

TURKEY

Production

Turkey production in June totaled 484 million pounds on a ready-to-cook (RTC) basis. Daily production in June was up 3 percent from May, but down 2 percent from June 2013. Producers appear to be gearing up for the holiday season as poult placements in June were up 9 percent, following a 6 percent increase in May. Eggs in incubators at the beginning of July were up only 2 percent year-over-year, indicating that turkey production following the holidays will return to the lower levels we have seen for most of the last year.

Total turkey stocks have stabilized at about 19 percent below last year's levels for the past three months. Whole hens were the only category above year-prior levels, up 4 percent year-over-year, but whole toms were down 30 percent. Both white and dark meat holdings were down 38 percent year-over-year.

Price

Whole turkey prices fell during July, but are still several cents above last year at this time. July ended with whole hens selling for 106 cents/lb, 7 cents above the same week in 2013. Both boneless/skinless (B/S) breast meat and B/S thigh meat reached all-time high values in July. B/S breast meat reached 408 cents/lb, while B/S thigh meat reached 177 cents/lb. Tom drumsticks traded all month within a penny of 91 cents/lb, about a dime below their high.

International Trade

U.S. turkey exports in June totaled 32 thousand metric tons valued at \$66 million. This was a 16 percent increase in volume and a 14 percent increase in value compared to May and a 10 percent increase in volume and a 16 percent increase in value compared to June 2013. Year-to-date, turkey exports are down 2 percent in volume but up 5 percent in value compared with the first half of 2013. The top five export destinations for turkey in June were Mexico, China, Canada, Japan, and Hong Kong.

LAMB

Production

June lamb and mutton production was up 5 percent from 2013, at 13.4 million pounds, but down nearly 4 percent from the prior month. Sheep slaughter, at 183,600 head, was virtually the same as 2013, but was down 6 percent from May. The average live weight was 138 pounds, down 1 pound from June a year ago. Lamb and mutton supplies in freezers were 24 percent higher than in May, and 61 percent above those in June 2013. Veal stocks in cold storage were up 21 percent from the previous month, but were down 41 percent from last year.

Price

Negotiated slaughter lamb prices (Domestic Prime & Choice, Under 170 pounds) bounced within a \$3 range in July, to close at \$150 per cwt, up 31 percent from 2012, but only 3 percent above the average for 2010-2012. The lamb cutout value increased steadily through July by \$17 to \$375, 36 percent above the 2013 level and 9 percent over the 2010-2012 average. Leg of lamb prices fell in mid-July before returning to \$358 per cwt, 18 percent above the price in 2013 but 1 percent below the historical average. Boneless lamb shoulder meat varied within a \$25 range through July, ending the month at \$541 per cwt, 19 percent above the 2013 value, and 34 percent above the 2010-2012 average.

International Trade

The export market for lamb increased 1 percent in volume to 250 MT from May to June, while value of exports increased 2 percent to \$1.43 million. Relative to 2013, this was a decline of 5 percent in volume and 16 percent in value. YTD lamb exports fell in volume (21 percent) and value (7 percent) compared to 2013. Mexico and Canada were the largest markets for U.S. lamb and mutton. The U.S. imported 5.6 thousand MT of lamb in June, at \$52 million, a monthly drop in volume and value of 11 and 3 percent, respectively. On a year-over-year basis, lamb import volumes fell 5 percent, but in value, rose 3 percent. YTD lamb imports are up 3 percent in volume and 12 percent in value. Australia and New Zealand were the U.S.'s largest importing countries.

Production

Processors produced 2.0 billion pounds of chicken on a ready-to-cook (RTC) basis in June. Daily production was even with May, but up almost 2 percent from June 2013. The year-over-year gain was driven entirely by increases in average live weight as the number of birds slaughtered each day was the same. Producers continue to struggle to increase production through larger bird numbers; for the 4 weeks ending August 2, eggs set were up 2 percent over last year, while placements were even with the same period last year.

Total chicken in cold storage at the end of June was down 9 percent from the end of May and down 16 percent compared to the end of June 2013. Whole broilers were up 11 percent compared to May's levels, but about half of June 2013 and a third of the 2010 – 2012 average for June. Breast meat stocks were down 9 percent compared to May but up 5 percent year-over-year. All dark meat holdings were down 23 percent from May and 24 percent from June 2013, with leg quarters down the most, down 29 percent for the month and 39 percent for the year.

Price

After reaching an all-time high value at the end of May, the National composite price for whole broilers has fallen steadily, and was 18 percent lower at 99 cents/lb at the end of July. After rising for the first half of the year, boneless/skinless (B/S) breast prices fell 10 cents in July and closed the month at 192 cents/lb. Leg quarters put in their high value for the year in early July at 49 cents/lb, but fell to just under 48 cents/lb at month's end. B/S thigh meat also reached an annual high of 141 cents/lb during the month and traded within a penny of that all month. Wing prices continue to stay below last year's levels, but rose through July and closed the month at 149 cents/lb, their highest price for the year.

International Trade

The U.S. exported 281 thousand metric tons of chicken with a value of \$341 million in June. This is a decrease of 3 percent in volume and 2 percent in value compared to May, and a decrease of 3 percent in volume and 9 percent in value compared to June 2013. For the first 6 months of the year, chicken exports are up 1 percent in volume but down 6 percent in value compared to the first half of last year. The top five export destinations for chicken in June were Mexico, Canada, Russia, Taiwan, and Angola. (*see special report section for an update on the recent Russian ban on U.S. chicken and pork.*)

Production

June beef production held steady but fell 4 percent from 2013 levels to 2.07 billion pounds. Cattle slaughter fell 1 percent from last month and 5 percent from last year to 2.61 million. The average live weight was up 7 pounds from 2013, at 1,307 pounds. On a YTD basis, cattle slaughter is 6 percent below last year's level though beef production is down 5 percent. Veal production dipped 3 percent compared to May to 7.6 million pounds, 10 percent below last June. At 45,300 head calf slaughter was down 3 percent from May and 21 percent from June 2013. The average live weight was up 35 pounds from last year to 285 pounds. For 2014 YTD, calf slaughter is 16 percent, and veal production 10 percent, lower than year before levels.

Total beef in freezers in June was down 5 percent from May stocks and down 26 percent from 2013 levels. Boneless beef stocks were down by the same percentages, while beef cuts were 8 percent lower than the prior month, and 19 percent below last year's inventory levels.

Price

Negotiated slaughter cattle prices, Live FOB Steers and Heifers, continued to defy gravity, rising \$9 in July to a record \$163 per cwt, 33 percent over 2013 prices, and 51 percent above the 2010-2012 average. Consequently, the Choice beef cutout value also jumped nearly \$20 to a record value of \$262 per cwt, up 40 percent from the 2013 level and 57 percent from the 2010-2012 average. In July, boneless beef, 90 percent lean, passed the high set in March to end up \$30 at \$262 per cwt, 46 percent above last year and 58 percent above the historical average. Beef trim, 50 percent lean, increased nearly as much to \$151 per cwt, 37 percent higher than in 2013 and up 131 percent from the 2010-2012 average. The wholesale veal cutout value also rose to \$520 per cwt, up 8 percent from 2013, and 31 percent from the 2010-2012 average.

International Trade

Compared to 2013, June beef and veal exports (including variety meats) increased 5 percent to 107 thousand MT, while the value increased 12 percent to \$632 million. On a monthly basis, the volume of beef exports increased 4 percent, and the value 7 percent from May figures. For the YTD, beef exports are higher in both volume (8 percent) and value (15 percent) than in 2013. Japan, Canada and Hong Kong were our largest export markets. June imports of beef to the U.S. equaled nearly 86 thousand MT, valued at \$468 million, or roughly 4 percent in volume and value from the previous month. On a yearly basis, however, beef imports were up 32 percent on volume and 43 percent on value. YTD beef imports are up 12 percent in volume, and 18 percent in value. Australia, New Zealand and Canada were the largest importers of beef to the U.S.

Production

Despite PEDv losses, pork production totaled 1.73 billion pounds, up 3 percent from the previous year, though it was 7 percent below May production. YTD production is on par with last year. Hog slaughter was down 6 percent monthly and 1 percent yearly, to 8.10 million head. The average live weight was up 11 pounds year over year, at 285 pounds. Hog slaughter YTD is 4 percent lower.

June frozen pork supplies were down 7 percent from May and 5 percent from last year. Bone-in picnic inventories fell 16 percent on a monthly basis, and were down 42 percent from last year. Alternatively, total ham supplies were 15 percent higher than at the end of May, though they were down 22 percent from June 2013. Pork trimmings were 9 percent lower than the prior month, and 10 percent lower than the prior year. Loins, ribs and butts in cold storage were all down on a monthly basis, by 29, 32 and 5 percent, respectively. However, stocks of loins were down only 2 percent, while ribs were up 7 percent, and butts up 27 percent, compared to last year. Pork belly inventories were down 2 percent from last month but up 100 percent on a yearly basis.

Price

After reaching a record high near \$130 in mid-July, the National negotiated carcass price, Live FOB Plant, fell back to close the month at \$120 per cwt, still 27 percent ahead of last year and 53 percent over the historical average. The pork cutout value also hit a record high in mid-month at \$136 per cwt, before softening to \$130, up 27 and 52 percent, respectively, from last year and the historical average. Bone-in, 23-27 pound ham prices saw steady, slower price increases than in June, from \$138 per cwt to a record high of \$143 per cwt. Pork trim 72% lean values hit a new high near \$151 per cwt toward the end of the month before softening at its close. Picnic meat combo, cushion out prices reached \$157 before ending July at \$147 per cwt. Pork belly primals dropped dramatically in the latter portion of July, falling from \$174 to \$135 per cwt.

International Trade

U.S. pork export volumes (including variety meats) fell 4 percent from last month to 177 thousand MT. However, the value of pork exports decreased by only 2 percent to \$571 million. On a year-over-year basis, June pork export volume increased 7 percent and value up 25 percent, and for the YTD by 9 percent and 17 percent, respectively. The largest overseas markets for U.S. pork were Japan, Mexico and Canada. From May to June, imports of pork to the U.S. were down 7 percent to 35 thousand MT and down 6 percent on a value basis at \$149 million. Compared to 2013, June imports were up 13 percent in volume and 29 percent in value. Pork imports YTD are up 9 percent in volume and 22 percent in value. Canada, Denmark and Poland were the largest importers of pork. (see special report section for an update on the recent Russian ban on U.S. chicken and pork.)

Source: USDA AMS Agricultural Analytics Division

Any opinions expressed represent those of the authors for the limited purpose of this newsletter and do not represent the official position of the Department.

Production

June table egg production totaled 585 million dozen, up 3 percent from June 2013. There were 988 million broiler-type hatching eggs produced, down 1 percent from last year. The broiler-type laying flock on July 1 was 53.6 million hens, up 2 percent from 2013. Egg-type hatching egg production was 75 million eggs, down 1 percent from a year ago. Shell eggs broken totaled 192 million dozen during June 2014, up 5 percent from June a year ago, but 2 percent below the 195 million broken in May. On July 1, the number of birds in the table egg flock was 295 million, up 2 percent compared to a year earlier.

Price

Table egg prices in July were either virtually unchanged or very volatile, depending on which size egg you were tracking. Grade A Medium eggs traded at 100 cents/dozen for most of the month, while Grade A Large eggs swung from 116 cents/dozen at the beginning of the month, rose to 147 cents/dozen late in the month, and dropped to 144 cents/dozen by month's end. Large egg prices continued to drop in early August. The reason for the divergence in prices was that egg producers tend to add pullets during the late spring and pullets begin production laying smaller eggs. This caused an abundance of medium eggs while larger sizes were in relative short supply.

The trend in medium table egg prices was mirrored in the breaking stock market. Breaking stock prices reached 78 cents/dozen in late June and were unchanged through the month of July.

International Trade

Shell egg exports in June totaled 13 million dozen with a value of \$14.5 million. This is a 24 percent decrease in both volume and value compared to May and a 15 percent decrease in volume and a 5 percent decrease in value compared to June 2013. For the first 6 months of the year, shell egg exports are down 12 percent in volume but up 1 percent in value compared to 2013.

The U.S. exported \$13.8 million of egg products in June, up 16 percent from May, but down 22 percent from June 2013. Year-to-date, egg products are down 8 percent compared to 2013. The top five export destinations for shell eggs and egg products in June were Mexico, Canada, Hong Kong, Japan, and Jamaica.

Questions, comments, or suggestions for articles? Contact

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Special Reports

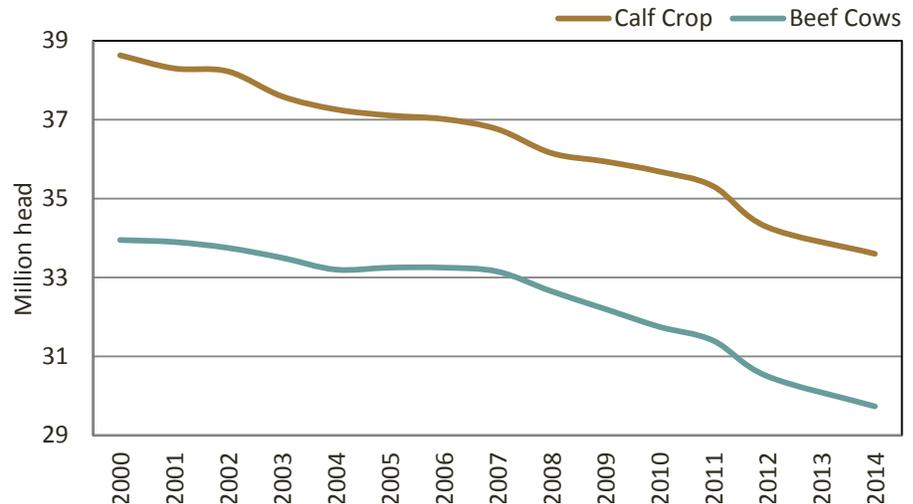
The Impact of Cattle Inventories on the Beef Market

The graphs at right are illustrative of the difficult position in which the beef industry finds itself currently, and in the past few years. Despite higher beef prices, and reductions in feed costs, producers have been unable to fully capitalize on the growth potential available in strong domestic and overseas demand. The July 1 cattle inventory numbers for 2014 show a continuing pattern of declining beef cow and calf inventory. (July 1 cattle inventory numbers were not available for 2013 due to sequestration.) Lower beef cow inventory numbers mean a smaller breeding stock, and fewer opportunities for increasing the calf crop.

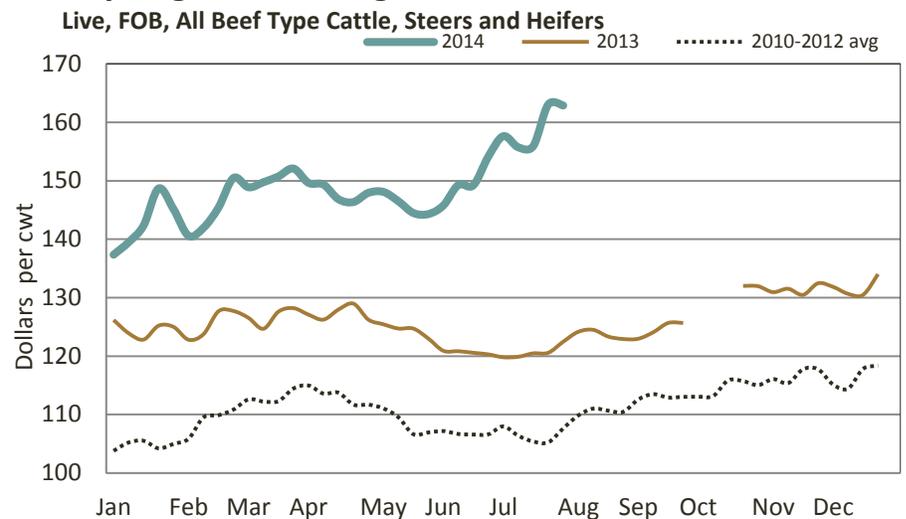
Recent years have made any efforts at rebuilding the herd even more difficult. Due to primarily to drought in some of the nation's most productive cattle growing areas, beef cow inventories have declined over the past few years at a somewhat faster rate than the calf crop. For example, from 2010 through 2014, beef cow inventories have declined an average of 1.6 per year for the five year period. This value remains the same, even when accounting for beef cow replacements. For the same time period, the calf crop declined an average of 1.3 percent. Greater reductions in the breeding stock results in less reproductive capacity, lower growth rates for the calf crop, and more time needed to grow the herd.

This situation is reflected currently throughout the entire cattle/beef complex. Lower inventories have caused continued record-breaking high prices for slaughter cattle. The increased cost of cattle is then passed on throughout the industry in the form of higher wholesale and ultimately, higher retail beef prices.

Calf Crop & Beef Cow Inventory, July 1



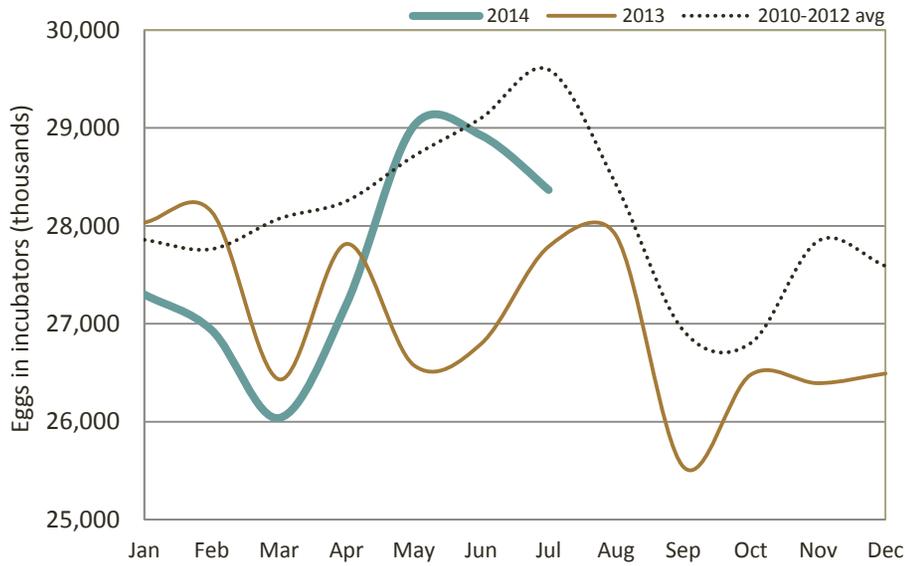
Weekly Negotiated Slaughter Cattle Prices



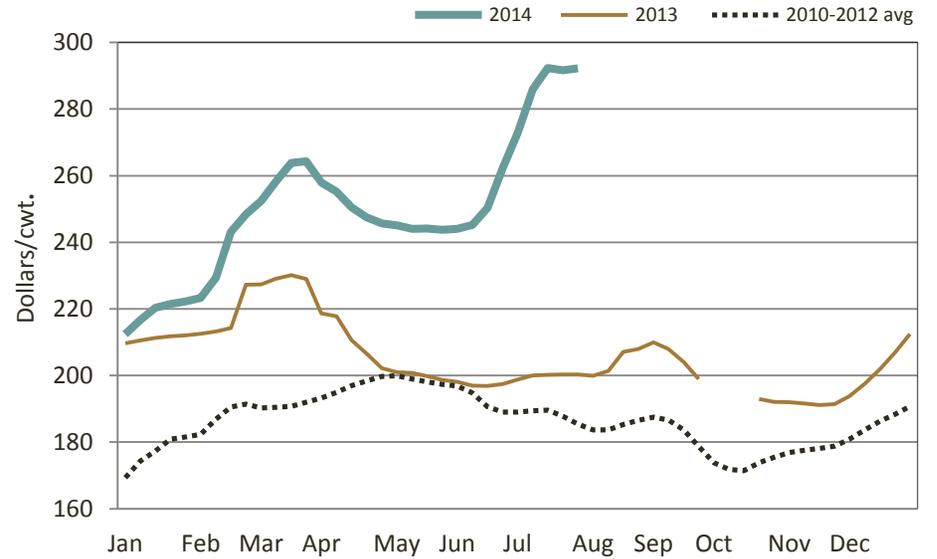
Russia Bans Imports of U.S. Agricultural Products Including Chicken and Pork

On August 6, 2014, Russia placed a one-year ban on imports of U.S. agricultural products including chicken and pork. For the first six months of 2014, Russia was the second largest buyer of U.S. broiler exports by quantity with 7.5 percent of U.S. broiler exports (1.4 percent of total U.S. production or 273.5 million pounds, primarily leg quarters). For the first six months of 2014, Russia was the eighth largest buyer of U.S. pork exports by quantity. Russian imports totaled 37.1 million pounds of fresh, chilled, and frozen pork products. This represents 2.1 percent of U.S. pork exports and 0.3 percent of total U.S. production for the period. Because exports of U.S. chicken and pork to Russia have been on the decline in recent years, the overall impact of the latest Russian ban is expected to be minimal, particularly for pork where reduced production has kept domestic market supplies tight and prices high for much of 2014. Likewise, U.S. chicken producers have grown less dependent on the Russian market.

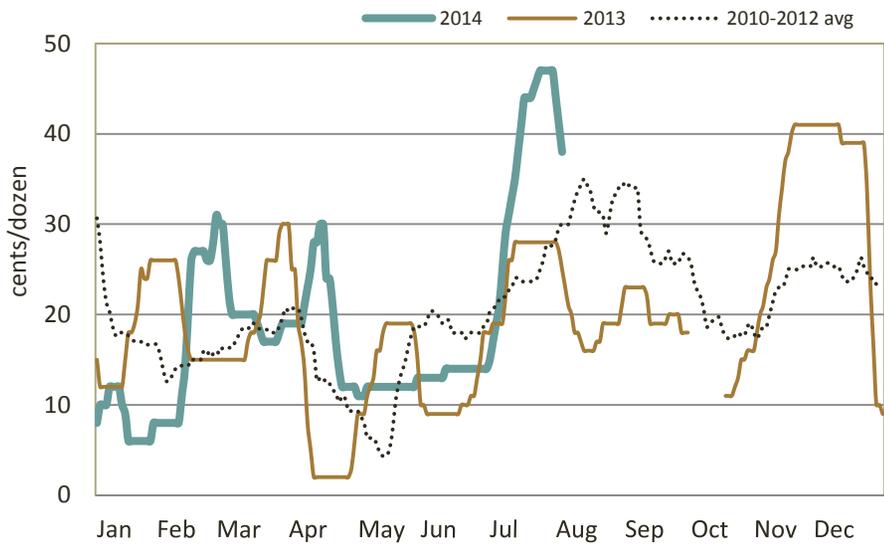
Turkey Eggs in Incubators (first day of the month)



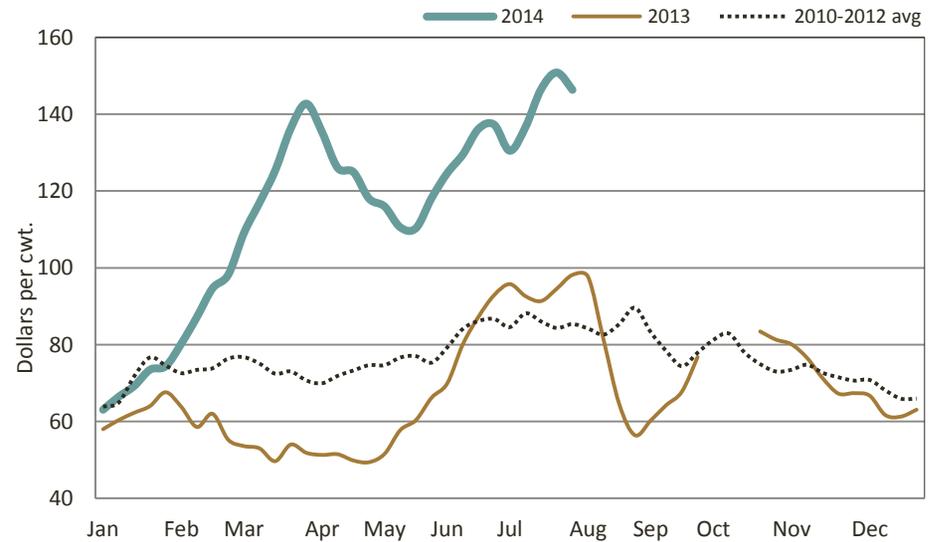
Boneless Beef, 90% Lean Weekly Average Prices



Large and Medium Egg Price Spread



Boneless Pork Trimmings, Fresh 72% Combo



August is National Catfish Month

U.S. Farm-Raised Catfish is the No. 1 farm-raised finfish in America. (23% of all sales in 2012)

1963
Arkansas becomes first state to produce farm catfish commercially.

1.5-2

Years to reach average processing weight.

1

1.2

1
Million pounds of catfish strips purchased by AMS to date in FY2014 (1.64 total in FY2013)

63

Pounds per capita consumption in U.S.

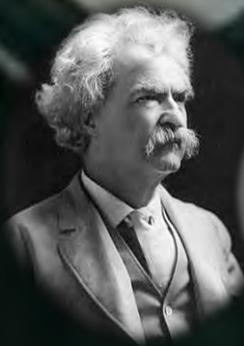
10-20

Typical size, in acres, of modern catfish ponds (63,700 acres combined production area of MS, AR, and AL in 2014)

63
Size of Mississippi's farmed catfish inventory by millions of fish. (number 1: catfish-producing state)

1-1.5

Average weight in pounds of 65% of farmed catfish on inventory in 2014. (small size 1-1.5 lbs.)



"The catfish is a plenty good enough fish for anyone."
Mark Twain