

**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](http://www.farmecon.com)

thomaselam@farmecon.com

# A Look Back at 2019 and Forward to 2020



**December 17, 2019**

*For: Joel Brandenberger,  
President, NTF*

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

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

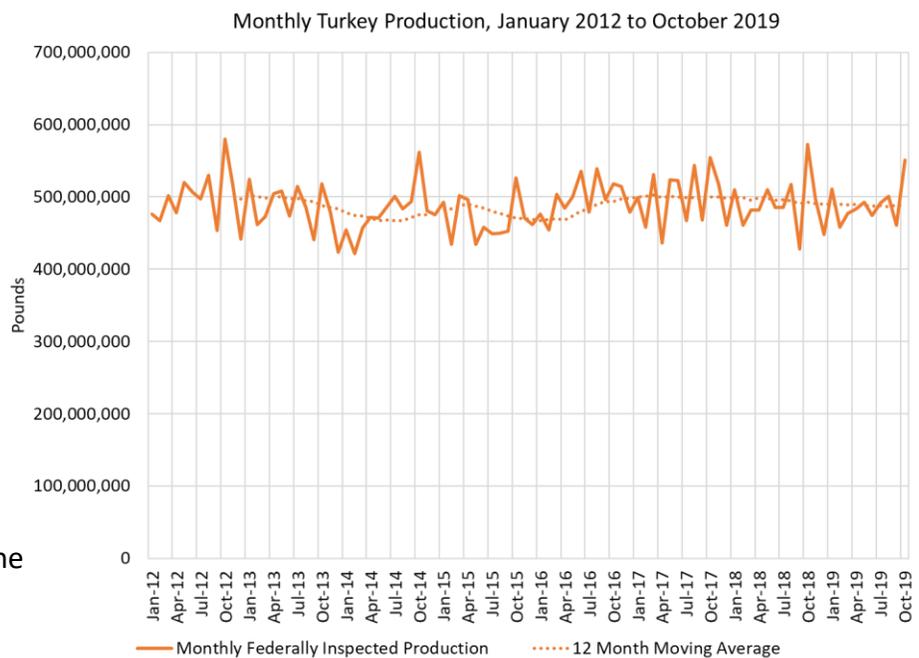
### Looking Back at 2019

The year ending in a few days from this writing was unusual in some respects, but similar to past periods following depressed prices and poor margins. Production and stocks were on declining trends, exports showed modest but uneven strength, and domestic use was on a slow decline.

What was unusual was pricing. White meat pricing, breasts and tenderloins, was flat for almost the entire year. Thigh and wing meat strengthened. Whole bird pricing, both toms and hens, trended up during the year but were, of course, still well below 2015-2016 price levels affected by HPAI.

#### Production:

Due mainly to fewer hen placements and fewer eggs hatched 2019 monthly pounds drifted lower during the year through October. Recent USDA hatchery data indicates that this trend will continue in November and December. November 1 eggs in incubators were down 9 percent from year earlier and poults placed during the month were down 8 percent. Placements were consistently less than 2018 for the entire year.



#### Stocks, Trade and Domestic Use:

Partially offsetting less production we have reduced frozen stocks during the year. October 2019 ending stocks were 50.5 million pounds (11.4%) less than year earlier. However, 2019 October year-to-date production was 32.6 million pounds (3.8%) less than 2018. Imports are down 36% and exports are up 5.1%.

The remaining item is domestic use. Lower production has been almost offset by the stocks drawdown but net exports are also up 6.5%.

On balance year-to-date 2019 domestic use is down slightly by 19.7 million pounds, or 0.5%. The details are in the table on the next page.

**2018/2019 October Year-to-Date Turkey Balance Sheet**  
(Pounds and % Change)

Item	October 2018 YTD	October 2019 YTD	Change	% Change
<b>Beg. Stocks</b>	309,625,000	302,763,000	-6,862,000	-2.2%
<b>+Imports</b>	16,580,356	10,606,992	-5,973,364	-36.0%
<b>-Exports</b>	506,936,527	532,796,705	25,860,178	5.1%
<b>+Production</b>	4,932,574,000	4,900,985,000	-31,589,000	-0.6%
<b>-Ending Stocks</b>	445,016,000	394,481,000	-50,535,000	-11.4%
<b>=Domestic Use</b>	4,306,826,829	4,287,077,287	-19,749,542	-0.5%

**The bottom line:** In total producers have made very modest production cuts, exports have increased and imports decreased. Stocks have come down to more manageable levels, but remain above normal for the end of October. There are no signs in egg sets or poult placements data indicating production increases in early 2020. This is a normal pattern for a period after very tight producer margins.

**2020 Outlook:**

As of December 10, 2019 USDA's 2020 outlook calls for higher production, stronger exports, higher ending stocks, and a small decline in domestic use. Numbers are summarized in the table below.

**2019/2020 USDA Turkey Balance Sheet**  
(Million Pounds and % Change)

Item	2019 USDA	2020 USDA	Change	% Change
<b>Beg. Stocks</b>	303	260	-43	-14.2%
<b>+Imports</b>	13	12	-1	-7.7%
<b>-Exports</b>	639	680	41	6.4%
<b>+Production</b>	5,889	5,925	36	0.6%
<b>-Ending Stocks</b>	260	285	25	9.6%
<b>=Domestic Use</b>	5,306	5,232	-74	-1.4%

At this early point it is difficult to see how this forecast makes sense. Early 2020 production will be lower than the same months of 2019. Exports will very likely be up significantly, especially if China buys any turkey next year.

A more likely scenario would call for 2020 almost flat production, even stronger exports, and lower ending stocks. This would set up conditions for breast meat to break out of the narrow 2019 trading range and supply incentives for higher production in latter part of 2020 that would offset lower production in the first few months. Regardless, it is highly likely that 2020 domestic use will fall again.

**Personal note:** This will be the last of these bi-monthly updates. I have made the decision to start the transition to full-time retirement as of January 1, 2020. Many thanks for all the support over the last 17+ years. It is appreciated more than mere words can express. Best Wishes for 2020 – Dr. Tom Elam