

# Livestock, Dairy, and Poultry Outlook

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## September 1 Swine Inventories Largely Steady While Productivity Soars

**NOTE:** Due to uncertainties as to the length of bans on trade in ruminants and ruminant products because of the discovery of BSE in the United States and Canada, forecasts for 2005 and 2006 assume a continuation of policies currently in place among U.S. trading partners. Subsequent forecasts will reflect any announced changes.

**Hogs/Pork:** The *Quarterly Hogs and Pigs* report, issued by the U.S. Department of Agriculture (USDA) on September 30 showed September 1 inventories of market hogs and animals kept for breeding to be about unchanged from a year ago. Modestly higher farrowing intentions for the December-February quarter, and expected trend increases in litter rates and dressed weights, point to commercial pork production of 21.1 billion pounds next year, an increase of about 2 percent from expected 2005 production. The price of 51-52 percent lean (live equivalent) hogs is expected to average between \$43 and \$47 per hundredweight (cwt) in 2006.

**Cattle/Beef:** Price spreads between Choice and Select beef remain wide as the demand for high quality beef continues strong and the proportion of cattle grading Choice and higher is well below the level of a year ago. The cow/calf sector remains very profitable, but both the cattle feeding and packer sectors are operating with negative margins. Retail prices for Choice beef remain strong, but have declined from recent near-record highs. Retail prices over the summer have stabilized slightly below \$4.00 a pound, even as supplies of competing meats remain large and at lower relative prices.

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Tables will be released on October 25, 2005.

The next newsletter release is November 17, 2005

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Approved by the World Agricultural Outlook

**Poultry:** The third and fourth quarters 2005 U.S. broiler production estimates were reduced due to a slowdown in the growth of chick placements over the last several months. Also impacting broiler production has been relatively small increases in average weights at slaughter. The smaller production, along with strong exports, is expected to keep wholesale prices at or near current levels through the remainder of 2005.

## Hogs/Pork

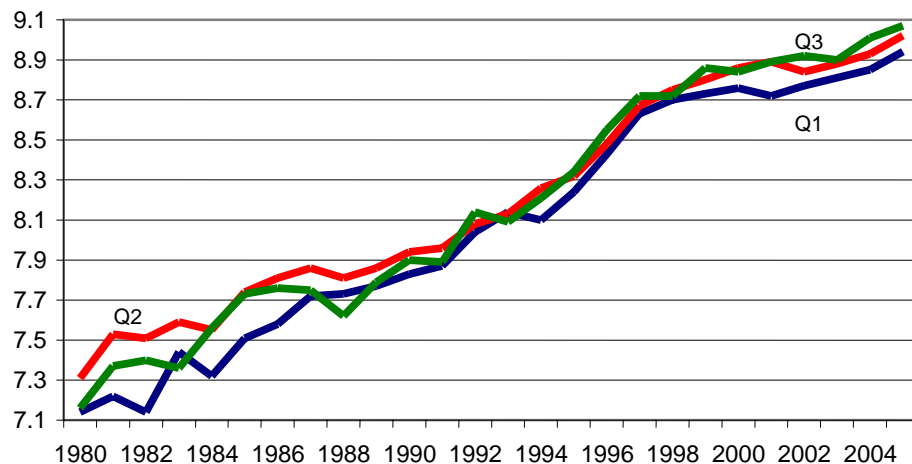
### *Quarterly Hogs and Pigs Report: Numbers Largely Steady While Productivity Soars*

The *Quarterly Hogs and Pigs* report, issued by USDA on September 30 (<http://usda.mannlib.cornell.edu/reports/nassr/livestock/php-bb/>) reported September 1 inventories--market hogs and animals kept for breeding--to be about unchanged from a year ago. The largest positive year-over-year inventory changes reported were the 1-percent increases in the middle weight categories--60-119 pounds, and 120-179 pounds--of the market hogs and pigs breakout by weight groups. The inventory of animals in the 180 pounds and over category was reported to be 2-percent lower than a year ago. Such modest inventory changes--particularly in breeding animal numbers--raise questions in light of the historical tendency of the U.S. pork industry to increase inventories after extended periods of positive returns. The Economic Research Service has reported positive returns in its series of estimated returns for North Central hog farrow to finish operations in 21 of the last 22 months.

The *Quarterly Hogs and Pigs* report also showed a continuation of increases in litter rates, suggesting that producers may be investing profits in improved reproductive technology, rather than in additional facilities and animal numbers. The September report showed June-August pigs per litter at 9.07, a significant increase from the 9.01 of June-August 2004. The figure below shows that recent litter rates are a continuation of a positive efficiency trend in U.S. hog production.

#### U.S. litter rates, Q1-Q3, 1980-2005

Pigs per litter



Source: USDA, NASS.

## 2006 Pork Production To Increase Almost 2 Percent in 2006

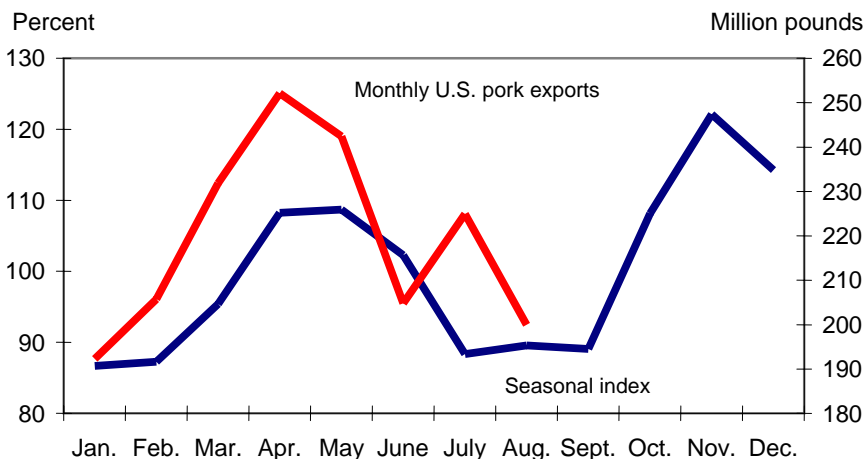
Modestly higher (first) farrowing intentions for the December-February quarter, and expected trend increases in litter rates and dressed weights, point to commercial pork production of 21.1 billion pounds next year, an increase of 1.9 percent from expected 2005 production. With expectations for continued reductions in 2006 U.S. pork imports (-2.5 percent, year-over-year), increases in U.S. 2006 pork exports (+1.3 percent, year-over-year), and slightly higher per capita consumption of 50.1 pounds (retail basis), the price of 51-52 percent lean (live equivalent) hogs is expected to average between \$43 and \$47 per cwt in 2006. Retail pork prices next year are expected to decline about 2-3 percent year-over-year. Retail prices are expected to average in the high 2.70s per pound.

### Pork Exports Seasonally Lower

U.S. companies exported 199.812 million pounds of pork products in August, a lower quantity than July, but 30 percent larger than August 2004. On a year-to-date basis, U.S. pork exports are running almost 27 percent ahead of the same January-August period last year.

U.S. pork exports usually slow during the summer months when U.S. pork prices typically achieve their annual highs. This year July exports were unexpectedly large when Japan avoided triggering the Safeguard in the first quarter of its (April-March) fiscal year for the first time in 5 years, creating additional demand for imported pork products. U.S. pork exports are likely to accelerate seasonally in the October-September period, when lower domestic prices make U.S. pork products especially attractive to foreign buyers. Total U.S. pork exports of 2.7 billion pounds are expected in 2005, an increase of more than 25 percent over last year.

### U.S. pork exports: Seasonal index vs. 2005 monthly exports



Source: USDA, ERS.

### ***Live Swine Imports Lower***

U.S. imports of Canadian live hogs and feeder pigs in the first 8 months of 2005 were almost 8 percent lower than the same period last year. And although the January through August 2005 average feeder pig share of swine imports is about the same as the same period last year (67.8 percent, versus 67.2 percent for January through August 2004), August import data indicate a much lower percentage of feeder pig imports--64.5 percent of total U.S. swine imports were feeder pigs, versus 68.4 in July 2005, and 68 percent in August 2004. Weekly USDA import data for Canadian swine in September and early October suggest much lower feeder pig import shares--of between 58 and 59 percent, when a proportion in the mid-60s is more typical of summer and fall imports. The *National Direct Delivered Feeder Pig* report indicates that the average price of early weaned pigs in the first 2 weeks of October was \$36.83, almost 8 percent higher than the average for September 2005.

The latest monthly Canadian slaughter data indicate that total slaughter numbers for the first 8 months of 2005 are about equal to the same period last year. On a monthly basis however, Canadian slaughter has been lower since May. The next Canadian Hog Statistics will be issued in November (<http://www.statcan.ca:8096/bsolc/english/bsolc?catno=23-010-X>).

### *Fall Moisture Conditions Improve; Choice Beef Supplies Tighten*

Recent rains have improved crop prospects and pasture conditions in many areas, Crop production estimates for feed grains were higher in October than they were in September. Forecast 2005/06 corn production is up 218 million bushels from the September estimate to 10.857 billion bushels, the second largest crop on record. The projected 2005/06 price range for corn is \$1.65 to \$2.05 per bushel, down 5 cents on each end from last month, and well below the \$2.06 average for 2004/05, or the \$2.42 average in 2003/04. Although this year's harvest is below the record 11.81 billion bushels harvested in 2004/05, it is well above the third largest crop—10.09 billion bushels—harvested in 2003/04, and continues to hold grain prices well below the levels of recent years. The low corn prices and recent higher fed cattle prices favor stronger stocker/feeder cattle prices. However, strong feeder cattle prices continue to result in red ink for the fed cattle sector with breakevens this fall averaging in the lower \$90s per cwt. While stocker/feeder cattle prices remain strong, wheat grazing prospects this fall have declined somewhat from earlier expectations as drier conditions developed in the Southern Great Plains, particularly in the Texas Panhandle fall-winter small grain grazing areas.

Prospects for this year's hay crop are somewhat mixed with the October estimates rising from the August estimates for both alfalfa and other hay. But while the alfalfa prospects rose nearly 3 percent from August and 1 percent from a year earlier, the forecast of production of other hay rose only 1 percent and is expected to be down 7 percent from last year's record harvest. Despite this decline, this year's other hay crop would be the third largest on record, behind only the harvests of the past 2 years. The farm price of all hay in September averaged \$99 a ton, up from \$91.40 a year earlier. Alfalfa hay prices averaged \$107 per ton, up \$9.50 a ton from a year earlier, while the price of other hay was up only 30 cents a ton from a year earlier. While hay stocks are down from last year, and prices are up, stocks appear to be adequate for supplemental feeding through the winter, particularly with the still cyclically low cattle inventory.

### *Cow-Calf/Feeders Still Profitable*

Cow-calf producers continue to be the best performing sector of the cattle/beef complex. Feeder calf prices remain at levels near or above year-ago levels, with almost every class of stocker/feeder steers and heifers at Oklahoma City selling for well over a dollar a pound. Cow prices, while slipping \$2-\$3 per cwt from year-ago levels, are still \$52 per hundredweight or better.

Except for some areas across the Northwest, Northern Rockies, Central Plains, and Great Lakes remaining under drought conditions, most of the rest of the cow-calf country has had enough precipitation to be in fair shape or better. Drier conditions have developed in the southern portions of the Southern Plains winter wheat areas and may necessitate some reseeding when moisture is received.

***Cattle Feeding and Wholesale Sectors Squeezed;  
Supplies of Higher Grading Cattle Remain Very Tight***

Cattle on feed on September 1, 2005, were up marginally from a year earlier and about 2 percent above 2003. August placements were 5 percent below August 2004 placements and 16 percent below August 2003 placements. Marketings were 6 percent above last year, but 2 percent below August 2003. Much of the increase from last year reflects an extra slaughter day in August 2005.

The price spread between Choice and Select carcasses continues to widen and indicates a relative shortage of Choice beef. The proportion of cattle grading Choice and higher in September averaged about 53 percent, down from about 56 percent a year earlier. The Choice/Select spread has widened to \$12 to \$14 per cwt in the first half of October. Although larger numbers of feeder cattle weighing over 700 pounds have been placed on feed every month over a year earlier (except July) since April, it seems unlikely that this is the primary source of the problem. Slaughter weights continue at record or near record levels, and feedlot performance has apparently been fairly good. Steer weights are heavier than a year ago, and well above the low weights of 2003. The fact remains that fed cattle marketings have not graded up to expectations. These are the lowest percent grading Choice numbers observed since mid- to late-2003, during the Canadian BSE incidents when U.S. marketings were being pulled forward to satisfy the strong beef demand. Packers continue to be squeezed by stronger fed cattle prices and unfavorable price spreads, leaving their margins in the red.

Retail prices for Choice beef averaged \$3.97 a pound in the third quarter, down from \$4.12 a year earlier, but sharply above the \$3.70 recorded in 2003. While retail prices are down from the recent record levels, prices appear to be stabilizing this summer and may be providing a better idea of price trends given the continued large total meat supplies and international market uncertainties. Retail prices for red meats and poultry remain very strong, with per capita consumption continuing at a record-setting pace.

### *Trade*

Imports of processing beef began to slow this summer as cold storage beef stocks were rebuilt. Stocks had been pulled down on expectations of a March resumption of over 30 month of age beef imports from Canada. A delay in implementation of that portion of the rule resulted in a scramble to rebuild stocks. Imports will remain strong as U.S. cow slaughter continues cyclically low and cull cow prices are at cyclical highs. Beef exports continue to move up modestly, but are a fraction of the pre-BSE levels. Exports to Canada, although stronger than last year, remain low due to their excess beef supplies and, similar to the United States, limited export markets due to BSE. Exports to Mexico are above year-earlier levels, and it is currently by far our strongest export market. Prospects for renewed beef trade with Japan continue to inch forward with the Japanese independent Food Safety Commission recognizing that the risk of BSE from U.S. cattle and beef under 20 months of age is extremely low. But no date has been set for resumption of trade. Negotiations continue with South Korea for renewed access to their market.

Live cattle trade, for animals under 30 months of age, continues to grow, but at a slow pace. This slower pace has occurred in spite of the continued favorable price discounts on Canadian fed and feeder cattle. Canada continues to be burdened by a growing cattle inventory. Slaughter in Canada of cattle over 30 months of age for domestic consumption has continuously picked up since the border for live trade opened in July. The Canadian price of fed cattle for immediate slaughter and feeder cattle for immediate placement on feed and then marketed directly to slaughter continues to rise. Higher fuel costs and increased demand for trucks to haul grain and petroleum products following the recent hurricane recovery activity in the Gulf Coast area has likely slowed the pace of shipping more cattle to the United States.



### ***Broiler Production Forecasts Decreased***

The forecast for third-quarter 2005 U.S. broiler production was reduced by 150 million pounds to 8.95 billion pounds, and the fourth quarter 2005 production estimate was reduced by 50 million pounds to 8.75 billion pounds.

Over the last several months, the number of broiler-type chicks being placed for growout has been only slightly higher than the previous year. From July 2 to September 24, a period of 13 weeks, the number of broiler-type chicks being placed each week for growout averaged 174 million. This is 0.5 percent below the average number of birds being placed for growout compared with the same period the previous year. The reduction in the number of birds being placed for growout and the relatively small gain in average weights at slaughter are the chief reasons behind lower broiler production estimates for third- and fourth-quarter 2005.

The smaller reduction in the fourth quarter production estimate is due to the upturn in the number of birds being placed in incubators over the last 5 weeks, (September 3 to October 1). During this period, the number of eggs placed in incubators has averaged 2.5 percent higher than the previous year. This upturn in the number of eggs being placed in incubators is expected to result in higher numbers of broilers going to slaughter by the end of the fourth quarter.

Broiler slaughter in August was 3.1 billion pounds, up 4 percent from a year earlier. The increase in broiler slaughter was boosted by one additional slaughter day in August 2005 compared with the previous year. An extra slaughter day normally results in about a 5-percent boost in monthly slaughter, other things equal. The increase in broiler production in August resulted from a 2.9-percent increase in the number of broilers slaughtered and a nearly 0.4 percent increase in their average liveweight.

### ***Broiler Prices Higher for Leg Meat***

The combination of slower growth in overall broiler production and a strong export market has placed upward pressure on prices of most broiler parts made from leg meat. In the Northeast market in September, bulk leg-quarter prices averaged 47.4 cents per pound, up 49 percent from the previous year. This large increase in leg-quarter prices has also pushed up other leg meat products. Drumsticks averaged 59.4 cents per pound, up 57 percent from 2004, while prices for boneless/skinless thighs and whole thighs were up 81 and 70 percent from a year ago. With exports expected to remain strong through the remainder of the year, leg meat prices are forecast to remain well above their year-earlier levels.

### ***Turkey Prices Higher***

With turkey meat production in 2005 forecast to be only slightly higher than the previous year and exports expected to show double-digit growth, strong prices for most turkey products are expected through the remainder of 2005. The three-region price for whole hens and toms averaged nearly 80 cents a pound in September, up 7 percent from September 2004. Weekly prices for turkey parts during September were also higher. Turkey breast prices averaged around \$1.10 per pound compared

with about 97 cents per pound a year earlier, an increase of around 13 percent. Prices for boneless/skinless breast rose even more, with prices in September 2005 20 to 30 percent higher than a year earlier.

### ***Turkey Production 4 Percent Higher in August***

U.S. turkey meat production totaled 488 million pounds in August 2005, up 4 percent from the previous year. The number of birds slaughtered was up 2.5 percent while the average weight of birds was 1.1 percent higher than the previous year. This small increase in average weight is a major departure from the weight gains posted earlier in the year. From January to July, the average weight for all turkeys at slaughter had been 4.8 percent higher than in the same period in 2004. This large increase in average weight had partially offset the decline in the number of birds being slaughtered and masked the fact that the number of poults being placed for growout had been falling for some time.

### ***Broiler Exports Up in Third Quarter***

Third-quarter 2005 broiler exports for August are almost 28 percent higher than August of 2004. The primary reason for the increase is continued growth in shipments to Russia, the Baltic States, Mexico, and Canada. Over the past month, Russia's broiler imports from the United States have increased by over 45 million pounds, a 28-percent increase from July. During this same period, the Baltic States (Estonia, Latvia, and Lithuania), Mexico, and Canada increased their imports of U.S. broilers by over 14, 7 and 2 million pounds, respectively. Currently, third-quarter 2005 broiler exports are doing well, showing a 12-percent increase from June to July, and a 22-percent increase from July to August. Broiler exports are on track to meet the third-quarter forecast.

### ***August Turkey Exports Remain on Track After July Slow Start***

Turkey exports totaled 50.8 million pounds in August, up 9 percent from August 2004. Although the year-over-year has increased, total turkey exports for the third-quarter from month-to-month have varied. Turkey exports from June to July 2005 declined by 9 percent, while exports from July to August increased by 13 percent. The chief cause of this slowdown has been reduced imports by China and Hong Kong. In July, shipments to China, Hong Kong, and other importing countries were reduced by almost 1 million pounds, 500,000 pounds, and 2.3 million pounds, respectively. However, in August, China, Hong Kong and Other importing countries' shipments increased from July's quantities by 884,000, 526,000 and 666,000 pounds, respectively. As turkey producers gear-up for the holiday season, U.S. turkey exports are expected to continue to increase throughout the third quarter and into the fourth quarter.

## Contacts and Links

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### Recent Report

*Did the Mandatory Requirement Aid the Market? Impact of the Livestock Mandatory Reporting Act*, <http://www.ers.usda.gov/Publications/LDP/Sep05/ldpm13501/> compares the mandatory price reporting system developed by USDA's Agricultural Marketing Service in 2001 with the previous voluntary reporting system. The trend toward formula purchases has slowed since mandatory price reporting was implemented, and market forces have likely contributed to an increase in the volume of cattle moving under negotiated purchases.

*Market Integration of the North American Animal Products Complex*, <http://www.ers.usda.gov/Publications/ldp/may05/ldpm13101/> The beef, pork, and poultry industries of Mexico, Canada, and the United States have tended to become more economically integrated over the past two decades. Sanitary barriers, which are designed to protect people and animals from diseases, are some of the most significant barriers to fuller integration of meat and animal markets.

### Related Websites

Animal Production and Marketing Issues, <http://www.ers.usda.gov/briefing/AnimalProducts/>  
Cattle, <http://www.ers.usda.gov/briefing/cattle/>  
Dairy, <http://www.ers.usda.gov/briefing/dairy/>  
Hogs, <http://www.ers.usda.gov/briefing/hogs/>  
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**Red meat and poultry forecasts**

	2002	2003	2004	2005							2006					
	Annual	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
<b>Production, million lb</b>																
Beef	27,090	26,238	5,838	6,253	6,360	6,097	24,548	5,727	6,192	6,560	6,350	24,829	5,950	6,775	6,950	25,975
Pork	19,664	19,945	5,130	4,897	5,047	5,435	20,509	5,136	5,022	5,025	5,550	20,733	5,200	5,075	5,225	21,125
Lamb and mutton	219	199	53	46	46	50	195	49	46	42	54	191	51	53	49	205
Broilers	32,240	32,749	8,195	8,492	8,839	8,537	34,063	8,571	8,941	8,950	8,750	35,212	8,825	9,125	9,300	36,525
Turkeys	5,713	5,650	1,309	1,366	1,390	1,389	5,454	1,320	1,393	1,365	1,400	5,478	1,310	1,390	1,410	5,535
Total red meat & poultry	85,669	85,476	20,687	21,220	21,858	21,676	85,441	20,964	21,770	22,116	22,279	87,129	21,505	22,600	23,119	89,885
Table eggs, mil. doz.	6,193	6,225	1,556	1,574	1,598	1,637	6,365	1,585	1,580	1,600	1,640	6,405	1,600	1,625	1,640	6,540
<b>Per capita consumption, retail lb 1/</b>																
Beef	67.6	64.9	16.0	16.9	16.9	16.3	66.1	15.6	16.8	17.6	16.8	66.9	16	17.8	18.1	68.2
Pork	51.5	51.8	13.0	12.2	12.7	13.4	51.3	12.3	12.1	12.3	13.2	50.0	12.3	12.1	12.6	50.1
Lamb and mutton	1.2	1.2	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	1.1
Broilers	80.5	81.6	20.8	21.2	21.9	20.4	84.3	21.3	21.7	22.2	20.9	86.2	21.4	22	22.5	87.9
Turkeys	17.7	17.4	3.6	4.0	4.5	5.0	17.1	3.6	3.8	4.0	4.9	16.4	3.3	3.7	3.9	16.1
Total red meat & poultry	220.5	218.9	54.1	54.8	56.6	55.9	221.4	53.5	55.0	56.9	56.7	222.3	53.7	56.3	57.9	224.8
Eggs, number	255.5	254.7	63.7	63.9	64.1	65.5	257.2	63.3	62.9	63.3	64.9	254.4	63	63.8	64.3	256.9
<b>Market prices</b>																
Choice steers, Neb., \$/cwt	67.04	84.69	82.16	88.15	83.58	85.09	84.75	89.09	87.96	81.79	81-85	85.46	76-82	77-83	74-80	76-83
Feeder steers, Ok City, \$/cwt	80.04	89.85	87.98	104.58	116.27	110.19	104.76	104.05	113.36	112	106-110	109.27	95-101	97-103	95-101	95-102
Boning utility cows, S. Falls, \$/cwt	39.23	46.62	47.50	54.86	56.25	50.78	52.35	54.18	59.17	55.56	52-54	55.48	52-56	53-57	51-55	52-56
Choice slaughter lambs, San Angelo, \$/cwt	72.31	91.98	100.62	97.06	93.62	95.44	96.69	106.10	98.60	94.00	96-100	99.18	97-103	94-100	94-100	94-101
Barrows & gilts, N. base, i.e. \$/cwt	34.92	39.45	44.18	54.91	56.58	54.35	52.51	51.92	52.09	50.51	42-44	49.38	44-48	46-50	44-48	43-47
Broilers, 12 City, cents/lb	55.60	62.00	73.20	79.30	75.70	68.30	74.10	71.90	72.60	72.10	70-72	71.90	69-75	70-76	71-77	70-76
Turkeys, Eastern, cents/lb	64.50	62.10	62.10	66.60	73.10	77.10	69.70	65.90	67.70	76.50	77-81	72.28	63-67	65-71	71-77	68-74
Eggs, New York, cents/doz.	67.10	87.90	114.90	79.70	66.20	68.00	82.20	64.50	55.90	66.60	67-69	63.75	63-68	60-64	62-68	63-68
<b>U.S. trade, million lb</b>																
Beef & veal exports	2,447	2,518	36	120	138	167	461	130	189	175	145	639	140	170	180	640
Beef & veal imports	3,218	3,006	873	929	940	937	3,679	831	1,065	1,000	920	3,816	910	1,000	960	3,780
Lamb and mutton imports	162	168	62	47	34	38	181	41	52	48	45	186	44	47	40	175
Pork exports	1,611	1,717	523	546	486	624	2,179	630	699	650	750	2,729	665	700	650	2,765
Pork imports	1,070	1,185	275	265	291	268	1,099	245	245	250	245	985	240	235	245	960
Live swine imports	5,741	7,438	2,210	2,024	2,196	2,075	8,505	1,894	1,951	2,100	2,100	8,045	2,000	2,000	2,000	8,000
Broiler exports	4,807	4,920	1,024	1,008	1,250	1,486	4,768	1,199	1,347	1,330	1,475	5,351	1,275	1,350	1,375	5,475
Turkey exports	439	484	83	93	134	133	443	126	147	150	160	583	130	150	150	590

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.

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

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## Economic Indicator Forecasts

	2004			2005					2006			
	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
<b>GDP, chain wtd (bil. 2000 dol.)</b>	10,809	10,897	10,756	10,999	11,092	11,207	11,306	11,151	11,397	11,492	11,584	11,533
<b>CPI-U, annual rate (pct.)</b>	1.9	3.4	3.4	2.4	4.2	2.8	2.4	2.9	2.4	2.5	2.4	2.4
<b>Unemployment (pct.)</b>	5.4	5.4	5.5	5.3	5.1	5.0	5.0	5.1	4.9	4.9	4.9	4.9
<b>Interest (pct.)</b>												
3-month Treasury bill	1.5	2.0	1.4	2.5	2.9	3.4	3.9	3.2	4.1	4.3	4.3	4.3
10-year Treasury bond yield	4.3	4.2	4.3	4.3	4.2	4.4	4.6	4.4	4.8	5.0	5.0	5.0

Source: Survey of Professional Forecasters, Philadelphia Federal Reserve Bank, August 2005.

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## Dairy Forecasts

	2004			2005					2006			
	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Milk cows (thous.)	9,027	9,019	9,010	8,996	9,035	9,060	9,080	9,045	9,080	9,095	9110	9,105
Milk per cow (pounds)	4,679	4,655	18,958	4,807	5,054	4,845	4,835	19,540	4,970	5,145	4900	19,915
<b>Milk production (bil. pounds)</b>	42.2	42.0	170.8	43.2	45.7	43.9	43.9	176.7	45.1	46.8	44.639	181.3
Farm use	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.275	1.1
Milk marketings	42.0	41.7	169.7	43.0	45.4	43.6	43.6	175.6	44.9	46.5	44.364	180.3
<b>Milkfat (bil. pounds milk equiv.)</b>												
Milk marketings	42.0	41.7	169.7	43.0	45.4	43.6	43.6	175.6	44.9	46.5	44.364	180.3
Beginning commercial stocks	11.6	9.9	8.3	7.2	9.4	11.2	9.6	7.2	7.4	10.0	11.5	7.4
Imports	1.0	1.3	5.3	1.3	1.1	1.1	1.3	4.7	1.2	1.2	1.2	4.9
Total supply	54.6	52.9	183.3	51.5	55.9	55.9	54.5	187.5	53.5	57.7	57.064	192.6
Ending commercial stocks	9.9	7.2	7.2	9.4	11.2	9.6	7.4	7.4	10.0	11.5	9.8	7.5
Net removals	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.005	0.0
Commercial use	44.6	45.7	176.2	42.1	44.7	46.3	47.1	180.1	43.5	46.2	47.259	185.1
<b>Skim solids (bil. pounds milk equiv.)</b>												
Milk marketings	42.0	41.7	169.7	43.0	45.4	43.6	43.6	175.6	44.9	46.5	44.364	180.3
Beginning commercial stocks	10.1	9.5	8.5	8.2	8.4	9.6	8.9	8.2	8.0	8.5	9.85	8.0
Imports	1.1	1.3	4.8	1.2	1.0	1.1	1.4	4.7	1.0	1.3	1.1	4.8
Total supply	53.2	52.5	183.0	52.3	54.9	54.3	53.9	188.5	53.9	56.2	55.314	193.0
Ending commercial stocks	9.5	8.2	8.2	8.4	9.6	8.9	8.0	8.0	8.5	9.9	9.1	8.0
Net removals	0.4	0.0	1.3	-0.4	-0.3	-0.2	-0.1	-1.0	-0.1	0.2	0.314	1.0
Commercial use	43.3	44.3	173.5	44.3	45.6	45.6	46.0	181.5	45.5	46.2	45.9	184.1
<b>Milk prices (dol./cwt) 1/</b>												
All milk	15.50	16.07	16.05	15.67	14.83	14.90	15.45	15.20	14.20	12.80	12.7	13.35
							-15.85	-15.30	-14.90	-13.80	-13.7	-14.25
Class III	14.54	15.06	15.39	14.31	14.10	14.08	13.65	14.05	12.65	11.75	11.75	12.05
							-14.05	-14.15	-13.35	-12.75	-12.75	-12.95
Class IV	12.92	13.19	13.20	12.64	12.38	13.45	13.10	12.85	12.00	11.15	11.15	11.40
							-13.60	-13.05	-12.80	-12.25	-12.25	-12.40
<b>Product prices (dol./pound) 2/</b>												
Cheddar cheese	1.558	1.610	1.643	1.531	1.507	1.481	1.430	1.490	1.350	1.275	1.285	1.305
							-1.470	-1.500	-1.420	-1.375	-1.385	-1.395
Dry whey	0.234	0.235	0.232	0.248	0.263	0.287	0.285	0.265	0.260	0.235	0.225	0.235
							-0.305	-0.285	-0.290	-0.265	-0.255	-0.265
Butter	1.722	1.778	1.824	1.570	1.459	1.646	1.580	1.565	1.395	1.280	1.3	1.325
							-1.650	-1.585	-1.495	-1.410	-1.43	-1.445
Nonfat dry milk	0.858	0.862	0.841	0.899	0.923	0.957	0.940	0.930	0.905	0.865	0.85	0.870
							-0.980	-0.940	-0.965	-0.935	-0.92	-0.940

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

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

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