

Livestock, Dairy and Poultry Situation and Outlook

Economic Research Service
U.S. Department of Agriculture

LDP-M-55
January 26, 1999

In response to requests for increased frequency of market analysis information, the Livestock, Dairy, and Poultry Situation and Outlook Report will be electronically released monthly. The report will be available on the World Wide Web (<http://www.econ.ag.gov/Prodsrvs/rept-ldp.htm> and click on Livestock, Dairy and Poultry Situation and Outlook Report) in Adobe Acrobat format (PDF files) or from the ERS autofax (202-694-5700) document #11515 for text and tables, #11511 for tables only). The content of each issue may vary. Six issues will contain analytical content. They will be released on January 26, February 24, May 25, July 27, August 24, and November 23. The remaining six issues will contain tables only, and will be issued on March 23, April 27, June 29, September 28, October 26, and December 28. The reports should be available by 4:00 p.m. Eastern Time on day of release.

U.S. livestock and poultry prices remain under pressure from record meat production and further shrinkage in net exports. Cattle and hog prices are expected to improve in 1999 due to less red meat production and increasing red meat exports. Broiler prices are expected to decline this year as production increases and exports decline. Expected lower feed costs in 1999 will help boost hog producers' returns and partially offset lower broiler prices, softening the effect on producers' net returns.

Behind the projected drop in feed prices are increased supplies and mounting stocks of corn and soybeans. U.S. 1998/99 ending stocks of corn are expected to be about 38 percent above 1997/1998. The average farm price of corn in 1998/1999 is expected to be \$1.80-\$2.10 per bushel, compared with \$2.43 in 1997/98 and

 \$2.71 in 1996/97.

Record soybean production and an expected slowdown in exports are boosting projected 1998/99 soybean stocks. Increased South American production and export prospects are expected to offer added competition to both U.S. soybean and soybean meal exports. U.S. soybean meal prices are expected to average \$130-\$150 per ton in 1998/99, compared with \$186 in 1997/98 and \$271 in 1996/97.

In 1998 hog prices tumbled to the lowest annual average since 1972. However, in December prices averaged \$15.63, about the same as in 1970. The extremely low prices devastated producers' returns, although feed costs were sharply below a year ago. Responding to the low returns, which began in late 1997, producers reduced their breeding herds late in 1998. The reduction indicates a smaller first-half 1999 pig crop and lower pork production in the second half of 1999.

Producers Reduced the Breeding Inventory

The December *Hogs and Pigs* report indicates that between September and December producers switched from an expansion to a cutback mode as their losses mounted. The December 1 breeding inventory was 4 percent below a year earlier, the first reduction in the quarterly year-over-year breeding inventory since March 1997. Typically, producers reduce their breeding inventories after about a year of lackluster returns. The reduction in the breeding herd was accomplished by not adding gilts to replace culled sows, rather than sharply liquidating sows as is typical.

Farrowing intentions reported for December-February were down 1 percent from a year earlier in contrast with a 3-percent increase indicated in September. March-May farrowing

intentions reported as of December 1 were down 7 percent from a year earlier.

Because of the previous buildup in the breeding herd, the market hog inventory on December 1 was 2 percent above a year earlier, indicating hog slaughter will remain above last year through spring. The September-November pig crop was 2 percent above a year earlier as the pigs per litter declined slightly, although the number of sows farrowing was about the same indicated in the previous September.

With fractionally lower production and increasing net exports, per capita pork consumption in 1999 will likely decline nearly a pound from 1998. Hog prices are expected to rebound from the extreme lows of late 1998 and average in the mid-\$30's per cwt in 1999. Prices are expected to average considerably higher than a year earlier in the second half of this year as the supply of slaughter hogs declines. With the expected continuing decline in feed costs, producers' returns may rise above breakeven late in the year. In the past, 3 to 6 months of favorable returns were normally required before producers expanded their breeding herds. However, the financial distress incurred in 1998 may slow this pattern. After a decision to expand, pork production usually begins to increase about a year later.

Based on the market hog inventory, pig crops, and farrowing intentions reported in December, pork production in 1999 is expected to total about 18.9 billion pounds, down less than 1 percent from last year. The June-August pig crop implies a first-quarter slaughter of about 25.6 million head. Dressed weights are expected to average slightly heavier as the large supply of slaughter hogs is worked off in the quarter, boosting pork production to about 4.9 billion pounds. This implies continued pressure on hog slaughter capacity in early 1999.

Most of the September-November pig crop will be slaughtered in second-quarter 1999. Second-quarter slaughter is expected to total about 24.5 million, up 4 percent from last year. The percentage of the pig crop slaughtered is expected to rise about 2 percentage points as herd reduction continues and the ratio of hog slaughter to the pig crop moves more in line with the historical average. As expected in the first quarter, average dressed weights are expected to rise, boosting pork production to about 4.65 billion pounds.

December-February farrowing intentions as of December are 1 percent less than a year ago. In September, intentions were up 3 percent for the same period. With pigs per litter remaining about the same, the December-February pig crop is expected to be down about 1 percent from last year. The smaller pig crop implies a third-quarter slaughter of about 24.75 million head.

December 1 farrowing intentions for March-May were 7 percent lower than last year, implying a drop in the pig crop of the same magnitude. If these intentions are realized, fourth-quarter 1999 slaughter would total about 24.9 million head. The projected slaughter is 10 percent below 1998. However, fourth-quarter slaughter as a percentage of the pig crop was an extremely high 102 percent in 1998, reflecting low gilt retention. In 1999 the percentage slaughtered is expected to drop to about 99 percent as the breeding herd is expected to stabilize as more gilts are retained.

Frozen Stocks Up Sharply

Frozen pork stocks as of December 31 totaled 504 million pounds, up 46 percent from a year earlier, reflecting the large pork production last fall. With pork production expected to continue to increase in first-half 1999, stocks will likely remain large, especially with prospects for lower pork production in the second half. With moderating production and high pork product prices in second-half 1999, stocks are expected to drop to more typical levels.

Hog Prices To Rally

Hog prices are expected to average in the mid-\$30's in 1999 as production moderates, net pork exports expand, and slaughter hog supplies are more in line with slaughter capacity. Although poultry production is expected to rise nearly 5 percent, the growth rate of the early and mid-1990's, beef production is expected to drop 8 percent in second-half 1999, reducing competition for pork. Hog prices are expected to rise throughout the year from the mid-\$20's to the low \$40's per cwt.

Although recovering from extreme lows in December, hog prices in the first quarter will be under pressure from increased production, burdensome stocks, continued large beef production, and rising poultry production. By mid-year, prices will rise above last year as slaughter begins to decline and beef production drops sharply. By the fourth quarter, prices are likely to rise into the \$40's per cwt as production

is expected to drop about 10 percent and beef production declines more than 7 percent. Pork exports are expected to rise about 10 percent while imports are expected to stay about unchanged.

Previous ERS research by William Hahn in 1994 indicates that pork prices are more sensitive to chicken prices than to beef prices. However, historical price relationships among the major meats are changing due to changing marketing patterns, quality, and consistency of product. Pork and broiler consumption has increased in response to higher consistent quality at lower relative prices, making pork and broilers more competitive with beef. Another factor is that a larger proportion of higher quality beef is going to the export and restaurant markets, leaving a lower and more variable quality beef on the retail market.

Retail pork prices in 1998 declined less than 5 percent in contrast to the historical dip in hog prices. The historical dip drove the farmer's share down to 10 percent in December while the farm-to-retail spread widened to over \$2.00 a pound. Retail prices in 1999 are expected to continue a downward adjustment to the lower hog prices another 2-4 percent. The sharper drops are expected early in the year, lagging the low hog prices in late 1998. As hog prices rise in 1999, retail declines will taper off with a less than 1-percent decline in fourth-quarter 1999.

Demand for Slaughter Hogs and Pork

The historical dip in hog prices raises the question of why did retail prices not drop sharply also. The failure of retail price behavior to parallel that of hog prices can be explained by an examination of the different demand situations. Contractual or otherwise coordinated agreements between hog producers and slaughter plants are increasingly the norm. Pork packers now typically buy only about 10 percent of their slaughter hogs in open spot markets. As a result, spot-market demand for slaughter hogs is greatly influenced by slaughter capacity utilization. When the available slaughter hog supply exceeds the designed plant capacity, slaughter costs rise steeply as packers turn to overtime labor. To compensate for sharply higher costs, slaughter plants lower their bid prices for slaughter hogs and this reduced demand price for the available supply of slaughter hogs is reflected directly in sharply lower spot market prices. This was the situation in late 1998.

The opposite situation occurred just a year and a half ago. Slaughter facilities were at relatively lower rates of utilization, and packers bid up hog prices sharply (e.g. to \$54 per cwt for the third quarter of 1997.) Thus, spot hog prices drop or increase sharply depending on the current supply of hogs relative to slaughter plant capacity utilization.

Retail prices have not fallen as much as wholesale prices (in fact, they have come down less than 5 percent) because retailers have found that they are able to move pork off the shelf without significant price reductions. Consumer incomes are strong, increasing the demand for meat. Over time tastes and preferences for pork appear to have increased due to higher quality, more consistency, and larger cut size. Pork supplies have simply not outstripped rising retail consumer demand at this price range.

Pork Exports To Increase

U.S. pork exports are expected to increase 10 percent in 1999, with the double-digit increase contingent on delivery of food aid to Russia. Moderate domestic pork prices will drive U.S exports in 1999. Through November, the United States exported more than 1 billion pounds of pork, up almost 20 percent from the same period in 1997. Major U.S export markets in 1998 have been Japan, Russia, Mexico, and Canada. With the exception of Russia, these countries will likely account for most of U.S pork exports in 1999.

Japan's imports in 1999 are expected to increase in line with projected growth in the Japanese economy, population, and production in the domestic pork sector. While the double-digit growth rates seen earlier in the decade are not likely in 1999, the U.S share of Japanese imports is expected to remain near 30 percent. Among the Japanese import categories, the United States provides more than 70 percent of fresh pork, and more than 15 percent of frozen pork. Denmark is the major competitor for Japan's frozen pork imports, with a 25-percent share of all pork products and more than 33 percent of the frozen market. After the outbreak of Foot and Mouth disease in Taiwan in 1997, Japan diversified its imports of fresh pork, taking cuts from Canada and South Korea. Canada is likely to provide strong long-term competition for the United States in the Japanese fresh pork market.

Exports to Russia in 1999 are not likely to reach

levels achieved in 1998. Foreign exchange constraints will likely cause Russia to secure pork imports from food aid programs of major pork exporters, such as the United States and Europe. The moderation of economic growth in Mexico, together with continued recovery of the pork production industry, could slow Mexican demand for U.S pork products in 1999. So, while export growth to Mexico may not meet the average 2-year growth rate (60 percent), U.S. shipments to Mexico in 1999 are likely to continue increasing at a double-digit level.

Exports to Canada in 1999 are likely to remain at levels which have followed the dramatic increases in 1996-97. Canadian demand for U.S product in part reflects Canadian consumer demand for specified cuts that Canadian processors export in order to develop markets in Asia. As restructuring and expansion of the Canadian pork industry continues, demand for U.S product could trend downward.

Exports likely constituted 6.5 percent of production in 1998, compared to 6 percent a year earlier. In 1999, the United States is expected to export 7 percent of production.

Imports in 1999 are expected to be about the same as in 1998. U.S pork imports through November 1998 totaled 635 million lbs., almost 11 percent over the same period a year earlier. The paradox of large imports during a period of very plentiful domestic supplies is attributable to a strong dollar relative to the countries that account for most U.S. imports--Canada (70 percent) and Denmark (19 percent)--and the strong preference of U.S consumers for pork ribs during barbecue season.

The strong U.S dollar exchange rate relative to the Canadian dollar continues to be one of the driving factors in the stampede of Canadian hogs into the United States. In addition to the favorable exchange rate, continued efforts to restructure the Canadian pork industry to be more competitive with the United States, are the major factors behind continued U.S imports of Canadian hogs. U.S hog imports could moderate in 1999, as slaughter capacity increases in Manitoba and as Ontario hogs increasingly move to slaughter in Quebec under buying contracts.

Hog exports to Mexico--always highly variable--increased dramatically through November 1998, due to excess slaughter capacity in Mexico, and attractive U.S hog prices. Live exports during

January-November were up 250 percent from the same period a year earlier. Exports to Mexico in 1999 could moderate, depending in part on the outcome of the Commerce Secretariat investigation of the formal complaint by Mexican hog producers that U.S hogs are being exported at below cost of production.

Beef Inventory Reductions Likely To End During 1999

Beef cow slaughter in 1998 continued to decline--down nearly 8 percent from 1997 and down 21 percent from 1996. However, the real issue that will become more evident after the 1999 inventory figures are released on January 29 is how sharply the base for future beef production has been eroded. The next ***Livestock, Dairy and Poultry Situation and Outlook*** will be published on February 24 and will feature the updated beef outlook. While cow slaughter declined, heifer slaughter remained historically large. Heifer slaughter in 1998 declined less than 1 percent from 1997, and was the second largest since 1978. Heifer retention for the breeding herd in 1998 was historically low and the 1999 calf crop is going to be down sharply.

Beef production is expected to decline 5 to 6 percent in 1999 with further reductions in 2000. Production is expected to remain large through the winter quarter as seasonally record heavy slaughter weights nearly offset reduced cattle slaughter. Lighter placement weights beginning in November will show up in cattle being marketed in the second quarter and together with reduced slaughter levels will lead to lower production. In the past 2 years few heifers were retained for the breeding herd, resulting in larger beef production. Sharpest year-to-year declines in beef production this year will occur in the second half of the year as heifers are retained and bred in late spring to early summer to calve in 2000 rather than being sold for feedlot placement.

Holiday-reduced slaughter levels in late 1998 and storm-related cutbacks in early 1999 led to tighter meat supplies throughout the meat complex through mid-January and higher live prices. However, heavy slaughter levels the last couple of weeks in January greatly relieved the pressure on tight supplies. First-quarter prices will still be under pressure of very large total meat supplies, particularly pork. Very large pork supplies at sharply lower prices caused pork to be heavily specialed in December. Beef was featured very little in December and prices for Choice beef at retail rose to \$2.84 a pound, the

highest since December 1996. The farm-to-retail spread widened sharply, primarily due to the lack of retail specializing. The retail price of Choice beef averaged \$2.77 in 1998, down from \$2.79 in 1997. Retail prices are likely to decline this winter as supplies are large and beef will be more heavily specialized than during December. However, retail prices are expected to begin rising this spring through the next couple of years as beef supplies decline. Prices in 1999 for Choice beef are expected to average in the low-\$2.80's.

Choice fed steer prices rose to the lower \$60's per cwt in January as the wholesale-retail beef supply channels were replenished. Prices may come under pressure of large slaughter cattle supplies at heavy weights in early February, but the trend toward tighter supplies at higher prices has already begun. Continued record large supplies of competing meats at even lower prices relative to beef will hold down price gains for cattle and beef over the next couple of years.

Beef Trade Difficulties To Moderate

Economic slowdowns in Asia and Russia, as well as herd reductions in many major beef exporting countries, caused a worsening U.S. beef trade balance in 1998. Beef imports rose about 11 percent as world trade slowed and more product was priced into the strong U.S. economy. Exports likely rose less than 1 percent as many of the major import markets either slowed dramatically or actually declined. Exports to Mexico continued to increase dramatically, but exports to South Korea declined sharply for much of the year. However South Korean imports rose in late 1998 as the country moved to fulfill its 187,000-ton beef import requirement under the WTO agreement. Exports to Japan continued to rise, but product value declined as Japan purchased lesser cuts of higher quality beef.

Trade is expected to be more in balance in 1999 as import growth slows to 6 to 8 percent. This slowdown will occur even as U.S. supplies of processing beef tighten, as world cattle numbers begin a rebuilding process and world beef supplies decline. Although world economic activity is expected to remain slow, U.S. beef exports are expected to rise 7 to 9 percent, largely the result of food aid programs to Russia. Although most of the 265 million pounds (carcass weight) of exports to Russia announced in early December are expected to occur in first-half 1999, negotiations between the two

countries continued in late January amid much industry uncertainty.

Poultry Production To Rise

Broiler producers are expected to respond to 1998's high returns by expanding production. Production in 1999 could increase to 27.8 million pounds, about 5 percent above 1998. Broiler meat exports are forecast to remain weak through much of 1999. Loss of the Russian market is not expected to be offset by gains to other markets and first-half exports could be 20-25 percent lower than 1998. As a result, stocks are expected to increase steadily through the year. Exports in the second half may increase relative to 1998 especially if sales opportunities to Russia begin to appear.

Given the forecast increase in production, prices will likely average below 1998 levels for much of the year despite reduced supplies of red meat. Broiler prices will average 57-61 cents per lb. for the year but first-quarter prices could be above 1998.

Turkey producers are recovering from 2 years of negative returns, which reduced production in 1998 and will lower production in the first quarter of 1999. Beyond the first quarter, production will expand but is forecast to be 5.25 million pounds for the year, fractionally above 1998. Prices are expected to average about the same as in 1998—62 cents per pound.

Cheese Prices Crash

Wholesale cheese prices fell sharply in early January, stabilized briefly, and then collapsed in mid-month. At the end of the third week of January, the Exchange price of block Cheddar was only \$1.20 per pound, far below the December record of \$1.90 and even 23 cents less than a year earlier. Sharp declines had been expected because of normal early-winter seasonal changes, the budding expansion in milk production, and the peak retail prices following the very high farm and wholesale prices of the second half of 1998. Milk production during October-December rose more than 2 percent from a year earlier, the first true growth in output since 1995.

Cheese prices began to decline somewhat later than anticipated, but were unexpectedly severe. Cheese markets obviously are quite unsettled after the extreme 1998 tightness, but conditions have loosened enough to allow buyers to reduce purchases sharply as prices fall. However, there are few current indications that buyers can stay

out of the market for very long. Similar to the November-December movements in butter prices, cheese prices might recover modestly after traders get a better handle on market fundamentals.

Principal Contributors - (202) 694-5180

Leland Southard, (Coordinator), Milton Madison (Poultry), David Harvey (Poultry Trade), Ron Gustafson, (Cattle), Mildred Haley (Pork Trade), Jim Miller (Dairy), Laverne Williams (Statistics)

Revised Pork Price and Spread Calculation Procedures

by Lawrence A. Duewer

Only a brief explanation of revised procedures and the assumptions and logic behind these revisions is provided here. In a few months a more complete presentation will be provided in bulletin form. The bulletin will include not only a more complete description of procedures and a comparison of the overlap period, but also a set of historical data made consistent with revised procedures.

The Economic Research Service has updated its procedures for calculating pork price spreads. The procedures were last revised in 1978. The update was necessitated by the many changes that have occurred in the hog industry over the past two decades, including changes in hog genetics (larger and leaner animals), hog processing, pork merchandising, and data availability. These industry trends spurred USDA's Agricultural Marketing Service (AMS) to alter its reporting of wholesale pork prices in 1998 to reflect the prevalence of closer trimmed and film wrapped cuts. AMS also adjusted its hog price reporting for 1999 and earlier. In addition, the Bureau of Labor Statistics (BLS) now reports prices for a wider range of retail cuts and has made procedural changes beginning with its January 1998 data.

Prices increase at all levels in the revised series due to the move to a higher quality (leaner) hog and closer trimmed pork products, including more boneless cuts. The farm-to-retail price spread is only slightly larger, while the wholesale-to-retail portion of the spread grows larger and the farm-to-wholesale portion decreases.

Description of Spreads

Price spreads are differences between values at selected levels within the market channel. Three price levels in the pork marketing channel are calculated: 1) live animal price paid by the packer to the producer; 2) wholesale (fresh and/or processed) pork price paid by the wholesaler or retailer to the packer or processor; and 3) retail pork price paid by the consumer to the retailer. Each of these prices is adjusted to represent an equivalent amount and quality of pork product at each level.

USDA pork price spreads are calculated on the basis of one pound of pork purchased or sold at retail. This computation includes an adjustment at the producer level to remove the value contributed by byproducts (head, offals, etc.). Spreads are calculated as the differences between these values. They do not represent margins, profits, or losses for individual firms or groups of firms. Rather, they provide a perspective, over time, on differences in prices at various levels in the marketing and distribution system. Determination of the farm, wholesale, and retail prices, as well as price adjustments needed to obtain a retail weight equivalent product, provides the data for calculating price spreads.

Price Spread Concepts

Price spreads simply indicate differences in calculated values for a *consistent* equivalent quantity and quality of product as it is successively measured at the farm, wholesale, and retail levels. *Consistent* means that the same product (for example a 51-52 percent lean hog with .80-.99 inches of backfat) is measured each month and at each marketing level. *Consistently* calculated price spreads provide an estimate of the distribution of final retail dollars among the farm, processing, and retail segments of the marketing chain and how the distribution changes over time. As such, price spreads provide a breakout of the consumer food dollar into the farmer's share and the marketing shares *for the specified product*. Thus, these revised procedures indicate the value differences between market levels and over time for the "standard" hog with 51-52 percent lean and .80-.99 inch backfat. Estimates and comparisons do not necessarily represent an average live hog or hog carcass (which would change over time), nor do they represent the particular mix of pork cuts a retailer may sell at a given time. Calculated

spreads (differences) obtained would not be meaningful if the product measured were not *consistent*.

Selection of price series used was based partly on availability as well as applicability, particularly at the retail level. However, the same series and procedures are used each month so that differences obtained are differences for a *consistent* product over time. The absolute price levels and spreads (differences) obtained are calculated to reflect values as accurately as possible, but more importantly the changes from period to period are accurate indications of changes in the market situation. Prices used at each level are for the same time period. There is a time lag involved as the hog is slaughtered, processed, and merchandised. Because the lag varies for different cuts and extent of processing, incorporating lags would only represent a set of assumptions. Therefore, all levels are priced for the same time period. BLS prices used at retail reflect the price effect of specials, but not the volume effect.

Hog Standard Selection

The particular hog characteristics selected as the standard to use at each market level and over time are from the "National Base Lean Hog Slaughter Cost Report," an AMS series that specifies a hog with 51-52 percent lean and .80-.99 inches of backfat. This hog price series is used in the contract specifications for the Live Hog Futures Contract traded on the Chicago Mercantile Exchange. The dressing percentage (74 percent) and cutout used (discussed later) will be the basis of all the price spread calculations. While not all market hogs are 51-52 percent lean, hogs have become much leaner over time and this is close to a typical hog today. Premiums and discounts are now usually based on or near this standard. Using this standard allows the price spread to value the same quality hog at each market level each month.

Hog Breakout Table for Pork Price Spreads

Table 1 provides a detailed step-by-step move from the live hog to retail cuts purchased by consumers. The brief comments that follow explain the assumptions and decisions used to obtain the various breakouts in the table. The table breaks out the selected hog into primals, subprimals, and cuts and matches these to available retail prices from BLS.

The national base lean hog carcass price for 51-52 percent lean with .80-.99 inches of backfat assumes a 74 percent dressing percentage. The price is multiplied by .74 to get the live farm or producer price. Column A of the table thus uses 74 percent of the live hog as carcass.

The wholesale value being developed will use the weights in columns G and H. The wholesale price will be for principal products (those above the 75.21-percent principal products subtotal) and leave out the cuts that normally do not go to retailers at anywhere near carcass proportions (jowls, neckbones, etc.). Smoked products are included at wholesale in order to estimate the price retailers pay for the products they buy (and sell). There is an adjustment for transportation costs to the city where consumed.

Column B in the table is the breakout used by AMS for its composite pork carcass cutout series. The cutout is based on industry yields and an independent check confirmed these yields.

Column A is Column B converted back to liveweight (above the 74 percent carcass portion of the table). Byproducts will be discussed later.

Column C provides the conversions that AMS uses to convert the actual parts of the carcass to the poundage of the primals and subprimals as priced at wholesale. Some products are sold and their prices reported after being trimmed to certain specifications.

Column D indicates the conversions from specified primals as purchased to wholesale cuts as being sold currently. The primals are discussed separately:

Hams - 80 percent of hams are assumed to be deboned and the remainder bone-in or semiboneless. Of those deboned, 44 percent of the product is assumed to be boneless muscle, 22 percent trimmings, and 34 percent bone and fat trim. Water added in processing is assumed to be 20 percent. For the bone-in hams 80 percent is assumed to be product with 20 percent bone and fat trim and 15 percent water added.

Loins - 60 percent are estimated to be deboned and the rest sold as bone-in loins. The deboned breakout is 36 percent center chops, 19 percent other cuts, 26 percent trimmings, and 19 percent bone and fat. It is assumed an

average of 10 percent water enhancement (pump) is added to the center chops. The bone-in loins are estimated to be 97 percent product with 10 percent pump and 3 percent fat.

Bellies - A yield of 75 percent cured bacon and 25 percent skin and fat is assumed.

Spareribs - No adjustment.

Picnics - It is assumed that 90 percent are boned out and sold as boneless picnic (72 percent chemical lean) which is later assumed as sausage. Of the remaining picnics, half are sold fresh and half smoked. The smoked has a yield of 90 percent with a 35 percent pump added. The fresh picnic yields 80 percent product. One-twentieth of this 10 percent (assumed to be trimmings) was added to the 90 percent bone-out picnic product.

Butts - 85 percent of the butts are assumed sold bone-in and the remainder sold deboned. Bone makes up 6 percent of the deboned portion.

Enhanced (water added) fresh pork is a trend that is being accepted rapidly. As the practice is new, only the loins are assumed to be pumped and at a level of 10 percent. The concept is likely here to stay, but the number of cuts and the percentage of pump will probably be higher than what has been assumed. Nevertheless, this new practice is at least partially reflected in these revisions.

Column E is the product of multiplying columns B, C, and D. Added (and shaded) is the estimate of the decrease in product (basically trim from the column C conversions). Of this total, 3.7 percent can be separated out as 72 percent pork trimmings and 1.2 percent as 42 percent pork trimmings.

Column F shows the transfer of trimming product from the primal categories (rows in table) to the 42- and 72-percent pork trimmings and boneless picnic lines in the table. For example, in addition to pork chops, the loin also produces trimmings that are transferred down (in the table) to pork trimmings.

Column G restates, by primal, the product resulting from the previous (columns D and E) conversions and the column F trimming shifts. Column H takes the calculations one step further

and breaks the primal percentages out into wholesale cuts (as divided and discussed in the primal breakout discussion for column D). The residual and processing loss includes about 11 percent bone which is pulled out leaving 2.11 percent as residual and processing loss.

Column I matches the wholesale cuts with the available retail cut prices from BLS. The list of BLS cuts in column K includes all BLS prices available for pork except for an all-pork-chop price, which is not used in order to apply the separate bone-in and boneless chop prices. Cuts were combined logically using information about the cuts, the primal source, and information about the general price level of the various cuts. For example, since the sausage price is higher than the all-other-pork price, ERS placed the 42 percent trimmings weight in the all-other-pork price weight rather than leaving it in the sausage price weight. The 42 percent trim was defatted on paper by decreasing the product's weight 40 percent which makes 70 percent trimmings. This fat removal means the weights used to multiply by cut prices add to less than 100 percent. This 42 percent trimming material in the industry would be combined with sow and boar (or other quality) pork to make fresh sausage or sausage products if all pork sales were being considered, rather than just a 51-52 percent lean hog.

Column J provides the retail cut weights adjusted to equal 100 percent (retail pound equivalent).

Byproduct Adjustment

Since price spreads are based on the equivalent of one pound of retail cuts at each level, the value attributed to byproducts in the live hog must be removed to obtain the net farm value. The byproduct percentages (table 1) are based on the previous breakout and the calculations in the consumption conversion factor article that appeared in the January 1991 *Livestock, Dairy, and Poultry Situation and Outlook* report. Price availability was also considered. Some of the byproducts listed as edible may be mainly sold as inedible and a few inedible prices are used. The remaining (inedible) byproducts are assumed to have a value of 1.4 percent of the live price.

These byproduct percentages, as well as all the other breakouts and assumptions, were sent to 17 reviewers for comment before being accepted for use in these revised pork spreads.

Conversion Factors

Conversion factors are presented in table 1 and table 2. They are based on a 74-percent dressing percentage (live-to-carcass), 75.21-percent cutout from carcass-to-wholesale product, and a 3.85-percent loss from wholesale-to-retail cuts. The loss from wholesale-to-retail market levels reflects some trimming of fresh cuts and a retail shrink (loss due to spoilage, rewraps, conversion to other cuts, and pilferage) of 3 percent.

Table 2- Pork price spread conversion factors

Market levels	Conversion factor to next level	Pounds to yield one pound at:	
		Retail	Wholesale
One pound at: Retail	1.000	1.000	
Wholesale	1.040	1.040	1.000
Carcass	1.330	1.383	1.330
Live animal	1.351	1.869	1.797

Hog Prices

The 5-market (once 7-markets) live price is being replaced by the national base lean hog (51-52 percent lean, .80- .99 inch backfat) carcass price multiplied by .74 to obtain the live price on a live weight basis.

Wholesale Pork Prices

Specific cut prices used for calculating the wholesale price of principal products and byproducts are obtained from AMS. Table 3 indicates the specific cuts used and where they are published. (LMW is used as the short designation for **Livestock, Meat, and Wool Weekly Summary and Statistics**. NCMR refers to the **Weekly National Carlot Meat Report**. AMS-Direct are prices that AMS collects for use by ERS (and possibly others) and are not published in AMS releases). All of these cuts match table 1 breakdowns fairly closely. However, a boneless fresh ham price for the designation of smoked ham boneless on table 1 was used because a smoked ham boneless price was not available. This substitution may produce a slightly lower wholesale pork composite price, but it at least reflects the boneless product if not the cost of smoking.

Retail Prices

Retail prices obtained from BLS, as indicated in column K of table 1, are multiplied by the weights shown in column J. BLS collects these prices as part of its derivation of the overall Consumer Price Index and its Consumer Price Index for Pork. While BLS uses the data it collects for CPI's, it releases prices for pork cuts (and many more products) as a service for other users. However, BLS requires a minimum number of observations before it will release the price of individual products.

Current and Revised Prices and Spreads

Table 4 compares the revised and previous prices and price spreads for pork for the last 10 months. The method for updating historical data and a proposed series will be provided in a later publication. It should be noted that other assumptions could produce a different historical series.

Prices increase at all levels in the revised series due to the move to a higher quality (leaner) hog and closer trimmed pork products, including more boneless cuts. The farm-to-retail price spread is only slightly larger, while the wholesale-to-retail portion of the spread grows larger and the farm-to-wholesale portion decreases. As discussed earlier, the wholesale value might have been a little higher if a wholesale price for smoked boneless hams were available. Regardless, the change in spreads from period to period is technically more meaningful when examining spreads than the absolute levels themselves. Use of the same price series, weights, and calculation procedures each month gives meaning to changes in the spreads, as the varying factor is price, not procedures.

The increase in the farm price is due to the use of a different live price series in the new procedure that reflects a leaner, higher cutting hog. The previous 5-market price has disappeared. The wholesale value and retail price increase is due to the use of more boneless, closer trimmed cuts that may include more service.

Summary and Conclusions

Many changes in meat merchandising, data availability, and structural and marketing practices have occurred since pork price and spread calculations were revised in 1978. Price and spread calculation procedures needed revising to reflect changes in the pork industry.

Hogs have become larger and leaner with more lean muscle and produce more lean cuts. In addition, more pump is added to retail cuts (including fresh cuts), which increases yield of pounds sold at retail. More cuts are now sold boneless, which reduces yield. Fat trim is now closer, reducing yield of retail cuts. Changes in reporting of live and wholesale prices required the use of newer, more appropriate series. BLS also provides data on more boneless cuts that are used in the revised procedure.

Table 4 provides a 10-month comparison and a longer historical revised series will soon be available. Price spread data are of greater value in examining trends over time than in trying to determine the margins of firms in the channel at a given point in time.

Table 1-- Hog breakout from 51-52% lean hog to consumer products

	A	B	C	D	E	F	G	H	I	J	K
Primals and cuts	Percent of live hog	Percent of carcass	Conversion factor - drop primal to primals sold	Conversion factor- primals sold to whole-sale products	% product of carcass weight	Trimming shift	Wholesale product by primal	Wholesale product by cut	Combining	Retail cuts per 100 lbs retail sales	BLS retail cut names
Hams	18.25	24.66	0.9700	0.782	18.71	-4.21	14.50				
Smoked, BI								4.40		5.85	All ham
Smoked, BO								10.10		13.42	Ham, BO, Excluding canned
Bellies	11.91	16.10	0.9750	0.750	11.77		11.77				
Bacon								11.77		15.65	Bacon, sliced
Loins	18.89	25.52	0.7914	0.935	18.88	-3.15	15.73				
Bone-in								8.62		11.46	Chops, center cut, BI
Boneless								4.81		6.40	
Other cuts								2.30			
Spareribs	3.09	4.18	0.9660	1.000	4.04		4.04	4.04			
Picnics	8.34	11.27	1.0000	0.781	8.80	-7.66	1.14				
Fresh								0.45		24.19	All other pork plus
Smoked								0.69		2.10	Valueless (fat)
Butts	7.42	10.03	0.8155	0.991	8.11	-1.15	6.96	6.96			
42% trimmings					1.20	4.17	5.37	5.37			
72% trimmings					3.70	4.34	8.04	8.04		20.88	Sausage, fresh loose
Boneless picnic						7.66	7.66	7.66			
Prin. prod. subtotal	67.90	91.76			75.21		75.21	75.21		100.00	
Jowl	1.28	1.73	0.8800	1.000	1.52		1.52	1.52			
Neckbones	1.07	1.45	1.0000	1.000	1.45		1.45	1.45			
Feet	0.80	1.08	1.0000	1.000	1.08		1.08	1.08			
Tails	0.27	0.36	1.0000	1.000	0.36		0.36	0.36			
Carcass products	71.32	96.38			79.62		79.62	79.62			
Fat (lard)								7.00			
Skin								0.27			
Bone								11.00			
Residual and processing loss	2.68	3.62	1.0000	1.000	3.62			2.11			
Carcass	74.00	100.00						100.00			
Edible byproducts											
Heart	0.30										
Kidney	0.20										
Liver	1.20										
Tongue	0.20										
Stomach	0.40										
Melts	0.20										
Chitterlings	1.00										
Cheekmeat	0.35										
Snouts	0.20										
Ears	0.20										
Inedible and other	21.75	Priced as 1.4% of live price									
Total	100.00										

Conversion factors

Dressing percentage 74 % or 1.351 live-to-carcass

$74 * 75.21 = 55.655$ $100/55.655 = 1.797$ live-to-wholesale

$100/75.21(\text{prin. prod. subtotal}) = 1.3296$ carcass-to-wholesale

$1.797 * 1.04$ (wholesale-to-retail) = 1.87 farm-to-retail

Table 3 - Pork wholesale and byproduct value

Item	Data source	Weight	1998--	Nov. 14	Nov. 21	Nov. 28	Nov.	1998 - - -	Dec. 12	Dec. 19	Dec. 26	1999- - -	Dec.
			Nov. 07	Nov. 14	Nov. 21	Nov. 28	Month	Dec. 5	Dec. 12	Dec. 19	Dec. 26	Jan. 2	Month
		(%carcass)											
Smoked ham, 16-19 lbs	AMS-Direct	4.40	83.00	83.50	84.00	85.00		87.00	84.00	81.50	79.50	78.00	
Fresh ham, BNLS, 4 muscle group	NCMR	10.10	102.15	93.20	85.00	94.43		116.88	118.40	118.40	77.25	85.30	
Fresh loin, BI, 1/4" trim, 13-19 lbs	LMW	8.62	82.02	76.21	75.88	85.73		80.84	65.52	66.88	68.90	81.54	
Fresh loin, BNLS, strap-off, 5-9 lbs	NCMR	4.81	157.78	142.86	154.07	159.91		150.62	127.91	122.23	135.80	155.80	
BNLS Sirloin, .75-1 lbs	NCMR	2.30	91.29	83.73	82.00	77.11		74.13	72.92	74.30	76.38	77.91	
Sliced bacon, cured, lt	AMS-Direct	11.77	152.67	150.67	148.00	147.33		146.67	146.00	145.33	144.67	143.33	
Spareribs, 3.8/DN lbs	LMW	4.04	98.00	97.00	95.00	98.00		95.00	95.00	96.00	95.00	95.00	
Fresh picnic, smkr trm, SS, boxed	NCMR	0.45	37.75	37.15	41.11	41.80		39.85	39.06	36.84	37.93	36.68	
Smoked picnics, lb	AMS-Direct	0.69	53.50	55.00	56.00	56.50		57.50	55.00	51.50	48.00	45.00	
Boston butts, 4-9 lbs, fresh, 1/4" trim	LMW	6.96	48.26	48.53	55.25	62.89		47.94	43.03	44.18	46.34	53.59	
Sausage trim, 42% fresh, combo	NCMR	5.37	11.14	11.80	12.19	11.19		11.05	10.79	8.61	6.87	10.09	
Sausage trim, 72% fresh, combo	LMW	8.04	18.55	18.68	18.63	17.72		18.34	17.02	13.24	11.68	13.97	
BNLS picnic, 72%, fresh, combo	LMW	7.66	22.50	21.33	21.00	19.94		19.63	18.02	14.60	13.00	15.55	
		75.21											
Wtd avg Principal products (Live weight basis)			60.368	57.800	57.554	59.941	58.916	60.136	57.032	56.123	52.425	56.131	56.370
			54.51202	52.19366	51.97133	54.12635	53.20084	54.3032	51.50024	50.67874	47.33955	50.68672	50.90169
		(% live)											
Skinned jowls, avg. fresh & frozen	NCMR	1.2	14.75	14.75	15.29	13.50		13.43	13.18	12.02	10.60	10.66	
Neck bones	LMW	1.1	13.00	10.00	10.00	10.00		10.30	10.50	9.00	9.00	9.00	
Feet front, toes or	LMW	0.8	19.00	19.00	19.00	19.00		18.00	16.30	14.00	14.00	12.00	
Tails	LMW	0.3	17.00	15.75	17.00	17.00		13.20	16.00	16.00	16.00	15.00	
Loose lard, PS &/or PC	LMW	5.2	18.30	18.20	17.40	16.00	17.475	15.60	15.50	15.80	16.50	17.19	16.118
Snouts, partial lean in	LMW	0.2	22.00	22.00	23.75	26.75		29.60	33.00	34.60	34.50	33.38	
Ears, square cut, lobe off, 4-5 lb	NCMR	0.2	100.33	105.00	103.00	104.00		120.00	100.00	100.75	94.00	94.00	
Hearts, slashed, domestic	NCMR	0.3	20.33	17.83	17.50	17.00		17.00	16.10	16.10	16.00	16.00	
Livers, large box, domestic	NCMR	1.2	21.00	21.00	21.00	21.00		25.00	16.25	16.25	16.25	16.00	
Tongues, green, BNLS, exp., sm. box	NCMR	0.2	53.00	53.00	53.00	53.00		53.00	53.00	53.00	53.00	53.00	
Kidneys, small box, export	NCMR	0.2	14.50	12.00	10.00	10.00		10.00	10.00	11.00	10.93	10.93	
Cheek meat, trimmed	LMW	0.4	36.30	34.80	34.00	34.00		33.81	30.40	29.20	29.00	25.19	
Choice white grease, ined., CAF-Gul	LMW	0.4	15.80	14.10	13.50	13.50		13.50	13.50	13.50	13.50	13.50	
Chitterlings, 10 lbs	LMW	1	36.00	34.00	34.00	37.50		34.70	32.20	31.25	31.00	28.00	
Stomachs, scld., small box, export	NCMR	0.4	48.00	48.00	48.00	46.00		46.00	46.00	46.00	44.00	44.00	
Melts, inedible, chilled	NCMR	0.2	5.88	5.88	5.88	5.88		5.88	5.88	5.88	5.88	5.88	
Skins, belly, flat-pk, selected	LMW	0.2	24.00	25.00	28.00	28.00		24.13	23.20	25.00	25.00	25.00	
		13.5											
Wtd avg - Byproducts Surr			2.987	2.912	2.875	2.814	2.8971	2.826	2.633	2.596	2.590	2.557	2.6403
51-52 % lean hog price x .74			21.66	21.06	19.08	18.00	19.950	18.97	17.33	13.88	15.10	17.80	16.616
Inedible and other - Value is 1.4% of live price			0.30	0.29	0.27	0.25	0.28	0.27	0.24	0.19	0.21	0.25	0.23

Table 4- Comparison of revised and previous prices and price spreads for pork

Item	Mar	Apr	May	Jun	Jul	1998		Oct	Nov	Dec	10 month Avg
						Aug	Sep				
Cents per pound											
Retail price											
Revised	240.4	235.6	240.6	243.1	245.1	245.0	244.7	242.2	241.0	238.1	241.6
Previous	229.8	225.0	226.7	228.9	231.0	230.9	231.2	230.2	226.9	223.5	228.4
Difference	10.6	10.6	13.9	14.2	14.1	14.1	13.5	12.0	14.1	14.6	13.2
Wholesale value											
Revised	97.1	96.2	108.9	108.1	101.1	100.9	96.2	93.3	84.6	81.1	96.8
Previous	91.4	91.0	99.8	98.0	94.9	96.4	93.2	91.1	84.6	80.1	92.1
Difference	5.7	5.2	9.1	10.1	6.2	4.5	3.0	2.2	0.0	1.0	4.7
Net farm value											
Revised	65.6	66.5	80.4	79.9	70.3	66.9	56.4	52.1	35.0	29.3	60.2
Previous	54.3	55.7	66.3	65.8	57.6	55.4	47.9	42.0	28.1	21.8	49.5
Difference	11.3	10.8	14.1	14.1	12.7	11.5	8.5	10.1	6.9	7.5	10.8
Price spreads:											
Farm-to-retail											
Revised	174.8	169.1	160.2	163.2	174.8	178.1	188.3	190.1	206.0	208.8	181.3
Previous	175.5	169.3	160.4	163.1	173.4	175.5	183.3	188.2	198.8	201.7	178.9
Difference	-0.7	-0.2	-0.2	0.1	1.4	2.6	5.0	1.9	7.2	7.1	2.4
Wholesale-to-retail											
Revised	143.3	139.4	131.7	135.0	144.0	144.1	148.5	148.9	156.4	157.0	144.8
Previous	138.4	134.0	126.9	130.9	136.1	134.5	138.0	139.1	142.3	143.4	136.4
Difference	4.9	5.4	4.8	4.1	7.9	9.6	10.5	9.8	14.1	13.6	8.5
Farm-to-wholesale											
Revised	31.5	29.7	28.5	28.2	30.8	34.0	39.8	41.2	49.6	51.8	36.5
Previous	37.1	35.3	33.5	32.2	37.3	41.0	45.3	49.1	56.5	58.3	42.6
Difference	-5.6	-5.6	-5.0	-4.0	-6.5	-7.0	-5.5	-7.9	-6.9	-6.5	-6.0
Farmer's share (percent)											
Revised	27	28	33	33	29	27	23	22	15	12	25
Previous	24	25	29	29	25	24	21	18	12	10	22
Difference	3	3	4	4	4	3	2	4	3	2	3

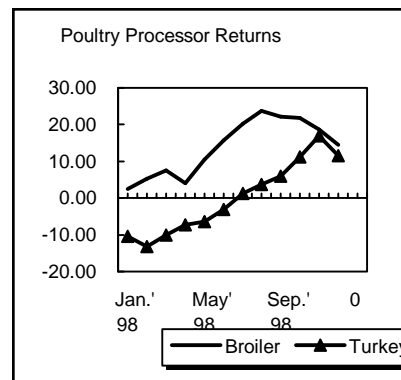
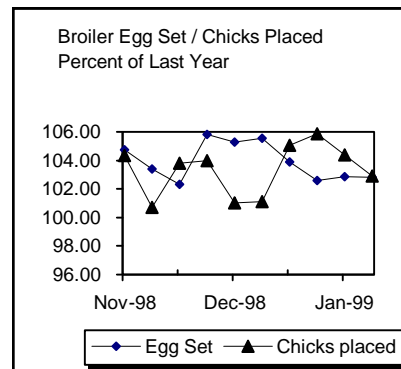
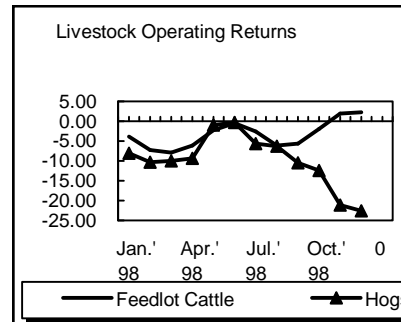
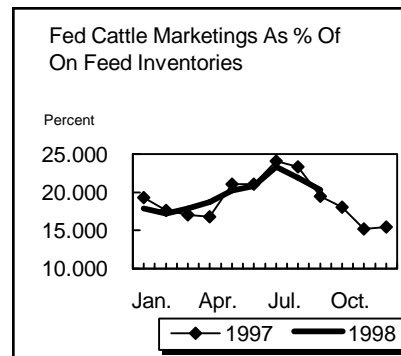
PRODUCTION INDICATORS

	1998			1998
	Dec. '97	Oct.	Nov.	Dec. /*
	1000 Head			
Cattle:				
On feed - 7 States, 1,000+ Hd.	9,718	8,376	9,195	9,409
Net placements	1,236	2,351	1,662	1,166
Marketings	1,499	1,532	1,448	1,554
Broilers:				
Eggs in incubators (000) /1	593,348	581,622	578,853	617,920
Chicks hatched (000) /2	711,972	692,913	673,907	740,000
Hatching egg layers /1	52,919	54,013	54,321	54,848
Pullets placed (000)	6,252	7,424	7,306	NA
Hvy-type hen slaughter /2	4,416	6,206	4,751	5,500
Turkeys:				
Eggs in incubators (000) /1	32,074	28,047	27,926	30,824
Poult placed (000)	25,711	22,750	22,167	25,131
Eggs:				
Table egg prod. (mil. doz.) /2	481.8	477.6	473.8	490.0
Table egg layers, (000) /1	256,676	255,337	259,384	262,668
Table eggs/100 layers /1	73.4	71.6	71.9	73.1
Chicks hatched (000) /2	35,890	35,039	30,810	35,000
Lt.-type hen slaughter /2	9,205	7,628	6,489	10,000

ESTIMATED RETURNS

	1998		1998	
	Jan. '98	Nov.	Dec.	Jan. /*
	Cents/lb.			
Great Plains cattle feedlot				
Breakeven price /3	68.41	60.35	57.75	59.16
Selling price	64.57	62.23	59.97	61.25
Net margin	-3.84	1.88	2.22	2.09
N. Central hog farrow to finish				
Breakeven price /3	43.62	38.85	38.52	36.35
Selling price	35.60	17.80	15.88	26.50
Net margin	-8.02	-21.05	-22.64	-9.85
Broiler				
Wholesale cost	52.15	45.43	45.94	46.75
Wholesale price	54.66	64.13	60.45	59.00
Net margin	2.51	18.70	14.51	12.25
Turkey				
Wholesale cost	66.07	57.18	55.91	56.70
Wholesale price	55.63	74.15	67.39	56.00
Net margin	-10.44	16.97	11.48	-0.70
Egg				
Wholesale cost	69.81	61.99	63.33	63.35
Wholesale price	85.73	86.39	87.01	84.00
Net margin	15.92	24.40	23.68	20.65

/1 First of month
 /2 Last month estimated
 /3 Does not include capital replacement cost
 /* estimate



MEAT STATISTICS

	Jan. -	Jan. -	1998			1998	1999
	Dec. - 97	Dec. -98	Sept.	Oct.	Nov.	Dec.	Jan.
Commercial production	<i>Million pounds</i>						
Beef	25,384	25,656	2,197	2,235	2,004	2,101	2,219
Veal	324	250	20	21	19	22	20
Pork	17,244	18,981	1,591	1,757	1,683	1,799	1,645
Lamb	257	247	19	20	19	23	17
Total red meat	43,209	45,134	3,827	4,033	3,725	3,945	3,901
Broilers	27,271	27,905	2,321	2,493	2,184	2,450	2,400
Other chicken	509	523	42	45	37	45	47
Turkeys	5,478	5,321	429	474	459	475	400
Total poultry	33,258	33,749	2,793	3,012	2,680	2,970	2,847
Total meat & poultr	76,467	78,883	6,620	7,045	6,405	6,915	6,748

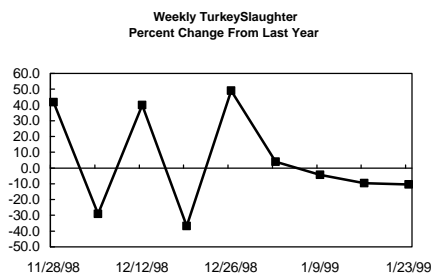
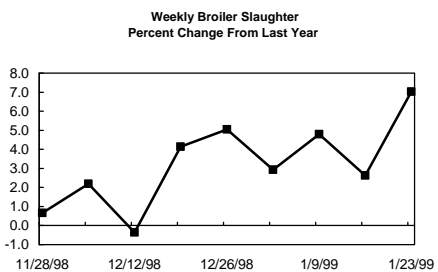
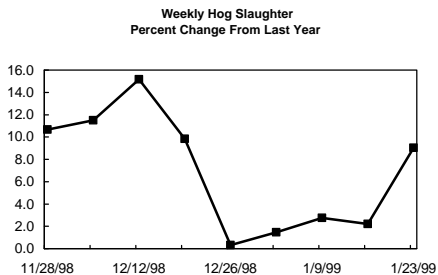
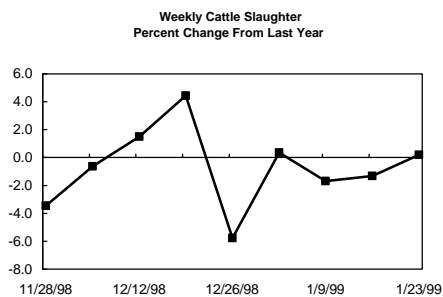
	Jan. -	Jan. -	1998			1998	1999
	Dec. - 97	Dec. -98	Sept.	Oct.	Nov.	Dec.	Jan.
Commercial slaughter**	<i>Thousand head</i>						
Cattle	36,318	35,471	2,992	3,053	2,775	2,896	3,040
Steers	17,529	17,430	1,451	1,350	1,421	1,406	1,474
Heifers	11,528	11,450	987	860	888	1,070	1,000
Beef Cows	3,575	3,310	282	301	305	301	280
Dairy Cows	2,989	2,675	218	216	234	224	240
Bulls and stags	696	606	54	48	48	52	46
Calves	1,575	1,456	135	125	112	130	120
Sheep	3,907	3,801	306	323	298	355	271
Hogs	91,960	101,028	8,601	9,349	8,809	9,426	8,600
Barrows & gilts	88,409	97,026	8,255	8,482	9,069	8,994	8,305
Sows	2,959	3,497	303	292	321	314	270
Broilers	7,735,904	7,832,889	654,970	686,139	598,230	675,000	660,000
Turkeys	290,231	276,163	23,086	24,779	24,264	25,000	19,000

	Jan. '98	1998			1998	1999
		Sept.	Oct.	Nov.	Dec.	Jan.
F.I. dressed weight	<i>Pounds</i>					
Cattle	716	741	739	729	732	734
Calves	186	162	170	172	170	170
Sheep	68	62	64	65	66	66
Hogs	191	186	189	192	192	190

		1998					1999
		Sept.	Oct.	Nov.	Dec.	Jan.	
Beginning cold storage stocks	<i>Million pounds</i>						
Beef	350.2	306.7	323.1	358.2	328.3	298.0	
Pork	346.4	392.6	388.7	411.9	443.4	504.5	
Bellies	44.8	14.8	9.5	16.4	41.7	72.5	
Hams	46.3	104.6	104.4	99.1	76.7	63.5	
Total chicken	614.3	550.0	588.7	601.9	663.3	718.5	
Turkey	415.1	708.8	702.6	661.2	314.9	308.7	
Frozen eggs	9.7	9.0	8.3	9.0	9.3	11.0	

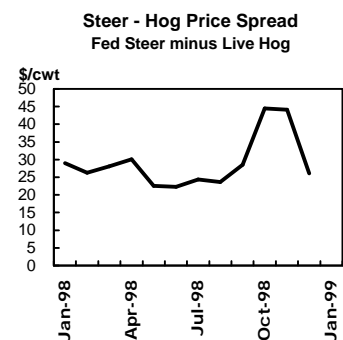
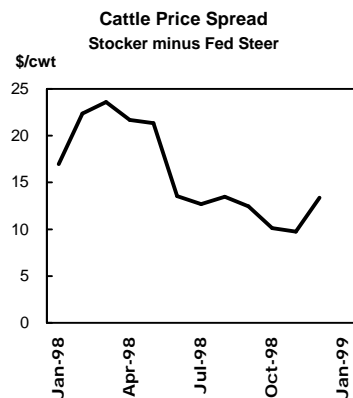
/* Estimates with exception of Cold Storage

/** Slaughter classes are estimated



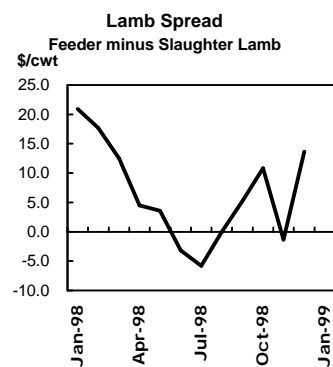
LIVESTOCK PRICES

	1998					1999	
	Jan.	Sept.	Oct.	Nov.	Dec.	Jan.	/*
Cattle prices							
Steers, Choice, 11-13 cwt.							
Texas Panhandle	64.57	57.93	61.54	62.23	59.97	61.25	
Nebraska Direct	63.57	58.28	62.00	61.81	59.36	60.85	
Cows - Sioux Falls							
Utility breaking	39.60	36.28	34.93	33.91	36.75	36.25	
Utility boning	38.14	33.47	31.60	30.82	34.03	34.50	
Feeder Cattle - Oklahoma City							
Steers: Med. #1							
500-550 lb.	89.96	72.39	75.14	80.00	82.48	84.50	
600-650 lb.	81.54	70.37	71.67	71.99	73.33	74.00	
750-800 lb.	77.23	67.61	70.26	69.08	70.06	72.00	
Heifers: Med. #1							
450-500 lb.	79.98	65.97	68.37	72.11	77.54	74.75	
700-750 lb.	72.12	64.48	65.13	63.81	64.08	67.25	
Hog prices							
Barrows and gilts							
5 Markets	35.82	30.18	26.91	17.66	NA	NA	
Iowa/S. Minn No. 1-3	35.60	29.37	26.98	17.80	15.88	26.50	
Sows							
5 Markets	27.52	19.83	20.98	16.09	0.00	NA	
Sheep & lamb prices							
San Angelo TX							
Slaughter lambs, Choice	74.38	69.50	67.20	63.33	71.44	70.75	
Ewes, Good	49.75	36.00	33.75	36.04	45.00	45.50	
Feeder lambs, Choice	95.31	74.75	70.10	74.17	70.13	77.75	



GRAIN AND FEED PRICES

	1998					1999	
	Jan.	Sept.	Oct.	Nov.	Dec.	Jan.	/*
\$/bu							
Corn, #2 Yellow, Cen. Ill	2.60	1.78	1.94	2.09	2.08	2.07	
Wheat, HRW Ord., K.C.	3.52	2.70	3.17	3.30	3.18	3.12	
\$/ton							
SBM, 48% Solvent, Decatur	202.84	135.83	135.70	144.45	146.45	139.00	
Alfalfa Hay, U.S. Avg	105.00	89.10	88.10	85.00	81.40	NA	
Grass Hay, U.S. Avg	79.20	74.00	72.50	69.30	69.40	NA	



/* Estimates

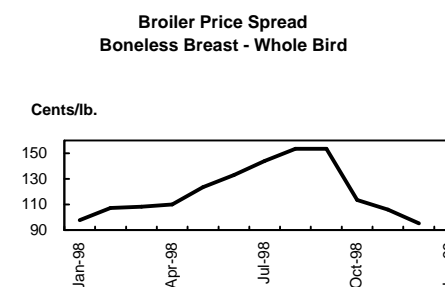
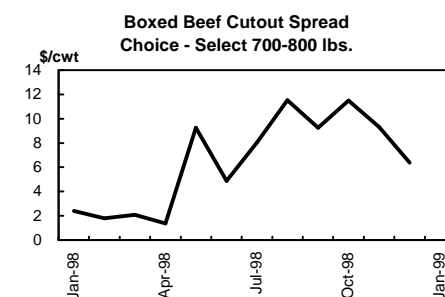
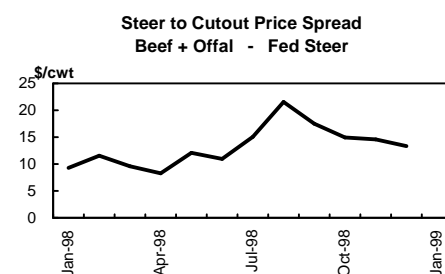
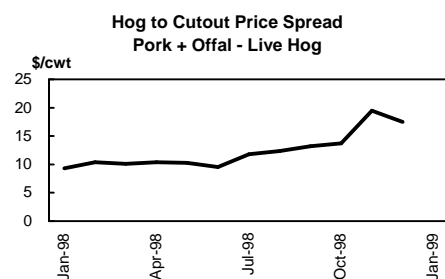
Livestock, Dairy and Poultry Situation and Outlook

WHOLESALE PRICES

	1998					1999	
	Jan.	Sept.	Oct.	Nov.	Dec.	Jan.	/*
Beef, Central U.S.							
Boxed beef cutout			\$/cwt				
Choice 1-3 550-700 lb.	100.26	99.28	102.08	102.61	97.49	102.00	
Choice 1-3 700-850 lb.	99.16	96.66	102.08	101.44	96.91	100.25	
Select 1-3 700-850 lb.	96.76	87.41	90.59	92.14	90.53	95.25	
Canner-Cutter Cows	63.98	56.50	55.22	55.58	56.25	61.00	
Bnls beef, 90% fresh	98.31	81.17	78.04	80.75	84.57	95.00	
Importd bnls. beef 90% frz.	89.84	80.95	80.16	81.53	82.75	88.00	
Hide & offal value	6.76	6.62	6.58	6.78	7.05	6.73	
Veal carcass, 220-280 lb.	167.50	157.45	158.44	158.75	160.95	166.00	
Pork, Central U.S.							
Pork cutout composite	54.66	50.72	48.18	42.09	37.92	50.00	
Loins, 14-19 lb. BI 1/4" trim	104.08	97.23	99.63	79.90	72.49	108.00	
Bellies, 12-14 lb. skin on trmd	48.39	57.49	42.05	39.13	36.31	49.00	
Hams, 20-27 lb. BI trmd. TS1	46.35	47.05	46.57	41.84	39.31	31.25	
Trimnings, 72% fresh	33.34	25.08	21.43	18.68	14.91	19.75	
Lamb, East Coast							
55 lb. Down, Choice	154.50	163.15	152.93	141.75	149.53	161.75	
55-65 lb., Choice	152.50	171.15	157.18	141.75	146.33	156.75	
<i>cents/lb.</i>							
Broilers							
12 City Avg.	54.66	70.53	68.04	64.13	60.45	59.00	
Georgia dock	54.34	70.15	68.26	66.06	63.65	62.00	
<i>Northeast</i>							
Breast, boneless	152.30	224.00	181.51	170.16	155.65	158.00	
Breast, Ribs on	72.74	112.68	95.26	89.26	77.18	78.00	
Legs, whole	44.28	47.12	40.07	36.82	32.92	30.00	
Leg quarters	28.60	27.72	21.60	20.18	18.02	17.00	
Turkeys							
<i>Eastern Region</i>							
Toms, 14-22 lb.	56.55	69.25	73.68	76.21	67.14	57.00	
Hens, 8-16 lb.	55.65	65.65	71.52	72.95	69.00	55.00	
Breast, 4-8 lb.	99.00	93.84	98.10	100.75	99.07	96.00	
Drumsticks	31.06	28.92	29.52	27.43	24.00	17.00	
Wings, full cut	29.77	29.04	27.57	28.90	27.02	19.00	
Eggs, grd A, lg, doz							
!2 City Metro	85.73	79.17	81.67	86.39	87.01	84.00	
New York	83.15	77.02	78.90	83.60	82.68	80.00	

/* Estimates

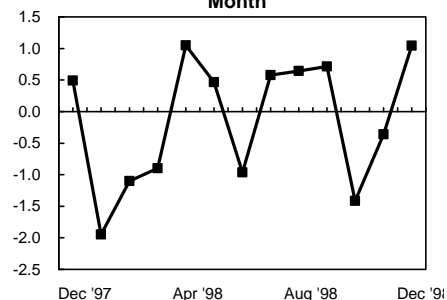
Livestock, Dairy and Poultry Situation and Outlook



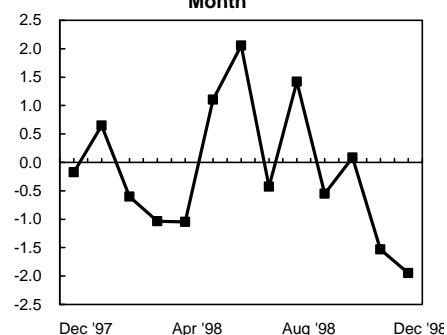
RETAIL PRICES & SPREADS

	Dec-97	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98
Retail prices						
	<i>Cents/lb.</i>					
Beef - Choice	280.9	279.4	274.2	275.0	280.0	283.6
Beef - All Fresh	254.8	255.1	250.0	251.9	253.2	255.3
Ground Beef	139.2	142.6	136.1	139.3	144.2	138.8
Round Roast	278.2	272.0	269.1	269.9	275.8	274.7
T-bone steak	607.3	609.3	600.0	604.1	602.4	639.9
Pork 1/	226.8	230.9	231.2	230.2	226.9	223.5
Bacon	260.7	251.3	257.6	256.7	261.9	258.0
Chops	339.4	327.4	322.6	317.7	309.5	302.8
Sausage	208.1	240.5	242.6	245.3	242.6	242.8
Chicken - Composite	148.2	156.4	154.8	158.8	157.8	156.0
Whole, fresh	100.1	105.9	107.4	107.6	108.4	106.0
Breast - bone in	198.7	208.7	208.5	213.2	204.6	201.1
Leg - bone in	121.7	129.1	125.5	130.0	130.1	126.1
Turkey; whole frozen	98.2	102.4	105.2	102.5	93.4	95.4
Eggs, Gr A, Lg, Doz	117.2	105.3	102.2	104.8	107.7	108.9
Price indexes						
	<i>1982-84=100</i>					
CPI - All	161.3	163.4	163.6	164.0	164.0	163.9
All food	158.7	161.0	161.1	162.0	162.1	162.3
All meat	143.4	142.2	141.6	141.3	141.4	140.2
Beef & veal	136.9	137.0	136.3	136.1	137.0	137.1
Pork	153.0	149.9	148.7	147.5	146.2	144.1
Poultry	155.2	158.9	159.3	161.1	159.6	159.3
Price Spreads						
	<i>Cents / retail lb.</i>					
Beef						
Farm to wholesale	19.1	34.5	28.6	25.5	26.6	24.9
Wholesale to retail	125.3	118.8	121.0	118.6	121.9	133.2
Farmers share (%)	49	45	45	48	47	44
Pork 1/						
Farm to wholesale	39.4	41.0	45.3	49.1	56.5	58.3
Wholesale to retail	125.3	134.5	138.0	139.1	142.3	143.4
Farmers share (%)	27	24	21	18	12	10
Poultry and eggs						
Wholesale to retail						
Broilers	95.5	82.0	83.2	95.1	98.4	99.8
Retail to consumer						
Turkey	26.9	29.0	29.3	21.3	10.3	19.0
Eggs Cents/doz	24.3	26.0	24.0	24.1	22.3	22.9

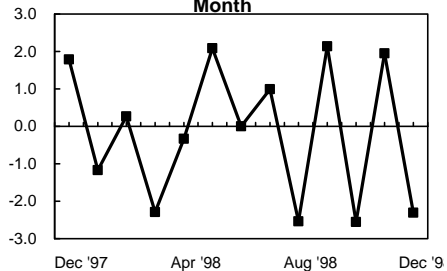
Retail Beef Price
Percent Change From Previous Month



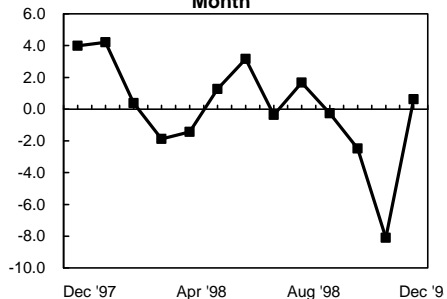
Retail Pork Price
Percent Change from Previous Month



Composite Broiler Price
Percent Change from Previous Month



Retail Turkey Price
Percent Change from Previous Month



1/ Pork prices and spreads are being revised and will be reflected here in the February 1999 issue.

CUMMULATIVE U.S. LIVESTOCK & MEAT IMPORTS & EXPORTS

	Annual Totals		Jan -	Jan -		Annual Totals		Jan -	Jan -
	1996	1997	Nov '98	Nov '99		1996	1997	Nov '98	Nov '99
Beef & Veal Imports	<i>Carcass wt., thousand lb.</i>				Pork Imports	<i>Carcass wt., thousand lb.</i>			
Australia	544,996	639,420	605,245	784,889	Canada	437,397	434,228	396,065	441,634
New Zealand	503,657	576,044	540,803	556,890	Denmark	122,211	123,839	113,695	122,375
Canada	585,751	711,454	645,231	753,699	Poland	10,525	15,002	12,810	18,264
Brazil	86,901	94,766	85,921	123,118	Hungary	8,761	8,702	7,919	9,605
Argentina	153,398	146,657	125,627	105,814	Netherlands	8,479	8,118	7,097	8,625
Central America	111,107	93,254	85,391	44,776	Other	31,511	42,206	37,592	34,809
Other	86,363	81,344	72,982	52,467	Total	618,884	632,095	575,178	635,312
Total	2,072,173	2,342,939	2,161,199	2,421,654					
Beef & Veal Exports					Pork Exports				
Japan	1,015,778	1,053,553	974,212	1,039,586	Japan	500,518	461,946	426,393	458,944
Canada	295,424	282,725	259,630	235,944	Canada	94,374	125,325	113,875	116,124
Mexico	172,246	312,583	277,102	375,470	Mexico	69,820	86,988	76,585	129,467
Korea, Rep.	203,796	261,673	250,045	134,872	Caribbean	11,934	12,200	10,817	19,743
Caribbean	12,924	12,979	12,267	18,521	Other	293,259	357,154	323,831	415,820
Other	178,046	212,165	189,818	180,388	Total	969,905	1,043,613	951,500	1,140,097
Total	1,878,214	2,135,677	1,963,073	1,984,781					
Cattle Imports					Hog Imports				
	<i>Head</i>				Canada	2,778,741	3,178,260	2,817,125	3,750,670
Mexico	456,246	669,409	581,720	617,756	Under 110 lb	766,974	987,359	907,947	1,314,196
Canada	1,509,136	1,376,814	1,296,545	1,249,607	Total	2,779,175	3,179,578	2,818,381	3,751,220
Over 700 lbs.	1,374,583	1,200,642	1,129,138	1,128,353					
440-700 lbs.	74,293	107,650	103,656	46,510	Hog Exports				
Total	1,965,448	2,046,352	1,878,394	1,867,448	Total	55,883	54,647	50,325	176,434
Cattle Exports									
Mexico	115,249	235,121	215,136	150,206	Broiler Exports				
Canada	40,722	41,189	34,482	90,492					
Total	174,307	282,344	255,263	248,671					
Lamb Imports									
	<i>Carcass wt., thousand lb.</i>								
Australia	26,423	32,968	29,402	36,802					
New Zealand	23,970	26,417	24,311	31,345					
Total	50,701	60,428	54,718	68,685					
Mutton Imports	21,751	22,607	20,465	30,854					
Customs Service									
	<i>Product wt., metric tons</i>								
YTD imports under WTO -	11/16/97	11/16/98	% of Quota						
Canada	227,735	258,686	NA						
TRQ Countries /*	403,459	446,151	64.0						
Australia	182,871	234,874	62.1						
New Zealand	175,912	181,858	85.2						
Argentina	1,296	5,025	25.1						
Uruguay	16,195	10,088	50.4						
					Shell				
					Egg Exports	113,837	99,544	90,886	93,716

MONTHLY U.S. LIVESTOCK & MEAT IMPORTS & EXPORTS

	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98
Beef & Veal Imports					<i>Carcass wt., thousand lb.</i>						
Australia	62,724	36,249	62,706	69,689	42,643	93,003	88,913	88,208	88,072	75,669	77,013
New Zealand	53,449	69,972	66,652	57,856	63,443	81,090	68,645	35,610	23,544	18,198	18,431
Canada	74,167	64,503	62,376	56,803	67,461	72,077	66,568	70,564	68,603	75,161	75,416
Brazil	11,652	6,648	10,504	10,262	10,230	11,589	11,732	14,685	11,771	12,411	11,634
Argentina	12,767	8,606	8,451	7,337	6,612	9,670	8,037	7,798	9,236	11,836	15,465
Central America	3,886	8,037	7,456	3,022	2,668	2,640	2,497	3,983	3,818	3,114	3,656
Other	4,407	3,878	4,978	3,946	4,906	5,692	5,667	3,976	3,563	5,015	6,439
Total	223,052	197,893	223,124	208,914	197,962	275,762	252,058	224,824	208,606	201,404	208,054
Beef & Veal Exports											
Japan	84,595	87,664	97,216	99,949	95,319	98,857	110,607	96,221	87,079	99,838	82,243
Canada	19,649	19,991	21,390	22,138	21,095	23,098	20,080	21,349	21,827	20,789	24,538
Mexico	25,837	30,535	30,814	28,941	31,582	33,203	38,820	40,662	38,086	35,984	41,008
Korea, Rep.	6,561	6,211	15,617	8,231	11,237	6,607	6,151	11,447	15,937	22,776	24,096
Caribbean	1,881	1,596	1,926	1,730	1,550	1,360	2,365	1,103	1,444	1,974	1,592
Other	15,320	13,835	19,811	15,029	23,641	12,990	23,010	14,531	11,942	12,693	17,586
Total	153,843	159,832	186,774	176,017	184,424	176,114	201,034	185,312	176,315	194,054	191,062
Cattle Imports					<i>Head</i>						
Mexico	58,093	62,163	81,158	77,627	59,814	22,877	9,933	3,655	10,359	70,112	161,965
Canada	93,987	114,883	127,660	128,398	114,013	100,818	84,515	129,789	135,189	127,443	92,912
Over 700 lbs.	84,809	102,578	115,540	110,465	96,810	92,910	77,102	120,482	125,023	117,830	84,804
440-700 lbs.	4,949	7,355	4,961	8,743	9,825	1,150	577	1,398	2,295	3,063	2,194
Total	152,080	177,046	208,892	206,025	173,827	123,695	94,459	133,444	145,548	197,555	254,877
Cattle Exports											
Mexico	18,132	16,294	15,793	13,244	11,248	13,424	13,445	15,250	12,671	11,700	9,005
Canada	4,678	5,913	7,544	6,606	8,831	6,882	4,450	3,326	3,206	12,752	26,304
Total	23,425	22,525	23,874	21,225	21,601	20,633	18,150	18,828	16,167	25,918	36,325
Lamb Imports					<i>Carcass wt., thousand lb.</i>						
Australia	2,975	2,856	4,733	3,172	2,556	2,285	3,745	3,155	3,439	3,963	3,924
New Zealand	2,494	2,918	4,539	3,284	2,705	3,367	2,478	2,104	1,847	2,818	2,790
Total	5,513	5,839	9,319	6,466	5,349	5,682	6,223	5,313	5,381	6,835	6,764
Mutton Imports											
Total	3,874	2,987	4,676	4,347	3,088	3,354	1,978	1,256	1,527	1,333	2,433
Lamb and mutton exports											
Total	634	324	571	579	327	258	399	334	221	612	778

MONTHLY U.S. LIVESTOCK & MEAT IMPORTS & EXPORTS

	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	
Pork Imports					<i>Carcass wt., thousand lb.</i>							
Canada	35,080	32,089	35,345	36,381	32,382	38,526	39,807	43,683	44,041	51,410	52,890	
Denmark	8,346	12,829	10,735	9,322	6,677	11,889	13,357	12,062	11,986	12,529	12,644	
Poland	1,217	1,651	2,027	802	1,673	1,580	1,587	1,442	1,728	2,602	1,954	
Hungary	536	422	687	661	820	1,014	1,152	1,405	916	1,010	982	
Netherlands	948	1,216	826	870	769	476	776	405	422	1,000	918	
Other	3,372	3,352	3,671	3,413	3,589	2,508	2,504	2,097	3,121	3,730	3,453	
Total	49,500	51,558	53,290	51,449	45,910	55,993	59,183	61,093	62,213	72,281	72,841	
Pork Exports												
Japan	36,382	33,896	39,214	57,660	43,568	40,552	40,683	41,144	37,560	47,325	40,961	
Canada	12,790	12,191	11,505	9,575	13,869	11,977	9,036	8,217	10,791	7,213	8,959	
Mexico	10,532	9,070	11,265	11,243	10,962	12,426	12,299	10,937	10,677	13,381	16,676	
Caribbean	1,029	987	827	1,244	1,635	1,421	2,047	2,503	2,567	2,350	3,132	
Other	26,526	37,228	52,511	44,379	45,719	42,247	37,016	35,351	27,402	32,032	35,411	
Total	87,258	93,371	115,321	124,100	115,753	108,623	101,081	98,152	88,998	102,300	105,138	
Hog Imports					<i>Head</i>							
Canada	381,649	321,504	352,390	302,501	333,389	361,780	373,552	342,422	339,352	345,122	297,009	
Under 110 lb	87,548	91,993	122,449	121,504	99,067	124,344	127,141	134,383	138,287	139,242	128,238	
Total	381,743	321,510	352,398	302,597	333,389	361,792	373,570	342,422	339,611	345,122	297,066	
Hog Exports												
Total	15,487	8,423	6,585	9,767	9,129	11,388	14,052	18,697	16,736	24,560	41,610	
Broiler Exports					<i>RTC, thousand lb.</i>							
Japan	23,089	18,736	16,461	19,765	18,542	19,583	14,945	14,857	23,208	24,816	19,231	
Mexico	19,774	22,760	26,027	21,548	24,148	20,705	22,610	23,720	20,603	22,149	22,006	
Hong Kong	25,916	56,673	82,046	91,456	84,836	82,472	88,718	86,709	84,827	80,808	91,099	
Singapore	1,996	1,265	1,665	1,896	792	975	1,360	1,009	1,581	1,578	1,340	
Canada	10,517	8,963	10,716	10,707	10,488	9,987	10,457	11,955	11,888	11,433	13,808	
Russia	234,851	164,709	132,831	142,743	186,887	180,613	122,502	147,152	2,150	48,397	20,580	
Total	440,624	407,423	392,963	397,049	474,640	470,756	424,943	415,025	243,299	303,519	282,534	
Turkey Exports												
Mexico	11,710	15,263	15,309	13,645	19,389	25,884	19,881	20,089	25,453	30,342	22,112	
S. Korea	168	145	47	291	132	48	380	503	432	924	860	
Russia	3,616	6,186	9,874	8,144	13,095	9,688	8,108	5,501	553	131	536	
Hong Kong	3,343	2,547	2,167	4,159	2,460	2,862	2,611	3,964	4,378	2,039	2,528	
Total	29,717	31,181	34,558	31,296	41,637	46,284	37,835	35,266	36,471	39,680	31,317	
Shell Egg Exports					<i>Thousand dz.</i>							
Total	6,370	7,139	9,189	9,328	7,757	8,247	8,412	7,927	9,715	11,639	7,994	

RED MEAT AND POULTRY FORECASTS

	1997			1998					1999				
	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Production, million lb.													
Beef	6,603	6,258	25,384	6,215	6,463	6,638	6,350	25,666	6,150	6,050	6,200	5,875	24,275
Pork	4,196	4,766	17,244	4,687	4,430	4,625	5,250	18,992	4,900	4,650	4,600	4,725	18,875
Broilers	6,864	6,831	27,271	6,845	6,991	6,942	7,075	27,853	7,175	7,400	7,400	7,400	29,375
Turkeys	1,411	1,428	5,478	1,290	1,321	1,302	1,325	5,238	1,175	1,325	1,375	1,375	5,250
Total Red Meat & Poultry	19,287	19,525	76,322	19,271	19,418	19,705	20,220	78,614	19,629	19,628	19,764	19,592	78,613
Table eggs, mil doz.	1,358	1,416	5,464	1,382	1,374	1,396	1,445	5,597	1,400	1,400	1,425	1,475	5,700
Per capita consumption, Retail lb.													
Beef	17.1	16.3	66.9	16.7	17.2	17.5	16.6	68.1	16.3	16.0	16.3	15.2	63.8
Pork	12.0	13.4	48.7	12.7	12.3	13.1	14.7	52.8	13.4	12.7	12.9	13.0	52.0
Broilers	18.6	17.7	72.7	17.7	18.3	18.6	19.5	74.2	19.6	20.0	19.7	19.5	78.7
Turkeys	4.2	6.0	17.6	3.9	3.9	4.2	6.1	18.1	3.4	3.9	4.3	6.0	17.5
Total Red Meat & Poultry	52.5	53.9	208.6	51.7	52.3	54.0	57.4	215.5	53.3	53.2	53.7	54.3	214.4
Eggs, number	59.7	62.0	239.9	60.1	60.1	60.8	62.6	243.7	60.4	60.4	61.3	63.5	245.6
Market Prices													
Choice steers, Neb., \$/cwt.	65.65	66.61	66.32	61.73	64.16	58.97	61.05	61.48	64-66	70-76	67-73	69-75	68-72
Feeder steers, Ok City, \$/cwt.	80.44	78.98	76.19	75.49	74.00	67.89	69.00	71.60	73-77	80-86	81-87	82-88	80-84
Bng Ut Cows, S. Falls, \$/cwt.	35.20	32.80	34.27	38.28	39.15	35.21	31.95	36.15	34-38	41-45	44-48	44-48	42-44
Barrows & gilts, Ia/Mn., \$/cwt.	54.45	43.53	51.36	34.74	39.42	33.30	19.50	31.74	23-25	32-34	36-38	40-44	33-35
Broilers, 12 City, cents/lb.	62.0	54.0	58.8	56.4	61.0	70.4	64.50	63.10	57-59	57-61	58-62	56-60	57-61
Turkeys, Eastern, cents/lb.	68.2	66.5	64.9	55.1	59.1	63.4	71.20	62.20	55-57	58-62	61-67	69-75	61-65
Eggs, New York, cents/doz.	79.7	88.2	81.2	79.0	66.5	76.0	81.70	75.80	74-77	63-67	67-73	77-83	70-75
U.S. Trade, million lb.													
Beef & veal exports	600	568	2,136	500	537	563	558	2,158	595	610	565	570	2,340
Beef & veal imports	576	515	2,343	644	682	685	600	2,611	700	760	725	605	2,790
Pork exports	272	304	1,044	296	348	288	300	1,232	370	365	310	310	1,355
Pork imports	157	168	633	154	153	183	205	695	170	165	180	185	700
Broiler exports	1,223	1,253	4,664	1,241	1,342	1,083	800	4,466	950	1,050	1,150	1,175	4,325
Turkey exports	162	160	598	100	121	112	95	428	100	100	110	120	430

ECONOMIC INDICATOR FORECASTS ^{1/}

	1997			1998					1999				
	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
GDP, chain wtd (bil. 1992 dol.)	7,222	7,290	7,189	7,356	7,491	7,560	7,605	7,532	7,637	7,669	7,708	7,748	7,688
CPI-U, annual rate (pct.)	2.0	2.5	1.9	0.5	2.0	2.0	1.9	1.6	2.2	2.3	2.4	2.4	2.3
Unemployment (pct.)	4.9	4.7	5.0	4.7	4.4	4.5	4.6	4.5	4.7	4.7	4.8	4.9	4.8
Interest (pct.)													
3-month Treasury bill	5.1	5.1	5.1	5.3	5.0	5.0	4.3	4.8	4.2	4.1	4.2	4.2	4.2
10-year Treasury bond yield	6.2	5.9	6.4	6.8	5.6	5.5	4.7	5.3	4.7	4.8	4.9	5.1	4.9

1/ Source: Survey of Professional Forecasters, Philadelphia Federal Reserve Bank, November 1998

DAIRY FORECASTS

	1997			1998					1999				
	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thous.)	9,236	9,200	9,252	9,186	9,205	9,201	9,175	9,190	9,160	9,160	9,150	9,130	9,150
Milk per cow (pounds)	4,195	4,144	16,926	4,268	4,447	4,205	4,225	17,150	4,355	4,545	4,330	4,320	17,550
Milk production (bil. pounds)	38.8	38.2	156.6	39.2	40.9	38.7	38.8	157.6	39.9	41.6	39.6	39.4	160.6
Commercial use (bil. pounds)													
milkfat basis	40.4	39.3	156.6	38.3	40.8	40.7	40.5	160.3	39.3	40.4	41.8	40.5	162.0
skim solids basis	39.1	38.7	154.3	38.0	39.3	39.3	39.6	156.3	39.1	39.8	40.4	40.2	159.5
Net removals (bil. pounds)													
milkfat basis	0.3	0.4	1.1	0.2	0.1	0.0	0.1	0.4	0.1	0.1	0.0	0.5	0.8
skim solids basis	1.1	1.1	3.7	1.2	1.1	1.0	0.7	4.0	0.8	0.9	1.1	0.6	3.4
Prices (dol./cwt)													
All milk	12.63	14.53	13.34	14.60	13.73	15.37	17.87	15.39	16.70	13.25	12.60	14.10	14.15
									-17.10	-13.95	-13.60	-15.10	-14.95
Basic Formula Price	11.91	13.03	12.05	13.13	12.00	14.95	16.74	14.20	13.95	11.50	11.55	12.50	12.35
									-14.35	-12.20	-12.55	-13.50	-13.15

U.S. dairy situation at a glance

	Unit	1995	1996	1997	Oct-97	Nov-97	Dec-97	Jan-98
Milk production:								
Production (20 States)	Mil. lb.	131,658	131,084	133,314	10,920	10,545	11,073	11,316
Milk cow (20 States)	Thou.	7,875	7,837	7,760	7,736	7,734	7,733	7,730
Milk per cow (20 States)	Lb.	16,718	16,726	17,180	1,412	1,363	1,432	1,464
Production (U.S. est.)	Mil. lb.	155,292	154,006	156,091	12,768	12,325	12,938	13,261
Milk prices:								
All milk	Dol./cwt	12.74	14.88	13.34	14.10	14.70	14.80	14.70
Milk eligible for fluid use	Dol./cwt	12.78	14.95	13.38	14.10	14.70	14.80	14.70
Manufacturing grade milk	Dol./cwt	11.78	13.38	12.18	13.20	13.60	13.60	13.50
Basic Formula Price (3.5% fat)	Dol./cwt	11.83	13.39	12.05	12.83	12.96	13.29	13.25
Slaughter cow price, WI	Dol./cwt	38.11	33.00	36.93	35.40	33.06	34.75	36.31
Wholesale prices:								
Butter, Central States 1/	Ct/lb	81.9	108.2	116.2	142.8	159.3	133.4	117.8
American cheese, WI assembly pt.								
40-pound blocks	Ct/lb	132.8	149.1	132.4	142.4	143.8	146.1	144.5
Barrels	Ct/lb	127.3	141.7	125.2	136.3	134.9	129.2	134.7
Nonfat dry milk, Central States	Ct/lb	108.6	122.2	110.0	106.9	107.1	107.4	105.9
Retail prices:								
Consumer Price Index	1982-84=10C	152.4	156.9	160.5	161.6	161.5	161.3	161.6
All food	1982-84=10C	148.4	153.3	157.3	158.2	158.5	158.7	159.9
Dairy products	1982-84=10C	132.8	142.1	145.5	145.7	147.0	147.8	148.3
Fluid milk	Dec 1997=1	NA	NA	NA	NA	NA	NA	99.8
Other dairy products	Dec 1997=1	NA	NA	NA	NA	NA	NA	100.9
Dairy product output:								
Butter	Mil. lb	1,264.5	1,174.5	1,151.3	83.3	89.1	106.0	113.5
American cheese	Mil. lb	3,131.4	3,280.8	3,285.2	260.0	248.5	278.6	283.2
Other-than-American cheese	Mil. lb	3,785.5	3,936.7	4,043.8	355.5	346.0	349.3	332.5
Frozen products 2/	Mil. gal.	1,229.6	1,240.9	1,281.4	99.7	80.5	80.6	83.3
All products (milkfat basis 3/)	Mil. lb	95,633	95,013	96,218	7,624	7,214	7,801	8,009
Nonfat dry milk	Mil. lb	1,233.0	1,061.8	1,217.6	72.6	75.2	102.0	103.7
Beginning stocks:								
Commercial butter	Mil. lb	12.2	15.8	13.4	43.4	26.2	15.0	20.5
Commercial American cheese	Mil. lb	309.5	306.6	379.6	433.8	414.7	405.3	0.0
Other cheese	Mil. lb	126.8	105.3	107.3	109.6	90.2	68.9	70.0
Manufacturers' nonfat dry milk	Mil. lb	103.5	70.6	71.1	133.9	114.8	100.6	103.3
All commercial (milkfat basis 3/)	Mil. lb	4,263	4,099	4,704	5,939	5,205	4,697	4,889
All commercial (skim solids basis)	Mil. lb	5,712	5,037	5,753	7,097	6,456	5,968	6,080
All Government (milkfat basis)	Mil. lb	1,497	69	10	19	16	19	18
All Government (skim solids basis)	Mil. lb	341	172	7	99	171	257	258
Commercial disappearance:								
Butter	Mil. lb	1,186	1,180	1,109	97.0	95.2	95.4	98.3
American cheese	Mil. lb	3,149	3,230	3,269	279.6	259.8	276.0	282.0
Other-than-American cheese	Mil. lb	4,126	4,243	4,366	404.5	396.1	384.9	337.0
Nonfat dry milk	Mil. lb	923	1,009	894	66.8	57.3	70.4	65.4
All products (milkfat basis 3/)	Mil. lb	154,713	154,736	156,083	13,544	12,848	12,820	12,818
USDA net removals:								
Butter	Mil. lb	78.5	0.1	38.4	3.5	5.2	5.4	3.3
Cheese	Mil. lb	6.1	4.6	11.3	1.2	0.8	0.5	0.7
Nonfat dry milk	Mil. lb	343.8	57.2	298.0	24.9	33.3	31.5	37.5
All products (milkfat basis 3/)	Mil. lb	2,106	87	1,090	102	142	147	108
All products (skim solids basis)	Mil. lb	4,374	747	3,681	312	412	392	468
Imports (milkfat basis 3/)	Mil. lb	2,936	2,911	2,698	266	275	342	196
International market prices:								
Butter	\$/metric ton	2,251	1,837	1,861	2,165	2,194	2,187	2,091
Nonfat dry milk	\$/metric ton	2,143	1,979	1,738	1,729	1,731	1,649	1,560

1/ Grade AA Chicago before June 1998.

2/ Hard ice cream, ice milk, and sherbert.

3/ Milk equivalent.

NA = Not Available.

U.S. dairy situation at a glance (continued)

Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98
10,434	11,722	11,591	12,067	11,446	11,345	11,160	10,706	11,164	10,881	11,448
7,726	7,725	7,735	7,750	7,753	7,750	7,753	7,749	7,746	7,745	7,744
1,351	1,517	1,499	1,557	1,476	1,464	1,439	1,382	1,441	1,405	1,478
12,222	13,726	13,520	14,070	13,341	13,220	12,999	12,466	13,024	12,689	13,345
14.70	14.40	14.00	13.20	14.00	14.10	15.40	16.60	17.60	17.90	18.10
14.80	14.50	14.00	13.30	14.00	14.10	15.50	16.70	17.60	17.90	18.20
13.50	12.90	12.10	11.30	13.00	14.00	14.60	15.40	16.70	17.30	17.30
13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
37.44	37.25	37.70	38.38	37.44	37.25	35.69	34.20	31.44	31.34	32.10
139.8	134.1	136.4	153.2	186.7	203.1	216.6	273.1	242.3	187.9	140.8
144.7	138.8	129.7	123.0	151.3	162.6	166.9	171.0	183.5	188.7	192.5
143.6	135.3	125.1	120.8	146.3	153.4	149.9	164.6	178.5	183.5	185.3
105.2	104.7	104.3	103.5	102.9	103.0	104.6	110.1	111.8	112.5	114.9
161.9	162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0	163.9
159.4	159.7	159.8	160.3	160.1	160.5	161.0	161.1	162.0	162.1	162.3
147.7	148.4	148.5	148.1	148.1	148.2	150.5	152.9	155.0	155.9	155.9
100.2	100.7	100.3	100.3	99.3	98.4	100.7	102.8	103.6	103.5	103.5
99.4	100.1	99.9	99.9	101.1	101.3	101.9	103.6	103.9	103.2	103.2
102.7	100.8	103.0	92.9	72.6	67.1	61.5	67.1	83.2	87.3	NA
261.1	285.2	289.7	293.1	287.8	277.3	261.1	245.4	254.6	267.6	NA
313.0	360.0	351.6	360.0	353.3	335.3	334.9	334.5	366.6	364.8	NA
91.7	109.4	115.4	118.9	132.2	135.0	122.0	112.2	94.2	77.0	NA
7,600	8,297	8,521	8,579	8,260	7,973	7,548	7,313	7,596	7,451	NA
97.0	107.3	120.4	121.3	104.2	90.2	72.5	59.9	70.0	69.4	NA
34.0	44.1	55.7	67.0	72.4	60.3	50.7	40.9	33.9	31.2	28.7
411.7	410.5	421.0	441.4	442.6	449.6	459.8	441.4	417.3	394.5	388.5
81.7	98.8	98.2	103.1	108.8	133.6	134.4	135.3	135.5	128.0	105.9
104.1	105.3	92.7	113.1	132.0	129.3	112.3	78.1	64.4	45.9	43.7
5,306	5,640	5,990	6,460	6,663	6,637	6,554	6,173	5,793	5,433	5,149
6,245	6,415	6,375	6,859	7,178	7,448	7,387	6,817	6,417	5,870	5,557
15	16	20	28	26	27	38	40	40	34	28
286	310	427	568	646	808	1,072	1,264	1,322	1,278	1,138
92.1	89.7	92.4	88.0	89.2	86.8	84.6	80.6	95.8	93.3	NA
263.1	275.8	272.3	295.1	282.9	269.0	279.9	271.0	277.1	273.9	NA
312.5	383.9	368.1	377.9	352.2	363.0	361.0	362.2	410.8	418.2	NA
64.1	96.7	73.1	66.5	80.9	68.2	77.8	56.5	73.4	62.4	NA
11,937	13,532	13,192	14,026	13,612	13,705	13,811	13,142	13,803	13,224	NA
1.5	0.7	0.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.7	0.6	0.7	0.6	0.6	0.7	0.8	0.7	0.6	0.7	0.7
31.7	24.7	28.1	36.8	29.1	40.2	29.4	17.7	15.8	9.7	23.4
62	40	26	24	13	16	14	15	14	14	17
393	309	339	438	346	475	350	218	195	126	286
215	310	279	298	369	533	559	422	548	375	NA
1,888	1,844	1,835	1,838	1,933	1,988	1,991	2,020	1,940	1,775	1,760
1,510	1,480	1,491	1,493	1,523	1,437	1,424	1,408	1,313	1,320	1,325

U. S. milk production and related data 1/

Year and quarter	Milk cows	Milk per cow	Milk production	Concentrate ration value	Milk-feed price ratio
	thousands	pounds	mil. pounds	dol. per cwt	
1995					
JAN-MAR	9,469	4,113	38,943	7.62	1.65
APR-JUN	9,473	4,276	40,510	7.62	1.60
JUL-SEP	9,462	4,040	38,231	7.82	1.59
OCT-DEC	9,428	4,003	37,740	8.24	1.67
Avg. or total	9,458	16,433	155,424	7.82	1.63
1996					
JAN-MAR	9,404	4,146	38,988	8.83	1.58
APR-JUN	9,388	4,217	39,587	9.51	1.51
JUL-SEP	9,363	4,012	37,564	9.70	1.64
OCT-DEC	9,331	4,058	37,867	9.16	1.67
Avg. or total	9,372	16,433	154,006	9.30	1.60
1997					
JAN-MAR	9,299	4,192	38,961	8.79	1.54
APR-JUN	9,273	4,384	40,683	8.76	1.45
JUL-SEP	9,236	4,195	38,805	8.62	1.47
OCT-DEC	9,200	4,144	38,153	8.49	1.71
Avg. or total	9,252	16,926	156,602	8.67	1.54
1998					
JAN-MAR	9,186	4,268	39,209	8.42	1.73
APR-JUN	9,205	4,447	40,931	8.05	1.71
JUL-SEP	9,201	4,205	38,694	7.50	2.05
OCT-DEC	9,175	4,225	38,764	7.25	2.46
Avg. or total	9,192	17,146	157,598	7.81	1.97

1/ 1995-97 revised final estimates. 1998 preliminary.

Commercial disappearance: American cheese, 1998

01/26/99

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Million pounds													
Supply:													
Production	283.2	261.1	285.2	289.7	293.1	287.8	277.3	261.1	245.4	254.5	267.6		
Beginning commercial stocks	410.3	411.7	410.5	421.0	441.4	442.6	449.6	459.8	441.4	417.3	394.5	388.5	410.3
Imports	0.9	1.5	1.7	3.7	3.8	2.7	2.6	1.2	2.2	0.4	1.0		
Total supply	694.4	674.3	697.4	714.4	738.3	733.1	729.5	722.1	689.0	672.2	663.1		
Utilization:													
Ending commercial stocks	411.7	410.5	421.0	441.4	442.6	449.6	459.8	441.4	417.3	394.5	388.5	410.6	410.6
USDA net removals	0.7	0.7	0.6	0.7	0.6	0.6	0.7	0.8	0.7	0.6	0.7	0.7	7.9
Commercial disappearance	282.0	263.1	275.8	272.3	295.1	282.9	269.0	279.9	271.0	277.1	273.9		
Percent change from a year ago	2.5	-3.2	0.4	11.5	6.0	5.4	-4.0	2.9	-5.9	-0.9	5.4		
Cumulative disappearance	282.0	545.1	820.9	1,093.2	1,388.3	1,671.2	1,940.2	2,220.1	2,491.1	2,768.2	3,042.1		
	First quarter			Second quarter			Third quarter			Fourth quarter			
	820.9			850.3			819.9						
Percent change from a year ago	-0.1		7.5		-2.4								

* Less than 50,000 pounds.

Commercial disappearance: Other-than-American cheese,1998

01/26/99

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Million pounds													
Supply:													
Production	332.5	313.0	360.0	351.6	360.0	353.3	335.3	334.9	334.5	366.6	364.8		
Beginning commercial stocks	70.0	81.7	98.8	98.2	103.1	108.8	133.6	134.4	135.2	135.5	128.0	105.9	70.0
Imports	16.2	16.6	23.3	21.4	23.6	23.7	28.5	26.9	28.0	36.7	31.3		
Total supply	418.7	411.3	482.1	471.2	486.7	485.8	497.4	496.2	497.7	538.8	524.1		
Utilization:													
Ending commercial stocks	81.7	98.8	98.2	103.1	108.8	133.6	134.4	135.2	135.5	128.0	105.9	109.3	109.3
USDA net removals													
Commercial disappearance	337.0	312.5	383.9	368.1	377.9	352.2	363.0	361.0	362.2	410.8	418.2		
Percent change from a year ago	4.1	-5.4	4.5	9.6	4.0	0.8	2.1	-3.3	-5.0	1.6	5.6		
Cumulative disappearance	337.0	649.5	1033.4	1401.5	1779.4	2131.6	2494.6	2855.6	3217.8	3628.6	4046.8		
	First quarter			Second quarter			Third quarter			Fourth quarter			
	1033.4			1098.2			1086.2						
Percent change from a year ago		1.2			4.7			-2.2					

* Less than 50,000 pounds.

Commercial disappearance: Butter,1998

01/26/99

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Million pounds													
Supply:													
Production	113.5	102.7	100.8	103.0	92.9	72.6	67.1	61.5	67.1	83.2	87.3		
Beginning commercial stocks	20.5	34.0	44.1	55.7	67.0	72.4	60.3	50.7	40.9	33.9	31.2	28.6	20.5
Imports	1.6	1.0	1.2	1.1	0.8	4.5	10.1	13.3	6.5	9.9	3.4		
Total supply	135.6	137.7	146.1	159.8	160.7	149.5	137.5	125.5	114.5	127.0	121.9		
Utilization:													
Ending commercial stocks	34.0	44.1	55.7	67.0	72.4	60.3	50.7	40.9	33.9	31.2	28.6	27.4	27.4
USDA net removals	3.3	1.5	0.7	0.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.3
Commercial disappearance	98.3	92.1	89.7	92.4	88.0	89.2	86.8	84.6	80.6	95.8	93.3		
Percent change from a year ago	-17.3	-3.5	-0.7	15.4	5.9	1.9	4.0	4.1	-20.2	-1.2	-2.0		
Cumulative disappearance	98.3	190.4	280.1	372.5	460.5	549.7	636.5	721.1	801.7	897.5	990.8		
	First quarter			Second quarter			Third quarter			Fourth quarter			
Percent change from a year ago	280.1			269.6			252.0						
	-8.0			7.5			-5.2						

1/ Includes butter equivalent of butteroil.

* Less than 50,000 pounds.

Commercial disappearance: Milk in all products, 1998

01/26/99

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Million pounds													
Supply:													
Production	13,261	12,222	13,726	13,520	14,070	13,341	13,220	12,999	12,466	13,024	12,689	13,345	157,883
Farm use	115	104	114	111	115	111	115	114	111	115	111	114	1,350
Marketings	13,146	12,118	13,612	13,409	13,955	13,230	13,105	12,885	12,355	12,909	12,578		
Beginning commercial stocks	4,889	5,306	5,640	5,990	6,460	6,663	6,637	6,554	6,173	5,793	5,433	5,148	
Imports	196	215	310	279	298	369	533	559	422	548	375		
Total supply	18,231	17,639	19,562	19,678	20,713	20,262	20,275	19,998	18,950	19,250	18,386		
Utilization:													
Ending commercial stocks	5,306	5,640	5,990	6,460	6,663	6,637	6,554	6,173	5,793	5,433	5,148		
USDA net removals	107	62	40	26	24	13	16	14	15	14	14	17	361
Commercial disappearance	12,818	11,937	13,532	13,192	14,026	13,612	13,705	13,811	13,142	13,803	13,224		
Percent change from a year ago	0.2	0.0	2.5	8.7	5.4	2.4	2.3	2.0	-0.8	1.9	2.9		
Cumulative disappearance	12,818	24,755	38,287	51,479	65,505	79,117	92,822	106,633	119,775	133,578	146,802		
	First quarter			Second quarter			Third quarter			Fourth quarter			
	38,287			40,830			40,658						
Percent change from a year ago	0.9			5.4			1.2						

Commercial disappearance: Nonfat dry milk, 1998

01/26/99

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Million pounds													
Supply:													
Production	103.7	97.0	107.3	120.4	121.3	104.2	90.3	72.5	59.9	70.0	69.4		
Beginning commercial stocks	103.3	104.1	105.3	92.7	113.1	132.0	129.3	112.3	78.1	64.4	45.9	43.7	
Imports	0.0	0.0	1.5	1.2	0.9	3.1	1.1	0.5	0.6	0.7	0.5		
Total supply	207.0	201.1	214.1	214.3	235.3	239.3	220.7	185.3	138.6	135.1	115.8		
Utilization:													
Ending commercial stocks	104.1	105.3	92.7	113.1	132.0	129.3	112.3	78.1	64.4	45.9	43.7		
USDA net removals	37.5	31.7	24.7	28.1	36.8	29.1	40.2	29.4	17.7	15.8	9.7	23.4	324.1
Commercial disappearance	65.4	64.1	96.7	73.1	66.5	80.9	68.2	77.8	56.5	73.4	62.4		
Percent change from a year ago	-25.2	-22.9	10.1	5.0	-15.5	22.9	-34.0	30.1	-11.6	9.9	8.9		
Cumulative disappearance	65.4	129.5	226.2	299.3	365.8	446.7	514.9	592.7	649.2	722.6	785.0		
	First quarter			Second quarter			Third quarter			Fourth quarter			
	226.2			220.5			202.5						
Percent change from a year ago		-12.4			3.0			-10.8					

* Less than 50,000 pounds.

Hogs on farms, farrowings, and pig crops, United States

Inventory	1992	1993	1994	1995	1996	1997	1998	1999	Change from previous year
	1,000 head								Percent
Dec. 1 inventory	57,649	58,202	57,940	59,738	58,201	56,124	61,158	62,156	2
Breeding	7,229	7,109	7,166	6,998	6,770	6,578	6,957	6,672	-4
Market	50,420	51,093	50,774	52,739	51,431	49,546	54,200	55,483	2
Under 60 lb	18,671	19,122	19,171	19,477	18,916	18,503	20,237	20,000	-1
60-119 lb	12,966	12,846	12,627	13,007	12,755	12,193	13,319	13,641	2
120-179 lb	10,367	10,420	10,268	10,927	10,704	10,209	11,188	11,640	4
180 + lb	8,416	8,705	8,709	9,329	9,057	8,641	9,457	10,203	8
March 1 inventory	56,180	56,661	57,435	58,283	55,741	55,049	60,163		9
Breeding	7,155	7,053	7,189	6,945	6,701	6,637	6,942		5
Market	49,025	49,608	50,246	51,337	49,040	48,412	53,220		10
Under 60 lb	19,040	18,502	18,750	19,144	18,534	18,490	20,192		9
60-119 lb	11,865	12,060	12,144	12,395	11,732	11,627	12,791		10
120-179 lb	9,780	10,480	10,575	10,640	10,021	9,858	10,774		9
180 + lb	8,340	8,566	8,778	9,159	8,754	8,437	9,464		12
June 1 inventory	59,175	58,795	60,847	59,329	56,038	57,366	62,213		8
Breeding	7,520	7,260	7,532	7,117	6,682	6,789	6,958		2
Market	51,655	51,536	53,315	52,211	49,356	50,577	55,254		9
Under 60 lb	21,540	20,739	22,024	21,042	19,645	19,988	21,482		7
60-119 lb	13,005	12,898	13,092	12,841	12,196	12,574	13,711		9
120-179 lb	9,615	9,877	10,007	9,780	9,757	10,002	11,084		11
180 + lb	7,495	8,022	8,193	8,549	7,759	8,013	8,978		12
Sept. 1 inventory	60,655	59,169	62,208	60,137	56,961	60,456	63,488		5
Breeding	7,290	7,208	7,468	6,907	6,577	6,858	6,875		0
Market	53,365	51,961	54,740	53,229	50,384	53,598	56,612		6
Under 60 lb	20,090	19,632	20,633	19,822	18,782	20,662	21,210		3
60-119 lb	13,575	13,089	13,883	13,347	12,498	13,388	14,032		5
120-179 lb	10,905	10,689	11,223	11,044	10,418	10,673	11,511		8
180 + lb	8,795	8,551	9,002	9,017	8,687	8,875	9,837		11
Sows farrowing									
Dec.-Feb. 1/	2,892	2,808	2,880	2,881	2,718	2,684	2,929	2,893 /2	-1
March-May	3,368	3,226	3,377	3,165	2,930	2,911	3,086	2,884 /2	-7
Dec.-May 1/	6,260	6,034	6,257	6,046	5,648	5,595	6,015	5,777	-4
June-August	3,020	2,978	3,108	2,974	2,718	2,946	3,054		4
Sept.-Nov.	2,992	2,998	3,031	2,869	2,731	2,939	2,990		2
June-Nov.	6,012	5,976	6,139	5,843	5,449	5,885	6,044		3
Pig crop									
Dec.-Feb. 1/	23,258	22,871	23,319	23,742	23,054	23,164	25,480		10
March-May	27,208	26,213	27,898	26,335	24,833	25,229	26,989		7
Dec.-May 1/	50,466	49,084	51,217	50,077	47,887	48,393	52,469		8
June-August	24,590	24,088	25,530	24,794	23,244	25,696	26,634		4
Sept.-Nov.	24,086	24,128	24,732	23,945	23,327	25,494	25,878		2
June-Nov.	48,676	48,216	50,262	48,739	46,571	51,190	52,512		3
	Number								
Pigs per litter									
Dec.-Feb. 1/	8.04	8.15	8.10	8.24	8.43	8.63	8.70		1
March-May	8.08	8.13	8.26	8.32	8.48	8.67	8.75		1
Dec.-May 1/	8.06	8.14	8.18	8.28	8.46	8.65	8.73		1
June-August	8.14	8.09	8.21	8.34	8.55	8.72	8.72		0
Sept.-Nov.	8.05	8.05	8.16	8.35	8.54	8.67	8.65		0
June-Nov.	8.10	8.07	8.19	8.35	8.55	8.70	8.69		0

1/ December preceding year. 2/ Intentions

Hog breeding herd changes, United States

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999
Inventory:	1,000 head								
December 1 breeding 1/ December-February	6,847	7,229	7,109	7,166	6,998	6,770	6,578	6,957	6,672
Sow slaughter	873	983	939	919	1,010	904	737	816	
Stag/boar slaughter	186	197	213	205	233	179	149	136	
Gilts/boars added	1,209	1,106	1,096	1,147	1,190	1,014	945	937	
% of inventory	17.7%	15.3%	15.4%	16.0%	17.0%	15.0%	14.4%	13.5%	
March 1 breeding	6,997	7,155	7,053	7,189	6,945	6,701	6,637	6,942	
March-May									
Sow slaughter	843	934	896	914	907	955	747	836	
Stag/boar slaughter	202	220	235	243	235	188	155	122	
Gilts/boars added	1,533	1,519	1,338	1,500	1,314	1,124	1,054	974	
% of inventory	21.9%	21.2%	19.0%	20.9%	18.9%	16.8%	15.9%	14.0%	
June 1 breeding	7,485	7,520	7,260	7,532	7,117	6,682	6,789	6,958	
June-August									
Sow slaughter	997	1,096	1,002	1,030	1,015	875	783	918	
Stag/boar slaughter	199	228	225	242	232	168	148	137	
Gilts/boars added	956	1,094	1,175	1,208	1,037	938	1,000	972	
% of inventory	12.8%	14.5%	16.2%	16.0%	14.6%	14.0%	14.7%	14.0%	
September 1 breeding	7,245	7,290	7,208	7,468	6,907	6,577	6,858	6,875	
September-November									
Sow slaughter	977	1,019	976	1,093	924	801	827	927	
Stag/boar slaughter	181	216	217	225	204	158	139	112	
Gilts/boars added	1,142	1,054	1,151	848	991	960	1,065	836	
% of inventory	15.8%	14.5%	16.0%	11.4%	14.3%	14.6%	15.5%	12.2%	
Sows entering breeding herd									
December-February 1/									
Sows farrowing	2,707	2,892	2,808	2,885	2,886	2,757	2,702	2,898	2,735
Sow slaughter	873	983	939	919	1,010	904	737	816	
% of inventory	32.2%	34.0%	33.4%	31.9%	35.0%	32.8%	27.3%	28.2%	
Sows added	1,447	1,459	1,351	1,424	1,294	1,102	979	973	
% of inventory	44.1%	43.3%	42.0%	42.0%	40.8%	37.3%	33.3%	31.8%	
March-May									
Sows farrowing	3,281	3,368	3,220	3,390	3,170	2,955	2,944	3,055	2,930
Sow slaughter	843	934	896	914	907	955	747	836	
% of inventory	25.7%	27.7%	27.8%	27.0%	28.6%	32.3%	25.4%	27.4%	
Sows added	666	586	648	631	713	758	762	815	
% of inventory	21.5%	19.4%	21.8%	20.3%	24.0%	27.5%	25.8%	26.9%	
June-August									
Sows farrowing	3,104	3,020	2,972	3,107	2,976	2,758	2,959	3,034	
Sow slaughter	997	1,096	1,002	1,030	1,015	875	783	918	
% of inventory	32.1%	36.3%	33.7%	33.2%	34.1%	31.7%	26.5%	30.3%	
Sows added	860	1,068	1,012	920	854	834	753	920	
% of inventory	29.0%	35.7%	33.9%	30.7%	30.3%	30.7%	25.7%	30.3%	
September-November									
Sows farrowing	2,967	2,992	2,982	2,997	2,815	2,717	2,929	3,036	2/
Sow slaughter	977	1,019	976	1,093	924	801	827	927	
% of inventory	32.9%	34.1%	32.7%	36.5%	32.8%	29.5%	28.2%	30.5%	
Sows added	902	835	879	982	866	786	796	626	
% of inventory	31.2%	29.7%	30.5%	34.0%	31.4%	29.1%	27.5%	22.9%	

1/ December preceding year

2/ Estimate

Farrow-to-finish hog production costs and returns, 1,600 head annual sales, North Central Region 1/

Item	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98
Cash receipts: 2/	34.42	34.24	33.43	33.42	40.56	40.63	35.17	33.83	28.41	26.71	17.88	14.51
Market hogs (94.25 lb)	2.13	1.74	1.75	1.75	1.76	1.90	1.89	1.74	1.45	1.38	1.25	0.99
Cull sows (5.75 lb)	36.55	35.98	35.18	35.17	42.32	42.53	37.06	35.57	29.86	28.09	19.13	15.50
Total												
Cash expenses:												
Feed--	14.74	15.03	15.12	14.89	14.66	14.51	14.63	14.64	14.18	13.89	13.59	13.07
Corn (345.6 lb)	10.95	11.84	10.70	10.70	10.17	9.32	8.87	8.73	7.65	7.39	7.27	7.49
Soybean meal (70.6 lb)	3.21	3.23	3.26	3.28	3.28	3.29	3.27	3.28	3.29	3.29	3.30	3.31
Mixing concentrates (14.3 lb)	28.90	30.10	29.08	28.87	28.11	27.12	26.77	26.65	25.12	24.57	24.16	23.87
Total feed												
Other--												
Veterinary and medicine 3/	1.33	1.34	1.35	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.37	1.37
Fuel, lube, and electricity	1.71	1.70	1.71	1.73	1.65	1.54	1.54	1.49	1.52	1.56	1.46	1.39
Mach. and building repairs	1.54	1.54	1.56	1.54	1.54	1.55	1.56	1.57	1.57	1.56	1.56	1.57
Hired labor 4/	2.84	2.94	2.94	2.94	3.00	3.00	3.00	3.04	3.04	3.04	2.99	2.99
Miscellaneous	2.44	2.44	2.44	2.44	2.43	2.44	2.43	2.43	2.43	2.43	2.42	2.43
Total variable expenses	38.76	40.06	39.08	38.88	38.09	37.02	36.66	36.53	35.04	34.52	33.97	33.62
General farm overhead	1.51	1.51	1.51	1.51	1.50	1.51	1.50	1.50	1.50	1.50	1.50	1.50
Taxes and insurance	0.87	0.87	0.87	0.87	0.87	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Interest	2.47	2.47	2.47	2.47	2.47	2.49	2.49	2.49	2.49	2.49	2.49	2.49
Total fixed expenses	4.86	4.86	4.86	4.86	4.85	4.89	4.89	4.89	4.89	4.89	4.88	4.90
Total cash expenses 5/	43.62	44.92	43.94	43.74	42.94	41.91	41.55	41.42	39.93	39.41	38.85	38.52
Receipts less cash expenses	-7.07	-8.94	-8.76	-8.57	-0.62	0.62	-4.49	-5.85	-10.07	-11.32	-19.72	-23.02
Capital replacement	11.05	11.08	11.08	11.08	11.08	11.08	11.08	11.08	11.08	11.08	11.08	11.08
Receipts less cash expenses and replacement	-18.12	-20.02	-19.84	-19.65	-11.70	-10.46	-15.57	-16.93	-21.15	-22.40	-30.80	-34.10

1/The feed rations and expense items do not necessarily coincide with the experience of individual hog operations.

2/ Based on 94.25 lb of barrows and gilts liveweight and 5.75 lb of sows per cwt sold. 3/ Includes costs of feed medication.

4/ Based on .204 hours per cwt of liveweight hog marketed. 5/ Does not include a charge for family or operator labor

Poultry and egg costs and returns

Date	COST PER POUND		COST PER POUND		12-CITY PRICE	NET RETURNS
	LIVEWEIGHT BASIS		R.T.C. BASIS			BEFORE
	Feed	Total	Production	Total		INTEREST & OVERHEAD
----- cents / pound -----						
BROILERS						
Sep-97	18.82	29.17	38.38	52.48	59.86	7.38
Oct-97	19.10	29.45	38.75	52.85	55.39	2.54
Nov-97	19.16	29.51	38.83	52.93	54.62	1.69
Dec-97	18.13	28.48	37.47	51.57	52.25	0.68
Jan-98	18.57	28.92	38.05	52.15	54.66	2.51
Feb-98	17.81	28.16	37.05	51.15	56.40	5.25
Mar-98	17.37	27.72	36.47	50.57	58.10	7.53
Apr-98	17.08	27.43	36.09	50.19	58.82	8.63
May-98	16.58	26.93	35.43	49.53	60.08	10.55
Jun-98	15.83	26.18	34.45	48.55	64.26	15.71
Jul-98	15.70	26.05	34.27	48.37	68.53	20.16
Aug-98	15.77	26.12	34.37	48.47	72.13	23.66
Sep-98	15.75	26.10	34.34	48.44	70.53	22.09
Oct-98	14.05	24.40	32.11	46.21	68.04	21.83
Nov-98	13.46	23.81	31.33	45.43	64.13	18.70
Dec-98	13.85	24.20	31.84	45.94	60.45	14.51
3-REGION WHOLESALE PRICE						
TURKEYS						
Sep-97	28.76	42.46	53.07	69.37	65.54	-3.83
Oct-97	27.48	41.18	51.47	67.77	65.29	-2.48
Nov-97	27.94	41.64	52.05	68.35	68.64	0.29
Dec-97	28.06	41.76	52.20	68.50	62.34	-6.16
Jan-98	26.12	39.82	49.77	66.07	55.63	-10.44
Feb-98	26.92	40.62	50.78	67.08	53.87	-13.21
Mar-98	25.55	39.25	49.07	65.37	55.37	-10.00
Apr-98	24.73	38.43	48.04	64.34	57.02	-7.32
May-98	24.21	37.91	47.39	63.69	57.31	-6.38
Jun-98	23.29	36.99	46.23	62.53	59.38	-3.15
Jul-98	22.01	35.71	44.64	60.94	62.24	1.30
Aug-98	21.77	35.47	44.34	60.64	64.39	3.75
Sep-98	21.94	35.64	44.55	60.85	66.89	6.04
Oct-98	21.97	35.67	44.59	60.89	72.16	11.27
Nov-98	19.00	32.70	40.88	57.18	74.15	16.97
Dec-98	17.99	31.69	39.61	55.91	67.39	11.48
WHOLESALE						
EGGS						
	FEED COST	TOTAL Production		TOTAL COST	12-METRO PRICE	
Sep-97	33.10	51.30		71.80	85.00	13.20
Oct-97	33.11	51.31		71.81	79.47	7.66
Nov-97	31.75	49.95		70.45	99.53	29.08
Dec-97	32.46	50.66		71.16	93.92	22.76
Jan-98	31.11	49.31		69.81	85.73	15.92
Feb-98	30.49	48.69		69.19	76.08	6.89
Mar-98	30.03	48.23		68.73	85.11	16.38
Apr-98	29.22	47.42		67.92	76.85	8.93
May-98	27.64	45.84		66.34	62.12	-4.22
Jun-98	27.35	45.55		66.05	72.27	6.22
Jul-98	27.33	45.53		66.03	72.46	6.43
Aug-98	26.88	45.08		65.58	80.26	14.68
Sep-98	23.54	41.74		62.24	79.17	16.93
Oct-98	22.31	40.51		61.01	81.67	20.66
Nov-98	23.29	41.49		61.99	86.39	24.40
Dec-98	24.63	42.83		63.33	87.01	23.68