

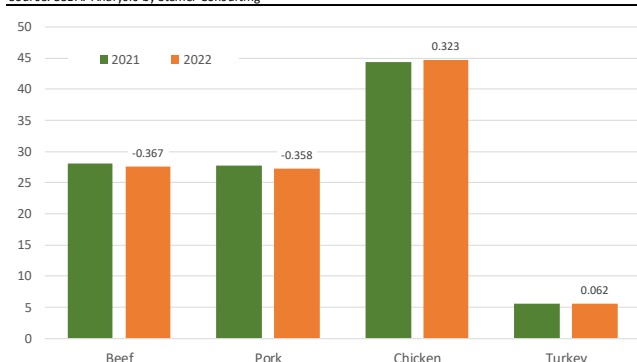
**Meat protein production in 2022 is expected to be lower than a year ago, largely due to less red meat coming to market.** For this blame the reduction in both the cattle and hog breeding herds, and the resulting decline in calf and pig crops. On the other hand, USDA is still holding on to the forecast for higher broiler production this year, albeit much smaller increase than previously thought. We'll review some of the changes to beef and pork supply outlook first, and then touch on the HPAI risks for broilers and turkeys.

**USDA raised beef production forecasts for 2022 while revising down its production forecast for pork.** Beef production for this year is now forecast at 27.640 billion pounds, 195 million pounds higher than the forecast presented last month. USDA raised the forecast for beef production this year due to higher fed and non fed slaughter. Indeed, the pace of beef cow herd liquidation has surprised many in the industry although it is understandable given drought pressures in the Southern Plains and some other key regions. But ultimately the increase in production today means even less supply in the pipeline in the next three years. Even with the increase in production, USDA is still forecasting beef output this year down 367 million pounds or 1.3% compared to a year ago. USDA has beef per capita consumption down 0.8% because of higher imports and lower exports. US beef imports have been indeed quite large to start the year due to more beef coming from Mexico, Brazil and Central America. USDA is now forecasting beef exports to be down 147 million pounds or 4.3% in 2022. The argument for this is that high beef prices and global price inflation will negatively impact demand for beef. On the other hand, USDA may be underestimating Chinese beef demand, especially now that Argentina and Uruguay have slowed down exports to that market. As for pork, USDA has been steadily downgrading its production forecasts for the year, catching up with what's happening in the market. Pork production for 2022 was revised down 65 million pounds and it is now forecast at 27.330 billion pounds carcass wt, 358 million pounds or 1.3% lower than the previous year. Higher imports and lower exports are expected to shore up domestic supplies, however and per capita domestic consumption is expected to be higher than the previous year. Will pork exports decline 300 million pounds or 4.3%? It's probably a reasonable assumption with China absent from the US market but also a major wild card.

As the top chart above shows, **chicken is by far the largest amount of meat protein produced at 44.7 billion pounds.** The latest forecast was revised down by 257 million pounds and output for this year is now up just 0.7% from the previous year. This reflects the still very slow supply growth as processors struggle with high feed costs and more importantly tight labor supplies. USDA forecasts do not account for impacts from Highly Pathogenic Avian Influenza. At this time commercial operations in three states (see table) have been affected, for a combined 741k birds. The outbreak has not had a major impact on broiler supplies considering that weekly slaughter is around 166 million head. But there is still some supply risk considering that HPAI has now spread to all four wild bird flyways.

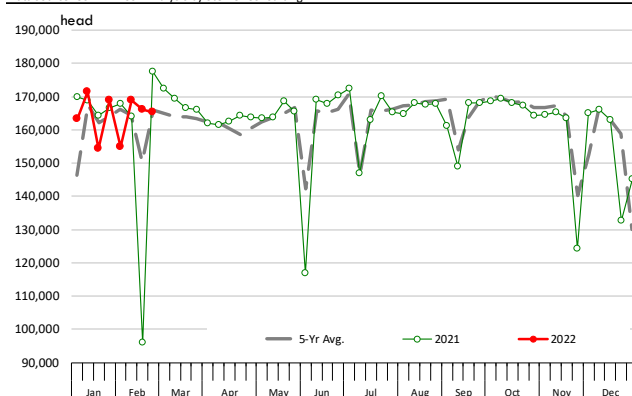
US Beef, Pork, Broiler and Turkey Production. Billion Lb. Carcass Wt.

Source: USDA. Analysis by Steiner Consulting



Weekly Broiler Slaughter. 000 Head

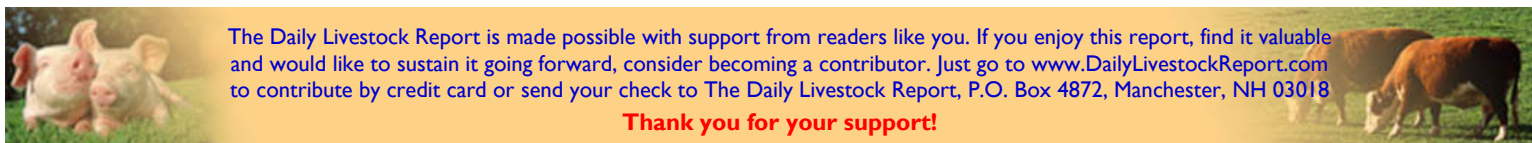
Data source: USDA-NASS. Analysis by Steiner Consulting



HPAI Commercial Impact. No. of Head Affected.

Data source: USDA-APHIS. Analysis by Steiner Consulting

	Broiler	Layer	Mixed	Turkey	Pullet Chickens	Grand Total
Delaware			1,200,000		265,000	1,465,000
Indiana				171,733		171,733
Iowa				50,000		50,000
Kentucky	231,398			53,286		284,684
Maryland	150,000	664,061				814,061
Missouri	360,000			64,770		424,770
South Dakota			63,530			63,530
<b>Grand Total</b>	<b>741,398</b>	<b>664,061</b>	<b>1,263,530</b>	<b>339,789</b>	<b>265,000</b>	<b>3,273,778</b>



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