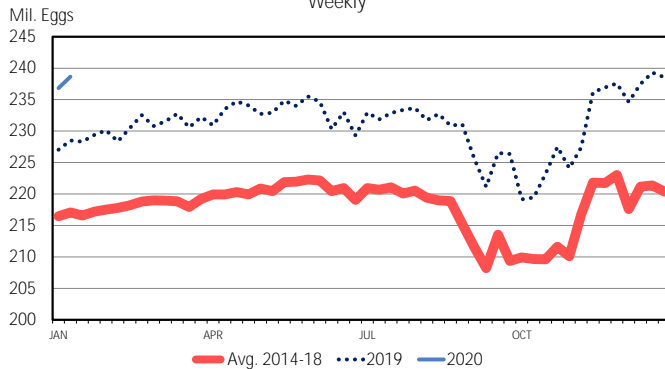


Broiler production continued to accelerate last week, coming in at 823.7 million pounds, 5.9% over last year. Young chicken slaughter surged 4.4% over last year, to 173 million head. The weights are still 1.5% ahead of last year.

The broiler industry looks poised for expansion in 2020. Egg sets since the end of October 2019, have average 4% over a year ago on a weekly basis. Chicks placed have averaged 3% over a year ago in that same timeframe, but in the last three weeks have posted 4-7% gains over the year prior.

BROILER EGGS SET Weekly



Data Source: USDA-NASS
Livestock Marketing Information Center

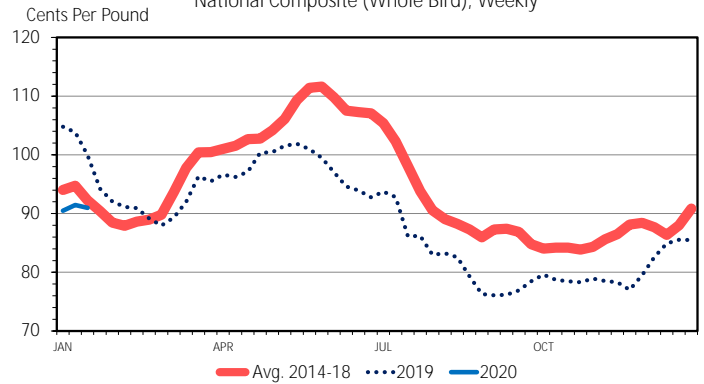
P-S-10
01/16/20

Wholesale broiler prices struggled last year and in the near term, whole bird prices (composite, upper right) are just over 90 cents a pound, about 9% below last year. The optimism for the broiler industry is being built on the back of Chinese demand, which only recently re-opened the market to U.S. poultry products. [For more background visit this DLR.](#) That announcement quickly went into effect and November trade data showed China bought 2.6 million pounds of ready to cook broiler meat. The announcement was only made November 14th, which means those figures do not represent a full month of the open market. Prior to 2015, the Chinese routinely bought more than 20 million pounds of product and early numbers touted by USTR estimated China may purchase \$1 billion in poultry products.

The Phase 1 deal, too, offered more optimism. One of the key highlights for U.S. poultry was finalization of protocol for the regionalization of poultry diseases. U.S. poultry products were initially banned from China because of a U.S. outbreak of Avian influenza. Formalizing this protocol would suggest future

BROILER PRICES

National Composite (Whole Bird), Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

P-P-01
01/17/20

outbreaks would only affect poultry products from a specific region and allow the rest of U.S. poultry products to be eligible for export to China.

Broiler exports in 2019 Jan-Nov data show a half a percent increase. If China returned to 2014 levels of broiler imports from the U.S. (260.1 million carcass weight), it would be between a 2-5% increase over 2019 levels. The product mix is expected to be different than in previous years based on the value of white meat chicken. China has historically purchased more dark meat cuts, but wholesale breast meat at 90 cents a pound offers value.

The Livestock Marketing Information Center estimates total U.S. broiler meat exports to climb 5-7% in 2020. The U.S. broiler industry is expected to grow by about 3% on an annual basis. The first half of 2020, however, is expected to post even stronger gains in production when compared to 2019's slowing production of the same time frame. Those estimates for production rely heavily on profitability in the chicken sector. Even with current futures market prices for feed stuffs, broiler industry profits are expected to steady, albeit, relatively small. Wings and leg quarters had been a strong point last year, but those prices have adjusted lower since 2019 summer highs.

The promise of strong export demand for broiler meat may only begin to show up in slowly appreciating chicken prices as poultry products are not covered by the USDA FAS weekly trade data. Low wholesale prices are likely to persist if exports are unable to absorb the large broiler production that is developing in the first half of 2020.

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