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# Livestock, Dairy, and Poultry Outlook

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## Meat Markets Roiled by Disease Outbreaks

The outlook for world and domestic poultry markets continues to be in a state of upheaval due to outbreaks of Avian Influenza in Asia and the United States. High Pathogenic Avian Influenza (HPAI) has been reported in a number of Asian countries, including China and Thailand, two of the world's top producers and exporters. Making the outbreak even more serious is that the strain reported in a number of these Asian countries is one that can be transmitted to people through close contact. After the outbreaks were confirmed, many nations that had been importing from these countries placed bans on the importation of all poultry and poultry products from the infected countries. The United States and Brazil are expected to benefit from increased access to these markets, however, U.S. gains may be limited by price competition of certain products in these markets.

However, in the near term U.S. broiler exports have been disrupted by import bans announced by several countries following the announcement that two broiler flocks in Delaware have tested positive for Avian Influenza (AI). Based on previous experience, expectations are that the nationwide ban will be regionalized if the outbreak is confined to a small number of flocks, permitting exports from States unaffected by the outbreak. Officials in New Jersey have also indicated that AI is present in their State. In tests at live markets in New Jersey, four markets have tested positive for AI. However, officials noted that positive tests at live markets are not unusual. Officials in Pennsylvania have stated that samples from an egg laying flock have been sent to the National Veterinary Services Lab in Iowa for analysis. In the first flock found to be infected in Delaware, tests have confirmed that the AI was a low pathogenic type, one that is not transmittable to humans.

The findings of AI in New Jersey and the possibility of AI in Pennsylvania could greatly expand the time and resources needed for testing and surveillance. Based on 2002 production data, Pennsylvania is not a major poultry producer, accounting for only 2 percent of national broiler production. The picture is basically the same for turkey production, with Pennsylvania accounting for 4 percent of total U.S. production. In both

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cases New Jersey's production is very small. The possible impact on the egg side is stronger, with New Jersey accounting for 1 percent of national production and Pennsylvania accounting for 8 percent.

The eighth year of herd liquidation in this cattle cycle was marked in 2003, with little indication that the cattle industry will begin the move toward female retention in 2004. *Price direction* since Bovine Spongiform Encephalopathy (BSE) was confirmed in a dairy cow in Washington State on December 23, has been erratic, but somewhat predictable, particularly, as the export markets were cut off. Initially cattle/beef prices declined sharply, but once the markets realized that domestic consumer reaction was muted and consumer beef demand remained relatively strong, endusers moved to replenish the meat pipelines that as usual were pulled down over the holidays. This replenishing, was possibly a bit more hesitant than usual but occurred through mid- to late-January, resulting in strengthening prices. However, prices declined once the pipeline was replenished and the market began to assimilate beef supplies normally destined for export.

The January hog slaughter was higher than expected, prompting expectations of a 1-percent increase in first-quarter pork production. Pork production is expected to be 4.95 billion pounds in the first quarter of 2004. The live equivalent hog price (51-52% lean) averaged about \$39 per hundredweight (cwt) in January and is expected to average \$38 to \$40 in the first quarter, with foreign demand for U.S. pork products contributing to price strength. The forecast for U.S. pork imports for 2004 was lowered to 1.24 billion pounds, with the depreciated dollar translating into lower buying power in international markets.

Recent information lowered projected 2004 milk production, now expected to be about unchanged from 2003. The January 1 cattle inventory indicated that supplies of dairy replacements will be significantly smaller than a year earlier. More importantly, availability of bovine somatotropin (BST) will be quite limited because the maker has imposed reduced allocations that are expected to extend until the end of 2004.

### ***World and Domestic Poultry Markets Roiled By Disease Outbreaks***

The outlook for world and domestic poultry markets continues to be in a state of upheaval due to outbreaks of Avian Influenza in Asia and the United States. High Pathogenic Avian Influenza (HPAI) has been reported in a number of Asian countries, including China and Thailand, two of the world's top poultry producers and exporters. Making the outbreak even more serious is that the strain of HPAI reported in a number of the Asian countries is one that can be transmitted from chickens to people through close contact. After the outbreaks were confirmed, many nations placed bans on the importation of all poultry and poultry products from the infected countries. The United States and Brazil are expected to benefit from increased access to these markets. However, U.S. gains may be limited by price competition for certain products in these markets.

However, in the near term U.S. broiler exports have been disrupted by import bans announced by several countries following the announcement that two broiler flocks in Delaware have tested positive for Avian Influenza (AI). Officials in New Jersey have also indicated that AI is present in their State. In tests at live markets in New Jersey, four markets have tested positive for AI. However, officials noted that positive tests at live markets are not unusual. Officials in Pennsylvania have stated that samples from an egg laying flock have been sent to the National Veterinary Services Lab in Iowa for analysis. In the first flock found to be infected in Delaware, tests have confirmed that the AI was a low pathogenic type, one that is not transmittable to humans.

The findings of AI in New Jersey and the possibility of AI in Pennsylvania could greatly expand the time and resources needed for testing and surveillance. Based on 2002 production data, Pennsylvania is not a major poultry producer, accounting for only 2 percent of national broiler production. The picture is basically the same for turkey production, with Pennsylvania accounting for 4 percent of total U.S. production. In both cases New Jersey's production is very small. The possible impact on the egg side is stronger with New Jersey accounting for 1 percent of national

production and Pennsylvania accounting for 8 percent.

The HPAI outbreaks in Asia coming on the heels of the discovery of BSE in one cow in Washington State had placed considerable upward pressure on broiler product prices for domestic consumption and export. Some domestic consumers reacted to the finding of BSE by substituting broiler products for beef, and countries like Japan had begun increasing imports of U.S. broiler products after banning imports from Thailand and China. Prices for leg quarters in the Southern market averaged 28.3 cents a pound in January 2004, the highest monthly average since October 2001. The 12-city price for whole broilers averaged 68.7 cents a pound in January, up 3 cents from the previous month and the highest price since September 1998.

This forecast of tight supplies in the U.S. broiler market changed tremendously with the announcement that two broiler flocks in Delaware have tested positive for Avian Influenza (AI). The infected flocks have been destroyed and nearby flocks have been quarantined pending testing.

The full repercussions of the discovery of AI in the Delaware flock are uncertain at this time and will depend on the answers to a number of questions. First, what is the exact strain of AI responsible for the infections? The reaction of importing countries and domestic consumers will certainly be different if both infected flocks are proven to have low pathogenic AI rather than the HPAI strains impacting much of Asia. Second, will any other flocks test positive for the disease? If the infection is confined to these two flocks the reaction of domestic consumers is expected to be muted. Also if the infection is confined to these two flocks importing nations may be willing to limit their bans strictly to poultry products from Delaware. This has been the case with other disease outbreaks in the United States, but only when other nations have been assured that the outbreak has been confined.

In the short term, the AI outbreak is expected to reduce U.S. broiler exports. U.S. exports are expected to increase about 7 percent to nearly 5.3 billion pounds. The increase was based on the expectation that countries that had been importing poultry products from Thailand and China would

turn to Brazil and the United States as alternative sources. However, increases in the first quarter will be smaller as a number of major importers have placed bans on imports from the U.S. pending testing results and containment of the outbreaks.

In 2002, Delaware produced 257 million broilers, or 3 percent of total national production. Delaware is not a major egg or turkey producer. However, the broiler production area of Delaware is close to those in Maryland which produced 292 million broilers in 2002. Maryland does also have egg and turkey production, but in both cases it too is a relatively minor producing State.

### ***Broiler Production Up in 2003, Turkey Production Declines***

With the addition of the broiler slaughter data for December 2003, the preliminary estimates of broiler slaughter in 2003 are 8.5 billion birds and a

production of 32.7 billion pounds of meat. The number of broilers slaughtered is down 0.4 percent from the previous year, while meat production was up 1.3 percent. So, all the increase in meat production was derived from a 1.4-percent increase in average bird weight at slaughter. In 2003, the average liveweight at slaughter was 5.19 pounds, up from 5.12 pounds the previous year. Presently, 2004 domestic broiler meat production is estimated at 33.9 billion pounds, an increase of 3.8 percent.

Both the number of turkeys and production of turkey meat declined in 2003. Turkey meat production totaled 5.6 billion pounds in 2003, down 1.2 percent from 2002. The decline was the result of 1.4 percent fewer birds being slaughtered, more than offsetting a small increase in the average liveweight of all turkeys at slaughter. Turkey meat production in 2004 is expected to reach 5.7 billion pounds, an increase of less than 1 percent from the previous year.

### *Cattle Cycle Liquidation Phase Extended*

There is little indication that the cattle industry will begin the move toward female retention in 2004, following on the heels of the eighth year of herd liquidation in this cattle cycle. Although moisture conditions have improved somewhat this winter, forage conditions remain very uncertain for the 2004 grazing season. Price direction since Bovine Spongiform Encephalopathy (BSE) was confirmed in a dairy cow in Washington State on December 23 has been erratic, but somewhat predictable particularly as the export markets were cut off. Initially cattle/beef prices declined sharply, but once the markets realized that domestic consumer reaction was muted and consumer beef demand remained relatively strong, endusers moved to replenish the meat pipeline that was drawn down over the holidays. This replenishing, was possibly a bit more hesitant than usual but occurred through mid- to late-January, resulting in strengthening prices. However, once the pipeline was replenished and export beef began to be assimilated into the market, prices declined. Even with improved forage conditions and the smallest cattle inventory since 1959, the present environment of uncertainty may not be very conducive to herd expansion.

### *Feed Costs Rise*

Declining feed grain stocks and strong domestic and export demand is resulting in higher feed costs. This rise in feed costs will put additional pressure on cattle feeders due to high prices paid for feeder cattle placements last fall, many of which won't be marketed until this spring and early summer. The farm price of corn in 2003/04 is expected to range from \$2.35 to \$2.55 a bushel, up from \$2.15 to \$2.45 in January and potentially the highest price since the mid-1990s. Similarly soybean meal price ranges have been raised to \$230 to \$250 a ton, up \$5 a ton from January, and potentially the highest price since the mid-1990s. Uncertainties about meat meal use and production have helped support plant protein prices.

### *Hay Stocks Rise, Other Hay Prices Remain Strong*

Hay stocks on December 1, 2003, were up nearly 7 percent from a year earlier, the largest December 1 stocks since 1998. Cattle inventories are down 5 percent since 1998, removing some pressure on hay stocks, but poor forage conditions going into winter and increased snow cover are increasing supplemental feeding in many areas. Weather conditions and supplemental feeding needs will be the key to prices on other hay over the next couple of months. The farm price of other hays in January averaged \$71.40 a ton, down from \$78.10 a year earlier, but up from \$66.90 in December. Alfalfa hay averaged \$83.60 a ton in January, down from \$98.50 a year ago, and also down from \$87.90 in December. Hay quality has been an issue, particularly for other hays, and the prices are likely sending mixed signals of fairly strong demand, but poorer quality hay.

### *Cattle Inventory Decline Continues*

The number of cattle and calves on farms and ranches on January 1, 2004, was down 1 percent from a year earlier and down over 8 percent from the cyclical peak on January 1, 1996. Last year marked the eighth year of herd liquidation, there is no hint of movement toward increased female retention. Beef cow inventories were down only modestly, while dairy cow inventories were down nearly 2 percent. Beef and dairy heifers being retained for possible herd expansion were both down about 2 percent. The number of replacement heifers expected to calve this year declined somewhat more sharply, with beef heifers expected to calve down 2 percent and dairy heifers expected to calve down 4 percent. During 2003, beef cow slaughter rose over 2 percent, to the largest level since 1998, while dairy cow slaughter rose over 9 percent to the largest level since 1997. Overall, the supplies of cattle continue to be constricted; and once female retention begins, beef production will



decline even more sharply. At the present time, the reduced production potential will help the industry adjust to bans on beef exports. Beef production plus the export beef being absorbed domestically will result in domestic supplies rising to near 2002 levels, with trade levels being very uncertain. Global beef trade will adjust as prices rise in countries that formerly imported U.S. beef and potentially pull in products from countries that otherwise would be shipped to the United States. The problem is that the United States exports high quality fed beef, and imports lower quality grass-fed processing beef. For many enduses, even short-fed beef is a fairly poor substitute.

### ***Feeder Cattle Supplies Continue To Decline***

The 2003 calf crop was down 1 percent from a year earlier, but more importantly was the smallest calf crop since 1951. Large numbers of cattle were placed on feed last fall as fed cattle prices rose to record levels and fall/winter grazing prospects declined. The number of cattle grazing on small grain pastures in Kansas, Oklahoma, and Texas was down 22 percent from the good 2003 winter grazing season. Consequently, the number of cattle on feed in all States on January 1 was up 4 percent from a year earlier, while cattle on feed in feedlots with over 1,000 head of capacity were up 6 percent. The declining calf crop and large number of cattle on feed resulted in a 4.5-percent decline in the number of cattle outside feedlots and available for future feedlot placement. Feeder cattle supplies will continue to tighten, but the sharpest declines will occur as more heifers are retained for herd replacement, an event not likely before this fall, when heifers may be retained from this year's calf crop. Calf slaughter continues to decline, a function of declining calf crops, but also because more dairy steer calves are being bid into feedlots as feeder cattle supplies tighten.

### ***Beef Production Declining, Feedlots Becoming Less Current***

As markets adjust to lower fed cattle prices and uncertain demand prospects as more export beef must be marketed domestically, endusers will be less concerned with tight beef supplies than was the situation in 2003. In addition to much more chuck products being forced onto the domestic market, sharply lower by-product credits on variety meats

is also reducing bids on cattle. Cow slaughter is remaining fairly large this winter, due to relatively poor conditions in many areas. As spring grazing season begins, assuming near-normal grazing conditions, cow slaughter is expected to drop well below year-earlier levels. While reduced cow slaughter is expected to slow the decline in cow inventories, numbers will continue to decline until larger numbers of heifers are retained, bred, calve, and enter the cow herd. This series of events is not likely to begin until heifers from this year's calf crop are retained this fall, bred in 2005, calve in 2006, weaned in the fall of 2006, and begin to be marketed from feedlots in mid-2007. The stronger the female retention the sharper the decline in beef supplies over the next couple of years.

Beef production was down 3 percent in 2003 and is expected to decline another 3 percent in 2004, with production declining 4 to 5 percent below year-earlier levels through the third quarter. Fourth-quarter production is expected to be near the sharply lower 2003 levels. Slaughter weights continue to rise and are expected to exceed the weather-reduced year-earlier weights by late winter and move above the record levels of 2002.

### ***Supply/Demand Relationships Seeking Balance***

Boxed beef prices have ranged widely since December 23. After averaging \$153.71 a cwt, prices for light Choice boxed beef in December dropped to near \$127 a cwt in early January before rising to near \$147 per cwt as consumer demand remained solid and endusers refilled the meat pipeline pulled down over the holidays. However, once the pipeline was refilled and more of the export beef was being absorbed into the domestic market, prices again declined to near \$127 per cwt in mid-February.

Retail Choice beef prices were already declining in December following a meteoric rise from last winter to November's \$4.32 a pound peak, followed by a 20-cent decline in December, largely before BSE was discovered. The retail/wholesale price spread widened sharply in December, and with fed cattle prices dropping even further through mid-February, retail prices are expected to decline through summer, although the wholesale-retail spread may remain relatively wide as typically

occurs as live and boxed beef prices decline. Prices for Choice beef at retail averaged \$3.75 a pound in 2003, up sharply as supplies tightened from \$3.32 in 2002. Prices are expected to average in the mid-\$3.50s a pound in 2004, down 5 percent from the 2003 record, but up 7 percent from 2002.

Any opening of export trade would tighten beef supplies, resulting in stronger cattle/beef prices, however, although negotiations continue there is not a clear picture on when the BSE trade issues will be resolved. The United States and Canada are the only sources in the world market for high quality fed beef. Negotiations on both sides are likely to be intense, with much pressure to resolve the issue in a safe and scientific manner. Due to uncertainties as to the length of the bans, it is assumed that these restrictions will remain in place until such time as importing countries announce a change in policy. Subsequent forecasts will reflect any announced changes.

Fed cattle prices peaked in October at \$105.50 per cwt, but declined about \$10 per month through January's \$80.36 per cwt. Prices in mid-February were averaging in the mid-\$70s, but below year-earlier levels for the first time since October 2002. Feedlots remain fairly current with dressed weights averaging 15 to 20 pounds below a year earlier, however, as weights continue to rise and feedlots become less current, prices are expected to come under additional pressure of rising domestic supplies through summer. Prices are likely to move toward a low \$70s average this summer, before rising to the mid-\$70s this fall as supplies tighten seasonally, particularly if even modest levels of heifer retention begins.

Similarly, prices for 750-800 pound yearlings at Oklahoma City peaked in October-November just shy of \$104.50 per cwt, and were \$101.63 in December, before declining to \$87.36 in January. Prices remained in the mid-\$80s in February, well above year-earlier levels. However, as feedlot losses mount due to high feeder cattle prices last fall and declining fed cattle prices through summer, feeder cattle prices will come under increased pressure. Prices are likely to average in the low- to mid-\$80s through the year with only a modest rise expected this fall.

Utility cow prices remain strong and well above a year earlier, in spite of concerns of the increased costs of slaughtering cattle over 30 months of age. Slaughter remains fairly large, but is expected to decline as the grazing season begins. Prices for boning Utility cows in Sioux Falls are expected to average in the mid- to upper-\$40s for much of the year. Cow slaughter will be inversely related to grazing conditions, as the cow herd is already well culled and a good grazing year could result in the lowest proportion of the cowherd slaughtered in a number of years. If processed beef imports are priced into other markets Utility cow beef prices could rise fairly sharply. In 2003, with very tight supplies of fed beef and consequently tight beef trim supplies, the price of 50 percent beef trim rose sharply. Now, with large supplies of fed beef, particularly fatter chuck cuts remaining in the domestic market, the price of beef trim has dropped sharply while the price of 90 percent lean beef, both domestic and imported, has held up very well.

### ***BSE-Related Trade Bans Continue To Affect U.S. Beef Trade***

After hitting a record 2.57 billion pounds in 2003, beef exports may reach only 220,000 pounds in 2004 if bans currently in place remain for the entire year. Significantly reduced exports are likely in 2004 because all major markets except Canada have banned U.S. beef and live animal imports after discovery of a cow with BSE in Washington State on December 23, 2003. Since the date of their removal is unknown, those bans are treated as remaining in place for the entirety of 2004 for the purpose of forecasting trade.

U.S. beef exports had steadily increased throughout 2003 because of a weak dollar and generally strong markets, particularly in Japan. Throughout 2003, Japanese beef consumption increased steadily toward levels attained before the discovery of BSE in Japan in September 2001 reduced its beef demand. Exports of U.S. beef further accelerated after the May 20, 2003, discovery of BSE in Canada resulted in a worldwide ban on exports of Canadian beef and live cattle, and increased dependence upon U.S. beef as a substitute, principally by Mexico. Export growth then declined somewhat after the ban on Canadian beef was conditionally lifted in August, and it once again began flowing to Mexico. In spite of the renewed availability of Canadian beef to Mexico, U.S. exports remained strong enough to end 2003 at a record high level in spite of the post-Dec. 23 ban on U.S. beef and live animals. Removing the ban on Canadian live animals remains under consideration.

The discovery of BSE in North America has also affected U.S. beef imports. Beef imports in 2003 were down 9 percent compared with the previous year, mainly because the ban on Canadian beef extended from May 20 until August 8 when the U.S. Department of Agriculture (USDA) announced conditions for removing the ban. Beef imports from Canada were marginal in September as new import protocols were designed and written, but have returned to normal levels since October. Additionally, the demand for imported processing beef declined in 2003 because of a 4.5-percent increase in U.S. cow slaughter attributed to a continuation of drought conditions and poor returns

to dairy producers that increased the culling of cows.

U.S. beef imports may increase by 14 percent in 2004, to a record 3.3 billion pounds, as the result of a 15-percent decline in U.S. cow slaughter to a record low of 5.2 million animals. Imports of processing beef from Australia, however, are likely to decline from the levels reached in 2003 as that country redirects product to Japan as a substitute for banned U.S. beef. Last year, imports from Australia (and New Zealand) were 99 percent of their tariff-rate-quotas. However, processing beef from Canada could make up some of the shortfall in imports of processing beef from the former two countries in 2004.

So far, 2004 has not seen a surge in demand for imported processing beef, as its price has fallen below \$1.20 per pound, from a December high exceeding \$1.40 per pound. This lack of demand growth appears to be due to carryover of domestic processing beef from the 6-year high in fourth-quarter 2003 U.S. cow slaughter, and would help explain the falloff in beef imports from both Canada and Australia indicated by U.S. Customs data through January 31. Additionally, the weak U.S. dollar has made imported beef more expensive. Since imports from Australia may remain below year-earlier levels throughout 2004, U.S. demand for Canadian beef for processing may increase sharply as both domestic stocks of processing beef and U.S. cow slaughter decline.

Canada's capacity to satisfy increased U.S. demand for imported processing beef will depend, first, upon the number of animals less than 30 months old available for slaughter in Canada, as that is the age below which Canadian beef for export is allowed by the post-August 8 protocols. A sufficient number of those animals should be available, as the majority of the roughly 1 million head of live animals still banned from export to the United States meet that age criteria. More importantly, Mexican demand for fed beef from Canadian animals less than 30 months old may also increase as product from the United States is unavailable, and Mexico has limited capacity for increasing its own fed beef production. Even if a sufficient number of age-appropriate animals are available in Canada, the ability of Canada to supply



shortfalls in both the U.S. processing beef and the Mexican fed beef markets could be limited by slaughter capacity in Canada.

### ***BSE-Related Trade Bans Have Reduced Live Cattle Trade***

The post-May 20 ban on Canadian live cattle reduced imports of live animals from Canada by over 50 percent in 2003. Imports from Mexico ended the year at the high level of 1.2 million head because of dry conditions in Mexico, high prices in the United States for feeder cattle, and a weakened Mexican currency. Nevertheless, total imports of live animals declined by 31 percent to only 1.75 million animals.

Imports for 2004 may only approach 1.15 million animals shipped only from Mexico, as the ban on Canadian cattle is assumed to remain pending any changes in U.S. rulemaking (transshipments of cattle from Hawaii and other countries through Canada are not included in the ban, however). Imports of Mexican cattle could decline, however, if there is any movement to slaughter them in Mexico as partial substitutes for banned U.S. beef. However, Canada has been increasing beef exports to Mexico, traditionally its second largest market, and this is likely to reduce pressure on the Mexican

beef markets. Recent sharp declines in weekly feeder cattle exports to the United States may be due to the higher-than-normal precipitation levels that have prevailed throughout Mexico during January

([http://www.cpc.ncep.noaa.gov/products/analysis\\_monitoring/regional\\_monitoring/1cpnp9.gif](http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/regional_monitoring/1cpnp9.gif)), and may not portend decreased imports for the remainder of the year after dry conditions return.

U.S. cattle exports for 2003 declined by 60 percent to 100,270 animals. Exports of live animals to Canada began to decline following the May 20 ban on imports of beef and live animals from Canada. This caused a surplus of beef and live animals in Canada and less demand for U.S. feeder cattle. Consequently, exports of live animals to Canada dropped from 134,215 in 2002 to 68,100 in 2003. Exports of live animals to Mexico were weak throughout 2003 due, at least partially, to the 15-percent depreciation of the peso from mid-2002 through the end of 2003. Exports of live animals in 2004 may be less than 5,000 animals, as only a few minor markets are to allow imports of live U.S. cattle.

### ***2004 Milk Production Now Seen Steady***

Recent information led to lower projected 2004 milk production, now expected to be about unchanged from 2003. The January 1 cattle inventory indicated that supplies of dairy replacements will be significantly smaller than a year earlier. More importantly, availability of bovine somatotropin (BST) will be quite limited because the maker has imposed allocations that are expected to extend until the end of 2004.

On January 1, 2004, there were 4,020,000 dairy replacement heifers (500 pounds and over) on farms, down more than 2 percent from a year earlier. At 44.7 heifers per 100 milk cows, the replacement herd was still large by historic standards—although possibly not large in light of the elevated culling of recent years. The largest decline from a year ago was for older heifers. Heifers expected to enter the milking herd during the coming year were down 4 percent from a year earlier. At the start of 2003, a relatively large share of the replacement herd was due to start milking that year.

The absence of imported Canadian heifers and cows will add extra tightness to replacement supplies. Live animals can no longer be brought in from Canada because of BSE-related restrictions. In recent years, imports of female dairy breeding stock from Canada have been equivalent to 1 to 2 percent of the U.S. heifer herd. It is uncertain when these restrictions will be relaxed.

Tighter replacement supplies had already been anticipated, and January replacement prices were similar to those of 2003.

Demand for replacements has been considerably weakened by low milk prices and higher feed prices and probably has offset the effects of smaller supplies. In addition, the increase in farms leaving dairying has provided an alternative source of replacement cows.

### ***BST Availability Limited***

Monsanto, the maker of recombinant BST, has announced that current users of BST can buy only half their normal amount and no new customers will be accepted. The allocations are expected to run through the end of 2004 and replace the much more modest and shorter-lived allocations announced in December.

According to the National Animal Health Monitoring System of the Animal and Plant Health Inspection Service, about 22 percent of the milk cows in 2002 received BST during their current lactation. This implies that about 2 percent of the milk supply can be attributed to the use of BST.

The impact of the allocations is expected to be less than 1 percent for a number of reasons. Low milk prices and higher feed prices in 2004 likely would have discouraged BST use in any case. In addition, farmers probably had BST inventories on hand at the time the allocations were announced. Lastly, farmers selectively will eliminate those injections that they believe have the lowest odds of a profitable response, resulting in a less-than-proportional reduction in BST-induced milk.

## *Sheep: 2003 in Review and Perspectives on 2004*

The sheep inventory and lamb and mutton production continued to decline in 2003, despite continued efforts to rebuild the flock through the **Lamb Industry Improvement Program** and the re-institution of the wool payment program. Continued drought conditions in the major sheep-producing regions contributed to the steady decline in inventory and hindered possible herd rebuilding efforts. Meanwhile, the price up-tick continued as demand remained stable and supplies tightened.

### *Production Down and Prices Increase Sharply*

Commercial lamb and mutton production in 2003 fell to 199 million pounds, a decline of 20 million pounds (9 percent) from the previous year (fig. 1). In 2003, 9 percent fewer sheep and lambs were commercially slaughtered than in 2002 and average live weight at slaughter were 1 pound heavier. Weights increased in fourth-quarter 2003 as supplies became tighter and prices increased.

The price response to tight supplies throughout 2003 was evident. Choice slaughter lamb prices at San Angelo, Texas rose progressively, ranging from a low of \$85.81 per cwt in January 2003 to a high of \$97.25 per cwt in December 2003 (table 1). The annual average Choice slaughter lamb price at San Angelo was \$91.98 per cwt—\$19.67 greater than the previous year, and with much greater variability. The highest prices were seen in the third and fourth quarters of 2003 when supplies tightened considerably.

The United States banned live sheep imports from Canada in May 2003 as a result of a reported BSE-infected cow, reducing the number of animals destined to slaughter in U.S. plants. Lamb imports from Australia and New Zealand were also below normal from their flock rebuilding due to prior drought conditions, especially in Australia. The growing strength of the Australian and New Zealand currencies relative to the U.S. dollar may have hampered imports as well.

Tight supplies and higher slaughter lamb prices translated into higher retail prices for both

imported and domestic lamb meat (figs. 2 and 3). Retail prices of both imported and domestic lamb trended upward in 2003, and the gap between imported and domestic lamb prices narrowed.

### *Lamb and Mutton Imports Still Growing*

Lamb and mutton imports continue to grow, though at a much slower pace than in the past decade. Lamb and mutton imports for 2003 came in at 168 million pounds, 4 percent above the same period the prior year. Total 2003 lamb and mutton imports rose at a much slower rate than the 11.2-percent increase between 2001 and 2002 and the 125-percent increase since 1996. Prior to last year, U.S. lamb and mutton imports surged for several years, largely to offset decreased lamb and mutton production. Australia and New Zealand are the major suppliers of lamb and mutton to the United States, supplying over 99 percent of all U.S. imports.

Exports of lamb and mutton for 2003 were just about 6.6 million pounds, 7 percent less than in 2002. Lamb and mutton exports in 2002 were 7.1 million pounds, up 8.9 percent over the previous year. Persistent drought conditions in the Western States resulted in higher-than-normal sell-off and slaughter of breeding ewes for the past 2 years. Mexico was the main recipient of the U.S. exported lamb and mutton before the BSE trade ban on which also affected lamb, mutton, and other meat-based preparations.

### *Live Sheep Imports Lower Than Normal*

Until 2002, both live sheep imports and live sheep exports increased for 5 straight years. This trend was discontinued in 2003 when live sheep imports totaled only 67,778 head, (45 percent less than for the same period in 2002). Imports come primarily from Canada and are mainly slaughter lambs. The U.S. ban, in May 2003, of live sheep imports from Canada as a result of a reported BSE-infected cow, reduced the number of animals destined for slaughter in U.S. plants.

Live exports were also well below normal. Live exports for 2003 totaled 172,726 head, 232,852 head (57 percent) below the prior year. Monthly live sheep exports throughout 2003 were generally

lower than in 2002, but much of the export reduction took place in the latter half of 2003 when live imports were restricted. Tight supplies and attractive domestic prices possibly created incentives for producers to sell domestically rather than to export markets.

### ***Ewe Retention Program Extended***

On January 27, 2004, USDA announced that it would provide the U.S. lamb industry with \$18.85 million this fiscal year (2003/04) for payment to sheep and lamb producers to encourage the replacement and retention of ewe lamb breeding stock. This new, 1-year program will give producers an opportunity to enhance the genetics of their ewe lamb breeding stock.

The sheep industry has been involved in a number of sheep industry improvement efforts. Among these efforts was a 3-year, \$100 million, Lamb Industry Assistance Package, instituted by the U.S. Department of Agriculture in January 2000 aimed at helping the industry rebuild herds so as to better compete globally. One of the key elements of this program was the ewe lamb retention program. As part of this program, producers were provided with a ewe lamb incentive payment. The incentive payments were to help ewe lamb producers who were suffering financial losses from the poor market conditions. Eligibility required that producers purchase or retain a new lamb to expand their flock from August 1, 2001, to July 31, 2003. Despite the implementation of this program, ewe lamb replacements in the United States dropped 4.4 percent in January 2003, and again decreased in January 2004, though by less than 1 percent. The U.S. lamb crop totaled 4.12 million head in 2003, down 5 percent from the previous year.

### ***Outlook for 2004***

The U.S. sheep industry is forecast to continue its long-term trend of declining inventory and declining lamb and mutton production. Production declined by nearly 9 percent in 2003 but it is expected to decline at a much slower rate—about 2 percent in 2004. The fairly stable U.S. lamb

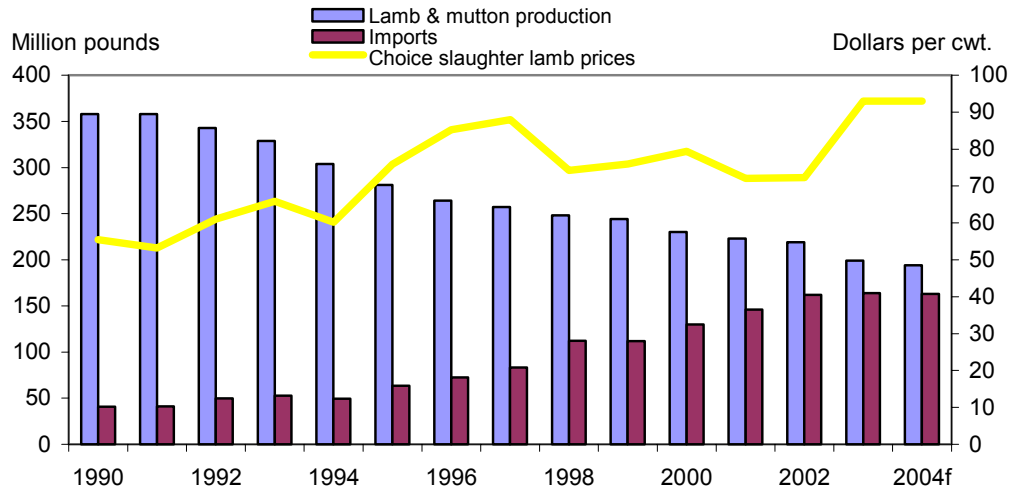
demand, coupled with the overall low supply in the imported market will continue to exert pressure on the already declining U.S. sheep stock, and will continue to support domestic lamb prices. Slaughter lamb prices at the San Angelo, Texas market are expected to remain fairly strong and show about a 1-percent increase in 2004, to \$91-\$95 per cwt, over the same period in 2003.

Sheep inventory declined 3 percent from the previous year to an estimated 6.09 million head on January 1, 2004. Sheep numbers are projected to decline through 2005. Despite the renewed efforts at herd rebuilding, the long-term drought conditions, tight market supplies, and attractive prices will continue to slow herd rebuilding.

Import demand is expected to remain strong but imports are expected to increase by less than 1 percent in 2004. The slowdown in the rate of increase over the past 3 years (12.5 percent in 2001, 11.2 percent in 2002 and 1.2 percent in 2003) is largely due to the drought conditions in Australia throughout much of 2002 and 2003 and more recently the growing strength in the currencies of the major suppliers--Australia and New Zealand--relative to that of the United States. Stock liquidation in Australia hindered its ability to produce extra heavy lambs for the U.S. market. Even with the improved weather conditions in 2003, herd rebuilding will make it difficult for the depressed supply to strengthen before 2005. Australia supplies nearly 60 percent of U.S. imported lamb.

Tight supplies are expected to persist throughout 2004 and maintain relatively high lamb prices. Domestic supplies will continue to be tight due to the low inventory and the plateauing of imports. Higher lamb prices, extension of the ewe lamb retention program, and the re-introduction of the wool support program are expected to encourage flock rebuilding. If these are successful, slaughter lamb supply will be even tighter in the near term. The re-introduction of a wool support program may also prompt producers to hold lambs longer for multiple shearing.

Figure 1

**Production, imports and choice slaughter lamb prices, 1990-2004****Table 1--Monthly lamb and mutton statistics, 2002-2003**

	Mean		Monthly Low		Monthly High		Coefficient of Variation	
	2002	2003	2002	2003	2002	2003	2002	2003
<b>Prices</b>								
Prices received by farmers for sheep (\$/cwt)	28.92	35.48	23.50	28.30	38.70	44.40	5.77	5.88
Prices received by farmers for lamb (\$/cwt)	73.34	94.63	64.40	87.60	87.20	99.20	9.53	25.74
Choice slaughter lamb price, San Angelo (\$/cwt)	72.31	92.82	64.00	85.81	86.88	97.25	9.72	24.14
<b>Production</b>								
Commercial sheep and lamb production (million pounds)	18.16	16.63	15.10	15.00	22.20	19.40	9.83	11.48
Commercial sheep and lamb slaughtered (100 head)	273.85	246.99	230.60	222.20	324.30	295.60	11.59	11.24
Avg. dressed weight of sheep and lamb slaughtered	67.58	68.08	64.00	66.00	70.00	69.00	29.20	45.24
<b>Imports</b>								
Lamb and mutton imports (million pounds)	13.33	13.56	9.10	9.62	21.88	19.31	3.97	4.25
Lamb and mutton imports from Australia (million pounds)	9.10	8.27	5.93	5.71	16.46	12.92	3.18	3.37
Lamb and mutton imports from New Zealand (million pounds)	4.20	5.26	3.13	3.66	5.36	8.16	6.42	3.59
Live sheep imports (number)	11,596.83	11,296.33	5,840.00	12.00	18,115.00	17,996.00	3.03	1.67
<b>Exports</b>								
Lamb and mutton exports (1000 pounds)	591.77	496.18	268.61	-	998.22	694.90	2.72	2.43
Live sheep exports (number)	33,798.17	13,327.00	25,977.00	1,727.00	41,674.00	29,853.00	7.21	1.59



Figure 2  
**Retail prices of U.S. and imported lamb**

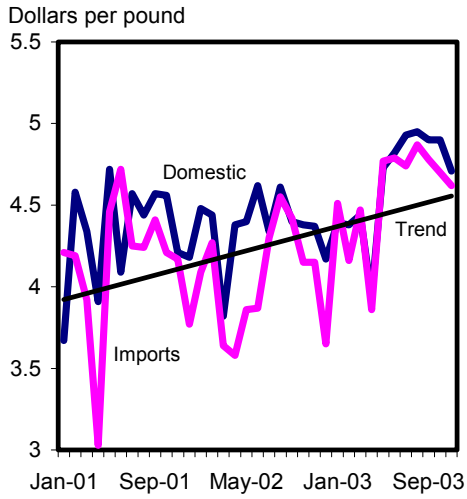
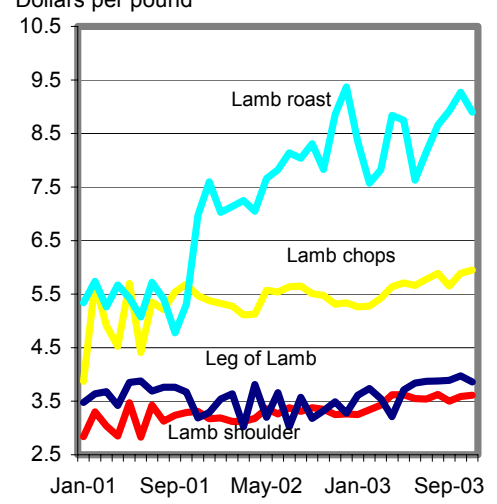


Figure 3  
**Retail prices of selected domestic lamb cuts**



## Retail Egg Prices Ended 2003 at Historical Records

For all of 2003, retail egg prices averaged \$1.24 per dozen, compared with \$1.03 last year and far above the historical record retail prices of \$1.11 per dozen registered in 1996. During 2003 retail egg prices (U.S. city average, grade A) rose from \$1.01 per dozen in May to \$1.55 in December 2003. The price increase was due to the only fractional increase in table egg production (.3 percent) which was below the increase in population, and good protein food demand. The number of U.S. egg-type layers was slightly above its 2002 level until May and slipped below that level for the remainder of 2003, tightening egg supplies. Year-to-year comparisons indicated that the gap in egg-type layers between 2003 and 2002 widened by more than 4 million birds in October. Egg-layer numbers climbed up during the fourth quarter in normal anticipation of increased holiday consumption, yet ended 2003 nearly 2 million birds below last year.

## Wholesale Prices Rise Sharply

Similar to retail markets, the wholesale egg market is also an inelastic market, where small changes in supply can have a large price impact.

Figure 4

### U.S. egg-type layers in 2002 and 2003

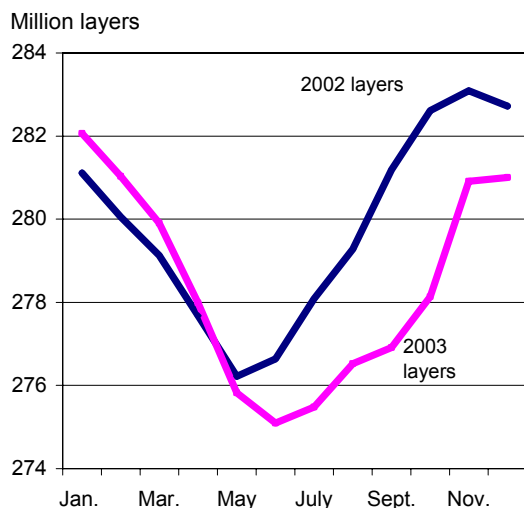
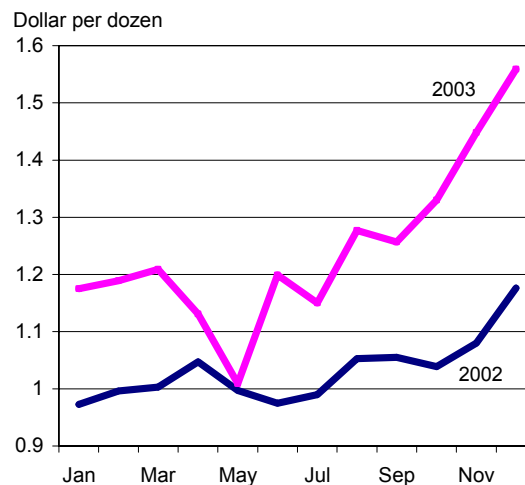


Figure 5

### Retail egg prices (U.S. city average), 2002-2003



Consequently, wholesale table egg prices (NY grade A large) closed the fourth quarter of 2003 at 110.7 cents a dozen, 23.1 percent higher than the previous quarter, and 46.6 percent higher than the same quarter of 2002. The year-over-year wholesale egg price (NY grade A large) increased sharply from 67.1 cents per dozen in 2002 to 87.9 cents in 2003, or 31 percent. This was the highest wholesale price level since 1996, when the average was 88.2 cents per dozen. In 2003, however, high egg prices were likely due to tighter supplies, resulting from declining U.S. flocks of egg-type layers. The decline in the number of egg-type layers was a result of poor profitability during 1999-2002 and layer depopulation following the infectious Exotic Newcastle disease in California, Nevada, Arizona, and Texas in 2002-2003.

In 2004, wholesale prices will probably decline from the fourth quarter 2003 peak of 110.7 cents to an average of 96-102 cents per dozen, or about 12 percent, as the industry increases the number of layers, and the recent improved return provides an incentive to increase production. Average prices in 2004 are expected to remain above average prices in 2003.

## Egg Production Up Moderately in 2004

Egg production is expected to increase 1.3 percent in 2004 due to expected continued higher prices improving producers' returns and anticipated

growth in hatching use for broilers. Hatching egg production in 2003 decreased by nearly 1 percent, but is expected to rise by nearly 3 percent in 2004. Table egg production is expected to rise only 1 percent. Table eggs account for 85 percent of total egg production.

During the fourth quarter of 2003, table egg production edged 2.4 percent above the third quarter, but hatching egg production trended in the opposite direction, ending the fourth quarter below the first three quarters. For all 2003, U.S. egg production (of both table and hatching) rose only marginally, to 7.27 billion dozen (.1 percent). Although U.S. egg-type layers' number averaged lower in 2003 compared with 2002, most of the production growth resulted in increasing the force molt percentage rate by less than 1 percent, as well as the number of eggs laid per 100 table egg-type layers in 2003 by a little over one and one-half eggs per 100 layers per year.

### ***Per Capita Consumption Declines***

Per capita egg consumption in 2003 decreased slightly to 254.2 eggs, a little over one egg less than the previous year. Since 1996, U.S. egg consumption has increased by nearly 8 percent, or about 18 eggs per person. In large part this was due to increasing demand for breaking eggs by the commercial baking, confections, and fast-food industries. This trend was clearly indicated by the amount of eggs going to the breaking market, which rose from 28 percent of total table egg production in 1996 to 29.3 percent in 2003, nearly 1 percent below last year, due to high prices that dominated the market during 2003. Higher shell egg prices have inverse impact on the quantity of eggs going to the breaking market, which declined 3.4 percent compared with last year. The trends will most likely reverse course in 2004, as prices are expected to rise only modestly.

### ***U.S. Egg Exports Decline in 2003***

In 2003, U.S. egg exports totaled 150 million dozen, 14 percent less than the previous year. Exports accounted for only 2.1 percent of total U.S. total egg production. Shell eggs (for human consumption and hatching) made up nearly 55

percent of total U.S. exports, and the remaining 45 percent were exported as processed albumen and yolk in dried or in liquid forms. Most exports are shipped to five markets: Canada, the European Union (EU), Hong Kong, Japan, and Mexico, that accounted for 77 percent of U.S. total egg and product exports in 2003, and 83 in 2002. The drop was mainly attributed to smaller U.S. shipments to the European Union (EU-15), from 21 percent of the U.S. total in 2002 to 11 percent in 2003. Traditionally, the largest U.S. egg export market is Canada, receiving over one-quarter of all exports, followed by the EU, Hong Kong, Japan, and Mexico. U.S. egg exports to Canada are twice as large as each of these countries.

The recovery of egg-layer flocks from avian diseases in the Netherlands, Belgium, and Germany was completed in the first few months of 2003, resulting in a substantial drop of U.S. exports from 14 million dozen in the first half of 2003 to only 1.5 million dozen in the second half. The poultry sectors of these countries were reduced substantially due to Avian Influenza. As a consequence, the Netherlands, Belgium, and Germany increased imports of shell egg and egg products to compensate for their egg production lost. Over 91 and 83 percent of U.S. shell- and processed-egg exports to the EU went to these three countries in 2002 and 2003, respectively.

The composition of U.S. exports was divided evenly between shell (hatching and non-hatching eggs) and processed eggs (dried albumen, yolk, and processed products) at 51 and 49 percent in 2002. In 2003, shell eggs accounted for nearly 55 percent of total U.S. exports. The remaining 45 percent were exported as processed albumen and yolk in dried or liquid forms.

In 2004, U.S. exports of shell-eggs and processed eggs are estimated to increase by 6-7 percent due to expected increases in demand from China and other Asian countries following the spread of highly pathogenic Avian Influenza, which led to millions of layers, parent, and grandparent birds being culled.

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### Related Article

The recent discovery of bovine spongiform encephalopathy (BSE) <http://www.ers.usda.gov/features/BSE/index.htm> in a dairy cow in the State of Washington has caused importers to either ban or restrict beef imports from the United States.

### Data

Retail Price Reporting for Meat

<http://www.ers.usda.gov/Data/Meatscanner/> A new ERS database contains monthly average retail prices for selected cuts of red meat and poultry, based on electronic supermarket scanner data. While not based on a random sample, the raw data underlying the database are from supermarkets across the United States that account for approximately 20 percent of U.S. supermarket sales. [Leland Southard](#), (202) 694-5187.

### Web Sites

Animal Production and Marketing Issues, <http://www.ers.usda.gov/briefing/AnimalProducts/>

Cattle, <http://www.ers.usda.gov/briefing/cattle/>

Hogs, <http://www.ers.usda.gov/briefing/hogs/>

Poultry and Eggs, <http://www.ers.usda.gov/briefing/poultry/>

Dairy, <http://www.ers.usda.gov/briefing/dairy/>

WASDE, <http://www.usda.gov/oce/waob/wasde/latest.pdf>

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**Red meat and poultry forecasts**

	2001	2002	2003				2004					
	Annual	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
<b>Production, million lb</b>												
Beef	26,107	27,090	6,287	6,907	7,078	5,962	26,234	6,050	6,625	6,700	6,000	25,375
Pork	19,138	19,664	4,889	4,734	4,795	5,491	19,909	4,950	4,900	4,925	5,300	20,075
Lamb and mutton	223	219	49	50	48	52	199	49	48	47	50	194
Broilers	31,266	32,240	7,770	8,238	8,454	8,200	32,663	8,040	8,565	8,800	8,500	33,905
Turkeys	5,562	5,713	1,379	1,438	1,407	1,422	5,646	1,355	1,415	1,430	1,460	5,660
Total red meat & poultry	83,006	85,669	20,550	21,546	21,954	21,295	85,346	20,607	21,724	22,077	21,476	85,884
Table eggs, mil. doz.	6,078	6,190	1,524	1,528	1,559	1,597	6,208	1,545	1,545	1,575	1,610	6,275
<b>Per capita consumption, retail lb 1/</b>												
Beef	66.2	67.6	16.2	16.9	16.8	14.6	64.5	16.0	18.0	17.9	16.0	67.8
Pork	50.2	51.5	12.6	12.5	12.5	14.1	51.7	12.6	12.6	12.8	13.5	51.5
Lamb and mutton	1.1	1.2	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	0.3	1.1
Broilers	76.6	80.5	19.6	20.6	21.3	19.7	81.1	19.7	20.8	21.5	20.5	82.5
Turkeys	17.5	17.7	3.6	3.9	4.6	5.3	17.4	3.7	3.8	4.2	5.6	17.3
Total red meat & poultry	213.6	220.5	52.7	54.6	55.9	54.4	217.7	52.7	56.0	57.1	56.3	222.1
Eggs, number	252.7	255.5	62.5	62.9	63.6	65.1	254.1	62.8	62.7	63.8	65.0	254.4
<b>Market prices</b>												
Choice steers, Neb., \$/cwt	72.71	67.04	77.82	78.49	83.07	99.38	84.69	76-78	72-76	69-75	73-79	72-77
Feeder steers, Ok City, \$/cwt	88.20	80.04	78.48	82.49	94.90	103.51	89.85	83-85	81-85	81-87	82-88	81-87
Boning utility cows, S. Falls, \$/cwt	44.39	39.23	40.53	46.52	49.84	49.60	46.62	45-47	47-49	45-49	45-49	46-48
Choice slaughter lambs, San Angelo, \$/cwt	72.04	72.31	91.92	93.71	89.48	92.82	91.98	94-96	92-96	89-95	89-95	91-96
Barrows & gilts, N. base, i.e. \$/cwt	45.81	34.92	35.38	42.64	42.90	36.89	39.45	38-40	39-41	38-42	34-38	38-40
Broilers, 12 City, cents/lb	59.10	55.60	60.30	59.60	63.40	64.60	62.00	68-70	70-74	67-73	65-71	68-72
Turkeys, Eastern, cents/lb	66.30	64.50	61.10	60.60	59.10	67.40	62.10	60-62	60-64	61-67	63-69	61-65
Eggs, New York, cents/doz.	67.20	67.10	77.20	73.90	89.90	110.70	87.90	103-107	92-98	91-99	96-104	96-102
<b>U.S. trade, million lb</b>												
Beef & veal exports	2,269	2,447	585	678	681	579	2,523	50	60	60	50	220
Beef & veal imports	3,164	3,218	810	741	619	836	3,006	835	900	855	740	3,330
Lamb and mutton imports	146	162	40	44	35	49	168	43	41	39	40	163
Pork exports	1,560	1,611	413	438	406	460	1,717	425	450	420	470	1,765
Pork imports	951	1,070	289	301	298	297	1,185	285	305	315	330	1,235
Broiler exports	5,555	4,807	1,200	1,166	1,182	1,384	4,932	1,240	1,345	1,340	1,350	5,275
Turkey exports	487	439	103	114	130	136	483	125	125	125	135	510

1/ Per capita meat and egg consumption data are revised, incorporating a new population series from the Commerce Department's Bureau of Economic Analysis based on the 2000 Census.



## Economic Indicator Forecasts

1/

	2002		2003					2004			
	IV	Annual	I	II	III	IV	Annual	I	II	III	IV
<b>GDP, chain wtd (bil. 1996 dol.)</b>	9,503	9,440	9,556	9,608	9,797	9,894	9,718	9,999	10,085	10,177	10,272
<b>CPI-U, annual rate (pct.)</b>	2.4	2.2	3.9	0.6	2.3	2.2	2.2	2.1	2.0	2.2	2.2
<b>Unemployment (pct.)</b>	5.9	5.8	5.8	6.2	6.1	6.0	6.0	5.9	5.8	5.8	5.6
<b>Interest (pct.)</b>											
3-month Treasury bill	1.3	1.6	1.2	1.0	1.0	1.0	1.0	1.0	1.1	1.3	1.5
10-year Treasury bond yield	4.0	4.6	3.9	3.6	4.2	4.4	4.0	4.5	4.6	4.8	4.9

1/ Source: Survey of Professional Forecasters, Philadelphia Federal Reserve Bank, November 2003.

## Dairy Forecasts

	2002		2003					2004			
	IV	Annual	I	II	III	IV	Annual	I	II	III	IV
Milk cows (thous.)	9,148	9,141	9,154	9,114	9,064	9,007	9,085	8,965	8,930	8,900	8,870
Milk per cow (pounds)	4,543	18,573	4,691	4,814	4,581	4,588	18,674	4,805	4,905	4,665	4,675
<b>Milk production (bil. pounds)</b>	41.6	169.8	42.9	43.9	41.5	41.3	169.7	43.1	43.8	41.5	41.5
<b>Commercial use (bil. pounds)</b>											
milkfat basis	43.9	170.5	41.2	43.0	44.7	45.1	174.0	42.2	43.7	45.0	44.9
skim solids basis	41.2	163.6	40.0	41.2	41.9	41.7	164.8	41.0	42.0	43.1	42.8
<b>Net removals (bil. pounds)</b>											
milkfat basis	0.1	0.3	0.4	0.6	0.2	0.0	1.2	-0.1	0.1	0.1	0.0
skim solids basis	1.4	9.8	3.1	3.2	1.5	0.9	8.7	2.1	2.1	1.1	0.3
<b>Prices (dol./cwt)</b>											
All milk 1/	11.97	12.11	11.37	11.07	13.20	14.40	12.51	13.05	12.10	12.50	14.10
								-13.35	-12.70	-13.40	-15.10
Class III	10.10	10.42	9.52	9.62	13.29	13.24	11.42	11.50	11.05	11.70	12.70
								-11.80	-11.65	-12.60	-13.70
Class IV	10.52	10.81	9.89	9.74	10.05	10.33	10.00	11.05	10.65	10.80	11.15
								-11.45	-11.35	-11.80	-12.25

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

## PRODUCTION INDICATORS

	Jan. '2003	Nov.	Dec. 1,000 Head	2004 Jan. /*
<b>Cattle:</b>				
On feed - US, 1,000+ Hd.	10,658	11,043	11,335	11,253
Net placements	2,014	1,829	1,658	1,652
Marketings	1,972	1,537	1,740	1,782
<b>Broilers:</b>				
Eggs in incubators (000) /1	623,171	588,046	636,411	637,048
Chicks hatched (000) /2	759,773	707,619	768,900	773,970
Hatching egg layers /1	55,922	54,692	55,016	55,037
Pullets placed (000)	6,269	6,946	6,700	6,811
Hvy-type hen slaughter /2	6,138	5,031	5,497	5,525
<b>Turkeys:</b>				
Eggs in incubators (000) /1	30,804	28,650	28,605	28,394
Poult placed (000)	25,389	22,155	23,425	23,273
<b>Eggs:</b>				
Table egg prod. (mil. doz.) /2	525.1	520.9	532.5	527.0
Table egg layers, (000) /1	282,140	279,338	282,443	280,096
Table eggs/100 layers /1	72.0	74.3	75.2	73.5
Chicks hatched (000) /2	33,499	30,129	32,300	35,350
Lt.-type hen slaughter /2	8,224	4,356	5,932	6,580

## ESTIMATED RETURNS

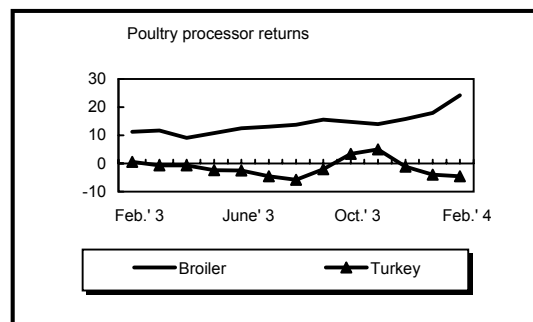
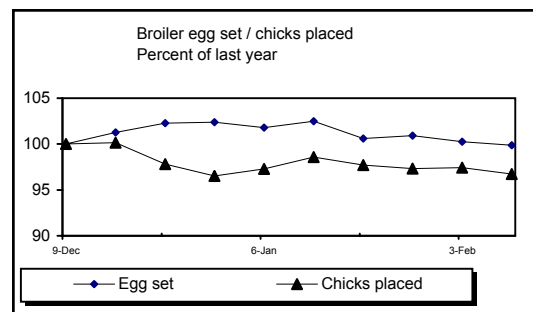
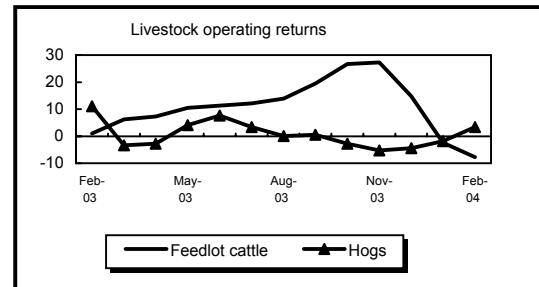
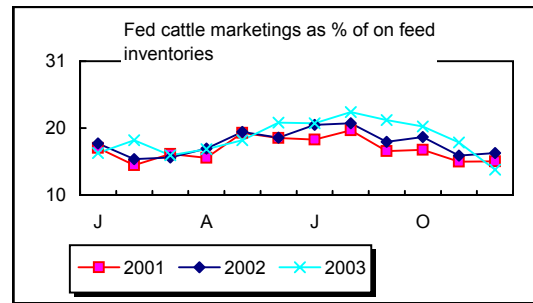
	Feb. '2003	Dec.	2004 Jan. Cents/lb	Feb. /*
<b>Great Plains cattle feedlot</b>				
Breakeven price /3	69.12	76.32	82.71	85.37
Selling price	80.39	91.11	80.25	77.60
Net margin	11.27	14.79	-2.46	-7.77
<b>N. Central hog farrow to finish</b>				
Breakeven price /3	40.46	40.51	40.87	41.84
Selling price	35.64	36.02	39.02	45.25
Net margin	-4.82	-4.49	-1.85	3.41
<b>Broiler</b>				
Wholesale cost	48.21	49.87	50.70	50.79
Wholesale price	60.49	65.71	68.66	74.96
Net margin	12.28	15.84	17.96	24.17
<b>Turkey</b>				
Wholesale cost	60.68	64.33	63.99	64.79
Wholesale price	59.21	63.23	59.96	60.20
Net margin	-1.47	-1.10	-4.03	-4.59
<b>Egg</b>				
Wholesale cost	65.80	68.44	68.88	70.64
Wholesale price	74.25	106.22	104.16	104.40
Net margin	8.45	37.78	35.28	33.76

/1 First of month.

/2 Last month estimated.

/3 Does not include capital replacement cost.

/\* estimate.



# MEAT STATISTICS

	Jan. - Feb. 2003	Jan. - Feb. 2004	2003		2003		2004	
			Oct.	Nov.	Dec.	Jan.	Feb.	/*
<b>Commercial production</b>								
<i>Million pounds</i>								
Beef	4,236	3,751	2,211	1,778	1,973	1,921	1,830	
Veal	34	30	16	15	19	16	14	
Pork	3,270	3,316	1,910	1,715	1,866	1,761	1,555	
Lamb	31	30	18	16	18	15	15	
Total red meat	7,571	7,127	4,155	3,525	3,876	3,713	3,414	
Broilers	5,185	5,300	3,052	2,422	2,726	2,767	2,533	
Other chicken	85	76	44	34	39	40	36	
Turkeys	911	852	528	456	438	451	401	
Total poultry	6,180	6,227	3,624	2,911	3,203	3,258	2,969	
Total meat & poultry	13,750	13,354	7,779	6,436	7,079	6,972	6,383	

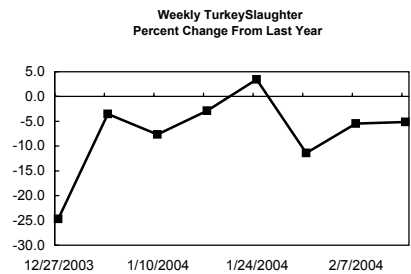
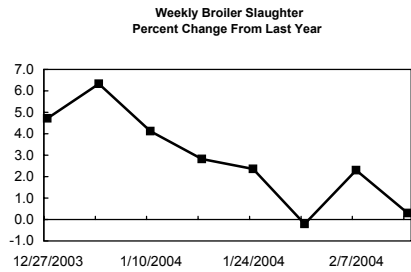
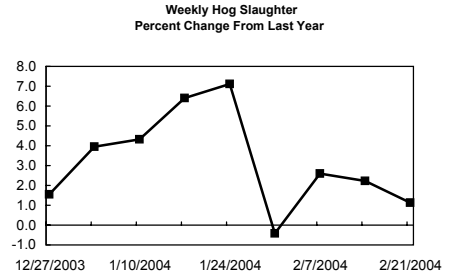
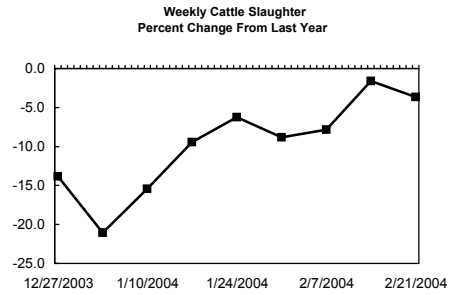
	Jan. - Feb. 2003	Jan. - Feb. 2004	2003		2003		2004	
			Oct.	Nov.	Dec.	Jan.	Feb.	/*
<b>Commercial slaughter**</b>								
<i>Thousand head</i>								
Cattle	5,577	5,019	3,003	2,426	2,668	2,571	2,448	
Steers	2,630	2,412	1,393	1,122	1,278	1,246	1,166	
Heifers	1,836	1,683	977	750	815	826	857	
Beef Cows	513	422	292	267	278	236	186	
Dairy Cows	501	429	281	235	249	223	206	
Bulls and stags	97	74	60	52	48	40	34	
Calves	177	150	88	78	98	79	71	
Sheep	463	430	266	236	262	219	211	
Hogs	16,468	16,601	9,641	8,581	9,346	8,786	7,815	
Barrows & gilts	15,929	16,054	9,329	8,319	9,045	8,504	7,550	
Sows	498	512	288	244	281	262	250	
Broilers	1,357,310	1,368,550	781,640	625,960	706,615	714,300	654,250	
Turkeys	41,814	39,840	25,389	22,661	20,606	20,690	19,150	

	Feb. 2003	2003		2003		2004	
		Oct.	Nov.	Dec.	Jan.	Feb.	/*
<b>F.I. dressed weight</b>							
<i>Pounds</i>							
Cattle	764	743	740	747	754	753	
Calves	195	189	196	200	202	206	
Sheep	68	69	70	70	72	72	
Hogs	199	199	201	201	201	199	

	Feb. 2003	2003		2003		2004	
		Oct.	Nov.	Dec.	Jan.	Feb.	/*
<b>Beginning cold storage stocks</b>							
<i>Million pounds</i>							
Beef	482.7	379.8	375.2	373.8	395.1	435.6	
Pork	512.9	435.2	446.8	438.9	470.7	510.7	
Bellies	35.4	10.2	21.1	33.1	49.0	63.1	
Hams	79.5	132.0	110.9	73.6	49.9	70.6	
Total chicken	723.2	604.5	600.7	569.3	611.5	532.5	
Turkey	423.1	647.5	582.7	350.7	354.0	409.9	
Frozen eggs	15.3	16.6	16.9	14.9	18.0	21.4	

/\* Estimates with exception of Cold Storage

\*\* Slaughter classes are estimated



**LIVESTOCK PRICES**

	2003				2004		/*
	Feb.	Oct.	Nov.	Dec.	Jan.	Feb.	
<b>Cattle prices</b>							
			\$/cwt				
Steers, Choice, 11-13 cwt							
Texas Panhandle	80.39	97.63	100.31	91.11	80.25	77.60	
Nebraska Direct	78.77	105.50	101.88	90.75	80.36	77.60	
Cows - Sioux Falls							
Utility breaking	42.56	54.85	55.58	52.88	49.63	48.00	
Utility boning	40.25	48.85	51.83	48.13	48.50	46.75	
Feeder Cattle - Oklahoma City							
Steers: Med. #1							
500-550 lb	97.83	109.41	112.29	111.98	107.44	110.25	
600-650 lb	84.74	104.04	103.62	103.88	94.58	96.50	
750-800 lb	78.16	104.46	104.43	101.63	87.36	86.50	
Heifers: Med. #1							
450-500 lb	89.77	102.79	104.39	99.92	99.02	102.00	
700-750 lb	75.18	98.94	96.83	94.07	83.98	82.25	

**Hog prices**

Barrows and gilts						
National base 51-52% lean	35.64	38.63	36.02	36.02	39.02	45.25
(live equivalent = carcass x .74)						
Sows						
Iowa-S. Minn. #1-2, 300-400 lb	23.27	30.53	28.51	26.83	28.36	33.50

**Sheep & lamb prices**

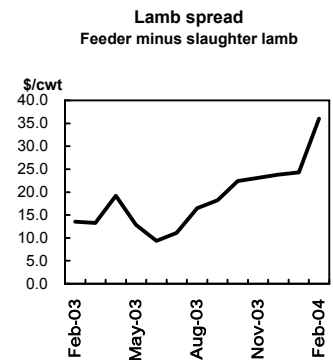
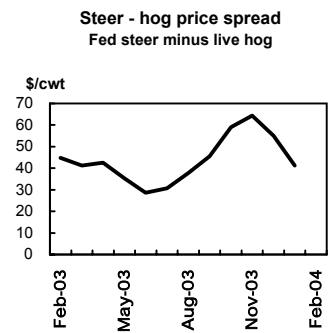
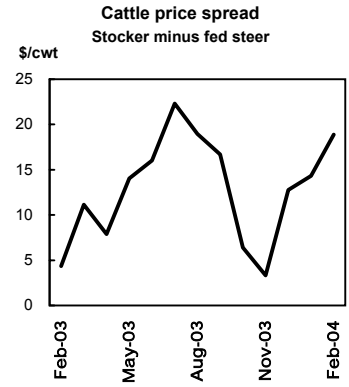
San Angelo, TX						
Slaughter lambs, Choice	90.25	91.31	91.00	96.17	99.44	101.50
Ewes, Good	48.50	38.37	47.00	49.25	49.38	48.25
Feeder lambs, Choice	103.81	113.75	114.13	120.00	123.75	137.50

**GRAIN AND FEED PRICES**

	2003				2004		/*
	Feb.	Oct.	Nov.	Dec.	Jan.	Feb.	
			\$/bu				
Corn, #2 Yellow, Cen. Ill	2.33	2.11	2.26	2.38	2.52	2.72	
Wheat, HRW Ord., K.C.	4.03	3.66	408.00	4.21	4.25	4.15	
			\$/ton				
SBM, 48% Solvent, Decatur	176.76	225.28	242.00	231.11	252.15	256.50	
Alfalfa Hay, U.S. Avg.	96.40	88.80	88.00	87.90	83.60	N/A	
Grass Hay, U.S. Avg.	79.40	71.40	64.90	66.90	71.40	N/A	

/\* Estimates

Livestock, Dairy, and Poultry Situation and Outlook



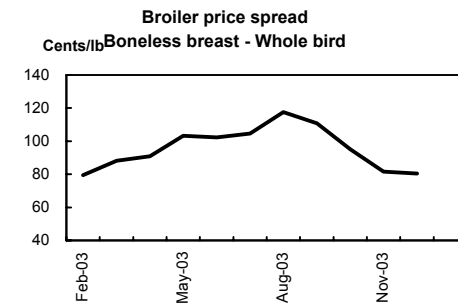
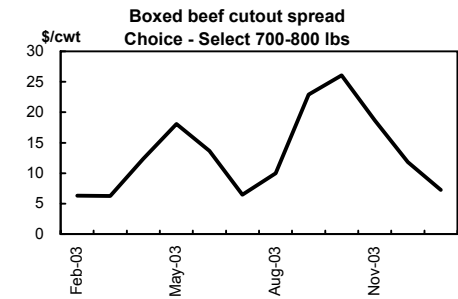
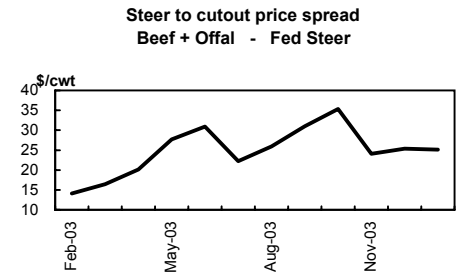
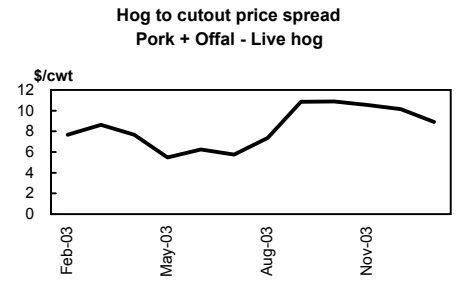
## WHOLESALE PRICES

	2003		2004				/*
	Feb.	Oct.	Nov.	Dec.	Jan.	Feb.	
<b>Beef, Central U.S.</b>							
Boxed beef cutout	\$/cwt						
Choice 1-3 550-700 lb	128.77	176.06	167.15	153.71	138.60	126.50	
Choice 1-3 700-850 lb	127.69	175.07	165.60	151.83	137.40	126.75	
Select 1-3 700-850 lb	121.41	149.00	146.93	140.01	130.15	120.50	
Canner-Cutter Cows	N/A	N/A	N/A	N/A	N/A	N/A	
Bnls. beef, 90% fresh	110.89	117.14	123.86	125.69	131.66	128.50	
Importd bnls. beef 90% frz.	98.43	112.91	124.90	125.63	124.78	120.50	
Hide & offal value	8.01	9.50	10.02	10.31	9.05	8.20	
Veal carcass, 220-280 lb	N/A	N/A	N/A	N/A	N/A	N/A	
<b>Pork, Central U.S.</b>							
Pork cutout composite	53.50	59.75	55.99	55.71	58.57	65.75	
Loins, 14-19 lb Bl 1/4" trim	95.75	97.71	89.06	93.72	111.98	121.00	
Bellies, 12-14 lb skin on trmd.	79.54	84.46	78.53	81.00	79.78	91.00	
Hams, 20-23 lb Bl trmd. TS1	40.70	49.66	47.22	41.29	39.60	49.00	
Trimnings, 72% fresh	32.11	44.60	41.99	41.25	43.58	49.00	
<b>Lamb, East Coast</b>							
55 lb Down, Choice	N/A	N/A	N/A	N/A	N/A	N/A	
55-65 lb, Choice	174.05	180.64	180.82	182.10	181.93	194.00	
cents/lb							
<b>Broilers</b>							
12 City Avg.	60.49	63.59	64.45	65.71	68.66	74.96	
Georgia dock	61.91	67.16	67.11	67.69	68.92	71.00	
<i>Northeast</i>							
Breast, boneless	139.98	158.72	146.01	146.17	155.23	182.00	
Breast, Ribs on	88.80	83.88	80.68	81.64	90.46	102.00	
Legs, whole	30.54	38.50	37.35	37.51	40.18	51.25	
Leg quarters	21.09	29.19	29.59	29.67	30.87	38.20	
<b>Turkeys</b>							
<i>Eastern region</i>							
Toms, 16-24 lb	58.63	63.20	64.92	60.45	58.83	58.60	
Hens, 8-16 lb	61.13	66.08	69.33	66.85	62.13	61.50	
Breast, 4-8 lb	94.25	89.95	91.00	91.31	89.10	90.60	
Drumsticks	18.31	43.01	43.20	42.53	42.20	52.10	
Wings, full cut	16.09	33.68	43.05	41.34	36.60	40.60	
<b>Eggs, grd A, lg, doz</b>							
12 City Metro	65.92	90.81	110.87	106.22	104.16	104.40	
New York	74.05	99.95	122.94	109.33	116.75	105.30	

/\* Estimates.

Source: Agricultural Marketing Service.

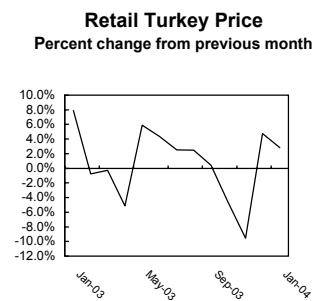
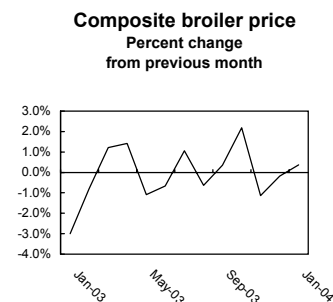
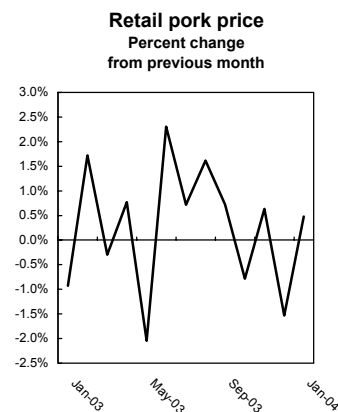
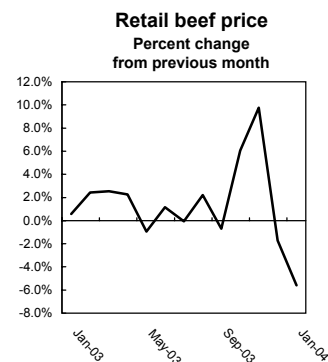
Livestock, Dairy and Poultry Situation and Outlook





## RETAIL PRICES & SPREADS

	Aug-2003	Sep-2003	Oct-2003	Nov-2003	Dec-2003	Jan-2004
<b>Retail prices</b>						
	<i>Cents/lb</i>					
Beef - Choice	373.5	370.9	393.3	431.7	424.3	400.5
Beef - All fresh	330.4	334.1	340.0	362.5	370.2	361.6
Ground beef	200.6	202.2	201.0	225.6	223.2	226.0
Round roast	323.1	322.9	351.3	385.8	385.5	363.7
T-bone steak	NA	NA	NA	NA	NA	NA
Pork	270.6	272.6	270.5	272.2	268.0	269.3
Bacon	322.9	321.9	316.1	322.8	318.2	315.7
Chops	303.6	308.8	308.0	301.1	290.7	300.8
Sausage	NA	NA	NA	NA	NA	NA
Broilers - Composite	160.0	160.6	164.1	162.2	162.0	162.6
Whole, fresh	102.3	102.2	102.2	106.8	105.0	106.2
Breast - bone in	NA	NA	NA	NA	NA	NA
Leg - bone in	124.2	125.4	132.5	127.5	127.4	128.3
Turkey; whole frozen	116.2	116.7	111.2	100.6	105.4	108.4
Eggs, Gr A, Lg, Doz	127.7	125.7	133.0	144.8	155.9	157.3
<b>Price indexes</b>						
	<i>1982-84=100</i>					
CPI - All	184.6	185.2	185.0	184.5	184.3	0.0
All food	180.4	180.7	181.7	182.4	183.6	0.0
All meat	169.2	171.0	174.6	181.3	182.7	180.6
Beef & veal	172.9	175.5	182.1	195.6	198.8	194.2
Pork	167.0	169.8	170.1	168.6	167.5	168.4
Poultry	169.0	169.7	172.5	172.5	174.4	174.5
<b>Price Spreads</b>						
	<i>Cents / retail lb</i>					
<b>Beef</b>						
Farm to wholesale	44.2	51.4	55.5	40.2	40.9	40.8
Wholesale to retail	155.9	128.3	121.8	174.3	187.3	187.7
Farmers share (%)	46	52	55	50	46	43
<b>Pork</b>						
Farm to wholesale	38.6	43.4	40.8	39.6	39.0	39.6
Wholesale to retail	158.1	155.6	162.4	169.9	166.2	161.3
Farmers share (%)	27	27	25	23	23	25
<b>Poultry and eggs</b>						
Wholesale to retail						
Broilers	88.1	88.6	95.2	92.8	91.7	88.5
Retail to consumer						
Turkey	50.0	47.2	37.8	25.1	33.2	39.4
Eggs Cents/doz	44.1	41.8	43.2	34.9	50.7	54.1



Sources: Economic Research Service, USDA and Bureau of Labor Statistics, U.S. Department of Labor.

**Cumulative U.S. livestock & meat trade**

	2002	2003	Jan. - Dec-2002	Jan. - Dec-2003		2002	2003	Jan. - Dec-2002	Jan. - Dec-2003
<b>Beef &amp; veal imports</b>					<b>Pork imports</b>				
	<i>Carcass wt., 1,000 lb</i>					<i>Carcass wt., 1,000 lb</i>			
Australia	1,136,758	1,128,624	-	-	Canada	879,949	971,334	-	-
New Zealand	603,931	644,676	-	-	Denmark	123,013	147,110	-	-
Canada	1,090,894	740,073	-	-	Poland	24,420	22,630	-	-
Brazil	200,785	206,097	-	-	Netherlands	6,730	5,887	-	-
Argentina	85,349	87,890	-	-	Hungary	4,806	5,457	-	-
Central America	68,325	79,234	-	-	Other	31,809	32,775	-	-
Uruguay	14,095	103,361	-	-	Total	1,070,727	1,185,193	-	-
Mexico	16,707	15,824	-	-					
Other	756	226	-	-					
Total	3,217,599	3,006,006	-	-					
<b>Beef &amp; veal exports</b>					<b>Pork exports</b>				
Japan	771,074	919,520	-	-	Japan	775,945	794,347	-	-
Canada	240,550	226,325	-	-	Canada	188,351	191,464	-	-
Mexico	629,252	588,613	-	-	Mexico	313,695	348,800	-	-
South Korea	597,301	587,660	-	-	Russia	41,397	16,493	-	-
Caribbean	23,015	21,785	-	-	South Korea	70,836	79,880	-	-
Russia	17,388	10,778	-	-	Hong Kong	28,393	44,620	-	-
Other	169,125	168,332	-	-	Caribbean	20,350	16,102	-	-
Total	2,447,704	2,523,013	-	-	Other	173,262	225,146	-	-
					Total	1,612,228	1,716,852	-	-
<b>Cattle imports</b>					<b>Hog imports</b>				
	<i>Head</i>					<i>Head</i>			
Mexico	816,460	1,239,220	-	-	Canada	5,740,073	7,438,063	-	-
Canada	1,686,508	512,353	-	-	Under 110 lb	3,757,882	4,971,044	-	-
Over 700 lb	1,259,536	439,016	-	-	Total	5,740,675	7,438,254	-	-
440-700 lb	221,782	12,520	-	-					
Total	2,502,973	1,751,585	-	-	<b>Hog exports</b>				
					Total	205,121	169,881	-	-
<b>Cattle exports</b>					<b>Broiler exports</b>				
Mexico	106,019	24,183	-	-		<i>Ready to cook, 1,000 lb</i>			
Canada	134,220	68,100	-	-	Japan	120,682	101,739	-	-
Total	244,394	100,270	-	-	Mexico	324,148	363,225	-	-
					Hong Kong	607,448	308,309	-	-
<b>Lamb imports</b>									
	<i>Carcass wt., 1,000 lb</i>				Singapore	37,475	27,914	-	-
Australia	68,073	75,309	-	-	Canada	191,517	200,418	-	-
New Zealand	48,565	59,094	-	-	Russia	1,520,532	1,458,098	-	-
Total	117,047	134,754	-	-	Latvia	97,281	96,509	-	-
					Other	1,908,100	2,375,765	-	-
<b>Mutton imports</b>					Total	4,807,184	4,931,979	-	-
Total	42,886	32,889	-	-	<b>Turkey exports</b>				
					Mexico	186,284	241,411	-	-
<b>Lamb and mutton exports</b>					Canada	14,445	14,742	-	-
Total	7,101	6,595	-	-	South Korea	12,990	9,706	-	-
					Russia	29,026	25,168	-	-
<b>Customs Service (beef/veal)</b>					Hong Kong	70,199	45,673	-	-
	<i>Product wt., metric tons</i>				Other	125,635	146,119	-	-
YTD imports under WTO:	2/25/2003	2/23/2004	% of quota		Total	438,579	482,820	-	-
Canada	55,014	42,480	NA						
Mexico	416	616	NA		<b>Shell egg exports</b>				
TRQ countries	73,474	79,161	11			<i>1,000 doz.</i>			
Australia	53,288	45,084	12		Canada	30,496	26,374	-	-
New Zealand	15,872	27,589	13		Japan	2,256	105	-	-
Argentina	-	-	-		Other	55,900	60,844	-	-
Uruguay	-	2,445	12		Total	88,652	87,324	-	-
Japan	-	-	-						
Other	4,314	4,042	6						
Total	128,904	122,257	NA						

Sources: Economic Research Service, USDA and Census Bureau, U.S. Department of Commerce.

**Monthly U.S. livestock and meat trade \*\***

	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
<b>Beef &amp; veal imports</b>													
	<i>Carcass wt., 1,000 lb</i>												
Australia	57,952	151,202	40,579	76,061	87,574	89,162	92,207	97,250	92,233	102,846	110,506	88,317	100,688
New Zealand	61,136	42,350	60,516	72,565	81,533	67,836	69,846	72,666	52,970	31,645	20,315	26,012	46,422
Canada	80,625	91,888	85,015	94,892	90,542	60,260	88	235	88	37,627	90,416	97,536	91,487
Brazil	16,587	14,443	13,019	15,816	16,022	21,344	20,961	18,896	16,937	15,519	17,168	15,419	20,551
Argentina	10,694	8,737	4,601	5,178	3,730	4,576	9,418	5,758	7,918	8,752	10,808	7,827	10,587
Central America	7,503	5,835	10,422	8,591	5,950	5,747	3,976	6,472	4,001	4,616	7,396	7,111	9,117
Uruguay	1,600	2,249	924	1,500	1,347	2,508	2,593	7,479	17,913	13,403	20,569	15,573	17,303
Mexico	1,251	1,318	957	1,233	1,191	1,165	1,660	928	1,362	1,374	1,579	1,491	1,567
Other	6	3	67	86	13	3	4	33	2	4	3	6	4
Total	237,354	318,024	216,100	275,921	287,901	252,601	200,755	209,717	193,424	215,787	278,759	259,290	297,726
<b>Beef &amp; veal exports</b>													
Japan	67,684	71,018	73,320	75,540	74,992	79,108	86,301	81,752	76,811	80,098	90,389	76,413	53,779
Canada	23,133	21,495	20,112	22,508	20,956	25,441	29,298	17,823	10,969	15,534	14,826	15,163	12,198
Mexico	60,296	45,621	36,125	37,337	43,835	63,316	67,643	64,914	59,871	54,947	49,438	30,820	34,745
Korea, Rep.	53,190	42,420	46,072	44,316	42,320	42,020	62,965	65,003	65,542	35,139	49,374	47,065	45,424
Caribbean	2,660	1,662	1,590	1,792	2,036	1,529	1,758	1,916	1,786	1,492	2,041	1,878	2,306
Russia	888	1,101	469	1,198	1,253	1,216	1,262	930	511	1,811	612	375	41
Other	18,019	12,919	13,929	14,123	11,078	10,134	9,973	10,813	13,993	18,903	19,841	18,004	14,622
Total	225,870	196,235	191,618	196,813	196,470	222,763	259,200	243,151	229,483	207,924	226,521	189,719	163,115
<b>Cattle imports</b>													
	<i>Head</i>												
Mexico	141,312	97,772	92,277	98,285	90,636	97,125	54,707	42,885	40,912	58,983	161,342	204,066	200,230
Canada	119,202	118,113	105,678	118,178	114,129	49,350	2,874	-	-	-	-	-	4,031
Over 700 lb	91,268	99,543	92,345	105,351	101,240	40,537	-	-	-	-	-	-	-
440-700 lb	13,292	4,597	2,319	966	2,263	880	475	-	-	-	-	-	1,020
Total	260,514	215,885	197,955	216,463	204,765	146,487	57,581	42,885	40,912	58,983	161,342	204,066	204,261
<b>Cattle exports</b>													
Mexico	6,940	5,728	2,124	1,913	2,042	1,588	2,015	1,128	978	515	1,336	3,154	1,662
Canada	13,422	8,534	8,417	10,712	8,816	9,009	7,420	2,060	1,349	2,531	1,590	3,829	3,833
Total	22,833	14,325	10,888	13,033	11,926	10,811	11,408	3,950	3,073	3,930	3,801	7,246	5,879
<b>Lamb imports</b>													
	<i>Carcass wt., 1,000 lb</i>												
Australia	5,946	5,697	3,906	7,203	9,014	7,095	6,491	4,758	4,421	4,600	6,102	7,871	8,150
New Zealand	4,310	3,748	3,821	6,690	6,738	4,358	3,556	3,914	8,088	4,579	4,776	4,620	4,206
Total	10,317	9,445	7,727	14,003	15,796	11,454	10,046	8,688	12,509	9,254	10,942	12,499	12,390
<b>Mutton imports</b>													
Total	4,021	3,532	1,897	3,088	3,512	1,884	1,464	1,704	1,667	1,583	2,896	3,552	6,111
<b>Lamb and mutton exports</b>													
Total	998	674	613	695	609	342	610	549	376	462	337	687	641

The 13 month revisions for the year 2002 will be posted July 22

**Monthly U.S. livestock and meat trade, continued**

	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
<b>Pork imports</b>	<b>Carcass wt., 1,000 lb</b>												
Canada	79,316	76,896	76,637	81,018	78,629	75,260	85,124	84,569	79,696	86,333	88,339	81,292	77,541
Denmark	13,416	9,226	13,758	15,749	14,626	14,529	15,354	10,386	10,127	9,354	10,803	11,860	11,339
Poland	2,935	2,012	2,074	1,460	1,594	1,259	1,792	1,787	2,407	2,593	2,082	2,042	1,528
Netherlands	599	415	715	403	572	487	685	350	299	488	344	720	408
Hungary	729	533	464	467	470	464	422	600	596	608	290	265	278
Other	2,849	2,685	2,098	2,626	3,353	3,306	3,436	3,087	2,471	2,181	2,295	2,408	2,829
Total	99,843	91,766	95,746	101,722	99,244	95,305	106,813	100,779	95,596	101,558	104,152	98,587	93,924
<b>Pork exports</b>													
Japan	65,702	67,422	67,615	74,975	75,798	82,216	81,540	74,851	52,800	47,397	58,506	55,209	56,016
Canada	14,740	12,882	13,545	16,042	13,393	14,988	12,153	14,270	14,172	19,327	19,312	22,878	18,501
Mexico	28,990	24,395	20,907	21,961	19,779	27,066	28,559	25,991	29,332	32,347	35,437	38,043	44,984
Russia	2,576	2,043	2,367	1,495	1,213	1,262	920	591	612	1,425	1,463	2,074	1,028
Korea, Rep.	7,422	8,793	7,693	9,870	7,217	7,303	6,468	5,001	5,746	5,078	5,093	5,825	5,795
Hong Kong	4,193	1,910	3,140	3,054	2,912	3,342	3,872	5,131	2,541	2,362	3,650	6,622	6,083
Caribbean	1,686	1,425	1,012	1,003	915	1,503	925	962	1,369	1,264	1,657	1,999	2,067
Other	18,819	15,409	17,038	17,151	14,368	14,639	15,670	16,656	24,192	22,751	21,406	24,585	21,283
Total	144,128	134,279	133,318	145,550	135,595	152,318	150,107	143,453	130,764	131,951	146,524	157,236	155,757
<b>Hog imports</b>	<b>Head</b>												
Canada	494,644	545,267	449,352	507,874	529,021	568,915	580,322	709,497	663,960	723,971	728,590	667,950	763,344
Under 110 lb	331,013	377,133	328,845	370,013	397,116	426,665	401,779	468,791	420,489	449,136	444,102	405,456	481,519
Total	494,644	545,267	449,352	507,874	529,021	568,915	580,328	709,497	664,145	723,971	728,590	667,950	763,344
<b>Hog exports</b>													
Total	22,774	15,663	11,313	6,682	3,295	2,279	3,311	12,727	15,492	18,721	10,285	38,423	31,690
<b>Broiler exports</b>	<b>Ready to cook, 1,000 lb</b>												
	***Has been revised to exclude paws												
Japan	8,814	8,219	6,174	5,861	7,851	8,811	16,357	11,415	13,609	8,573	7,655	4,137	3,077
Mexico	22,600	24,329	21,939	27,736	25,281	30,311	32,248	30,552	22,744	33,157	37,113	31,847	45,968
Hong Kong	33,426	44,266	44,714	33,061	18,101	15,011	15,836	18,602	25,013	19,822	23,073	29,464	21,346
Singapore	4,322	2,975	2,569	3,384	1,278	1,576	1,782	1,524	2,655	2,942	3,368	1,920	1,942
Canada	13,170	15,004	13,240	14,518	14,879	18,942	17,306	19,165	18,527	19,597	18,258	17,043	13,939
Russia	56,356	112,468	152,948	144,644	79,625	74,298	110,628	143,180	99,132	111,648	206,734	144,783	78,009
Latvia	782	3,880	4,139	1,759	9,072	11,924	7,355	8,792	23,076	4,274	12,537	8,601	1,102
Other	174,491	207,200	149,195	155,565	153,544	225,444	268,387	181,772	187,983	173,858	244,118	228,374	200,324
Total	313,962	418,340	394,919	386,528	309,631	386,317	469,900	415,001	392,739	373,871	552,856	466,169	365,708
<b>Turkey exports</b>													
Mexico	13,421	13,361	15,419	15,727	15,225	20,589	20,352	18,883	18,151	27,897	28,570	22,813	24,425
Canada	2,496	895	1,211	1,520	1,344	1,697	883	1,414	1,440	1,661	1,046	970	661
S. Korea	690	844	1,038	1,234	681	1,281	1,025	1,246	624	116	520	921	175
Russia	308	161	1,617	2,555	892	1,832	1,384	2,085	2,170	4,591	3,960	3,690	231
Hong Kong	5,809	3,505	5,425	4,346	1,979	1,918	3,315	2,495	6,020	4,520	4,502	3,721	3,926
Other	8,166	10,773	10,900	12,245	12,800	12,857	13,617	9,570	16,137	10,972	11,736	13,225	11,288
Total	30,890	29,538	35,609	37,628	32,921	40,174	40,576	35,693	44,543	49,757	50,335	45,340	40,705
<b>Shell egg exports</b>	<b>1,000 doz.</b>												
Canada	3,886	1,205	1,243	1,548	1,717	1,982	2,498	2,257	2,943	2,956	2,944	2,430	2,651
Japan	84	104	-	-	-	-	1	-	-	-	-	-	-
Other	4,947	5,168	5,480	10,101	3,927	5,122	5,107	5,616	4,885	4,955	3,955	3,225	3,304
Total	8,917	6,477	6,723	11,648	5,644	7,104	7,607	7,873	7,828	7,911	6,898	5,655	5,954

Sources: Economic Research Service, USDA and Census Bureau, U.S. Department of Commerce.

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

**U.S. dairy situation at a glance 1/**

	Unit	2001	2002	2003	Nov-02	Dec-02	Jan-03	Feb-03
<b>Milk production:</b>								
Production (20 States)	Mil. lb.	142,979	146,981	147,856	11,685	12,333	12,616	11,628
Milk cows (20 States)	Thou.	7,745	7,785	7,775	7,802	7,803	7,810	7,811
Milk per cow (20 States)	Lb.	18,459	18,881	19,017	1,498	1,581	1,615	1,489
Production (U.S. est.)	Mil. lb.	165,497	170,063	156,812	13,499	14,242	14,589	13,442
<b>Milk prices:</b>								
All milk	Dol./cwt	15.05	12.11	12.51	11.90	11.90	11.70	11.40
Milk eligible for fluid use	Dol./cwt	15.09	12.11	12.53	11.90	11.90	11.80	11.40
Manufacturing grade milk	Dol./cwt	13.44	10.92	11.73	10.70	10.70	10.50	10.30
Class III (cheese milk) 3.5% fat	Dol./cwt	13.10	10.42	11.42	9.84	9.74	9.78	9.66
Class IV (butter-powder milk) 3.5% fat	Dol./cwt	13.76	10.81	10.00	10.58	10.49	10.07	9.81
<b>Slaughter cow price, South St. Paul</b>	Dol./cwt	44.78	40.09	46.88	36.63	37.16	38.63	40.22
<b>Chicago Mercantile Exchange prices:</b>								
Butter	Dol./lb.	1.6630	1.1059	1.1450	1.0425	1.1198	1.0815	1.0405
American cheese, 40-pound blocks	Dol./lb.	1.4387	1.1822	1.3172	1.0891	1.1311	1.1507	1.0920
American cheese, barrels	Dol./lb.	1.4052	1.1438	1.2703	1.0705	1.1055	1.0929	1.0430
<b>Wholesale price:</b>								
Nonfat dry milk, Central States	Dol./lb.	1.0083	0.9308	0.8439	0.9578	0.9075	0.8562	0.8347
<b>Retail prices:</b>								
Consumer Price Index	1982-84=100	177.1	179.9	184.0	181.3	180.9	181.7	183.1
All food	1982-84=100	173.1	176.2	180.0	176.8	177.3	177.5	178.3
Dairy products	1982-84=100	167.1	168.1	167.9	167.1	167.3	166.4	167.2
Fluid milk	Dec 1997=100	112.7	110.6	111.5	109.6	109.9	109.9	109.0
Other dairy products	Dec 1997=100	112.5	114.5	115.0	113.7	114.9	112.9	114.0
<b>Dairy product output:</b>								
Butter	Mil. lb.	1,231.8	1,355.1	1,239.5	103.9	127.6	141.4	128.4
American cheese	Mil. lb.	3,544.2	3,709.0	3,674.9	294.4	317.4	319.5	285.6
Other-than-American cheese	Mil. lb.	4,716.4	4,890.0	4,953.1	431.1	429.7	398.2	367.9
Frozen products 2/	Mil. gal.	1,300.3	1,280.1	1,322.4	82.7	80.5	96.7	100.9
All products (m.e.-fat)	Mil. lb.	102,648	109,037	107,446	8,433	9,092	9,422	8,729
Nonfat dry milk	Mil. lb.	1,413.8	1,569.0	1,491.6	99.0	132.5	133.8	130.4
<b>Beginning stocks:</b>								
Commercial butter	Mil. lb.	24.0	55.5	157.3	162.8	134.6	157.3	204.5
Commercial American cheese	Mil. lb.	521.1	448.3	493.1	500.5	473.6	493.1	514.6
Other cheese	Mil. lb.	185.2	210.9	236.8	219.0	223.0	236.8	246.3
Manufacturers' nonfat dry milk	Mil. lb.	146.3	124.5	90.5	69.3	73.9	90.5	99.6
All commercial (m.e.-fat)	Mil. lb.	6,839	7,041	9,889	9,956	9,110	9,889	11,186
All commercial (m.e.-skim)	Mil. lb.	8,801	8,085	8,433	8,099	7,908	8,433	8,849
All Government (m.e.-fat)	Mil. lb.	139	218	268	343	314	268	299
All Government (m.e.-skim)	Mil. lb.	6,028	9,070	12,212	14,010	13,439	12,212	12,124
<b>Commercial disappearance:</b>								
Butter	Mil. lb.	1,275.4	1,288.1	1,306.3	134.6	109.8	96.2	94.1
American cheese	Mil. lb.	3,681.7	3,730.3	3,712.5	324.4	296.4	303.1	268.2
Other-than-American cheese	Mil. lb.	5,058.9	5,252.3	5,365.5	467.1	455.6	411.0	409.5
Nonfat dry milk	Mil. lb.	946.4	792.6	770.8	58.4	54.1	47.2	40.5
All products:								
m.e.-fat	Mil. lb.	169,654	170,850	174,661	14,667	13,783	13,612	12,747
Milkfat	Mil. lb.	6,226	6,289	6,404	554	522	514	478
Skim solids	Mil. lb.	14,183	14,184	14,340	1,191	1,151	1,187	1,089
<b>USDA net removals:</b>								
Butter	Mil. lb.	0.0	0.0	29.1	0.0	0.0	0.6	2.9
Cheese	Mil. lb.	3.9	15.8	41.6	1.7	4.6	1.9	2.9
Nonfat dry milk	Mil. lb.	495.9	824.3	706.3	36.3	61.8	78.7	85.0
All products (m.e.-fat)	Mil. lb.	145	327	1,173	23	56	47	107
All products (m.e.-skim)	Mil. lb.	5,810	9,752	8,637	439	766	935	1,018
<b>Imports:</b>								
All products (m.e.-fat)	Mil. lb.	5,716	5,103	5,040	439	473	458	355
All products (m.e.-skim)	Mil. lb.	4,686	5,103	4,980	461	442	323	360
<b>International market prices:</b>								
Butter	\$/metric ton	1,391	1,158	1,416	1,265	1,280	1,280	1,220
Nonfat dry milk	\$/metric ton	2,019	1,348	1,744	1,375	1,630	1,753	1,725

1/ Some data series different than formerly published due to changes in availability.

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

m.e.-fat (skim) = Milk equivalent, fat (skim solids) basis

NA=Not available



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

Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04
13,014	12,693	13,013	12,428	12,421	12,207	11,731	12,083	11,709	12,313	12,502
7,810	7,800	7,787	7,785	7,780	7,771	7,764	7,743	7,721	7,713	7,718
1,666	1,627	1,671	1,596	1,597	1,571	1,511	1,561	1,517	1,596	1,620
15,038	14,639	1,503	14,323	14,266	14,016	13,464	13,904	13,469	14,159	14,397
11.00	11.00	11.10	11.10	12.00	13.20	14.40	15.00	14.50	13.70	13.10
11.00	11.10	11.10	11.10	12.00	13.20	14.40	15.00	14.50	13.80	13.10
9.80	9.90	10.10	10.20	11.50	13.20	14.10	14.70	13.80	12.70	12.50
9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87	11.61
9.79	9.73	9.74	9.76	9.95	10.14	10.05	10.16	10.30	10.52	10.97
42.31	42.68	46.59	45.75	48.88	50.00	50.09	51.35	52.69	53.43	49.09
1.0915	1.0906	1.0919	1.1142	1.1985	1.1708	1.1731	1.1846	1.2057	1.2969	1.4320
1.0817	1.1225	1.1421	1.1864	1.5123	1.6000	1.6000	1.5876	1.3932	1.3383	1.3062
1.0469	1.0902	1.1161	1.1562	1.4668	1.5736	1.5640	1.5364	1.2949	1.2621	1.2539
0.8375	0.8375	0.8375	0.8338	0.8419	0.8480	0.8500	0.8523	0.8500	0.8477	0.8366
184.2	183.8	183.5	183.7	183.9	184.6	185.2	185.0	184.5	184.3	185.2
178.6	178.4	178.8	179.6	179.7	180.4	180.7	181.7	182.4	183.6	183.8
167.1	165.8	165.4	163.9	164.7	167.5	170.3	171.8	171.2	173.0	172.4
108.5	109.0	108.7	108.0	108.3	109.8	115.3	117.2	117.3	117.5	116.7
114.6	114.9	115.2	113.1	115.2	116.0	115.6	115.8	116.0	116.7	116.1
126.3	122.7	114.7	83.8	79.5	70.1	73.1	97.0	88.0	114.4	NA
318.5	308.6	320.2	307.2	306.5	302.1	290.1	304.5	293.2	318.8	NA
416.9	412.8	422.0	407.3	410.7	406.9	422.0	436.9	417.2	434.3	NA
114.0	122.4	124.9	131.9	130.4	119.1	108.6	103.4	86.0	84.1	NA
9,535	9,535	9,666	9,040	8,933	8,486	8,327	8,782	8,097	8,894	NA
146.3	150.4	154.2	130.8	122.0	100.7	88.5	99.0	103.4	132.2	NA
238.5	242.4	258.6	289.0	290.6	272.7	244.3	197.0	159.1	113.8	93.4
538.5	529.2	531.7	536.0	546.2	546.3	537.8	508.0	481.6	460.3	481.8
231.2	240.5	246.4	252.5	250.1	256.5	247.6	245.3	231.3	228.3	233.0
104.5	122.4	128.8	128.3	123.2	89.5	75.3	69.2	69.4	87.3	107.0
12,046	12,110	12,548	13,303	13,442	13,114	12,352	11,001	9,777	8,542	8,332
9,005	9,206	9,382	9,491	9,536	9,229	8,891	8,472	8,019	7,948	8,432
322	394	525	618	726	734	733	717	718	604	582
12,527	13,029	13,607	13,877	14,354	14,403	13,903	13,512	12,590	11,561	10,405
119.3	105.9	82.8	80.9	97.2	98.8	119.7	135.9	135.4	140.1	NA
324.9	302.9	312.4	295.7	309.1	317.2	325.1	336.7	319.4	297.8	NA
439.8	438.4	447.6	438.6	447.5	446.3	457.2	490.7	463.4	475.5	NA
41.9	57.9	64.5	57.3	94.4	81.8	62.2	87.6	78.1	57.4	NA
15,085	14,321	14,338	14,309	14,884	15,003	15,044	15,470	15,069	14,779	NA
559	525	518	512	526	532	543	574	564	559	NA
1,224	1,189	1,220	1,170	1,214	1,215	1,183	1,271	1,211	1,164	NA
5.0	5.1	5.3	3.6	2.6	1.6	2.5	1.3	0.7	-2.0	-5.7
10.4	9.0	10.6	4.4	0.5	0.3	0.3	0.2	0.0	1.1	1.1
87.1	86.1	90.2	78.6	61.3	33.1	32.4	11.2	7.4	55.2	63.0
224	214	233	136	74	46	64	32	17	-21	-99
1,117	1,093	1,156	959	719	388	380	132	86	653	743
426	423	414	349	455	362	382	465	471	480	NA
447	393	397	330	477	379	399	474	500	500	NA
1,259	1,275	1,275	1,333	1,448	1,475	1,575	1,633	1,630	1,595	1,606
1,691	1,682	1,723	1,713	1,708	1,717	1,759	1,803	1,818	1,842	1,788

## Commercial disappearance: Milk in all products, 2003

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Supply:													
Production	14,589	13,442	15,038	14,639	15,003	14,323	14,266	14,016	13,464	13,904	13,469	14,159	170,312
Farm use	91	83	91	89	91	88	91	91	89	91	89	91	1,075
Marketings	14,498	13,359	14,947	14,550	14,912	14,235	14,175	13,925	13,375	13,813	13,380	14,068	169,237
Beginning commercial stocks	9,889	11,186	12,046	12,110	12,548	13,303	13,442	13,114	12,352	11,001	9,777	8,542	9,889
Imports	458	355	426	423	414	349	455	362	382	465	471	480	5,040
Total supply	24,845	24,900	27,419	27,083	27,874	27,887	28,072	27,401	26,109	25,279	23,628	23,090	184,166
Utilization:													
Ending commercial stocks	11,186	12,046	12,110	12,548	13,303	13,442	13,114	12,352	11,001	9,777	8,542	8,332	8,332
USDA net removals	47	107	224	214	233	136	74	46	64	32	17	(21)	1,173
Commercial disappearance	13,612	12,747	15,085	14,321	14,338	14,309	14,884	15,003	15,044	15,470	15,069	14,779	174,661
Percent change from a year ago	1.6	1.3	2.0	6.1	-1.5	0.8	4.6	0.0	2.6	-0.2	2.7	7.2	2.2
Cumulative disappearance	13,612	26,359	41,444	55,765	70,103	84,412	99,296	114,299	129,343	144,813	159,882	174,661	
		First quarter		Second quarter		Third quarter		Fourth quarter					
		41,444		42,968		44,931		45,318					
Percent change from a year ago		1.7		1.7		2.4		3.1					

## Commercial disappearance: Milkfat, 2003

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Million pounds													
Supply:													
Production	550	504	558	537	543	513	505	498	486	517	508	537	6,255
Farm use	3	3	3	3	3	3	3	3	3	3	3	3	39
Marketings	547	501	555	534	540	510	502	494	483	514	504	533	6,216
Beginning commercial stocks	364	411	442	445	461	488	493	481	453	404	359	314	364
Imports	16	12	15	15	14	12	15	12	13	16	16	17	173
Total supply	927	924	1,012	994	1,015	1,010	1,010	987	949	934	879	864	6,753
Utilization:													
Ending commercial stocks	411	442	445	461	488	493	481	453	404	359	314	306	306
USDA net removals	2	4	8	8	9	5	3	2	2	1	1	(1)	43
Commercial disappearance	514	478	559	525	518	512	526	532	543	574	564	559	6,404
Percent change from a year ago	1.2	1.0	1.1	5.8	-2.1	0.8	4.9	-0.3	1.9	-0.6	1.8	7.1	1.8
Cumulative disappearance	514	992	1,550	2,075	2,593	3,104	3,630	4,163	4,705	5,279	5,844	6,403	
		First quarter			Second quarter			Third quarter			Fourth quarter		
		1,550			1,554			1,601			1,697		
Percent change from a year ago		1.1			1.4			2.1			2.6		

## Commercial disappearance: Skim solids, 2003

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Million pounds													
Supply:													
Production	1,279	1,165	1,308	1,272	1,302	1,235	1,217	1,194	1,154	1,210	1,177	1,226	14,739
Farm use	8	7	8	8	8	8	8	8	8	8	8	8	93
Marketings	1,271	1,158	1,300	1,264	1,294	1,228	1,209	1,186	1,146	1,202	1,169	1,218	14,646
Beginning commercial stocks	727	760	773	791	806	815	819	793	764	728	689	683	727
Imports	29	31	38	34	34	28	41	33	34	41	43	43	430
Total supply	2,027	1,949	2,111	2,089	2,134	2,071	2,069	2,012	1,944	1,971	1,901	1,944	15,803
Utilization:													
Ending commercial stocks	760	773	791	806	815	819	793	764	728	689	683	724	724
USDA net removals	80	87	96	94	99	82	62	33	33	11	7	56	739
Commercial disappearance	1,187	1,089	1,224	1,189	1,220	1,170	1,214	1,215	1,183	1,271	1,211	1,164	14,340
Percent change from a year ago	-0.8	4.9	1.0	2.1	1.1	0.5	5.1	-2.0	-2.1	1.3	1.7	1.2	1.1
Cumulative disappearance	1,187	2,275	3,499	4,688	5,909	7,078	8,293	9,508	10,691	11,962	13,173	14,338	
		First quarter		Second quarter		Third quarter		Fourth quarter					
		3,499		3,579		3,613		3,646					
Percent change from a year ago		1.5		1.2		0.2		1.4					

## Commercial disappearance: Butter, 2003

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Supply:													
Production	141.4	128.4	126.3	122.7	114.7	83.8	79.5	70.1	73.1	97.0	88.0	114.4	1,239.5
Beginning commercial stocks	157.3	204.5	238.5	242.4	258.6	289.0	290.6	272.7	244.3	197.0	159.1	113.8	157.3
Imports	2.6	2.6	1.9	4.5	3.8	2.3	2.4	1.9	1.8	2.3	2.8	3.3	32.4
Total supply	301.3	335.5	366.7	369.6	377.1	375.1	372.5	344.7	319.2	296.3	249.9	231.5	1,429.2
Utilization:													
Ending commercial stocks	204.5	238.5	242.4	258.6	289.0	290.6	272.7	244.3	197.0	159.1	113.8	93.4	93.4
USDA net removals	0.6	2.9	5.0	5.1	5.3	3.6	2.6	1.6	2.5	1.3	0.7	-2.0	29.1
Commercial disappearance	96.2	94.1	119.3	105.9	82.8	80.9	97.2	98.8	119.7	135.9	135.4	140.1	1,306.7
Percent change from a year ago	-2.7	-4.3	2.2	27.0	-15.1	-1.9	2.2	-8.4	4.6	-8.8	0.6	27.6	1.4
Cumulative disappearance	96.2	190.3	309.6	415.5	498.3	579.2	676.4	775.2	894.9	1,030.8	1,166.2	1,306.3	
	First quarter			Second quarter			Third quarter			Fourth quarter			
	309.6			269.6			315.7			411.4			
Percent change from a year ago	-1.4			2.4			-0.5			4.6			

## Commercial disappearance: Nonfat dry milk, 2003

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Million pounds													
Supply:													
Production	133.8	130.4	146.3	150.4	154.2	130.8	122.0	100.7	88.5	99.0	103.4	132.2	1,491.6
Beginning commercial stocks	90.5	99.6	104.5	122.4	128.8	128.3	123.2	89.5	75.3	69.2	69.4	87.3	90.5
Imports	1.2	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	2.3
Total supply	225.5	230.0	251.4	272.8	283.0	259.1	245.2	190.2	163.8	168.2	172.8	219.6	1,584.4
Utilization:													
Ending commercial stocks	99.6	104.5	122.4	128.8	128.3	123.2	89.5	75.3	69.2	69.4	87.3	107.0	107.0
USDA net removals	78.7	85.0	87.1	86.1	90.2	78.6	61.3	33.1	32.4	11.2	7.4	55.2	706.3
Commercial disappearance	47.2	40.5	41.9	57.9	64.5	57.3	94.4	81.8	62.2	87.6	78.1	57.4	771.1
Percent change from a year ago	-44.7	86.6	-23.1	-11.5	30.8	-8.8	35.6	-20.9	-23.7	1.3	33.7	6.1	-2.7
Cumulative disappearance	47.2	87.7	129.6	187.5	252.0	309.3	403.7	485.5	547.7	635.3	713.4	770.8	
	First quarter			Second quarter			Third quarter			Fourth quarter			
	129.6			179.7			238.4			223.1			
Percent change from a year ago		-19.8			1.2			-6.3			12.1		

## Commercial disappearance: American cheese, 2003

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Million pounds													
Supply:													
Production	319.5	285.6	318.5	308.6	320.2	307.2	306.5	302.1	290.1	304.5	293.2	318.8	3,674.9
Beginning commercial stocks	493.1	514.6	538.5	529.2	531.7	536.0	546.2	546.3	537.8	508.0	481.6	460.3	493.1
Imports	7.0	9.4	7.5	5.8	7.1	3.1	3.2	6.9	5.5	6.0	4.9	1.6	67.8
Total supply	819.6	809.6	864.5	843.6	859.0	846.3	855.9	855.3	833.4	818.5	779.7	780.7	4,235.8
Utilization:													
Ending commercial stocks	514.6	538.5	529.2	531.7	536.0	546.2	546.3	537.8	508.0	481.6	460.3	481.8	481.8
USDA net removals	1.9	2.9	10.4	9.0	10.6	4.4	0.5	0.3	0.3	0.2	0.0	1.1	41.6
Commercial disappearance	303.1	268.2	324.9	302.9	312.4	295.7	309.1	317.2	325.1	336.7	319.4	297.8	3,712.4
Percent change from a year ago	-2.4	2.0	1.9	-1.5	-0.4	-7.0	5.2	-1.6	-5.8	6.3	-1.5	0.5	-0.5
Cumulative disappearance	303.1	571.3	896.2	1,199.1	1,511.5	1,807.2	2,116.3	2,433.5	2,758.6	3,095.3	3,414.7	3,712.5	
	First quarter			Second quarter			Third quarter			Fourth quarter			
	896.2			911.0			951.4			953.9			
Percent change from a year ago	0.4			-3.0			-1.1			1.7			

## Commercial disappearance: Other-than-American cheese, 2003

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Million pounds													
Supply:													
Production	398.2	367.9	416.9	412.8	422.0	407.3	410.7	406.9	422.0	436.9	417.2	434.3	4,953.1
Beginning commercial stocks	236.8	246.3	231.2	240.5	246.4	252.5	250.1	256.5	247.6	245.3	231.3	228.3	236.8
Imports	22.3	26.5	32.2	31.5	31.7	28.9	43.2	30.5	32.9	39.8	43.2	45.9	408.6
Total supply	657.3	640.7	680.3	684.8	700.1	688.7	704.0	693.9	702.5	722.0	691.7	708.5	5,598.5
Utilization:													
Ending commercial stocks	246.3	231.2	240.5	246.4	252.5	250.1	256.5	247.6	245.3	231.3	228.3	233.0	233.0
USDA net removals													
Commercial disappearance	411.0	409.5	439.8	438.4	447.6	438.6	447.5	446.3	457.2	490.7	463.4	475.5	5365.5
Percent change from a year ago	3.4	0.3	-2.1	5.7	-0.8	3.2	9.1	-2.8	7.9	0.0	-0.8	4.4	2.2
Cumulative disappearance	411.0	820.5	1260.3	1698.7	2146.3	2584.9	3032.4	3478.7	3935.9	4426.6	4890.0	5365.5	
	First quarter			Second quarter			Third quarter			Fourth quarter			
	1260.3			1324.6			1351.0			1429.6			
Percent change from a year ago	0.4			2.6			4.5			1.2			



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

Year	Jan 1 cow inventory	Intended herd replacements Jan. 1	Total 1/ disappearance Jan.-June	July 1 cow inventory	Heifers entering the herd Jan.-June	Percent entering	Intended herd replacements July 1	Total 2/ disappearance July-Dec.	Jan. 1 entering cow inventory following year	Heifers entering the herd July-Dec.	Percent entering
			1,000 head			Percent			1,000 head		Percent
1990	42,469	9,454	3,347	42,900	3,778	40.0	9,100	3,210	42,485	2,795	30.7
1991	42,485	9,536	3,229	43,200	3,944	41.4	9,300	3,031	42,735	2,566	27.6
1992	42,735	9,774	3,271	43,600	4,136	42.3	9,700	3,218	43,023	2,641	27.2
1993	43,023	10,268	3,396	44,600	4,973	48.4	9,700	3,338	44,110	2,848	29.4
1994	44,110	10,489	3,293	45,100	4,283	40.8	9,900	3,310	44,672	2,882	29.1
1995	44,672	10,573	3,462	45,600	4,390	41.5	9,600	3,490	44,739	2,629	27.4
1996	44,739	10,279	3,912	45,100	4,273	41.6	9,200	4,033	43,776	2,709	29.4
1997	43,776	10,100	3,640	44,100	3,964	39.2	8,900	3,581	43,084	2,565	28.8
1998	43,084	9,750	3,361	43,600	3,877	39.8	8,600	3,268	42,878	2,546	29.6
1999	42,878	9,604	3,221	43,300	3,643	37.9	8,500	3,132	42,759	2,591	30.5
2000	42,759	9,503	3,151	43,200	3,592	37.8	8,400	3,011	42,580	2,391	28.5
2001	42,580	9,645	3,295	43,000	3,715	38.5	8,200	3,118	42,229	2,347	28.6
2002	42,229	9,621	3,177	42,900	3,848	40.0	8,300	3,215	42,125	2,440	29.4
2003	42,125	9,738	3,402	42,700	3,977	40.8	8,200	3,316	41,851	2,467	30.1
2004	41,851	9,537									

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

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

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

Year	Jan. 1 cow inventory	Intended herd replacements Jan. 1	Total 1/ disappearance Jan.-June	July 1 cow inventory	Heifers entering the herd Jan.-June	Percent entering	Intended herd replacements July 1	Total 2/ disappearance July-Dec	Jan 1 entering cow inventory following year	Heifers entering the herd July-Dec.	Percent entering
			1,000 head			Percent			1,000 head		Percent
1996	35,319	6,189	2,303	35,700	2,684	43.4	5,500	2,392	34,458	1,150	20.9
1997	34,458	6,042	2,073	34,800	2,415	40.0	5,300	2,019	33,885	1,104	20.8
1998	33,885	5,764	1,900	34,400	2,415	41.9	5,000	1,918	33,745	1,263	25.3
1999	33,745	5,535	1,850	34,150	2,255	40.7	4,800	1,742	33,569	1,161	24.2
2000	33,569	5,503	1,731	33,950	2,112	38.4	4,700	1,619	33,397	1,066	22.7
2001	33,397	5,588	1,851	33,900	2,354	42.1	4,600	1,797	33,118	1,015	22.1
2002	33,118	5,561	1,816	33,750	2,448	44.0	4,600	1,785	32,983	1,018	22.1
2003	32,983	5,624	1,877	33,600	2,494	44.3	4,600	1,798	32,860	1,058	23.0
2004	32,860	5,517									

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

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

**January 1 cattle inventory**

Class	01-Jan-96	01-Jan-97	01-Jan-98	01-Jan-99	01-Jan-00	01-Jan-01	01-Jan-02	01-Jan-03	01-Jan-04	Percent change 2004/2003
					1,000 head					
Cattle and calves	103,548	101,656	99,744	99,115	98,198	97,277	96,704	96,100	94,882	-1.3%
Cows and heifers that have calved	44,739	43,776	43,084	42,878	42,759	42,580	42,229	42,125	41,851	-0.7%
Beef cows	35,319	34,458	33,885	33,745	33,569	33,397	33,118	32,983	32,860	-0.4%
Milk cows	9,420	9,318	9,199	9,133	9,190	9,183	9,112	9,142	8,991	-1.7%
Heifers 500 lb+	20,227	20,312	19,800	19,774	19,649	19,776	19,678	19,628	19,341	-1.5%
For beef cow replacement	6,189	6,042	5,764	5,535	5,503	5,588	5,561	5,624	5,517	-1.9%
For milk cow replacement	4,090	4,058	3,986	4,069	4,000	4,057	4,060	4,114	4,020	-2.3%
Other heifers	9,948	10,212	10,051	10,170	10,147	10,131	10,057	9,891	9,804	-0.9%
Steers 500 lb+	17,815	17,392	17,189	16,891	16,682	16,441	16,790	16,554	16,280	-1.7%
Bulls 500 lb+	2,384	2,350	2,270	2,281	2,293	2,274	2,244	2,248	2,206	-1.9%
Calves under 500 lb	18,384	17,826	17,401	17,290	16,815	16,206	15,763	15,545	15,204	-2.2%
Calf crop: Jan.-June	29,300	28,600	28,500	28,500	28,400	28,100	27,900	27,700		
July-Dec	10,523	10,361	10,312	10,296	10,231	10,180	10,324	10,203		