

# Livestock, Dairy and Poultry Situation and Outlook

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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 only 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 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.

## **Total Meat Supplies Remain Record Large**

Total red meat and poultry supplies will remain record large in 1999, but the increase in supplies will slow. While the U.S. economy remains strong, the world economy at best may begin to stabilize in 1999 following the tumultuous turns of events in Asia, Russia, and most recently, Brazil. World cattle inventories will contract again in 1999. However, beef supplies will decline resulting in stronger prices and the start of herd rebuilding assuming moisture conditions continue favorable. Cattle inventory revisions for 1994-98 and the January 1, cattle inventory indicated that the inventory had not declined as much as had been indicated. The mid-year 1998 calf crop estimate was increased by nearly 700 thousand head in the January release. Beef production in 1999 will still be down, but less than was earlier anticipated.

## **Open Winter Takes Pressure Off Forage Base**

A mild, open winter in most areas, and improved moisture conditions throughout much of the South has taken much pressure off the beef sector. Winter grazing conditions on most pastures and ranges were much improved and regrowth has been aided by the mild winter in the Southern half of the country. Wheat grazing conditions in most of the High Plains areas have added to the forage base, which was sharply reduced during the prolonged drought in 1998. Stocks of all hay on farms on December 1, 1998 were up nearly 9 percent from 1997. While hay stocks were rose in 33 of the 48 contiguous States, they were down in much of the drought stricken south with stocks down sharply in Louisiana, Oklahoma and Texas. The farm price of hay in January averaged \$78.80 a ton, down from \$94.70 a year earlier. The farm price of alfalfa hay was down nearly \$20 a ton to \$81.40, while the price of other hays declined only \$5 a ton to \$71. Favorable moisture conditions in most areas should support a good spring grazing season, particularly given the reduced cattle inventory.

## **Grain Prices Favor Continued Low Ration Costs**

Feed grain production in 1998/99 was up 4 percent from a year earlier, and second only to the 1994 record. Corn production rose 6 percent from a year

earlier, and ending stocks going into the 1999/2000 crop year are expected to be the largest in 6 years even as feed use remains strong. The farm price of corn is expected to average \$1.80 to \$2.10 a bushel, down from \$2.43 last year and \$2.71 in 1996/97. The **Prospective Plantings** report will be released on March 31 giving the first view on next years crop and acreage breakout. Large southern Hemisphere crops reaching final development stages and lackluster export trade are likely to result in continued large grain stocks and favorable ration costs.

#### **Cattle Inventory Continues Decline**

Cattle and calves on farms and ranches on January 1, 1999 declined for the third consecutive year. The inventory was down only 1 percent from a year earlier, less than was expected, but still down 5 percent from the 1996 cyclical peak of 103.5 million head. Nearly 700,000 head were added to the 1998 mid-year calf crop estimate. The breeding herd and replacement inventory was down almost assuring that the inventory will decline again in 1999. Heifer retention is adequate to begin to turn the inventory in 2000, resulting in the start of the next cattle cycle in 2001. The low end of the present cycle is likely to decline to near 97 million head, exceeding the previous cyclical low of 95.8 million head. However, as the inventory begins to expand during 2000 and production increasing in 2001, beef will likely have the same hard fought battle to win back market share as the pork sector has had over the past year. While production increases will be slower than with pork or poultry, the higher relative price of beef will likely make the battle more difficult. Renewed growth in the world economy, and U.S. beef's comparative advantage in the high quality beef market may result in gains in the quality World and domestic hotel-restaurant market, while giving up market share in the domestic retail market to larger supplies of relatively lower priced pork and poultry. Less desirable U.S. beef may increasingly find its market in the further processed domestic market, with more service costs resulting in lower prices to these producers of lower quality beef. Low production costs will be an important ingredient for survival for this group.

#### **Cow Herd Base Eroded**

Cows and heifers that have calved continue to decline with the inventory down 1 percent from a year ago and down nearly 3 percent from 1997. The beef cow herd is down more sharply with the inventory down over 5 percent from 1996. However, even more importantly for future production, the number of heifers being retained for possible herd replacement on January 1 was down 4 percent from the year earlier. Heifer slaughter in 1997 and 1998 was extremely large and the number of heifers calving and entering the herd in 1999 is likely to be very low. Most of these heifers won't be bred until late-spring to summer and calve in 2000. Even with reduced cow slaughter in 1999, beef cow inventories on January 1, 2000 may be below the 32.5 million recorded in 1990 and could be the lowest since the mid-1960's.

#### **Feeder Cattle Supply Decline to Continue**

Feeder cattle supplies outside of feedlots were down less than 1 percent from a year earlier. The 1998 calf crop, although above expectations, was down 1 percent from a year earlier and about unchanged from the 1991 calf crop. This year's calf crop will almost certainly decline, resulting in the lowest calf crop since the early 1950's. Calf slaughter declined 8 percent in 1998 and will likely decline another 5 to 8 percent this year. Feeder cattle supplies and feedlot placements will begin the greatest declines this spring as fewer heifers are available to be placed on feed and steer placements continue to reflect the declining calf crops. Feedlot placements are likely to remain low through mid 2000 until additional heifers calve and the 2000 calf crop increases.

#### **Fed Cattle Inventories to Decline**

Although the feedlot inventories remain front loaded, cattle on feed

inventories began to decline last fall, a decline that likely will continue steadily until the fall of 2000. Cattle on feed on January 1 in the 7-monthly reporting States with inventories over 1,000 head were down nearly 5 percent from a year earlier. Ironically the total number of cattle on feed in all feedlots on January 1 were down only 3 percent, indicating that the number of cattle on feed in feedlots with less than 1,000 head of capacity rose 5 percent. Low grain prices and interest in diversifying economic impacts in the freer markets may be resulting in structural shifts in the cattle feeding sector, although the proportion of cattle fed in these lots remains relatively small.

Net placements this winter are likely to be about unchanged from a year ago, but down nearly 16 percent from the large 1997 level. Placements for the rest of the year are likely to be down 5 to 8 percent. This reduction in placements will allow feedlots to become current this spring. However strong demand for declining supplies of fed beef will result in slaughter weights remaining near record levels through early summer. Cattle on feed inventories are likely to be down 10 to 12 percent at the beginning of 2000.

#### **Cyclical Beef Production Decline To Begin**

Declining cattle inventories since 1996 and the lowest calf crops in nearly half a century will result in lower beef production through at least 2000 and likely for much of 2001. Beef production in 1999 is expected to decline nearly 3 percent as continued heavy slaughter weights hold up production levels similar to 1998. The slaughter mix will continue to shift towards a smaller proportion of cows. In 1996, the strongest year of breeding herd liquidation, cows comprised nearly 20 percent of the slaughter mix, resulting in over 16 percent of the cow herd being slaughtered. In 1999, cow slaughter is expected to decline about 7 percent, comprising 16 percent of slaughter. Commercial cattle slaughter is expected to decline 2 to 3 percent from 1998 and about 2 million head from 1996.

Beef production is expected to remain near to above year-earlier levels through mid spring as the last of the fed cattle marketing backlog is worked off and slaughter weights remain record heavy. As feedlots become more current in mid year, slaughter weights will begin to fall below year-earlier levels. Beef production will decline 4 to 5 percent from a year earlier in the second half of the year. Reduced cow proportion in the slaughter mix and heavy first-half slaughter weights will result in annual slaughter weights remaining near last year's 723 pound carcass weight record, and well above the previous record of 710 pounds set in 1994.

Increased competition for a reduced slaughter inventory will result in stronger cattle prices, with larger increases for female stock, and stocker-feeder cattle. Fed cattle price gains will be held down by the very large and expanding supplies of competing meats. Fed cattle prices averaged \$61.50 per cwt in 1998 and may average \$64 to \$66 this year. Prices are expected to remain under the pressure of large feedlot inventories through much of the winter, but removal of supplies through Russian food aid will begin to syphon off some of the excess supply of heavyweight cattle remaining on feed. Prices are expected to range in the mid \$60's for the rest of the year. Averages may touch near \$70 in late 1999, but further supply reductions in 2000 will be necessary before prices move up into the \$70 range.

Yearling feeder cattle prices are likely to average in the mid \$70's, up several dollars from last year, and nearly \$15 above 1996's low prices due to high grain prices and heavy herd liquidation. Competition from pork and poultry will hold down price increases for fed cattle and consequently, also for feeder cattle. Unless the non-food aid portion of the beef export market strengthens more than presently expected, price strength will be largely dependent on competing at retail against lower priced competing meats.

Utility cow prices are expected to show the largest gains as cow slaughter declines fairly sharply. Demand for replacement cows will strengthen and cows that may have gone to slaughter over the past 3 years are likely to go back to the country until more replacement heifers calve and enter the cow herd. Utility boning cows are likely to average in the low \$40's per cwt, up from \$36 in 1998 and \$30 in 1996 when cow slaughter was very large.

#### **Retail Beef Rise To Be Modest**

The beef market is being increasingly segmented with the highest quality cuts entering the export and hotel-restaurant market and the remainder competing against ever larger supplies of competing meats at ever lower relative prices. Beef supplies will be tightest over the next couple of years for high quality beef, with some less desirable cuts now being sold at retail being pulled into these more lucrative markets. The end result is likely to be a more variable, less desirable retail beef selection. Pork and poultry will compete very strongly against beef over the next couple of years as the desirability of beef at retail declines and prices rise.

Prices for Choice beef at retail in 1998 averaged \$2.77 a pound, down from \$2.80 in 1996-97. Although per capita retail beef consumption is expected to decline nearly 3 pounds in 1999, to the lowest level since 1993 when beef averaged a record \$2.93 a pound, prices are only expected to rise to \$2.80 a pound this year. In 1993, total retail red meat and poultry consumption was 207.7 pounds per person. Consumption in 1999 is expected to rise to 216.1 pounds. While reduced beef supplies and increased export demand will result in consumption declining, expanding poultry supplies and record pork supplies will more than make up for any shortfall in beef. While retail beef prices may rise 3 to 5 cents a pound this year, retail pork prices are likely to decline 8 to 10 cents, and broiler prices decline 2 to 4 cents.

The farm-to-retail spread widened to \$1.46 a pound in 1998, but will likely decline several cents in 1999 as live prices rise with increased competition at the packer and retail levels for the reduced supply. The by-product credit is also likely to rise this year as slaughter levels decline, and the world economy begins to stabilize.

#### **U.S. Net Beef Exports To Increase**

After declining in 1998, world beef trade is expected to remain soft in 1999 even as economies in Asia stabilize. Herd expansion will begin in many beef exporting countries, resulting in reduced beef supplies as females are kept for breeding. A pickup in U.S. exports, largely due to export aid, will raise net beef trade even as imports continue to rise. The U.S. economy remains a bright spot in the global economy and lower U.S. processing beef supplies will result in larger imports. Beef prices are expected to rise as world supplies tighten against a stable-to-moderate increase in demand.

After increasing only 1 percent last year, U.S beef exports are expected to increase by 287 million pounds in 1999, to a record 2.3 billion. Concessionary sales to Russia, at 120,000 tons (265 million pounds by product weight) of beef and variety meats will account for nearly all of this 8-percent increase. Aside from the sale to Russia, U.S. exports are expected to hold up well because preference for grain-fed beef makes U.S. beef increasingly more desirable on many world markets than the grass-fed beef of many competing suppliers. And, there will be less beef available from these competing suppliers as they rebuild herds.

U.S. beef imports are expected to increase less than 4 percent in 1999, after increasing 11 percent last year. Drought and larger supplies in 1998 in Australia and New Zealand, and reduced Asian demand meant increased shipments to the strong U.S. economy from these countries. Beef exports from those countries tend to be for processing, and preference in Asia is increasing for grain-fed beef. Thus, while Asia imported more U.S. beef last year, product from Australia and New Zealand was displaced onto the U.S. market for processing. Somewhat more product from these countries will find its way into the U.S. this year to substitute for largely cyclical shortfalls of U.S. beef for processing, as fewer cows are slaughtered.

#### **Food Aid to Russia To Bolster Beef Trade**

The United States and the EU have agreed to supply a variety of commodities to Russia. The U.S. has agreed to finance \$625 million (fob) of commodities at an interest rate of 2.5 percent, repayable over 20 years, including a 5-year grace period. The package includes 265 million pounds of beef, as well as pork, grain, and soybeans. The Commodity Credit Corporation will finance an estimated \$260 million in transportation costs. The EU package of selected commodities is to include 331 million pounds of beef. The 265 million pounds of beef aid proposed by the U.S. includes beef and variety meats, and is expected to boost beef prices, as it represents 12.5 percent of normal U.S. beef exports and over 1 percent of annual production. The EU aid will come from intervention stocks and is unlikely to affect world prices.

Both packages are to be sold at market prices and targeted at regions agreed to by the three governments. Repayment to the Russian trading organization in charge of the distribution is to be guaranteed by the regions supplied, which will have to take a commercial credit if unable to pay. These funds are then to be deposited into specially monitored bank accounts, from which they are to be disbursed to state pension funds for distribution as benefits to pensioners to whom the government is in arrears. Arrival of the aid has been held up at least until March by discussions among the three parties concerning the logistics of coordinating the unloading of cargoes, and negotiation between Russia and the EU regarding the method of paying shipping costs.

#### **Asian Import Demand Expected To Rebound From Last Year**

Beef consumption declined in Korea last year because of lower income, but increased in Japan despite lower income. However, the value of imports by Japan declined because of a shift to lower valued cuts. Beef imports by Japan increased 4 percent last year, and the U.S. market share reached 48 percent at the expense of some decline in market share by Australia, to 47 percent. Japan and Korea account for over 80 percent of Asian beef imports, and demand for beef is expected to increase this year in both, but especially for grain-fed beef from the United States and Canada. Therefore, the U.S. and Canadian exchange rate and the availability of Canadian beef will influence U.S. beef exports to Asia.

While economic growth in Japan is expected to return in 1999, an increase in the value of the yen since last fall could restrict its export-driven economy, although a strong yen reduces the price of imported beef. Increased beef imports by Japan will also be helped by GATT-required tariff reductions. While the United States and Australia will remain the two largest suppliers to this market, Canada could surpass New Zealand as the third largest supplier.

The economic situation has brightened in Korea, where economic growth is

expected to reach 2 percent in 1999, compared to a 5.5-percent decline in 1998. Beef consumption is expected to increase moderately in Korea this year. Equally important, the minimum import quota agreed to in the last GATT round is scheduled to increase from 412 million pounds in 1998 to 454 million this year. The U.S. supplied over 50 percent of Korean imports in 1998 and can be expected to provide a similar to larger share in 1999, in view of Korean preference for grain-fed beef. However, the minimum quota was not filled last year by Korea, and overall U.S. exports to that country dropped 50 percent.

Beef imports may also increase by Taiwan, which has low per capita beef consumption but significant potential to increase it due to income growth.

#### **Growth in Beef Exports to Mexico To Continue**

U.S. beef exports to Mexico increased 35 percent last year as demand increased with resumption of strong economic growth. Even so, beef consumption in Mexico was still about 10 percent below its historical high reached in 1989 before economic difficulties began. Not only is there potential for more consumption, but the need to rebuild herds from drought-induced reductions will limit growth in domestic beef production. Efforts at herd rebuilding could encourage imports of breeding stock from the United States and reduce live animal exports to the United States, although the continuation of present dry conditions might cause the reverse to occur.

Exports of U.S. beef to Canada are expected to decline again this year as Canada exports fewer live cattle for feeding and slaughter into the United States and imports more U.S. feeder cattle. Continued growth of the feeding industry in central and western Canada, and increased capacity for slaughter has reduced by more than 200,000 head the number of live cattle exported for feeding in the United States since 1996, a trend likely to resume this year. Exports of live cattle to Canada from the northwestern United States more than doubled last year, to over 90,000 head, and are expected to increase again this year as a result of the Northwest Pilot Program.

The availability of additional live animals for slaughter in Canada reduces the pressure for Canada to import beef from the United States, particularly since Canadian packers have also become aggressive marketers in the traditional U.S. markets of eastern Canada. Some of these animals will also help relieve pressure to reduce exports that will accompany restocking in Canada. In spite of a likely decline in total beef exports, Canadian beef exports to the United States could also be influenced by the exchange rate between the U.S. and Canadian dollars.

#### **Exports of Other Major Competitors To Be Lackluster**

Overall, beef exports by other countries are expected to decline because of worldwide herd rebuilding and a reduction in subsidized EU exports to meet its GATT commitment. In Australia, herd rebuilding after several years of drought is expected to reduce beef exports. However, exports could increase early this year because of heavier weight stock intended for the Asian market for processing beef. In New Zealand, a drought along the east coast early in 1998 resulted in the unexpected slaughter of many breeding animals. Therefore, production could drop from last year's high levels as the herd is rebuilt, and exports may decline. Beef consumption declined in Australia and New Zealand in 1998 due to some substitution of pork and poultry; and a further such decline is expected this year.

#### **Exports from Argentina Will Likely Decline**

For the second year in a row, Argentina is expected to rebuild its herd, which had fallen to its lowest level in 25 years in 1996 due to drought and high grain prices. This effort is being aided by a government-financed program intended to increase the beef herd by 20 percent and double exports to 1.5 billion pounds within the next 5 years. Argentina also intends to take advantage of having been declared free of foot and mouth disease in May 1997 to enter the lucrative fresh-frozen and to some extent the fed-beef markets.

While it is possible that some additional fresh beef could come out of Argentina by year end, annual exports are more likely to fall for the fourth straight year. Two indications of this are the 50-percent runup in beef prices over the past 18 months and the recent decision to allow imports from Australia to satisfy domestic consumption. Even so, some of the 220 million pounds of fresh product normally exported by Argentina to Brazil might be redirected to other markets, including the U.S., as a result of the 40-percent depreciation in Brazil's currency since mid-January.

While Brazilian processed beef exports normally fluctuate around 551 million pounds, the unstable economic situation makes Brazil unpredictable this year. Brazilian beef has already become about 40 percent cheaper because of the devalued real. And a sharp decline in Brazilian GDP brought on by high interest rates and reduced spending by companies and consumers with debt denominated in dollars this year could reduce domestic consumption. Since 95 percent of Brazil's beef is consumed domestically, even a small drop in beef demand in Brazil could mean a surge in exports of cheap cooked beef that could undercut traditional suppliers of this product. Last year Brazilian exports increased sharply to the United States as Argentina began to shift toward providing fresh product. Uruguay has increased beef exports in the last several years, and could increase exports to certain markets again this year.

#### **Hog Prices To Remain Steady**

Hog prices have rallied from near \$10 per cwt in mid-December and have averaged about \$26 per cwt during January-February. Weekly slaughter (F.I.) has dropped from near 2.2 million head to near 1.9 million in early February. However, weekly slaughter is expected to increase seasonally which would push it to near 1.975 million head in March. Increased production, burdensome cold storage stocks, and reduced demand in the Lenten season are expected to keep hog prices in the mid-\$20's per cwt in the first quarter.

Retail pork prices dropped again in January as they adjusted to the sharp break in hog prices in late 1998. Prices are expected to continue to decline in first-half 1999 as the adjustment continues. ERS research indicates that retail prices adjust to a sharp decline in hog prices for about a year. However, after hitting a projected low at mid-year, prices will begin to adjust to the expected higher hog prices this spring.

#### **Dairy Markets Changing**

Dairy market conditions in 1999 and 2000 are expected to differ dramatically from the sluggish milk production and record milk prices of 1998. Recent relatively high producer returns are expected to unleash a surge of milk production sufficient to overtake projected milk demand and drop milk prices sharply. However, the timing of these developments is highly uncertain. The full brunt of the production expansion is projected to arrive in 2000, although an earlier appearance is a distinct possibility.

### **Milk Production Expansion Begins**

A number of cross-currents affected 1998 milk production. Concentrate feed prices began the year somewhat high but fell considerably as the year progressed. Weather effects were quite adverse in some regions at some times, but were quite favorable at other places and times. Supplies of top quality forage stayed tight but supplies of lesser quality alfalfa were large. But the key feature of last year's milk production was the failure of output, for most of the year, to respond to high prices. Except for weather-related aberrations, milk production was essentially flat from late 1995 until the autumn of 1998.

Milk cow numbers were 1.3 percent below a year earlier in first-quarter 1998. The decreases slowly diminished until cow numbers were just 0.7 percent below a year earlier in the last quarter. Moderation in cow number declines was caused by the improved level of 1996-98 returns, but probably was less than might have been expected on the basis of past experience.

Milk per cow grew modestly through summer, despite milk-feed price ratios that should have encouraged aggressive concentrate feeding and above-trend increases in milk per cow. Tight supplies of prime hay undoubtedly played a role. Fourth-quarter gains were sizable but, like changes in cow numbers, probably not fully consistent with the incentives produced by record milk prices.

Late 1998 production increases likely were the harbinger of things to come throughout 1999 and into 2000. The concentrate ration value is projected to fall 7 to 10 percent, following 1998's 10-percent drop. Returns over concentrate cost will be well below the very high 1998 level but probably will exceed those of any other recent year. The milk-feed price ratio probably will set a record.

Milk cow numbers at the end of 1999 are not expected to be much below current levels. Although the exit of dairy farmers may not change much, the pressure of recent returns should spur expanding producers to pick up the pace. Even without optimal forage conditions, milk per cow should post a large gain, although it may not fully return to trend after the sluggishness of recent years.

Expansion in milk production is projected to accelerate gradually during 1999. Output is expected to rise about 2 percent this year, with gains in milk per cow exceeding 2 percent and easily outweighing the fractional decline in cow numbers. The greatest growth in milk production is not projected to occur until late 1999 or 2000. However, the incentives to expand output have been so large that a surge in production is a possibility at any time.

### **Dairy Demand To Soften**

Brisk economic growth and consumer willingness to spend boosted dairy product demand in 1998. Consumers bought 2 percent more dairy products on a milkfat basis and 1 percent more on a skim solids basis, even though retail dairy prices averaged 4 percent above 1997. Demand for milkfat was particularly strong with sales of butter, cream, cream cheese, and ice cream showing relatively little effect of extremely high prices. Meanwhile, cheese sales rose almost 2 percent, commercial disappearance of nonfat dry milk was about unchanged, and fluid sales slipped fractionally.

Dairy demand is expected to be fairly strong in 1999, but probably will not



match that of 1998. Economic growth is projected to be strong, but consumers may not spend with such exuberance. Sales will also be affected by carry-over effects from the high wholesale prices of 1998. Some wholesale buyers probably will make purchasing adjustments based on their experiences of last year--not just current prices. At retail, current year-to-year price increases probably are larger than at any time in 1998. The projected increase in 1999 milk production will mean that significantly larger quantities will have to clear commercial markets this year. However, the somewhat softer demand means that they probably will do so only at lower prices.

Commercial dairy stocks at the start of 1999 were fairly moderate. Milkfat stocks were somewhat larger than a year earlier, while skim solids holdings were slightly smaller. Commercial stocks may be a key indicator this year. A quick buildup might well be an omen of a sustained period of lower prices.

International dairy markets have been mostly adrift. Export supplies have been moderate, in part because of lower output in New Zealand. However, demand softness has kept prices below a year earlier. Russia has purchased some butter, but economic problems have greatly limited imports. Similarly, weaker Asian demand has held dry milk prices low. More recent economic problems in Brasil threaten to push some Argentine products elsewhere. Prospects appear dim for substantive improvements in 1999 international dairy markets.

Exports under the Dairy Export Incentive Program (DEIP) will be large in 1999, but there will be a hiatus in new contracts for nonfat dry milk as some key allocations will be exhausted before midyear. In addition, the shrinking amounts allowed under WTO mean that DEIP cannot absorb a large surplus. Sizable purchases of nonfat dry milk are expected to continue in 1999 (the last year of the price support purchase program). Some tightening in markets for separated skim solids may keep purchases somewhat smaller than last year.

#### **Dairy Prices Lower**

Wholesale prices of cheese and butter have been on a rollercoaster ride that may not yet have ended. Exchange prices of cheese have recovered modestly after January's 65-cent plunge, evidently a correction to an over-reaction and very similar to the earlier pattern of butter prices. Cheese prices may edge somewhat higher before seasonally rising milk production erodes them this spring. Butter prices may stay unsettled. The relative values of milk for cheese and butter-powder may reverse a number of times, and prospects for the seasonally tight second half of the year may be particularly uncertain.

Farm milk prices are expected to regain some stability by late spring-early summer--but at levels much below the second half of 1998 or the start of 1999. The expansion in milk production has begun to overcome dairy demand increases, bringing about a price adjustment. However, the flush season price low is not expected to be extreme. Demand strength is projected to keep spring prices well above 1997 averages. A moderate seasonal increase in milk prices is expected during the second half of the year. For all of 1999, farm milk prices are projected to be about \$14.00 to \$14.75 per cwt, down about \$1 from the 1998 record but still much higher than in most of the nineties.

A faster-than-expected expansion in milk output would, of course, reduce 1999 milk prices. However, the general strength of early 1999 prices, the recovery of wholesale prices after the initial crashes, the absence of rapid build ups in commercial stocks, and quite modest price support purchases of powder

suggest that substantial market strength persists. Rapid growth in milk output under these conditions probably would have more effect in nullifying second-half seasonal increases than in pushing spring prices to very low levels.

Retail dairy product prices are expected to peak during the first half of 1999 and then decline slightly or hold about steady during the second half. Compared with a year earlier, retail prices probably will be 6 to 7 percent higher during the first half, with the increases diminishing substantially in the second. The farm-retail price spread is expected to grow considerably after the 4-percent decrease in 1998.

#### **Revised 1993-98 Milk Output Little Changed**

Final estimates of 1993-97 milk production and the normal annual revision of 1998 data did not change the picture of recent milk production very much at all. Total milk production during 1996-98 was reduced less than 0.5 percent each year. The growth in milk per cow was slightly less than earlier thought, while milk cow numbers declined slightly faster. None of these revisions was particularly significant. In 1998, the revised data show milk production beginning to expand a little later than earlier indicated but then developing at a more rapid pace.

#### **Broiler Production Increases To Accelerate**

Broiler production is expected to rise 5-6 percent in 1999 as higher producer profitability makes production increases more attainable and attractive. Producer net returns continue quite strong as lower feed costs and higher whole bird prices increase returns. In response to high net returns, pullet hatch for potential placement in the hatchery supply flock was 2 percent above a year ago in January and has averaged about 4 percent larger for the last year. The broiler-type hatching egg production flock was 4 percent larger than a year ago on January 1.

Broiler prices are expected to drop about 4 cents from 1998's 63 cents per pound due to increased supplies and a continuing lackluster export market. However, prices for whole birds are expected to continue stronger than a year ago through the first quarter, but should be slightly weaker than a year ago for most of the year as production increases accelerate. Plentiful pork supplies are providing competition for low-priced poultry products in the export market. Price strength later in 1999 would require a recovery of the Russian and Asian export markets and a reduction in competing red meat supplies.

Larger increases in the broiler-type chick hatch since November indicate that production should increase more strongly. Egg sets in incubators for broiler production were up between 3 and 5 percent in November through early February for the 15 States surveyed. Most of these birds will be ready for slaughter during the first quarter.

#### **Turkey Net Returns Positive**

Reductions in feed costs (29 percent below a year ago) and slight increases in turkey prices allowed producers to more than breakeven in January, following losses of over 10 cents per pound last year. Returns are expected to continue near break-even for the first half of the year.

Turkey production declined about 4 percent from a year ago in 1998 as lower poult placements limited slaughter. Production is expected to be nearly unchanged in 1999. Total turkey supplies will be about unchanged from last

year as lower exports and smaller ending stocks nearly offset the decline in production and carryin stocks. Per capita supplies are expected to be slightly lower. Prices are expected to be about 1 cent higher at both wholesale and retail.

#### **Larger Egg Production Expected**

Egg production increased nearly 3 percent in 1998 and brought wholesale large egg prices down about 5 cents per dozen. Egg production is expected to continue increasing but at a slightly slower 2-percent rate. Increasing production is expected to continue pressuring on egg prices with the 1999 forecast 3-4 cents lower. Declining feed costs are expected to offset some of the price decline and keep egg production profitable for most producers in 1999.

#### **Broiler Exports To Decline**

U.S. broiler exports are expected to decrease to 4.4 billion pounds in 1999, after many years of growth. Decreasing exports to Russia are a major factor in the decline. While adverse economic conditions have affected consumer expenditures in a number of countries, poultry products remain the least expensive meat product in many of these areas.

Another factor that could affect U.S. broiler exports is the continuing economic problems faced by Brazil, one of the world's largest broiler exporters. The devaluation of its currency means Brazilian producers would be in a position to reduce prices in an attempt to promote exports and to increase foreign exchange earnings. A weak domestic economy is also expected to depress Brazil's broiler consumption, which would leave more of its production available for export.

In 1998, exports of broiler meat totaled 4.7 billion pounds. Exports to Russia and other NIS countries have declined sharply since September. Broiler exports to the Baltic countries and Poland will likely show year-over-year growth, but this is due to the large amounts of products imported before the Russian economic crisis began. The economic problems affecting many Asian economies have not yet affected broiler exports as shipments to Hong Kong/China and Japan will be higher in 1998. However, U.S. exports of turkey, other chicken, and eggs and egg products to these markets will be down significantly.

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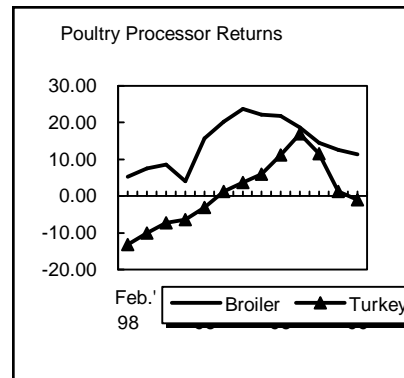
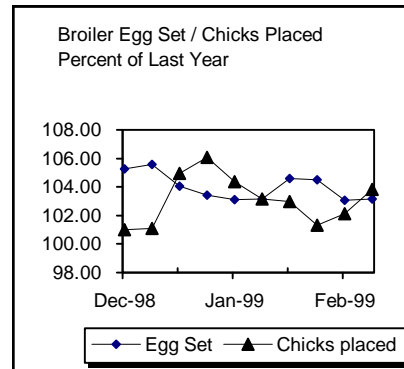
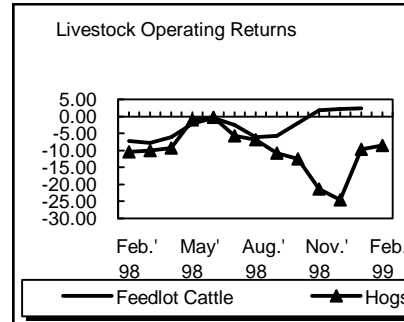
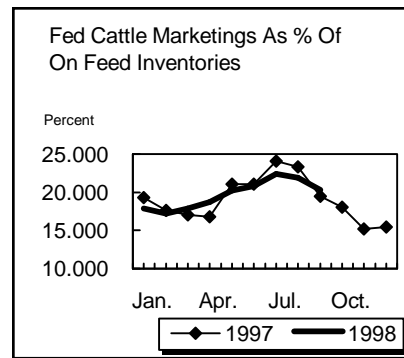
## PRODUCTION INDICATORS

	Jan. '98	1998		1999
		Nov.	Dec.	Jan. /*
	1000 Head			
<b>Cattle:</b>				
On feed - 7 States, 1,000+ Hd.	9,455	9,190	9,404	9,021
Net placements	1,414	1,669	1,181	1,624
Marketings	1,689	1,455	1,564	1,738
<b>Broilers:</b>				
Eggs in incubators (000) /1	590,889	578,853	617,920	619,107
Chicks hatched (000) /2	710,576	673,907	740,000	735,348
Hatching egg layers /1	53,966	54,442	55,038	56,134
Pullets placed (000)	6,794	7,306	7,264	7,059
Hvy-type hen slaughter /2	5,533	4,751	5,343	5,500
<b>Turkeys:</b>				
Eggs in incubators (000) /1	32,748	27,926	30,824	31,588
Poults placed (000)	26,240	22,167	24,985	24,308
<b>Eggs:</b>				
Table egg prod. (mil. doz.) /2	476.7	474.6	490.0	491.0
Table egg layers, (000) /1	254,018	259,384	263,040	263,274
Table eggs/100 layers /1	72.9	71.9	73.2	72.8
Chicks hatched (000) /2	37,234	30,810	35,000	35,653
Lt.-type hen slaughter /2	9,236	6,384	9,811	9,250

## ESTIMATED RETURNS

	Feb. '98	1998	1999	Feb. /*
		Dec.	Jan.	
	Cents/lb.			
<b>Great Plains cattle feedlot</b>				
Breakeven price /3	67.99	57.75	59.16	60.48
Selling price	60.77	59.97	61.46	62.50
Net margin	-7.22	2.22	2.30	2.02
<b>N. Central hog farrow to finish</b>				
Breakeven price /3	44.92	38.52	36.35	35.34
Selling price	34.53	13.92	26.61	26.75
Net margin	-10.39	-24.60	-9.74	-8.59
<b>Broiler</b>				
Wholesale cost	51.15	45.94	46.75	46.82
Wholesale price	56.40	60.45	59.33	58.23
Net margin	5.25	14.51	12.58	11.41
<b>Turkey</b>				
Wholesale cost	67.08	55.91	56.70	58.02
Wholesale price	53.87	67.39	58.02	57.00
Net margin	-13.21	11.48	1.32	-1.02
<b>Egg</b>				
Wholesale cost	69.19	63.33	63.41	63.10
Wholesale price	76.08	87.01	84.03	73.00
Net margin	6.89	23.68	20.62	9.90

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



# MEAT STATISTICS

	Jan. -	Jan. -	1998			1999	
	Feb. '98	Feb. '99	Oct.	Nov.	Dec.	Jan.	Feb.
<b>Commercial production</b>	<i>Million pounds</i>						
Beef	4,134	4,162	2,235	2,004	2,100	2,170	1,992
Veal	45	35	21	19	22	17	18
Pork	3,091	3,137	1,757	1,683	1,799	1,627	1,510
Lamb	42	38	20	19	23	18	20
Total red meat	7,312	7,372	4,033	3,725	3,944	3,832	3,540
Broilers	4,513	4,650	2,494	2,192	2,360	2,375	2,275
Other chicken	83	85	45	37	46	45	40
Turkeys	845	775	474	462	431	375	400
Total poultry	5,441	5,510	3,013	2,690	2,836	2,795	2,715
Total meat & poultr	12,753	12,882	7,046	6,415	6,780	6,627	6,255

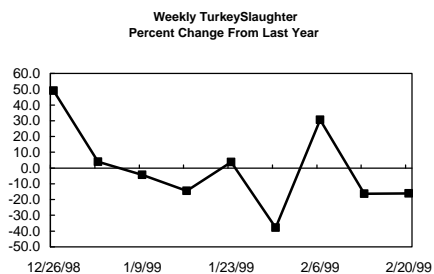
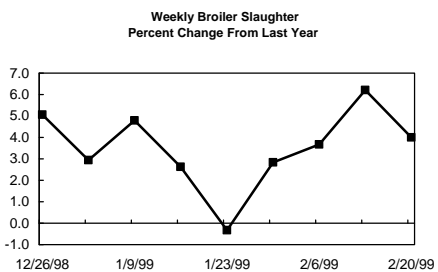
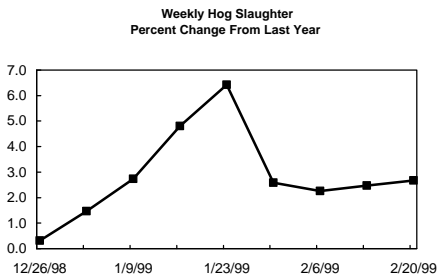
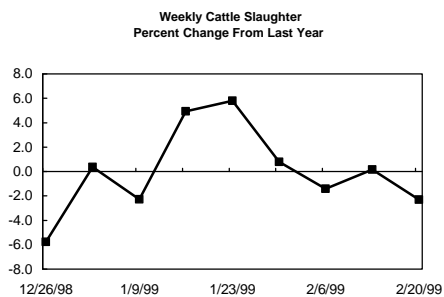
	Jan. -	Jan. -	1998			1999	
	Feb. '98	Feb. '99	Oct.	Nov.	Dec.	Jan.	Feb.
<b>Commercial slaughter**</b>	<i>Thousand head</i>						
Cattle	5,786	5,688	3,053	2,775	2,894	2,962	2,726
Steers	2,794	2,761	1,350	1,420	1,406	1,428	1,333
Heifers	1,868	1,896	860	888	1,070	991	905
Beef Cows	527	494	301	304	301	270	224
Dairy Cows	504	448	216	234	224	227	221
Bulls and stags	93	90	48	48	52	46	44
Calves	241	215	125	112	130	105	110
Sheep	618	577	323	298	355	268	309
Hogs	16,300	16,419	9,349	8,809	9,427	8,549	7,870
Barrows & gilts	15,689	15,776	8,482	9,070	8,994	8,226	7,550
Sows	522	569	292	321	314	289	280
Broilers	1,273,505	1,275,000	686,139	600,633	651,561	650,000	625,000
Turkeys	42,513	37,500	24,779	24,383	22,033	17,500	20,000

	Feb. '98	1998			1999	
		Oct.	Nov.	Dec.	Jan.	Feb.
<b>F.I. dressed weight</b>	<i>Pounds</i>					
Cattle	726	739	729	732	739	740
Calves	188	170	172	170	168	168
Sheep	68	64	65	66	67	67
Hogs	190	189	192	192	191	192

	Feb. '98	1998			1999	
		Oct.	Nov.	Dec.	Jan.	Feb.
<b>Beginning cold storage stocks</b>	<i>Million pounds</i>					
Beef	326.6	323.1	358.2	328.3	296.4	296.7
Pork	446.1	388.7	411.9	443.4	503.5	517.8
Bellies	55.2	9.5	16.4	41.7	72.7	82.0
Hams	70.5	104.4	99.1	76.7	63.7	78.0
Total chicken	625.0	588.7	601.9	663.3	717.3	714.2
Turkey	497.6	702.6	661.2	314.9	304.3	365.6
Frozen eggs	12.0	8.3	9.0	9.3	11.0	11.1

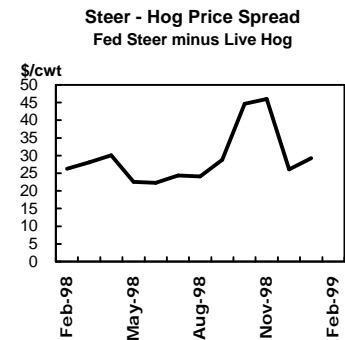
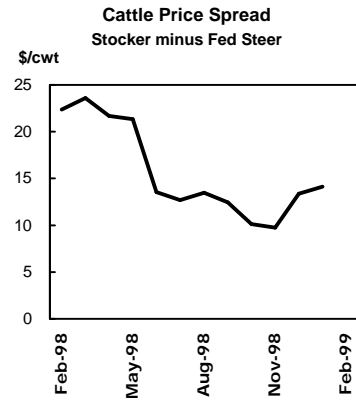
/\* Estimates with exception of Cold Storage

/\*\* Slaughter classes are estimated



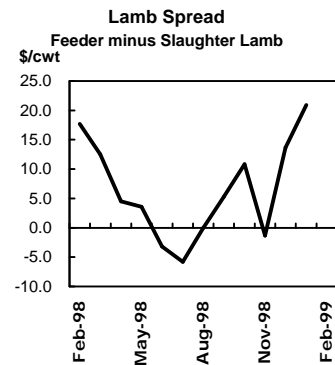
## LIVESTOCK PRICES

	1998				1999	
	Feb.	Oct.	Nov.	Dec.	Jan.	Feb. /*
<b>Cattle prices</b>						
\$/cwt.						
Steers, Choice, 11-13 cwt.						
Texas Panhandle	60.77	61.54	62.23	59.97	61.46	62.50
Nebraska Direct	59.74	62.00	61.81	59.36	60.65	61.75
Cows - Sioux Falls						
Utility breaking	40.34	34.93	33.91	36.75	36.71	37.50
Utility boning	38.50	31.60	30.82	34.03	35.00	35.75
Feeder Cattle - Oklahoma City						
Steers: Med. #1						
500-550 lb.	90.70	75.14	80.00	82.48	85.41	86.50
600-650 lb.	83.14	71.67	71.99	73.33	75.60	77.00
750-800 lb.	75.28	70.26	69.08	70.06	71.75	73.00
Heifers: Med. #1						
450-500 lb.	80.51	68.37	72.11	77.54	76.22	78.25
700-750 lb.	70.67	65.13	63.81	64.08	68.15	69.25
<b>Hog prices</b>						
Barrows and gilts						
5 Markets	34.11	26.91	17.66	NA	NA	NA
Iowa/S. Minn No. 1-3	34.53	26.98	17.55	13.92	26.61	26.75
Sows						
5 Markets	28.49	20.98	16.09	NA	NA	NA
<b>Sheep &amp; lamb prices</b>						
San Angelo TX						
Slaughter lambs, Choice	74.31	67.20	63.33	71.44	69.31	67.50
Ewes, Good	50.69	33.75	36.04	45.00	41.00	37.75
Feeder lambs, Choice	92.00	70.10	74.17	70.13	78.75	78.50



## GRAIN AND FEED PRICES

	1998				1999	
	Feb.	Oct.	Nov.	Dec.	Jan.	Feb. /*
\$/bu						
Corn, #2 Yellow, Cen. Ill	2.58	1.94	2.09	2.08	2.07	2.06
Wheat, HRW Ord., K.C.	3.55	3.17	3.30	3.18	3.12	2.92
\$/ton						
SBM, 48% Solvent, Decatur	192.75	135.70	144.45	146.45	138.82	133.00
Alfalfa Hay, U.S. Avg	106.00	88.10	85.00	81.40	81.40	NA
Grass Hay, U.S. Avg	74.10	72.50	69.30	69.40	71.00	NA



/\* Estimates

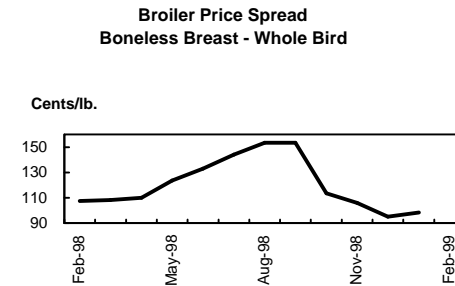
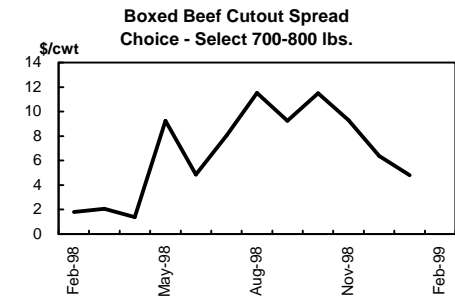
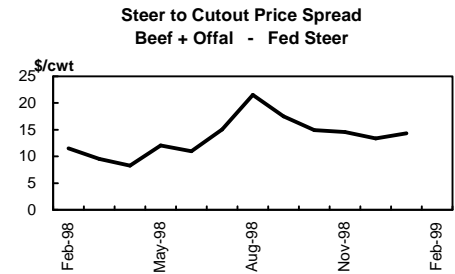
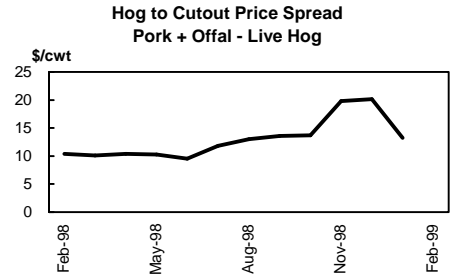
Livestock, Dairy and Poultry Situation and Outlook

## WHOLESALE PRICES

	1998				1999		/*
	Feb.	Oct.	Nov.	Dec.	Jan.	Feb.	
<b>Beef, Central U.S.</b>							
Boxed beef cutout			\$/cwt				
Choice 1-3 550-700 lb.	96.27	102.08	102.61	97.49	101.37	99.50	
Choice 1-3 700-850 lb.	94.57	102.08	101.44	96.91	99.53	98.50	
Select 1-3 700-850 lb.	92.77	90.59	92.14	90.53	94.72	97.50	
Canner-Cutter Cows	65.64	55.22	55.58	56.25	60.44	63.25	
Bnls beef, 90% fresh	98.45	78.04	80.75	84.57	94.38	91.75	
Importd bnls. beef 90% frz.	89.88	80.16	81.53	82.75	85.75	91.75	
Hide & offal value	7.21	6.58	6.78	7.05	6.71	6.45	
Veal carcass, 220-280 lb.	171.41	158.44	158.75	160.95	170.66	192.25	
<b>Pork, Central U.S.</b>							
Pork cutout composite	54.52	48.18	42.09	37.92	49.69	47.50	
Loins, 14-19 lb. BI 1/4" trim	103.03	99.63	79.90	72.49	105.82	92.00	
Bellies, 12-14 lb. skin on trmrd	45.89	42.05	39.13	36.31	48.80	50.50	
Hams, 20-27 lb. BI trmrd. TS1	48.88	46.57	41.84	39.31	35.83	44.00	
Trimnings, 72% fresh	33.34	21.43	18.68	14.91	20.46	26.50	
<b>Lamb, East Coast</b>							
55 lb. Down, Choice	153.14	152.93	141.75	149.53	161.72	161.75	
55-65 lb., Choice	151.14	157.18	141.75	146.33	156.72	156.75	
			cents/lb.				
<b>Broilers</b>							
12 City Avg.	56.40	68.04	64.13	60.45	59.33	58.23	
Georgia dock	54.65	68.26	66.06	63.65	61.71	60.15	
<i>Northeast</i>							
Breast, boneless	163.77	181.51	170.16	155.48	157.79	157.00	
Breast, Ribs on	84.75	95.26	89.26	76.59	78.27	85.00	
Legs, whole	45.21	40.07	36.82	33.02	30.31	30.00	
Leg quarters	30.15	21.60	20.18	17.98	17.38	18.00	
<b>Turkeys</b>							
<i>Eastern Region</i>							
Toms, 14-22 lb.	54.96	73.68	76.21	67.14	57.86	58.00	
Hens, 8-16 lb.	54.04	71.52	72.95	69.00	57.67	57.00	
Breast, 4-8 lb.	91.24	98.10	100.75	97.64	95.65	95.00	
Drumsticks	25.69	29.52	27.43	23.14	17.79	20.00	
Wings, full cut	27.59	27.57	28.90	25.38	19.71	22.00	
<b>Eggs, grd A, lg, doz</b>							
12 City Metro	76.08	81.67	86.39	87.01	84.03	73.00	
New York	72.45	78.90	83.60	82.68	79.87	69.00	

/\* Estimates

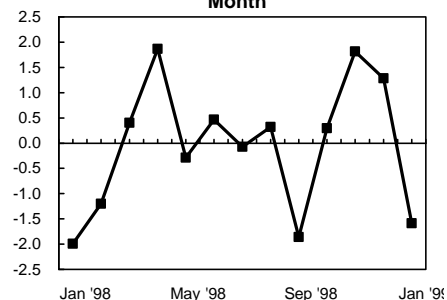
Livestock, Dairy and Poultry Situation and Outlook



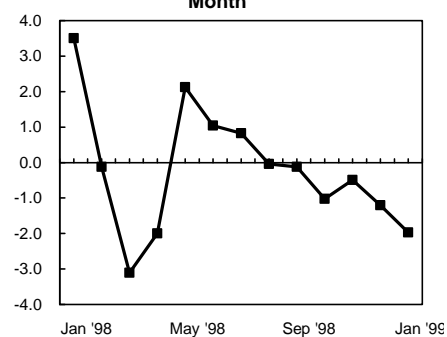
## RETAIL PRICES & SPREADS

	Jan-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99
<b>Retail prices</b>						
	<i>Cents/lb.</i>					
Beef - Choice	275.3	274.2	275.0	280.0	283.6	279.1
Beef - All Fresh	253.2	250.0	251.9	252.9	253.8	253.5
Ground Beef	145.7	136.1	139.3	144.2	138.8	138.2
Round Roast	277.4	269.1	269.9	275.8	274.7	273.9
T-bone steak	582.7	600.0	604.1	602.4	639.9	636.2
Pork 1/	248.4	244.7	242.2	241.0	238.1	233.4
Bacon	264.4	257.6	256.7	261.9	258.0	252.3
Chops	334.2	322.6	317.7	309.5	302.8	295.1
Sausage	238.1	242.6	245.3	242.6	242.8	236.2
Chicken - Composite	153.4	154.8	158.8	157.8	156.0	155.2
Whole, fresh	102.2	107.4	107.6	108.4	106.0	107.2
Breast - bone in	203.3	208.5	213.2	204.6	211.4	207.2
Leg - bone in	128.0	125.5	130.0	210.2	126.1	127.4
Turkey; whole frozen	103.4	105.2	102.5	93.4	95.4	96.9
Eggs, Gr A, Lg, Doz	112.0	102.2	104.8	107.7	108.9	105.3
<b>Price indexes</b>						
	<i>1982-84=100</i>					
CPI - All	161.6	163.6	164.0	164.0	163.9	164.3
All food	159.9	161.1	162.0	162.1	162.3	163.6
All meat	143.2	141.6	141.3	141.4	140.2	139.4
Beef & veal	136.8	136.3	136.1	137.0	137.1	136.0
Pork	152.1	148.7	147.5	146.2	144.1	141.9
Poultry	155.1	159.3	161.1	159.6	159.3	158.5
<b>Price Spreads</b>						
	<i>Cents / retail lb.</i>					
Beef						
Farm to wholesale	18.4	28.6	25.5	26.6	24.9	26.2
Wholesale to retail	121.1	121.0	118.6	121.9	133.2	122.8
Farmers share (%)	49	45	48	47	44	47
Pork 1/						
Farm to wholesale	33.6	36.4	41.2	49.6	51.8	44.9
Wholesale to retail	147.3	148.5	148.9	156.4	157.0	137.8
Farmers share (%)	27	24	22	15	12	22
Poultry and eggs						
Wholesale to retail						
Broilers	97.6	83.2	95.1	98.4	99.8	99.1
Retail to consumer						
Turkey	38.8	29.3	21.3	10.3	19.0	29.9
Eggs Cents/doz	27.3	24.0	24.1	22.3	22.9	22.3

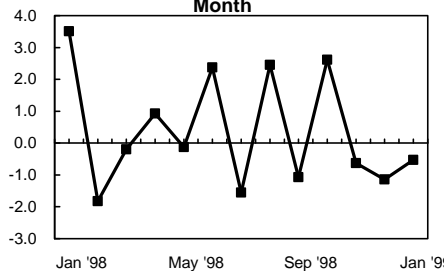
**Retail Beef Price**  
Percent Change From Previous Month



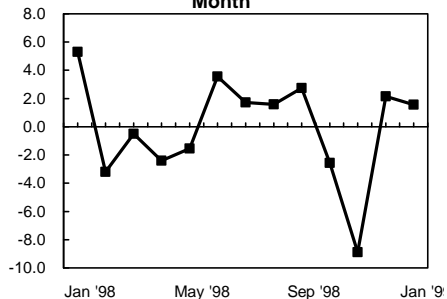
**Retail Pork Price**  
Percent Change from Previous Month



**Composite Broiler Price**  
Percent Change from Previous Month



**Retail Turkey Price**  
Percent Change from Previous Month



1/ Pork prices and spreads have been revised and are reflected here.



**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	Dec-98
<b>Beef &amp; Veal Imports</b>												
	<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	70,370
New Zealand	53,449	69,972	66,652	57,856	63,443	81,090	68,645	35,610	23,544	18,198	18,431	36,202
Canada	74,167	64,503	62,376	56,803	67,461	72,077	66,568	70,564	68,603	75,161	75,416	68,909
Brazil	11,652	6,648	10,504	10,262	10,230	11,589	11,732	14,685	11,771	12,411	11,634	11,936
Argentina	12,767	8,606	8,451	7,337	6,612	9,670	8,037	7,798	9,236	11,836	15,465	18,377
Central America	3,886	8,037	7,456	3,022	2,668	2,640	2,497	3,983	3,818	3,114	3,656	7,016
Other	4,407	3,878	4,978	3,946	4,906	5,692	5,667	3,976	3,563	5,015	6,439	8,164
Total	223,052	197,893	223,124	208,914	197,962	275,762	252,058	224,824	208,606	201,404	208,054	220,975
<b>Beef &amp; Veal Exports</b>												
Japan	84,595	87,664	97,216	99,949	95,319	98,857	110,607	96,221	87,079	99,838	82,243	78,901,763
Canada	19,649	19,991	21,390	22,138	21,095	23,098	20,080	21,349	21,827	20,789	24,538	25,266,491
Mexico	25,837	30,535	30,814	28,941	31,582	33,203	38,820	40,662	38,086	35,984	41,008	43,384,781
Korea, Rep.	6,561	6,211	15,617	8,231	11,237	6,607	6,151	11,447	15,937	22,776	24,096	18,936,198
Caribbean	1,881	1,596	1,926	1,730	1,550	1,360	2,365	1,103	1,444	1,974	1,592	NA
Other	15,320	13,835	19,811	15,029	23,641	12,990	23,010	14,531	11,942	12,693	17,586	NA
Total	153,843	159,832	186,774	176,017	184,424	176,114	201,034	185,312	176,315	194,054	191,062	185,857,913
<b>Cattle Imports</b>												
	<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	102,683
Canada	93,987	114,883	127,660	128,398	114,013	100,818	84,515	129,789	135,189	127,443	92,912	63,869
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	55,104
440-700 lbs.	4,949	7,355	4,961	8,743	9,825	1,150	577	1,398	2,295	3,063	2,194	1,048
Total	152,080	177,046	208,892	206,025	173,827	123,695	94,459	133,444	145,548	197,555	254,877	166,561
<b>Cattle Exports</b>												
Mexico	18,132	16,294	15,793	13,244	11,248	13,424	13,445	15,250	12,671	11,700	9,005	10,268
Canada	4,678	5,913	7,544	6,606	8,831	6,882	4,450	3,326	3,206	12,752	26,304	26,270
Total	23,425	22,525	23,874	21,225	21,601	20,633	18,150	18,828	16,167	25,918	36,325	37,046
<b>Lamb Imports</b>												
	<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	5,635
New Zealand	2,494	2,918	4,539	3,284	2,705	3,367	2,478	2,104	1,847	2,818	2,790	3,454
Total	5,513	5,839	9,319	6,466	5,349	5,682	6,223	5,313	5,381	6,835	6,764	9,128
<b>Mutton Imports</b>												
Total	3,874	2,987	4,676	4,347	3,088	3,354	1,978	1,256	1,527	1,333	2,433	3,656
<b>Lamb and mutton exports</b>												
Total	634	324	571	579	327	258	399	334	221	612	778	723

<b>Pork Imports</b>	<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	48,883
Denmark	8,346	12,829	10,735	9,322	6,677	11,889	13,357	12,062	11,986	12,529	12,644	13,137
Poland	1,217	1,651	2,027	802	1,673	1,580	1,587	1,442	1,728	2,602	1,954	1,536
Hungary	536	422	687	661	820	1,014	1,152	1,405	916	1,010	982	1,002
Netherlands	948	1,216	826	870	769	476	776	405	422	1,000	918	1,347
Other	3,372	3,352	3,671	3,413	3,589	2,508	2,504	2,097	3,121	3,730	3,453	3,449
Total	49,500	51,558	53,290	51,449	45,910	55,993	59,183	61,093	62,213	72,281	72,841	69,354
<b>Pork Exports</b>												
Japan	36,382	33,896	39,214	57,660	43,568	40,552	40,683	41,144	37,560	47,325	40,961	37,526
Canada	12,790	12,191	11,505	9,575	13,869	11,977	9,036	8,217	10,791	7,213	8,959	10,251
Mexico	10,532	9,070	11,265	11,243	10,962	12,426	12,299	10,937	10,677	13,381	16,676	15,895
Caribbean	1,029	987	827	1,244	1,635	1,421	2,047	2,503	2,567	2,350	3,132	2,043
Other	26,526	37,228	52,511	44,379	45,719	42,247	37,016	35,351	27,402	32,032	35,411	24,309
Total	87,258	93,371	115,321	124,100	115,753	108,623	101,081	98,152	88,998	102,300	105,138	90,024
<b>Hog Imports</b>	<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	371,694
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	152,006
Total	381,743	321,510	352,398	302,597	333,389	361,792	373,570	342,422	339,611	345,122	297,066	371,694
<b>Hog Exports</b>												
Total	15,487	8,423	6,585	9,767	9,129	11,388	14,052	18,697	16,736	24,560	41,610	53,020
<b>Broiler Exports</b>	<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	14,208
Mexico	19,774	22,760	26,027	21,548	24,148	20,705	22,610	23,720	20,603	22,149	22,006	29,634
Hong Kong	25,916	56,673	82,046	91,456	84,836	82,472	88,718	86,709	84,827	80,808	91,099	129,051
Singapore	1,996	1,265	1,665	1,896	792	975	1,360	1,009	1,581	1,578	1,340	1,658
Canada	10,517	8,963	10,716	10,707	10,488	9,987	10,457	11,955	11,888	11,433	13,808	12,302
Russia	234,851	164,709	132,831	142,743	186,887	180,613	122,502	147,152	2,150	48,397	20,580	112,684
Total	440,624	407,423	392,963	397,049	474,640	470,756	424,943	415,025	243,299	303,519	282,534	420,060
<b>Turkey Exports</b>												
Mexico	11,710	15,263	15,309	13,645	19,389	25,884	19,881	20,089	25,453	30,342	22,112	29,716
S. Korea	168	145	47	291	132	48	380	503	432	924	860	1,472
Russia	3,616	6,186	9,874	8,144	13,095	9,688	8,108	5,501	553	131	536	274
Hong Kong	3,343	2,547	2,167	4,159	2,460	2,862	2,611	3,964	4,378	2,039	2,528	1,327
Total	29,717	31,181	34,558	31,296	41,637	46,284	37,835	35,266	36,471	39,680	31,317	39,527
<b>Shell Egg Exports</b>	<i>Thousand dz.</i>											
	6,370	7,139	9,189	9,328	7,757	8,247	8,412	7,927	9,715	11,639	7,994	8,672

For further information:

Larry Duewer (202) 501-8522

## ECONOMIC INDICATOR FORECASTS <sup>1/</sup>

	1997			1998					1999				
	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
<b>GDP, chain wtd (bil. 1992 dol.)</b>	7,222	7,290	7,189	7,356	7,491	7,560	7,670	7,550	7,727	7,815	7,862	7,909	7,792
<b>CPI-U, annual rate (pct.)</b>	2.0	2.5	1.9	0.5	2.0	2.0	1.9	1.5	1.9	2.0	2.2	2.3	2.0
<b>Unemployment (pct.)</b>	4.9	4.7	5.0	4.7	4.4	4.5	4.4	4.5	4.4	4.4	4.5	4.5	4.5
<b>Interest (pct.)</b>													
3-month Treasury bill	5.1	5.1	5.1	5.3	5.0	5.0	4.3	4.8	4.4	4.4	4.4	4.4	4.4
10-year Treasury bond yield	6.2	5.9	6.4	6.8	5.6	5.5	4.7	5.3	4.8	4.9	5.0	5.1	4.9

1/ Source: Survey of Professional Forecasters, Philadelphia Federal Reserve Bank, February 1999

## 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	9,176	9,171	9,149	9,137	9,158	9,140	9,130	9,130	9,120	9,130
Milk per cow (pounds)	4,195	4,144	16,926	4,268	4,451	4,210	4,261	17,191	4,365	4,550	4,330	4,320	17,565
<b>Milk production (bil. pounds)</b>	38.8	38.2	156.6	39.2	40.8	38.5	38.9	157.4	39.9	41.5	39.5	39.4	160.4
<b>Commercial use (bil. pounds)</b>													
milkfat basis	40.4	39.3	156.6	38.2	40.7	40.5	40.4	159.8	39.3	40.5	41.7	40.8	162.3
skim solids basis	39.1	38.7	154.3	38.0	39.2	39.1	39.6	156.0	39.1	39.8	40.4	40.2	159.5
<b>Net removals (bil. pounds)</b>													
milkfat basis	0.3	0.4	1.1	0.2	0.1	0.0	0.0	0.4	0.1	0.1	0.1	0.1	0.4
skim solids basis	1.1	1.1	3.7	1.2	1.1	1.1	0.6	4.0	0.8	1.0	0.9	0.6	3.3
<b>Prices (dol./cwt)</b>													
All milk	12.63	14.53	13.34	14.60	13.73	15.37	17.83	15.38	16.55	13.00	12.55	14.00	14.05
									-16.85	-13.60	-13.45	-15.00	-14.75
Basic Formula Price	11.91	13.03	12.05	13.13	12.00	14.95	16.74	14.20	13.60	11.55	11.55	12.35	12.25
									-13.90	-12.15	-12.45	-13.35	-12.95

**RED MEAT AND POULTRY FORECASTS**

	1997			1998					1999				
	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
<b>Production, million lb.</b>													
Beef	6,603	6,258	25,384	6,215	6,463	6,638	6,340	25,656	6,275	6,325	6,325	6,050	24,975
Pork	4,196	4,766	17,244	4,687	4,430	4,625	5,239	18,981	4,900	4,650	4,600	4,725	18,875
Broilers	6,864	6,831	27,271	6,845	6,991	6,942	7,046	27,824	7,175	7,400	7,400	7,400	29,375
Turkeys	1,411	1,428	5,478	1,290	1,321	1,302	1,366	5,279	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	20,215	78,608	19,754	19,903	19,889	19,767	79,313
Table eggs, mil doz.	1,358	1,417	5,465	1,389	1,381	1,401	1,448	5,619	1,415	1,410	1,430	1,475	5,730
<b>Per capita consumption, Retail lb.</b>													
Beef	17.1	16.3	66.9	16.7	17.2	17.5	16.6	68.1	16.7	16.5	16.5	15.7	65.4
Pork	12.0	13.4	48.7	12.7	12.3	13.1	14.4	52.5	13.5	12.7	13.0	13.0	52.2
Broilers	18.6	17.7	72.7	17.7	18.3	18.6	19.2	73.9	19.5	20.0	19.5	19.5	78.5
Turkeys	4.2	6.0	17.6	3.9	3.9	4.2	6.0	18.1	3.4	3.9	4.3	6.0	17.6
Total Red Meat & Poultry	52.5	53.9	208.6	51.7	52.3	54.0	56.8	214.9	53.8	53.7	53.8	54.8	216.1
Eggs, number	59.7	62.1	240.0	60.5	60.4	61.1	63.0	245.1	61.3	60.9	61.6	63.6	247.5
<b>Market Prices</b>													
Choice steers, Neb., \$/cwt.	65.65	66.61	66.32	61.73	64.16	58.97	61.06	61.48	62-64	64-68	63-66	64-70	63-68
Feeder steers, Ok City, \$/cwt.	80.44	78.98	76.19	75.49	74.00	67.89	69.80	71.80	73-75	73-77	71-77	73-76	72-77
Bng Ut Cows, S. Falls, \$/cwt.	35.20	32.80	34.27	38.28	39.15	35.21	32.15	36.20	35-37	40-44	42-46	42-44	40-42
Barrows & gilts, Ia/Mn., \$/cwt.	54.45	43.68	51.40	34.62	39.34	33.22	19.48	31.67	25-27	32-34	36-38	38-42	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	56-58	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	75-77	63-67	67-73	77-83	70-75
<b>U.S. Trade, million lb.</b>													
Beef & veal exports	600	568	2,136	500	537	563	558	2,158	520	670	580	570	2,340
Beef & veal imports	576	515	2,343	644	682	685	600	2,611	675	725	700	605	2,705
Pork exports	272	304	1,044	296	348	288	300	1,232	355	375	315	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	850	4,516	950	1,100	1,200	1,175	4,425
Turkey exports	162	160	598	100	121	112	105	438	100	100	110	120	430

High Plains cattle feeding simulator

Purchased During	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98
Marketed During	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99
Expenses: (\$/head)														
750 lb. feeder steer	599.78	586.80	603.83	618.00	589.73	575.10	565.13	572.70	565.13	558.75	528.98	512.48	517.58	537.45
Total feed, handling, and management charge	147.58	151.72	155.49	153.28	145.54	143.26	141.78	140.95	134.83	136.87	133.42	114.92	118.92	114.02
Interest on feeder and 1/2 feed	35.53	34.69	35.68	36.36	34.78	33.95	33.39	33.64	33.08	32.80	31.01	29.67	30.03	30.64
Death loss (1% of purchase)	6.00	5.87	6.04	6.18	5.90	5.75	5.65	5.73	5.65	5.59	5.29	5.12	5.18	5.37
Marketing 1/	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.
Total expenses	788.88	779.08	801.03	813.83	775.94	758.06	745.94	753.02	738.69	734.01	698.70	662.18	671.71	687.48
Selling price required to cover: (\$/cwt)														
Feed and feeder cost	64.81	64.45	66.27	66.97	63.37	60.92	59.58	61.47	60.29	60.13	57.22	54.72	56.05	57.32
All costs	68.41	67.99	69.91	70.67	66.87	64.29	62.87	64.86	63.62	63.44	60.35	57.75	59.16	60.48
Selling price 2/	64.57	60.77	62.05	64.52	64.52	63.85	60.28	58.75	57.93	61.54	62.75			
Net margin	-3.84	-7.22	-7.86	-6.15	-2.35	-0.44	-2.59	-6.11	-5.69	-1.90	2.40			
Cost per 100 lb. gain:														
Variable cost														
less interest \$/cwt	38.10	39.81	40.80	39.70	36.90	34.72	33.78	35.69	34.18	35.01	34.02	30.27	32.19	30.88
Feed costs \$/cwt	36.61	38.33	39.28	38.16	35.47	33.38	32.48	34.29	32.80	33.63	32.73	28.98	30.85	29.49
Total costs \$/cwt	46.91	48.57	49.82	48.76	45.38	42.63	41.43	43.87	42.23	43.07	41.63	37.75	39.98	38.80
Prices: (\$/cwt)														
Choice feeder steer														
750-800 lb. Ok City	78.57	76.84	79.11	81.00	77.23	75.28	73.95	74.96	73.95	73.10	69.13	66.93	67.61	70.26
Feed, Prices, High Plains														
Milo \$/cwt	4.18	4.08	4.25	4.18	4.25	4.21	4.18	4.02	3.83	3.84	3.66	2.97	3.20	3.24
Corn \$/cwt	4.79	4.74	4.85	4.79	4.78	4.76	4.76	4.59	4.43	4.50	4.29	3.66	3.46	3.80
Wheat \$/cwt	5.44	5.20	5.18	5.09	4.89	5.01	5.09	4.89	4.71	4.44	4.39	3.92	3.80	4.42
Cottonseed Meal (41%) \$/cwt.	9.58	10.69	10.19	9.93	8.22	7.50	7.16	6.41	5.78	6.68	7.59	7.09	6.23	5.75
Alfalfa hay \$/ton	128.00	131.00	139.00	139.00	150.00	134.00	160.00	153.00	149.00	148.00	148.00	154.00	151.00	149.00
Interest, annual rate 3/	10.55	10.47	10.47	10.47	10.50	10.50	10.50	10.46	10.46	10.46	10.41	10.41	10.41	10.31

1/ Cattle sold f.o.b., 4% shrink.

2/ Steers, 1100-1300 lb, Tx-Ok! direct.

3/ Variable interest rate,

11th District Federal Reserve.

Historical data is available by autofax.

Dial 202-694-5700

Document number 11520.

7-State cattle on feed, net placements, marketings, and other disappearance in feedlots with capacity of 1,000 or more head

Year	On feed		Placements		Marketings		Other disappearance	
	1,000 head	% Chg	1,000 head	% Chg	1,000 head	% Chg	1,000 head	% Chg
1996								
Jan.	8,667	7.9	1,312	-19.6	1,626	9.6	49	-16.9
Feb.	8,304	2.3	1,441	-5.9	1,541	12.3	52	0.0
Mar.	8,152	-0.9	1,666	-0.9	1,476	-2.4	56	-16.4
1st Qtr			4,419		4,643		157	
Apr.	8,286	-0.5	1,150	-18.0	1,613	12.2	65	6.6
May	7,758	-5.8	1,300	-22.3	1,747	4.8	58	1.8
June	7,253	-11.4	1,068	-21.2	1,696	-3.3	47	-6.0
2nd Qtr			3,518		5,056		170	
July	6,578	-14.9	1,483	5.6	1,678	-1.2	46	-6.1
Aug.	6,337	-14.3	1,965	18.9	1,653	-8.9	37	-7.5
Sept.	6,612	-8.0	2,267	4.3	1,342	-15.8	51	10.9
3rd Qtr			5,715		4,673		134	
Oct.	7,486	-3.1	2,536	11.3	1,431	-6.4	57	11.8
Nov.	8,534	1.4	1,953	8.3	1,418	-4.1	66	8.2
Dec.	9,003	3.7	1,423	-1.6	1,415	0.2	68	30.8
4th Qtr			5,912		4,264		191	
Annual			19,564		18,636		652	
1997								
Jan.	8,943	3.2	1,663	26.8	1,728	6.3	65	32.7
Feb.	8,813	6.1	1,552	7.7	1,554	0.8	42	-19.2
Mar.	8,769	7.6	1,694	1.7	1,497	1.4	62	10.7
1st Qtr			4,909		4,779		169	
Apr.	8,904	7.5	1,296	12.7	1,648	2.2	68	4.6
May	8,484	9.4	1,612	24.0	1,785	2.2	80	37.9
June	8,231	13.5	1,224	14.6	1,732	2.1	44	-6.4
2nd Qtr			4,132		5,165		192	
July	7,679	16.7	1,751	18.1	1,852	10.4	42	-8.7
Aug.	7,536	18.9	2,111	7.4	1,755	6.2	42	13.5
Sept.	7,850	18.7	2,278	0.5	1,528	13.9	42	-17.6
3rd Qtr			6,140		5,135		126	
Oct.	8,558	14.3	2,454	-3.2	1,545	8.0	77	35.1
Nov.	9,390	10.0	1,826	-6.5	1,429	0.8	69	4.5
Dec.	9,718	7.9	1,304	-8.4	1,499	5.9	68	0.0
4th Qtr			5,584		4,473		214	
Annual			20,765		19,552		701	
1998								
Jan.	9,455	5.7	1,492	-10.3	1,689	-2.3	78	20.0
Feb.	9,180	4.2	1,290	-16.9	1,579	1.6	56	33.3
Mar.	8,835	0.8	1,421	-16.1	1,580	5.5	69	11.3
1st Qtr			4,203		4,848		203	
Apr.	8,607	-3.3	1,358	4.8	1,609	-2.4	61	-10.3
May	8,295	-2.2	1,740	7.9	1,681	-5.8	65	-18.8
June	8,289	0.7	1,314	7.4	1,727	-0.3	51	15.9
2nd Qtr			4,412		5,017		177	
July	7,825	1.9	1,677	-4.2	1,755	-5.2	41	-2.4
Aug.	7,706	2.3	1,773	-16.0	1,687	-3.9	42	0.0
Sept.	7,750	-1.3	2,254	-1.1	1,577	3.2	51	21.4
3rd Qtr			5,704		5,019		134	
Oct.	8,376	-2.1	2,396	-2.4	1,537	-0.5	45	-41.6
Nov.	9,190	-2.1	1,732	-5.1	1,455	1.8	63	-8.7
Dec.	9,404	-3.2	1,250	-4.1	1,564	4.3	69	1.5
4th Qtr			5,378		4,556		177	
Annual			19,697		19,440		691	
1999								
Jan.	9,021	-4.6	1,671	12.0	1,738	2.9	47	-39.7

**Total heifers entering cow herd January-June and July-December**

Year	Jan 1 cow inventory	Intended herd replacements Jan 1	Total 1/ disappearance Jan-Jun	July 1 cow inventory	Heifers entering the herd Jan-Jun	Percent entering	Intended herd replacements July 1	Total 2/ disappearance Jul-Dec	Jan 1 entering cow inventory following year	Heifers entering the herd Jul-Dec	Percent entering
	----- 1,000 head -----				Percent-----		1,000 head-----				Percent
1986	44,869	9,874	4,340	45,000	4,471	45.3	9,500	4,294	44,412	3,706	39.0
1987	44,412	9,519	3,699	44,400	3,687	38.7	9,400	3,577	43,494	2,671	28.4
1988	43,494	9,371	3,468	43,900	3,874	41.3	9,200	3,522	42,625	2,247	24.4
1989	42,625	9,442	3,517	43,000	3,892	41.2	9,200	3,438	42,469	2,907	31.6
1990	42,469	9,454	3,347	42,900	3,778	40.0	9,100	3,210	42,485	2,795	30.7
1991	42,485	9,536	3,229	43,200	3,944	41.4	9,300	3,031	42,735	2,566	27.6
1992	42,735	9,774	3,271	43,600	4,136	42.3	9,700	3,216	43,023	2,639	27.2
1993	43,023	10,268	3,395	44,600	4,972	48.4	9,700	3,336	44,178	2,914	30.0
1994	44,178	10,509	3,294	45,100	4,216	40.1	9,900	3,310	44,643	2,853	28.8
1995	44,643	10,616	3,460	45,600	4,417	41.6	9,600	3,490	44,644	2,534	26.4
1996	44,644	10,283	3,911	45,000	4,267	41.5	9,200	4,032	43,580	2,612	28.4
1997	43,580	10,113	3,639	44,000	4,059	40.1	8,900	3,578	42,874	2,452	27.5
1998	42,874	9,727									

1/ Death loss calculated as 1 percent of January 1 cow inventory plus estimated commercial cow slaughter  
 2/ Death loss calculated as 1/2 percent of January 1 cow inventory plus estimated commercial cow slaughter

**Beef heifers entering cow herd January-June and July-December**

Year	Jan 1 cow inventory	Intended herd replacements Jan 1	Total 1/ disappearance Jan-Jun	July 1 cow inventory	Heifers entering the herd Jan-Jun	Percent entering	Intended herd replacements July 1	Total 2/ disappearance Jul-Dec	Jan 1 entering cow inventory following year	Heifers entering the herd Jul-Dec	Percent entering
	----- 1,000 head -----				Percent-----		1,000 head-----				Percent
1992	33,007	5,643	1,695	33,900	2,588	45.9	5,600	1,681	33,365	1,146	20.5
1993	33,365	6,092	1,767	34,900	3,302	54.2	5,700	1,759	34,650	1,509	26.5
1994	34,650	6,365	1,744	35,600	2,694	42.3	5,900	1,797	35,156	1,353	22.9
1995	35,156	6,475	1,907	36,100	2,851	44.0	5,700	1,976	35,228	1,104	19.4
1996	35,228	6,179	2,302	35,600	2,674	43.3	5,500	2,391	34,271	1,062	19.3
1997	34,271	6,056	2,072	34,700	2,501	41.3	5,300	2,015	33,683	998	18.8
1998	33,683	5,745									

1/ Death loss calculated as 1 percent of January 1 cow inventory plus estimated commercial cow slaughter  
 2/ Death loss calculated as 1/2 percent of January 1 cow inventory plus estimated commercial cow slaughter

**January 1 cattle inventory**

Class	1990	1991	1992	1993	1994	1995	1996	1997	1998	Percent change 1998/97
Cattle and calves	95,816	96,393	97,556	99,176	100,988	102,755	103,487	101,460	99,501	-1.9%
Cows and heifers that have calved	42,469	42,485	42,735	43,023	44,178	44,643	44,644	43,580	42,874	-1.6%
Beef cows	32,454	32,520	33,007	33,365	34,650	35,156	35,228	34,271	33,683	-1.7%
Milk cows	10,015	9,966	9,728	9,658	9,528	9,487	9,416	9,309	9,191	-1.3%
Heifers 500 lb+ For beef cow replacement	17,257	17,638	17,822	18,818	19,577	19,891	20,232	20,311	19,746	-2.8%
For milk cow replacement	5,283	5,443	5,643	6,092	6,365	6,475	6,179	6,056	5,745	-5.1%
Other heifers	4,171	4,093	4,131	4,176	4,144	4,141	4,104	4,057	3,982	-1.8%
Other heifers	7,803	8,102	8,048	8,550	9,068	9,275	9,949	10,199	10,018	-1.8%
Steers 500 lb+	15,512	15,967	16,424	16,940	17,042	17,463	17,732	17,320	17,197	-0.7%
Bulls 500 lb+	2,160	2,196	2,239	2,278	2,307	2,390	2,392	2,339	2,266	-3.1%
Calves under 500 lb	18,418	18,107	18,336	18,117	17,884	18,369	18,488	17,688	17,418	-1.5%
Calf crop: Jan-June	28,200	28,400	28,500	28,800	29,800	29,500	29,400	28,500		
July-Dec	10,413	10,183	10,433	10,648	10,759	10,711	10,376	10,218		

**U.S. dairy situation at a glance**

	Unit	1996	1997	1998	Nov-97	Dec-97	Jan-98	Feb-98
<b>Milk production:</b>								
Production (20 States)	Mil. lb.	131,084	133,314	134,930	10,545	11,073	11,327	10,394
Milk cow (20 States)	Thou.	7,837	7,760	7,710	7,734	7,733	7,728	7,716
Milk per cow (20 States)	Lb.	16,726	17,180	17,501	1,363	1,432	1,466	1,347
Production (U.S. est.)	Mil. lb.	154,006	156,091	157,441	12,325	12,938	13,287	12,188
<b>Milk prices:</b>								
All milk	Dol./cwt	14.88	13.34	15.38	14.70	14.80	14.70	14.70
Milk eligible for fluid use	Dol./cwt	14.95	13.38	15.43	14.70	14.80	14.70	14.80
Manufacturing grade milk	Dol./cwt	13.38	12.18	14.31	13.60	13.60	13.50	13.50
Basic Formula Price (3.5% fat)	Dol./cwt	13.39	12.05	14.20	12.96	13.29	13.25	13.32
<b>Slaughter cow price, WI</b>	Dol./cwt	33.00	36.93	35.54	33.06	34.75	36.31	37.44
<b>Wholesale prices:</b>								
Butter, Central States 1/	Ct/lb	108.2	116.2	177.6	159.3	133.4	117.8	139.8
American cheese, WI assembly pt.								
40-pound blocks	Ct/lb	149.1	132.4	158.1	143.8	146.1	144.5	144.7
Barrels	Ct/lb	141.7	125.2	151.7	134.9	129.2	134.7	143.6
Nonfat dry milk, Central States	Ct/lb	122.2	110.0	106.9	107.1	107.4	105.9	105.2
<b>Retail prices:</b>								
Consumer Price Index	1982-84=100	156.9	160.5	163.0	161.5	161.3	161.6	161.9
All food	1982-84=100	153.3	157.3	160.7	158.5	158.7	159.9	159.4
Dairy products	1982-84=100	142.1	145.5	150.8	147.0	147.8	148.3	147.7
Fluid milk	Dec 1997=100	NA	NA	101.3	NA	NA	99.8	100.2
Other dairy products	Dec 1997=100	NA	NA	101.9	NA	NA	100.9	99.4
<b>Dairy product output:</b>								
Butter	Mil. lb	1,174.5	1,151.3	1,053.4	89.1	106.0	113.5	102.7
American cheese	Mil. lb	3,280.8	3,285.2	3,305.9	248.5	278.6	283.2	261.1
Other-than-American cheese	Mil. lb	3,936.7	4,043.8	4,176.8	346.0	349.3	332.5	313.0
Frozen products 2/	Mil. gal.	1,240.9	1,281.4	1,272.6	80.5	80.6	83.3	91.7
All products (milkfat basis 3/)	Mil. lb	95,013	96,218	95,222	7,214	7,801	8,009	7,600
Nonfat dry milk	Mil. lb	1,061.8	1,217.6	1,121.3	75.2	102.0	103.7	97.0
<b>Beginning stocks:</b>								
Commercial butter	Mil. lb	15.8	13.4	20.5	26.2	15.0	20.5	34.0
Commercial American cheese	Mil. lb	306.6	379.6	410.3	414.7	405.3	410.3	411.7
Other cheese	Mil. lb	105.3	107.3	70.0	90.2	68.9	70.0	81.7
Manufacturers' nonfat dry milk	Mil. lb	70.6	71.1	103.3	114.8	100.6	103.3	104.1
All commercial (milkfat basis 3/)	Mil. lb	4,099	4,704	4,888.7	5,205	4,697	4,889	5,306
All commercial (skim solids basis 3/)	Mil. lb	5,037	5,753	6,079.9	6,456	5,968	6,080	6,245
All Government (milkfat basis 3/)	Mil. lb	69	10	18.0	16	19	18	15
All Government (skim solids basis 3/)	Mil. lb	172	7	257.7	171	257	258	286
<b>Commercial disappearance:</b>								
Butter	Mil. lb	1,180	1,109	1,096	95.2	95.4	98.3	92.1
American cheese	Mil. lb	3,230	3,269	3,330	259.8	276.0	282.0	263.1
Other-than-American cheese	Mil. lb	4,243	4,366	4,451	396.1	384.9	337.0	312.5
Nonfat dry milk	Mil. lb	1,009	894	855	57.3	70.4	65.4	64.1
All products (milkfat basis 3/)	Mil. lb	154,736	156,083	159,931	12,848	12,820	12,844	11,903
<b>USDA net removals:</b>								
Butter	Mil. lb	0.1	38.4	6.3	5.2	5.4	3.3	1.5
Cheese	Mil. lb	4.6	11.3	8.0	0.8	0.5	0.7	0.7
Nonfat dry milk	Mil. lb	57.2	298.0	326.8	33.3	31.5	37.5	31.7
All products (milkfat basis 3/)	Mil. lb	87	1,090	365.5	142	147	108	62
All products (skim solids basis 3/)	Mil. lb	747	3,681	3,979	412	392	468	393
<b>Imports (milkfat basis 3/)</b>	Mil. lb	2,911	2,698	4,591	275	342	196	215
<b>International market prices:</b>								
Butter	\$/metric ton	1,837	1,861	1,908	2,194	2,187	2,091	1,888
Nonfat dry milk	\$/metric ton	1,979	1,738	1,440	1,731	1,649	1,560	1,510

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)**

Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99
11,678	11,579	12,011	11,396	11,314	11,124	10,672	11,125	10,829	11,481	11,742
7,709	7,713	7,719	7,718	7,709	7,708	7,701	7,695	7,697	7,708	7,709
1,515	1,501	1,556	1,477	1,468	1,443	1,386	1,446	1,407	1,489	1,523
13,689	13,515	14,014	13,292	13,167	12,941	12,411	12,961	12,611	13,365	13,714
14.40	14.00	13.20	14.00	14.10	15.40	16.60	17.60	17.90	18.00	17.70
14.50	14.00	13.30	14.00	14.10	15.50	16.70	17.60	17.90	18.00	17.80
12.90	12.10	11.30	13.00	14.00	14.60	15.40	16.70	17.30	17.40	16.10
12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34	16.27
37.25	37.70	38.38	37.44	37.25	35.69	34.20	31.44	31.34	32.10	35.56
134.1	136.4	153.2	186.7	203.1	216.6	273.1	242.3	187.9	140.8	144.4
138.8	129.7	123.0	151.3	162.6	166.9	171.0	183.5	188.7	192.5	162.4
135.3	125.1	120.8	146.3	153.4	149.9	164.6	178.5	183.5	185.3	155.2
104.7	104.3	103.5	102.9	103.0	104.6	110.1	111.8	112.5	114.9	108.9
162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0	163.9	164.3
159.7	159.8	160.3	160.1	160.5	161.0	161.1	162.0	162.1	162.3	163.6
148.4	148.5	148.1	148.1	148.2	150.5	152.9	155.0	155.9	157.6	161.2
100.7	100.3	100.3	99.3	98.4	100.7	102.8	103.6	103.5	106.1	109.8
100.1	99.9	99.9	101.1	101.3	101.9	103.6	103.9	105.2	106.0	107.7
100.8	103.0	92.9	72.6	67.1	61.5	67.1	83.2	87.2	101.7	NA
285.2	289.7	293.1	287.8	277.3	261.1	245.4	254.6	269.7	297.6	NA
360.0	351.6	360.0	353.3	335.3	334.9	334.5	366.6	365.1	370.0	NA
109.4	115.4	118.9	132.2	135.0	122.0	112.2	94.2	76.3	82.1	NA
8,297	8,521	8,579	8,260	7,973	7,548	7,313	7,596	7,455	8,071	NA
107.3	120.4	121.3	104.2	90.2	72.5	59.9	70.0	70.0	104.7	NA
44.1	55.7	67.0	72.4	60.3	50.7	40.9	33.9	31.2	28.7	25.9
410.5	421.0	441.4	442.6	449.6	459.8	441.4	417.3	394.5	388.5	407.6
98.8	98.2	103.1	108.8	133.6	134.4	135.3	135.5	128.0	105.9	109.5
105.3	92.7	113.1	132.0	129.3	112.3	78.1	64.4	45.9	41.6	56.3
5,640	5,990	6,460	6,663	6,637	6,554	6,173	5,793	5,433	5,126	5,274
6,415	6,375	6,859	7,178	7,448	7,387	6,817	6,417	5,870	5,508	5,906
16	20	28	26	27	38	40	40	34	28	27
310	427	568	646	808	1,072	1,264	1,322	1,278	1,138	1,115
89.7	92.4	88.0	89.2	86.8	84.6	80.6	95.8	93.2	105.0	NA
275.8	272.3	295.1	282.9	269.0	279.9	271.0	277.1	276.0	285.5	NA
383.9	368.1	377.9	352.2	363.0	361.0	362.2	410.8	418.5	404.2	NA
96.7	73.1	66.5	80.9	68.2	77.8	54.7	73.4	65.2	69.2	NA
13,495	13,187	13,970	13,563	13,652	13,753	13,087	13,740	13,174	13,563	NA
0.7	0.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.6	0.7	0.6	0.6	0.7	0.8	0.7	0.6	0.7	0.8	0.6
24.7	28.1	36.8	29.1	40.2	29.4	19.5	15.8	9.7	24.3	21.4
40	26	24	13	16	14	15	14	14	21	16
309	339	438	346	475	350	239	195	126	300	261
310	279	298	369	533	559	422	548	381	481	NA
1,844	1,835	1,838	1,933	1,988	1,991	2,020	1,940	1,775	1,760	1,749
1,480	1,491	1,493	1,523	1,437	1,424	1,408	1,313	1,320	1,325	1,388

Milk production and factors affecting supply, 1975-98

Year	January 1 inventory			Average milk cows on farms	Milk production		Average milk prices received		
	Milk cows and heifers that have calved	Replacement heifers 500 lbs. and over	Replacements per 100 cows		Per cow	Total	All	Eligible for fluid market	Manufacturing grade
	-----Thousand-----			Thousand	Pounds	Million pounds	-----Dollars per cwt-----		
1975	11,220	4,087	36.4	11,139	10,360	115,398	8.75	9.02	7.63
1976	11,071	3,956	35.7	11,032	10,894	120,180	9.66	9.93	8.56
1977	10,998	3,887	35.3	10,945	11,206	122,654	9.72	9.96	8.70
1978	10,896	3,886	35.7	10,803	11,243	121,461	10.60	10.80	9.65
1979	10,790	3,932	36.4	10,734	11,492	123,350	12.02	12.20	11.06
1980	10,758	4,159	38.6	10,799	11,891	128,406	13.05	13.23	12.01
1981	10,849	4,342	40.0	10,898	12,183	132,770	13.77	13.95	12.72
1982	10,986	4,547	41.4	11,011	12,306	135,505	13.61	13.80	12.60
1983	11,047	4,545	41.1	11,059	12,622	139,588	13.58	13.75	12.61
1984	11,059	4,533	41.0	10,793	12,541	135,351	13.46	13.61	12.49
1985	10,777	4,770	44.3	10,981	13,024	143,012	12.76	12.90	11.72
1986	11,116	4,709	42.4	10,773	13,285	143,124	12.51	12.62	11.46
1987	10,466	4,305	41.1	10,327	13,819	142,709	12.54	12.66	11.37
1988	10,311	4,122	40.0	10,224	14,185	145,034	12.26	12.36	11.15
1989	10,137	4,117	40.6	10,046	14,323	143,893	13.56	13.66	12.38
1990	10,015	4,171	41.6	9,993	14,782	147,721	13.74	13.89	12.34
1991	9,965	4,093	41.1	9,826	15,031	147,697	12.27	12.30	11.05
1992	9,728	4,131	42.5	9,688	15,570	150,847	13.15	13.19	11.91
1993	9,658	4,176	43.2	9,581	15,722	150,636	12.84	12.88	11.80
1994	9,507	4,125	43.4	9,494	16,179	153,602	13.01	13.02	11.85
1995	9,482	4,121	43.5	9,466	16,405	155,292	12.78	12.80	11.79
1996	9,420	4,090	43.4	9,372	16,433	154,006	14.75	14.79	13.43
1997	9,318	4,058	43.5	9,252	16,871	156,091	13.36	13.40	12.17
1998 1/	9,199	3,986	43.3	9,158	17,192	157,441	15.38	15.42	14.31

Year	Dairy ration value	Milk/feed price ratio 2/	Milk cow cost		Grain and other concentrates fed to milk cows			Alfalfa hay prices received by farmers	Slaughter cow prices 3/
			Price received per head	Milk required to buy a cow	Total	Per cow	Per cwt of milk		
	Dollars per cwt	Pounds	Dollars	Cwt	Thousand tons	-----Pounds-----	Dollars per ton	Dollars per cwt	
1975	6.25	1.40	412	47	24,274	4,357	42.1	54.38	21.09
1976	6.30	1.53	477	49	25,083	4,545	41.7	60.81	25.31
1977	6.20	1.57	504	52	25,518	4,709	42.1	60.57	25.32
1978	6.08	1.74	675	64	26,018	4,803	42.8	52.25	36.79
1979	6.68	1.80	1,040	87	27,207	5,070	44.1	60.37	50.10
1980	7.42	1.76	1,190	91	28,433	5,260	44.2	72.00	45.73
1981	8.02	1.72	1,200	87	28,513	5,220	42.9	70.90	41.93
1982	7.45	1.83	1,110	82	29,661	5,380	43.7	72.73	39.96
1983	7.88	1.72	1,030	76	30,162	5,438	43.2	78.70	39.35
1984	8.16	1.65	895	66	28,449	5,253	42.0	79.48	39.81
1985	7.35	1.73	860	67	28,891	5,427	41.8	73.67	38.31
1986	7.00	1.79	820	66	29,913	5,534	41.8	64.85	37.18
1987	6.81	1.84	920	73	29,607	5,736	41.6	65.97	44.80
1988	7.74	1.58	990	81	29,853	5,820	41.2	82.51	47.91
1989	8.20	1.65	1,030	76	29,602	5,845	41.0	95.98	50.11
1990	7.98	1.71	1,160	84	32,402	6,397	43.7	92.56	53.32
1991	7.73	1.58	1,100	90	30,934	6,192	41.7	78.96	51.50
1992	7.68	1.69	1,130	86	31,572	6,417	41.6	75.45	49.69
1993	7.73	1.64	1,160	90	31,952	6,664	42.4	86.67	50.14
1994	7.98	1.62	1,170	90	32,469	6,840	42.3	93.97	45.03
1995	7.88	1.63	1,130	88	31,997	6,771	41.2	88.09	38.12
1996	9.30	1.60	1,090	74	31,665	6,777	41.1	101.80	33.00
1997	8.67	1.54	1,100	82	NA	NA	NA	107.00	36.93
1998 1/	7.81	1.99	1,120	73	NA	NA	NA	95.42	35.54

1/ Preliminary. 2/ Pounds of average concentrate ration equal in value to 1 pound of milk. 3/ Utility grade, Omaha 1965-87, Wisconsin auctions 1988 and after. NA = Not Available.

## 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	
<b>1995</b>					
JAN-MAR	9,474	4,113	38,918	7.62	1.65
APR-JUN	9,481	4,276	40,465	7.62	1.60
JUL-SEP	9,472	4,040	38,208	7.82	1.59
OCT-DEC	9,435	4,003	37,701	8.24	1.67
Avg. or total	9,466	16,405	155,292	7.82	1.63
<b>1996</b>					
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
<b>1997</b>					
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
<b>1998</b>					
JAN-MAR	9,176	4,268	39,164	8.42	1.73
APR-JUN	9,171	4,451	40,821	8.05	1.71
JUL-SEP	9,149	4,210	38,519	7.50	2.05
OCT-DEC	9,137	4,261	38,937	7.25	2.46
Avg. or total	9,158	17,191	157,441	7.81	1.97

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

## Commercial disappearance: American cheese, 1998

Item	Jan	Feb	Mar	Apr	May	June
						Million pounds
Supply:						
Production	283.2	261.1	285.2	289.7	293.1	287.8
Beginning commercial stocks	410.3	411.7	410.5	421.0	441.4	442.6
Imports	0.9	1.5	1.7	3.7	3.8	2.7
Total supply	694.4	674.3	697.4	714.4	738.3	733.1
Utilization:						
Ending commercial stocks	411.7	410.5	421.0	441.4	442.6	449.6
USDA net removals	0.7	0.7	0.6	0.7	0.6	0.6
Commercial disappearance	282.0	263.1	275.8	272.3	295.1	282.9
Percent change from a year ago	2.5	-3.2	0.4	11.5	6.0	5.4
Cumulative disappearance	282.0	545.1	820.9	1,093.2	1,388.3	1,671.2
		First quarter		Second quarter		
		820.9		850.3		
Percent change from a year ago		-0.1		7.5		

\* Less than 50,000 pounds.

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July	Aug	Sept	Oct	Nov	Dec	Total
unds						
277.3	261.1	245.4	254.5	269.7	297.6	3,305.9
449.6	459.8	441.4	417.3	394.5	388.5	410.3
2.6	1.2	2.2	0.4	1.0	7.7	29.4
729.5	722.1	689.0	672.2	665.2	693.8	3,745.6
459.8	441.4	417.3	394.5	388.5	407.6	407.6
0.7	0.8	0.7	0.6	0.7	0.7	7.9
269.0	279.9	271.0	277.1	276.0	285.5	3,330.1
-4.0	2.9	-5.9	-0.9	6.2	3.4	1.9
1,940.2	2,220.1	2,491.1	2,768.2	3,044.2	3,329.7	
Third quarter			Fourth quarter			
819.9			838.6			
-2.4			2.8			

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July	Aug	Sept	Oct	Nov	Dec	Total
335.3	334.9	334.5	366.6	365.1	370.0	4,176.8
133.6	134.4	135.2	135.5	128.0	105.9	70.0
28.5	26.9	28.0	36.7	31.3	37.8	314.0
497.4	496.2	497.7	538.8	524.4	513.7	4,560.8
134.4	135.2	135.5	128.0	105.9	109.5	109.5
363.0	361.0	362.2	410.8	418.5	404.2	4451.3
2.1	-3.3	-5.0	1.6	5.7	5.0	2.0
2494.6	2855.6	3217.8	3628.6	4047.1	4451.3	
Third quarter			Fourth quarter			
1086.2			1233.5			
-2.2			4.0			

## Commercial disappearance: Butter, 1998

Item	Jan	Feb	Mar	Apr	May	June
						Million pounds
Supply:						
Production	113.5	102.7	100.8	103.0	92.9	72.6
Beginning commercial stocks	20.5	34.0	44.1	55.7	67.0	72.4
Imports	1.6	1.0	1.2	1.1	0.8	4.5
Total supply	135.6	137.7	146.1	159.8	160.7	149.5
Utilization:						
Ending commercial stocks	34.0	44.1	55.7	67.0	72.4	60.3
USDA net removals	3.3	1.5	0.7	0.4	0.3	0.0
Commercial disappearance	98.3	92.1	89.7	92.4	88.0	89.2
Percent change from a year ago	-17.3	-3.5	-0.7	15.4	5.9	1.9
Cumulative disappearance	98.3	190.4	280.1	372.5	460.5	549.7
		First quarter		Second quarter		
		280.1		269.6		
Percent change from a year ago		-8.0		7.5		

1/ Includes butter equivalent of butteroil.

\* Less than 50,000 pounds.



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July	Aug	Sept	Oct	Nov	Dec	Total
unds						
67.1	61.5	67.1	83.2	87.2	101.7	1,053.4
60.3	50.7	40.9	33.9	31.2	28.6	20.5
10.1	13.3	6.5	9.9	3.4	0.6	54.0
137.5	125.5	114.5	127.0	121.8	130.9	1,127.9
50.7	40.9	33.9	31.2	28.6	25.9	25.9
0.0	0.0	0.0	0.0	0.0	0.0	6.3
86.8	84.6	80.6	95.8	93.2	105.0	1,095.7
4.0	4.1	-20.2	-1.2	-2.1	10.1	-1.2
636.5	721.1	801.7	897.5	990.7	1,095.7	
Third quarter			Fourth quarter			
252.0			294.0			
-5.2			2.2			

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## Commercial disappearance: Milk in all products,1998

Item	Jan	Feb	Mar	Apr	May	June
						Million pounds
Supply:						
Production	13,287	12,188	13,689	13,515	14,014	13,292
Farm use	115	104	114	111	115	111
Marketings	13,172	12,084	13,575	13,404	13,899	13,181
Beginning commercial stocks	4,889	5,306	5,640	5,990	6,460	6,663
Imports	196	215	310	279	298	369
Total supply	18,257	17,605	19,525	19,673	20,657	20,213
Utilization:						
Ending commercial stocks	5,306	5,640	5,990	6,460	6,663	6,637
USDA net removals	107	62	40	26	24	13
Commercial disappearance	12,844	11,903	13,495	13,187	13,970	13,563
Percent change from a year ago	0.4	-0.3	2.2	8.6	5.0	2.0
Cumulative disappearance	12,844	24,747	38,242	51,429	65,399	78,962
		First quarter		Second quarter		
		38,242		40,720		
Percent change from a year ago		0.8		5.1		

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July	Aug	Sept	Oct	Nov	Dec	Total
unds						
13,167	12,941	12,411	12,961	12,611	13,365	157,441
115	114	111	115	111	114	1,350
13,052	12,827	12,300	12,846	12,500	13,251	156,091
6,637	6,554	6,173	5,793	5,433	5,126	4,889
533	559	422	548	381	481	4,591
20,222	19,940	18,895	19,187	18,314	18,858	165,571
6,554	6,173	5,793	5,433	5,126	5,274	5,274
16	14	15	14	14	21	366
13,652	13,753	13,087	13,740	13,174	13,563	159,931
1.9	1.5	-1.2	1.4	2.5	5.8	2.5
92,614	106,367	119,454	133,194	146,368	159,931	
<hr/> Third quarter			<hr/> Fourth quarter			
40,492			40,477			
0.7			3.2			

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## Commercial disappearance: Nonfat dry milk, 1998

Item	Jan	Feb	Mar	Apr	May	June
						Million pounds
Supply:						
Production	103.7	97.0	107.3	120.4	121.3	104.2
Beginning commercial stocks	103.3	104.1	105.3	92.7	113.1	132.0
Imports	0.0	0.0	1.5	1.2	0.9	3.1
Total supply	207.0	201.1	214.1	214.3	235.3	239.3
Utilization:						
Ending commercial stocks	104.1	105.3	92.7	113.1	132.0	129.3
USDA net removals	37.5	31.7	24.7	28.1	36.8	29.1
Commercial disappearance	65.4	64.1	96.7	73.1	66.5	80.9
Percent change from a year ago	-25.2	-22.9	10.1	5.0	-15.5	22.9
Cumulative disappearance	65.4	129.5	226.2	299.3	365.8	446.7
		First quarter		Second quarter		
		226.2		220.5		
Percent change from a year ago		-12.4		3.0		

\* Less than 50,000 pounds.

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July	Aug	Sept	Oct	Nov	Dec	Total
unds						
90.3	72.5	59.9	70.0	70.0	104.7	1,121.3
129.3	112.3	78.1	64.4	45.9	43.7	103.3
1.1	0.5	0.6	0.7	0.5	1.4	11.5
220.7	185.3	138.6	135.1	116.4	149.8	1,236.1
112.3	78.1	64.4	45.9	41.5	56.3	56.3
40.2	29.4	19.5	15.8	9.7	24.3	324.1
68.2	77.8	54.7	73.4	65.2	69.2	855.7
-34.0	30.1	-14.4	9.9	13.8	-1.7	-4.3
514.9	592.7	647.4	720.8	786.0	855.2	
Third quarter			Fourth quarter			
200.7			207.8			
-11.6			6.8			

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