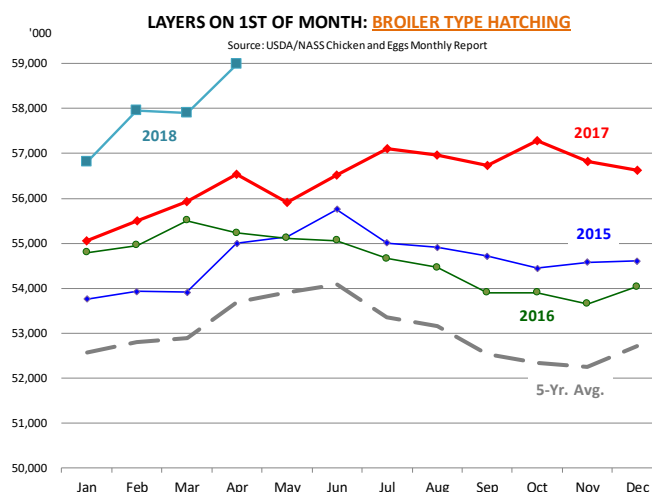
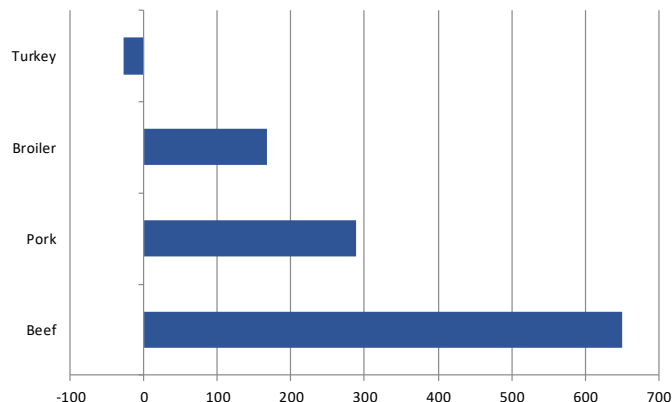


**Combined beef, pork, chicken and turkey production in Q2 is currently projected by USDA to be up a little over 1 billion pounds (+4.4%) during Q2.** This information was presented in early April as part of the WASDE update and it is possible we may see a modest downward revision given the pace of cattle slaughter so far this month. The increase in beef production is by far the biggest contributor to the expected growth in meat protein supplies during spring and early summer. Beef production in Q2 will account for 28% of all the red meat and poultry produced during the quarter and yet contribute 60% of the growth. Broiler production is by far the largest meat protein available, with Q2 production well over 10 billion pounds compared to 7 billion pounds for beef and 6.4 billion pounds for pork.

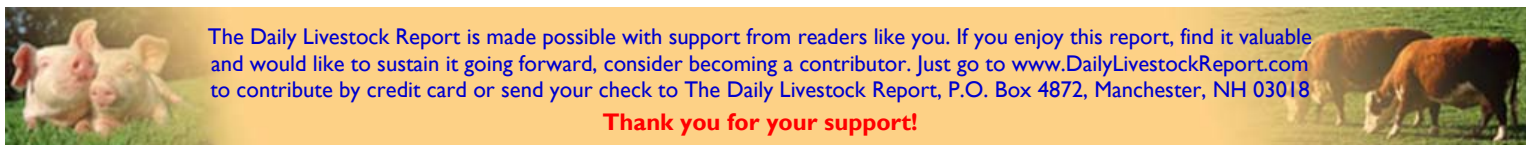
**USDA is forecasting only a modest increase in broiler meat supplies for the quarter and also for the year. Could we see a surprise in those numbers? So far production data does not suggest so.** Each week USDA/AMS reports on the number of broilers slaughtered, what the slaughter dress percentage was and the implied amount of ready to cook broiler meat that came into the market. These numbers are estimates and at some point may be revised but provide an early indication of production trends. In the last six reported weeks (March 4 - April 14), weekly broiler slaughter has averaged 158,998 head/week, 0.8% less than the same period a year ago. **The decline in slaughter has come even as industry has increased the size of the broiler hatching flocks and the number of eggs set in incubators continues to increase compared to a year ago.** Consider the following numbers, which we find somewhat stunning. The broiler hatching flock at the start of the year was 56.8 million head, 3.2% higher than a year ago (note that year ago numbers were revised recently so update your data set if you have not done so). The flock then expanded to 57.9 million in Feb/Mar and it was reported to be almost 59 million head on April 1, 4.3% higher than year ago levels. The number of broiler eggs set in incubators for hatching since the start of the year has averaged 226.9 million/wk., 2.4% higher than the same period a year ago. Current hatchability is reported by USDA to be around 82%, a percentage point lower than a year ago. The lower hatchability rate has limited the number of chicks placed in grow out operations, which so far this year has averaged 181.8 million per week, 1.1% higher than a year ago. Obviously the broiler industry has run into productivity issues, we are guessing because of the rapid expansion of the no-antibiotics ever (NAE) supply. The increase in the broiler hatching flock recently may represent efforts from the industry to offset the lower than expected productivity. It is important to consider the recent productivity

## Increase/Decrease in Q2 Meat Production from Main Species

Source: USDA April WASDE Report. Million Pounds



trends when you look at the hatching flock numbers. Just because you have a 4% increase in the flock does not mean you slaughter will get anywhere close to 4%. One way to bolster production is to feed birds to heavier weights. In the last four reported weeks, slaughter of small broilers (less than 4.25 lb. live wt) was down 17% compared to the same period a year ago. Slaughter of broilers between 4.26 and 6.25 lb was also 1% lower. However, slaughter of birds weighing 6.26 lb and 7.75 lb was up 24%. Overall broiler weights in the last four weeks have averaged 1.5% higher than last year.



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