

**FarmEcon LLC**

A source of information on global farming  
and food systems

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# Plentiful Feed = Plentiful Meat, but Demand Remains a Major Question



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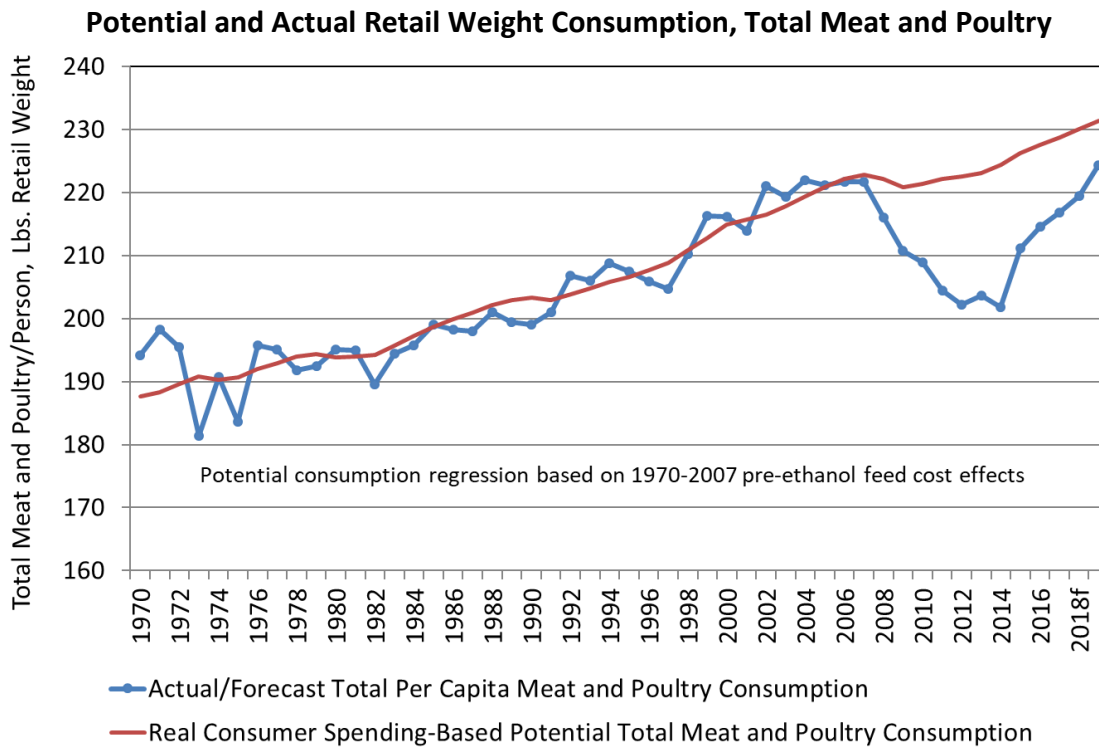
Another very large set of crops, and somewhat lower 2019 feed cost prospects, have given red meat and poultry producers incentives to continue production growth. USDA’s October forecast calls for a record 224.3 pounds 2019 total meat and poultry consumption. That’s up 5.1 pounds from the 2018 forecast, 7.5 pounds higher than 2017, and 22.6 pounds more than the recent 2014 cyclical low of 201.7. If realized, 2019 will also exceed the 2007 record 221.7 pounds.

The table below summarizes the four major meat and poultry items consumption gains since that 2014 low. The “Other” category is veal, lamb and other poultry.

**Beef, Pork Broiler, Turkey and “Other” Consumption Per Person, Retail Weight, Pounds**

Year	Beef	Pork	Broilers	Turkey	Other	Total
2014	54.2	45.8	83.4	15.8	2.5	201.7
2019f	58.8	53.1	93.4	16.4	2.6	224.3
% Change	8.5%	15.9%	12.0%	3.8%	4.0%	11.2%

The 2008-2014 period of very high feed costs depressed consumption to levels well below the historical relationship with consumer spending, a major demand driver (chart below). Since 2014, and with lower feed costs, producers have expanded very aggressively. The 2014 gap was 22.6 pounds per person. The 2019 USDA forecast reduces that to 7.1 pounds. It appears that demand potential is about to be met, and when that happens prices will be low enough to discourage production growth.



Of course, the 2019 USDA consumption forecast is very much open to debate. Current broiler and swine profitability is already depressed by plentiful domestic supplies. Strong heifer placements into feedlots show that beef cow herd growth may be ending. Broiler frozen stocks are well in excess of market needs. Turkey prices have increased this year, but only after production was cut. Turkey stocks, while declining, are still burdensome.

The real question for 2019 and beyond will be demand. Will record-high consumer spending actually translate to increases in per capita meat and poultry consumption in excess of the 2007 record? Or, is something in the area of 220 pounds a market saturation level where prices and profitability will limit further growth? We will find out over the next few years.

**Notice:** Key monthly turkey production, exports, imports, domestic 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 date that monthly USDA exports and imports are released. That is generally late in the first week of the month. Data are currently up-to-date through August, 2018. September data will be added on about November 6.

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 turkey industry.