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Livestock, Dairy, and Poultry Outlook

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Broiler Production Expected Up Only Slightly in 2007

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Tables will be released on
January 30, 2007

The next newsletter release
is February 20, 2007

Approved by the World
Agricultural Outlook
Board.

Feedgrains Update: The January *World Agricultural Supply and Demand Estimates* (WASDE) reported a 2006-2007 corn crop of 10.535 billion bushels, 210 million bushels lower than the crop reported in December. Lower production and higher export expectations more than offset slightly smaller domestic use, reducing ending stocks to 752 million bushels.

Poultry: With continued smaller chick placements, broiler production estimates for fourth-quarter 2006 and first-quarter 2007 were reduced. As production has fallen, prices for most broiler products have strengthened. With slower production growth and higher exports expected in 2007, per capita broiler consumption is expected to decline slightly. After near-record prices in the pre-Thanksgiving period, prices for whole turkeys fell heavily and by early January were below those of the previous year. Stocks of whole turkeys at the end of November were higher than a year earlier, but still at relatively low levels.

Poultry Trade: Sales of U.S. broiler meat were up, while shipments of U.S. turkey were down, in November 2006. Broiler exports totaled 548 million pounds, an increase of 22 percent, while turkey exports totaled 48 million pounds, a decline of 3.4 percent from a year ago.

Cattle/Beef: Seasonal holiday disruptions and snow storms in the western Central Plains temporarily reduced marketings of fed cattle over the last week of 2006 and first weeks of 2007. Hay stocks in some areas are declining rapidly from already-low levels, and cow slaughter has remained heavy in the context of January 1, 2006 cow inventories, primarily due to inadequate winter pastures. Feeder cattle placements for November 2006 were also lower than November 2005 levels, while marketings were up from

year-earlier levels, both counts reflecting heavy placements over the past several months.

Dairy: Continued demand growth, especially for dry products, will combine with a much slower rise in milk production in 2007 to boost prices in the dairy complex. Strong export demand for nonfat dry milk (NDM) is forecast to continue in 2007.

Hogs/Pork: The December *Quarterly Hogs and Pigs* reported first-half 2007 farrowing intentions that are 1.4 percent higher than in the first half of 2006. U.S. commercial pork production in 2007 is expected at 21.7 billion pounds, an increase of slightly more than 3 percent compared with 2006. Prices of live-equivalent 51-52 percent lean hogs are expected to range between \$42 and \$44 per hundredweight (cwt). Pork exports in 2007 are expected to be more than 5 percent higher than in 2006.

Trade data tables that were previously in the list of *Livestock, Dairy, and Poultry Outlook* Excel files are now in the Livestock and Meat Trade Data Product, which is available at <http://www.ers.usda.gov/Data/MeatTrade/>.

USDA Reports Lower 2006-2007 Corn Production and Lower Ending Stocks

The *World Agricultural Supply and Demand Estimates* (WASDE) for January (<http://www.usda.gov/oce/commodity/>) reported 2006-2007 U.S. corn production at 10.5 billion bushels, down from 10.7 billion bushels reported in the December WASDE. Feed and residual use was lowered from 6.050 billion bushels to 5.975 billion bushels, consistent with the smaller increases in broiler and pork production expected for calendar year 2007. Lower production and higher expected exports more than offset small reductions in domestic use, lowering ending stocks to 752 million bushels from the 935 million bushels reported last month. The projected price range is raised 10 cents on each end to \$3.00-\$3.40 per bushel, but most of the 2006-2007 crop has already been marketed.

Broiler Production Expected To Go Up Only Slightly in 2007

During the fourth quarter of 2006, the number of eggs set in incubators per week averaged 206 million, down 1.8 percent from the same period a year earlier. The number of chicks placed for growout per week averaged 166 million, a decrease of 1.8 percent from the same period in 2005. The result has been a slightly smaller number of birds available for slaughter and lower broiler meat production. The expected broiler meat production for fourth-quarter 2006 has been reduced by 50 million pounds to 8.85 billion, down 0.6 percent from fourth-quarter 2005. This slowdown in production is expected to continue into first-quarter 2007, with a production estimate reduced by 25 million pounds to 8.88 billion, again lower (down 0.7 percent) than for the same period the previous year. In 2007, broiler meat production is expected to be lower than in the previous year in the first two quarters, but rising prices are expected to provide an incentive to increase production in the second half of the year. Overall broiler meat production in 2007 is expected to be 1.1 percent higher than in 2006.

Broiler meat production in November was 2.88 billion pounds, a decrease of 2.1 percent from a year earlier. The decrease reflects a 1.1-percent decline in the number of birds slaughtered and a 1-percent decrease in the average meat production per bird. Broiler meat production in December is expected to be lower than the previous year, as December 2006 has 1 less slaughter day than in 2005.

Broiler stocks at the end of November totaled 686 million pounds, 23 million pounds lower than the previous month and 22 percent lower than the high levels seen the previous year. While stocks of whole birds are down significantly, most of the change has come from lower cold storage holdings of broiler parts, which represent the bulk of cold storage holdings. Lower cold storage holdings of leg quarters were the major cause of the decline as stocks fell from 157 million pounds to 50 million, a decrease of 68 percent. Stocks of leg products also declined significantly, down 41 percent. Estimated ending stocks for fourth-quarter 2006 were reduced by 25 million pounds to 675 million, and ending stocks for first-quarter 2007 are now estimated at 700 million pounds.

With the slowdown in broiler production, prices for broiler products, which had been falling for several months, turned higher in December. After reaching a high of 68.3 cents per pound in August, the 12-City average price for whole birds fell to 65.9 cents per pound by November. However, as the broiler supply tightened, prices started moving higher in December, with the average monthly 12-City whole bird price at 66.5 cents per pound. Recent weekly prices point towards even higher prices in January. This pattern has been repeated for a number of broiler parts. Prices in the Northeast market for leg quarters were 2.5 cents per pound higher in December compared with their November average and prices for boneless/skinless breast meat rose by 19.6 cents per pound.

Turkey Prices Higher

After rising to a near-record of 99.5 cents per pound in November, the price for whole hen turkeys in the Eastern region fell to 74.2 cents per pound in December, down 25.3 cents per pound and 10 percent lower than in December 2005. Prices

for fourth-quarter 2006 averaged 89.8 cents per pound, up 7 percent from a year earlier. Even with increasing production, prices for whole hens are expected to be higher during the first half of 2007, but they may not have the same price strength in the second half of the 2007 as they did in 2006.

Turkey production in November was 502 million pounds, 4 percent higher than in November 2005. The overall turkey meat production reflects a number of increases. The number of turkeys slaughtered in November was up 3.3 percent from the previous year, and the average weight at slaughter rose 1.2 percent to 27.1 pounds. In addition, the average meat production per bird rose by 0.7 percent. With 1 less slaughter day, turkey meat production in December 2007 is expected to be down slightly from the previous year. The estimate for turkey meat production in fourth-quarter 2006 was increased by 20 million pounds to 1.48 billion, up 5 percent from fourth-quarter 2005. The production estimate for first-quarter 2007 was also increased by 20 million pounds to 1.41 billion pounds, pushing the estimate for 2007 to 5.78 billion, up 1.6 percent from 2006.

Ending stocks for turkey products in fourth-quarter 2006 are estimated at 225 million pounds, up 9 percent from the same period in 2005. At the end of November, cold storage holdings for turkey totaled 209 million pounds, up 7.5 percent from a year earlier. The increase was due to a combination of higher cold storage holdings for whole birds and turkey parts. Over the first 10 months of 2006, stocks of whole birds were lower than the previous year, often by as much as 20-30 percent, which helped fuel the increases in whole bird prices. However, in November stocks of whole birds totaled 61.4 million pounds, up 9 percent from the previous year. This change in the stocks situation is a major factor in the strong decline in whole bird prices in December 2006.

Broiler Shipments Expand in November

Broiler exports for the second month of the fourth quarter totaled 548 million pounds, up 22 percent from a year earlier. Broiler shipments surged due to lower leg-quarter prices coupled with a weaker U.S. dollar. Bulk leg-quarter prices in October for the Northeast region averaged 29.2 cents per pound, 13 percent lower than average prices for September. In the Southern region, bulk leg-quarter prices in October averaged 23.8 cents per pound, 17.5 percent lower than average prices for September. Due to growing demands for U.S. broiler meat, broiler export projections for fourth-quarter 2006 were increased by 35 million pounds to 1.4 billion pounds.

Turkey Shipments Are Down in November

Turkey exports totaled 48 million pounds in October 2006, down 3.4 percent from a year earlier. The fall in turkey shipments was due to an increase in whole turkey prices. In October, for the Eastern region hen prices averaged 95.8 cents per pound, 14 percent higher than the average prices for September. Turkey prices follow a seasonal pattern that peaks in November. Broiler exports are expected to reach 150 million pounds for the fourth quarter.

Hay Stocks Down Sharply

Total hay production in 2006 was estimated at 141.7 million tons, down 4 percent from the October forecast and down 6 percent from the 2005 total. Alfalfa hay production was 71.7 million tons, also down 4 percent from the October forecast and 6 percent below 2005. This was the lowest alfalfa hay production since 1951. Other hay production in 2006 was estimated at 70 million tons, down 3 percent from the October 1 forecast and down 7 percent from 2005. Extremely dry conditions during the summer of 2006 prompted the release of Conservation Reserve Program (CRP) land for hay harvested in 30 States. Most of the CRP land released was in the Great Plains. Oklahoma and Missouri increased harvested acreage by 200,000 acres from last year. Drought conditions contributed to lower yields across much of the northern Rocky Mountains, Great Plains, and Southeast. Yields across most of the northern Atlantic Coast States increased from last year due to favorable late-season weather. Consequently, hay stocks on December 1, 2006 were 8 percent below a year earlier, and down 16 percent from 2004 and the lowest since 1988. Supplemental hay use has been heavy in many areas since last summer and this winter is already necessitating heavy feeding in many areas. Hay stocks likely will be down sharply at the end of the season, creating additional need for increased hay production in 2007.

The farm price of hay was already up sharply from a year earlier in December, before the series of winter storms forced even heavier supplemental feeding. In December, alfalfa and other hay prices were nearly 16 and 21 percent, respectively, above a year earlier. Alfalfa hay prices averaged \$112 a ton, up from \$109 in November and \$96.90 a year ago. Other hay prices are averaging \$99.30 a ton in December, up from \$98.10 in November and \$82.10 a year ago. A series of winter storms in January, and the realization that hay stocks are even tighter than first believed, likely will result in a lot of hay being retained on farms as insurance against heavier feeding needs compared with the mild winter in 2005/06.

Cow Slaughter May Slow Expansion

Cow slaughter as a proportion of January 1, 2006 cow inventories has remained heavy, primarily due to inadequate winter pastures and rapidly depleting hay stocks that were already low. Commercial cow slaughter, at roughly 5.4 million head for 2006, is 11.7 percent above slaughter for 2005 and 5 percent above 2004. Average annual cow slaughter over the past 10 years has been about 14 percent of January 1 cow inventories, with higher slaughter rates during 10-year cyclical cattle inventory liquidations and lower slaughter rates during expansions. Annual commercial cow slaughter for 2006 will likely be about 13 percent of January 1, 2006 cow inventories, compared with 11.6 and 12.3 percent of January 1, 2005 and 2004 inventories, respectively. These estimates indicate a reduced rate of inventory expansion during 2006, in contrast to the rate of expansion over the last 2 years. The *Cattle* report to be released on February 2 may point to a national cow herd expansion that has slowed, as the January 1, 2007 beef cow inventory may not show a significant increase over January 1, 2006 inventories. The *Cattle* report, along with the January 2007 *Cattle on Feed* report, could give some indication of the extent to which heifer retention for cow inventory expansion has been affected by poor forage conditions. Any significant cow herd expansion will likely come from

the 2007 calf crop, implying that actual cow herd expansion could be at a reduced rate until 2009, which could provide support for beef prices for the foreseeable future. Grazing conditions will have to improve in 2007 and hay stocks will need to be rebuilt before producers will feel confident in holding back more heifers for herd expansion. These heifers would not be bred until 2008 and would not calve and begin to add to feeder cattle supplies until 2009.

Calves from these inventory-building efforts will not begin exiting feedlots as market-ready cattle until 2010 or later. Thus, any significant increases in beef production will have to come from heavier slaughter weights, feeder cattle imports from Canada and Mexico, or slaughter cattle imports from Canada, all of which will be dependent on normal pasture conditions during 2007. Recent snows in the Plains States should provide early spring moisture for pasture growth.

Pasture conditions, particularly cool season pastures, including winter wheat, deteriorated throughout the fall of 2006, and feeder cattle entered feedlots at lighter weights and greater numbers than under normal conditions. Significantly higher corn prices have adversely affected feeder steer prices. Fourth-quarter 2006 prices averaged 10 percent below fourth-quarter 2005 prices as higher feeding costs forced down feeder cattle prices.

Fourth-Quarter Year-to-Year Calf Slaughter Increases

Another indication of declining demand for feeder cattle is increased calf slaughter, which occurs when calves are worth less as stockers or feeders due to unfavorable pasture conditions or higher cost of grain. Calf slaughter, mostly of dairy steer calves, was at a record low in 2006, but began to rise above a year earlier last summer as forage conditions declined. Fourth-quarter slaughter rose 15 percent above a year earlier. This was the second year-to-year fourth-quarter increase since the sharp grain price increases in 1995-96 and again in 2002-02.

Estimated calf slaughter weights in early January 2007 are averaging about 20 pounds below January 2006 levels. The lower slaughter calf weights are being offset by higher slaughter levels. Monthly calf slaughter and monthly veal production were higher in October, November, and likely December 2006 than year-earlier levels. These factors suggest more veal calves are being slaughtered rather than being placed on pasture or in other backgrounding situations. Higher corn prices for the feeding sector are coinciding with higher hay prices due to low hay stocks at the start of the winter supplemental feeding season, compounded by the heavy snowstorms that have affected the Central Plains States.

Despite the negative factors in the cattle/beef sector, including deteriorated pasture conditions and higher prices for energy, the cow/calf /feeder sector continues to maintain favorable profits. Calf prices at Oklahoma City were below a year earlier during spotty trading in the first part of January, likely reflecting the poor fall and winter pasture situation, high costs of supplemental winter feeding, and sharply higher corn prices. However, sufficient precipitation this winter to give pastures a more normal start this spring will likely have a favorable impact on feeder cattle prices over the next several months, despite high corn prices due to ethanol demand.

Cattle feeders were in the red, with fed cattle prices currently in the upper \$80 range. These prices are supported in part by weather markets and by gradually increasing exports to most traditional pre-BSE international markets, except Korea. Cattle feeders affected by late December 2006-January 2007 snowstorms were hit with higher feed and fuel costs and lower gains, and some feeders encountered high death losses. The potentially devastating losses for individual cow-calf and feedlot producers will likely translate into relatively minor wholesale and retail market impacts, unless additional severe storms develop. The quarterly *Cattle on Feed* report to be issued January 26 will likely indicate proportionally more heifers on feed, further signaling a slowdown in the national cow herd expansion. This could lead to a decline in average slaughter weights for all cattle because heifers have lower dressed weights than steers, although continued large cow slaughter will also hold down weight increases.

Markets Continue To Chase Choice Beef

The unseasonably wide spread between Choice and Select cutout values indicates that the market continues to chase Choice cattle, although this spread has narrowed in the last several weeks. During the last few weeks in December 2006, the Choice-over-Select premium was about \$17 per cwt, but this has moved below \$15 in the last several weeks.

With the beef industry moving past the holiday season, retail markets are settling into more typical patterns. Fourth-quarter 2006 retail prices were 2 percent below 2005 prices. Wholesale-to-retail price spreads widened from a year earlier, with both the retail and packer spreads widening modestly. Some featuring of middle cuts over other lower priced cuts, and the relatively light supplies of Choice beef, could support retail prices.

Exports to South Korea have stalled over bone fragment disputes and purported traces of dioxin. Growth in exports to Japan has been limited by the agreement that U.S. beef exports to Japan be from cattle 20 months of age or younger. Only a limited number of U.S. age-verifiable cattle meet this restriction.

Dairy Product and Milk Prices To Stage Modest Recovery in 2007

Forecast milk production for 2007 is 183.0 billion pounds, up slightly from the 181.8 billion pound total estimated for 2006. Milk feed price ratios fell in 2006 compared to 2005 and will decline again this year, albeit at a slower pace. Higher feed prices will be partially offset by higher milk prices. The U.S. dairy herd is expected to decline modestly from 9,115 million in 2006 to 9,040 million in 2007. Recent dairy cow slaughter has been above a year earlier. Some of this slaughter likely is herd liquidation, but most of it may be replacement as cow numbers continued to rise in November and December. Production per cow will continue its incremental upward trend, topping 20 thousand pounds per cow in 2007.

According to the December *Dairy Products* report, November production of cheese, butter, and nonfat dry milk are ahead of year-earlier levels. Low unemployment and robust job creation during the fourth quarter of 2006, combined with rising wages and smaller increases in milk production, should provide a foundation for higher dairy product prices in 2007. Cheese prices finished 2006 at \$1.247 per pound, 24 cents lower than 2005. The outlook is for the cheese price to strengthen in 2007 and the season-average price is forecast at \$1.310 to \$1.390 per pound. Butter supplies will be ample in light of strong dry product demand. Butter price should stage a recovery in 2007. The butter price averaged \$1.219 per pound in 2006, 32 cents lower than 2005. The 2007 price is forecast to climb to \$1.235 to \$1.345 per pound.

Prices for both NDM and whey have followed a different pattern than cheese and butter. Prices for NDM dipped in 2006 to average 88.74 cents a pound for the year, 5.3 cents below 2005. Prices in 2007 are forecast to recover even more strongly than butter and cheese. The forecast 2007 price for NDM is 93.0 cents to 99.0 cents per pound. Expected lower exportable supplies in Australia and the European Union and continued demand growth, both foreign and domestic, should continue to strengthen U.S. exports. Whey prices rose throughout most of 2006 and finished at 32.85 cents a pound, 5 cents above the 2005 price. Whey price rises are forecast to continue into 2007 with the yearly average price forecast at 35.5 cents to 38.5 cents a pound for the year.

On December 29th, USDA issued an interim order amending the manufacturing (make) allowances in all Federal Marketing Orders for cheese, butter, NDM, and whey. Consequently, most of the reduction in this month's Class III and Class IV price forecast reflect the change in the make allowance. The comment period will end January 22nd and new formulas will become effective February 1st. The 2006 Class IV price averaged \$11.06 per cwt. In 2007, the price is forecast to rise to \$11.35 to \$12.25 per cwt. Class III price averaged \$11.89 per cwt in 2006 and is expected to climb to \$12.50 to \$13.30 per cwt in 2007. The resulting reported all-milk price is expected to be \$13.60 to \$14.40 per cwt. for 2007, after averaging \$12.91 per cwt. in 2006.

Farrowing Intentions Begin To Reflect Higher Feed Costs

Farrowing intentions published in USDA's *Quarterly Hogs and Pigs*, released on December 27, 2006, indicate that producers intend to farrow about 2.2 percent more female breeding animals in the December 2006-February 2007 quarter than in same period last year. Farrowing intentions for the March-May period, however, show only a small year-over-year increase of about 0.5 percent. This pattern of farrowings—a moderation of farrowing intention rate increases in March-May, after a strong increase in December-February—suggests producers' awareness that as 2007 unfolds, higher corn prices will increasingly be reflected in hog producers' costs of production. All other factors held constant, higher production costs mean higher breakeven points and lower—even negative—profits for hog operations. Producers typically respond to prospects of higher production costs by moderating, or scaling back, production.

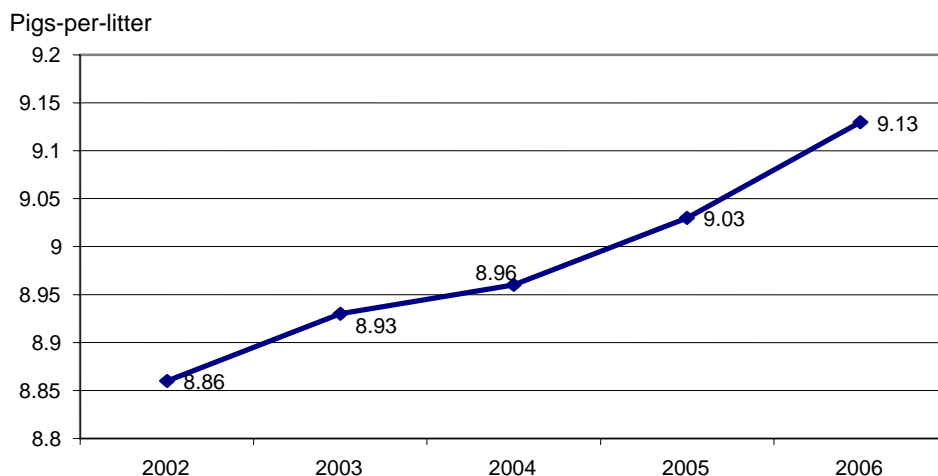
Litter Rates Continue To Soar

The December report indicates that productivity in the U.S. farrowing industry continues to increase. The pigs-per-litter metric for the September-November quarter, at 9.13 pigs per litter, was slightly more than 1 percent larger than for the same period a year earlier. In the past 5 years, September-November pigs-per-litter have increased 3 percent, from 8.86 to 9.13 pigs per litter.

Pork Production in 2007 Expected To Increase About 3 Percent

Based on the farrowing intentions reported in the December *Quarterly Hogs and Pigs* report, and assuming that higher feed costs will restrain growth in dressed weights to their approximate 2006 levels, USDA forecasts 2007 U.S. commercial pork production at 21.7 billion pounds, an increase of 3 percent compared with 2006. All other factors held constant, larger pork supplies might be expected to

September-November litter rates, 2002-2006



Source: USDA/NASS, "Quarterly Hogs and Pigs."

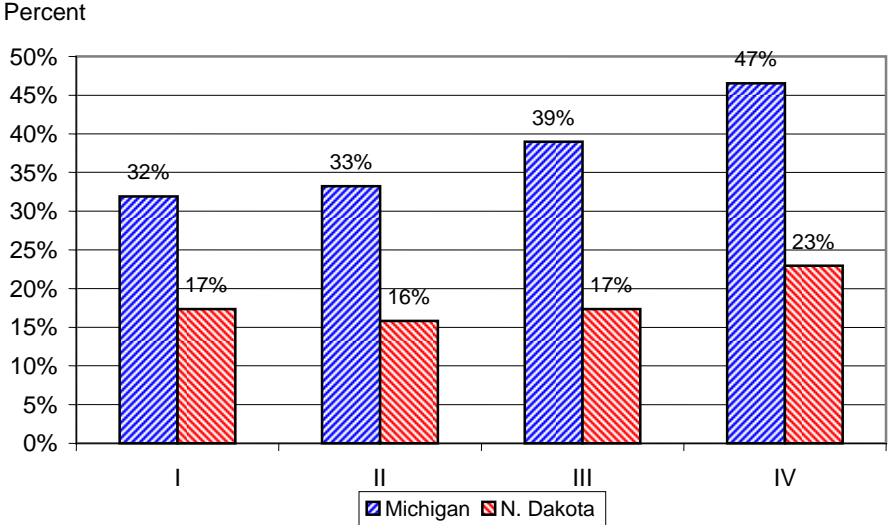
push hog prices significantly lower. However, several factors are likely to mitigate the effects of large pork supplies on hog prices this year including lower expected first-half U.S. poultry production, which is likely to bolster domestic pork demand. Also, foreign demand for U.S. pork products is expected to remain strong. Continued favorable exchange rates, plus attractive U.S. pork prices, are expected to drive U.S. pork exports to about 3.2 billion pounds, more than 5 percent above 2006. Larger pork supplies and strong pork demand are expected to translate into hog prices ranging between \$42 and \$44 per cwt, for live-equivalent prices of 51-52 percent lean hogs in 2007, 9 percent lower than last year.

Live Swine Imports Increase Seasonally, Slaughter Hog Share Increasing

Swine import data for October and November 2006 show that the U.S. demand for Canadian swine—primarily animals for finishing and slaughter hogs—continues to exceed year earlier levels. Combined imports for October and November were more than 10 percent larger than for the same period in 2005. U.S. Customs data reported that October-November swine imports were 1.6 million head, 64 percent of which were animals for finishing. Imports in the same period last year were 1.4 million head, of which 63 percent were animals for finishing.

U.S. swine imports are expected to finish 2006 at more than 8.7 million head, the highest ever total. In 2007 imports are likely to achieve another record—9 million head—given financial pressures on Canadian processors and existing incentives to finish pigs in the United States.

Quarterly slaughter hog share of live swine imports of Michigan and N. Dakota, 2006



Source: USDA/AMS, "Canadian Live Animal Imports by State of Entry", WA_LS635.

Noteworthy in the October-November 2006 data, the slaughter hog share of imports increased to 35 percent, up from 28 percent in the first half of the year. This increase is also reflected in weekly data, published by USDA's Agricultural Marketing Service (AMS). The figure below shows weekly AMS data, through December 30, 2006, aggregated by quarter for the major swine importing States of Michigan and North Dakota. Michigan's 2006 slaughter hog share increased from 32 percent in the first quarter to 47 percent in the fourth quarter. North Dakota's share rose from 17 percent in the first quarter to 23 percent in the fourth quarter.

The increase in the slaughter hog proportion of U.S. swine imports in the second half of 2006 is largely a reflection of the mounting stress of the export-dependent Canadian pork industry, inflicted on it by the high-valued Canadian dollar. (See discussion of Canadian pork sector situation in the November issue of the *Livestock, Dairy and Poultry Outlook*, <http://www.ers.usda.gov/publications/ldp/>). As the Canadian pork industry restructures, U.S. packers will likely continue to outbid Canadian competitors for hogs, resulting in larger 2007 slaughter hog proportions than in the first half of 2006.

Fourth Quarter Pork Exports Well Ahead of Last Year

U.S. companies exported almost 15 percent more pork products in October-November 2006 than in the same period of 2005. While exports were slower than expected in October, at 238 million lbs—slightly more than 7 percent above October 2005—November exports surged to nearly 294 million lbs, 22 percent ahead of a year earlier.

Although November 2006 exports to almost all major markets were larger than in November 2005, exports to three countries, Japan, Russia, and South Korea, set the November export numbers apart from exports in October. Japan—the United States' most important export market—registered year-over-year gains in November for the first time since August. U.S. exports to Japan have been year-over-year lower in 8 of the last 11 months. Lower Japanese imports in 2006 have been attributed to two factors: higher-than-normal stocks—likely accumulated in 2005 in response to BSE and Avian Influenza concerns—and stepped-up enforcement of the rules that regulate Japan's complex pork import regime. But it appears that Japanese consumers' well-documented preference for pork products to celebrate the holiday season trumped higher stocks and law enforcement issues. U.S. exports to Japan in November jumped almost 20 percent over November 2005. Through November 2006, Japan has accounted for an average of 34 percent of U.S. exports, compared with 40 percent last year.

U.S. exports to Russia in October–November of almost 49 million lbs were 126 percent above those of the same period in 2005. Russia currently restricts fresh and frozen Brazilian pork products from its market, creating market opportunities for U.S. pork products. This factor, plus significant income growth deriving from strong petroleum and natural gas prices, has increased Russian pork demand. Through November, Russia's share of U.S. exports averaged more than 6.7 percent, compared with about 4 percent for the same period in 2005.

October-November pork exports to South Korea were almost 58 million lbs, 56 percent greater than for the same period in 2005. Higher pork exports to South

Korea are attributable to trade issues related to BSE incidents in the United States. South Korea has compensated for lower beef supplies by increasing pork imports.

The appreciating value of the South Korean currency, the won, has likely been another factor that has enhanced the competitiveness of U.S. pork relative to other major pork-exporting countries. In 2006, the won gained 6 percent against the U.S. dollar. In 2005, South Korea accounted for an average of 7 percent of U.S. pork exports over the January-November period. In 2006, over the same period, South Korea's share of U.S. pork exports averaged 9 percent.

For 2006, U.S. pork exports are expected to be just shy of 3 billion pounds, likely finishing slightly more than 15 percent ahead of 2005. On average, first-half 2006 exports were almost 16 percent greater than in the first half of 2005. In the second half of 2006, exports will likely average about 9 percent ahead of second-half 2005.



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Contacts and Links

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Data Products

Meat Price Spreads, <http://www.ers.usda.gov/Data/MeatPriceSpreads/>, provides monthly average price values, and the differences among those values, at the farm, wholesale, and retail stages of the production and marketing chain for selected cuts of beef, pork, and broilers. In addition, retail prices are provided for beef and pork cuts, turkey, whole chickens, eggs, and dairy products.

Livestock and Meat Trade Data, <http://www.ers.usda.gov/Data/MeatTrade/>, contains monthly and annual data for the past 1-2 years for imports and exports of live cattle and hogs, beef and veal, lamb and mutton, pork, broiler meat, turkey meat, and shell eggs. The tables report physical quantities, not dollar values or unit prices. Breakdowns by major trading countries are included.

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/>
Poultry and Eggs, <http://www.ers.usda.gov/briefing/poultry/>
WASDE, <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194>

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U.S. red meat and poultry forecasts

	2004	2005	2006	2007 1/								
	Annual	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Production, million lb												
Beef	24,548	24,683	6,078	6,699	6,808	6,490	26,075	6,375	6,800	7,000	6,525	26,700
Pork	20,509	20,684	5,321	4,998	5,071	5,620	21,010	5,375	5,200	5,325	5,750	21,650
Lamb and mutton	195	187	49	48	42	46	185	48	45	43	46	182
Broilers	34,063	35,365	8,937	9,129	8,883	8,850	35,799	8,875	9,115	9,125	9,075	36,190
Turkeys	5,454	5,504	1,354	1,440	1,419	1,475	5,688	1,410	1,460	1,440	1,470	5,780
Total red meat & poultry	85,441	87,097	21,902	22,483	22,387	22,648	89,420	22,248	22,788	23,101	23,040	91,177
Table eggs, mil. doz.	6,365	6,411	1,612	1,611	1,624	1,655	6,502	1,625	1,635	1,650	1,675	6,585
Per capita consumption, retail lb 2/												
Beef	66.1	65.5	15.8	16.8	16.8	16.2	65.6	16.0	17.1	17.3	16.0	66.4
Pork	51.3	50.0	12.3	11.9	11.9	13.1	49.2	12.3	12.2	12.5	13.1	50.2
Lamb and mutton	1.1	1.1	0.3	0.3	0.2	0.3	1.0	0.3	0.3	0.2	0.3	1.1
Broilers	84.3	85.8	21.8	22.5	21.9	21.1	87.4	21.2	21.9	21.8	21.4	86.4
Turkeys	17.1	16.7	3.5	3.9	4.3	5.2	16.9	3.6	3.9	4.3	5.0	16.8
Total red meat & poultry	221.4	220.9	54.2	55.8	55.5	56.2	221.7	53.9	55.8	56.6	56.3	222.6
Eggs, number	257.2	255.1	63.9	63.5	63.8	64.8	256.0	63.6	63.8	64.4	65.3	257.1
Market prices												
Choice steers, Neb., \$/cwt	84.75	87.28	89.24	80.39	85.40	86.61	85.41	84-88	83-89	81-87	82-88	82-88
Feeder steers, Ok City, \$/cwt	104.76	110.94	106.80	104.08	115.17	103.22	107.32	100-104	103-109	97-103	96-102	99-105
Boning utility cows, S. Falls, \$/cwt	52.35	54.36	48.89	47.79	49.28	44.29	47.56	45-47	48-52	48-52	48-52	48-50
Choice slaughter lambs, San Angelo, \$/cwt	96.69	97.76	77.03	66.56	81.10	84.53	77.31	84-88	82-88	81-87	83-89	82-88
Barrows & gilts, N. base, i.e. \$/cwt	52.51	50.05	42.63	48.45	51.83	46.13	47.26	42-44	41-45	42-46	40-44	42-44
Broilers, 12 City, cents/lb	74.10	70.80	62.70	61.00	67.8	65.9	64.40	67-69	66-70	67-73	66-72	66-71
Turkeys, Eastern, cents/lb	69.70	73.40	67.30	71.30	79.4	89.8	77.00	70-72	70-76	73-79	77-83	72-78
Eggs, New York, cents/doz.	82.20	65.50	71.4	62.7	64.0	85.7	71.0	78-82	74-80	77-83	84-90	78-84
U.S. trade, million lb												
Beef & veal exports	461	689	223	315	307	305	1,150	325	350	380	385	1,440
Beef & veal imports	3,679	3,599	843	789	731	710	3,073	760	880	830	810	3,280
Lamb and mutton imports	181	180	53	44	41	55	193	51	50	42	46	189
Pork exports	2,179	2,660	770	763	653	805	2,991	815	805	690	840	3,150
Pork imports	1,099	1,024	259	237	239	270	1,005	260	240	240	270	1,010
Live swine imports	8,505	8,191	2,133	2,087	2,205	2,300	8,725	2,200	2,200	2,300	2,300	9,000
Broiler exports	4,768	5,147	1,338	1,298	1,224	1,400	5,260	1,325	1,330	1,350	1,400	5,405
Turkey exports	443	569	119	125	152	150	546	130	145	155	155	585

1/ Forecasts are in **bold**.

2/ 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

	2006					2007			
	I	II	III	IV	Annual	I	II	III	Annual
GDP, chain wtd (bil. 2000 dol.)	11,381	11,385	11,433	11,503	11,410	11,581	11,662	11,747	11,705
CPI-U, annual rate (pct.)	2.0	3.4	2.9	-0.3	2.4	2.8	2.6	2.5	2.6
Unemployment (pct.)	4.8	4.7	4.7	4.5	4.7	4.7	4.8	4.8	4.8
Interest (pct.)									
3-month Treasury bill	4.4	4.8	4.9	5.0	4.8	5.0	4.9	4.8	4.8
10-year Treasury bond yield	4.6	5.1	4.9	4.8	4.8	4.8	4.9	5.0	4.9

Source: Survey of Professional Forecasters, Philadelphia Federal Reserve Bank, November 2006.
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Dairy Forecasts

	2006					2007				
	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thous.)	9,094	9,133	9,117	9,116	9,115	9,085	9,060	9,020	9,000	9,040
Milk per cow (pounds)	5,009	5,136	4,907	4,897	19,949	5,065	5,210	4,980	4,980	20,235
Milk production (bil. pounds)	45.6	46.9	44.7	44.6	181.8	46.0	47.2	44.9	44.8	183.0
Farm use	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.0
Milk marketings	45.3	46.6	44.5	44.3	180.7	45.8	46.9	44.7	44.6	181.9
Milkfat (bil. pounds milk equiv.)										
Milk marketings	45.3	46.6	44.5	44.3	180.7	45.8	46.9	44.7	44.6	181.9
Beginning commercial stocks	8.0	10.9	12.7	11.8	8.0	9.3	11.6	12.8	10.9	9.3
Imports	1.1	1.2	1.1	1.4	4.8	1.2	1.3	1.2	1.3	5.0
Total supply	54.4	58.7	58.3	57.4	193.5	56.3	59.9	58.6	56.7	196.3
Ending commercial stocks	10.9	12.7	11.8	9.3	9.3	11.6	12.8	10.9	8.2	8.2
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	43.6	46.0	46.5	48.1	184.2	44.7	47.1	47.8	48.5	188.1
Skim solids (bil. pounds milk equiv.)										
Milk marketings	45.3	46.6	44.5	44.3	180.7	45.8	46.9	44.7	44.6	181.9
Beginning commercial stocks	9.0	9.6	10.0	9.2	9.0	8.9	9.3	10.2	9.1	8.9
Imports	1.1	1.1	1.1	1.3	4.6	1.2	1.3	1.3	1.5	5.2
Total supply	55.3	57.3	55.6	54.8	194.3	55.8	57.5	56.1	55.1	196.0
Ending commercial stocks	9.6	10.0	9.2	8.9	8.9	9.3	10.2	9.1	8.8	8.8
Net removals	0.0	0.7	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0
Commercial use	45.7	46.6	46.4	45.9	184.5	46.5	47.3	47.1	46.3	187.2
Milk prices (dol./cwt) 1/										
All milk	13.53	12.00	12.23	13.87	12.91	13.95	13.10	13.35	14.05	13.60
						-14.35	-13.80	-14.35	-15.05	-14.40
Class III	12.23	11.02	11.42	12.88	11.89	12.55	12.20	12.53	12.75	12.50
						-12.95	-12.90	-13.53	-13.75	-13.30
Class IV	11.33	10.30	10.65	11.97	11.06	11.69	11.18	11.28	11.33	11.35
						-12.19	11.98	-12.38	-12.43	-12.25
Product prices (dol./pound) 2/										
Cheddar cheese	1.272	1.184	1.217	1.316	1.247	1.290	1.285	1.323	1.340	1.310
						-1.330	-1.355	-1.423	-1.440	1.390
Dry whey	0.345	0.289	0.289	0.381	0.329	0.390	0.345	0.335	0.345	0.355
						-0.410	-0.375	-0.365	-0.375	0.385
Butter	1.247	1.153	1.210	1.267	1.219	1.188	1.217	1.262	1.275	1.235
						-1.258	-1.317	-1.392	-1.405	-1.345
Nonfat dry milk	0.905	0.831	0.844	0.970	0.887	0.980	0.913	0.908	0.908	0.930
						-1.020	-0.973	-0.978	-0.978	-0.990

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/dyfm/os/mib/fedordprc_dscrp.htm

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