

FarmEcon LLC

A source of information on global farming
and food systems

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Turkey Stocks Tell a Story

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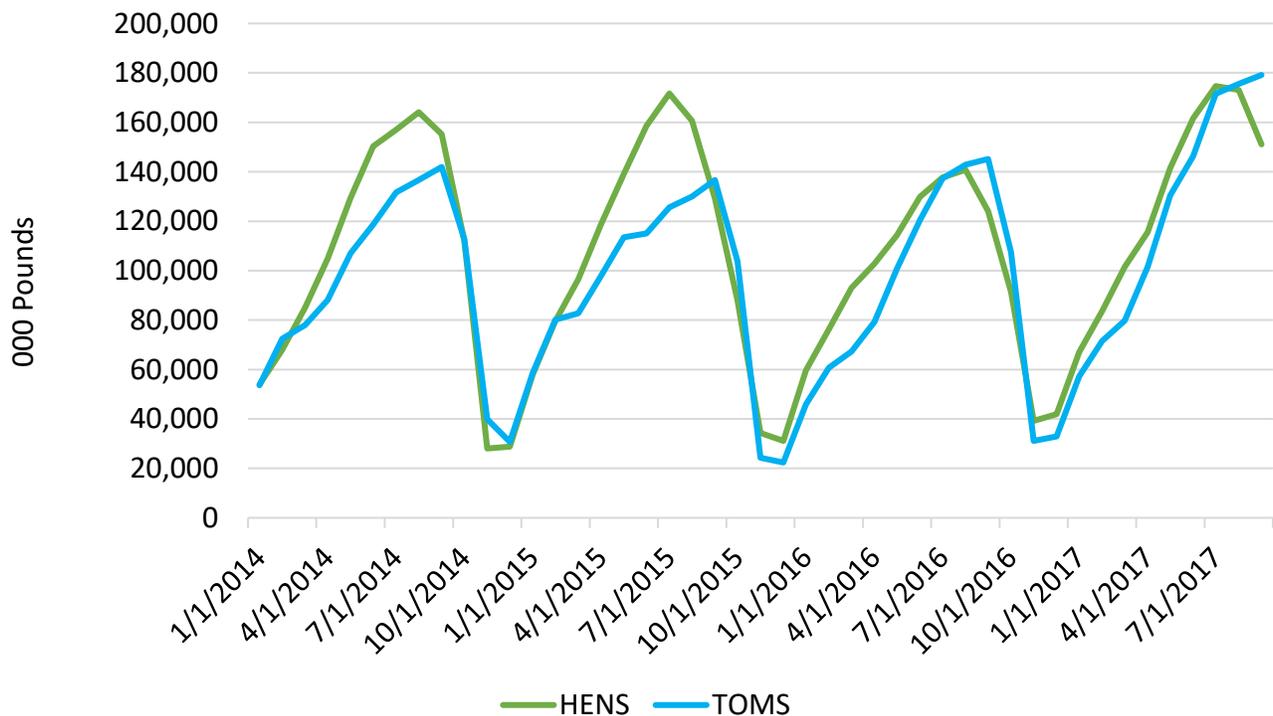
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Changes in the major components of turkey product flow from production through to domestic and export end use are balanced out by increases and decreases in frozen stocks. There are large seasonal patterns and longer-term trends that show the balance between production and use. That balance has an impact on prices.

Whole Bird Stocks: Driven by holiday sales, there are significant seasonal cold storage differences between whole birds and parts. Whole bird stocks typically peak in August and September, then decline as retailers take product into their freezers where they are out of the USDA reporting system. This pattern is shown in the chart below.

January 2014 to September 2017 USDA Whole Bird Frozen Stocks

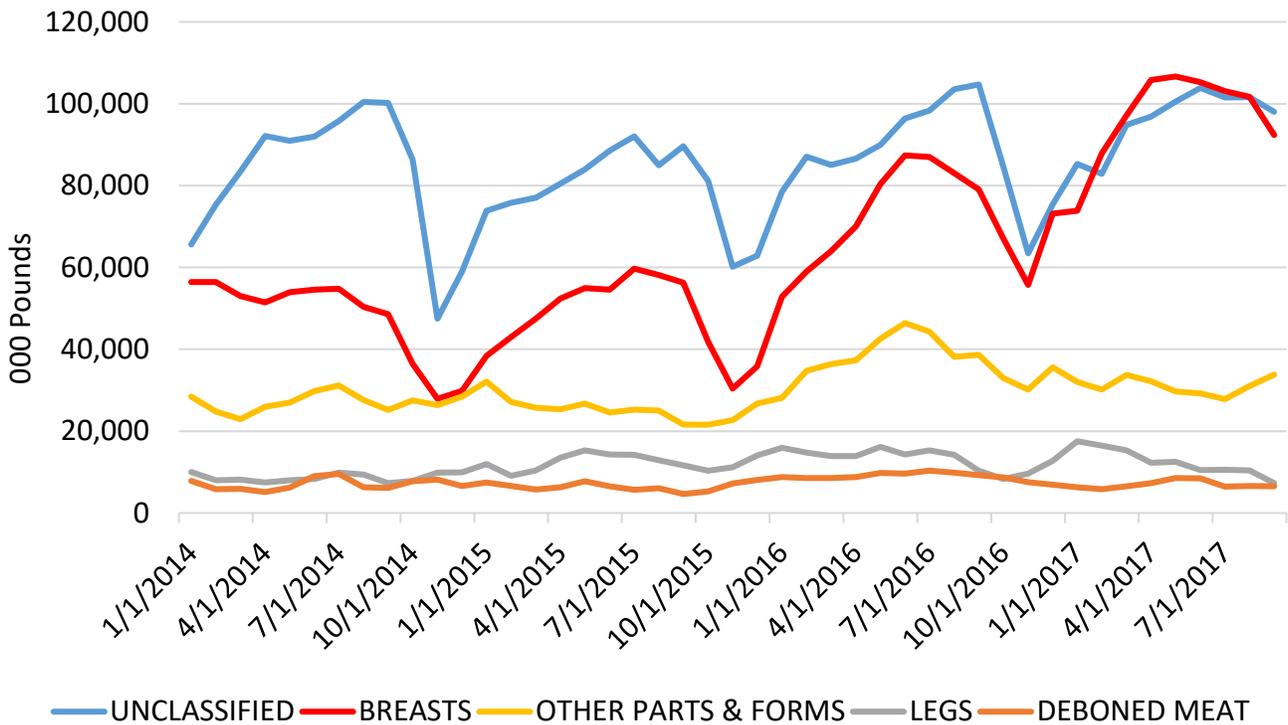


That 2016 and 2017 are unusual years for whole bird stocks is self-evident. The last 2017 month reported is September, and the peaks are above anything reported in recent years. Of course, 2016 stocks were held in check by the aftershocks of the 2015 HPAI event. A year later tom stocks are record-high, and still increasing as of September. Whole tom stocks at this level are likely due to low 2017 breast meat prices that may have discouraged breast meat production.

Turkey Parts Stocks: Except for breasts, parts stocks (chart on next page) are following typical seasonal patterns. At over 100 million pounds this summer, breast stocks are the highest since 2009, and probably a record high (USDA database records only go back to 2009). Last year we also saw an abnormal summer breast stocks build-up, and in 2017 we added to that.

To the extent that we have a parts stocks problem, it is mainly in white meat. What makes this very surprising is that mostly dark meat exports remain well-below the 2014 pre-HPAI level. The 2016-2017 summer breast stocks levels have been a major market signal that led to flat 2017 fresh breast meat prices that are well below recent years summer peaks.

USDA Turkey Parts Frozen Stocks



Summary: Until market forces bring whole bird and breast stocks down to closer to historic norms prices will remain under pressure.