Livestock, Dairy and Poultry

Situation and Outlook

Economic Research Service **LDP-M-73**
U.S. Department of Agriculture **July 26, 2000**

In 2000 , 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.ers.usda.gov/Prodsrvs/rept-ldp.htm and click on Livestock, Dairy and Poultry Situation and Outlook Report) in Adobe Acrobat format (PDF files). The content of each issue may vary. They will be released on January 28, February 29, March 28, April 27, May 25, June 28, July 26, August 29, September 28, October 26, November 28, and December 27. The reports should be available by 4:00 p.m. Eastern Time on day of release.

U.S meat supply and utilization estimates for 1999 and 2000 have been adjusted to reflect volumes of meat shipped during 1999 as part of the Russian food aid package . These shipments currently reported in the official Bureau of Census data as having been shipped in 2000. Bureau of Census revisions to the Official trade number will be adopted when available. The supply and utilization tables are available on the ERS website: http://www.ers.usda.gov/briefing/animal.

Information in the *Cattle* report released on July 21 will be incorporated in forecasts of pork supplies and prices to be released in *World Agricultural Supply and Demand Estimates* on August 11 and in this report on August 29.

The June ***Hogs and Pigs*** report indicates that producers continued to reduce their herds due to the poor returns in late 1998 and 1999. In the first half of 2000 producers' returns moved well above breakeven (variable) costs as prices rallied into the low-$50's per cwt and feed costs remain the lowest in several years. The June 1 inventory of all hogs and pigs totaled 58.4 million head, down 2 percent from a year earlier. Breeding hog numbers totaled 6.23 million head, down 4 percent. However, producers signaled intentions to begin rebuilding the breeding herd.

Given expectations of even lower feed expenses and hog prices that will continue to be above breakeven, producers indicated intentions of having 1 percent more sows farrow in September-November than actual farrowings a year ago. The additional farrowings, if realized, would increase pork production in second-quarter 2001. The increase would likely be the first year-over-year rise in pork production since third-quarter 1999.

Approved by the World Agricultural Outlook Board

Net returns for processors in the broiler industry continue at attractive levels. Lower feed costs will help maintain returns as wholesales prices are expected to decline. Broiler production is expected to increase about 3 percent this year and about 5 percent in 2001. In the cattle sector, feedyard inventories remain large as heifers are placed on feed, further delaying herd rebuilding. Given the large inventory on feed, beef production is expected to increase about 1 percent in 2000, but decline about 5 percent in 2001 due to the declining cattle inventory.

Producers Continue To Reduce Inventory

According to the June ***Hogs and Pigs*** report, producers intend to have 2 percent fewer sows farrow in June-August than a year ago. However, during September-November producers intend to have 1 percent more sows farrow than actual farrowings a year ago. The turnaround is due to improving returns and prospects for continued favorable returns through 2001. Although producers had reported earlier intentions to reduce farrowings by 4 percent, March-May actual farrowings were down 3 percent from a year ago. However, due to increased pigs per litter, the pig crop was down only 2 percent, the same percentage decline as in December-February. Based on lower pig crops in first-half 2000 and slightly higher gilt retention, hog slaughter in second-half 2000 is expected to decline about 3 percent. However, the average dressed weights are expected to increase about 4 pounds in the third quarter and about 3 pounds in the fourth quarter, continuing the trend of dressed weight gains. Thus, pork production will fall only about 2 percent in the second half.

The number of pigs per litter has been rising, partly due to the changing structure of the industry to larger specialized operations. The gap in pigs per litter between the small operations (1-99 head) and the large operations (5,000+ head) is about 1.2 pigs. If producers follow through with their second half farrowing intentions reported in June and given a continuing increase in pigs per litter, the June-August pig crop would be 1-2 percent lower than last year and the September-November pig crop would be up 1-2 percent. The expected June-August pig crop implies a January-March hog slaughter of about 24.5 million head and the September-November pig crop suggests a second-quarter slaughter of about 23.3 million head.

Given the continued positive returns scenario for hog producers in the coming months, the December 2000-May 2001 pig crop is expected to be about 2 percent above a year earlier. Feed costs are expected to decline over the next 18 months as a near record corn and a record soybean crop are projected for 2000. The lower feed prices and much higher hog prices than a couple a years ago should keep producers in an expansionary mood. However, the expansion is expected to proceed at modest rate as producers rebuild their equity positions. Also large facilities will likely require increased lead times to come online which will moderate the pace of expansion. The expected pig crop and gilt retention suggests an increased second-half 2001 slaughter of about 1 percent.

Hog Prices To Average in the Mid-$40’s

Hog prices have climbed into the low-$50’s per cwt as slaughter rates declined seasonally in late spring and early summer. Also contributing to the price rally is the continuing strong demand for bacon, especially for use in sandwiches by the fast food industry. In addition, as beef prices rose, pork loins became more price attractive for food retailers to feature, leading to stronger loin prices. As slaughter increases seasonally in late summer, prices are expected to moderate. In the late fall when slaughter reaches a seasonal peak, hog prices could drop to around $40 per cwt.

With only modest changes in supplies and trade over the next 18 months, hog prices are expected to average in the mid-$40’s. However, in late 2001 a rapid expansion in production could strain slaughter capacity, pressuring hog prices. In addition, there is some uncertainty about whether the strong demand experienced so far this year will persist. Hog prices are expected to average around $45 per cwt in 2000 and drop slightly lower in 2001.

Due to tightening pork supplies, retail pork prices are expected to increase 5-6 percent this year after declining in 1998 and 1999. In first-half 2000, the farm-to-retail price spread narrowed to $1.72 per pound after averaging $1.81 in 1998 and 1999. In a period of rising hog prices, the price spread typically narrows, then widens. Retail price increases usually lag increases in farm prices. In 2001, retail prices may increase another 1-2 percent as price spreads widen.

Beef Production To Remain Record Large in 2000

Supplies of higher quality beef are forecast to rise as fed cattle marketings, at record weights, increase over the next six months. Cattle on feed on July 1 in feedlots with capacity of 1,000 or more head in the 7-monthly reporting States were 7 percent larger than a year earlier. Although feedlot placements in June declined 9 percent from a year earlier, placements were the second largest for that month since this data series (feedlots with 1,000+ capacity) began in 1992 and up 8 percent from 1998. Equally important is that placement of cattle weighing over 700 pounds declined, helping to lessen the impact of still large on-feed inventories. These lighter weight placements will be spread out into late fall and winter when marketing pressures will be reduced. Placements of cattle weighing less than 700 pounds were above a year earlier, largely the result of dry conditions and early weaning throughout much of the South. Fed cattle marketings in June were disappointing and actually declined slightly from a year earlier. Steer and heifer slaughter weights are rising more than seasonally and will pressure the industry to keep marketings current.

The July 1 ***Cattle on Feed*** report also indicated that the number of heifers on feed remains historically large, up 9 percent from a year earlier. The impact of this report and the mid year ***Cattle*** report will be updated in the August ***World Agricultural Supply and Demand Estimates*** and the ***Livestock, Dairy and Poultry Situation and Outlook*** report.

Although supplies of fed beef are expected to remain record large until late in second-half 2000, prices for Choice beef at retail remain at record levels. Second-quarter prices averaged $3.09 a pound, up over 8 percent from a year earlier. Prices averaged $3.12 in June, up 3 cents from May's record, and 24 cents above June 1999. Although second quarter fed steer prices averaged $71.50 per cwt., up $6.50 from last spring's average, prices declined through the quarter, leaving the farm-retail spread 11 cents wider than a year ago. As beef supplies continue to rise and pork production increases seasonally in late summer, boxed beef prices will likely decline, making beef even more attractive to special resulting in lower retail prices, although prices are expected to remain above second-half 1999's $2.94 a pound average.

Beef Exports and Imports Show Strength

Total U.S. beef exports have increased very strongly so far this year. The first quarter strength in export markets for beef continued as the second quarter unfolded. Beef exports to all markets excluding Russia were up 9.5 percent, from a year earlier, for the first 5 months of 2000, despite some economic uncertainties in major markets. Korea and Mexico raised their imports of U.S. beef of 37 percent and 23 percent, respectively. Exports to Canada increased nearly 9 percent, as western Canadian packers shifted their attention toward the more lucrative export markets, allowing U.S. high quality exports to further penetrate eastern Canadian markets. Perhaps the most significant surprise, however, is that the Japanese market for U.S. beef expanded 3 percent above the first 5 months of last year, with increases in both quantity and unit value. This increase follows a 1.5-percent decrease in beef exports to Japan in 1999 and suggests a renewed interest in U.S. beef by Japanese consumers. However, the economic situation in

Japan is an important determinant for the continued strength of U.S. beef exports.

Beef imports continue to run 5-6 percent ahead of last year through May led by a 32-percent increase in imports from New Zealand. Beef imports are high, largely in response to increased supplies and continued cyclically strong demand for manufacturing grade beef created by cyclically decreased cow slaughter in the U.S. Imports from most other countries are running ahead of last year, as well, in order to satisfy a larger market for manufacturing beef.

The export market for live cattle remains quiet until resumption of exports under the Northwest Project in October. However, imports of feeder cattle from Mexico through May are running about 40 percent above last year's higher-than-normal level because of strong U.S. feeder cattle prices; continued dryness in northern Mexico, and poor financial conditions among northern Mexican ranchers. Continuation of such conditions may portend much larger imports than last year from Mexico for the rest of 2000.

Broiler Production Increases Slowing
U.S. broiler production in first-quarter 2000 was 7.6 billion pounds, 4 percent higher than in first-quarter 1999. However, production increases in the second quarter are expected to be considerably smaller with production forecast at 7.750 billion pounds, only 2 percent more than in the previous year. Production increases for the rest of 2000 are expected to be relatively small compared with growth rates in previous years. Weekly data on broiler egg sets and chick placements have shown almost no growth compared with previous years, and stagnant prices at both the wholesale and retail levels do little to encourage greater production. Adding to the expected slowdown in broiler production is the fact that the broiler hatchery flock at the beginning of July was down 1.5 percent from a year earlier. Also, over the first half of 2000 the cumulative slaughter of broiler-breeder type hens was 2 percent higher than the previous year.

Boiler Exports Continue Strong in April
Broiler exports in May totaled 406.8 million pounds, up 28 million from April and 25 percent higher than the previous year. Over the first 5 months of 2000, broiler exports totaled 2.264 billion pounds, up 25 percent from the same period in 1999. While direct exports to the Russian market varied greatly from month to month, total exports to Russia (either directly or through the Baltic countries) rebounded strongly from the previous year. Over the first 5 months of 2000 combined shipments to Russia and Latvia have totaled just over three-quarters of a billion pounds. Exports to China also continued to grow, rising 4 percent after expanding 25 percent in 1999. Broiler exports are also expected to show strong increases to Korea and Taiwan. Broiler exports to the Philippines had been up sharply, but are expected to decline due to a slowdown in the issuance of import certificates.

Turkey Production Growth Slowing, Exports Lower in Second Quarter
Federally inspected turkey production totaled 1.284 billion pounds in first-quarter 2000, up 6 percent from the previous year. However, turkey production is expected to show only small gains at best in the rest of 2000. Meat production in April and May was about even with a year earlier and producers reported a smaller number of eggs being placed in incubators and a lower number of poults being placed. The cumulative number of eggs in incubators at the start of July was 34.1 million 2 percent lower than in 1999 and the cumulative number of poults placed through June was 153 million, about even with a year earlier.

Turkey exports in 2000 are forecast at 434 million pounds, up 14 percent from 1999. Much of the increase is due to the sharp upturn in exports in the first quarter, when shipments rose more than 48 percent. Exports in the second quarter are expected to be considerably smaller due to lower shipments to Russia and somewhat slower shipments to Mexico. Because Mexico is a major importer of U.S. turkey products, the Mexican economy's reaction to newly elected government's transition to power will play a critical role in exports for the remainder of 2000. Over the first 5 months of 2000 shipments to Mexico totaled 86 million pounds, up 25 percent from 1999. Turkey exports so far in 2000 have also benefited from a larger increase in shipments to Russia. So far in 2000, trade to Russia is already double that of all of 1999. However, turkey exports to Russia tend to vary widely from month to month. In March 2000 shipments were reported at 27 million pounds, but in May had fallen to only 116,000 pounds.

Higher Production, Lower Prices for Eggs

Retail egg prices for the second quarter averaged 87.6 cents a dozen, down 6 percent from the previous year. The weakness in egg prices reflects continuing growth in production, stable domestic demand, and a relatively slow export market. Table egg production rose 4 percent in first-quarter 2000 and is expected to increase 3 percent in the second quarter. The downward pressure on table egg prices is expected to continue into the third quarter as the number of table egg layers at the beginning of June 2 percent higher than at the same time in 1999.

Total U.S. egg exports were down 26 percent in 1999, but over the first 5 months of 2000 exports have been about even with the previous year. Stronger exports to Mexico and Japan have offset declines in shipments to Canada and Hong Kong. The outlook for shell egg exports to Hong Kong have been declining as more shell eggs are imported from the Chinese mainland.

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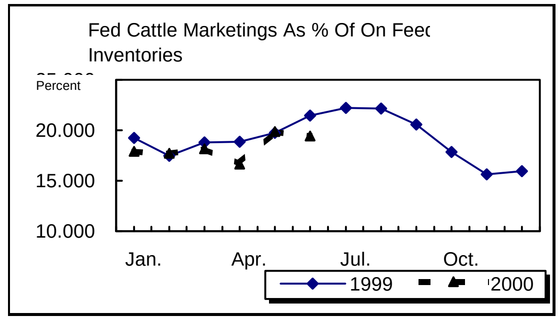
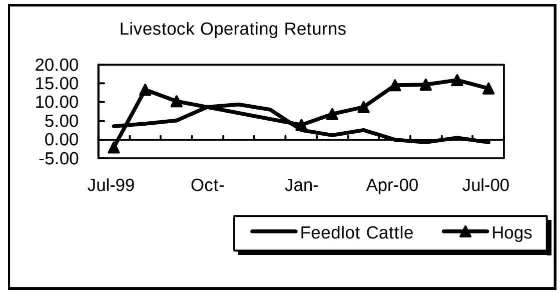
PRODUCTION INDICATORS

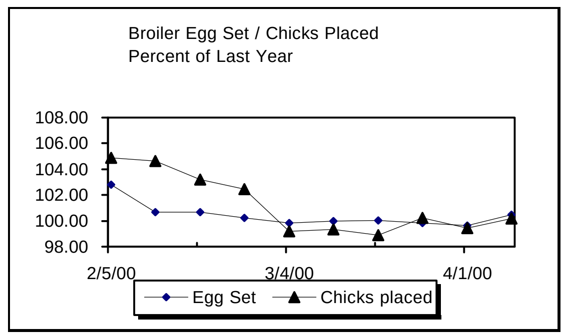
	Jun. '99	2000 Apr.	2000 May	2000 Jun. /*
			1000 Head	
Cattle:				
On feed - 7 States, 1,000+ Hd	8,547	9,573	9,361	9,411
Net placements	1,471	1,379	1,913	1,376
Marketings	1,835	1,591	1,863	1,828
Broilers:				
Eggs in incubators (000) /1	637,956	632,782	636,719	638,871
Chicks hatched (000) /2	744,447	743,516	775,181	748,008
Hatching egg layers /1	56,708	57,341	57,934	56,585
Pullets placed (000)	7,041	6,764	7,435	6,829
Hvy-type hen slaughter /2	6,309	6,851	5,778	7,428
Turkeys:				
Eggs in incubators (000) /1	32,701	32,769	31,421	33,748
Poults placed (000)	25,621	24,932	26,277	26,954
Eggs:				
Table egg prod. (mil. doz.) /2	471.0	492.6	497.6	476.7
Table egg layers, (000) /1	260,634	270,646	266,748	265,777
Table eggs/100 layers /1	71.9	73.5	73.0	71.6
Chicks hatched (000) /2	40,569	36,621	40,879	36,575
Lt.-type hen slaughter /2	9,005	10,245	8,098	9,157

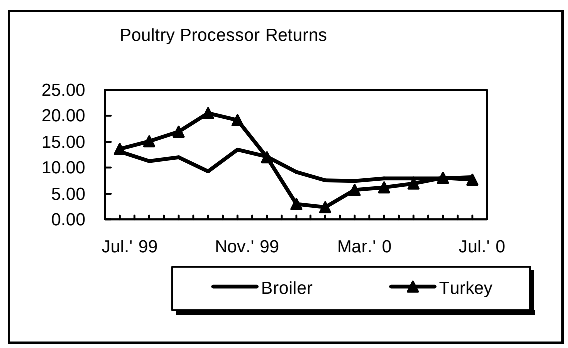




ESTIMATED RETURNS

	Jul. '99	2000 May	2000 Jun.	2000 Jul. /*
			Cents/lb.	
Great Plains cattle feedlot				
Breakeven price /3	60.98	72.04	68.98	68.69
Selling price	64.51	71.28	69.41	67.90
Net margin	3.53	-0.76	0.43	-0.79
N. Central hog farrow to finish				
Breakeven price /3	34.97	35.44	35.58	36.56
Selling price	32.84	50.21	51.48	50.25
Net margin	-2.13	14.77	15.90	13.69
Broiler				
Wholesale cost	46.37	47.85	48.04	48.58
Wholesale price	59.46	55.71	56.01	56.75
Net margin	13.09	7.86	7.97	8.17
Turkey				
Wholesale cost	57.27	59.37	59.92	60.24
Wholesale price	70.94	66.27	68.02	67.90
Net margin	13.67	6.90	8.10	7.66
Egg				
Wholesale cost	62.81	64.98	65.70	63.74
Wholesale price	68.13	58.95	66.50	60.35
Net margin	5.32	-6.03	0.80	-3.39





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

MEAT STATISTICS

	Jan. - July 1999	Jan. - July 2000	2000 Mar.	Apr.	May	June	July /*
Commercial production				*Million pounds*			
Beef	15,282	15,565	2,300	2,026	2,302	2,369	2,215
Veal	128	128	20	17	19	19	18
Pork	10,985	10,704	1,700	1,394	1,540	1,536	1,410
Lamb	140	136	24	23	17	17	16
Total red meat	26,535	26,533	4,044	3,460	3,878	3,941	3,659
Broilers	17,360	17,790	2,690	2,334	2,714	2,615	2,525
Other chicken	326	316	48	41	48	48	46
Turkeys	2,980	3,093	471	417	492	470	430
Total poultry	20,666	21,199	3,210	2,792	3,254	3,133	3,001
Total meat & poultry	47,201	47,732	7,254	6,252	7,132	7,074	6,660

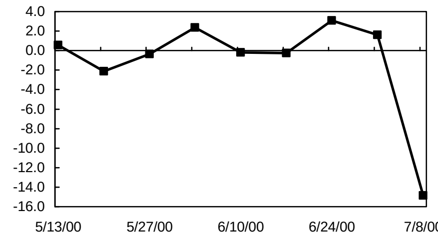
	Jan. - July 1999	Jan. - July 2000	2000 Mar.	Apr.	May	June	July /*
Commercial slaughter/**				*Thousand head*			
Cattle	20,992	21,197	3,131	2,782	3,176	3,237	2,997
Steers	10,517	10,647	1,526	1,409	1,647	1,676	1,561
Heifers	6,888	7,032	1,077	923	1,006	1,041	959
Beef Cows	1,744	1,623	218	206	256	255	228
Dairy Cows	1,481	1,527	254	196	211	209	198
Bulls and stags	361	368	56	48	56	56	51
Calves	724	656	103	81	92	95	97
Sheep	2,107	2,024	344	345	259	260	240
Hogs	57,775	55,495	8,811	7,210	7,945	7,950	7,370
Barrows & gilts	55,558	53,598	8,516	6,963	7,664	7,652	7,115
Sows	1,964	1,709	267	225	252	265	230
Broilers	4,738,371	4,847,766	732,655	634,259	744,446	715,000	695,000
Turkeys	148,051	150,701	22,779	20,043	23,817	23,500	21,250

	July 1999	2000 Mar.	Apr.	May	June	July /*
F.I. dressed weight			*Pounds*			
Cattle	737	741	734	730	737	743
Calves	170	193	204	209	197	192
Sheep	66	70	69	68	67	67
Hogs	189	194	195	195	195	193
Beginning cold storage stocks			*Million pounds*			
Beef	293.1	320.5	350.5	367.1	373.5	377.9
Pork	528.6	480.7	515.2	521.8	524.8	481.2
Bellies	93.4	49.9	60.1	63.4	68.2	60.3
Hams	127.8	89.2	97.3	86.6	99.3	106.4
Total chicken	842.0	786.7	810.9	849.4	824.1	819.9
Turkey	556.1	347.3	387.5	413.3	477.0	503.0
Frozen eggs	11.3	9.3	8.1	7.2	8.1	8.8

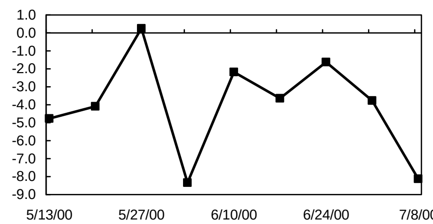
/* Estimates with exception of Cold Storage

/** Slaughter classes are estimated

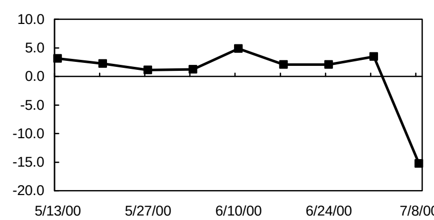
Weekly Cattle Slaughter
Percent Change From Last Year



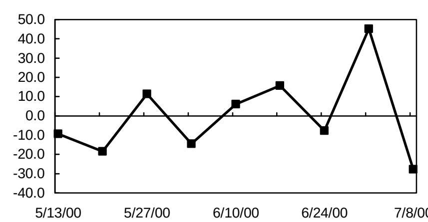
Weekly Hog Slaughter
Percent Change From Last Year



Weekly Broiler Slaughter
Percent Change From Last Year



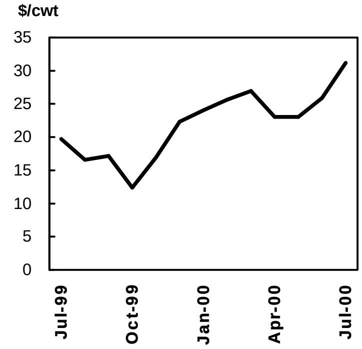
Weekly TurkeySlaughter
Percent Change From Last Year



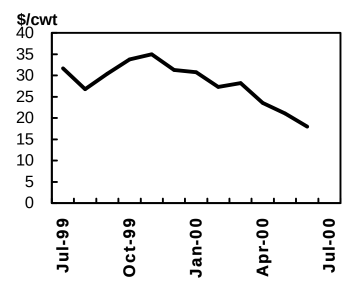
LIVESTOCK PRICES

	1999 July	2000 Mar.	Apr.	May	June	July /*
Cattle prices			$/cwt.			
Steers, Choice, 11-13 cwt.						
Texas Panhandle	64.51	71.74	73.13	71.28	69.41	67.90
Nebraska Direct	64.05	71.74	73.52	71.66	69.59	67.05
Cows - Sioux Falls						
Utility breaking	43.33	42.70	47.00	48.00	47.88	47.25
Utility boning	41.67	41.58	43.81	43.50	45.38	43.75
Feeder Cattle - Oklahoma City						
Steers: Med. #1						
500-550 lb.	86.24	109.30	104.82	100.27	99.82	109.25
600-650 lb.	84.24	98.68	96.18	94.30	95.30	99.10
750-800 lb.	76.94	83.84	84.15	83.42	86.71	89.90
Heifers: Med. #1						
450-500 lb.	84.30	100.95	99.82	93.41	95.26	100.50
700-750 lb.	74.11	79.90	80.18	79.18	83.17	87.40
Hog prices						
Barrows and gilts						
National base 51-52% lean	32.84	43.52	49.59	50.21	51.48	50.25
(live equivalent = carcass x .74)						
Sows						
Iowa-S. Minn. #1-2, 300-40(	16.22	26.86	30.33	33.17	33.70	32.50
Sheep & lamb prices						
San Angelo TX						
Slaughter lambs, Choice	77.29	78.17	78.25	89.65	78.30	85.50
Ewes, Good	48.18	49.92	47.08	0.00	44.86	46.00
Feeder lambs, Choice	77.29	99.54	99.33	100.45	91.14	92.75

Cattle Price Spread
Stocker minus Fed Steer



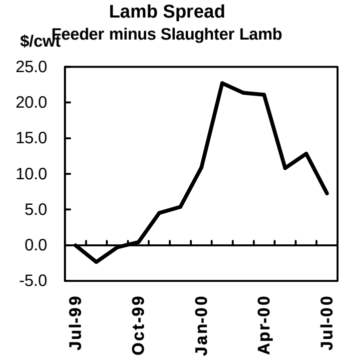
Steer - Hog Price Spread
Fed Steer minus Live Hog



GRAIN AND FEED PRICES

	1999 July	2000 Mar.	Apr.	May	June	July /*
			$/bu			
Corn, #2 Yellow, Cen. Ill	1.67	2.08	2.09	2.15	1.83	1.54
Wheat, HRW Ord., K.C.	2.46	2.71	2.62	2.73	2.82	2.81
			$/ton			
SBM, 48% Solvent, Decatur	132.73	175.50	177.53	189.34	177.45	164.00
Alfalfa Hay, U.S. Avg	82.00	78.00	84.50	93.90	93.90	93.90
Grass Hay, U.S. Avg	65.30	66.70	67.40	71.30	71.30	71.30

Lamb Spread
Feeder minus Slaughter Lamb



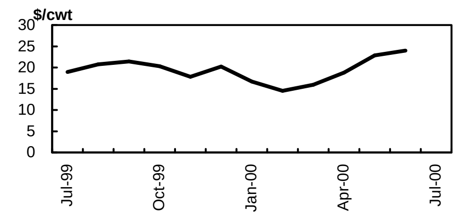
/* Estimates

WHOLESALE PRICES

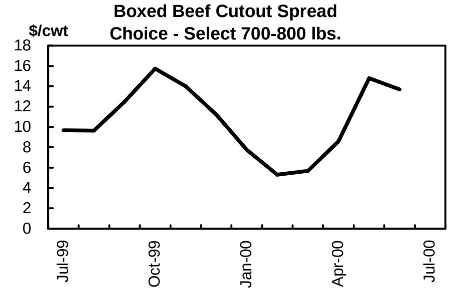
	1999 July	2000 Mar.	Apr.	May	June	July /*
Beef, Central U.S.						
Boxed beef cutout			$/cwt			
Choice 1-3 550-700 lb.	111.14	118.42	123.45	124.88	123.30	115.75
Choice 1-3 700-850 lb.	111.14	118.25	123.97	126.00	123.85	115.60
Select 1-3 700-850 lb.	101.45	112.56	115.40	111.19	110.16	106.50
Canner-Cutter Cows	71.00	72.77	74.38	73.60	74.20	76.00
Bnls beef, 90% fresh	104.69	109.22	105.93	103.73	109.04	104.25
Importd bnls. beef 90% frz.	93.06	98.35	98.16	97.18	95.31	97.50
Hide & offal value	6.93	7.30	7.51	7.67	7.60	7.83
Veal carcass, 220-280 lb.	188.10	179.90	178.63	177.60	169.50	164.00
Pork, Central U.S.						
Pork cutout composite	50.55	63.62	68.92	68.49	63.93	70.25
Loins, 14-19 lb. Bl 1/4" trim	105.72	110.06	127.48	115.38	132.53	132.00
Bellies, 12-14 lb. skin on trmd	47.78	85.00	93.70	97.85	91.99	90.50
Hams, 20-23 lb. Bl trmd. TS1	40.98	46.44	47.18	52.11	53.60	59.75
Trimmings, 72% fresh	31.17	43.51	50.26	57.87	51.13	52.00
Lamb, East Coast						
55 lb. Down, Choice	179.50	176.70	180.44	216.75	210.16	195.50
55-65 lb., Choice	180.00	176.70	180.44	216.75	210.16	195.50
			cents/lb.			
Broilers						
12 City Avg.	59.46	54.48	55.39	55.71	56.01	56.75
Georgia dock	59.79	56.22	56.21	56.45	57.50	58.10
Northeast						
Breast, boneless	155.11	139.24	138.84	141.44	141.00	127.50
Breast, Ribs on	75.54	72.25	73.00	70.97	75.00	63.50
Legs, whole	33.85	31.21	32.50	34.52	38.15	37.40
Leg quarters	21.28	18.48	20.07	21.47	25.00	24.00
Turkeys						
Eastern Region						
Toms, 16-24 lb.	71.95	61.87	63.23	64.55	66.25	68.25
Hens, 8-16 lb.	71.62	65.35	67.38	69.18	70.00	71.25
Breast, 4-8 lb.	99.00	101.48	104.99	104.72	104.25	105.25
Drumsticks	17.58	24.35	23.21	23.45	25.75	26.10
Wings, full cut	19.47	20.73	19.84	19.39	20.50	22.00
Eggs, grd A, lg, doz						
!2 City Metro	68.13	64.70	73.13	58.52	66.50	60.35
New York	68.70	60.67	68.50	53.45	62.50	56.75

Hog to Cutout Price Spread
Pork + Offal - Live Hog

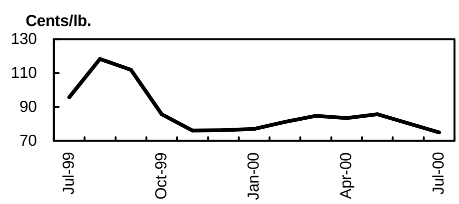
Steer to Cutout Price Spread
Beef + Offal - Fed Steer



Boxed Beef Cutout Spread
Choice - Select 700-800 lbs.



Broiler Price Spread
Boneless Breast - Whole Bird

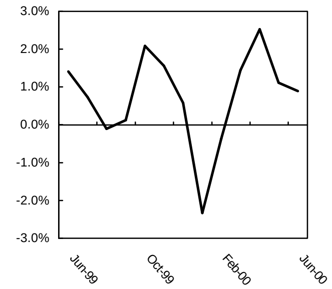


/* Estimates

RETAIL PRICES & SPREADS

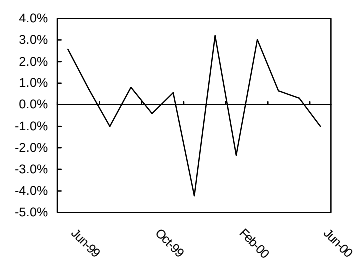
	Jun-1999	Feb-2000	Mar-2000	Apr-2000	May-2000	Jun-2000
Retail prices			***Cents/lb.***			
Beef - Choice	283.2	293.6	297.9	305.4	308.8	311.5
Beef - All Fresh	257.2	270.1	270.8	272.5	274.3	278.8
Ground Beef	144.8	151.6	153.2	158.4	157.0	155.6
Round Roast	273.3	296.8	293.3	295.4	296.8	294.9
T-bone steak	658.2	651.4	668.4	677.8	717.0	721.8
Pork	241.2	251.0	252.8	255.5	256.2	260.3
Bacon	250.4	287.1	292.8	295.3	300.6	313.2
Chops	321.4	324.4	328.8	333.0	336.7	332.8
Sausage	244.1	251.6	258.9	259.0	261.5	268.6
Broilers - Composite[1]	155.1	150.7	155.2	156.2	156.7	155.1
Whole, fresh	104.1	104.6	106.4	106.9	105.2	106.9
Breast - bone in	207.7	199.5	210.9	212.7	214.3	206.4
Leg - bone in	128.3	125.5	125.5	126.0	126.2	128.6
Turkey; whole frozen	100.5	102.5	101.5	99.7	102.9	106.5
Eggs, Gr A, Lg, Doz	94.9	96.2	93.1	93.9	85.2	83.8
Price indexes			***1982-84=100***			
CPI - All	166.2	169.7	171.1	171.2	171.3	172.3
All food	163.6	166.3	166.5	166.6	167.3	167.3
All meat	141.8	146.4	148.3	148.8	150.1	151.7
Beef & veal	139.4	144.3	145.7	147.0	148.0	149.9
Pork	145.4	150.7	153.8	153.5	155.5	157.5
Poultry	156.8	157.9	158.6	158.5	159.6	159.3
Price Spreads			***Cents / retail lb.***			
Beef						
Farm to wholesale	36.0	28.0	29.1	32.1	40.6	41.5
Wholesale to retail	109.1	119.2	114.6	114.4	115.0	120.8
Farmers share (%)	49	50	52	52	50	48
Pork						
Farm to wholesale	37.5	36.0	35.2	30.2	30.3	30.4
Wholesale to retail	140.7	140.9	140.2	136.9	136.5	138.2
Farmers share (%)	26	30	31	35	35	35
Poultry and eggs						
Wholesale to retail						
Broilers [1]	98.7	101.2	104.0	104.1	101.0	99.1
Retail to consumer						
Turkey	22.6	33.9	29.1	25.9	27.6	27.7
Eggs Cents/doz	37.3	25.8	29.4	21.8	27.3	18.3

Retail Beef Price
Percent Change From Previous Month

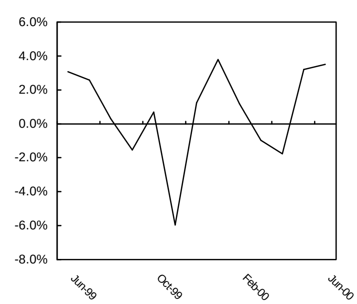


Retail Pork Price
Percent Change from Previous Month

Composite Broiler Price
Percent Change from Previous Month



Retail Turkey Price
Percent Change from Previous Month



Cumulative U.S. Livestock & Meat Imports and Exports

	1998	1999	Jan. - May-1999	Jan. - May-2000
Beef & Veal Imports		***Carcass wt., thousand lbs.***		
Australia	855,260	865,595	331,706	341,891
New Zealand	593,101	560,957	268,382	358,418
Canada	823,073	947,238	361,403	367,016
Brazil	135,055	202,241	74,968	71,386
Argentina	124,191	156,785	68,327	61,748
Central America	51,753	62,392	23,000	25,903
Uruguay	50,237	65,931	28,549	31,537
Mexico	9,142	10,482	4,051	4,728
Other	1,294	2,069	640	792
Total	2,643,105	2,873,689	1,161,028	1,263,420
Beef & Veal Exports				
Japan	1,118,488	1,101,164	461,511	476,796
Canada	261,211	249,463	100,599	109,279
Mexico	418,855	466,003	167,156	205,921
Korea, Rep.	153,808	307,957	109,841	150,949
Caribbean	21,089	30,369	14,619	8,837
Russia	52,464	8,572	2,983	120,536
Other	144,727	164,860	71,307	63,635
Total	2,170,642	2,328,388	928,016	1,135,953
Cattle Imports			***Head***	
Mexico	720,439	959,840	405,639	569,885
Canada	1,313,476	985,215	446,211	410,966
Over 700 lbs.	1,183,457	865,558	393,608	356,588
440-700 lbs.	47,558	22,081	14,297	13,963
Total	2,034,009	1,945,076	851,850	980,851
Cattle Exports				
Mexico	160,474	100,481	34,334	40,580
Canada	116,762	222,830	54,766	118,342
Total	285,209	329,319	93,713	160,629
Lamb Imports		***Carcass wt.,***	***thousand***	***lbs.***
Australia	42,438	48,587	20,445	22,172
New Zealand	34,799	33,991	16,523	16,701
Total	77,813	83,052	37,124	39,554
Mutton Imports				
Total	34,510	29,463	12,281	16,770
Customs Service		***Product wt.,***	***metric tons***	
YTD imports under WT		7/26/99	7/24/00	% of quota
Canada		173,944	182,917	NA
Mexico		1,505	1,032	NA
TRQ Countries		296,922	316,444	45
Australia		144,982	140,317	37
New Zealand		116,906	144,821	68
Argentina		14,153	9,042	45
Uruguay		10,998	10,755	54
Other		9,883	11,509	18
Total		472,371	500,392	NA

IMPORTANT NOTE: All trade data for Russia is under review

	1998	1999	Jan. - May-1999	Jan. - May-2000
Pork Imports		***Carcass wt.,***	***thousand lbs.***	
Canada	491,226	617,339	237,396	303,095
Denmark	135,513	132,868	60,375	67,875
Poland	19,801	23,090	8,557	8,509
Netherlands	9,972	9,895	5,467	5,072
Hungary	10,607	5,863	3,131	4,009
Other	38,274	38,060	17,863	17,597
Total	705,392	827,114	332,789	406,157
Pork Exports				
Japan	496,470	542,290	226,213	255,540
Canada	126,375	127,124	49,279	53,724
Mexico	145,363	167,299	50,798	103,338
Russia	175,399	11,708	2,708	118,734
Korea, Rep	27,755	55,214	21,746	20,014
Hong Kong	62,116	47,209	21,712	19,805
Caribbean	21,784	21,080	9,002	7,000
Other	174,862	194,830	87,775	63,907
Total	1,230,124	1,166,754	469,232	642,063
Hog Imports			***Head***	
Canada	4,122,364	4,135,272	1,627,975	1,647,535
Under 110 lb	1,466,077	2,082,146	804,531	893,313
Total	4,122,914	4,135,663	1,628,065	1,647,535
Hog Exports				
Total	229,454	177,089	109,864	53,851
Broiler Exports		***RTC, thousand lbs.***		
Japan	227,441	218,380	95,034	94,776
Mexico	275,685	298,635	109,055	125,575
Hong Kong	984,612	1,227,094	529,956	551,288
Singapore	17,114	23,180	10,271	20,964
Canada	133,222	145,806	49,346	68,953
Russia	1,496,098	536,596	169,938	526,999
Latvia	291,487	690,853	280,208	228,756
Other	1,247,176	1,600,289	572,273	646,897
Total	4,672,836	4,740,833	1,816,079	2,264,208
Turkey Exports				
Mexico	249,702	216,370	68,728	85,877
S. Korea	5,663	11,360	5,170	2,494
Russia	73,950	14,532	7,269	31,322
Hong Kong	34,387	33,883	10,326	16,453
Canada	8,480	11,662	3,541	3,635
Other	73,961	91,461	36,223	30,729
Total	446,144	379,268	131,257	170,510
Shell Egg Exports		***thousand***	***doz.***	
Canada	35,575	31,373	13,136	9,690
Japan	349	3,118	290	725
Other	66,465	50,323	21,376	23,696
Total	102,388	84,814	34,802	34,111

MONTHLY U.S. LIVESTOCK & MEAT IMPORTS & EXPORTS

	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00
Beef & Veal Imports						***Carcass wt.,thousand lb.***							
Australia	65,543	70,632	77,704	83,686	74,000	88,619	63,640	75,609	76,389	35,683	70,142	79,708	79,971
New Zealand	58,278	76,815	57,335	36,590	36,454	27,198	19,525	38,658	57,660	62,873	84,387	73,506	79,992
Canada	83,641	82,020	82,147	88,995	87,357	90,483	80,619	74,213	71,801	71,991	77,383	68,714	77,127
Brazil	18,269	23,301	18,645	16,227	17,799	17,803	20,400	13,098	17,245	16,166	12,854	13,224	11,897
Argentina	15,402	14,218	8,696	12,398	12,766	12,357	15,048	12,975	15,349	12,706	11,964	9,785	11,944
Central America	5,519	3,986	3,830	5,721	6,674	5,751	7,281	6,150	4,690	7,343	4,993	3,978	4,898
Uruguay	7,404	6,367	5,035	2,954	4,074	8,564	7,310	3,079	6,020	5,830	7,173	4,400	8,114
Mexico	816	985	786	1,009	901	1,021	1,031	697	957	1,179	712	1,111	769
Other	163	83	158	296	135	76	465	216	16	67	105	153	451
Total	255,036	278,406	254,335	247,875	240,159	251,873	215,318	224,694	250,127	213,838	269,713	254,579	275,162
Beef & Veal Exports													
Japan	91,526	92,357	84,197	95,969	96,781	95,357	91,754	83,239	85,363	91,749	102,427	95,351	101,906
Canada	20,688	18,649	20,359	18,438	20,425	22,537	23,555	24,900	21,129	23,625	21,497	20,811	22,217
Mexico	29,711	37,394	44,566	41,297	41,133	42,634	46,326	45,496	40,080	46,399	45,226	33,467	40,750
Korea, Rep.	15,671	25,691	40,548	30,610	17,884	26,737	26,053	30,593	30,263	29,522	30,612	30,577	29,975
Caribbean	1,872	2,011	1,811	2,200	1,579	1,947	2,041	4,160	2,381	1,311	2,077	1,669	1,398
Russia	85	56	252	178	157	748	123	4,076	50,262	68,579	239	536	921
Other	14,114	16,939	13,857	10,697	9,671	14,485	13,574	14,330	13,804	13,123	15,519	10,090	11,097
Total	173,667	193,097	205,590	199,389	187,630	204,445	203,425	206,795	243,283	274,308	217,597	192,501	208,265
Cattle Imports						***Head***							
Mexico	45,109	39,213	20,571	15,589	30,310	100,710	211,065	136,743	103,352	115,338	136,230	106,222	108,743
Canada	76,419	82,966	59,419	91,666	95,656	102,074	65,440	41,783	37,097	72,243	115,914	95,074	90,638
Over 700 lbs.	65,265	72,646	49,724	80,849	86,024	93,167	56,973	32,567	31,082	64,389	103,408	82,987	74,722
440-700 lbs.	2,761	972	825	803	680	1,147	1,152	2,205	1,502	1,481	3,005	3,290	4,685
Total	121,528	122,179	79,990	107,255	125,966	202,795	276,510	178,531	140,449	187,581	252,144	201,296	199,381
Cattle Exports													
Mexico	7,186	7,441	6,808	9,296	14,655	11,304	8,556	8,087	7,358	10,121	7,656	5,205	10,240
Canada	14,039	9,730	5,664	5,939	4,086	68,741	45,212	28,692	35,141	27,843	28,568	9,674	17,116
Total	21,839	17,312	12,642	15,462	18,945	80,266	53,887	37,092	42,668	38,383	36,838	15,117	27,623
Lamb Imports						***Carcass wt., thousand lb.***							
Australia	4,171	5,034	4,901	3,283	3,130	3,571	3,646	4,576	3,328	3,905	5,457	5,445	4,038
New Zealand	3,098	2,800	3,582	1,702	1,815	2,483	1,677	3,409	2,577	3,421	4,165	3,558	2,979
Total	7,269	7,840	8,558	5,011	4,956	6,118	5,394	8,051	6,037	7,405	9,804	9,178	7,130
Mutton Imports													
Total	1,493	844	1,442	1,606	1,959	3,177	3,333	4,819	4,578	2,747	3,211	2,407	3,828
Lamb and mutton exports													
Total	456	593	318	435	180	388	429	389	434	488	665	530	244

	May-1999	Jun-1999	Jul-1999	Aug-1999	Sep-1999	Oct-1999	Nov-1999	Dec-1999	Jan-2000	Feb-2000	Mar-2000	Apr-2000	May-2000
Pork Imports						***Carcass wt., thousand lb.***							
Canada	46,909	50,472	43,622	53,554	53,928	61,624	59,067	57,676	57,685	58,133	67,669	58,781	60,827
Denmark	11,338	10,361	11,067	9,969	10,309	11,222	9,860	9,705	10,134	13,518	16,506	12,394	15,323
Poland	1,872	1,864	1,986	1,594	2,594	2,888	1,954	1,652	1,543	1,711	2,062	1,526	1,668
Netherlands	2,103	132	311	210	653	854	1,223	1,044	904	561	1,340	1,358	908
Hungary	871	472	536	72	278	143	608	622	737	748	876	885	763
Other	4,247	4,707	1,982	1,697	1,490	2,829	3,950	3,543	4,118	3,032	4,188	3,084	3,175
Total	67,340	68,010	59,503	67,095	69,252	79,559	76,663	74,242	75,121	77,703	92,641	78,027	82,664
Pork Exports													
Japan	44,647	44,365	40,965	48,526	46,328	45,976	45,413	44,505	44,069	50,769	53,838	49,368	57,495
Canada	11,220	10,326	11,861	9,045	12,607	9,746	12,119	12,140	10,487	10,814	11,923	10,752	9,748
Mexico	8,536	15,889	14,467	15,292	13,883	17,706	18,611	20,654	20,733	24,416	24,695	16,160	17,334
Russia	145	377	140	251	228	44	130	7,831	47,518	71,035	11	68	101
Korea, Rep	5,840	5,894	6,098	3,440	2,724	8,400	3,029	3,885	3,170	5,060	4,310	4,693	2,780
Hong Kong	3,417	3,477	3,621	2,813	4,489	2,457	3,278	5,362	2,447	2,965	4,089	5,508	4,798
Caribbean	1,150	1,312	1,124	1,808	2,329	1,831	1,454	2,220	1,369	1,642	1,701	967	1,321
Other	22,817	19,242	12,496	19,182	12,373	13,696	14,795	15,270	9,215	16,573	15,310	13,024	9,785
Total	97,772	100,884	90,771	100,357	94,961	99,855	98,828	111,866	139,007	183,273	115,878	100,541	103,363
Hog Imports						***Head***							
Canada	314,657	364,347	311,888	365,563	379,352	374,227	352,299	359,621	338,798	307,887	334,298	299,551	367,001
Under 110 lb	176,432	196,246	163,094	179,048	199,227	177,387	183,071	179,542	177,751	174,948	191,386	166,662	182,566
Total	314,657	364,391	312,117	365,563	379,352	374,255	352,299	359,621	338,798	307,887	334,298	299,551	367,001
Hog Exports													
Total	16,062	26,637	4,060	8,967	10,363	10,250	1,986	4,962	8,072	14,943	17,694	8,297	4,845
Broiler Exports						***RTC, thousand lb.***							
Japan	13,871	17,853	13,423	23,875	20,086	20,966	16,273	10,871	13,866	16,148	22,673	19,393	22,696
Mexico	22,697	28,962	22,475	27,527	26,916	27,787	28,608	27,304	24,748	29,673	26,655	25,204	19,295
Hong Kong	97,423	91,355	96,171	83,520	78,312	102,474	110,519	134,787	95,418	108,962	125,850	101,940	119,118
Singapore	2,496	2,448	1,479	2,150	1,849	1,657	1,844	1,482	1,658	2,371	5,836	6,983	4,117
Canada	12,847	13,285	17,405	14,650	15,205	12,486	12,346	11,084	13,480	13,331	13,866	14,405	13,870
Russia	11,283	26,359	11,600	34,629	59,174	114,736	76,959	43,202	159,995	192,494	41,494	39,524	93,492
Latvia	56,125	58,252	76,910	98,008	70,742	14,569	59,147	33,018	43,614	119,687	32,548	32,173	734
Other	109,245	151,783	177,738	116,943	109,232	148,209	146,115	177,996	103,923	142,844	128,165	138,460	133,505
Total	325,987	390,298	417,202	401,302	381,514	442,884	451,811	439,744	456,702	625,511	397,086	378,083	406,827
Turkey Exports													
Mexico	12,536	20,731	15,317	18,266	18,331	23,725	25,573	25,698	19,406	20,084	18,099	18,352	9,936
Canada	664	959	1,413	1,135	1,041	1,467	924	1,181	614	891	775	609	746
S. Korea	917	968	900	682	1,203	772	767	898	483	471	750	371	419
Russia	391	104	1,055	890	2,863	806	964	582	2,329	1,428	27,323	128	116
Hong Kong	1,630	3,235	2,837	3,028	3,014	4,157	3,013	4,273	2,374	3,262	3,403	2,547	4,867
Other	10,630	10,453	6,193	6,829	8,317	8,108	7,748	7,592	5,645	5,863	6,981	5,859	6,382
Total	26,767	36,449	27,716	30,829	34,768	39,034	38,990	40,224	30,850	31,999	57,331	27,866	22,464
Shell Egg Exports						***thousand doz.***							
Canada	2,942	2,043	2,186	3,295	3,391	2,355	2,440	2,527	1,514	1,323	2,421	2,274	2,158
Japan	51	15	104	216	349	590	854	701	574	62	43	24	22
Total	6,988	6,275	5,728	7,318	7,513	7,488	7,811	7,880	6,115	6,630	8,442	7,176	5,747

For further information: Dale Leuck (202) 694-5186, or Mildred Haley (202) 694-5176

	1998	1999				2000					2001		
	Annual	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Production, million lb.													
Beef	25,653	6,627	6,838	6,522	26,386	6,653	6,690	6,925	6,250	26,518	6,400	6,425	25,100
Pork	18,981	4,630	4,672	5,110	19,278	4,824	4,475	4,625	4,975	18,889	4,750	4,525	19,050
Broilers	27,863	7,592	7,486	7,367	29,741	7,602	7,750	7,700	7,700	30,752	8,000	8,200	32,300
Turkeys	5,281	1,336	1,362	1,393	5,297	1,284	1,350	1,350	1,375	5,359	1,275	1,375	5,450
Total Red Meat & Poultry	78,801	20,437	20,610	20,650	81,724	20,613	20,515	20,842	20,543	82,513	20,676	20,774	82,880
Table eggs, mil doz.	5,620	1,432	1,456	1,517	5,833	1,484	1,470	1,480	1,535	5,969	1,490	1,480	6,020
Per capita consumption, Retail lb.													
Beef	68.1	17.8	17.8	16.8	69.0	17.1	17.7	18.0	16.1	69.0	16.6	16.9	65.1
Pork	52.6	13.0	13.3	14.0	53.8	13.1	12.5	13.1	13.8	52.5	13.0	12.5	52.4
Broilers	72.6	19.8	19.3	18.7	77.1	19.3	20.0	19.9	20.0	79.1	20.7	21.2	83.1
Turkeys	18.1	3.8	4.4	5.8	17.9	3.7	3.9	4.3	5.8	17.6	3.8	3.8	17.8
Total Red Meat & Poultry	213.7	55.0	55.4	55.9	220.4	53.9	54.7	55.7	56.2	220.6	54.6	55.0	220.6
Eggs, number	244.9	62.8	63.8	66.2	255.5	64.6	64.0	64.1	66.6	259.3	64.0	63.7	258.6
Market Prices													
Choice steers, Neb., $/cwt.	61.48	65.04	65.12	69.65	65.56	69.32	71.50	66-68	68-72	68-70	69-75	72-78	72-77
Feeder steers, Ok City, $/cwt.	71.80	72.17	77.57	83.87	76.39	84.91	84.82	86-88	86-90	85-87	86-92	86-92	86-91
Bng Ut Cows, S. Falls, $/cwt.	36.20	38.77	40.02	38.71	38.40	39.88	44.23	45-47	43-47	43-45	40-44	45-49	44-48
Barrows & gilts, N. base, l.e. $/cwt.	34.72	35.18	35.70	36.29	34.00	41.14	50.43	48-50	40-42	45-46	42-46	45-49	42-46
Broilers, 12 City, cents/lb.	63.10	58.60	58.10	57.60	58.10	54.60	55.70	57-59	54-58	55-57	51-55	54-58	53-58
Turkeys, Eastern, cents/lb.	62.20	65.80	73.80	76.90	69.00	62.90	69.00	72-74	75-81	70-72	60-64	63-69	65-71
Eggs, New York, cents/doz.	75.80	58.10	66.20	63.20	65.60	63.30	62.10	63-65	65-69	63-65	60-66	53-57	59-63
U.S. Trade, million lb.*													
Beef & veal exports	2,171	557	625	665	2,411	655	600	630	630	2,515	590	590	2,345
Beef & veal imports	2,642	812	742	692	2,874	734	820	775	700	3,029	715	830	3,050
Pork exports	1,229	304	290	425	1,285	325	330	305	315	1,275	320	335	1,305
Pork imports	704	200	196	230	827	245	245	245	270	1,005	245	245	1,005
Broiler exports	4,673	1,170	1,230	1,430	4,866	1,355	1,250	1,225	1,200	5,030	1,250	1,250	5,050
Turkey exports	446	88	93	118	379	119	100	105	110	434	100	100	420

*See note about adjustments on front page.

ECONOMIC INDICATOR FORECASTS 1/

	1999				2000					2001		
	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
GDP, chain wtd (bil. 1996 dol.)	8,779	8,883	9,027	8,848	9,157	9,251	9,334	9,405	9,284	9465	9525	9563
CPI-U, annual rate (pct.)	3.5	2.6	2.9	2.6	4.0	3.2	2.5	2.6	3.1	2.7	2.6	2.7
Unemployment (pct.)	4.3	4.2	4.1	4.2	4.1	3.9	4.0	4.0	4.0	4.0	4.2	4.2
Interest (pct.)												
3-month Treasury bill	4.5	4.7	5.0	4.6	5.5	5.9	6.2	6.4	6.0	6.4	6.2	6.1
10-year Treasury bond yield	5.5	5.9	6.1	5.6	6.5	6.4	6.5	6.6	6.5	6.6	6.5	6.4

1/ Source: Survey of Professional Forecasters, Philadelphia Federal Reserve Bank, May 2000.

DAIRY FORECASTS

	1999				2000					2001		
	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Milk cows (thous,)	9,155	9,171	9,170	9,156	9,187	9,213	9,210	9,175	9,195	9125	9,090	9070
Milk per cow (pounds)	4,591	4,337	4,406	17,771	4,636	4,682	4,440	4,445	18,200	4640	4,750	18420
Milk production (bil. pounds)	42.0	39.8	40.4	162.7	42.6	43.1	40.9	40.8	167.4	42.3	43.2	167.1
Commercial use (bil. pounds)												
milkfat basis	41.6	42.5	42.5	164.9	40.4	41.9	44.3	43.4	169.9	40.3	43.1	169.5
skim solids basis	39.3	40.6	39.9	157.8	39.0	40.5	41.8	41.6	162.8	41.1	41.7	168.0
Net removals (bil. pounds)												
milkfat basis	0.1	0.1	0.1	0.3	0.3	0.2	0.2	0.1	0.8	0.1	0.1	0.3
skim solids basis	2.0	1.6	1.7	6.5	2.4	2.8	1.7	1.4	8.3	0.5	0.4	1.8
Prices (dol./cwt)												
All milk	12.80	14.87	13.83	14.36	11.90	12.03	12.70 -13.10	13.65 -14.35	12.55 -12.85	12.05 -13.05	10.90 -11.90	12.30 -13.30
Basic Formula Price/ Class III	11.50	15.21	10.30	12.43	9.71	9.42	10.65 -11.05	12.00 -12.70	10.45 -10.75	10.25 -11.25	9.30 -10.30	10.70 -11.70
Class IV					10.84	11.89	11.95 -12.45	11.80 -12.60	11.60 -12.00	10.05 -11.15	10.05 -11.15	10.85 -11.95

U.S. dairy situation at a glance

	Unit	1997	1998	1999	Apr-99	May-99	Jun-99	Jul-99
Milk production:								
Production (20 States)	Mil. lb.	133,314	134,900	140,029	11,998	12,447	11,737	11,610
Milk cow (20 States)	Thou.	7,760	7,708	7,735	7,720	7,733	7,740	7,751
Milk per cow (20 States)	Lb.	17,180	17,502	18,105	1,554	1,610	1,516	1,498
Production (U.S. est.)	Mil. lb.	156,091	157,348	162,711	13,942	14,458	13,629	13,450
Milk prices:								
All milk	Dol./cwt	13.34	15.50	14.36	12.60	12.70	13.10	13.80
Milk eligible for fluid use	Dol./cwt	13.38	15.52	14.43	12.60	12.80	13.20	13.90
Manufacturing grade milk	Dol./cwt	12.18	14.36	12.87	12.00	11.60	12.00	13.40
Class III (BFP before 2000) 3.5% fat	Dol./cwt	12.05	14.20	12.43	11.81	11.26	11.42	13.59
Slaughter cow price, WI	Dol./cwt	36.93	35.54	37.28	36.25	38.31	38.80	39.69
Wholesale prices:								
Butter, Central States 1/	Ct/lb	116.2	177.6	125.2	103.9	111.0	150.4	134.7
American cheese, WI assembly pt.								
40-pound blocks	Ct/lb	132.4	158.1	142.3	133.6	124.8	138.1	159.7
Barrels	Ct/lb	125.2	151.7	136.4	129.1	120.8	133.9	152.9
Nonfat dry milk, Central States	Ct/lb	110.0	106.9	103.5	102.3	102.3	101.4	101.7
Retail prices:								
Consumer Price Index	1982-84=100	160.5	163.0	166.6	166.2	166.2	166.2	166.7
All food	1982-84=100	157.3	160.7	164.1	163.4	163.7	163.6	163.8
Dairy products	1982-84=100	145.5	150.8	159.6	156.1	156.2	156.1	155.7
Fluid milk	Dec 1997=100	NA	101.3	107.6	102.8	103.3	103.3	102.8
Other dairy products	Dec 1997=100	NA	101.9	107.2	106.9	106.9	106.4	108.2
Dairy product output:								
Butter	Mil. lb	1,151.3	1,168.0	1,275.0	114.3	110.9	94.6	84.8
American cheese	Mil. lb	3,285.6	3,314.7	3,576.5	316.5	312.5	294.0	299.4
Other-than-American cheese	Mil. lb	4,044.9	4,177.5	4,015.5	353.2	362.5	375.4	350.4
Frozen products 2/	Mil. gal.	1,290.0	1,324.3	1,311.8	117.9	120.6	137.6	132.8
All products (m.e.-fat)	Mil. lb	96,323	98,378	103,630	8,987	9,127	8,967	8,651
Nonfat dry milk	Mil. lb	1,217.6	1,135.4	1,378.2	133.4	136.7	118.6	99.3
Beginning stocks:								
Commercial butter	Mil. lb	13.4	20.5	25.9	108.3	125.5	136.3	120.3
Commercial American cheese	Mil. lb	379.6	410.3	407.6	467.6	514.4	558.9	531.2
Other cheese	Mil. lb	107.3	70.0	109.5	177.4	174.2	182.3	197.2
Manufacturers' nonfat dry milk	Mil. lb	71.1	103.3	56.9	122.7	141.2	162.4	161.9
All commercial (m.e.-fat)	Mil. lb	4,704	4,889	5,274	8,164	8,939	9,669	9,191
All commercial (m.e.-skim)	Mil. lb	5,753	6,080	5,914	7,979	8,616	9,405	9,286
All Government (m.e.-fat)	Mil. lb	10	18	28	25	27	31	39
All Government (m.e.-skim)	Mil. lb	7	258	1,115	977	1,004	1,032	1,341
Commercial disappearance:								
Butter	Mil. lb	1,109	1,223	1,309	100.4	102.1	113.7	88.1
American cheese	Mil. lb	3,269	3,338	3,586	273.3	272.3	324.0	291.1
Other-than-American cheese	Mil. lb	4,367	4,452	4,678	383.5	381.5	384.4	372.0
Nonfat dry milk	Mil. lb	894	867	791	66.6	62.9	49.8	63.6
All products:								
m.e.-fat	Mil. lb	156,118	159,779	164,911	13,374	13,914	14,297	13,525
Milkfat	Mil. lb	5,722	5,842	6,049	489	501	509	475
Skim solids	Mil. lb	13,327	13,497	13,665	1,127	1,154	1,133	1,113
USDA net removals:								
Butter	Mil. lb	38.4	6.3	3.7	0.4	0.0	0.0	0.0
Cheese	Mil. lb	11.3	8.2	4.6	0.3	0.3	0.1	0.2
Nonfat dry milk	Mil. lb	298.0	326.4	540.6	48.9	53.8	69.7	55.0
All products (m.e.-fat)	Mil. lb	1,090	366	344	31	21	23	20
All products (m.e.-skim)	Mil. lb	3,681	3,974	6,455	581	637	820	650
Imports								
All products (m.e.-fat)	Mil. lb	2,698	4,588	4,772	351	323	325	457
All products (m.e.-skim)	Mil. lb	3,165	3,744	4,618	348	345	294	383
International market prices:								
Butter	$/metric ton	1,861	1,908	1,506	1,425	1,438	1,478	1,450
Nonfat dry milk	$/metric ton	1,738	1,440	1,332	1,255	1,263	1,274	1,293

1/ Grade AA Chicago before June 1998. 2/ Hard ice cream, ice milk, and sherbert. NA = Not Available.
m.e.-fat (skim) = Milk equivalent, fat (skim solids) basis

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

Aug-99	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00
11,534	11,200	11,549	11,315	11,928	12,256	11,691	12,679	12,399	12,743	12,070
7,755	7,753	7,746	7,756	7,757	7,765	7,766	7,774	7,787	7,795	7,805
1,487	1,445	1,491	1,459	1,538	1,578	1,505	1,631	1,592	1,635	1,546
13,357	12,964	13,418	13,141	13,847	14,258	13,596	14,739	14,378	14,772	13,987
15.10	15.70	14.90	14.40	12.20	12.00	11.80	11.90	11.90	12.00	12.20
15.00	15.80	15.00	14.50	12.30	12.00	11.90	12.00	12.00	12.10	12.20
15.40	15.10	12.70	11.10	10.80	10.70	10.20	10.10	10.20	10.10	10.40
15.79	16.26	11.49	9.79	9.63	10.05	9.54	9.54	9.41	9.37	9.46
39.25	36.35	36.81	36.50	37.70	37.63	39.08	40.63	41.25	41.80	42.06
141.4	135.8	113.8	109.6	94.2	91.6	92.9	99.7	108.7	122.2	128.6
189.0	167.3	134.0	117.3	115.7	114.6	111.6	112.2	110.7	110.6	120.0
179.2	153.2	128.0	114.3	114.8	112.7	109.2	109.6	108.5	109.2	117.2
103.8	104.9	104.5	103.4	101.7	100.9	100.3	100.1	100.0	100.1	101.2
167.1	167.9	168.2	168.3	168.3	168.7	169.7	171.1	171.2	171.3	172.3
164.2	164.6	165.1	165.2	165.4	166.1	166.3	166.5	166.6	167.3	167.3
156.5	158.7	164.1	164.6	162.1	160.4	160.9	159.1	160.6	159.6	159.5
102.9	105.6	112.5	114.2	109.7	106.9	106.6	106.0	107.4	107.2	106.9
107.1	107.1	107.2	108.3	107.9	108.5	109.4	109.1	109.3	108.6	108.6
78.2	92.1	103.1	103.5	119.8	142.3	130.3	122.5	115.4	112.0	NA
293.1	281.1	295.3	288.1	309.7	316.7	302.3	320.2	312.5	323.2	NA
355.3	8.3	376.6	400.3	396.1	370.2	343.2	397.7	381.0	405.8	NA
126.5	109.5	94.5	88.0	84.8	83.8	98.6	120.4	117.2	124.6	NA
8,364	8,230	8,347	8,335	8,717	9,092	8,757	9,426	9,145	9,543	NA
95.8	95.5	105.3	102.4	126.1	133.6	133.1	139.5	147.0	138.0	NA
123.2	90.5	71.3	63.8	29.9	24.9	72.6	88.5	97.4	126.6	137.6
543.6	508.3	473.6	459.3	448.2	458.0	480.1	515.3	524.9	547.9	554.6
205.1	186.4	177.6	162.6	143.5	163.3	187.9	193.0	201.7	200.7	208.8
143.7	108.8	96.6	97.7	102.2	115.5	146.2	173.4	167.9	197.4	204.5
9,436	8,263	7,444	7,016	5,992	6,135	7,576	8,300	8,638	9,520	9,928
9,288	8,356	7,769	7,468	7,175	7,634	8,468	9,195	9,302	9,907	10,186
44	50	43	44	44	44	47	57	64	82	100
1,643	1,995	1,715	1,556	1,615	1,566	1,750	2,174	2,654	3,052	3,624
116.9	113.3	113.2	137.2	124.4	93.2	113.8	113.7	86.7	103.5	NA
331.7	322.0	318.5	305.1	307.2	296.5	268.4	313.7	292.9	319.0	NA
408.0	403.8	426.8	454.0	416.9	367.4	362.1	418.4	409.1	427.8	NA
95.4	69.3	72.3	60.6	44.9	43.1	43.1	70.2	42.8	49.7	NA
14,870	14,073	14,174	14,384	13,964	12,881	12,984	14,573	13,667	14,573	NA
528	511	527	541	530	491	490	544	503	529	NA
1,207	1,150	1,191	1,161	1,126	1,151	1,064	1,217	1,138	1,196	NA
0.0	0.5	0.5	0.8	1.0	2.0	2.6	1.6	0.9	0.8	0.7
0.5	0.4	0.4	0.2	0.4	0.4	0.7	1.8	2.2	4.0	0.8
36.3	39.4	33.4	38.7	68.8	60.3	63.5	76.5	75.0	81.8	58.0
20	30	27	40	55	88	99	86	78	90	49
436	470	399	466	822	738	771	929	920	1013	699
477	432	471	371	431	265	316	371	358	412	NA
413	447	484	427	499	266	291	390	354	402	NA
1,418	1,436	1,500	1,550	1,533	1,431	1,318	1,238	1,250	1,273	1,353
1,330	1,364	1,401	1,423	1,435	1,455	1,470	1,460	1,500	1,604	1,900

U. S. milk production and related data

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	9,474	4,108	38,918	7.62	1.65
APR-JUN	9,481	4,268	40,465	7.62	1.60
JUL-SEP	9,472	4,034	38,208	7.82	1.59
OCT-DEC	9,435	3,996	37,701	8.24	1.67
Avg. or total	9,466	16,405	155,292	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	4,179	38,859	8.79	1.54
APR-JUN	9,273	4,375	40,574	8.76	1.45
JUL-SEP	9,236	4,182	38,627	8.62	1.47
OCT-DEC	9,200	4,134	38,031	8.49	1.71
Avg. or total	9,252	16,871	156,091	8.67	1.54
1998					
JAN-MAR	9,175	4,269	39,167	8.42	1.75
APR-JUN	9,167	4,447	40,767	8.05	1.72
JUL-SEP	9,145	4,211	38,513	7.50	2.07
OCT-DEC	9,128	4,262	38,901	7.25	2.47
Avg. or total	9,154	17,189	157,348	7.81	1.99
1999					
JAN-MAR	9,128	4,437	40,505	7.25	2.20
APR-JUN	9,155	4,591	42,029	7.10	1.80
JUL-SEP	9,171	4,337	39,771	7.00	2.12
OCT-DEC	9,170	4,406	40,406	6.95	1.99
Avg. or total	9,156	17,771	162,711	7.08	2.03
2000					
JAN-MAR	9,187	4,636	42,593	7.10	1.68
APR-JUN	9,213	4,682	43,137	7.20	1.67

Commercial disappearance: Milk in all products, 2000

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Supply:													
Production	14258	13596	14739	14378	14772	13987							
Farm use	113	105	113	109	113	109							
Marketings	14145	13491	14626	14269	14659								
Beginning commercial stocks	6135	7576	8300	8638	9520	9928							
Imports	265	316	371	358	412								
Total supply	20545	21383	23297	23265	24591								
Utilization:													
Ending commercial stocks	7576	8300	8638	9520	9928								
USDA net removals	88	99	86	78	90	49							
Commercial disappearance	12881	12984	14573	13667	14573								
Percent change		[4.9]											
from a year ago	5.0	8.7	3.2	2.2	4.7								
Cumulative disappearance	12881	25865	40438	54105	68678								
		First quarter			Second quarter								
		40438											
Percent change		[4.3]											
from a year ago		5.5											

Percentages in brackets adjusted for leap year.

Commercial disappearance: Milkfat, 2000

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Supply:													
Production	540	511	548	529	535								
Farm use	4	4	4	4	4								
Marketings	536	507	544	525	531								
Beginning commercial stocks	225	278	305	317	350								
Imports	9	11	13	12	14								
Total supply	770	796	862	854	895								
Utilization:													
Ending commercial stocks	278	305	317	350	365								
USDA net removals	1	1	1	1	1								
Commercial disappearance	491	490	544	503	529								
Percent change		[6.0]											
from a year ago	5.5	9.8	3.8	2.9	5.6								
Cumulative disappearance	491	981	1525	2029	2557								
		First quarter			Second quarter								
		1525											
Percent change		[5.0]											
from a year ago		6.2											

Percentages in brackets adjusted for leap year.

Commercial disappearance: Skim solids, 2000

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Supply:													
Production	1248	1177	1281	1249	1282								
Farm use	10	9	10	9	10								
Marketings	1238	1168	1271	1239	1272								
Beginning commercial stocks	680	727	790	799	851								
Imports	23	25	34	30	35								
Total supply	1941	1920	2095	2068	2158								
Utilization:													
Ending commercial stocks	727	790	799	851	875								
USDA net removals	63	66	79	79	87								
Commercial disappearance	1151	1064	1217	1138	1196								
Percent change		[-1.0]											
from a year ago	8.2	2.5	1.1	1.1	3.7								
Cumulative disappearance	1151	2216	3433	4571	5767								
		First quarter			Second quarter								
		3433											
Percent change		[2.7]											
from a year ago		3.8											

Percentages in brackets adjusted for leap year.

Commercial disappearance: Butter, 2000

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Supply:													
Production	142.3	130.3	122.5	115.4	112.0								
Beginning commercial stocks	24.9	72.6	88.5	97.4	126.6	137.6							
Imports	0.6	2.0	1.7	1.4	3.3								
Total supply	167.8	204.9	212.7	214.2	241.9								
Utilization:													
Ending commercial stocks	72.6	88.5	97.4	126.6	137.6	144.4							
USDA net removals	2.0	2.6	1.6	0.9	0.8	0.7							
Commercial disappearance	93.2	113.8	113.7	86.7	103.5								
Percent change		[24.0]											
from a year ago	-3.0	28.4	-0.9	-13.6	1.4								
Cumulative disappearance	93.2	207.0	320.7	407.4	510.9								
		First quarter			Second quarter								
		320.7											
Percent change		[5.8]											
from a year ago		7.1											

Percentages in brakets adjusted for leap year.

Commercial disappearance: Nonfat dry milk, 2000

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Supply:													
Production	133.6	133.1	139.5	147.0	138.0								
Beginning commercial stocks	115.5	146.2	173.4	167.9	197.4	204.5							
Imports	0.5	0.7	0.7	0.3	0.6								
Total supply	249.6	280.0	313.6	315.2	336.0								
Utilization:													
Ending commercial stocks	146.2	173.4	167.9	197.4	204.5								
USDA net removals	60.3	63.5	75.5	75.0	81.8	58.0							
Commercial disappearance	43.1	43.1	70.2	42.8	49.7								
Percent change		[-26.7]											
from a year ago	-35.4	-24.1	-14.4	-35.7	-21.0								
Cumulative disappearance	43.1	86.2	156.4	199.2	248.9								
		First quarter			Second quarter								
		156.4											
Percent change		[-24.6]											
from a year ago		-23.9											

Percentages in brakets adjusted for leap year.

Commercial disappearance: American cheese, 2000

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Supply:													
Production	316.7	302.3	320.2	312.5	323.2								
Beginning commercial stocks	458.0	480.1	515.3	524.9	547.9	554.6							
Imports	2.3	2.0	4.9	5.6	6.5								
Total supply	777.0	784.4	840.4	843.0	877.6								
Utilization:													
Ending commercial stocks	480.1	515.3	524.9	547.9	554.6	574.5							
USDA net removals	0.4	0.7	1.8	2.2	4.0	8.0							
Commercial disappearance	296.5	268.4	313.7	292.9	319.0								
Percent change		[-3.1]											
from a year ago	15.3	0.4	-0.9	7.2	8.0								
Cumulative disappearance	296.5	564.9	878.6	1171.5	1490.5								
		First quarter			Second quarter								
		878.6											
Percent change		[3.3]											
from a year ago		4.4											

Percentages in brackets adjusted for leap year.

Commercial disappearance: Other-than-American cheese, 2000

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Supply:													
Production	370.2	343.2	397.7	381.0	405.8								
Beginning commercial stocks	163.3	187.9	193.0	201.7	200.7	208.8							
Imports	21.8	24.0	29.4	27.1	30.1								
Total supply	555.3	555.1	620.1	609.8	636.6								
Utilization:													
Ending commercial stocks	187.9	193.0	201.7	200.7	208.8	207.7							
USDA net removals													
Commercial disappearance	367.4	362.1	418.4	409.1	427.8								
Percent change		[2.8]											
from a year ago	21.3	6.5	3.5	6.7	12.1								
Cumulative disappearance	367.4	729.5	1147.9	1557.0	1984.8								
		First quarter			Second quarter								
		1147.9											
Percent change		[8.4]											
from a year ago		9.6											

Percentages in brackets adjusted for leap year.

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

Inventory	1994	1995	1996	1997	1998	1999	2000		Change from previous year
				1,000 head					Percent
Dec. 1 inventory 2/	57,940	59,738	58,201	56,124	61,158	62,206	59,337		-5
Breeding	7,166	6,998	6,770	6,578	6,957	6,682	6,244		-7
Market	50,774	52,739	51,431	49,546	54,200	55,523	53,094		-4
Under 60 lb	19,171	19,477	18,916	18,503	20,237	20,140	19,228		-5
60-119 lb	12,627	13,007	12,755	12,193	13,319	13,631	13,106		-4
120-179 lb	10,268	10,927	10,704	10,209	11,188	11,585	11,073		-4
180 + lb	8,709	9,329	9,057	8,641	9,457	10,168	9,687		-5
March 1 inventory	57,435	58,283	55,741	55,049	60,163	60,191	58,137		-3
Breeding	7,189	6,945	6,701	6,637	6,942	6,527	6,205		-5
Market	50,246	51,337	49,040	48,412	53,220	53,663	51,933		-3
Under 60 lb	18,750	19,144	18,534	18,490	20,192	19,978	19,312		-3
60-119 lb	12,144	12,395	11,732	11,627	12,791	12,899	12,513		-3
120-179 lb	10,575	10,640	10,021	9,858	10,774	10,995	10,648		-3
180 + lb	8,778	9,159	8,754	8,437	9,464	9,792	9,460		-3
June 1 inventory	60,847	59,329	56,038	57,366	62,213	60,896	59,397		-2
Breeding	7,532	7,117	6,682	6,789	6,958	6,515	6,234		-4
Market	53,315	52,211	49,356	50,577	55,254	54,380	53,164		-2
Under 60 lb	22,024	21,042	19,645	19,988	21,482	20,532	20,188		-2
60-119 lb	13,092	12,841	12,196	12,574	13,711	13,501	13,247		-2
120-179 lb	10,007	9,780	9,757	10,002	11,084	11,076	10,700		-3
180 + lb	8,193	8,549	7,759	8,013	8,978	9,272	9,029		-3
Sept. 1 inventory	62,208	60,137	56,961	60,456	63,488	60,776			-4
Breeding	7,468	6,907	6,577	6,858	6,875	6,301			-8
Market	54,740	53,229	50,384	53,598	56,612	54,474			-4
Under 60 lb	20,633	19,822	18,782	20,662	21,189	20,243			-4
60-119 lb	13,883	13,347	12,498	13,388	14,032	13,414			-4
120-179 lb	11,223	11,044	10,418	10,673	11,555	11,129			-3
180 + lb	9,002	9,017	8,687	8,875	9,837	9,689			-2
Sows farrowing									
Dec.-Feb. 1/	2,880	2,881	2,718	2,684	2,929	2,891	2,819		-2
March-May	3,377	3,165	2,930	2,911	3,086	2,986	2,905		-3
Dec.-May 1/	6,257	6,046	5,648	5,595	6,015	5,877	5,724		-3
June-August	3,108	2,974	2,718	2,946	3,054	2,920	2,854	2/	-2
Sept.-Nov.	3,031	2,869	2,731	2,939	2,993	2,844	2,861	2/	1
June-Nov.	6,139	5,843	5,449	5,885	6,047	5,764	5,715		-1
Pig crop									
Dec.-Feb. 1/	23,319	23,742	23,054	23,164	25,480	25,247	24,777		-2
March-May	27,898	26,335	24,833	25,229	26,989	26,270	25,831		-2
Dec.-May 1/	51,217	50,077	47,887	48,393	52,469	51,517	50,608		-2
June-August	25,530	24,794	23,244	25,696	26,634	25,860			0
Sept.-Nov.	24,732	23,945	23,327	25,494	25,902	24,972			-4
June-Nov.	50,262	48,739	46,571	51,190	52,536	50,832			-2
			Number						
Pigs per litter									
Dec.-Feb. 1/	8.10	8.24	8.43	8.63	8.70	8.73	8.79		1
March-May	8.26	8.32	8.48	8.67	8.75	8.80	8.89		1
Dec.-May 1/	8.18	8.28	8.46	8.65	8.73	8.77	8.84		1
June-August	8.21	8.34	8.55	8.72	8.72	8.86			2
Sept.-Nov.	8.16	8.35	8.54	8.67	8.66	8.78			2
June-Nov.	8.19	8.35	8.55	8.70	8.69	8.82			2

1/ December preceding year. 2/ Intentions

Hog breeding herd changes, United States

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Inventory:				1,000 head						
December 1 breeding 1/	6,847	7,229	7,109	7,166	6,998	6,770	6,578	6,957	6,682	6,244
December-February										
Sow slaughter	873	983	939	919	1,010	904	737	810	879	742
Stag/boar slaughter	186	197	213	205	233	179	149	135	105	81
Gilts/boars added	1,209	1,106	1,096	1,147	1,190	1,014	945	930	829	784
% of inventory	17.7%	15.3%	15.4%	16.0%	17.0%	15.0%	14.4%	13.4%	12.4%	12.6%
March 1 breeding	6,997	7,155	7,053	7,189	6,945	6,701	6,637	6,942	6,527	6,205
March-May										
Sow slaughter	843	934	896	914	907	955	745	836	839	743
Stag/boar slaughter	202	220	235	243	235	188	155	121	109	79
Gilts/boars added	1,533	1,519	1,338	1,500	1,314	1,124	1,052	973	936	851
% of inventory	21.9%	21.2%	19.0%	20.9%	18.9%	16.8%	15.9%	14.0%	14.3%	13.7%
June 1 breeding	7,485	7,520	7,260	7,532	7,117	6,682	6,789	6,958	6,515	6,234
June-August										
Sow slaughter	997	1,096	1,002	1,030	1,015	875	784	910	872	
Stag/boar slaughter	199	228	225	242	232	168	148	139	109	
Gilts/boars added	956	1,094	1,175	1,208	1,037	938	1,001	966	757	
% of inventory	12.8%	14.5%	16.2%	16.0%	14.6%	14.0%	14.7%	13.9%	11.6%	
September 1 breeding	7,245	7,290	7,208	7,468	6,907	6,577	6,858	6,875	6,291	
September-November										
Sow slaughter	977	1,019	976	1,093	924	801	827	909	854	
Stag/boar slaughter	181	216	217	225	204	158	138	118	93	
Gilts/boars added	1,142	1,054	1,151	848	991	960	1,064	834	900	
% of inventory	15.8%	14.5%	16.0%	11.4%	14.3%	14.6%	15.5%	12.1%	14.3%	
Sows entering breeding herd:										
December-February 1/										
Sows farrowing	2,707	2,892	2,812	2,880	2,881	2,735	2,684	2,929	2,891	2,819
Sow slaughter	873	983	939	919	1,010	904	737	810	879	742
% of inventory	32.2%	34.0%	33.4%	31.9%	35.1%	33.1%	27.5%	27.7%	30.4%	26.3%
Sows added	1,447	1,459	1,353	1,416	1,294	1,099	964	967	974	828
% of inventory	44.1%	43.3%	41.9%	41.9%	40.9%	37.5%	33.1%	31.3%	32.6%	28.5%
March-May										
Sows farrowing	3,281	3,368	3,226	3,377	3,165	2,930	2,911	3,086	2,986	2,905
Sow slaughter	843	934	896	914	907	955	745	836	839	
% of inventory	25.7%	27.7%	27.8%	27.1%	28.7%	32.6%	25.6%	27.1%	28.1%	
Sows added	666	586	648	645	716	743	780	804	773	
% of inventory	21.5%	19.4%	21.8%	20.8%	24.1%	27.3%	26.5%	26.3%	26.5%	
June-August										
Sows farrowing	3,104	3,020	2,978	3,108	2,974	2,718	2,946	3,054	2,920	
Sow slaughter	997	1,096	1,002	1,030	1,015	875	784	910	872	
% of inventory	32.1%	36.3%	33.6%	33.1%	34.1%	32.2%	26.6%	29.8%	29.9%	
Sows added	860	1,068	1,022	953	910	888	777	849	821	
% of inventory	29.0%	35.7%	34.1%	31.4%	31.7%	32.5%	26.4%	28.4%	28.6%	
September-November										
Sows farrowing	2,967	2,992	2,998	3,031	2,869	2,731	2,939	2,993	2,869	
Sow slaughter	977	1,019	976	1,093	924	801	826	909	854	
% of inventory	32.9%	34.1%	32.6%	36.1%	32.2%	29.3%	28.1%	30.4%	29.8%	
Sows added	902	839	858	943	790	754	816	807	804	
% of inventory	31.2%	29.8%	29.8%	32.7%	28.9%	28.1%	27.9%	27.9%	28.5%	

1/ December preceding yea
2/ Estimate

Poultry and egg costs and returns

Date	DECATUR SOYBEAN MEAL	CHICAGO No. 2 CORN	COST PER POUND LIVEWEIGHT BASIS Feed	Total	COST PER POUND R.T.C. BASIS Production	Total	12-CITY PRICE	NET RETURNS BEFORE INTEREST & OVERHEAD
	$ / ton	$ / bushel	--------------	---------------	cents/lb.	---------------------------		------------------
BROILERS								
Jan-1999	138.80	2.16	14.47	24.82	32.65	46.75	59.33	12.58
Feb-1999	132.32	2.15	14.52	24.87	32.72	46.82	58.23	11.41
Mar-1999	133.00	2.20	14.32	24.67	32.46	46.56	56.79	10.23
Apr-1999	134.50	2.13	14.13	24.48	32.21	46.31	55.08	8.77
May-1999	133.20	2.16	14.27	24.62	32.39	46.49	60.02	13.53
June-1999	139.07	2.11	14.13	24.48	32.22	46.32	60.33	14.01
July-1999	132.73	1.78	14.17	24.52	32.27	46.37	59.46	13.09
Aug-1999	141.69	1.84	14.20	24.55	32.31	46.41	57.65	11.24
Sept-1999	150.64	1.88	13.24	23.59	31.04	45.14	57.15	12.01
Oct-1999	153.57	1.90	13.62	23.97	31.54	45.64	54.87	9.23
Nov-1999	154.71	1.90	13.95	24.30	31.97	46.07	59.52	13.45
Dec-1999	154.00	1.93	14.07	24.42	32.13	46.23	58.42	12.19
Jan-2000	163.41	2.06	14.10	24.45	32.17	46.27	55.43	9.16
Feb-2000	170.51	2.12	14.16	24.51	32.24	46.34	53.84	7.50
Mar-2000	175.50	2.17	14.72	25.07	32.98	47.08	54.48	7.40
Apr-2000	177.53	2.21	15.05	25.40	33.42	47.52	55.39	7.87
May-2000	189.34	2.25	15.30	25.65	33.75	47.85	55.71	7.86
June-2000	177.45	2.01	15.45	25.80	33.94	48.04	56.01	7.97
TURKEYS							3-REGION WHOLESALE PRICE	
Jan-1999	138.80	2.16	18.62	32.32	40.40	56.70	58.03	1.33
Feb-1999	132.32	2.15	19.68	33.38	41.72	58.02	58.40	0.38
Mar-1999	133.00	2.20	19.77	33.47	41.83	58.13	60.84	2.71
Apr-1999	134.50	2.13	19.40	33.10	41.38	57.68	63.33	5.65
May-1999	133.20	2.16	19.05	32.75	40.94	57.24	66.04	8.80
June-1999	139.07	2.11	19.29	32.99	41.23	57.53	68.92	11.39
July-1999	132.73	1.78	19.08	32.78	40.97	57.27	70.94	13.67
Aug-1999	141.69	1.84	19.14	32.84	41.04	57.34	72.48	15.14
Sept-1999	150.64	1.88	19.22	32.92	41.15	57.45	74.35	16.90
Oct-1999	153.57	1.90	17.60	31.30	39.13	55.43	75.92	20.49
Nov-1999	154.71	1.90	18.27	31.97	39.96	56.26	75.44	19.18
Dec-1999	154.00	1.93	18.85	32.55	40.69	56.99	69.00	12.01
Jan-2000	163.41	2.06	19.07	32.77	40.97	57.27	60.18	2.91
Feb-2000	170.51	2.12	19.13	32.83	41.04	57.34	59.61	2.27
Mar-2000	175.50	2.17	19.21	32.91	41.14	57.44	63.12	5.68
Apr-2000	177.53	2.21	20.18	33.88	42.35	58.65	64.83	6.18
May-2000	189.34	2.25	20.76	34.46	43.07	59.37	66.27	6.90
June-2000	177.45	2.01	21.20	34.90	43.62	59.92	68.02	8.10
EGGS			FEED COST	TOTAL Production		WHOLESALE TOTAL COST	12-METRO PRICE	
Jan-1999	138.80	2.16	24.71	42.91		63.41	84.03	20.62
Feb-1999	132.32	2.15	24.40	42.60		63.10	73.61	10.51
Mar-1999	133.00	2.20	24.08	42.28		62.78	78.64	15.86
Apr-1999	134.50	2.13	24.42	42.62		63.12	63.37	0.25
May-1999	133.20	2.16	24.05	42.25		62.75	60.89	-1.86
June-1999	139.07	2.11	24.18	42.38		62.88	58.59	-4.29
July-1999	132.73	1.78	24.11	42.31		62.81	68.13	5.32
Aug-1999	141.69	1.84	21.82	40.02		60.52	72.30	11.78
Sept-1999	150.64	1.88	22.55	40.75		61.25	63.80	2.55
Oct-1999	153.57	1.90	23.16	41.36		61.86	56.80	-5.06
Nov-1999	154.71	1.90	23.40	41.60		62.10	72.34	10.24
Dec-1999	154.00	1.93	23.45	41.65		62.15	67.26	5.11
Jan-2000	163.41	2.06	23.60	41.80		62.30	68.13	5.83
Feb-2000	170.51	2.12	24.78	42.98		63.48	71.39	7.91
Mar-2000	175.50	2.17	25.44	43.64		64.14	64.70	0.56
Apr-2000	177.53	2.21	25.95	44.15		64.65	73.12	8.47
May-2000	189.34	2.25	26.28	44.48		64.98	58.95	-6.03
June-2000	177.45	2.01	27.00	45.20		65.70	66.50	0.80

U.S.-Mexico Cattle Industries Becoming More Integrated

By Dale J. Leuck and John Link

The North American[1] cattle and beef markets are becoming increasingly integrated, as countries in this region shift resources toward those activities in which each has a comparative advantage. As a result, trade in both live animals and beef has increased among these countries, at least partially encouraged by NAFTA. In 1999 the North American cattle inventory was 137 million head, with the United States comprising 72 percent, Mexico 18 percent, and Canada 10 percent. This article focuses on the Mexican cattle and beef industry, and its relationship with the United States. Mexico is, and has been for decades, an important export market for U.S. beef and a source of feeder cattle. Much of the material in this article on the overview of the Mexican cattle industry is from a report prepared by USDA and SAGAR (*Secretaria de Agricultura, Ganaderia y Desarrollo Rural*—Mexico's Ministry of Agriculture, Livestock and Rural Development) as part of a technical assistance project.[2]

The United States Supplies Beef to Mexico and Imports Cattle

Mexico is a large and growing market for U.S. beef products, especially mid-to-higher-valued cuts that do not compete directly with Mexican-produced beef. While about 90 percent of Mexican beef consumption is domestically produced, Mexican consumers have come to rely on the United States to meet their growing demand for high quality grain-fed beef. Mexico produces little beef that would grade select or better, as nearly all cattle slaughtered in grain-deficit Mexico are grass fed. Cattle produced in the United States, in contrast, are primarily finished on grain. Only about 10-20 percent of U.S. beef exports to Mexico, of lower value, compete directly with Mexican product.

Live cattle trade, in contrast, flows in the opposite direction, with Mexico supplying a large number of feeder cattle to the United States each year. Mexican feeder cattle exports vary from 3 to 5 percent of the Mexican cattle inventory, depending principally on weather, the financial situation of Mexican cattle farmers, and the price of feeder cattle in the southwestern United States. Exports of live

cattle from the United States to Mexico have declined in recent years because of poor market conditions in Mexico and high prices in the United States.

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[1] The United States, Canada, and Mexico.

[2] Funded by FAS Emerging Markets Office. As part of an Emerging Markets technical assistance project, ERS cooperated with staff from Mexico's SAGAR to strengthen Mexico's system for developing and disseminating agricultural market information. The technical assistance was intended to improve public and private decision making in both countries, and involved collaboration on: data collection methodologies, economic analysis of market information and policies, and consistent dissemination of official statistics and information. A final report "Situacion Actual y Perspectiva de la Produccion de Carne de Bovino en Mexico, 1990-1998" examines factors critical to the future of the industry, focusing on technology adoption, farm structure, and slaughter infrastructure.

The above trade flows were evident before NAFTA was implemented in 1994. The United States had long been a major market for Mexican feeder cattle, and Mexico had emerged as a major market for U.S. beef in response to the opening of the Mexican economy in the mid-1980s. However, growth in U.S. beef exports to Mexico slowed dramatically in November 1992 when the Mexican government enacted tariffs on imports of both beef and live cattle as a means to protect local producers. When NAFTA came into force, these tariffs were removed and trade once again continued to expand. Thus, NAFTA has ensured that trade flows among its members continue to be influenced by geography, and the structure of the cattle raising and processing industries in both countries.

U.S. Beef Exports Benefit from NAFTA and Economic Growth in Mexico

Elimination of tariffs under NAFTA has increased trade in cattle, and beef and veal products between Mexico and the United States. In 1992, Mexico raised tariffs from zero to 20 percent on imports of fresh beef, 25 percent on frozen beef, and 15 percent on nonbreeding cattle. These tariffs were eliminated in 1994 for signatories to the NAFTA agreement. The United States also agreed to exempt Mexico from any quantitative restrictions and the 2-cent-per-pound tariff that it charges other countries on most beef imports. The United States also eliminated the 2.2-cent-per-kilogram tariff charged on nonbreeding cattle.

The imposition of such high tariffs by Mexico interrupted what had been significant growth in the value of cattle, beef, and veal exports to Mexico in the previous 4 years. The export value of these products fell by nearly one-half in 1993, but recovered in 1994 largely due to the elimination of tariffs under NAFTA and increased consumer demand stemming from optimism about the Mexican economy. However, by the end of 1994 Mexico was in the midst of an economic crisis fueled by high debt loads, high interest rates, pessimism about the economy, a major devaluation of the peso, and the beginning of a major drought. As a result, U.S. beef and veal exports to Mexico declined 60 percent and live cattle exports dropped nearly 90 percent in 1995.

Beef exports to Mexico began to recover in 1996, but were limited because drought in northern Mexico led to increased cattle slaughter and increased availability of domestic beef to compete with the lower-priced portion of U.S. exports. Nevertheless, beef exports to Mexico doubled in 1996 from the previous year, and live cattle exports returned to the 1994 level. With the recovery in Mexican economic growth and reduced Mexican cattle numbers, U.S. beef exports to Mexico set new records in 1997, 1998, and 1999.

Mexican economic growth has allowed Mexican consumers to satisfy changes in dietary preferences by importing increased amounts of U.S. beef. Over 85 percent of the U.S. beef exported to Mexico in 1999 was fresh and chilled product, and most was higher valued boneless and processed. Frozen beef makes up nearly all the remainder. In contrast, the United States imports only a small amount of beef from Mexico, with only about one-third of these imports being fresh or chilled product.

Mexican imports of beef are sensitive to competition from pork and poultry. While beef had historically been the dominant meat produced in Mexico, changes in technology and consumer demand, coupled with grain subsidies, made pork the most-produced meat from the early 1970's through the mid-1980's. Pork accounted for about 50 percent of all meat production by the mid-1980's. Since then, pork's share of meat production has declined because reduced grain subsidies have made its production less profitable. However, increased beef and poultry production has compensated for the drop in pork production. Poultry meat production has grown more rapidly than that of other meats, however, surpassing beef in 1998. Since food costs have significantly increased as a share of income for the Mexican consumer in recent years, poultry consumption has increased due to the poultry industry's ability to maintain low costs.

Mexican trade policies may also influence U.S. exports of beef to Mexico. On April 28, 2000 the Secretariat of Commerce and Industrial Development (SECOFI) issued its final decision on the antidumping case against exporters of U.S. beef and edible beef offals by imposing a complex set of specific duties on most beef carcasses and cuts. The final ruling, however, removes the earlier duties on tongues, livers, and other edible offals.

Live Cattle Exports to Mexico Have Declined in Recent Years Despite NAFTA

U.S. cattle exports to Mexico have fallen off since reaching 235,000 head in 1997. Higher prices in the United States have made it less competitive for Mexican packers to buy U.S. cattle for slaughter and for Mexican ranchers to buy replacement stock. Continued drought and generally poor financial conditions have also discouraged Mexican farmers from buying replacement stock. Last year, replacement stock only accounted for about 15 percent of live animal exports to Mexico.

Most of the reduction in breeding animals have been dairy cows and bulls. The decline was due to the liquidation of some animals in the mid-1990s, after a slight expansion in the mid- and later 1980s. The liquidation was largely caused by the same factors—drought and financial stress—that triggered the reduction in the beef cattle inventory. Normal weather and improved financial conditions for Mexican producers should bring about increased exports of breeding animals to Mexico in the future.

NAFTA Has Had Less Influence on Imports from Mexico

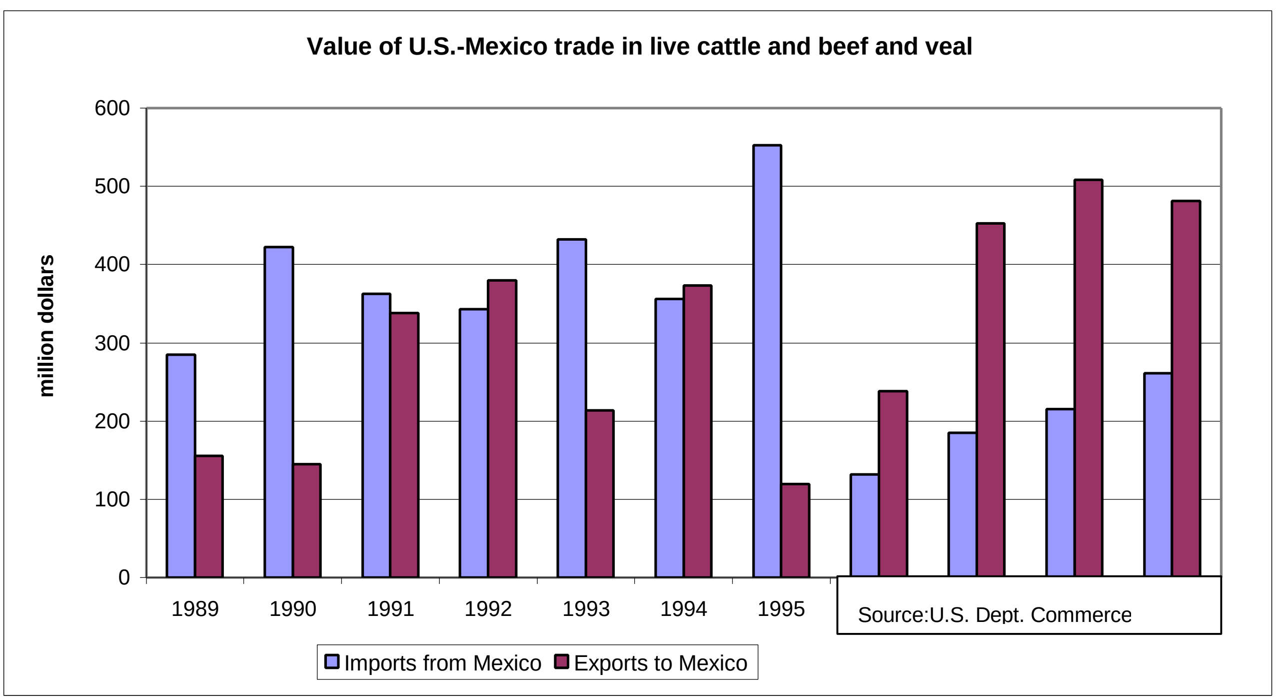
The value of U.S. cattle, beef, and veal imports from Mexico does not appear to have been affected as much by NAFTA as U.S. exports to Mexico, because the United States had much smaller tariffs to remove than Mexico. Therefore, established import patterns from Mexico tended to continue. The value of imports from Mexico actually declined about $50 million in 1994, the year in which NAFTA was implemented. The dramatic increase of $200 million in 1995 largely represents a 60-percent increase in live animal imports from Mexico, where drought and financial difficulties due to devaluation of the peso forced herd liquidation. Live cattle imports then declined significantly in 1996 and 1997 because of a reduced inventory of animals in Mexico and lower U.S. prices. In 1999, imports of live animals reached roughly pre-NAFTA levels because of higher U.S. prices and continued drought conditions in northern Mexico.

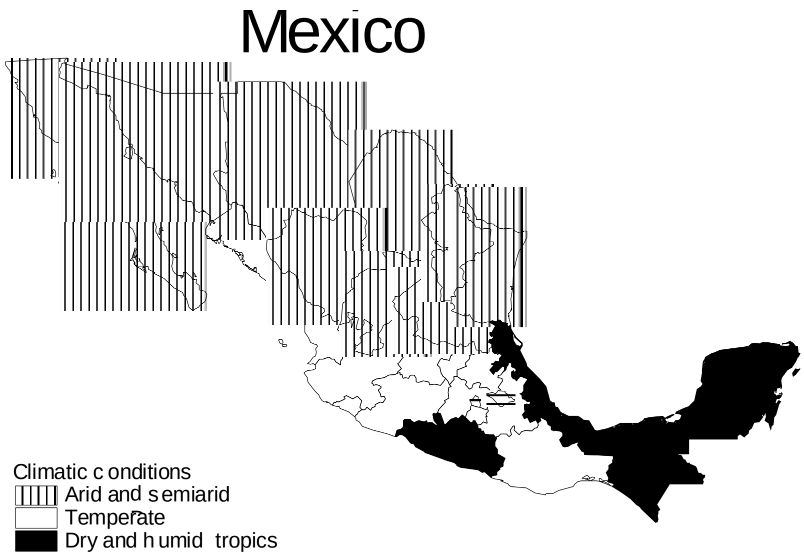
Nearly all live cattle imported from Mexico have been feeder cattle. Over 95 percent of the feeder cattle are in the 200- to 700-pound range, although imports of cattle over 700 pounds have increased noticeably since the 2.2-cent-per-kilogram tariff was removed under NAFTA. A fixed rate tariff places more of a burden on heavier animals, so more are imported in its absence.

Beef and Cattle Trade Reflects Geography and the Structure of Mexican Beef Production

Geography and the structure of cattle and beef production in Mexico affect trade because they limit domestic response to increases in consumer demand for beef. The cattle industry in Mexico is comprised of three production systems that are distinguished by geography, market destination, and technology.

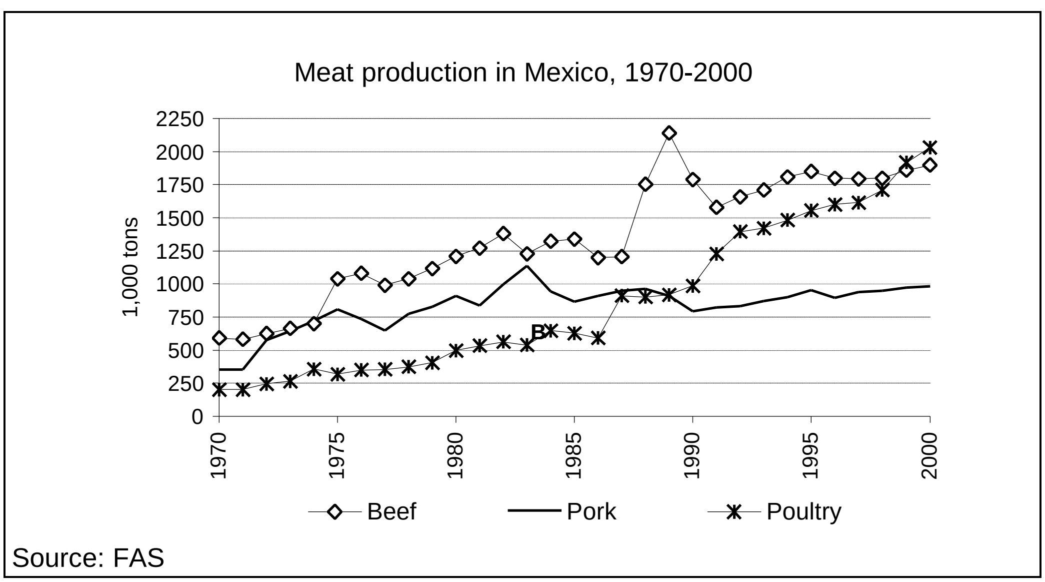
Each system accounts for approximately one-third of production. The first system is mainly located in northern Mexico, and produces and exports stocker-feeder cattle to the United States. This system primarily uses European-breed crosses that are eventually shipped to U.S. feedlots for the production of beef that grade Select or better, which is preferred by North American and international restaurant markets.





Mexico's other two systems, located in central and southern Mexico, produce slaughter cattle for Mexican beef consumption from either beef or dairy breeds. These cattle are mainly grazed, although some may also be grain-fed for a short time. The breeds of cattle used in these systems are not suited to feed to Choice or better grade as done in the United States. Traditional cattle breeds crossed with Brahmans are preferred to withstand the heat and wet conditions. In central Mexico,dual purpose cattle farming is more common. On these operations, cattle are used to produce both milk and beef. In the southern region, pasture-based cattle production on large ranches is more prevalent.

Mexico's cattle inventory, including dairy and dual-purpose animals, fluctuated between 30 and 32 million head for the first half of the 1990s. Inventories began to decrease in the mid-1990s due to financial stress, including high interest rates, and drought in various states, but especially in the northern states. Sales of breeding stock have been widespread, and inventories at the beginning of 2000 were below 24 million head. Herd expansion is not expected to occur until moisture and pasture conditions improve, in spite of support provided by the government for restocking.



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Northern States Produce for the U.S. Feeder Cattle Market

The arid and semi-arid states of northern Mexico export most of their calves to the United States, where some may be grazed before entering U.S feedlots, while others enter feedlots directly. The seasonal lack of water limits both forage and grain, so not all of the young calves produced in that region can be fed to maturity either on grass or in feedlots. Some animals are fed to maturity in this region because the highest per capita incomes in Mexico are found in the northern-based cities, and allow consumers there to afford beef, especially of higher quality. Because the supply of grain-fed beef is limited in Mexico, the increased demand for imported grain-fed beef occurs mainly among these upper income consumers. Since the majority of the population is more centrally located, however, it is more economical for the central and southern states to supply most of Mexico's internal market.

The few animals that are routinely finished in northern Mexico are mainly raised in areas where there are irrigated pastures and feed inputs by a few ranchers who feed out their calves. There are few feedlots because Mexico is deficit in grain. Existing feedlots rely on grain, protein concentrates, agroindustrial byproducts, and small amounts of crop byproducts. Modern feedlot technologies, such as vitamin and mineral supplements, growth enhancers, and rumen fermentation agents are becoming more common, however.

European breeds, like Hereford, Angus, and Charolais, and their crosses, predominate in cow-calf operations in the north. Very large areas of land are needed to maintain stock levels because of the scanty production of forage. Herds are sustained almost exclusively on grazing, although supplemental feed may be provided on a seasonal basis. Some females are retained for breeding, while males are castrated and sent to U.S. feedlots, along with a limited number of spayed heifers. Nonproductive cows are sold for slaughter.

While calving generally occurs the year around, beef production has marked seasonal variations in the more northern states, where the rainy and dry seasons are very distinct and about equal in length. In these states the marketing season begins in September, when the end of the rainy season reduces the amount of available forages. Shortly thereafter, numerous events and holidays lead to greater consumption, and sometimes, higher prices in spite of more available domestic supplies. At other times of the year, such as Lent, consumption declines sharply, driving beef prices down. While Mexican slaughter declines during the Catholic Lenten season, seasonally higher feeder cattle prices in the United States make exporting animals from northern Mexico to U.S. feedlots attractive.

When the demand for stocker-feeder cattle in the United States declines, markets in northern Mexico are flooded with feeder calves. Since only a small number of animals are routinely shipped to local feedlots, cattle may be slaughtered directly off pasture or sent to southern Mexico for further grazing, thus driving

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cattle prices down throughout Mexico. Reduced demand for feeder cattle in the United States therefore places greater stress on the grazing land, where animals remain until the market improves, and financial stress on ranchers who can only sell calves at low prices.

The states in the arid and semiarid regions are North and South Baja California, Sonora, Chihuahua, Coahuila, Nuevo Leon, Durango, Zacatecas, Tamaulipas, and San Luis Potosi. For the past 30 years, Mexico has exported an average of over 700,000 head per year to the United States, with the northern states shipping nearly all of them. In 1999, the U.S. imported 960,000 head of feeder cattle from Mexico, as ranchers there continued to respond to drought and poor financial conditions.

Temperate Region Produces for Local Consumption

European and native crossbred cattle that serve the dual purposes of providing milk and beef predominate in the temperate region of middle Mexico. Most ranches in this region are very small, but there is a trend towards larger holdings. Ranching is semi-extensive, based on grazing during the rainy season and supplemental feeding of crop byproducts the rest of the year. Because of more rainfall and milder temperatures than in the north, pasture carrying capacities are higher. Good technical practices have been established in some small feedlots, but widespread use of feeds with low nutritional quality limits the efficiency of weight gain. While some calves are shipped to feedlots for finishing, others are sent to the southern tropical region where more forage is available for grazing.

The states in the temperate region are Aguascalientes, Guanajuato, Hidalgo, Jalisco, Mexico, Michoacan, Oaxaca, Puebla, Queretaro, Tlaxcala, and the Federal District. These states also provide a small amount of live cattle exports. The state of Jalisco is the most efficient beef producer in Mexico. With less than 9 percent of the national cattle herd, Jalisco produces 15 percent of Mexican beef. This high efficiency is because of the specialized types of cattle raised in Jalisco, good management, and a feedlot capacity for 250,000 head. The markets for this region’s output are mainly local, and some of the states, like Aguascalientes and the state of Mexico, contribute to the meat supply of the Mexico City area.

Tropical Regions Are Fastest Growing

The remaining third of Mexican cattle are raised in the tropical, southeast of Mexico, where Zebu breeds and crossbreeds predominate. The tropics have become the most dynamic and fastest growing cattle producing zone, and are rapidly becoming the main supplier of calves for fattening and finishing in local feedlots, and for supplying the Federal District and metropolitan area with beef.

There are two forms of production in the tropics, and they differ on the basis of seasonal weather patterns and the scarcity of producers’ resources. The grass fattening system is the most widespread, and is based on growing and finishing steers in pastures with little or no supplementary feed. The time for finishing these cattle for market is longer, and production cycles may stretch to 36 months or more

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before the cattle reach slaughter weights. Supplemental feeding during the dry season is becoming more widespread, however. Animals on pasture gain approximately 500 to 700 grams of weight per day, close to gains on improved pastures in the United States. However, weight gain in feedlots is less than in U.S. feedlots.

The other system is the raising of dual-purpose animals. Under this system, producers sell cattle that have been grown and fattened and sell milk as a supplementary activity. If the cattle price is attractive, the calves are allowed to have more milk so that they can gain more weight.

The tropical zones provide a plentiful supply of grasses that exceed the consumption capacity of the grazing cattle during part of the year, and allow for a more uniform slaughter rate throughout the year. However, the nutritional quality of these grasses is lower than in temperate zones, so supplemental feeding is often required. Rainfall is a major seasonal factor that also influences beef production. The main restrictions to higher output are low levels of technology.

The states in this zone are Campeche, Colima, Chiapas, Guerrero, Morelos, Nayarit, Quintana Roo, Sinaloa, Yucatan, Chiapas, Tabasco, and Veracruz, with the latter three being the most important. Cattle exports to the United States from this region are insignificant because of the general breed characteristics and distance.

Production by regions, 1999		
Region	1,000 tons	%
Arid and semiarid	614	33
Temperate	588	31
Dry and humid tropics	658	35
Total	1,860	100

Source: FAS; SAGAR--General Livestock Directorate.

Slaughter Industry Also Limits Production of Higher Quality Beef

In Mexico, most cattle are slaughtered in municipal plants, with varying sanitary and quality control standards. SAGA estimates approximately 4 million head of cattle are slaughtered yearly in municipal slaughterhouses, but the number and capacity of these facilities is not known. However, in recent years use of these establishments has declined and slaughter in Federal Inspection Model Tippo Inspeccion

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Federal] (TIF) plants has increased. The shift has been gradual though, because the cost of slaughter per animal in municipal establishments is 30 to 50 percent lower than in TIF facilities.

Only 45 to 50 percent of the TIF beef plant capacity is being used. There is sufficient TIF capacity for 45 percent of all the cattle slaughtered in the country. The TIF plants were established with the purpose of controlling the sanitary quality of beef and meeting export standards. This infrastructure currently serves both the domestic (interstate) and the export market. As of August 1999, there were 36 plants accredited for exporting to the U.S. market, out of a total of 194 TIF plants. Of this total, approximately 30 plants are not operating.

Conclusions

Mexico is expected to remain a growing market for U.S. fed beef, as it is unable to satisfy increasing demand for fed beef from its domestic cattle herd because of limited feed grain supplies and the structure of its cattle industry. Limited grain supplies in Mexico will also induce cattle farmers in northern Mexico to continue sending large numbers of animals into the United States for feeding. However, to obtain top dollar for their feeder calves, these farmers will have to supply animals from genetic stock capable of grading Select or better. Live animal exports from Mexico are expected to decline as drought conditions and financial conditions that currently limit herd expansion ease. A more normal herd level could imply a 20- to 30-percent increase in Mexican beef production, or more if production continues to growing rapidly in the tropical states and limits exports of competing lower valued U.S. beef, which makes up about 20 percent of U.S. beef exports to Mexico.

Meanwhile, the lower end of the Mexican market for beef will continue to be satisfied by cattle produced and slaughtered in Mexico. Large numbers of U.S. grain-fed cattle are unlikely to be exported to Mexico for slaughter as production costs remain high in TIF plants, and finished product is of uncertain quality in the municipal plants. However, exports of cull cows from the United States will continue to follow the U.S. cattle cycle. Liimited supplies of beef from export-approved TIF plants will continue to be exported to the U.S. market for processing in order to substitute for currently reduced supplies of cow beef. The level of beef exports from Mexico will depend upon the supply of animals in Mexico and the amount of cow slaughter in the United States.