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Livestock, Dairy, and Poultry Outlook

Kathryn Quanbeck

kquanbeck@ers.usda.gov

Rachel J. Johnson

rjohnson@ers.usda.gov

Livestock Inventories Respond to Decreased Demand

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Approved by the
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Outlook Board

Beef: Declining dairy cow inventories, no growth in dairy replacement heifer inventories, and beef heifer inventories that are declining more rapidly than beef cow inventories imply continuing liquidation of the national cow herd. The other-heifer category contributes to short-term beef supplies, but the combination of reduced replacement heifer inventories, increased short-term heifer beef, and declining placements of cattle in feedlots will likely result in reduced beef supplies beyond 2009.

Beef Trade: Beef exports declined slightly in the second quarter, as demand from Canada, Mexico, and South Korea remains weaker than last year. The United States imported 14 percent more beef in the second quarter, compared with 2008, mainly due to increased exports from Australia and New Zealand. Imports are expected to increase in 2009 and 2010.

Poultry: After declining strongly in the first and second quarters of 2009, broiler meat production is expected to be only slightly lower than the previous year in the second half of 2009. With only a small decline in production and lower exports, the forecasts for broiler ending stocks were increased for the third and fourth quarters. Turkey meat production is expected to continue much lower than the previous year in second-half 2009, as poultry placements have been sharply lower than the previous year through the first 6 months of 2009.

Pork: Summer prices for hogs and pork cuts continue to languish at year-over-year lower levels due to lackluster demand for pork products. Second-quarter pork exports were 31 percent lower than a year ago, largely due to lower demand for U.S. pork in Asia.

Sheep: The USDA *Sheep* report released on July 24, 2009, indicated a 3-percent decline in inventories. On July 1, 2009, the U.S. sheep and lamb inventory totaled 7.05 million head, or 220,000 head from 2008. Inventory reductions were seen in breeding sheep and lambs and market sheep and lambs, both down 3 percent. Ewes 1 year or older also declined 3 percent, but lambs under 1 year were replaced at the same rate as the previous year. Nearly 88 percent, or 3.25 million head of lambs, were born during the first half of 2009, and about 450,000 more lambs are expected to be born during the second half of this year. The decline in market sheep and lambs will continue to keep supplies tight for the rest of the year. First-half 2009 commercial lamb and mutton production was 84 million pounds, down nearly 6 percent the first half of 2008. Second-half 2009 commercial lamb and mutton production is expected to be just below the first-half at 83 million pounds, but still 2 percent below the second half of 2008.

Dairy: Continued rises in milk per cow offset reduced herd size, slowing the rate of decline in milk production in 2009. Continued reductions in the national dairy herd will push milk production further below year-earlier levels in 2010. Imports are expected to rise slightly, and exports remain in decline. Growth in domestic commercial use remains slow this year and should continue slow next year. Some strengthening in prices is expected next year as milk production declines.

Special Sections: This month's LDP newsletter contains special boxes on stocker cattle production and risk management tools available to dairy producers.

Cow-Herd Declines Imply Less Beef Beyond 2009

Crop conditions over much of the United States are quite favorable at this point. The far-Western United States is turning dry again, as South Texas and the western half of the Gulf Coast slip into extremely dry conditions. Some other areas, mostly scattered through the Central Plains and Upper Midwest, are also abnormally dry. Despite the generally good crop conditions, the cool summer and late start have resulted in crops being well behind normal. Hay production also appears to be sufficient to replenish stocks in preparation for winter supplemental feeding, and quality is good except for cuttings on which rain has fallen. Cattle in South Texas are being supplemented with hay.

The NASS semiannual *Cattle* inventory report released on July 24, 2009 showed the July 1, 2009 total U.S. cattle and calf inventory 1.5 percent lower than the July 1, 2008 inventory, the lowest July 1 inventory in the series that began in 1973. The total U.S. cow inventory declined by 1.4 percent from the July 1, 2008 inventory, also resulting in the lowest July 1 inventory in the series that began in 1973. Total U.S. replacement heifer inventories declined by 1.2 percent. Beef cow and beef replacement heifer inventories declined by 1.4 and 2.2 percent. The more rapidly declining beef heifer inventories imply that the national beef cow herd will continue the current liquidation phase of a cattle cycle that began in 2005 (from an inventory that was low in 2004) and peaked in 2007.

Consistent with declining beef cow and heifer inventories, the ratio of heifers to total steers and heifers on feed in feedlots of 1,000 head or more is the highest July ratio since July 2004. This ratio and the year-over-year decline in other-heifer inventories make beef-heifer retention for cow-herd expansion unlikely in the near term. Further, the declining cow and replacement heifer inventories indicate the potential for reduced placements of feeder cattle in feedlots over the next 2 or more years because of the impact these inventories have on future calf crops.

July 1, 2009 dairy cow inventories declined by 1.6 percent, a reversal of recent milk cow inventory growth and the first decline since July 1, 2004. Milk replacement heifer inventories were unchanged from July 1, 2008, which suggests some level of producer expectations of dairy herd expansion because the July 1, 2009 milk replacement heifer inventory is based on a smaller milk cow herd (9.2 million cows) than the corresponding 2008 inventory (9.35 million cows). That is, the ratio of replacement heifers to the base cow herd in the July 1, 2009 inventories is 0.424 compared with the 2008 ratio of 0.417. However, continued poor returns will likely dampen most expansion plans.

Despite the 1.6-percent decline in the dairy cow inventory, milk production will likely decline by a smaller percentage. This will occur because, in the national aggregate, higher producing cows likely were and will be retained (because their profit margins will likely be better), and those cows removed will probably be partially replaced in the aggregate herd by higher producing heifers. Both culling lower producing cows and retaining genetically superior milk-producing heifers are consistent with the positive growth trend in milk production.

The general declines in both cow and heifer inventories have implications for beef production over the next several years, possibly into 2012 or beyond. To understand why, it is important to recognize that heifer inventories are divided into two categories, depending on the intended end use of the heifers—as either breeding females or as fed cattle. An increase in one category is at the expense of the other—that is, the fewer heifers kept for breeding, the more are available in the short run to go into feedlots for beef. This decision as to final heifer disposition is alterable to some extent, as it can be made at several points between the birth of the heifer and slaughter as a fed heifer. Generally, the decision is made between weaning and 1 year of age—when most weaned calves, both steers and heifers, spend some time growing on pastures—and before the nonbreeding heifers are placed on feed (see *Stocker Cattle Production* on page 20).

Again, this decision regarding heifers has implications for longer term feeder cattle supplies and subsequent beef production. As heifers are fed for slaughter rather than retained as breeding females, short-term beef production increases. Then, during a future expansionary phase of a cattle cycle, increasing retention of heifers for breeding results in fewer heifers going into feedlots for beef production. This, combined with fewer steers available to be placed in feedlots due to reduced calf crops, results in declining beef production and often in high and volatile prices for fed cattle.

Beef production from steers is affected because about half of each national calf crop is male calves, of which all but about 3-5 percent are destined for slaughter as fed cattle. During the contraction phase of a cattle cycle, more cows are generally sent to slaughter, and heifers are placed in feedlots rather than being retained for breeding. Subsequently, calf crops decline, and fewer steers are available to be placed on feed. This downward spiral continues until enough heifers are retained for breeding to increase breeding female inventories. Then a year or two later, calf crops begin increasing and supplies of feeder cattle for placement in feedlots begin to increase, resulting in increasing beef production.

Feeder cattle supplies outside feedlots generally have lagged cycles in cow inventories by a year or two. This lag occurs because feeder cattle supplies consist of virtually every class of live cattle not kept for breeding and not in the feedlot. These cattle represent a wide age range that allows considerable flexibility in the timing of placement in the feedlot or, for some heifers and bull calves, retention as breeding animals (see *Stocker Cattle Production* on page 20).

Feedlot Inventories Continue To Shrink

The *Cattle* inventory report showed the lowest cattle-on-feed inventories since the lower July 1, 1999 inventory, reflecting the ongoing national cow herd liquidation and the long series of mostly negative feeding margins seen by cattle feeders since May 2007.

NASS released the monthly *Cattle on Feed* report on July 24, 2009 summarizing activity in feedlots of 1,000 head or more. Net placements of cattle in feedlots of 1,000-plus head during June 2009 were the second lowest for June since the series began in December 1995.

This level of placements is consistent with the lowest estimated July 1 inventory of feeder cattle outside feedlots in the series that began in 1996. June placements were also weighted toward the heavier end, with 29.8 percent of net placements in the 800-plus category, compared with 29.3 percent in June 2008 and 28.4 percent in June 2007.

While June 2009 marketings from 1,000-plus feedlots were up 1 percent from June 2008, they were 7 percent below June 2007 and are the second lowest June marketings since the series began in December 1995. Combined with reduced fed cattle slaughter in recent weeks, the result has been an increase in show lists in some feedlots in excess of typical seasonal increases. The reduced kills are also resulting in increases in 5-day moving average dressing percentages and weights (AMS' *Daily National Carlot Meat Report*, e.g., August 1-17, 2009), indicating that cattle are remaining in feedlots a little longer than is typical. If this situation persists, demand for imported processing beef could increase to utilize the extra trim that will likely result. Another result is that beef production will get slightly spread out in the third and fourth quarters, rather than being more bunched.

Beef Production Declines at a Slower Rate than Cattle Inventories

Beef production will likely decline by less than the decline in cow and total cattle and calf inventories would indicate, largely because the continuing upward trend in dressed weights offsets some of the inventory decline. A case in point: year-to-date Federally inspected beef production for the week ending August 1, 2009 was just over 4 percent below cumulative production for the corresponding week of 2008, based on slaughter that was just over 5 percent below cumulative 2008 slaughter.

The National Restaurant Association reports that June was the 13th month of declining same-store sales. This implied source of declining demand for high-end beef contributes to the narrow spread between cutout values for Choice and Select beef. While it has improved in May and June, the monthly spread was below \$2 for February, March, and April 2009, and has been well below the 5-year average during the first half of 2009. The narrow spread between Choice and Select cutout values will likely persist as long as the percentage of beef grading Choice and better remains high by historical standards.

Drop credits have crept upward over the last few weeks after falling to a weekly low of \$7.10 per cwt the week of July 11, 2009. Prices for most separate byproducts have increased slightly or have remained steady, resulting in an increase in the whole drop credit despite overall weakness in the general byproduct market. And while it does not seem like much, a 10-percent increase in the drop credit at current levels can amount to about \$10 per head, enough to influence weekly kill rates and provide some support for fed cattle prices.

Average monthly retail prices for Choice beef continue to fluctuate around \$4.31, averaging almost 3 percent above year-earlier through June, despite wholesale beef prices that have declined by almost 6 percent. The July price of \$4.18 per pound for Choice beef marks the largest decline thus far in 2009.

While the average monthly all-fresh beef price averaged 1.4 percent above year-earlier through June, the July-over-July decline of almost 4 percent was only the second month-over-month decline thus far in 2009—the only other decline being the less-than-1-percent decline in June. Per capita beef disappearance is down by almost 2 percent, which could partially explain some of the increase in retail prices. Poultry and abundant pork supplies at much lower relative prices and beef exports that are declining, despite a weaker dollar, continue to compete with consumer meat dollars.

Limited Beef Supply Could Continue To Impact Beef Exports in 2010

Beef exports from the United States continue to be hurt by weak economies in foreign countries. The United States is expected to export about 1.7 billion pounds of beef in 2009, a 9-percent decline from last year.

Second-quarter U.S. beef exports totaled 471 million pounds, a slight decline from last year's second-quarter total of 472 million pounds. The lack of growth was due mostly to declining sales to North American partners. Even though the month of June exceeded last year's monthly total, exports to Mexico, the largest importer of U.S. beef, decreased 14 percent in the second quarter year-over-year. According to FAS Export Sales Reports, however, exports will not continue as strong in July. Also, exports to Canada decreased in the second quarter by 7 percent. Weekly figures for exports in July show relatively weak sales for Canada in July as well.

Japan was the best performing major import market, with nearly an 8-percent increase in the second quarter, year-over-year. U.S. beef is still benefiting from a relatively weak U.S. dollar compared with the Japanese yen, as well as from competing with relatively more expensive Japanese domestic product. However, beef exports to South Korea continue to wane from the levels first seen after U.S. beef was allowed back into the market in July 2008. Weak restaurant demand, a weak South Korean won, and high stocks of frozen U.S. beef make additional imports of U.S. beef more difficult. Second-quarter exports to Korea totaled 20 million pounds, less than half the amount exported in the first quarter of this year.

The availability of beef supplies in 2010 could be a limiting factor for export growth in that year. As fat cattle production is expected to significantly decline next year due to smaller calf crops over the past few years and fewer feeder cattle, the supply of grain-fed beef for export will be lower. If domestic demand remains constant or improves next year, tighter supplies would result in higher prices. If prices increase, U.S. beef could further lose its competitiveness with Australian beef, particularly in Japan and South Korea. Exports to South Korea are not expected to be as high as anticipated when the market reopened to U.S. beef last year, as the economic difficulties appear to be lingering and many small restaurants are not carrying U.S. beef products yet. U.S. beef exports are expected to be over 1.8 billion pounds in 2010, which would still be a 7-percent increase from this year, as international demand for U.S. beef continues to move toward levels that existed prior to BSE-related trade bans on U.S. beef.

Beef Imports Increase Almost 14 Percent in the Second Quarter

The United States imported 751 million pounds of beef in the second quarter of 2009, nearly a 14-percent year-over-year increase compared with 2008. Beef imports from Australia increased 54 percent from last year in the second quarter. U.S. imports of Australian beef have begun to trend downward since the high volume in April, which was the highest monthly total since 2005. This is, in part, due to the weakening of the U.S. dollar over the past few months. As of July 31 this year, the Australian dollar had appreciated about 11 percent against the U.S. dollar compared with August 2008. However, it has depreciated over 17 percent since April 1, 2009.

While Australian beef is still relatively less expensive than last year, it has lost some of the price competitiveness that it saw earlier in the year, and more Australian exports are going to the large Asian markets of Japan and South Korea. Additionally, a larger share of Australian exports is being sent to historically smaller Asian markets, including Indonesia, Malaysia, and Taiwan.

U.S. imports of New Zealand beef increased 13 percent in the second quarter compared with last year. New Zealand cow slaughter has increased 26 percent through June, according to Statistics New Zealand, as a result of increased culling and reduced milk production in the New Zealand dairy industry. Cow slaughter peaks in April and May, as the Southern Hemisphere begins its winter. The increased production levels have led to increased New Zealand beef exports. The United States, which accounts for nearly half of New Zealand's beef exports, has had increased levels of imports from New Zealand beginning in June and continuing through July, according to Customs reports and official trade statistics.

Imports from Canada, the largest foreign supplier of beef for the United States last year, decreased more than 13 percent in the second quarter compared with last year. Total beef production has decreased in Canada, but fed beef production is higher than a year ago. According to CanFax's feedlot survey of Alberta and Saskatchewan, higher placements and inventories earlier this year resulted in increased marketings of fed cattle in June and July. In addition to increasing the supply of beef cuts, higher Canadian feedlot placements and marketings have also increased the amount of fed cattle trim.

Trimming account for almost half of U.S. beef imports from Canada so far this year, based on AgCanada figures. Trimmings are typically combined with processing beef from cows or imported grass-fed beef to make ground beef. With large supplies of processing beef available in the United States from high dairy cow slaughter and large amounts of Oceanic imports, supplies of trim could be limited as fed beef production declines in the United States and Canada in the months ahead. Weekly AgCanada figures show that Canadian exports of trimmings have remained higher than last year. However, Canadian feedlot inventories were below last year's levels as of August 1, which should limit fed cattle marketings and fed cattle trim available from Canada, putting upward pressure on ground beef prices.

The United States is expected to import over 2.8 billion pounds of beef in total in 2009, a 12-percent increase from last year, as increased imports from Australia and New Zealand are expected to exceed the decline in imports from Canada. Imports are expected to continue increasing, but at a slower rate in 2010, to almost 3 billion pounds.

Broiler Production Falls by 1 Percent in June

Broiler meat production in June totaled 3 billion pounds, down 1 percent from the previous year. The relatively small decline was chiefly the result of one more slaughter day in June 2009 than in June 2008. The decline in production in June left total production for second-quarter 2009 at 8.9 billion pounds, 5.3 percent below second-quarter 2008. This is the third consecutive quarter of strong year-over-year declines in broiler meat production. In first-half 2009, broiler meat production was 17.5 billion pounds, down 5.8 percent from a year earlier.

Over the first half of 2009, the number of broilers slaughtered was 4.2 billion, a decline of 6.2 percent from the same period in 2008. The average broiler liveweight at slaughter during the first 6 months of 2009 was 5.56 pounds, down fractionally from the first half of 2008. The number of broilers slaughtered is expected to remain below the previous year through third-quarter 2009, but then to become slightly higher on a year-over-year basis during the fourth quarter. During the second half of 2009, average bird liveweight at slaughter is expected to remain similar to the previous year.

The number of chicks being placed weekly for growout has averaged approximately 168 million over the last 5 weeks (July 11 to August 8). This is down 2.9 percent from the same weekly period in 2008. Weekly chick placements have been below a year earlier for over a year now, but over the last several weeks the number of chicks placed for growout has been much closer to the previous year. Chicks placed for growout in the middle of August will likely go to slaughter in the middle to the end of September.

With only a small decline in production expected during the second half of 2009 and decreased exports, the forecasts for ending stocks for the third and fourth quarters of 2009 were increased to 650 million pounds at the end of the third quarter and 660 million at the end of the fourth. The estimates for ending stocks in the first two quarters of 2010 were also increased.

So far in 2009, wholesale prices for broiler products have fluctuated wildly. Prices for broiler leg quarters have probably shown the most change, beginning at approximately 35 cents per pound in January, which was 17 percent below the previous year. However, with lower production and a strong export market, prices for leg quarters rose to over 50 cents per pound in June, despite weak domestic demand. However, starting in July prices began moving downward, with weekly prices in early August falling to around 38 to 39 cents per pound.

Prices for a number of other broiler products have followed the same pattern. Prices for boneless/skinless breast meat and boneless/skinless thigh meat started 2009 at relatively low levels and then gradually strengthened over the first 6 months of 2009. Since June, prices for both these products have fallen considerably. A weakening in both boneless/skinless breast and thigh meat prices is assumed to be the result of a slight increase in broiler meat production in the second quarter compared with first-quarter 2009 and lower demand, especially through restaurants.

However, leg quarter prices are also impacted by export demand, and the reduction in these prices is expected to be a reflection of the uncertain export outlooks for the Russian, Chinese, and Mexican markets (the three largest) due to the impact of the worldwide economic downturn and possible changes in trade regulations.

Broiler Exports Continue Lower than Previous Year

June broiler exports totaled 532 million pounds, down 4.6 percent from a year earlier. This continues the pattern set over the prior 2 months of smaller exports after being much higher in first-quarter 2009. Shipments during the first 6 months of 2009 totaled 3.4 billion pounds, still 3.5 percent above the same period in 2008.

The broiler export data for 2008 has been revised, with the total for 2008 changing only fractionally at 6.96 billion pounds, but there were some changes in the quarterly totals. The new quarterly totals were 1.53, 1.77, 1.93, and 1.74 billion pounds in the first through the fourth quarters, respectively.

Much of the decrease in June broiler exports was the result of smaller shipments to China, the Ukraine, Turkey, and Vietnam. These lower exports were partially offset by larger shipments to Russia and Mexico. The large shipments to Russia in June were a change in the pattern seen during most of the first 5 months of 2009, but total shipments to Russia so far in 2009 are only 746 million pounds, down 22 percent from the previous year. Even with Mexico's weak economy, larger broiler shipments to Mexico have been a strong portion of the export market in 2009. Including 68 million pounds in June, total shipments to Mexico in the first half of 2009 have totaled 404 million pounds, 37 percent higher than the previous year.

Broiler exports are expected to remain below a year earlier through July and August, with the falling prices for leg quarters pointing toward declining foreign demand. Third-quarter broiler exports are expected to total 1.48 billion pounds, well below last year's 1.93 billion, the highest quarterly export total on record.

Turkey Production Falls Sharply in First-Half 2009

Turkey meat production during the first 6 months of 2009 was 2.8 billion pounds, down 9.4 percent from the same period in 2008. This reduced production was primarily due to a decline in the number of birds slaughtered. Over the first half of 2009, the number of turkeys slaughtered was down 9.5 percent compared with the previous year. Adding to this was a small reduction in the average weight of birds going to slaughter compared with a year earlier.

The forecast for turkey meat production in the second half of 2009 is 2.94 billion pounds, down 6.7 percent from the same period in 2008 and 35 million pounds less than the previous forecast. The decrease in turkey meat production is again expected to come chiefly from a smaller number of birds slaughtered, as the average weights at slaughter are not expected to be significantly different from the previous year. Over the first 6 months of 2009, the number of turkey poults placed for growout totaled only 141 million, down 9.6 percent from the same period in 2008 and 9.7 percent lower than the number placed for growout in the first 6 months of 2007.

With a smaller number of birds slaughtered and lower turkey meat production, the growth in turkey stocks has been slower than normal. Turkey stocks at the end of June were 596 million pounds, higher than the previous year but significantly lower than had been anticipated. With lower production expected to continue in the second half of 2009, the ending stocks forecast for third and fourth quarters were both reduced. The estimate for ending stocks in the third quarter was reduced by 50 million pounds to 635 million, and the ending fourth-quarter stocks estimate was lowered by 10 million pounds to 375 million.

Turkey Exports Decline

Over the first 6 months of 2008, U.S. turkey exports totaled 238 million pounds, down 23 percent from the previous year. Exports have been lower to almost all major markets. The largest decline in terms of volume was to Mexico. While broiler exports to Mexico have been expanding, turkey shipments have fallen sharply. In the first half of 2009, shipments to Mexico have only totaled 128 million pounds, down 19 percent from the same period in 2008.

Even with wholesale prices for whole turkeys in the U.S. running about 14 to 15 percent below the previous year, turkey exports are expected to remain well below year-earlier levels. Shipments in the second half of 2009 are expected to total 255 million pounds, down from 367 million in 2008.

Egg Production Increases in First-Half 2009

After falling on a year-over-year basis in all four quarters of 2008, table egg production has risen in the last two quarters. In the first half of 2009, production of table eggs was 3.2 billion dozen, up 1 percent from first-half 2008. While table egg production was rising, production of hatching eggs was below the previous year, reflecting the decline in broiler production. Hatching egg production in the first-half of 2009 was 530 million dozen, down 6 percent from same period in 2008. The decline in hatching egg production would have been even larger, but production of eggs for egg-type replacement hens was up by 7 percent.

The wide range in prices over the last several months is not providing producers any incentive to expand production, and the estimates for table egg production in the third and fourth quarters were each reduced by 10 million dozen. Table egg production is expected to total about 3.3 million dozen in the second half of 2009, an increase of less than 1 percent from second-half 2008. Although feed and energy prices are somewhat lower than they were a year earlier, egg prices have not remained consistently high enough to give producers much incentive to increase production.

Increased table egg production over the first half of 2009 resulted in sharp changes in the wholesale prices for eggs during the second quarter and during the first half of the third quarter. Prices in the New York market in early June had been as high as \$1.31 per dozen, but then fell during most of the remainder of the second quarter and declined to about 70 cents per dozen by the beginning of July. However, as supplies tightened, egg prices rose rapidly and ended July at \$1.07 per dozen.

Overall, the average wholesale price in the New York market for a dozen Grade A large eggs in the second quarter was \$0.90, down 20 cents from the first quarter and 24 percent less than during the second quarter of 2008. The forecast prices for the third and fourth quarters are \$0.93-\$0.95 and \$0.95-\$1.01 per dozen, respectively.

Egg Exports

Egg exports in the first half of 2009 totaled 100 million dozen (these are shell eggs and egg products), down 4.6 percent from the same period in 2008. The decline in shipments came in the first 5 months, as exports in June were almost identical to the previous year. Much of the decrease in cumulative shipments has come from smaller shipments to Japan (down 39 percent). The smaller exports have been only partially offset by larger exports to Canada, Mexico, and Hong Kong, the other major markets. Even with domestic egg prices forecast to remain below the previous year during the second half of 2009, egg exports are expected to be 6 percent below the same period in 2008 as weak economic conditions reduce overall foreign demand.

Hog and Pork Prices Significantly Lower than a Year Ago

Summer prices for hogs and pork cuts continue to languish at year-over-year lower levels at a time of year when prices are typically buoyant. Lackluster demand from recession-battered consumers—both domestic and foreign—is ultimately the culprit for low pork and hog prices. Unwillingness/inability of consumers to pay year-over-year higher pork prices is reflected in lower wholesale prices. Wholesale U.S. pork prices in July —approximated by USDA's Estimated Pork Carcass Cutout—were almost 18 percent below prices in July 2007, and nearly 27 percent below July of last year, when China was a strong presence in the U.S. pork market.

Weak domestic and foreign demand reflected in lower wholesale prices, together with stronger-than-expected July production, kept July live equivalent 51-52 percent hog prices at \$42.74 per cwt, more than 24 percent below prices a year ago. Third-quarter hog prices are expected to average \$40-\$42 per cwt, with production almost 2 percent below the same period last year. For 2009, USDA expects hog prices to average \$40-\$41 per cwt, almost 15 percent below 2008. Commercial pork production for 2009 is expected to be 22.8 billion pounds, more than 2 percent below last year.

Higher Cold Stocks Reflect Lower Demand

Lower pork supplies, such as those forecast for this year, should cause prices to move higher. Part of the reason that lower 2009 pork production has failed to boost prices of hogs and pork cuts is that pork demand—domestic and foreign—has fallen faster than the decline in production. Most of the pork products not exported or marketed in the United States are being held as cold stocks. In fact, the projected average quarterly pork stocks-to-disappearance ratio for 2009 is 0.14, whereas this ratio averaged about 0.11 for the period 2000-2008. Ending stocks for June were more than 9 percent larger than a year ago, and 23 percent above the 2006-08 average.

Pork products not exported and not stored are marketed to U.S. consumers. Although slightly more pork will be available to U.S. consumers this year than last year due to weak demand, U.S. population increases have reduced per capita pork disappearance by about 0.5 of a pound. Retail per capita pork disappearance this year is expected to be 49 pounds, down about 1 percent from 49.5 pounds in 2008.

Lower Exports on Weak Asian Demand

Second-quarter U.S. pork exports dropped sharply from a year ago. Total shipments were 952 million pounds, down 31 percent from the same period last year. The 10 largest foreign markets for U.S. pork products are listed below for the second quarter and the first half of 2008 and 2009. All major export destinations, with the exception of Mexico, imported less U.S. pork in the second quarter. Lower exports are most likely attributable to lower consumer incomes and uncertainty resulting from the worldwide recession. Surprisingly, the impacts of H1N1 concerns in Mexico appear limited.

Although exports to Mexico were 3 percent lower in May, exports in June were almost 27 percent higher than a year ago, representing a resumption of strong year-over-year increases of exports to Mexico in 2009.

The 10 largest foreign markets for U.S. pork products: first-half of 2009 and 2008

	Export volume (million lbs)	Export volume (million lbs)	Percent change	Export volume (million lbs)	Export volume (million lbs)	Percent change
	April-June 2009	April-June 2008		Jan.-June 2009	Jan.-June 2008	
World	952	1,387	-31	1,985	2,493	-20
1 Japan	315	343	-8	658	656	0.3
2 Mexico	175	147	19	391	283	38
3 Canada	91	99	-8	188	198	-5
4 S. Korea	71	84	-16	151	173	-13
5 Russia	88	129	-32	142	228	-38
6 Hong Kong	57	191	-70	120	310	-61
7 Australia	32	33	-3	65	54	20
8 China	23	194	-88	48	313	-85
9 Philippines	14	27	-48	35	44	-21
10 Taiwan	14	19	-25	29	26	10

Source: USDA/ERS. <http://www.ers.usda.gov/data/meattrade/>

2009 Pork, Swine Imports Decline from a Year Ago

Second-quarter 2009 imports of more than 196 million pounds were almost 5 percent below a year ago. Larger imports from Canada, which accounts for more than 80 percent of U.S. pork imports, were not sufficient to offset declines from other import sources. Imports from Denmark, which typically accounts for over 10 percent of U.S. imports, were almost 11 percent below second-quarter 2008. First-half imports were 5 percent below same period last year. Lower imports so far this year are more than likely due to reduced incentives to import pork that derive from lower domestic pork prices.

Second-quarter 2009 live swine imports of 1.6 million head of Canadian animals were 25 percent below a year ago. Imports of slaughter-ready animals and breeding animals continue to decline the most year-over-year. Imports of animals weighing between 15 and 51 pounds, however, were actually higher than second-quarter 2008, an indication, perhaps, of the recent willingness of some U.S. packers to process Canadian-origin animals. Total first-half imports were more than 33 percent lower than the same period last year. Lower swine imports are largely due to ongoing industry contraction from continued dismal producer returns in Canada.

Mid-Year Sheep Inventory Down 3 Percent from Last Year

The USDA-NASS *Sheep* report released on July 24, 2009, indicated a 3-percent decline in inventories. On July 1, 2009, U.S. sheep and lamb inventory totaled 7.05 million head, down 220,000 head from 2008. Inventory reductions were seen in breeding sheep and lambs and market sheep and lambs, both down 3 percent. Ewes 1 year or older also declined 3 percent, but lambs under 1 year were replaced at the same rate as in the previous year. Nearly 3.25 million head of lambs, or almost 88 percent of 2009's expected lamb crop, were born during the first half of 2009, and about 450,000 more lambs are expected to be born during the second half of this year.

The decline in market sheep and lambs will continue to keep supplies tight for the rest of the year. First-half 2009 commercial lamb and mutton production was 84 million pounds, down nearly 6 percent from the first half of 2008. Second-half 2009 commercial lamb and mutton production is expected to be just below the 83 million pounds, but still 2 percent below the second half of 2008. Third-quarter 2009 commercial lamb and mutton production is expected to be 41 million pounds, down 2 percent from the third quarter in 2008. The third quarter is typically the lowest lamb-producing quarter when slaughter plants do maintenance work while operation is below capacity. It is also a period when producers make culling and retention decisions. As a result, based on weekly FI data, nearly 9 percent of the July 2009 slaughter was of mature sheep, compared with a yearly average of below 5 percent.

Reduced restaurant sales brought on by weak economic conditions has likely been a factor in the increase in cold storage stocks. Lamb and mutton cold storage stocks totaled nearly 22 million pounds at the end of June, over 150 percent of June's production and more than half of the expected production for the third quarter.

First-half 2009 farm prices for lambs averaged \$101.33 per cwt, up over 2 percent from the same period last year, while first-half 2009 Choice slaughter lamb prices at the San Angelo, Texas market averaged \$90.79 per cwt, 9 percent above the same period a year earlier. The prices at San Angelo have been fairly stable during the first half of 2009 and are expected to remain relatively stable for the second half of 2009 primarily because tight supplies will continue to offset the weaker demand. Second-half prices at San Angelo are expected to average near \$89-91 per cwt. The wholesale Lamb Carcass Price, Choice-Prime, East Coast, 55-65 lb has also increased from a first-quarter 2009 average of \$228.19 per cwt to a second-quarter average of \$238.91 per cwt. Despite weaker demand, wholesale lamb carcass prices are expected to show continued strength during the third and fourth quarters of 2009 due to the tight supplies of choice-prime market lambs in the 55-65 pound weight category.

Expected Lower 2009 Imports

Much of the past decade has seen lamb imports increase rapidly to offset production declines. Second-quarter 2009 imports were 46 million pounds, down 6 percent from the same period last year, with imports for June averaging 14 percent below June 2008.

The weakness of the U.S. and global economy has negatively impacted on lamb and mutton imports, as consumers appear to be shifting down from higher valued to lower valued meats for their protein source. Away-from-home consumption, especially in restaurants, is down significantly, and according to the American Lamb Board, about 40 percent of lamb is normally sold in food service. Second-half imports are also expected to be nearly unchanged from last year due to lingering economic weakness.

First-half 2009 lamb and mutton exports were 8 million pounds, up over 50 percent from the same period in 2008. The increased exports may help to explain the 3-percent decline in ewes 1 year and older. The proportion of mature sheep slaughtered was also slightly higher than the same period last year. A significant portion of the lamb and mutton exports are mutton. Exports are expected to equal last year's second-half total.

Increases in Milk per Cow Slow Decline in Milk Production in 2009 Despite Herd Size Reductions

Milk production during the second quarter of 2009 was up one-tenth of 1 percent from the second quarter of 2008, even though herd size was 53,000 head smaller than the corresponding quarter last year. June milk production was down two-tenths of 1 percent from a year earlier. While the June reported herd size was 86,000 head less, production per cow was 13 pounds more than the corresponding month last year. USDA forecasts corn and soybean meal prices to be lower this crop year. The lower feed prices and cheaper alfalfa hay helped support additional feeding and milk production despite the overall contraction signals from the market. Coupled with relatively slow herd contraction, milk production is projected at 188.2 billion pounds for 2009, less than a 1-percent reduction from 2008.

Prospects are for 2009/10 feed prices to decline slightly from 2008/09, helping boost the milk-feed ratio from this year's lows. The lower expected feed prices could provide modest relief to producers as milk prices strengthen over the course of the year, but hardly presage a turnaround in overall dairy market prospects for producers. The lower feed prices and continued herd contraction will likely continue to boost output per cow in 2010. However, next year, the forecast herd contraction to 8.9 million cows will outweigh the forecast 1.9-percent increase in output per cow and milk production will likely slip to 186.5 billion pounds.

Although exports were up in June, for the rest of the year exports will be reduced in light of higher domestic prices and increased dairy product availability in world markets, which reduces the competitiveness of U.S. products. Continued accumulation of dry milk powder in the European Union will likely pressure world prices, further reducing U.S. export prospects. Overall, exports on a fats basis will remain at 3.8 billion pounds, virtually unchanged in 2010 compared with 2009. On a skims/solids basis, 2010 exports will be slightly higher at 21.2 billion pounds compared with 20.0 billion pounds expected for this year. These forecasts remain well below 2008 totals.

The current USDA forecast assumes that Commodity Credit Corporation net removals will become negative in 2010 as product purchased under the higher support prices moves back into the market. Cheese and nonfat dry milk (NDM) prices should strengthen in 2009, reflecting the increase in support prices for those products. Economic recovery in 2010 and slightly lower milk production should help boost prices for all products in 2010. The cheese price is projected to average \$1.235 to \$1.255 per pound this year and climb to \$1.510 - \$1.610 in 2010. Butter prices are expected to average \$1.180 - \$1.220 per pound in 2009 and strengthen to \$1.435 - \$1.565 in 2010. NDM prices are projected to average 85 to 87 cents per pound and rise to 94.5 cents - \$1.015 per pound in 2010. Whey prices are projected at 24 to 26 cents per pound in 2009 and 28 to 31 cents per pound next year.

Milk prices should recover from 2009 lows next year but should remain well below the highs of 2007 and 2008. The Class III price is expected to average \$10.70 - \$10.90 per cwt in 2009 and rise to average \$13.75 - \$14.75 per cwt in 2010.

The Class IV price is projected to average \$10.15 - \$10.45 per cwt this year and reaches \$12.10 - \$13.20 per cwt next year. The all milk price average is expected to be \$12.10 - \$12.30 per cwt and rise to \$14.65 - \$15.65 per cwt in 2010.

U.S. Stocker Cattle Production

The total demand for feeder cattle stems from two sources: (1) demand for cattle to place on pasture and (2) demand for cattle to place in feedlots for finishing. These demands are seasonal, with pasture demand being heaviest in the spring as pastures begin growing, and in the fall, as wheat pasture becomes available. Calves that have been weaned and are intended for sale as commercial feeder cattle, but that have not yet been placed in the feedlot, are commonly referred to as stocker cattle. Immediate demand for stocker cattle is largely determined by forage availability and stocker and feeder cattle prices.

Stocker cattle production is an economically viable enterprise characterized by inexpensive weight gain relative to the cow-calf and finishing phases of beef production. Stockers typically weigh between 300 and 800 lbs. “Stockering” calves chiefly serves to increase their weight, and in many cases, quality, while often offsetting seasonal cattle price volatility. More importance is placed on animal growth versus fattening to achieve animal weight gains, and forage-based production systems are emphasized instead of high-grain, fattening rations.

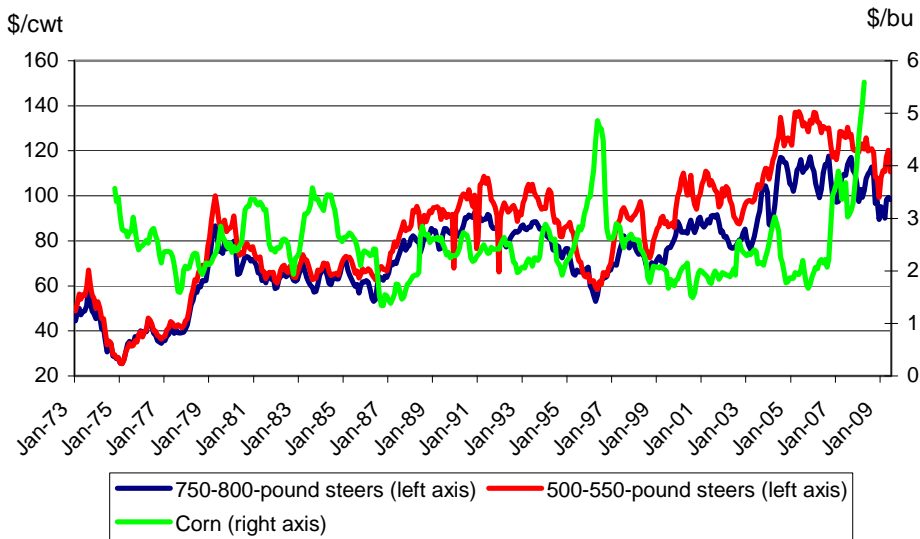
Production occurs under a diverse array of production strategies and systems, yet profitability in the stocker operation typically stems from two major sources: (1) cattle management and upgrading of cattle quality and (2) strategic marketing of cattle and speculation by holding cattle over time. Feeding costs are often high enough that stocker producers face relatively narrow profit margins, often exposing them to more market risk because of typical pricing patterns where prices per unit (e.g., per pound or cwt) typically decrease as weights increase.

Several production possibilities exist for stockers. Most calves go through a post-weaning growing program in which they are stockered until reaching weights suitable for placement in feedlots on finishing rations. Stocker programs can involve feeding calves growing rations either in “backgrounding” dry lots or small pastures, or placing them on pastures where they are grazed prior to feedlot placement. After weaning, some calves may go directly into feedlots where they are fed intensively until they reach slaughter weight and are marketed. This strategy is more common when grain prices are relatively low, since the feeding period can extend over 8-10 months. A cow-calf operator may also choose to add value to weaned calves by pursuing a post-weaning growing strategy. Ownership of cattle may be retained into, or in some cases even beyond, the finishing stage. At times, feedlots may hold full ownership of stockers in a preliminary phase before feeding.

Beef cattle producers may also choose to engage in stocker production as an independent commercial enterprise, buying calves after weaning and later selling them at heavier weights to cattle feeders for placement in feedlots. Value is added to light or poorly managed feeder cattle by emphasizing animal health and by upgrading cattle quality and performance. The quality of feeder cattle is improved when the weight they gain makes them appear more attractive to prospective buyers or when they can be sorted and sold in more uniform groups.

Cattle prices generally move in tandem, with events affecting one end of the pricing spectrum generally affecting all feeder cattle prices to some extent. However, seasonal factors have a strong effect on relative prices among cattle weight groups. Demand for lighter cattle is predominantly to stock pastures, and demand for heavier cattle is for placement in feedlots for finishing. Lighter weight feeder cattle typically sell for a higher price per hundred weight (cwt) than heavier feeder cattle due to the lower cost of weight gain when the cattle are on pasture. When grain prices are high, heavier cattle can sell at higher prices per cwt than lighter cattle, as it takes less total grain to achieve the finished weight. When the dominant demand for calves is for lighter weight animals to stock pastures, prices for lighter weight calves will be relatively higher than prices for heavier calves. Demand for lighter calves is strongest in November when wheat pasture is available for grazing and in May when summer pastures begin to grow.

Prices for feeder cattle, medium and large no.1, Oklahoma City, Oklahoma, and for corn, Central Illinois

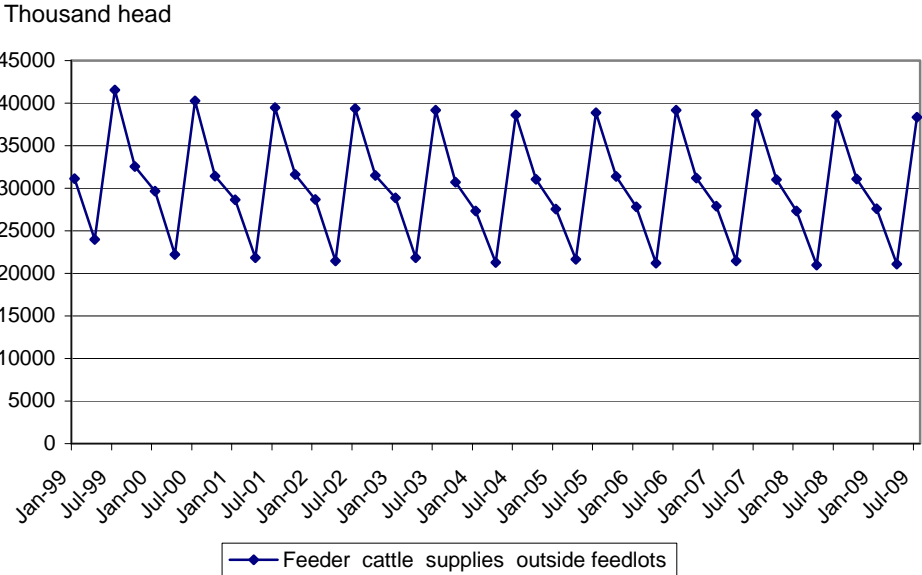


Source: National Agricultural Statistics Service and Agricultural Marketing Service.

Stocker cattle are typically grazed either seasonally or year-round, depending on regional variations in forages across the United States. Cattle may be grazed throughout the summer (season-long), while others are double-stocked, or placed in pastures at twice the stocking density, and removed from summer pasture mid-season (intensive-early). Winter production systems typically employ either perennial cool season forages or annual cool season forages, such as small grains pasture. The wheat-stocker enterprise is a common annual cool season production system. Stockers may also be completely confined and fed a growing ration that is often dominated by harvested forages. Mineral, protein, and/or energy supplementation is generally practiced, depending on forage conditions and the production system.

Year-over-year seasonal patterns of feeder cattle numbers outside feedlots are nearly constant and demonstrate the seasonal nature of stocker production. In late spring, the number of feeder cattle outside feedlots is at a minimum, since most have recently been removed from small grains pastures and placed in feedlots for finishing. In mid-summer, when there is an ample forage supply, the number of cattle on pastures is at a maximum. The supply of feeders outside feedlots in July has averaged just under 40 million head for the last 10 years, nearly double the April level. The July inventories include fall calves from the year before, the current year's spring calves, cattle that may have been considered too light to go to feedyards after removal from wheat or other cool season pastures, and other miscellaneous categories of feeder cattle.

U.S. seasonal feeder cattle supply outside feedlots



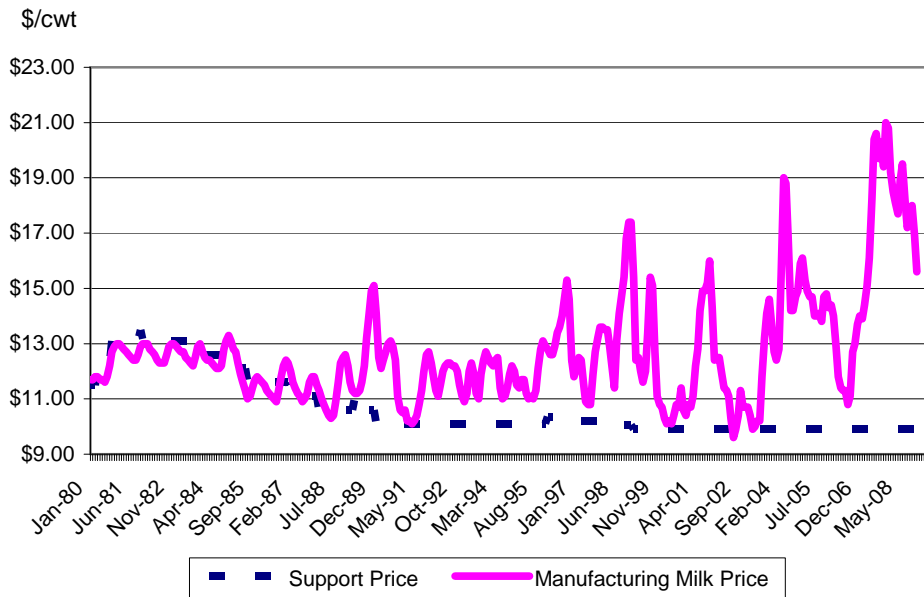
Source: Calculations from National Agricultural Statistics Service data.

Since important motivations for stocker production are often to upgrade animal quality and to increase performance, long-term stocker production will be contingent, in part, on the management practices of cow-calf producers. As long as inefficiencies exist in cow-calf operations, stocker-feeder price margins are profitable, and relatively inexpensive cattle weight gain can be achieved from available forages, stocker production will remain strong and viable in the United States.

Risk Management Tools Available to Dairy Farmers

As milk prices have fallen sharply in recent months, many dairy farmers are reviewing their current risk management practices and assessing practices or programs they may not already be using. Typically, milk producers cannot respond as quickly to changes in demand as producers in crop agricultural sectors, leaving them more vulnerable to loss of revenue. Additionally, changes in the dairy industry as well as dairy policy have led to greater price fluctuations and increased risk. The growth of bigger, more highly leveraged farms in the Western United States has increased the number of farms with larger-than-average debt ratios. Smaller dairy farmers who own their land and grow their own feed may be better equipped to weather price volatility than larger farms with higher debt levels and an increased reliance on purchased feed. Feed prices have fallen somewhat in recent months, but they are still well above historical averages. Starting in the late 1980s, dairy policy has moved towards a more market-based approach, and as support price levels have decreased, the volatility in farm-level milk prices has increased.

Price volatility has increased as support price has fallen



Source: ERS, AMS.

Successful dairy farming requires the use of risk management tools, recognizing the tradeoff between potential profit and risk. Risk management tools available to dairy farmers include public and private sector options.

Within the public sector, the USDA offers the following risk management tools:

- The Livestock Gross Margin for Dairy Cattle Insurance Policy (LGM) provides protection against the loss of gross margin (market value of milk minus feed costs) on the milk produced from dairy cows. The program is available to producers in 36 States, and the States covered were home to approximately 68 percent of the dairy cows in 2007 (Ag Census). The LGM uses futures prices for corn, soybean meal, and milk to determine the expected gross margin and the actual gross market, covering both the input and output risk to producers.

	Farms with dairy cows	Number of dairy cows
Covered States		
Total *	62,520	6,327,757
U.S. Total	69,890	9,266,574
%	89	68

* Covered States include: AZ, CO, CT, DE, IL, IN, IA, KS, KY, ME, MD, MA, MI, MN, MO, MT, NE, NV, NH, NJ, NM, NY, ND, OH, OK, PA, RI, SD, TN, TX, UT, VT, WV, WA, WI and WY.

- The Dairy Indemnity Program makes payments to dairy producers when a public regulatory agency directs them to remove their raw milk from the commercial market because it has been contaminated by pesticides, nuclear radiation or fallout, or toxic substances and chemical residues other than pesticides.
- The Dairy Forward Pricing Program allows producers to voluntarily enter into forward price contracts with handlers for pooled milk used for Class II, III, and IV purposes. Under the program, handlers are not required to pay producers the minimum Federal order blend price, but rather a price negotiated between handlers and producers. Forward contracts reduce risk and also aid participants in obtaining new or continued financing.
- The Milk Income Loss Contract (MILC) Program provides monthly, direct, countercyclical style payments to producers when the Class I price in Boston falls below a variable trigger price. The trigger price may be adjusted monthly for variations in feed costs above \$7.35/cwt of a 16-percent protein feed ration. For fiscal years 2009-2012, the MILC program is available to all producers, with annual production eligible for MILC payments capped at 2,985,000 pounds.

In the private sector, many agricultural producers use futures markets as a risk management tool. While the class prices of commodities sold on the futures market do not directly represent the prices that farmers see in their milk check each month, futures contracts can allow dairy farmers to hedge against risk in milk and feed price fluctuations. As a commodity user (grain) and a commodity supplier (milk), dairy farmers can use the futures market to manage risk on the price(s) of inputs as well as the output price. Dairy futures include those for:

- Class III milk
- Class IV milk
- Cheese
- Butter
- NFDM
- Dry whey

Like the futures market, farmers can also forward contract milk or feed directly. Many larger farms that rely heavily on purchased feed do this to limit volatility of their feed costs. Dairy cooperatives often forward contract milk with their members.

Risk management tools are a key component for maintaining the economic viability of a farm. As a result of recent increased price fluctuations in the dairy sector, risk management tools are more relevant for consideration and use today than they were in the past.

For more information, see:

USDA- Risk Management Agency
<http://farm-risk-plans.usda.gov/index.aspx?action=riskman.home>

USDA-AMS Dairy Programs
<http://www.ams.usda.gov/dairy>

Contacts and Links

Contact Information

Rachel J. Johnson (coordinator, and beef, veal)	(202) 694-5187	rjohnson@ers.usda.gov
Kathryn Quanbeck (coordinator and dairy)	(202) 694-5154	kquanbeck@ers.usda.gov
Mildred M. Haley (hogs/pork)	(202) 694-5176	mhaley@ers.usda.gov
David J. Harvey (poultry, eggs)	(202) 694-5177	djharvey@ers.usda.gov
Roger Hoskin (dairy)	(202) 694-5148	rhoskin@ers.usda.gov
Keithly Jones (sheep and goats)	(202) 694-5172	kjones@ers.usda.gov
Ken Mathews (cattle)	(202) 694-5183	kmathews@ers.usda.gov
Michael McConnell (beef trade)	(202) 694-5158	mmcconnell@ers.usda.gov
David Johnson (web publishing)	(202) 694-5222	davidj@ers.usda.gov

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Data Products

Meat Price Spreads, <http://www.ers.usda.gov/Data/MeatPriceSpreads/>, provides monthly average price values, and the differences among those values, at the farm, wholesale, and retail stages of the production and marketing chain for selected cuts of beef, pork, and broilers. In addition, retail prices are provided for beef and pork cuts, turkey, whole chickens, eggs, and dairy products.

Livestock and Meat Trade Data, <http://www.ers.usda.gov/Data/MeatTrade/>, contains monthly and annual data for the past 1-2 years for imports and exports of live cattle and hogs, beef and veal, lamb and mutton, pork, broiler meat, turkey meat, and shell eggs. The tables report physical quantities, not dollar values or unit prices. Breakdowns by major trading countries are included.

Related Websites

Animal Production and Marketing Issues, <http://www.ers.usda.gov/briefing/AnimalProducts/>
Cattle, <http://www.ers.usda.gov/briefing/cattle/>
Dairy, <http://www.ers.usda.gov/briefing/dairy/>
Hogs, <http://www.ers.usda.gov/briefing/hogs/>
Poultry and Eggs, <http://www.ers.usda.gov/briefing/poultry/>
WASDE, <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194>

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U.S. red meat and poultry forecasts

	2004		2006				2007 1/				2008				2009				2010						
	Annual	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual	I	II	Annual		
Production, million lb																									
Beef	24,548	24,683	6,082	6,724	6,834	6,513	26,153	6,237	6,649	6,802	6,733	26,421	6,372	6,899	6,908	6,382	26,561	6,248	6,602	6,710	6,315	25,875	6,000	6,425	25,140
Pork	20,511	20,685	5,335	5,008	5,087	5,625	21,055	5,396	5,128	5,256	6,163	21,943	6,024	5,593	5,632	6,098	23,347	5,811	5,488	5,525	6,000	22,824	5,670	5,400	22,535
Lamb and mutton	195	187	49	47	42	47	185	49	44	42	48	183	46	43	42	43	174	42	42	41	42	167	43	41	163
Broilers	34,063	35,365	8,814	8,980	8,870	8,835	35,500	8,625	9,085	9,131	9,285	36,126	9,145	9,439	9,457	8,865	36,906	8,574	8,936	9,050	8,950	35,510	8,650	9,000	36,025
Turkeys	5,454	5,504	1,351	1,435	1,419	1,476	5,682	1,413	1,482	1,488	1,575	5,958	1,536	1,560	1,568	1,582	6,246	1,385	1,420	1,440	1,500	5,745	1,415	1,460	5,905
Total red meat & poultry	85,442	87,097	21,792	22,362	22,413	22,656	89,224	21,874	22,552	22,876	23,962	91,264	23,292	23,717	23,791	23,137	93,937	22,213	22,651	22,925	22,967	90,756	21,931	22,483	90,380
Table eggs, mil. doz.	6,365	6,413	1,617	1,617	1,632	1,656	6,522	1,598	1,593	1,602	1,642	6,435	1,587	1,577	1,599	1,640	6,403	1,594	1,600	1,610	1,645	6,449	1,600	1,610	6,510
Per capita disappearance, retail lb 2/																									
Beef	66.1	65.6	15.8	16.9	16.9	16.3	65.8	15.9	16.6	16.4	16.2	65.2	15.6	16.3	15.8	15.1	62.8	15.3	15.7	15.9	14.9	61.8	14.5	15.4	59.7
Pork	51.4	50.0	12.4	11.9	11.9	13.1	49.4	12.3	12.2	12.3	14.0	50.8	12.6	11.6	12.0	13.3	49.5	12.5	12.0	11.9	12.6	49.0	12.1	11.3	47.3
Lamb and mutton	1.1	1.1	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.2	0.3	1.0	0.3	0.2	0.2	0.3	1.0	0.3	0.2	1.0
Broilers	84.4	85.8	21.7	22.1	21.9	20.9	86.5	21.2	21.6	21.4	21.2	85.4	21.3	21.4	21.1	19.7	83.5	19.3	20.1	20.9	20.2	80.5	19.6	20.4	81.4
Turkeys	17.1	16.7	3.5	3.9	4.3	5.2	16.9	3.8	4.1	4.2	5.5	17.5	4.0	4.1	4.3	5.3	17.6	3.7	3.9	4.1	5.2	17.0	3.8	4.1	17.2
Total red meat & poultry	221.6	221.0	54.1	55.5	55.6	56.1	221.3	53.9	55.1	54.9	57.6	221.6	54.1	54.2	53.8	54.0	216.1	51.5	52.4	53.5	53.6	211.0	50.6	51.9	208.1
Eggs, number	257.3	255.8	64.1	63.7	63.9	64.7	257.8	62.2	61.7	62.4	63.8	250.1	61.8	61.3	62.0	63.8	248.9	62.0	61.5	61.9	63.3	248.7	61.5	61.4	248.1
Market prices																									
Choice steers, Neb., \$/cwt	84.75	87.28	89.24	80.39	85.40	86.61	85.41	90.61	93.45	91.36	91.85	91.82	89.59	92.82	98.45	88.22	92.27	80.98	84.53	83-85	86-92	84-86	84-92	88-96	88-96
Feeder steers, Ok City, \$/cwt	104.76	110.94	106.23	104.08	115.17	103.22	107.18	99.53	108.87	115.64	108.88	108.23	99.88	106.60	110.81	94.62	102.98	92.83	98.63	101-103	100-106	98-102	96-104	98-106	100-108
Boning utility cows, S. Falls, \$/cwt	52.35	54.36	48.89	47.79	49.28	44.29	47.56	51.04	53.96	54.07	49.40	52.12	53.88	57.30	61.78	46.70	54.92	46.42	49.46	48-50	49-53	48-50	48-52	51-55	50-56
Choice slaughter lambs, San Angelo, \$/cwt	96.69	97.76	77.03	66.56	81.10	84.53	77.31	82.59	82.23	87.33	87.55	84.93	86.23	79.62	88.83	88.95	85.91	90.14	91.44	88-92	88-94	89-92	89-97	87-95	88-95
Barrows & gilts, N. base, i.e. \$/cwt	52.51	50.05	42.63	48.45	51.83	46.13	47.26	46.04	52.55	50.33	39.43	47.09	39.64	52.51	57.27	41.92	47.84	42.11	42.74	40-42	36-38	40-41	41-45	45-49	44-48
Broilers, 12 City, cents/lb	74.10	70.80	62.7	61.0	67.8	65.9	64.4	75.00	80.30	79.20	71.10	76.40	78.10	80.60	80.60	79.40	79.70	79.70	81.90	79-87	78-82	79-81	78-84	80-86	79-86
Turkeys, Eastern, cents/lb	69.70	73.40	67.3	71.3	79.4	89.8	77.0	69.70	77.90	89.90	90.80	82.10	77.40	88.90	96.50	87.30	87.50	73.80	79.10	84-86	82-88	80-82	71-77	77-83	79-86
Eggs, New York, cents/doz.	82.20	65.50	71.4	62.7	64.0	89.0	71.8	105.3	92.0	119.1	141.0	114.4	158.8	117.30	114.50	122.60	128.30	109.70	89.70	93-95	95-101	97-99	101-109	97-105	99-107
U.S. trade, million lb																									
Beef & veal exports	460	697	215	315	307	308	1,145	269	363	424	375	1,431	360	471	609	448	1,888	384	460	450	425	1,719	405	485	1,845
Beef & veal imports	3,679	3,599	843	790	730	722	3,085	770	884	774	624	3,052	637	661	584	655	2,537	704	755	710	665	2,834	715	785	2,975
Lamb and mutton imports	181	180	53	44	41	52	190	56	44	44	59	202	52	48	38	47	185	51	42	38	46	177	54	180	
Pork exports	2,181	2,666	767	763	654	811	2,995	792	685	703	959	3,138	1,106	1,387	1,126	1,049	4,668	1,033	975	1,000	1,175	4,183	1,050	1,100	4,450
Pork imports	1,099	1,024	259	237	239	254	989	239	256	240	232	968	217	205	191	218	831	205	195	190	210	800	215	205	840
Broiler exports	4,783	5,203	1,270	1,297	1,234	1,404	5,205	1,275	1,393	1,493	1,610	5,771	1,507	1,787	1,912	1,756	6,962	1,753	1,650	1,475	1,600	6,478	1,550	1,550	6,300
Turkey exports	442	570	119	125	152	150	547	124	135	148	146	553	148	160	186	182	676	117	115	120	135	487	120	125	545
Live swine imports (thousand head)	8,506	8,191	2,133	2,088	2,204	2,338	8,763	2,302	2,370	2,464	2,869	10,005	2,915	2,149	2,201	2,083	9,348	1,761	1,650	1,550	1,550	6,511	1,550	1,550	6,200

1/ Forecasts are in bold.

2/ Per capita meat and egg disappearance data are calculated using the Resident Population Plus Armed Forces Overseas series from the Census Bureau of the Department of Commerce.

Source: World Agricultural Supply and Demand Estimates and Supporting Materials.

For further information, contact: Richard Stillman, (202) 694-5265, stillman@ers.usda.gov

Dairy Forecasts

	2008			2009					2010		
	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Milk cows (thous.)	9,330	9,330	9,315	9,295	9,262	9,165	9,050	9,193	8,970	8,955	8,939
Milk per cow (pounds)	5,025	5,008	20,396	5,096	5,272	5,065	5,040	20,472	5,185	5,370	20,865
Milk production (bil. pounds)	46.9	46.7	190.0	47.4	48.8	46.4	45.6	188.2	46.5	48.1	186.5
Farm use	0.3	0.3	1.2	0.3	0.3	0.3	0.3	1.2	0.3	0.3	1.2
Milk marketings	46.6	46.4	188.8	47.1	48.5	46.1	45.3	187.0	46.2	47.8	185.3
Milkfat (bil. pounds milk equiv.)											
Milk marketings	46.6	46.4	188.8	47.1	48.5	46.1	45.3	187.0	46.2	47.8	185.3
Beginning commercial stocks	13.6	11.5	10.0	10.0	12.5	14.4	12.5	10.0	10.0	11.8	10.0
Imports	0.7	1.5	3.9	0.9	1.0	0.9	1.3	4.0	1.0	0.9	4.1
Total supply	60.9	59.5	203.1	58.1	62.0	61.4	59.1	201.1	57.2	60.4	199.4
Commercial exports	2.4	1.5	8.7	1.0	1.0	0.9	0.9	3.8	1.0	0.9	3.8
Ending commercial stocks	11.5	10.0	10.0	12.5	14.4	12.5	10.0	10.0	11.8	12.8	8.7
Net removals	0.0	0.0	0.0	0.1	-0.1	0.2	0.2	0.5	0.1	0.0	0.0
Commercial use	47.0	47.9	184.3	44.4	46.7	47.8	47.9	186.8	44.3	46.7	186.9
Skim solids (bil. pounds milk equiv.)											
Milk marketings	46.6	46.4	188.8	47.1	48.5	46.1	45.3	187.0	46.2	47.8	185.3
Beginning commercial stocks	10.8	10.4	9.9	10.9	11.2	12.1	11.1	10.9	10.6	10.3	10.6
Imports	0.8	1.2	3.7	0.9	0.9	0.9	1.2	3.8	1.0	0.9	3.9
Total supply	58.1	58.0	202.5	58.8	60.6	59.2	57.6	201.7	57.8	59.0	199.9
Commercial exports	6.9	5.5	26.6	5.1	5.4	4.9	4.5	20.0	5.0	5.3	21.2
Ending commercial stocks	10.4	10.9	10.9	11.2	12.1	11.1	10.6	10.6	10.3	10.6	9.4
Net removals	0.0	1.3	1.3	1.1	0.7	2.1	1.4	5.3	0.6	0.3	-0.5
Commercial use	40.8	40.4	163.7	41.4	42.3	41.1	41.1	165.8	41.9	42.9	169.8
Milk prices (dol./cwt) 1/											
All milk	18.63	16.80	18.29	12.23	11.60	11.80	12.75	12.10	13.55	14.10	14.65
						-12.10	-13.35	-12.30	-14.45	-15.10	-15.65
Class III	17.28	15.95	17.44	10.18	10.20	10.84	11.53	10.70	12.39	13.24	13.75
						-11.14	-12.13	-10.90	-13.29	-14.24	-14.75
Class IV	16.23	12.07	14.65	9.56	10.06	10.44	10.64	10.15	11.18	12.07	12.10
						-10.84	-11.34	-10.45	-12.18	-13.17	-13.20
Product prices (dol./pound) 2/											
Cheddar cheese	1.869	1.804	1.895	1.236	1.193	1.220	1.287	1.235	1.378	1.457	1.510
						-1.250	-1.347	-1.255	-1.468	-1.557	-1.610
Dry whey	0.243	0.186	0.250	0.164	0.232	0.287	0.285	0.240	0.275	0.285	0.280
						-0.307	-0.315	-0.260	-0.305	-0.315	-0.310
Butter	1.575	1.527	1.436	1.097	1.197	1.200	1.242	1.180	1.327	1.415	1.435
						-1.260	-1.332	-1.220	-1.447	-1.545	-1.565
Nonfat dry milk	1.334	0.904	1.226	0.823	0.833	0.869	0.872	0.850	0.892	0.955	0.945
						-0.899	-0.922	-0.870	-0.962	-1.025	-1.015

1/ Simple averages of monthly prices. May not match reported annual averages.

2/ Simple averages of monthly prices calculated by the Agricultural Marketing Service for use in class price formulas. 'Based on weekly "Dairy Product Prices", National Agricultural Statistics Service. Details may be found at http://www.ams.usda.gov/dyfmoms/mib/fedordprc_dscrp.htm

Source: World Agricultural Supply and Demand Estimates and supporting materials.

For further information, contact: Roger Hoskin 202 694 5148, rhoskin@ers.usda.gov

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