

FarmEcon LLC

A source of information on global farming
and food systems

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Year-Over-Year Stocks Declining, Disappearance Spikes, Prices React



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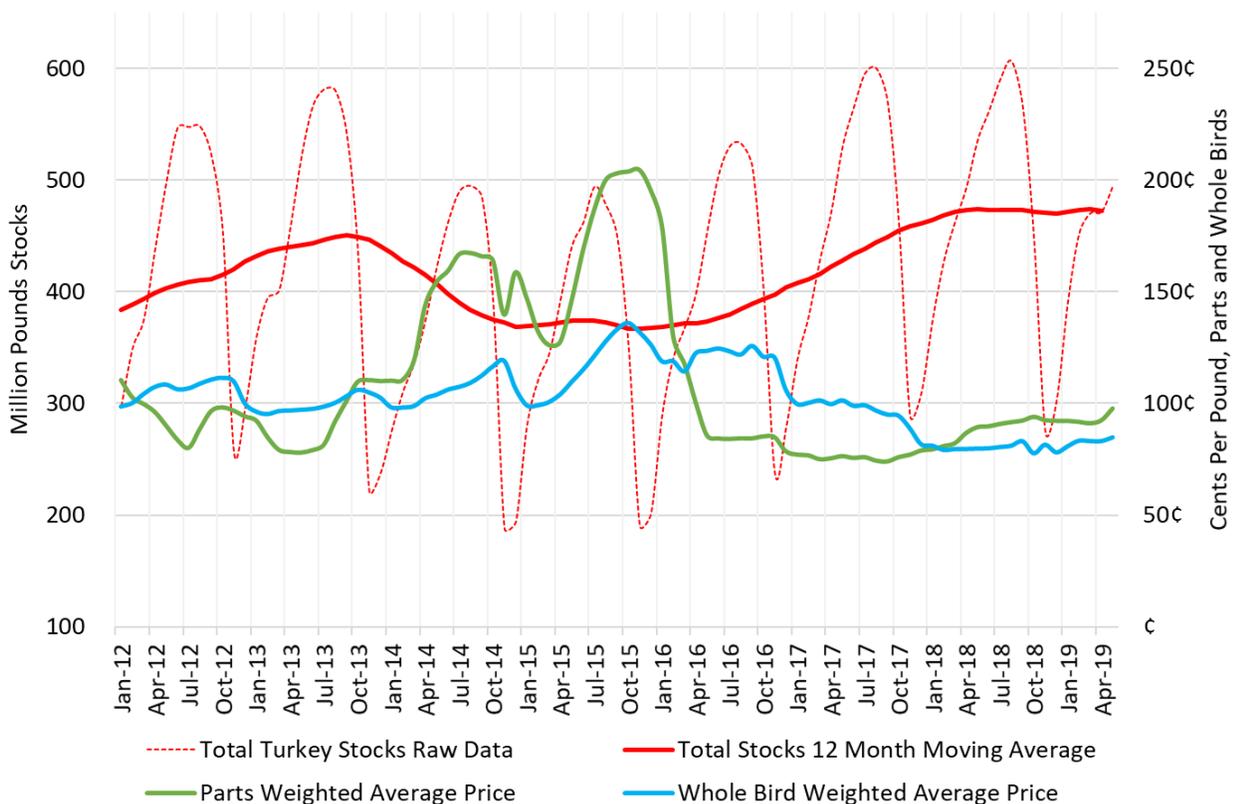
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2016-2019 articles in this series are available at <https://farmecon.com/ntf-newsletter-articles/>

Stocks: May 2019 total turkey stocks were 7.7% below May 2018 following a similar 4.5% April decline. Stocks declines were sharpest for Legs (-28.8%), Other Parts (-21.2%) and Whole Birds (-10.14%). Prices have reacted as frozen inventories become scarcer. As shown below USDA weighted average spot parts prices spiked in May. Whole bird prices also increased. May breast meat prices were flat; all the action was in dark meat. Price data for the first three weeks of June show continued dark meat strength, limited breast meat increases, and stronger whole hen pricing.

Total Frozen Stocks and USDA Weighted Average Spot Prices
January 2012-May 2019

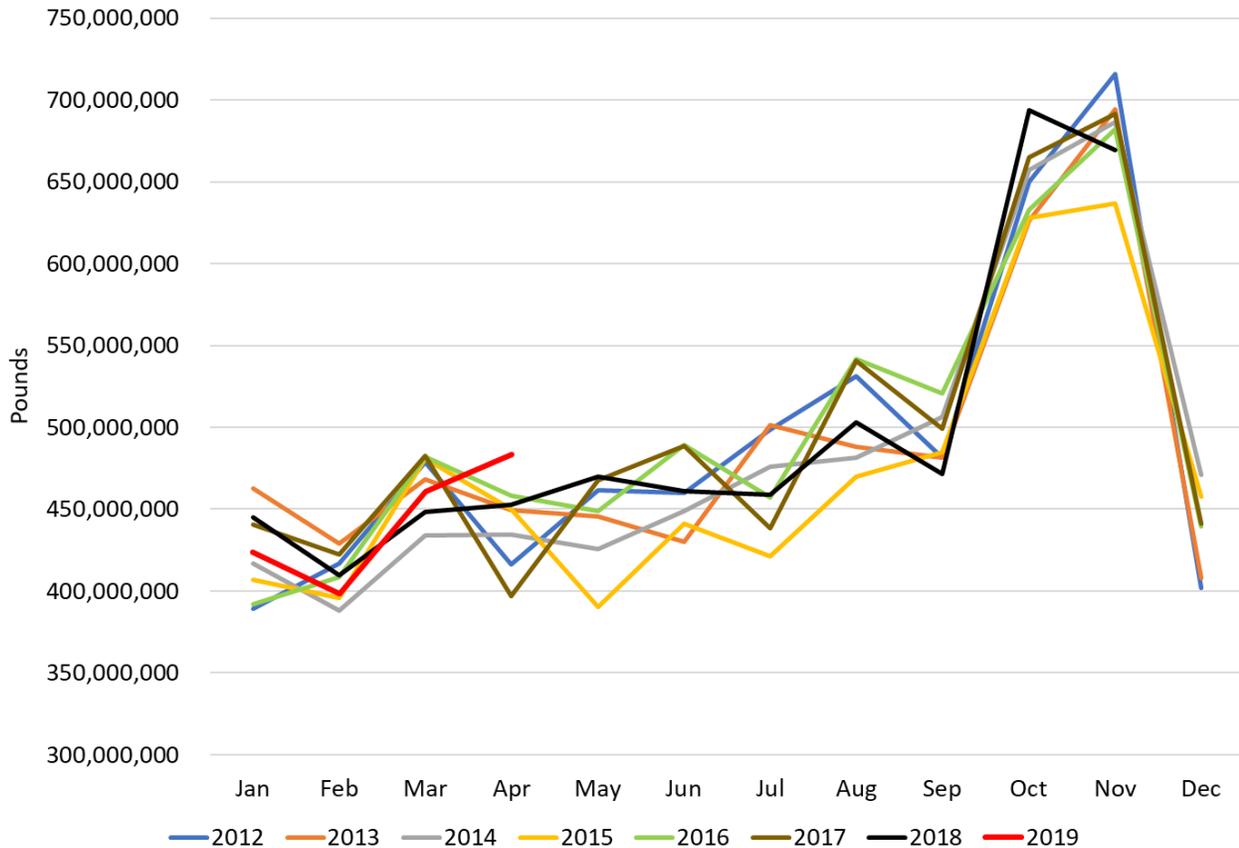


Disappearance: Another driver for higher prices was a spike in April disappearance. Increased disappearance was the main driver in the April stocks decline.

May disappearance data will not be available until USDA releases May turkey export-import numbers in early July. April total (domestic + exports) turkey disappearance was by far the best since 2012, and one of the few month-on-month increases in recent times.

April may be a statistical fluke, but the April and May stocks declines suggest otherwise. June price action also suggests that May and June market use has been very good.

Total Disappearance, January 2012 to April 2019



Stocks declines and price strength can also come from production cuts, but data suggests otherwise. May turkey production was 0.4% higher than last May, and year-to-date production is down only a slight 0.7%.

Summary: Increased turkey use in the face of steady production is causing stocks to decline. As has been historically the case, good demand can lead to strengthening prices, and if sustained will ultimately lead to higher production. That’s just the way markets work.

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 normally updated monthly on or about the the date that monthly USDA exports and imports are released. That is generally late in the first week of the month but earlier disruptions at USDA has delayed required data release. Data for these updates has recently caught up after the January Federal furlough. The site will be updated before the end of April.

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.