Daily Livestock Report

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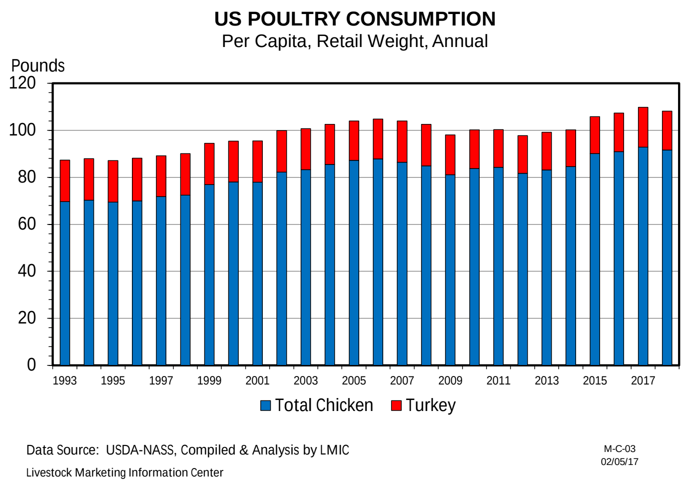
USDA's Economic Research Service (ERS) reported yesterday that chicken export volumes during December were up 28% from a year earlier. Since chicken production was not up as much as exports, this results in less available for consumption; to be exact, chicken available for domestic consumption declined 7% from the prior December. This is not unprecedented in recent times. In fact, chicken supply available for consumption in the US fell below year earlier volumes for the last half of 2016 by 1.5%.

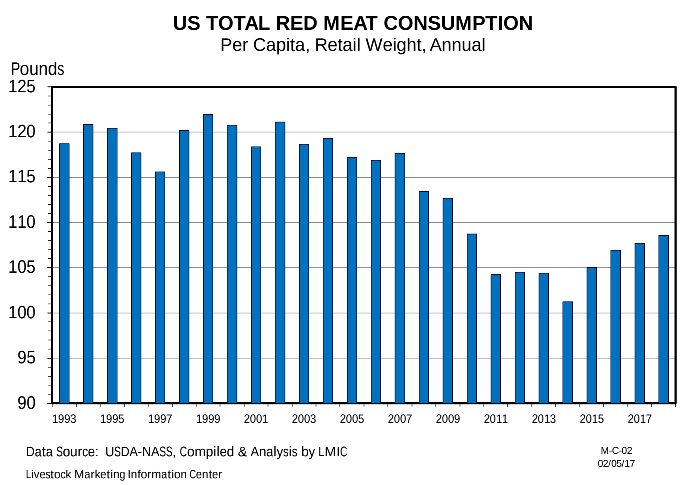
Pork export volumes were up 15% from the prior December, an increase that is reflective of 4Q2016, in total. With this level of pork exports, supplies of pork available for the US domestic market during the quarter were up less than 1% from the same quarter, even though pork production was up 2.9%. This marginal increase in available supply during 4Q2016 compares with an increase in domestic pork supplies of close to 4% in the 1Q2016, prior to the upswing in pork export shipments.

The big increase in available US meat supplies in the last quarter of 2016 came from beef with a 6% expansion. Beef export volumes were up 24% from a year earlier during 4Q2016 but exports as a percent of production for beef are only 11%, whereas pork exports are 21% of pork production, and chicken exports as a percent of chicken production are 17%. Beef production during 4Q2016 was up 8% from a year earlier.

The charts at the right both show increasing supplies of red meat (beef, pork, lamb, bison, veal) and poultry (chicken, turkey, ducks), implying that production (and imports of these meats) will be increasing by more than exports in 2017. Over the course of 2017, however, there is the possibility of less supply of some of these meats when compared to a year earlier. The current quarter is expected to see continued declines in chicken available to the domestic market, similar to the last half of 2016. Pork availability should also show a slight decline in the first quarter, compared to 1Q2015.

The big change in the meat supply situation between late 2016 and early 2107 is beef, with production increases moving down from 8% to 4%. Meanwhile, beef exports are forecast increase by 11%, year-over-year, leaving domestic beef supplies only up 1%, much more moderate than the 6% increase of 4Q2016. The total domestic supply of beef, pork and poultry





(and other meats) for the current quarter should be close to unchanged from a year ago. The additional meat that is expected to be available (as shown in the charts above) for the entire year shows up mostly in the spring and fall quarter Summer quarter meat supplies are projected to be down slightly from last summer.