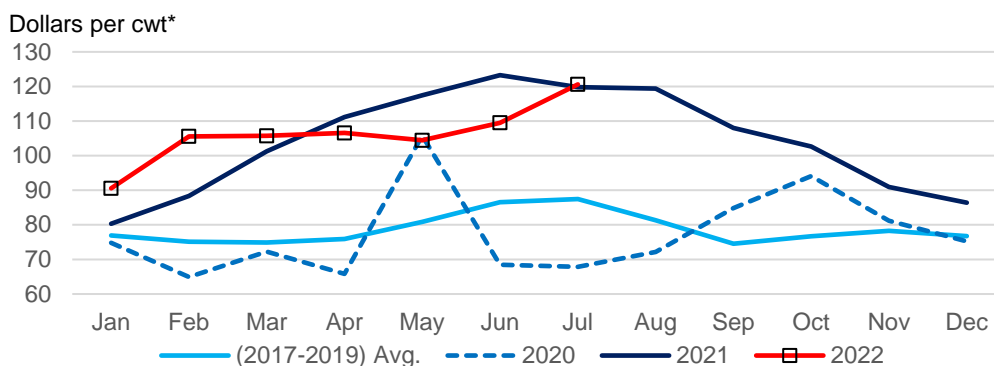
Pork/Hogs

Mildred Haley

Lower Hog Slaughter Numbers and Lower Pork Production Driving Prices of Hogs and Pork Higher

The July 2022 cutout achieved an average value of \$120.60 per cwt—the highest since June 2021—jumping more than 10 percent from its average value in June after having averaged about \$105 per cwt from February through May.⁷

Wholesale pork carcass cutout



*cwt=hundredweight.

Source: USDA, Agriculture Marketing Service.

Unlike pork markets in 2021 when higher pork prices were largely attributable to pandemic-related changes in consumer demand, this year supply factors appear to be supporting prices of both hogs and pork. Lower numbers of slaughter-ready hogs clearing the market at year-over-year higher prices, leading to reduced pork supplies with continued sharply higher pork prices, are likely to characterize the balance of 2022.

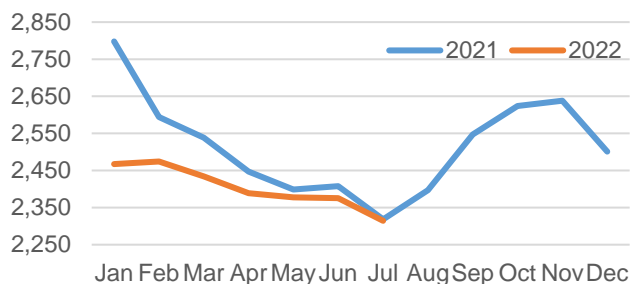
Lower year-over-year monthly hog slaughter numbers were the most important factor driving January–July hog and pork prices. These lower numbers are in line with information reported in successive *Quarterly Hogs and Pigs* reports since March 2021. In each of the first 7 months of 2022, fewer federally inspected (FI) hogs were slaughtered compared with a year earlier. Lower FI pork production followed from lower slaughter numbers from January to April. Although carcass weights have averaged higher since February of this year, lower slaughter numbers kept production below year-earlier levels through April. From May through July, however, higher carcass weights offset lower slaughter numbers, nudging pork production just over year-ago levels, after adjusting for slaughter-day differences. Adjusted FI hog slaughter data in the figure below shows lower year-over-year January–July numbers. Adjusted FI pork production data for January–April shows year-over-year lower production. Carcass weights averaging more than 2 pounds above year-earlier weights in May–July boosted production above year-earlier volumes.

⁷ The wholesale cutout in June 2021 averaged \$134.13, due largely to pandemic-related factors that increased consumers' demand for pork. Since becoming part of the USDAAMS mandatory price reporting system, the cutout value surpassed the June 2021 value once, in mid-to-late July 2014 when swine disease reduced hog numbers and spiked hog and pork prices. The record carcass cutout value was set the week of July 18, at \$136.11 per cwt.

FI pork production was fractionally higher than year-earlier production in May and June and about 1 percent higher than production in July 2021.

Weekly federally inspected hog slaughter*

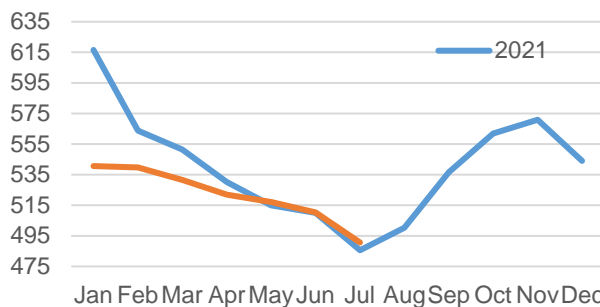
Thousand head per week



*Adjusted for monthly slaughter day differences on a 5-day work week.
Source: USDA, Economic Research Service calculations with USDA, National Agricultural Statistics Service data.

Weekly federally inspected pork production*

Million pounds



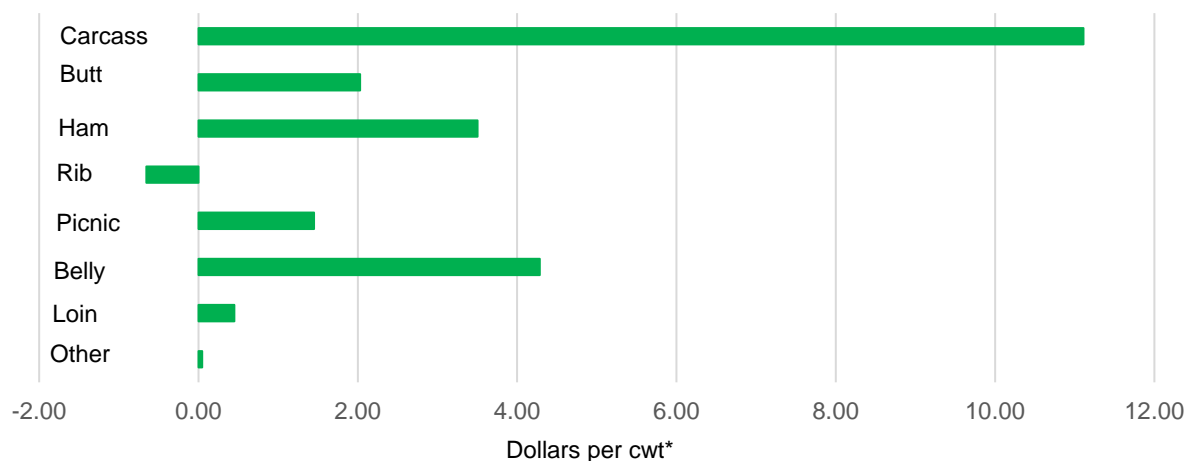
*Adjusted for monthly slaughter day differences on a 5-day work week.
Source: USDA, Economic Research Service calculations with USDA, National Agricultural Statistics Service data.

Lower Pork Supplies Combined With Seasonally Robust Consumer Demand To Flame Wholesale Pork Prices

Although July pork production was about 1 percent higher than a year earlier, production achieved its lowest-to-date level in July—not atypical for mid-to-late summer months. Reduced seasonal production is significant from a demand perspective, however, because during the summer months consumers typically step up pork consumption during travel, vacations, and holiday events. Moreover, in addition to seasonally declining production, USDA reported in its *Cold Storage* report issued July 22, 2022, that month-to-month stocks of all major muscle cuts of pork, with the exception of hams, fell from the end of May to the end of June. July was thus a month when the cutout price rationed seasonally reduced pork supplies during a period of strong demand. In this context, the elevated July wholesale carcass value of \$120.60 is consistent with seasonally weak supplies, lower stocks, and strong seasonal pork demand.

Disaggregating the July 2022 composite carcass cutout into its primal components and comparing them to June 2022 primal values shows that all primals—with the exception of the rib—contributed to the increased value of the cutout in July. The \$11.11 per cwt difference between the wholesale cutouts of July (\$120.60 per cwt) and June (\$109.49 per cwt) is largely accounted for by increased July values of butts (+\$2.03 per cwt), hams (+\$3.50 per cwt), picnics (+\$1.45 per cwt), and bellies (+\$4.28 per cwt).

Primal contributions to the difference between the cutout values for July 2022 and June 2022



*cwt=hundredweight.

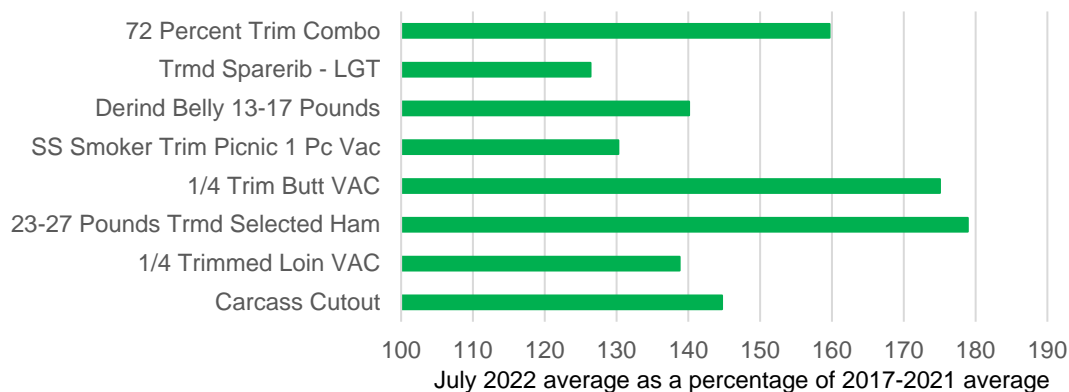
Source: USDA, Economic Research Service calculations with USDA, National Agricultural Statistics Service data.

July Pork Cuts Average Prices Much Higher Than 5-Year Averages

In addition to increasing between June and July this year, the July 2022 cutout was \$0.77 per cwt above that of July 2021, and about 45 percent higher than its 5-year average value (computed with weekly prices, between January 2017 and December 2021). The figure⁸ below shows a short list of some of the pork cuts that result when pork primals are broken down into smaller pieces. Each bar indicates the percentage by which the July 2022 average price exceeds the 2017–2021 average price. For example, the average July price of 72-percent lean trim combos (the first cut on the list) was 160 percent of its 2017–2021 average price, or almost 60 percent higher than its 5-year average price. The purpose of this figure is not only to show how “high” prices had to climb in July to equilibrate reduced pork supplies with robust seasonal demand, but also to identify which cuts made the largest contribution to the very strong July cutout. The cuts data suggest that 23–27 pound trimmed select hams—whose average July 2022 price was about 79 percent higher than its 2017–2021 average—and vacuum-packed quarter-inch trimmed butts, whose July average price was 75 percent higher than its 2017–2021 average, each supported the July cutout to a greater degree than other cuts.

⁸ The idea for this figure and analysis comes from Robert A. Brown, who posted a similar diagram on Twitter, August 8, 2022.

July average prices of selected pork cuts* as a percentage of cuts' 2017–2021 average price



*Titles of pork cuts are technical in nature and are taken directly from the Weekly National Carlot Meat Report, published by USDA, Agricultural Marketing Service.

USDA forecasts for 2022 pork production and hog prices continue to support the scenario of reduced production and higher hog prices. Third-quarter pork production is expected to be about 6.5 billion pounds, 1 percent lower than a year ago. Prices of 51-52 percent lean, live equivalent hogs are expected to average \$85 per cwt, almost 12 percent higher than the same period a year ago. In the fourth quarter of this year, production is likely to be about 7 billion pounds, almost 2 percent below production in the fourth quarter of 2021. Fourth-quarter hog prices are forecast at \$69 per cwt, more than 22 percent higher than the same period last year.

The first half of 2023 is a mixed picture: first-quarter production is expected to increase more than 1 percent, to about 7 billion pounds, with hog prices also rising about 1 percent above year-earlier prices to \$66 per cwt. Second-quarter production is expected to be lower, based on the 1-percent year-over-year lower set of first-producer intentions stated in the June *Quarterly Hogs and Pigs*. Second-quarter pork production of about 6.5 billion pounds is anticipated, along with hog prices of \$74 per cwt.

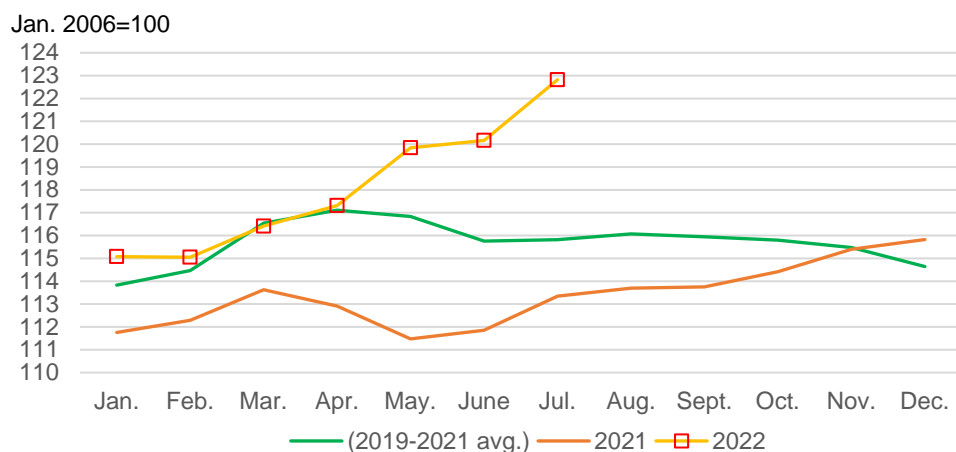
Familiar Export Dynamics in June

June exports totaled about 531 million pounds, almost 6 percent below a year earlier. Shipments to Mexico continued strong (+6 percent year over year), along with selected other Western Hemisphere nations—Colombia (+91 percent) and the Dominican Republic (+110 percent)—both of which have trade agreements with the United States that include favorable terms for importation of U.S. pork.⁹ Continued weakness characterized shipments to Asia, with the strong U.S. dollar likely reducing attractiveness of U.S. pork in such highly competitive markets as Japan and the Philippines. While shipments to South Korea were higher in June (+13 percent year-over-year), for the first half of 2022, U.S. exports to South Korea were 5 percent below a year ago. Import trade data from the South Korean Government indicates that total pork imports through June were running 37 percent ahead of first-half pork imports of 2021, with most of the increase originating from Spain and The Netherlands. With 2022 pork production declining in the E.U., it is likely that the U.S. dollar-euro exchange rate is enhancing European pork competitiveness in South Korean pork markets also. It is notable that the Nominal

⁹ The United States exports pork cuts, free of tariff barriers, to Colombia under the terms of the U.S.-Colombia Trade Promotion Agreement (entered into force May 15, 2012), and to the Dominican Republic, under the terms of the Dominican Republic-Central America Free Trade Agreement (signed August 5, 2004).

Broad dollar Index of the Kansas City Federal Reserve ticked up to about 123, indicating U.S. dollar appreciation and declining competitiveness for U.S.-exported pork.

Nominal broad dollar index*



*Higher levels indicate U.S. dollar appreciation.

Source: Board of Governors of the Federal Reserve System.

Exports for the second quarter were 1.6 billion pounds, about 15 percent lower than in the same period last year. For the balance of 2022, pork exports are expected to be year-over-year higher: third-quarter exports are forecast at 1.6 billion pounds, almost 2 percent above a year earlier, and fourth-quarter shipments are expected to be about 1.9 billion pounds, almost 12 percent higher than the same period a year ago. Forecasts for first-half 2023 are unchanged from last month at 1.6 billion pounds in both the first and second quarters of the year. Total 2022 exports are expected to be almost 6.6 billion pounds, more than 6 percent below a year earlier. Next year, exports should total 6.5 billion pounds, fractionally lower than the 2022 forecast. The tables below list the 10 largest foreign destinations for U.S.-exported pork in June and for the first half of 2022.

U.S. pork exports: Volumes and export shares of the 10 largest foreign destinations in June 2021 and 2022

Country	Exports	Exports	Percent change (2022/2021)	Export share	Export share
	June 2021	June 2022		June 2021	June 2022
	(Million pounds)	(Million pounds)		Percent	Percent
World	561,998	531,104	-5.5		
Mexico	166,872	177,571	6	30	33
Japan	103,271	95,505	-8	18	18
China\Hong Kong	90,772	52,679	-42	16	10
South Korea	44,905	50,571	13	8	10
Canada	41,834	38,820	-7	7	7
Colombia	16,867	32,144	91	3	6
Dominican Republic	10,222	21,454	110	2	4
Australia	15,517	12,915	-17	3	2
Philippines	22,434	10,935	-51	4	2
Honduras	11,898	10,646	-11	2	2

Source: USDA, Economic Research Service.

U.S. pork exports: Volumes and export shares of the 10 largest foreign destinations in the first-half of 2021 and 2022					
Country	Exports Jan.-Jun. 2021 (Million pounds)	Exports Jan.-Jun. 2022 (Million pounds)	Percent change (2022/2021)	Export share Jan.-Jun. 2021 Percent	Export share Jan.-Jun. 2022 Percent
World	3,825	3,149	-17.7		
Mexico	909	1,156	27	24	37
Japan	650	576	-11	17	18
South Korea	298	284	-5	8	9
China	861	277	-68	23	9
Canada	281	243	-13	7	8
Colombia	134	149	11	4	5
Dominican Republic	85	127	49	2	4
Honduras	73	68	-6	2	2
Australia	118	60	-49	3	2
Philippines	159	37	-77	4	1

Source: USDA, Economic Research Service.

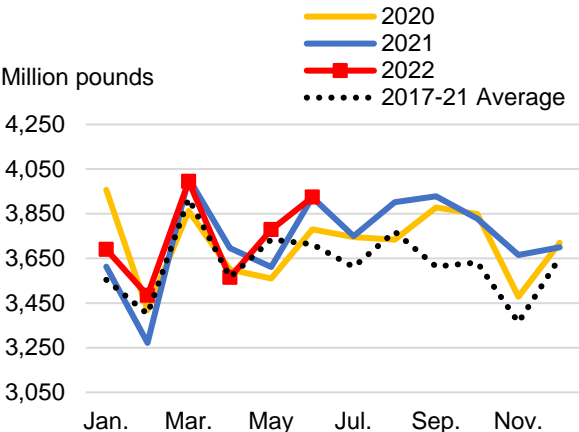
Poultry

Grace Grossen, Adriana Valcu-Lisman, and Margaret Cornelius

Broiler Production Forecast Increased in 2022

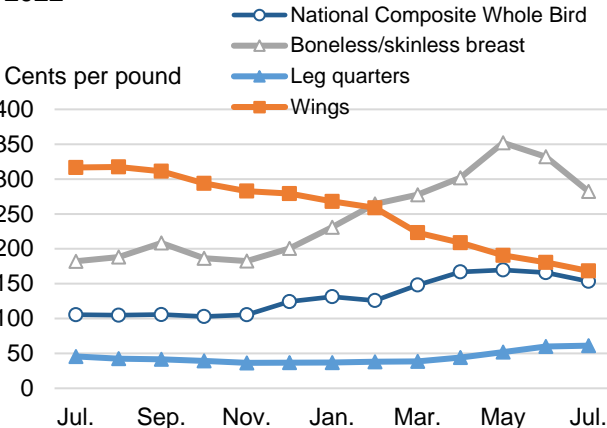
June broiler production totaled 3.924 million pounds, nearly level with June 2021. Slightly lower slaughter weights were compensated for by slightly greater slaughter numbers. This brings the second-quarter total production to 11.268 billion pounds, 18 million pounds higher than previously expected. Total broiler production for the first half of the year was 313 million pounds more than the same period in 2021. Forecast third-quarter production is unchanged at 11.625 billion pounds. Based on improving weekly placement data, forecast fourth-quarter production was adjusted up by 50 million pounds to 11.3 billion pounds. In total, projected 2022 production is 45.363 billion pounds, a 1-percent increase over 2021. Forecast production for 2023 is unchanged at 45.675 billion pounds, a 1-percent increase over the 2022 projection.

Monthly broiler production



Source: USDA, National Agricultural Statistics Service.

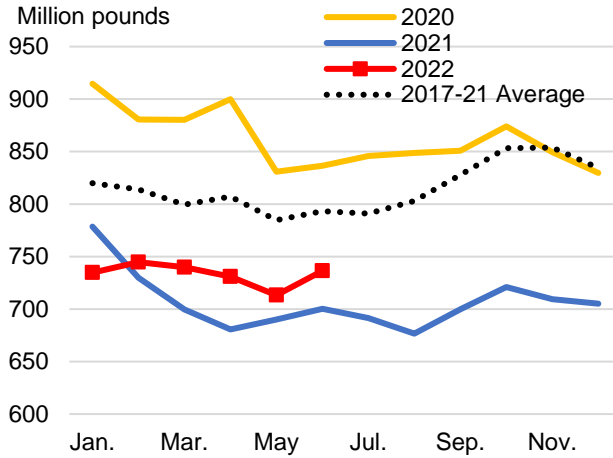
Monthly average wholesale prices for selected broiler parts and whole birds, July 2021–July 2022



Source: USDA, Agricultural Marketing Service.

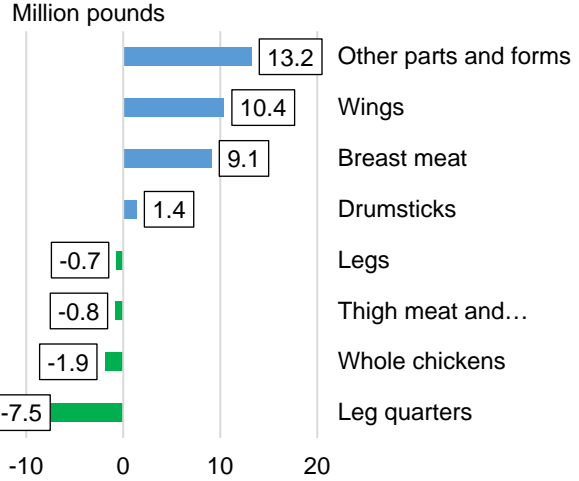
Broiler meat in cold storage climbed 23.2 million pounds from May to the end of June to reach 736.4 million pounds, 5.2 percent higher than June 2021. The largest contributors to this increase were breast meat (+9.1 million pounds), wings (+10.4 million pounds), and other parts and forms (+13.2 million pounds). Chicken wings in cold storage increased for the second month and at the end of June were at their highest since 2018. At the same time, wing prices have been steadily falling from a high of 325 cents per pound in May 2021. They averaged 168.2 cents per pound in July, the lowest monthly average since May 2020. Stocks of breast meat in cold storage are still below last year’s levels but have been growing slowly since the start of the year. Breast meat prices fell from a peak of 352.1 cents per pound in May to a July average of 282.4 cents per pound, which is still a dollar above the same time last year. Leg quarters accounted for the largest decrease in stocks (-7.5 million pounds) and have been falling since April. Wholesale leg quarter prices have been slowly but steadily climbing for the same period, though they are still one of the cheapest parts of the chicken, priced at 61.2 cents per pound in July.

Broilers in cold storage at the end of the month, 2017–2022



Source: USDA, National Agricultural Statistics Service.

Month over month change in broiler parts in cold storage, May to June 2022



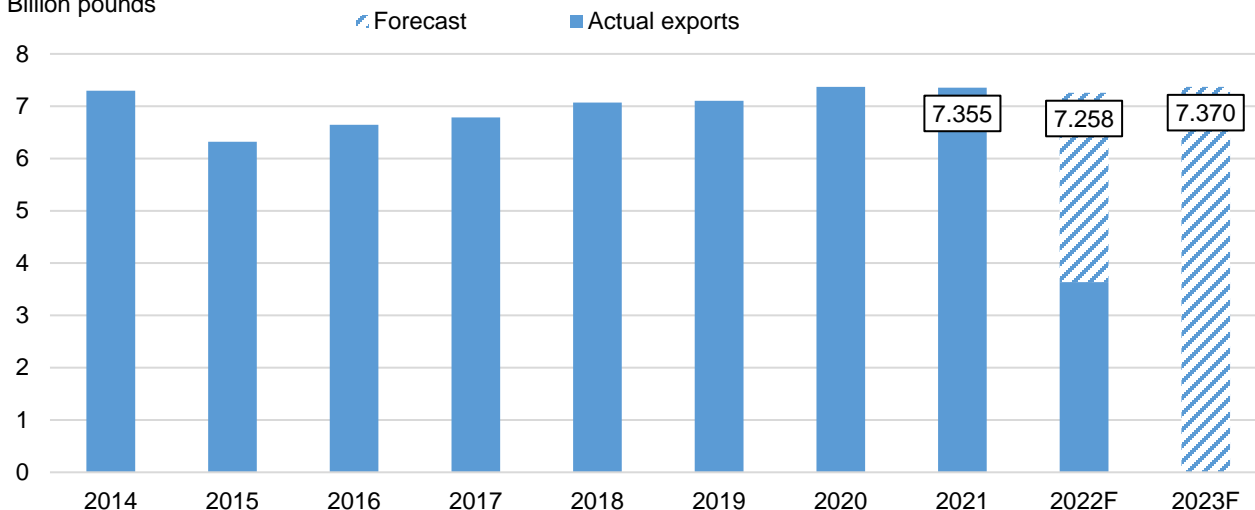
Source: USDA, National Agricultural Statistics Service.

Broiler Export Data Corrected; Projected To Decline in 2022

June broiler exports totaled 600.5 million pounds, an increase of 2.8 percent over last June. After accounting for corrections to the February and May data, the total for the first half of 2022 is now 3.638 billion pounds. The third- and fourth-quarter forecasts were lowered, largely to align with the revised data, bringing the 2022 export forecast to 7.258 billion pounds. This would be 16 percent of projected 2022 production and represent a decrease of 1.3 percent from 2021 exports. As U.S. poultry prices and the dollar have remained strong in recent months, the outlook for exports to price-sensitive markets is not favorable for the remainder of this year. However, prices for whole birds and some chicken parts are already starting to cool, and these prices are not expected to stay as high next year. Broiler exports are forecast to grow 1.5 percent in 2023 to 7.370 billion pounds. The 2023 forecast is adjusted down from last month's figure, in part to align with the corrected data from the first half of this year.

Annual actual and forecast broiler exports, 2014–2023

Billion pounds



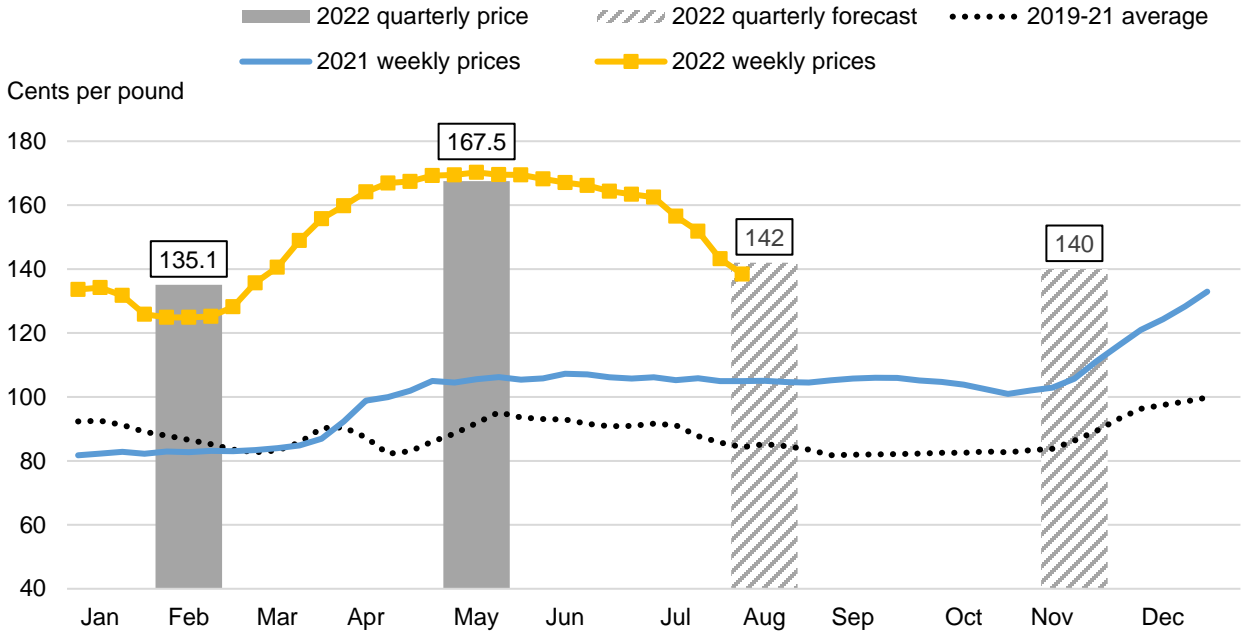
Note: F indicates a forecast value.

Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census, and USDA, *World Agricultural Supply and Demand Estimates*.

Broiler Price Forecasts Adjusted Down

The national composite wholesale broiler price for July averaged 153.31 cents per pound. While this is still well above last July's price, it is 16 cents below this year's peak monthly average price in May. Weekly prices fell by an average of 5 cents each week in July and averaged 138.43 cents per pound in the week ending August 5th. Based on these price trends, as well as strong availability of broiler meat, price forecasts were decreased to 142 cents and 140 cents per pound in the third and fourth quarters, respectively, bringing the annual average to 146 cents per pound. Price forecasts were also adjusted down by 5 cents in the first two quarters of 2023, to 150 cents and 151 cents per pound in quarters one and two, respectively. The 2023 average price forecast is 146 cents per pound, level with the 2022 projection.

National composite wholesale broiler price

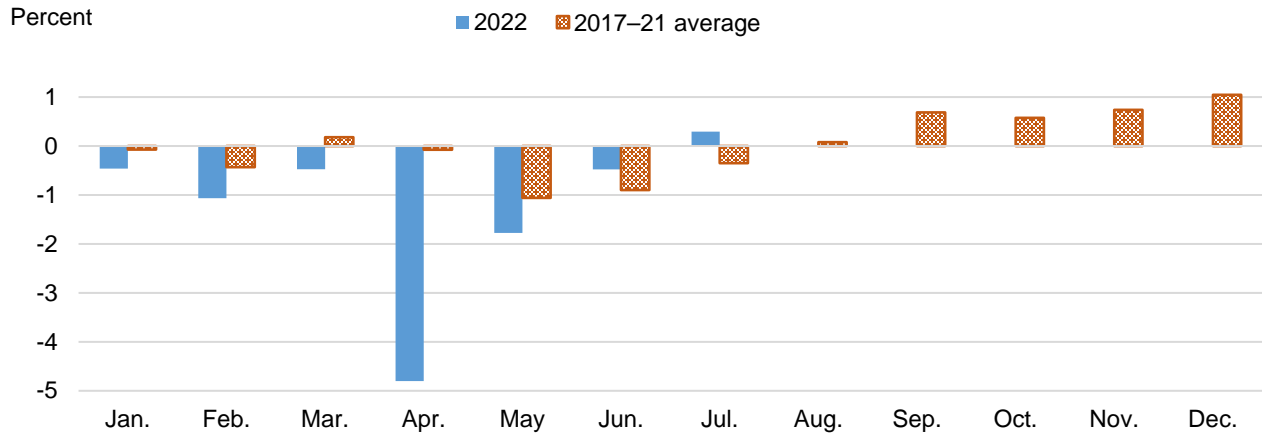


Source: USDA, Agricultural Marketing Service and USDA, *World Agricultural Supply and Demand Estimates*.

2022 Egg Production Forecast Revised Up on Recent Data

June table-egg production was estimated at 615.7 million dozen, 3.5 percent lower than June 2021. This year-over-year decrease was due to a 5.5-percent decline in the table egg laying flock size partially offset by a 2.1-percent increase in the lay rate. At 299.6 million layers, July 1 inventory represents a relatively small uptick relative to June 1 inventory but marks the first month-over-month increase since the beginning of the year. Given that it takes 4 to 5 months for a layer to reach peak productivity and that year-end holiday season is one of the peak periods for egg demand, producers typically increase the layer flocks seasonally through the upcoming months. Moreover, the lack of any positive HPAI detections in egg-layer facilities since early June, and the gradual building back of the flocks lost earlier in the outbreak, should also support larger inventories.

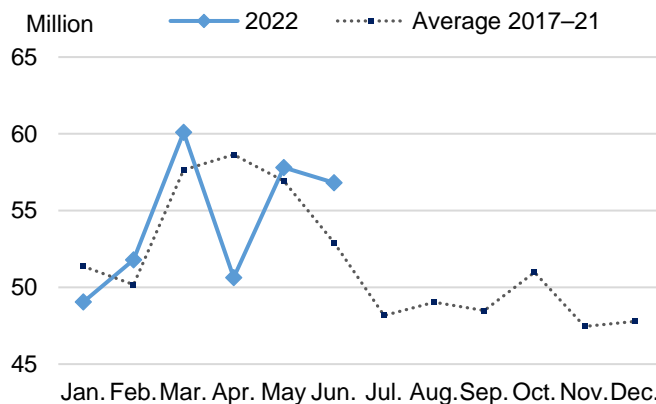
Month-over-month changes in the table-egg layer flock size at the beginning of the month



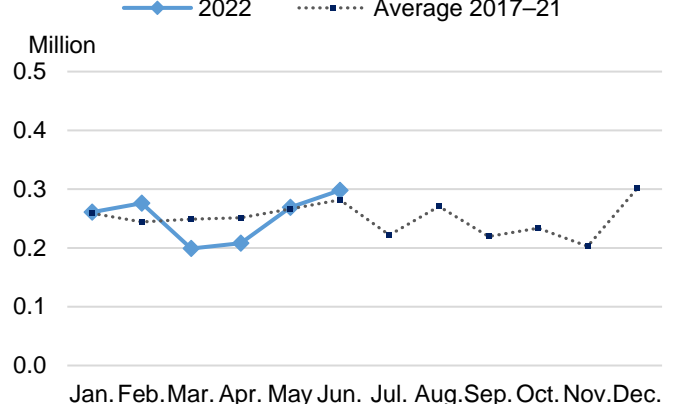
Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service.

Moderating expected feed costs and the recent record-high egg prices should motivate an increase in the demand for pullets. Recent data for chicks hatched for table egg production in May and June—layers that will achieve peak productivity in 4 to 5 months—signal the expansion of the layer flock in the near term. Furthermore, pullets hatched in June for placements in the layer-type hatching supply flock—layers that support the production of chicks that will lay table-eggs—was 3.5-percent year-over-year higher. It may also indicate a continuation of layer flock expansions into the next year.

Egg-type chicks hatched for table-egg production



Pullets placements for layer-type hatching supply



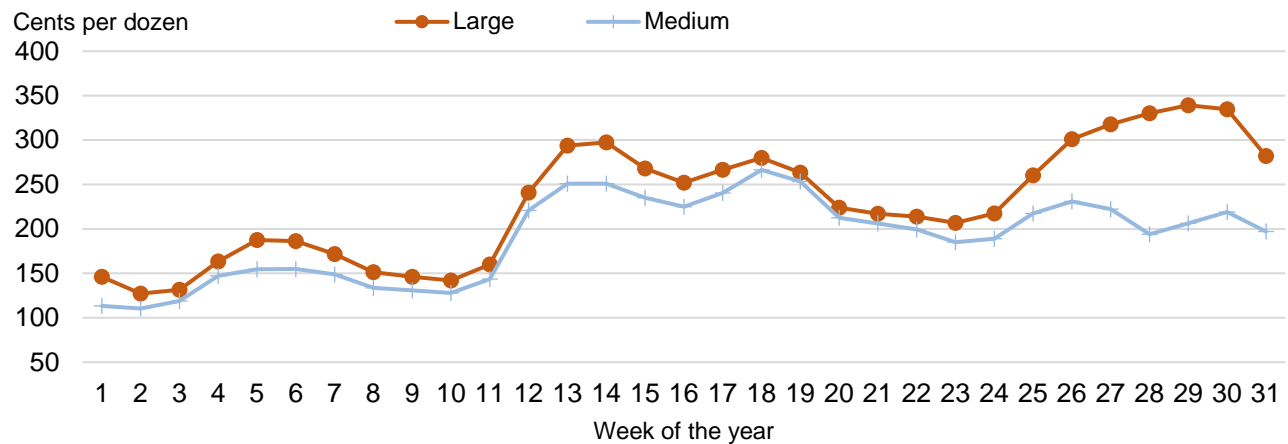
Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service.

Supported by recent production indicators, the table-egg production forecast for the third quarter is revised up 5 million dozen to 1,910 million dozen, while the forecast for the fourth quarter is revised up 10 million dozen to 1,995 million dozen. Consequently, 2022 total table-egg production is forecast at 7,763 million dozen, a 2.6-percent year-over-year decrease. The 2023 forecast for table-egg production is also increased by 5 million dozen to 8,175 million dozen, representing a 5.3-percent year-over-year increase.

Wholesale Table-Egg Prices Reached Another Record High in July

New York large, grade A wholesale egg prices continued their daily climb for most of July, reaching a record high of 341 cents per dozen July 21st through July 26th. Consequently, July wholesale egg prices averaged 300.15 cents per dozen, a new record for the month. This represents a 211.9-percent year-over-year increase and a 38.9-percent increase from June. However, since July 27, wholesale prices have been on a descending path, reaching 219 cents per dozen as of August 11.

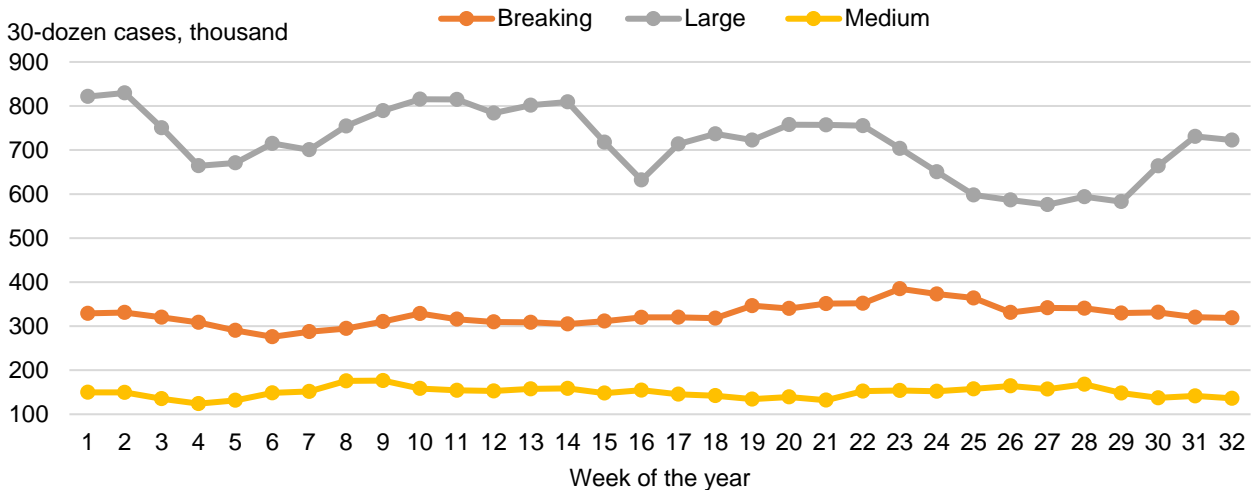
2022 weekly average midpoint prices for New York eggs (wholesale, large and medium, grade A)



Source: USDA, Economic Research Service using data from USDA, Agricultural Marketing Service.

The hot weather at the end of June and through July has reduced the production of large-size eggs and increased the production of medium-size eggs, as hot weather causes hens to produce fewer and smaller eggs. At the same time, the younger hens that are part of the newly rebuilt layer flocks tend to lay smaller eggs before reaching their peak productivity. These two factors—the hot weather and the age of the layers—may explain the trajectories and magnitudes in both inventories and wholesale prices for medium and large eggs over the last several weeks.

2022 weekly shell-egg inventory: large, medium size eggs, and breaking stock

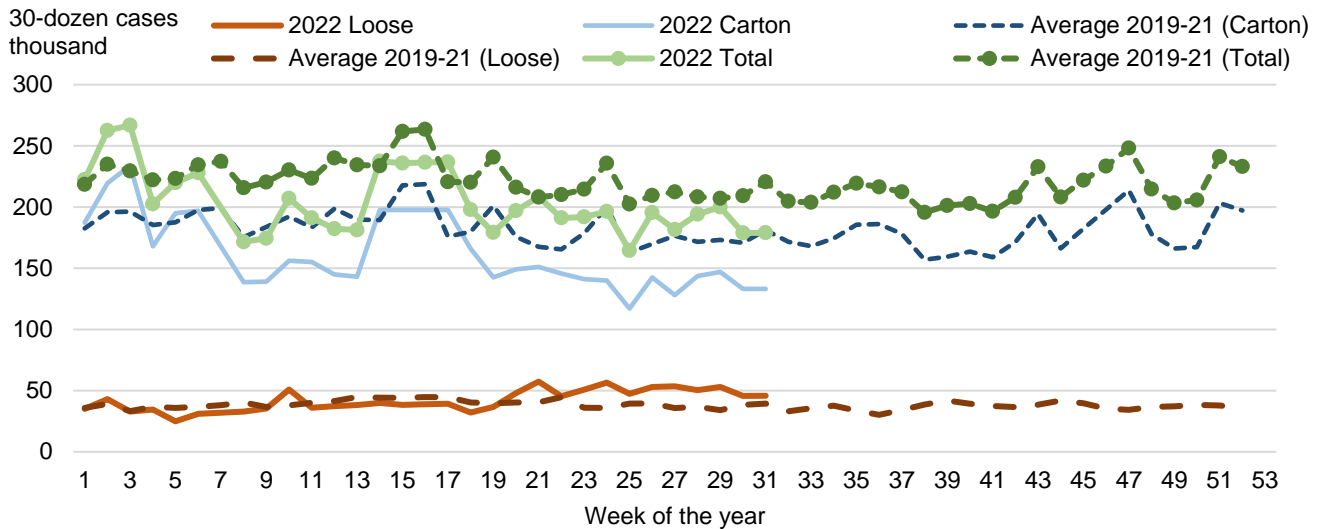


Note: Total stocks on hand available for marketing.

Source: USDA, Economic Research Service calculations from USDA, Agricultural Marketing Service.

The retail purchases for delivery (a proxy measure for the weekly demand for eggs) trended below the last 3-year average. However, a closer look at the two components of this market indicator (carton and loose eggs) shows that demand for loose eggs trended upward and above the average, while the demand for carton eggs trended downward and below the average for the last several weeks. Loose eggs are those packed in trays, flats, or non-carton containers that have not been sized and candled for quality. This type of egg is more likely to be purchased by commercial users. Carton eggs are those in familiar packages on the shelves of grocery stores.

2022 weekly national retail egg purchases by type (carton, loose, and total)



Source: USDA, Economic Research Service using data from USDA, Agricultural Marketing Service.

The trend in the demand for loose eggs and the downward trajectory of breaking stocks for most of July might be additional factors that exerted upward pressure on the wholesale prices for large eggs.

Going forward, as producers rebuild the layer flocks previously affected by HPAI and production is expected to increase, wholesale egg prices are expected to decline. However, given the July record-high prices, the wholesale egg price forecast for the third quarter is revised up 5 cents to

240 cents per dozen. This brings the 2022 price forecast to 211.9 cents per dozen, 78.8-percent higher than 2022. The 2023 price forecast remains unchanged.

Egg Exports Continue To Trend Downward

June total egg exports were estimated at 14.3 million dozen shell-egg equivalent, 58.8 percent lower year over year. The decline was due to a drop in the shipments of both shell-egg equivalent (-59.6 percent) and egg products (-57.6 percent). Monthly egg exports have been year-over-year lower since the beginning of the year. Total egg exports in the second half of 2022 were estimated at 122.8 million dozen on a shell-egg equivalent basis. This represents a 38.0-percent year-over-year decline. The lower shipments likely reflect a continuation of a softer demand from most top trade partners in the first quarter. Further, it reflects the impact of HPAI outbreak on egg production and high U.S. egg prices in the second quarter.

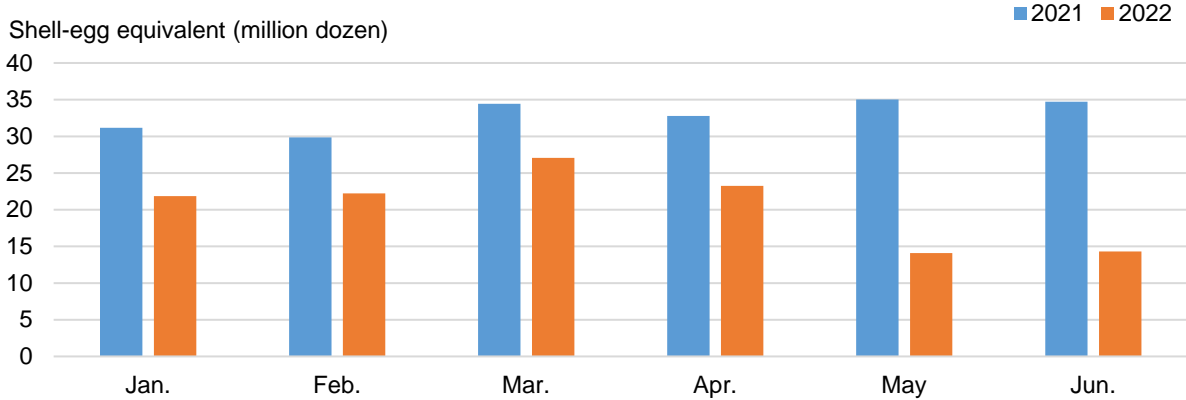
U.S. egg and egg products exports: Volume and export share, January–June, 2021–2022					
Country	Volume			Export share	
	2021	2022	Change in volume	2021	2022
	thousand dozen			percent	
Canada	39,658	39,957	299	20	33
Mexico	53,852	25,187	-28,666	27	21
Japan	20,592	15,380	-5,212	10	13
Hong Kong	26,628	11,758	-14,871	13	10
South Korea	28,689	7,300	-21,388	14	6
Jamaica	3,215	3,936	721	2	3
Bahamas	1,931	3,220	1,289	1	3
Trinidad and Tobago	2,672	2,909	237	1	2
United Arab Emirates	2,827	659	-2,168	1	1
Philippines	1,025	120	-905	1	0
World	197,963	122,765	-75,197.92	100	100

Note: Largest markets are based on 2022 year-to-date export volumes.

Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census.

The continuing low level of exports, together with small gains in production and record-high July egg prices, has resulted in downward revisions in the export forecasts for the second half of 2022 and for 2023. The second 2022 export forecast was reduced by 10 million dozen to bring the total for the year to 242.8 million dozen, while the export forecast for 2023 was reduced by 20 million dozen to 300 million dozen.

U.S. egg and egg products exports: January–June, 2021–22

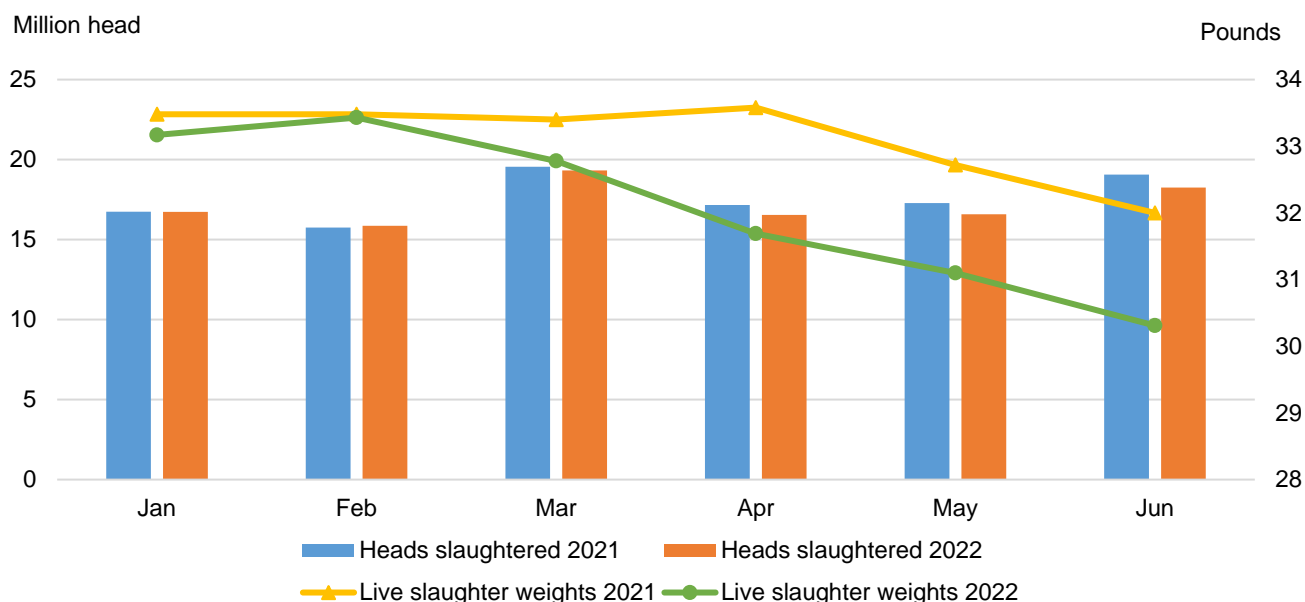


Source: USDA, Economic Research Service using data from the U.S. Department of Commerce, Bureau of the Census.

Second- and Third-Quarter Turkey Production Lowered

Second-quarter turkey production amounted to 1,275 million pounds, 15 million pounds below last month's forecast. Impacts from the spring outbreak of Highly Pathogenic Avian Influenza (HPAI) continue to dampen production. June production totaled 442 million pounds, a year-over-year decrease of 9.2 percent. Even though the number of birds slaughtered in June was 10 percent above May, production was only 7 percent above May production due to low slaughter weights. Live slaughter weights in June averaged 30.31 pounds, 2.5 percent below weights in May 2022 and 5.3 percent below weights in June 2021.

Turkeys slaughtered and live slaughter weights, 2021 versus 2022



Source: USDA, National Agricultural Statistics Service.

After lower-than-expected second-quarter production, the third-quarter production forecast is revised down 20 million pounds to 1,310 million pounds. Low weekly slaughter numbers in July and decreasing slaughter weights continue to limit production volumes. The fourth-quarter production forecast is revised down 10 million pounds to 1,355 million pounds. Poultry placements in July were 2.2 percent above June placements and 4.8 percent above July 2021 placements. The past 2 months have seen gains in placements after they dipped in April due to HPAI, indicating that the industry is rebuilding its flock.

The production forecast for 2023 is lowered 10 million pounds to 5,640 million pounds. This would be an increase of 6.1 percent from production in 2022 but an increase of 1.5 percent from production in 2021. These expectations for growth in 2023 come from the placement figures: except for April, each month in 2022 has had year-over-year gains in placements, indicating that the industry is aiming for growth after lower production in 2021.

June stocks amounted to 415 million pounds, an increase of 2 percent year over year and an increase of 9.9 percent from last month. Whole-hen stocks were 13.5 percent above their levels in June 2021 and 9.7 percent above May. Whole toms in June were 3.2 percent greater year-over-year and 9.4 percent above May. Turkey breast and leg stocks were still below 2021 levels, but they increased 5.8 percent and 4.9 percent, respectively, from May. Although turkey stocks are trending higher than last year, the ending stocks forecast for 2022 is kept at 170 million pounds with the continued expectation of tight supplies after the holiday season. The forecast for 2023 ending stocks is unchanged as well.

HPAI Returns to Commercial Turkey Facility in Utah

On July 14, HPAI emerged again in a commercial turkey facility in Sanpete County, Utah. On July 19 and July 26, the virus spread to two other turkey facilities in Sanpete County. As of the publication of this report, 51,500 turkeys have been depopulated. Prior to this outbreak, the last reported HPAI detection in a commercial turkey facility was May 21 in Dakota County, Minnesota. Since then, HPAI has been detected mostly in wild bird flocks in the Western States. Turkey farms are not concentrated in Western States, but California was the ninth-largest turkey producer in the United States in 2021.

Turkey Exports Remain Low; Imports From Chile High

June turkey exports totaled 36.7 million pounds, a decrease of 19.4 percent year over year. Second-quarter turkey exports totaled 108.7 million pounds, about 4 million pounds above the previously expected level. The turkey export forecast for 2022 is raised slightly to 406 million pounds to reflect the second-quarter export total. The first-half-year export total for 2022 is 20 percent below the half-year total for 2021. The drop in exports has been disproportionate to the drop in production due to HPAI import restrictions and elevated prices.

Mexico remained the top destination for U.S. turkey exports in June, but export volume was 6.2 percent below May and 16 percent below levels in June 2021. Although exports to Canada increased from May, exports dropped to all other top markets: Benin (-42 percent), Jamaica (-32 percent), Dominican Republic (-80 percent), Bahamas (-32 percent), and Haiti (-76 percent). Given few significant changes to HPAI-related trade restrictions between May and June, lowered exports can be attributed to high U.S. turkey prices and the stronger dollar. The export forecast for 2023 is raised 15 million pounds to 410 million pounds on improving demand.

Half-year export volumes (pounds)			
	Jan-Jun 2021	Jan-Jun 2022	Percent change 2021-2022
Mexico	186,465	153,282	-17.8
South Africa	8,125	2,074	-74.5
Benin	7,942	5,952	-25.1
Canada	7,150	5,530	-22.7
Peru	6,333	244	-96.1
Haiti	4,862	2,133	-56.1
Guatemala	4,385	2,852	-35.0
Jamaica	4,291	4,575	6.6
Dominican Republic	4,232	3,770	-10.9
China	3,718	7,328	97.1

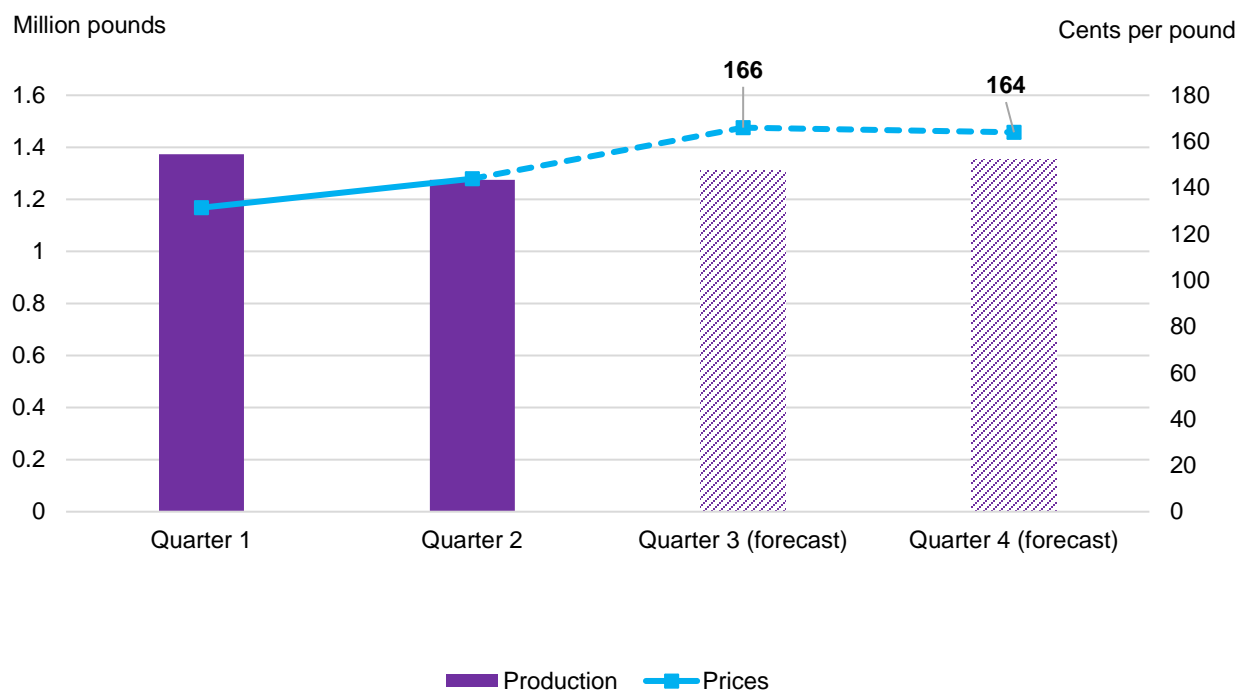
Source: USDA, Economic Research Service, Livestock and Meat International Trade Data.

Turkey imports from Chile spiked in June to 9.4 million pounds. This is a 45-percent increase from the previous month and an increase of 344 percent year over year, which can be explained by high U.S. turkey prices pulling greater volume from the Chilean market. For this reason, the import forecast for 2022 is raised 21 million pounds to 55 million pounds. The import forecast for 2023 is raised 6 million pounds to 34 million pounds, with the expectation that Chilean turkey marketers will continue to seek higher prices in the United States.

Third- and Fourth-Quarter Turkey Prices Raised Again

The third-quarter frozen whole-hen price is raised 5 cents to 166 cents per pound. July wholesale prices averaged 164 cents per pound, an increase of 32.7 percent year over year and an increase of 7 percent from last month. Further price gains are expected in the third quarter after higher weekly prices at the beginning of August and lowered production expectations for the quarter. The fourth-quarter price is raised 9 cents to 164 cents per pound. For 2023, the first-quarter turkey price is raised 5 cents to 145 cents per pound, and prices are raised slightly for the remainder of the year for an annual average of 146 cents per pound.

Quarterly turkey production and prices for 2022, actual and forecast



Source: USDA, *World Agricultural Supply and Demand Estimates*.

In July, turkey parts prices continued climbing upward. The grade A turkey breast price rose 12.1 percent from last month to 262 cents per pound. The tom turkey breast price rose 5.4 percent to 667.5 cents per pound. Tom drumsticks rose 6.9 percent to 99.2 cents per pound, and the tom wings price rose 16.9 percent to 126.1 cents per pound. The mechanically-separated turkey price decreased slightly by 2.2 percent to 81 cents per pound.

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Dairy forecasts, 2021–23

Years Quarters	2021			2022					2023		
	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Milk cows (thousands)	9,442	9,381	9,448	9,384	9,416	9,440	9,440	9,420	9,435	9,435	9,435
Milk per cow (pounds)	5,914	5,909	23,948	6,000	6,147	5,970	5,955	24,070	6,050	6,185	24,300
Milk production (billion pounds)	55.8	55.4	226.3	56.3	57.9	56.4	56.2	226.8	57.1	58.4	229.2
Farm use	0.3	0.3	1.0	0.3	0.3	0.3	0.3	1.1	0.3	0.3	1.1
Milk marketings	55.6	55.2	225.2	56.0	57.6	56.1	55.9	225.7	56.8	58.1	228.1
Milk-fat (billion pounds milk equiv.)											
Milk marketings	55.6	55.2	225.2	56.0	57.6	56.1	55.9	225.7	56.8	58.1	228.1
Beginning stocks	20.0	17.9	15.6	14.3	16.4	18.5	16.3	14.3	13.0	16.1	13.0
Imports	1.8	1.7	6.5	1.3	1.9	1.9	1.9	7.0	1.4	1.7	6.8
Total supply	77.4	74.8	247.4	71.7	75.9	76.4	74.1	247.0	71.2	75.9	248.0
Exports	3.2	2.7	11.5	3.0	3.7	3.3	2.8	12.9	2.8	3.2	11.7
Ending stocks	17.9	14.3	14.3	16.4	18.5	16.3	13.0	13.0	16.1	18.5	14.3
Domestic use ¹	56.3	57.7	221.5	52.3	53.7	56.8	58.3	221.1	52.4	54.2	222.1
Skim solids (billion pounds milk equiv.)											
Milk marketings	55.6	55.2	225.2	56.0	57.6	56.1	55.9	225.7	56.8	58.1	228.1
Beginning stocks	12.0	11.2	10.9	11.1	11.8	12.5	11.7	11.1	11.5	12.6	11.5
Imports	1.4	1.5	5.8	1.5	1.6	1.5	1.5	6.1	1.5	1.5	5.9
Total supply	68.9	67.9	241.9	68.6	71.0	70.0	69.1	242.9	69.8	72.1	245.5
Exports	12.8	11.7	50.8	11.8	14.4	13.1	12.0	51.3	11.9	14.1	51.2
Ending stocks	11.2	11.1	11.1	11.8	12.5	11.7	11.5	11.5	12.6	13.0	12.1
Domestic use	44.9	45.1	180.0	44.9	44.2	45.2	45.6	180.0	45.3	45.0	182.2
Milk prices (dollars/hundredweight) ¹											
All milk	17.90	20.67	18.53	24.93	27.10	24.75	24.10	25.20	23.05	22.15	22.50
Class III	16.32	18.07	17.08	21.25	24.65	20.85	19.75	21.60	19.75	19.70	19.70
Class IV	16.09	18.57	16.09	23.97	25.38	24.60	21.90	23.95	20.50	20.25	20.35
Product prices (dollars/pound) ²											
Cheddar cheese	1.6016	1.7609	1.6755	1.9531	2.3523	2.045	1.960	2.075	1.970	1.970	1.975
Dry whey	0.5668	0.5888	0.5744	0.7610	0.6754	0.525	0.490	0.610	0.490	0.490	0.485
Butter	1.7375	1.9297	1.7325	2.6686	2.8095	2.965	2.700	2.785	2.450	2.350	2.375
Nonfat dry milk	1.2676	1.4613	1.2693	1.7242	1.8188	1.650	1.470	1.665	1.430	1.450	1.450

Totals may not add due to rounding.

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

² Simple averages of monthly prices calculated by the USDA, 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.

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