



United States
Department
of Agriculture

LDP-M-165

Mar. 19, 2008



A Report from the Economic Research Service

www.ers.usda.gov

Livestock, Dairy, and Poultry Outlook

Mildred M. Haley, coordinator

Egg Prices Skyrocket

Contents

[Poultry](#)
[Poultry Trade](#)
[Beef/Cattle](#)
[Beef Trade](#)
[Dairy](#)
[Pork/Hogs](#)
[Contacts and Links](#)

Tables at a Glance

[Red Meat and Poultry](#)
[Dairy](#)

Web Sites

[Animal Production and
Marketing Issues](#)
[Cattle](#)
[Dairy](#)
[Hogs](#)
[Poultry and Eggs](#)
[WASDE](#)

Tables will be released
on March 25, 2008

The next newsletter
release is April 17, 2008

Approved by the
World Agricultural
Outlook Board.

Poultry: With table egg production continuing to be lower on a year-over-year basis, wholesale egg prices are forecast at \$1.50 to \$1.56 per dozen in first-quarter 2008, up over 40 percent from the previous year. With a strong increase in broiler meat production in January 2008, the estimates for first-quarter 2008 production was raised by 125 million pounds to 9.08 billion and the estimate for the second quarter was increased by 50 million pounds, bringing the second quarter estimate to 9.4 billion and the 2008 yearly estimate to 37.1 billion. Turkey meat production in first-quarter 2008 is estimated at 1.5 billion pounds, up 6 percent from a year earlier. Even with the higher production and increased stock levels, prices for whole turkeys were considerably higher than during the start of 2007.

Poultry Trade: Broiler exports in 2007 were a record 5.772 billion pounds, an increase of 4 percent from the old record (5.555 billion pounds in 2001) and 11 percent higher than in 2006. Shipments of turkey products totaled 554 million pounds in 2007, up 1 percent from the previous year. Egg exports (shell egg and egg products) were 251 million dozen, up 24 percent from a year earlier. Broiler shipments for January 2008 totaled 456 million pounds, an increase of 15 percent from a year ago, while turkey exports totaled 47 million pounds, up 13 percent from the previous year. Egg exports in January totaled 16-million dozen, even with very strong domestic prices.

Beef/Cattle: Dry conditions are spreading from Canada and Mexico into the Plains States, resulting in more cows sent to slaughter. Prices are holding steady in the cattle and beef sectors, despite competition with abundant supplies of all meats.

Beef Trade: Beef exports increased 25 percent in 2007; however, expectations for 2008 are for a more modest expansion. Annual beef imports declined for the third straight year, as heavy cow slaughter and a weak dollar continue into early 2008. Cattle imports are expected to increase 4 percent in 2008, primarily due to increases in imports of Canadian cattle.

Dairy: Milk yield will grow more slowly in 2008 as a near-term response to high feed prices. Milk production will continue upward through most of 2008, lowering prices. Exports will continue to figure prominently in dairy product price formation. Prices will be lower than in 2007, but not as low as they would be without exports.

Pork/Hogs: First-quarter pork production is expected to be 5.96 billion pounds, 10.5 percent above the same period last year. First-quarter prices for live equivalent 51-52 percent live hogs are expected to range between \$40 and \$41 per hundredweight (cwt), 12 percent below the same period a year ago. Stocks of frozen pork on January 31, 2008 were 563.6 million pounds, 16 percent above year-earlier levels. Continued buildup of cold stocks may signal a slowdown in pork demand. January 2008 pork exports were more than 353 million pounds, almost 27 percent above January 2007.

Table-Egg Production Continues Lower

After averaging below a year earlier through all of 2007, table-egg production in January was 544 million dozen, down less than 1 percent from a year earlier. With table-egg flock numbers still below a year earlier, table-egg production is forecast to be slightly lower in first-half 2008, compared with a year earlier. However, table-egg production is forecast to rise slightly in second-half 2008 as farmers respond to the incentive of the high market prices for their products over the last several months. During the past 6 months (September 2007 to February 2008), wholesale table-egg prices in the New York market have averaged approximately \$1.45 per dozen, 58 percent higher than in the same period the previous year.

Over the last several quarters hatching-egg production has been higher than a year earlier, primarily to meet the demands of an expanding broiler industry. With broiler production forecast to expand in 2008, especially in the first half of the year, hatching-egg production is also forecast to increase. However, the rate of expansion should fall towards the end of the year with the expected slowdown in broiler expansion.

The NASS *Chicken and Eggs 2007 Summary* provided revisions to both table- and hatching-egg production for 2006 and 2007. In most cases the changes in quarterly production estimates were minor. The annual production estimate for table eggs was revised upward by 29-million dozen in 2006 to a total of 6.523-billion dozen. The total for 2007 was revised upward by 25-million dozen to 6.434 billion, so the percentage drop in production in 2007 remains basically the same. The changes to hatching-egg production were also relatively small, with the revised totals for 2006 and 2007 at 1.088 and 1.112-billion dozen.

Wholesale table-egg prices continued at a very high level in January 2008 (\$1.57 per dozen large eggs), and judging by weekly prices, the monthly average in February is expected to be slightly higher. Even with the large increases in grain prices in the last 6 months, this still gives a strong incentive to egg producers to expand production. However, given the current size of the table-egg flock and the number of birds available to add to the flock, no significant expansion in production is expected before second-half 2008. Wholesale table-egg prices (New York area) are forecast to average approximately \$1.50 to \$1.56 per dozen in first-quarter 2008, up 48 percent from the previous year. Since Easter falls in March this year and egg prices normally show a seasonal decline after Easter, prices in second quarter are forecast to average \$1.17 to \$1.23 per dozen. This is down considerably from the first quarter, but still 30 percent higher than the previous year. Prices are then expected to gradually move downward in second-half 2008 as production rises.

Broiler Production Higher in January, 2008 Estimate Revised Upward

Broiler meat production for January 2008 was reported at 3.22 billion pounds, up 6.4 percent from the previous year. The source of the increase came from both a higher number of birds slaughtered and a higher average weight. The total number of birds slaughtered was 784 million, up by 4.5 percent from January 2007. The total liveweight of broilers at slaughter was up 5.8 percent from the previous year, with the average liveweight up 1.2 percent to 5.56 pounds.

With the strong increase in broiler meat production in January 2008, estimates for first-quarter 2008 broiler production were raised by 125 million pounds to 9.08 billion. This is 5.2 percent higher than in the same period in 2007. In first-quarter 2008 the higher production is again expected to come from a mixture of a greater number of birds slaughtered and a higher average weight. With weekly chick placement numbers continuing to be about 3 percent higher than during the same period in 2007, the broiler meat production estimate for second-quarter 2008 was increased by 50 million pounds to 9.4 billion, and these changes bring the total estimate for 2008 to 37.1 billion.

Higher broiler meat production is expected to continue well into the second quarter, as weekly chick placements over the last 5 weeks (February 9 to March 8) have averaged 178 million, 3 percent higher than during the same period the previous year. Chicks placed for growout in early March will likely be ready for slaughter in late April. Over the last several months most of the growth in broiler production has come from higher production of large birds. According to Agricultural Market Service data on the breakout of broiler slaughter by weight, since December 1, the average weekly increase in the number of birds slaughtered in the 6.26 to 7.75 pound weight category has been 23 percent, compared with the same weeks a year earlier. This pattern of the most gain in slaughter numbers occurring in the higher weight categories, if maintained, means that average weights at slaughter should continue to be up from the previous year over the next several months.

Data in the NASS *Poultry Slaughter 2007 Annual Summary* report contained revisions in broiler meat production for both 2006 and 2007. In 2006, the end result of the revisions was a drop of just over 250 million pounds, to 35.5 billion. The revisions for 2007 had the opposite impact, with the meat production estimate rising to 36.1 billion pounds, up 177 million from the previous estimate. With the downward revision in 2006 and an upward revision in 2007, the increase in production in 2007, while only 1.8 percent, was considerably higher than originally estimated. Again, the increased broiler meat production in 2007 was from a combination of a larger number of birds slaughtered and higher average weights.

Over the first 2 months of 2008, the 12-city whole broiler price averaged 77 cents per pound, up 6 percent from the same period in 2007. The year-over-year price changes for other broiler products are mixed. Prices for most breast meat products are about even with the previous year or have fallen. In the Northeast market, wholesale prices for boneless/skinless breast meat were just slightly higher in the first 2 months of 2008, compared with the same period in 2007, while prices for rib-on breasts had fallen by over 10 percent. Prices for wings have also remained about even with the previous year. However, prices for leg meat products have strengthened considerably compared with a year earlier. Prices for leg meat products have benefited from the strong export market, which was record high in fourth-quarter 2007 (in 2007 leg quarters accounted for about two-thirds of total broiler meat exports). Over the first 2 months of 2008, wholesale prices for leg quarters averaged 43 cents per pound, up 18 percent over January-February 2007. During this same period, prices for thigh meat rose about 22 percent and drumstick prices jumped 35 percent.

The NASS *Cold Storage 2007 Summary* reported revisions to the 2007 ending stocks for broiler meat. Revisions in most quarters were relatively minor, but the ending stocks estimate for the third quarter was increased to 648 million pounds, higher by 22 million or about 4 percent. The ending stock estimate for fourth-quarter 2007 was lowered slightly to 739 million pounds, about the same level as the previous year. Both 2007 and 2008 began with close to the same level of stocks, but lower broiler meat production in first-quarter 2007 put upward pressure on prices and lowered stock levels by the end of the first quarter. The opposite effect is expected in first-quarter 2008, where higher production is expected to gradually put downward pressure on prices and result in slightly higher stocks levels by the end of the first quarter, compared with a year earlier.

Turkey Production Forecast Up Again in 2008

U.S. turkey meat production in January 2008 was 546 million pounds, a jump of 12.6 percent compared with the previous year. The large increase in production was the result of 9 percent more birds being slaughtered and a 3-percent increase in their average weight at slaughter. There were only minor revisions to 2006 and 2007 turkey meat production in the NASS *Poultry Slaughter 2007 Annual Summary*, with 2006 production moving down slightly to 5.68 billion pounds and 2007 production adding about 20 million pounds to boost the total to 5.96 billion. In both cases the revisions changed the totals by less than 1 percent.

According to the NASS *Cold Storage 2007 Summary*, ending stocks for turkey in the first three quarters of 2007 did not have any changes, but the estimate for fourth-quarter ending stocks was revised to 261 million pounds, an increase of 22 million or about 9 percent higher than the previous estimate. This means ending stocks for 2007 were about 19 percent higher than the previous year. The increase in stocks has come from higher cold storage holdings of both whole birds and turkey meat products. Stocks of whole birds at the end of 2007 were 76 million pounds, an 18-percent increase from the previous year. Stocks of turkey products at the end of 2007 totaled 185 million pounds, up 20 percent from the end of 2006. With higher production expected for turkey in 2008 and strong production growth in the first half of the year for broilers, turkey stocks are forecast to remain above their 2007 levels throughout 2008.

Even with the higher production and stock levels, prices for many turkey products are still above their year-earlier levels. These factors would normally be expected to put downward pressure on prices, but prices for whole hens in the Eastern market averaged 75.1 cents per pound in January and February 2008. This is a 9-percent price increase over the same period in 2007, which in turn was 2 percent higher than the previous year. Turkey prices are expected to gradually weaken during first-half 2008, with downward pressure coming from higher production, higher broiler supplies, and strong supplies of other meat products.

Broiler Shipments Hit a Record in 2007 and Remained Strong in January 2008

Broiler exports in 2007 totaled 5.772 billion pounds, up 11 percent from 2006 and 4 percent above the previous record of 5.55 billion pounds set in 2001. In 2007, domestic wholesale leg-quarter prices remained strong, averaging 44 cents per pound. However, even with the relatively strong prices, exports were record-high, due in large part to the depreciation of the U.S. dollar against a number of other currencies. Major importers of U.S. broiler meat benefited from the lower U.S. dollar to purchase broiler meat at a deflated value. The importing countries that contributed the most toward the surge in broiler shipments in 2007 were Russia, China, the Commonwealth of Independent States (excluding Russia), and Cuba. Broiler shipments to China, up 24 percent, were boosted in part because of disease issues in China's hog industry.

Broiler shipments totaled 456 million pounds in January, a 15-percent increase from a year ago. The jump in exports is due to a large increase (up 71 percent) in shipments to Russia, but exports to Cuba were also higher (up 178 percent). The primary reason for the increase in total broiler shipments has been a strong demand driven by a weakened U.S. dollar. Broiler exports are forecast at 6 billion pounds which would be another record as exports to Russia and China, the two largest markets, are expected to remain strong. Shipments in first-quarter 2008 are estimated to reach 1.4 billion pounds, a 9.8 percent increase from first-quarter 2007.

Turkey Exports Were Up Slightly in 2007 and in January 2008

Turkey exports for 2007 totaled 554 million pounds, up 1.3 percent from a year ago. While there was strong growth in shipments to China (up 36 percent) and Russia (up 22 percent), it was partially offset by a decline in exports to Mexico. Mexico is by far the largest export market for turkey products. Turkey exports in 2007 were fairly concentrated, with the top four export markets (Mexico, China, Russia, and Canada) accounting for almost 75 percent of total shipments.

Turkey exports in January 2008 totaled 47 million pounds, an increase of 13 percent from the previous year. Again, higher shipments to Russia were the primary reason for the increase. However, shipments to Mexico and China were also slightly higher. Turkey shipments in the first quarter of 2008 are forecast at 135 million pounds, a 9-percent increase from first-quarter 2007.

Egg Exports Reach 251-Million Dozen in 2007

Even with very strong U.S. prices, egg and egg product exports reached 251-million dozen on an egg equivalent basis in 2007. Total egg exports are made up of shell eggs for consumption, shell eggs for hatching, and egg products, often used in the baking industry and prepared foods. There was strong growth in shipments to Japan and Hong Kong, traditionally two of the larger markets for U.S. egg exports, but much of the growth in exports in 2007 can be attributed to shipments going to EU-27 countries.

With strong prices for internally produced shell eggs and a strong Euro vs. the US dollar, there was a high demand in many EU-27 countries for imported eggs and egg products for the internal egg-breaking and egg products industries. In total, the EU-27 countries imported the equivalent of 42-million dozen eggs and were the second largest market for U.S. egg exports in 2007.

High domestic egg prices seem finally to have had an impact on egg exports, as shipments in January 2008 totaled only 16-million dozen, down over 20 percent from a year earlier. Many of the shipments were in the egg products market, which accounted for 54 percent of total egg exports on an egg equivalent basis. Exports of shell egg for consumption accounted for 10 percent, and shell eggs for hatching accounted for the remaining 36 percent. Shipments were smaller to all four of the largest traditional markets, Canada, Mexico, Hong Kong, and Japan.

Cattle-Beef Sector Faces Dry Conditions and Large Supplies of All Meats

Although the January 1, 2008 cow inventory is lower than last year, first-quarter 2008 cow slaughter could exceed that in first-quarter 2007, which was 15 percent above first-quarter 2006. The commercial slaughter levels are relatively high, in part, because producers in Alabama, North Carolina, and Tennessee continue to face dry conditions and high feed costs. Dry conditions are also being seen southward from Canada through the northern Plains States and northward from Mexico through New Mexico and Texas, and are possibly contributing to the increased numbers of cows in the slaughter mix. Some cows are also being imported from Canada into the United States, adding to total U.S. commercial cow slaughter.

First-quarter steer and heifer slaughter is also adding up to be more than that for the same period last year, based on weekly AMS reports. The percentage of carcasses grading Choice and better often reach seasonal highs during the winter (January and February), and are often accompanied by seasonally low prices. Based on weekly AMS data, the share of cattle grading Choice and better is hovering around 60 percent for February 2008. The high proportion of cattle grading above Choice, the very narrow spread between Choice and Select cutout values—currently in the \$2-\$4 range—and relatively large cattle-on-feed inventories and slaughter, suggest more-than-adequate supplies of fed cattle for the near term. Combined with the industry view that excess slaughter capacity exists and the record supplies of alternative meats, prices would be expected to fall. However, fed cattle prices and wholesale cutout values were strong during mid-first-quarter 2008. Increasing exports and the low value of the dollar in international exchange may account for some of the anomaly. Average monthly retail prices also showed some strength in February 2008 over January, increasing 2 percent, from \$4.10 per pound to \$4.19.

Beef Exports Increase 25 Percent in 2007

Total U.S. beef exports in 2007 were 1.431 billion pounds, a 25-percent increase from the previous year, as U.S. beef continues to recapture global markets lost as a result of BSE in 2003. Exports to every major trading partner expanded except one: Mexico. Although in the final months of the year, and heading into 2008, there were signs of decreased rates of export growth. January 2008 exports were 35-percent above last year's monthly total. However, this primarily reflects low exports in the first quarter of 2007. The potential for export growth in 2008 may be limited under current market conditions, particularly in the latter portion of the year.

The summer months were the strongest point for U.S. beef exports in 2007, demonstrated by strong growth in the third quarter. This was in part due to more beef sent to Japan and Korea, the two largest pre-BSE customers. Shipments to Japan accelerated in the middle of the year, followed by more modest growth in the fourth quarter. Exports to Korea were disrupted by several cases of banned bone material found in shipments, which led to restrictions and closure of the Korean market to U.S. exporters. However, in the periods when trade did take place, it resumed rapidly and had a significant impact on export totals.

Although exports declined to Mexico, the largest customer for U.S. beef, U.S. exports were boosted north of the border by Canadian consumers in 2007. Exports to Canada were well above both 2006 and pre-BSE levels. Taiwan remained a strong Asian market for the U.S. beef, and Vietnam and Hong Kong also emerged as growing markets.

Trade figures for the final 2 months of 2007 indicate that U.S. beef export growth may expand more slowly going into 2008. November and December exports both increased only 15 percent from the previous year, despite the weak dollar--which makes U.S. beef more competitive on the world market. Concerns over a global economic slowdown could be affecting the demand for the high-value beef cuts U.S. meat producers generally export. For 2008, U.S. beef exports are forecast to be 1.54 billion pounds. While still above last year's total, at 8 percent, it would be the smallest expansion since 2003.

Beef Imports Fall for Third Straight Year

U.S. beef imports totaled 3.052 billion pounds in 2007. This was a 1-percent decrease from 2006, marking the third consecutive year of decreased imports. Following strong year-over-year imports in the second and third quarters, fourth quarter imports fell dramatically. As a result, annual 2007 imports were just below those for 2006.

Large domestic supplies and the weakness of the U.S. dollar were the most prominent reasons for the import decline. High cow slaughter in the fourth quarter led to large supplies of domestic processing meat that reduced the need for imported processing beef. Concurrently, the U.S. dollar weakened globally. In particular it weakened against the Canadian, Australian, New Zealand, and Uruguayan currencies, the top four foreign suppliers of beef to the United States—making their products relatively more expensive in the United States.

Lower demand for foreign beef and higher prices led to fourth-quarter beef imports which—at 624 million pounds—were 13 percent below the fourth quarter in 2006.

The United States is projected to import 3.07 billion pounds of beef in 2008. Domestic supplies of processing beef will remain high because of heavy cow slaughter expected for the first quarter of the year. The dollar is also not expected to appreciate considerably in the near future. Many of the same conditions that existed in the final quarter of 2007 have carried over to the beginning of 2008.

Live Cattle Trade Up in 2007

Imports of live cattle by the United States in 2007 increased by 9 percent, with 2.495 million head crossing the borders. Mexican cattle entering the United States declined, as favorable weather for most of the year allowed for good grazing conditions in Mexico. Since 1970, only in 1996 and in 2002 did more Canadian cattle enter the United States than during last year. While cattle imported for immediate slaughter did increase from the prior year, they only accounted for 60 percent of the total cattle imports, compared with 68 percent in 2006. High feed costs, tight labor supplies in the Canadian meat packing industry, and a strong Canadian dollar that discouraged Canadian beef exports, led to an increase in feeder cattle entering the United States. New regulations were implemented last year allowing age-verified cattle over 30 months of age, born after March 1, 1999, to enter the United States from Canada; the rule was implemented in mid-November, and the impacts will likely be more noticeable this year.

This year, 2.6 million head of cattle are expected to enter the United States, a 4-percent increase from last year. In weekly USDA/AMS reports, feeder cattle from Canada remain high relative to their weekly histories. So far this year, slaughter cows and bulls have accounted for approximately 10 percent of the weekly imported cattle from Canada. If this trend continues, the new regulations put in place at the end of 2007 could have a fairly modest impact on this year's import levels. The outlook for Mexico is very much weather-dependent. Mexican producers may continue to build their herd and develop their domestic industry. However, if the current dry weather continues in Mexico, grazing conditions could force more Mexican cattle to come north.

Cattle exports from the United States in 2007 totaled 64,509 head, almost a 30-percent increase from 2006. Exports to both Mexico and Canada were above 2006 totals. Due to Mexico's relaxation of the ban against importation of dairy heifers under 24 months of age in October 2007, dairy cattle exported to Mexico in the fourth quarter were at levels not seen since before the first case of BSE in the United States. Weekly USDA/AMS reports show exports will continue to be high for Mexico. Sixty-thousand head of cattle are projected to be exported in 2008.

Soaring Feed Costs Beginning to Curtail Expansion of Milk Production in 2008

Milk production is forecast to rise 2.7 percent in 2008 over 2007, reaching 190.7 billion pounds. The increase comes as cow numbers are forecast to rise about 1 percent in 2008. Feed prices continue to rise above year-earlier levels, and are expected to do so for the remainder of 2008. However, those producers who have expansion plans underway will continue to implement them. According to the *Livestock Slaughter* report, January dairy cow slaughter was very near last year's level. Many farmers in the upper Midwest produce much of their feed on farm and are somewhat insulated from rising feed prices. The impetus for expansion continues in the West because of the lengthy process of obtaining permits. Once current expansion is complete, the process may slow because permits are becoming difficult to obtain, especially in California. Milk production per cow is projected to rise by less than 1 percent on a daily basis, well below the trend of the previous 2 years. Reduced feeding intensity is the short-term response to higher feed prices. Milk-feed ratios are expected to be weaker during 2008. Lower returns in mid-2008 may point toward contraction in the herd by late 2008.

Commercial use of dairy products is expected to increase by better than 3 percent in 2008 compared with 2007, well above the trend of recent years. However, higher production coupled with concerns about the overall economy will likely pressure product prices during the year. Cheese prices have likely crested for 2008 and are expected to decline slightly through the second half of 2008 to average \$1.745 to \$1.805 per pound. Although butter use may be helped by exports, larger supplies and potential weakness in the restaurant sector may exert pressure on prices. Butter prices are expected to average \$1.225 to \$1.315 per pound in 2008.

Although pressured by early-year supplies, nonfat dry milk (NDM) prices should climb in the second half of 2008 as tighter supplies encounter robust export demand and stable domestic demand. NDM prices are forecast to average \$1.350 to \$1.400 a pound in 2008. In 2008, whey prices are not expected to recover much. Lower prices may prompt some demand but supplies are sufficient. Prices will likely average 26.5 to 29.5 cents a pound this year.

Lower product prices will result in lower milk prices in 2008. The Class IV price is forecast at \$14.95 to \$15.65 per cwt, substantially below 2007's average of \$18.36 per cwt. The Class III price is expected to decline to \$16.15 to \$16.75 per cwt, down from 2007's \$18.04 per cwt average. The all milk price is forecast to average \$17.30 to \$17.90 per cwt, a drop from \$19.13 in 2007.

First-Quarter Pork Production Forecast Increased

In early March, USDA revised its 2008 pork production forecast by adding 90 million pounds to the first-quarter estimate to reflect higher-than-expected hog slaughter in February. First-quarter pork production is expected to be 5.92 billion pounds, 9.6 percent above the same period last year. Total commercial pork production in 2008 is expected to be 23.1 billion pounds, 5.4 percent above 2007. <http://www.usda.gov/oce/commodity/wasde/index.htm>

First-quarter prices for live equivalent 51-52 percent live hogs are expected to range between \$40 and \$41 per cwt, 12 percent below the same period a year ago. With costs of producing market-ready slaughter hogs estimated to be in the low \$50 per cwt range, many U.S. hog producers are operating at per hog losses of around \$30 per hog. For 2008, hog prices are expected to range between \$41 and \$44, 10 percent below last year.

Sow Slaughter Numbers Increase Moderately, With Prices Down Sharply

High feed costs have recently focused attention on year-over-year changes in U.S. sow slaughter. Higher sow slaughter often signals the beginning of a liquidation phase of the hog cycle. Through March 1, 2008 weekly U.S. federally inspected sow slaughter has increased moderately—4.2 percent over the same period last year. This slaughter number includes sows imported from Canada. For the first 2 months of 2008, Iowa/Minnesota negotiated prices for 300-449 pound sows averaged \$23.70, almost 31 percent below the same period in 2007. March 1, 2008 breeding herd inventories will be published in the *Quarterly Hogs and Pigs* report, to be released by USDA on March 28, 2008.

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1086>

Stocks of Frozen Pork Jump in January

Beginning cold stocks of frozen pork in February increased significantly above recent stocks levels. Stocks of frozen pork on January 31, 2008 were 563.6 million pounds, 16 percent above year-earlier levels.

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1034>

Larger-than-expected increases in stocks levels suggests that pork products are entering the supply chain faster than they are flowing through the chain to domestic and foreign consumers. Increased stocks levels were most pronounced in boneless hams, bellies, and butts. While part of the increase in boneless hams is likely attributable to Easter demand, the buildup in belly stocks, which are largely consumed domestically, and in butts—a large proportion of which are exported—may signal a slowdown in pork demand.

U.S. Pork Exports in 2007 at a Record High

Exporters shipped 3.1 billion pounds of U.S. pork products to 114 foreign countries in 2007, an increase of 4.8 percent over 2006. The year 2007 represents the 17th consecutive year in which exported volumes exceeded totals from the previous year. The most important export market for U.S. pork in 2007, by far, was Japan.

Exports to Japan last year were more than double the shipments to the next largest destination country (Mexico). Japan imported 5.7 percent more U.S. pork products in 2007, and increased its share of U.S. exports to 34.2 percent, compared with 33.9 percent in 2006.

12 Largest foreign destinations for U.S. exported pork: 2007, 2006

	2007 (Million lbs.)*	2007 Rank	2006 (Million lbs.)*	2006 Rank	2007/2006 Yr.-Over-Yr. change (%)	2007 Export share (%)	2006 Export share (%)
Total U.S. pork exports	3,138		2,995		4.8		
Destination country							
Japan	1,074	1	1,015	1	5.7	34.2	33.9
Mexico	450	2	609	2	-26.1	14.3	20.3
Canada	365	3	325	3	12.5	11.6	10.8
South Korea	265	4	293	4	-9.7	8.4	9.8
Russia	244	5	209	5	17.0	7.8	7.0
China	228	6	112	6	103.7	7.3	3.7
Hong Kong	127	7	50	12	154.4	4.0	1.7
Central/South America	82	8	68	8	19.3	2.6	2.3
Australia	78	9	67	9	16.2	2.5	2.2
E.U.-27	62	10	76	7	-17.9	2.0	2.5
Caribbean Nations	55	11	61	10	-9.9	1.7	2.0
Taiwan	33	12	59	11	-44.1	1.1	2.0

*Carcass weight equivalent.

Source: Monthly U.S. Livestock and Meat Trade By Country. <http://www.ers.usda.gov/Data/MeatTrade/>

While both Mexico and South Korea maintained their rankings in 2007—as 2 and 4, respectively—both countries imported less U.S. pork in 2007 than in 2006, and each had lower export shares last year than in 2006. Exports to Mexico last year were more than 26 percent lower than in 2006. Mexico accounted for 14.3 percent of U.S. pork exports last year, vs. more than 20 percent in 2006. South Korea imported almost 10 percent less than in 2006, and lost more than one percentage point in its export share: 8.4 percent in 2007, compared with 9.8 percent in 2006.

China and Hong Kong together accounted for more than 11 percent of U.S. exports last year, with exports to each more than double those of 2006. Greater demand for imported pork in China and Hong Kong has been attributed to swine disease outbreaks, and harsh winter weather.

Low-Priced Pork and U.S. Dollar Fuel Huge January 2008 Exports

U.S. exports in January 2008 were more than 353 million pounds, almost 27 percent above a year ago. The top five foreign markets in January were Japan, China, Mexico, Canada, and South Korea. In addition to the huge volume of product shipped in January, two things stand out about January pork exports: China was the second-largest export market in January, a departure from the usual top-three grouping of Japan, Mexico, and Canada. Second, several key markets were year-over-year lower: Japan (-10.3 percent), Mexico (-7.1 percent), and South Korea (-15.2 percent).

Exports to China in January were almost 59 million pounds, more than double January 2007 shipments. January trade data indicate that the majority of Chinese exports fall into a very general tariff category for U.S. pork exports, titled “Meat of Swine, Not Elsewhere Specified, Except Frozen Processed.” The data also suggest that China is importing relatively low-valued products. The average unit value of Chinese imports of U.S. pork in January was \$.95 per pound, compared with the average unit value of all U.S. pork exports for the same period of \$1.09 per pound.

Although Japan’s January 2008 imports of more than 94 million pounds of U.S. pork were year-over-year lower, they were the second-largest January shipments ever recorded, second only to its January 2007 imports of U.S. pork, which were more than 105 million pounds. On the other hand, for Mexico and South Korea, January 2008 export volumes appear to be a continuation of year-over-year lower monthly exports. U.S. export data indicate that Mexican shipments have been year-over-year lower since early 2007. Exports to South Korea have been year-over-year lower since the first half of 2007

U.S. Pork Imports Lower in 2007

The United States imported 969 million pounds of pork products last year, 2.1 percent less than in 2006. Canada, Denmark, and Mexico shipped the most pork to the United States last year. While Canada and Denmark each shipped less pork to the United States last year—U.S. imports from Canada were 3.6 percent lower than in 2006, and Denmark’s were 4 percent lower—Mexico’s shipments to the United States increased almost 29 percent. Mexico’s share of U.S. imports increased last year to 4.4 percent, from 3.4 percent in 2006. Mexico effectively gained import share from Canada and Denmark, each of whom accounted for a smaller share of U.S. imports last year than in 2006.

3 Largest originating countries for U.S. Imported Pork: 2007, 2006

	2007	2006	2007, 2006 Rank	2007/2006 Yr.-Over-Yr. Change (%)	2007 Import Share (%)	2006 Import Share (%)
	(Million lbs.)*	(Million lbs.)*				
Total U.S. Pork Imports	969	990		-2.1		
Originating country						
Canada	765	793	1	-3.6	79.0	80.1
Denmark	99	103	2	-4.0	10.2	10.4
Mexico	43	33	3	28.8	4.4	3.4

*Carcass weight equivalent.

Source: Monthly U.S. Livestock and Meat Trade By Country. <http://www.ers.usda.gov/Data/MeatTrade/>

Live Swine Imports Surge in 2007

U.S. packers and swine finishers imported slightly more than 10-million head of live swine last year, almost 14.2 percent more than in 2006. All but a few head were of Canadian origin. Canadian producers, in Western Canada in particular, had every incentive to export swine to the United States last year, as the strong Canadian dollar continued to hammer international competitiveness of Canadian pork products. The pork processing industry in Western Canada is contracting, having lost several packing plants last year.

The response by Western Canadian producers was, and continues to be, to send hogs to the United States as an alternative to constrained slaughter capacity and very low bids by Canadian packers. For Ontario, the second-largest swine exporting province, relatively low provincial corn prices last year, together with increased slaughter capacity, created incentives to finish swine in Ontario.

Agricultural Marketing Service/USDA weekly import data

http://www.ams.usda.gov/mnreports/WA_LS635.TXT

suggest how constrained slaughter capacity and lower packer bids in Western Canada, along with favorable corn prices and increased slaughter capacity in Ontario, may have impacted the make-up of U.S. swine imports last year (i.e. number of finishing animals, number of slaughter-ready animals, etc.). State of Entry data shown below for North Dakota and Michigan indicate that U.S. imports of barrows and gilts not-for-finishing increased significantly. The total number of swine entering the United States through North Dakota—most of which are assumed to originate mainly from Manitoba—increased almost 20 percent, with imports of barrows and gilts not-for-finishing increasing more than 40 percent. Finishing-animal numbers exported to the United States via North Dakota increased almost 17 percent over 2006.

Canadian live swine imports by State of entry: North Dakota and Michigan, 2007

	2007	2006	Percent chg. (2007/2006) (%)
Total live imports: N.D. (head)	7,286,584	6,087,843	19.7
Total barrow/gilt not-for-finishing imports: N.D. (head)	1,575,259	1,121,547	40.5
Percent of total live: N.D.	21.6	18.4	
Total finishing imports: N.D. (head)	5,281,254	4,532,561	16.5
Percent of total live: N.D.	72.5	74.5	
Total live imports: Mich. (head)	1,930,210	2,043,660	-5.6
Total barrow/gilt not-for-finishing imports: Mich. (head)	792,810	770,230	2.9
Percent of total live: Mich.	41.1	37.7	
Total finishing imports: Mich. (head)	1,048,951	1,188,970	-11.8
Percent of total live: Mich.	54.3	58.2	

Source: Canadian Live Animal Imports by State of Entry WA_LS635 http://www.ams.usda.gov/mnreports/WA_LS635.TXT

The “mix” of Canadian swine entering the United States through Michigan—most of which are assumed to originate from Ontario—differed from that of North Dakota, due to local (provincial) market conditions. While barrow and gilt not-for-finishing imports increased almost 3 percent, total imports through Michigan declined almost 6 percent because imports of finishing animals declined almost 12 percent. The decline in finishing animal imports was likely a result of excellent Ontario corn crops in 2005 and 2006, which created incentives to finish swine in Ontario. Also, slaughter capacity increased slightly in Ontario last year. Animals for finishing ordinarily exported to the United States via Michigan were likely fed-out and processed in Ontario last year. Final Canadian Federal slaughter numbers show that while, as a whole, Canadian packers processed 2.4 percent fewer hogs in 2007, slaughter numbers for Ontario increased almost 8 percent.

Imports of Live Canadian Swine Surge in January

U.S. packers and swine finishers imported more than 1 million head of live swine from Canada in January, 40 percent more than January 2007. Largest year-over-year increases came in the less-than-15-pound animal category, which was up 50 percent over a year ago, and in the category for animals weighing more than 110 pounds, for immediate slaughter. Imports of slaughter-ready hogs were up 47 percent over January 2007. The high-valued Canadian dollar and escalating feed costs created additional incentives for Canadian producers to sell swine. For much of the recent past the highest bidder has been U.S. swine finishers and packers.

Contacts and Links

Contact Information

Mildred M. Haley (coordinator)	(202) 694-5176	mhaley@ers.usda.gov
David J. Harvey (poultry)	(202) 694-5177	djharvey@ers.usda.gov
Ken Mathews (cattle)	(202) 694-5183	kmathews@ers.usda.gov
Michael McConnell (beef trade)	(202) 694-5158	mmcconnell@ers.usda.gov
Keithly Jones (sheep and goats)	(202) 694-5172	kjones@ers.usda.gov
Mildred M. Haley (hogs/pork)	(202) 694-5176	mhaley@ers.usda.gov
Roger Hoskin (dairy)	(202) 694-5148	rhoskin@ers.usda.gov
David Johnson (web publishing)	(202) 694-5222	davidj@ers.usda.gov
Christopher Davis (poultry trade)	(202) 694-5167	chrisdavis@ers.usda.gov
Fawzi Taha (eggs)	(202) 694-5178	ftaha@ers.usda.gov

Subscription Information

Subscribe to ERS e-mail notification service at <http://www.ers.usda.gov/updates/> to receive timely notification of newsletter availability. Printed copies can be purchased from the USDA Order Desk by calling 1-800-999-6779 (specify the issue number or series SUB-LDPM-4042

E-mail Notification

Readers of ERS outlook reports have two ways they can receive an e-mail notice about release of reports and associated data.

- Receive timely notification (soon after the report is posted on the web) via USDA's Economics, Statistics and Market Information System (which is housed at Cornell University's Mann Library). Go to <http://usda.mannlib.cornell.edu/MannUsda/aboutEmailService.do> and follow the instructions to receive e-mail notices about ERS, Agricultural Marketing Service, National Agricultural Statistics Service, and World Agricultural Outlook Board products.

- Receive weekly notification (on Friday afternoon) via the ERS website. Go to <http://www.ers.usda.gov/Updates/> and follow the instructions to receive notices about ERS outlook reports, Amber Waves magazine, and other reports and data products on specific topics. ERS also offers RSS (really simple syndication) feeds for all ERS products. Go to <http://www.ers.usda.gov/rss/> to get started.

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>

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and, where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

U.S. red meat and poultry forecasts

	2004	2005	2006				2007 1/					2008					
	Annual	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Production, million lb																	
Beef	24,548	24,683	6,082	6,724	6,834	6,513	26,153	6,237	6,649	6,802	6,733	26,421	6,400	6,700	6,925	6,410	26,435
Pork	20,509	20,685	5,335	5,008	5,087	5,625	21,055	5,396	5,128	5,256	6,163	21,943	5,915	5,500	5,575	6,145	23,135
Lamb and mutton	195	187	49	47	42	47	185	49	44	42	48	183	47	44	42	44	177
Broilers	34,063	35,365	8,814	8,980	8,870	8,835	35,500	8,625	9,085	9,131	9,285	36,126	9,075	9,400	9,350	9,300	37,125
Turkeys	5,454	5,504	1,355	1,435	1,419	1,476	5,682	1,413	1,482	1,488	1,575	5,958	1,500	1,525	1,530	1,580	6,135
Total red meat & poultry	85,441	87,097	21,793	22,363	22,414	22,657	89,227	21,875	22,552	22,877	23,962	91,266	23,097	23,334	23,588	23,647	93,666
Table eggs, mil. doz.	6,365	6,413	1,617	1,617	1,632	1,656	6,522	1,598	1,593	1,602	1,642	6,435	1,590	1,600	1,620	1,660	6,470
Per capita disappearance, retail lb 2/																	
Beef	66.1	65.6	15.8	16.9	16.9	16.3	65.8	15.9	16.6	16.4	16.2	65.2	15.9	16.4	16.7	15.6	64.5
Pork	51.4	50.0	12.4	11.9	11.9	13.1	49.4	12.3	12.2	12.3	14.0	50.8	13.2	12.6	12.7	13.4	51.8
Lamb and mutton	1.1	1.1	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.2	0.3	1.1
Broilers	84.4	85.8	22	22.5	21.9	20.8	87.2	21.2	21.6	21.4	21.2	85.4	21.4	22.2	21.9	21.5	86.9
Turkeys	17.1	16.7	3.5	3.9	4.3	5.2	16.9	3.8	4.1	4.2	5.5	17.5	4.0	4.1	4.4	5.4	17.9
Total red meat & poultry	221.6	220.9	54.4	55.9	55.7	56	222.0	53.9	55.1	54.9	57.6	221.6	55.1	55.9	56.3	56.5	223.8
Eggs, number	257.3	255.7	64.1	63.7	63.9	64.6	256.2	62.2	61.7	62.4	63.8	250.1	61.5	61.6	62.7	63.9	249.7
Market prices																	
Choice steers, Neb., \$/cwt	84.75	87.28	89.24	80.39	85.40	86.61	85.41	90.61	93.45	91.36	91.85	91.82	90-91	90-94	87-95	86-94	88-93
Feeder steers, Ok City, \$/cwt	104.76	110.94	106.23	104.08	115.17	103.22	107.18	99.32	108.87	115.63	108.88	108.18	102-103	103-107	99-107	99-107	101-106
Boning utility cows, S. Falls, \$/cwt	52.35	54.36	48.89	47.79	49.28	44.29	47.56	51.04	53.96	54.07	49.40	52.12	50-51	51-53	49-53	48-52	49-52
Choice slaughter lambs, San Angelo, \$/cwt	96.69	97.76	77.03	66.56	81.10	84.53	77.31	82.59	82.23	87.33	87.55	84.93	88-89	88-92	84-92	86-94	87-92
Barrows & gilts, N. base, i.e. \$/cwt	52.51	50.05	42.63	48.45	51.83	46.13	47.26	46.04	52.55	50.33	39.43	47.09	40-41	43-45	43-47	38-42	41-44
Broilers, 12 City, cents/lb	74.10	70.80	62.7	61.0	67.8	65.9	64.4	75.00	80.30	79.20	71.10	76.40	78-79	75-79	74-80	70-76	74-79
Turkeys, Eastern, cents/lb	69.70	73.40	67.3	71.3	79.4	89.8	77.0	69.70	77.90	89.90	90.80	82.10	77-78	78-82	79-85	82-88	79-83
Eggs, New York, cents/doz.	82.20	65.50	71.4	62.7	64.0	89.0	71.8	105.3	92.0	119.1	141.0	114.4	155-156	117-123	101-109	106-114	119-126
U.S. trade, million lb																	
Beef & veal exports	460	697	215	315	307	308	1,145	269	363	424	375	1,431	350	385	405	400	1,540
Beef & veal imports	3,679	3,599	843	790	730	722	3,085	770	884	774	624	3,052	680	815	790	785	3,070
Lamb and mutton imports	181	180	53	44	41	52	190	56	44	44	59	202	55	50	44	51	200
Pork exports	2,181	2,666	767	763	654	811	2,995	792	685	703	959	3,138	900	870	815	1,100	3,685
Pork imports	1,099	1,024	259	237	239	254	989	239	256	240	232	968	220	225	235	245	925
Broiler exports	4,783	5,203	1,270	1,297	1,234	1,404	5,205	1,275	1,393	1,493	1,610	5,771	1,400	1,475	1,525	1,600	6,000
Turkey exports	442	570	119	125	152	150	547	124	135	148	146	553	135	150	160	160	605
Live swine imports (thousand head)	8,506	8,191	2,133	2,088	2,204	2,338	8,763	2,302	2,370	2,464	2,869	10,005	2,925	2,825	2,500	2,600	10,850

1/ Forecasts are in **bold**.

2/ Per capita meat and egg disappearance data are calculated using the Resident Population Plus Armed Forces Overseas series from the Census Bureau of the Department of Commerce.

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

For further information, contact: Mildred Haley, (202) 694-5176, mhaley@ers.usda.gov

Dairy Forecasts

	2007					2008				
	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thous.)	9,138	9,138	9,159	9,198	9,158	9,240	9,275	9,280	9,260	9,264
Milk per cow (pounds)	5,040	5,189	5,034	5,003	20,267	5,190	5,285	5,065	5,045	20,585
Milk production (bil. pounds)	46.1	47.4	46.1	46.0	185.6	48.0	49.0	47.0	46.7	190.7
Farm use	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.1
Milk marketings	45.8	47.1	45.8	45.7	184.5	47.7	48.7	46.7	46.4	189.6
Milkfat (bil. pounds milk equiv.)										
Milk marketings	45.8	47.1	45.8	45.7	184.5	47.7	48.7	46.7	46.4	189.6
Beginning commercial stocks	9.5	12.0	13.8	12.5	9.5	10.4	13.5	15.2	13.4	10.4
Imports	1.1	1.2	1.0	1.3	4.6	1.1	1.1	1.1	1.4	4.6
Total supply	6.4	60.4	60.6	59.5	198.6	59.1	63.3	63.0	61.1	204.5
Ending commercial stocks	12.0	13.8	12.5	10.4	10.4	13.5	15.2	13.4	10.5	10.5
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	44.3	46.6	48.1	49.2	188.3	45.6	48.1	49.6	50.6	194.0
Skim solids (bil. pounds milk equiv.)										
Milk marketings	45.8	47.1	45.8	45.7	184.5	47.7	48.7	46.7	46.4	189.6
Beginning commercial stocks	9.1	9.9	10.3	9.7	9.1	9.9	11.1	11.6	10.5	9.9
Imports	1.0	1.1	1.1	1.2	4.4	1.0	1.1	1.1	1.3	4.4
Total supply	55.9	58.1	57.2	56.7	198.0	58.5	60.9	59.3	58.2	203.8
Ending commercial stocks	9.9	10.3	9.7	9.9	9.9	11.1	11.6	10.5	10.2	10.2
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	46.0	47.9	47.5	46.8	188.1	47.4	49.4	48.8	48.0	193.6
Milk prices (dol./cwt) 1/										
All milk	15.00	18.27	21.67	21.60	19.13	19.15	17.10	16.40	16.50	17.30
						-19.35	-17.60	-17.20	-17.50	-17.90
Class III	14.28	17.95	20.43	19.51	18.04	17.99	16.48	15.49	14.63	16.15
						-18.19	-16.98	-16.29	-15.63	-16.75
Class IV	12.98	18.45	21.71	20.29	18.36	14.88	14.16	14.86	15.91	14.95
						-15.18	-14.76	-15.76	-17.01	-15.65
Product prices (dol./pound) 2/										
Cheddar cheese	1.352	1.627	1.978	1.995	1.738	1.920	1.795	1.680	1.573	1.745
						-1.940	-1.845	-1.760	-1.673	-1.805
Dry whey	0.592	0.766	0.610	0.435	0.600	0.294	0.235	0.255	0.285	0.265
						-0.314	-0.265	-0.285	-0.315	-0.295
Butter	1.227	1.421	1.428	1.301	1.344	1.208	1.237	1.235	1.225	1.225
						-1.248	-1.317	-1.345	-1.355	-1.315
Nonfat dry milk	1.182	1.668	2.043	1.940	1.708	1.354	1.253	1.337	1.465	1.350
						-1.374	-1.293	-1.397	-1.535	-1.400

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

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

For further information, contact: Roger Hoskin 202 694 5148, rhoskin@ers.usda.gov

Published in Livestock, Dairy, and Poultry Outlook, <http://www.ers.usda.gov/publications/ldp>