

FarmEcon LLC

A source of information on global farming
and food systems

Thomas E. Elam, PhD
President

FarmEcon LLC

3825 Constitution Dr.

Carmel, IN 46032

317-873-9949

www.farmecon.com

thomaselam@farmecon.com

Prices Reflecting Changing Market Conditions



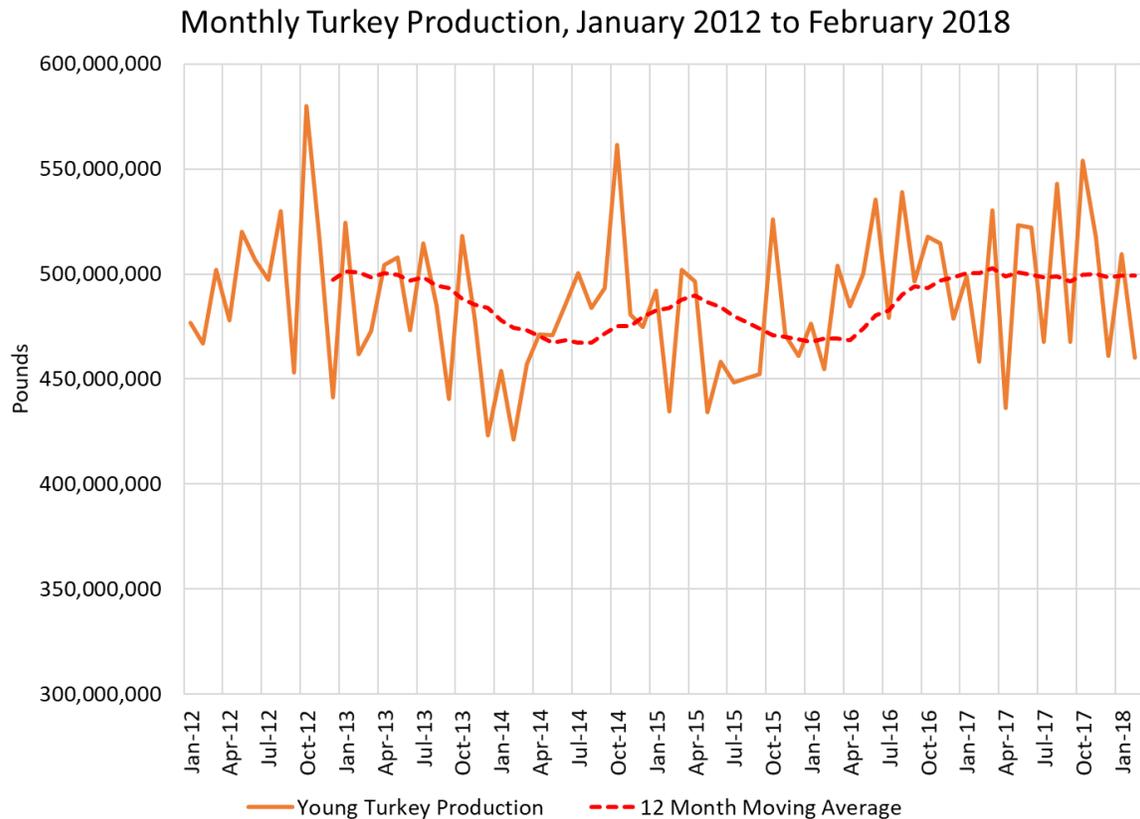
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*For: Joel Brandenberger,
President, NTF*

*By: Dr. Thomas E. Elam
President, FarmEcon LLC*

Summary: Downward trending production leading indicators, seasonal demand increases, and slowly increasing exports are beginning to move the needle on spot prices.

Production: After maintaining 500 million pounds average production from January 2017 to February 2018, leading indicators are now pointing to lower levels ahead. Despite strengthening exports, the sustained 2017 production level resulted in increasing stocks and historically low, flat, pricing for commodity whole turkey, white meat, and most parts. Projected production declines are helping re-balance the market.

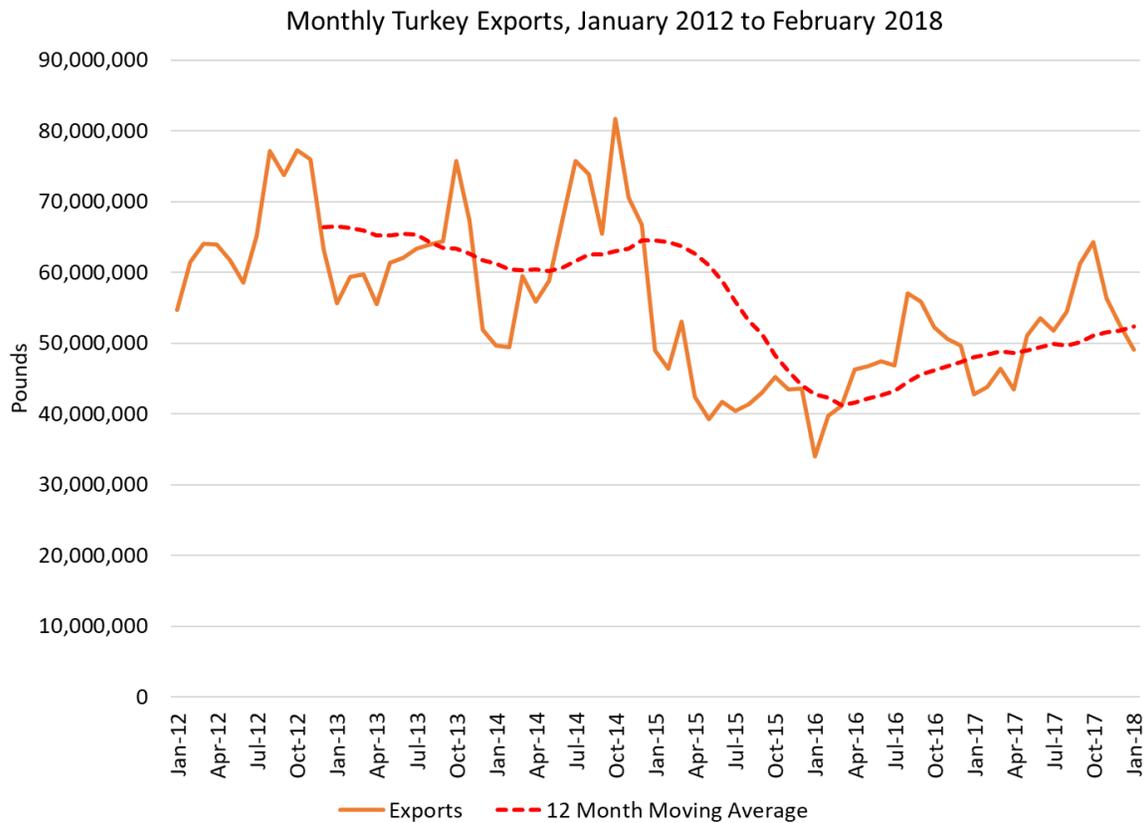


As of December 2017 both USDA and Urner Barry egg set and poult placement data started showing sustained declines of about 3-4%. Those declines will start to show up in May production, and onwards through at least August.

Seasonal Patterns: In most years whole bird prices increase through November, then decline sharply. In 2017 prices were flat from January to November, with no seasonal increase. This market is starting to show some strength, but so far it's muted.

White meat turkey pricing has typically shown spring-summer strength. That was not the case in 2017. Breast meat pricing was flat almost the entire year, with no summer rally. Over the last few weeks white meat pricing is starting to show signs of life. Urner Barry's tom breast meat price has gone from \$1.57 in mid-March to \$1.81 on April 17. That is the highest Urner Barry price since December 2016.

Exports: Exports typically account for well over 10% of total turkey use. That declined to about 8% in the wake of the 2015 HPAI outbreak. Since January 2016 export volume has been trending upward, and getting back to the 10% level in recent months. Increasing exports are also helping the pricing situation.



Conclusion: After over a year in the doldrums, turkey pricing is reacting to a combination of production, seasonal demand and export developments. All of those major market factors point to a more typical pattern of seasonal price strength through September-October.

Notice: Key monthly turkey production, trade, use and stocks data and analysis are now on a dedicated page of the FarmEcon LLC website. These data are updated monthly on or about the the date that monthly USDA exports are released. That is generally late in the first week of the month. Data are currently up-to-date through February, 2018. The March data update will be on about May 5.

This FarmEcon website feature is <http://www.farmecon.com/Pages/TurkeySupplyUseTracker.aspx>.

The site feature is being provided by FarmEcon LLC as a service to the industry.