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# Per Capita Consumption Outlook



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First, a few feed cost comments. Harvest weather issues in South America have caused improved export prospects for U.S. corn and soybeans. Feed costs are up as a result, with plenty of U.S. weather ahead to cope with. With weather risks priced in, near-term feed costs are not likely to drop unless we get a better-than-average growing season.

HPAI recovery is now essentially complete. USDA has forecast 2016 production of 5,920 million pounds, second only to the 2008 record high of 6,165 million. Their current 2017 forecast is 6,115 million pounds, very close to 2008.

Of course, our population has grown over the last 8 years, so higher production does not translate to proportionally high per capita consumption. Exports had also grown since 2008, but we lost that momentum to HPAI. The table below compares the June 16 2016-2017 USDA forecasts to the 2008 watershed year before we saw the full effects of record-high, volatile, feed costs.

2008-2016-2017 Turkey Production-Consumption Summary

Item	Units	2008	2016	2017
Production	Mill. Lbs.	6,165	5,920	6,115
Exports	Mill. Lbs.	675	605	670
U.S. Consumption	Mill. Lbs.	5,368	5,320	5,475
Per Capita Consumption	Lbs.	17.6	16.4	16.8

With 2017 production set to ramp up to near record levels, and per capita consumption up 1.2 pounds, the key question is demand. Compounding the turkey demand issue, competitors are also expanding production. In 2014 per capita total meat and poultry consumption was 203.4 pounds. The 2017 forecast is 217.2, a very significant 13.8 pound increase, and getting much closer the 2007 record of 221.7 pounds.

Turkey consumption share in 2007 was 7.9% The USDA 2017 forecast would is a 7.7% turkey share. So even with significant production gains we are still a little below our share of 2007.

Again, production capacity is in place to push consumption higher, our TDET long term goal. The question is can we do it at prices in line with costs. It's going to be a challenge, even with the TDET investment the industry has made. The alternative is to give up more share in this time of growing protein supply. We have great products, with more coming for both retail and foodservice. All we need to do is get consumers to use more of them.

Finally, pricing declines from last year's record-high levels will also promote increased turkey use. So, put another way, put together with TDET efforts, is consumption going to be price and demand responsive enough to clear the market at prices high enough to maintain, or increase, the 2016-2017 USDA consumption forecast? Time will tell.