

The turkey industry has been scrambling to gain some economic traction, not only in this chaotic year of the pandemic, but in recent years as well. Hopes are now pinned on the upcoming Thanksgiving holiday, although expectations could be characterized as modest. This is best reflected in hatchery output during July that was down 7% from a year earlier. Eggs in incubators at the beginning of the month were down 4%, with poults placed in grow-out farms in July also down 7% from July 2019. These poults represent the core of turkeys expected to be harvested in September and October to be moved into the distribution system for Thanksgiving.

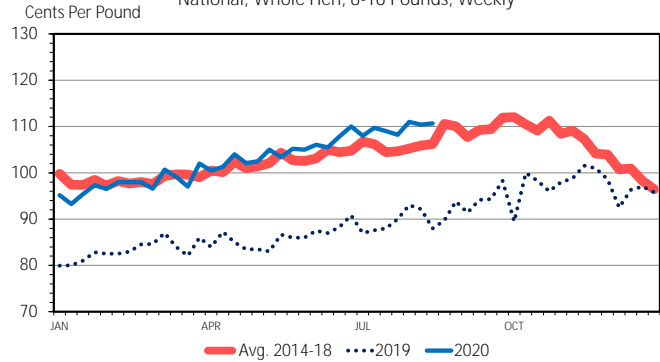
The turkey market seems to have an awareness of a possible tight supply situation in coming months. Whole-bird turkey prices at the wholesale level are running about 20% higher than a year ago. These are the highest prices since 2016. In 2016, high prices were the consequence of reduced turkey production in 2015 due to Avian Influenza that also resulted in very low inventories of frozen turkey at the start of 2016.

Turkey consumption in 2016 set a record and has been receding ever since. High beef and pork prices in prior years made turkey an attractive alternative to these meats on a price basis and the closure of some export markets due to Avian Influenza was also pushing more turkey production into domestic markets. Turkey consumption started this year on an encouraging note, posting a 3% gain in the January-March interval when compared to a year earlier. COVID and the shutdown of some food service distribution channels resulted in turkey consumption falling 5% from a year earlier in the April-June quarter.

The impact of COVID had its supply side effects during the spring quarter, similar to other meat industries, which kept frozen turkey inventories from increasing in a normal seasonal manner in May, but

TURKEY PRICES

National, Whole Hen, 8-16 Pounds, Weekly



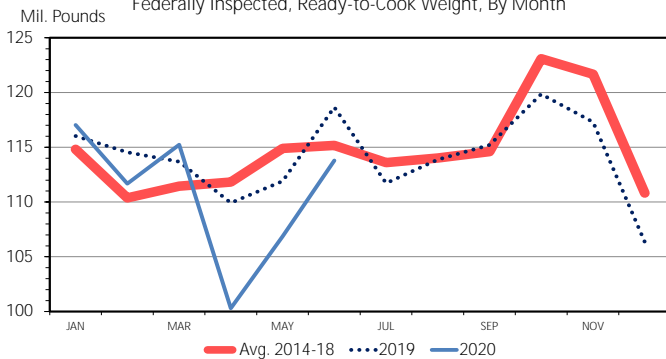
Data Source: USDA-AMS
Livestock Marketing Information Center

P-P-08
08/14/20

June frozen inventories jumped by a bigger-than-expected volume due to disappointing consumer demand. Food service and drinking place sales during the spring quarter were down 37% from a year earlier, which is where the majority of turkey gets merchandised during that season, so the decline in turkey consumption was modest, in that light. Food service and drinking place sales in July were only down 17% from a year earlier, which still leaves the outlook for turkey demand on the defensive for coming months. It also dictates some caution relative to how much turkey to produce to prevent an abundance of turkey accumulating in freezers by the end of the year.

WEEKLY AVERAGE TURKEY PRODUCTION

Federally Inspected, Ready-to-Cook Weight, By Month

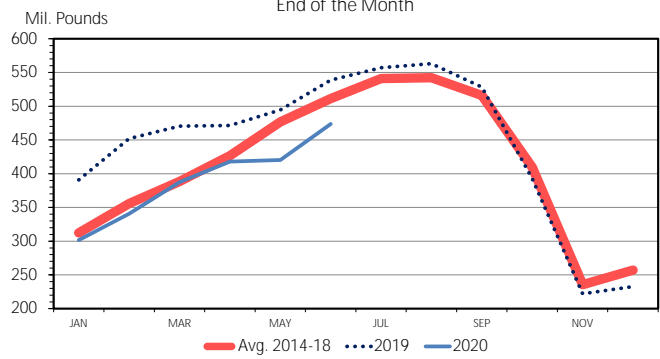


Data Source: USDA-NASS
Livestock Marketing Information Center

P-S-08
07/24/20

TURKEY IN COLD STORAGE

End of the Month



Data Source: USDA-NASS
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P-S-04
08/17/20

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