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Livestock, Dairy, and Poultry Outlook

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Stronger Dollar Will Impact Trade Flows of Beef for United States

Contents

[Beef Trade](#)
[Cattle](#)
[Sheep](#)
[Dairy](#)
[Poultry](#)
[Pork](#)
[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 Oct 28, 2008

The next newsletter
release is Nov 17, 2008

Approved by the
World Agricultural
Outlook Board

Beef Trade: U.S. beef imports in 2008 are 23 percent lower than 2007 year-to-date through August, but increases are seen for 2009 as the U.S. dollar strengthens and domestic cow slaughter decreases. Exports of U.S. beef will benefit as strong demand in Asia continues to grow despite global economic turmoil. U.S. exports are expected to increase 31 percent in 2008 and 10 percent in 2009.

Cattle: Total federally inspected cattle slaughter is declining seasonally, compared with recent months, as a result of the current economic situation, seasonally increasing steer and heifer dressed weights, and seasonally declining wholesale beef cutout values.

Sheep: Third-quarter 2008 commercial production of lamb and mutton is forecast at 41 million pounds, about 2 percent below the third quarter of 2007. Tight supplies have kept prices above the same period of 2007, but the softer demand that typically occurs during the third-quarter—further enhanced by unfavorable economic conditions and a possible reduction in restaurant consumption and higher-end commodities—will limit further price strengthening.

Dairy: Milk production in 2009 is forecast to rise slightly as yield increases counter declining cow numbers. Exports, which have boosted total demand both this year and last, will be lower next year, taking the edge off prices. Lower prices could help boost domestic demand slightly in 2009.

Poultry: Broiler production is expected to remain well above the previous year through third-quarter 2008, but then fall below year-earlier levels as the number of birds available for slaughter becomes sharply lower. Some of the decline in bird numbers is expected to be offset by higher weights. Turkey production is also expected to be up strongly in third-quarter 2008, but to slow in the fourth quarter and to be only about even with the previous year.

Pork: Lower breeding inventory and farrowing intentions signal lower pork production next year. Commercial pork production in 2009 is expected to be 1.6 percent lower than production this year. Prices of live 51-52 percent lean hogs in 2009 are expected to average between \$50 and \$55, or 7 percent above prices this year. Although August pork exports were almost 56 percent above a year ago, shipments to China were almost 76 percent below August 2007.

Stronger Dollar Will Impact Trade Flows of Beef for the United States

The global financial crisis has caused volatility in foreign economies and exchange rates. Since the summer, the U.S. dollar has strengthened against most major beef trading partners' currencies. The weakening of the global economy has again made the U.S. dollar attractive, as it is perceived as a safe-haven currency. While the impacts of the current currency volatility won't be clear until future trade numbers are released, currency fluctuations can be expected to affect the relative price of U.S. beef in international markets.

Imports of beef into the United States have been down significantly in 2008 from 2007 quantities, down 23 percent through August according to official Department of Commerce figures. Much of the decrease in imports has been due to the combination of high domestic supplies and expensive products from foreign sources. U.S. cow slaughter this year has been at its highest levels since 1997, resulting in a large supply of domestic processing meat, such as lean trim. The weak dollar relative to major exporters' currencies—Australia, New Zealand, and Canada—has made foreign beef relatively more expensive. In particular, as emerging markets for beef grew, foreign suppliers were able to continue exporting beef to non-U.S. markets at relatively attractive prices.

Domestic cow slaughter is forecast to remain high through 2008 before declining in 2009. Availability of beef from Australia, the United States' largest foreign supplier, is expected to be limited as Australian producers expand their herds after several years of drought-induced liquidation. However, if the dollar continues to strengthen as it has since the summer, it would impact the price spread between foreign and domestic beef. Total beef imports into the United States in 2008 are expected to be 2.493 billion pounds, an 18-percent decrease from last year. Beef imports for 2009 are expected to increase 7 percent from 2008 levels, to 2.675 billion pounds.

Exports Expected To Expand Due to Growth in Asian Markets

The weak dollar has coincided with strong U.S. exports of most commodities, including beef. A weak dollar makes U.S. products relatively cheaper on the world market. U.S. exports in August totaled 221 million pounds. Bolstered by the first full month of trade to Korea and a spike in exports to Russia, this was the largest monthly total since the first U.S. case of BSE in 2003. The United States has seen strong exports of beef to Japan, Canada, and Mexico, where the U.S. dollar has been relatively weak. Through August, exports to those three countries have been up 25 percent, and total exports have increased 33 percent.

While a stronger dollar will make U.S. beef less competitive in some markets, the dollar has not appreciated against the yen, making U.S. beef in Japan still relatively less expensive. The U.S. dollar has appreciated considerably against the South Korean won since the summer. However, with the reopening of the Korean market to U.S. beef, FAS's Export Sales Reports show strong sales even as the won depreciated.

Worldwide consumption of beef may be affected by the global economic outlook. However, U.S. exports are expected to expand through the end of this year, on the strength of increased shipments to Asian markets, Canada and Mexico, and smaller, nontraditional markets for U.S. beef. Exports from the U.S. are forecast to be 1.876 billion pounds, a 31-percent increase from last year. Next year, exports are estimated to increase 10 percent from 2008 levels, to 2.06 billion pounds, as Asian markets continue to expand at a more modest pace in percentage terms.

Cattle Imports from Mexico Continue To Be Very Low

U.S. imports of live cattle from Mexico continue to be low in 2008, compared with 2007. Cattle imports from Mexico fell 82 percent year-over-year for the month of August. Year-to-date imports through August are at 400,356 head, a 38-percent decrease from 2007. Mexico received very good rainfall over the summer, possibly delaying cattle from crossing the border while pasture conditions were strong. Most Mexican cattle enter the United States from September through December for placement in U.S. feedlots as pasture conditions in Mexico deteriorate heading into winter. However, weekly AMS reports show no such increase so far this fall.

Imported cattle from Canada through August have increased 38 percent year-to-date, compared with last year. High feed prices and a strong Canadian dollar discouraged beef exports from Canada and facilitated a large increase in feeder cattle imports into the United States towards the end of 2007. It is still unclear whether that pattern will continue this year as well. The Canadian dollar has weakened against the U.S. dollar, and feed prices have not increased at the same pace as they did last year. According to Canadian statistics, Canadian placements in September were 15-percent higher than last year, signaling that fewer feeders will be available to send to the United States. Slaughter cows and bulls continue to be imported from Canada at a steady rate. Cattle over 30 months of age were not allowed to be imported from Canada until November of last year and have since contributed to higher total cattle imports.

Total cattle imports into the United States are forecast to be 2.5 million head, nearly the same as 2007. Next year, total U.S. cattle imports are expected to drop 8 percent to 2.3 million head. U.S. imports of Mexican cattle are still expected to be lower than historical patterns would imply. U.S. imports of cattle from Canada are also expected to be lower than this year as the Canadian herd continues its declining trend.

Cattle Prices Decline Due to Economic Conditions and Declining Slaughter

Several hay growing areas, notably in the Southwest, North Central, and Northern Appalachian areas of the United States, continue to endure dry conditions. The combination of dry conditions and, locally, either low hay stocks or high hay prices going into the winter, will likely put these areas at a disadvantage with respect to maintaining cattle inventories through the winter.

Current economic conditions have resulted in some uncertainty in the cattle sector. Although credit is reportedly available for agricultural loans, some banks are reportedly requiring 40-percent equity for feeding cattle, up from the 20 percent they required prior to the current financial situation. If credit tightens and banks require similar amounts of equity for stocker cattle this winter, wheat pasture grazing could also be adversely affected. Feeder cattle prices, already under some pressure, could be affected further this fall.

Federally inspected (FI) calf slaughter continues at a high rate in response to the low value of dairy calves and lighter feeder cattle, with the high grain and feed prices increasing the costs of gain. Despite being slaughtered at very light weights, the slaughter of relatively large numbers of these calves has resulted in year-to-date veal production that, while still behind that of a year earlier, is gaining on a week-to-week basis.

FI dairy cow slaughter got a slight boost in September 2008 from the CWT (Cooperatives Working Together) program, which reduced the national dairy herd by about 25,000 cows. A continued influx of Canadian cows, both dairy and beef, is also contributing to the relatively large total cow slaughter.

Cattle feeders are adapting to higher feeding costs by placing feeder cattle on feed at heavier weights than in the last few years. The percentage of 800-plus-pound feeder cattle placed in feedlots of 1,000-plus-head capacity during August 2008 was slightly greater, with 36 percent of net placements vs. 31 percent in August 2007. However, the percentage of under-600-pound feeder cattle placed in August 2008 declined to 18 percent from 24 percent in August 2007. ERS' High Plains Cattle Feeding Simulator continues to show negative returns of almost \$10/cwt through September 2008. Based on the simulator estimates, May 2007 was the last profitable marketing month.

Agricultural Marketing Service's weekly Actual Slaughter reports (see report SJ_LS 711 at http://www.ams.usda.gov/mnreports/sj_ls711.txt) show that steer and heifer slaughter weights have picked up in the last few weeks, in part due to a seasonal pattern that usually peaks in October. However, steers have still been 4 to 8 pounds heavier than during the same weeks in 2007. These heavier weights may mean most of the last fall and winter placements of light cattle have been marketed.

The timing of marketings of feeder cattle placed on feed at heavier weights can be more predictable because they are generally fed for short periods, in some cases only 110 to 120 days. Large numbers of such placements in feedlots could result in marketings of heavier cattle, with a tendency for marketings to be more bunched. Swings in marketings could result in some price volatility.

Total FI slaughter is declining compared with recent months as a result of declining wholesale cutout values. While consistent with a seasonal pattern of declining values from midsummer to the end of the year, wholesale cutout values are under additional price pressure because middle meats are not moving well due to decreased hotel, restaurant, and institutional (HRI) demand and competition from pork and poultry.

Lamb Supplies Tight; Prices Remain Strong

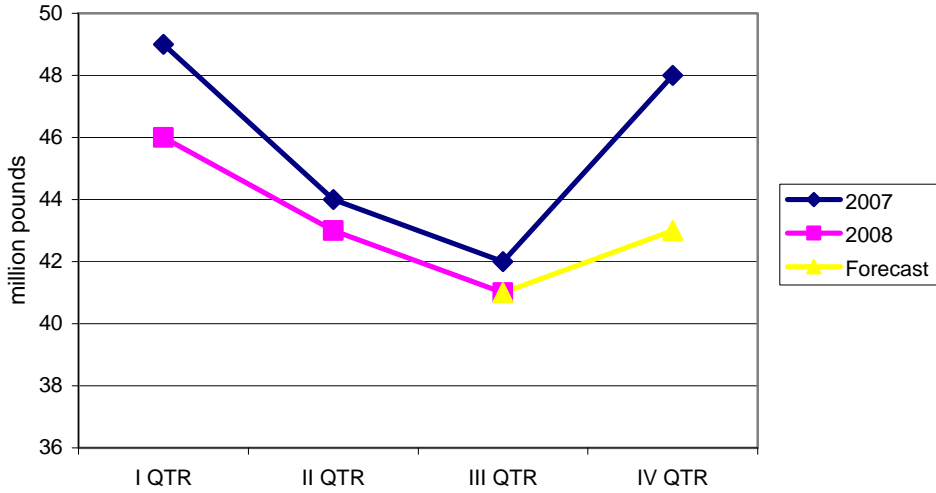
Third-quarter 2008 commercial production of lamb and mutton is forecast at 41 million pounds, about 2 percent below the third quarter of 2007. Although the volume of lamb and mutton slaughtered is expected to be comparable to third-quarter 2007, expected slaughter weights are expected to be lower in third-quarter 2008.

Tight third-quarter 2008 supplies have kept prices above the same period in 2007, but softer demand that typically occurs during the third quarter, which is further enhanced by unfavorable economic conditions and a possible reduction in restaurant and higher-end commodities consumption, is expected to limit further price strengthening. Choice Slaughter lamb prices at San Angelo averaged between \$79-\$87 per cwt during the first and second quarters of 2008 but increased steadily, averaging \$88.83 per cwt in the third quarter. The fourth-quarter 2008 Choice Slaughter lamb price at San Angelo is forecast to average \$87-\$91 per cwt, primarily due to tighter-than-normal supplies and the seasonal increases in demand.

Imports of lamb and mutton continue to offset tight domestic supplies. First-half 2008 lamb and mutton imports were almost equal to the same period last year, supported by the lower domestic production and lower sheep inventory. Third-quarter imports are forecast at 43 million pounds, equaling the same period last year, while fourth-quarter 2008 imports are forecast at around 50 million pounds, down 15 percent from fourth quarter 2007. Third-quarter decreases in imports are expected, as continued economic weakness is likely to weigh on overall lamb and mutton consumption.

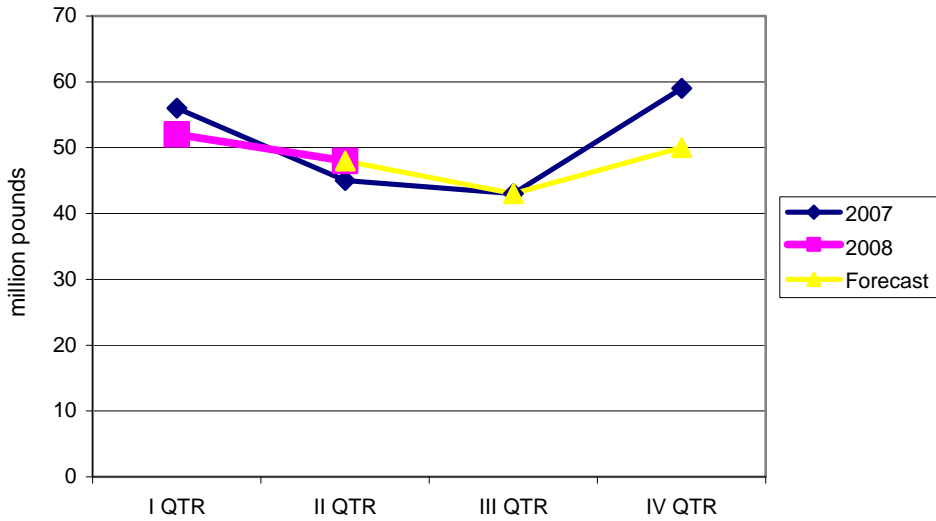
Despite a weak U.S. currency relative to the currencies of other countries through mid-year, lamb and mutton exports were fairly flat in the past 6 months and are not expected to be significantly different from the same period in 2007. Increased global economic weakness is expected to limit lamb and mutton export prospects, while recent appreciation of the U.S. dollar, if it is sustained, is likely to further limit U.S. lamb and mutton exports while encouraging imports from Oceania. Exports were 5 million pounds in the first half of 2008, equaling the same period in 2007. Third-and fourth-quarter 2008 exports are forecast at 2 million pounds each, the same as for those quarters in 2007.

Quarterly commercial lamb and mutton production, 2007 and 2008



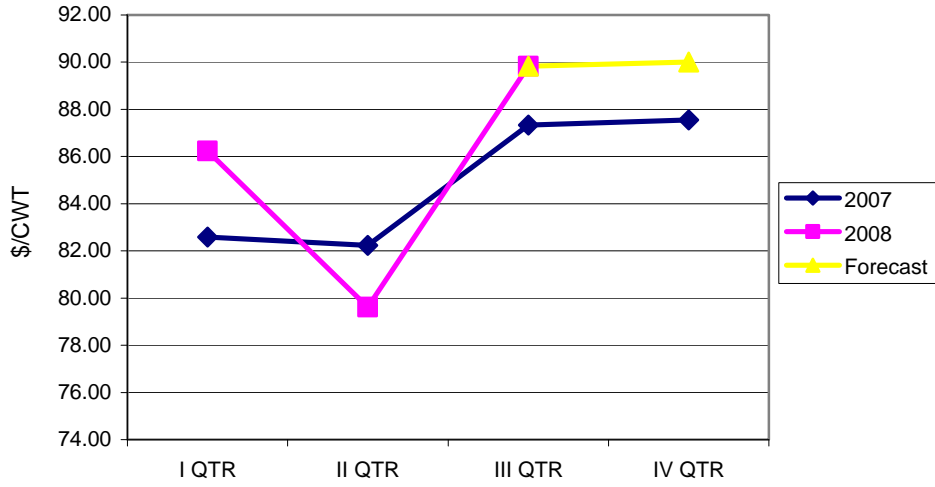
Source: USDA, NASS, Livestock Slaughter.

Quarterly lamb and mutton imports, 2007 and 2008



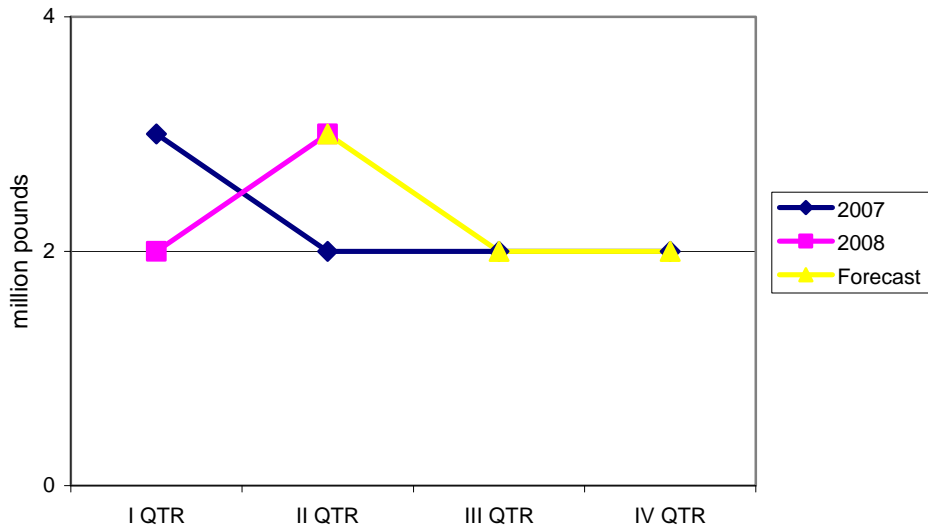
Source: USDA, AMS, Livestock Meat and Wool.

Quarterly price of choice slaughter lambs at San Angelo, 2007 and 2008



Source: US Department of Commerce, Census Bureau, Foreign Trade Statistics.

Quarterly lamb and mutton exports, 2007 and 2008



Source: US Department of Commerce, Census Bureau, Foreign Trade Statistics.

Slightly Higher Production, Combined with Softening Exports, Turns Milk Prices Sharply Lower in 2009

The size of the U.S. dairy herd likely crested in the summer quarter and is expected to decline in 2009 to 9,245 thousand head after averaging 9,265 this year. An adjustment process been set in motion, and dairy cow population is expected to decline each quarter in 2009 from its 2009 year high. High feed prices and falling milk prices have reduced profitability, especially for small and medium-sized producers. Although grain prices have declined since last spring and are expected to slip further next year, feed costs remain high by historical measures, especially for alfalfa hay. Countering declining cow numbers, milk yields are forecast to rise by about 1 percent next year, which is below the 5-year average. The increased yield will advance milk production to 191.1 billion pounds in 2009 topping 2008's projected 189.6-billion-pound total, about the same as the year-over-year increase in 2008.

Exports have buoyed dairy demand in 2007 and 2008, but a number of factors make next year's export outlook weaker. The U.S. dollar has strengthened vis-à-vis the Euro and some other foreign currencies. European dairy prices have declined and are more competitive with U.S. products. Oceania milk production is expected to recover from last year's drought-induced cutback. Slower global economic growth acts to limit demand. While exports are forecast to decline for all product categories, dry products are most likely to be affected. The decline for fats is expected to be more modest. Butter exports are expected to retreat less on a percentage basis than other products.

The CCC is forecast to purchase 50 million pounds of nonfat dry milk (NDM) in the fourth quarter of this year. No further purchases are expected in 2009.

Domestic use across all product categories has been sluggish. High retail prices and a slowing domestic economy will slow growth in use. Domestic use is expected to rise by about 1 percent in 2008 compared with 2007. Next year, domestic use is forecast to climb by 1.7 percent over 2008, but more rapidly on a skims basis as the domestic market absorbs a greater portion of NDM production. Lower prices for all dairy products are expected to stimulate demand. However, this forecast could be upset if a deeper and longer economic downturn than is expected materializes. Prices across all product categories are expected to be lower in 2009. The NASS cheese price, which is projected to average \$1.900 to 1.910 per pound in 2008, is forecast to slip to \$1.780 to \$1.870 per pound in 2009. Butter prices are expected to average \$1.450 to \$1.480 per pound this year and decline to \$1.390 to \$1.510 per pound in 2009. NDM prices will likely fall from \$1.265 to \$1.285 per pound this year to average \$1.070 to \$1.140 per pound in 2009. Whey prices, expected to average 25 to 26 cents a pound this year, will fall to 20.5 to 23.5 cents a pound next year.

Lower expected prices for dairy products are already affecting 2008 milk prices and will continue to pressure prices in 2009. The Class III price is expected to average \$17.50 to \$17.60 per cwt in 2008 and slide to \$15.85 to \$16.75 per cwt in 2009. The Class IV price is expected to average \$15.10 to \$15.30 per cwt in 2008 and fall to \$12.95 to \$13.95 per cwt in 2009. Slightly higher production is forecast to tip the all milk price lower into next year. The all milk price is projected at \$18.40 to \$18.50 per cwt this year, declining to \$16.50 to \$17.40 per cwt next year.

Broiler Production Higher

Broiler meat production in August was 3.1 billion pounds, down 3.2 percent from the previous year. The decrease was due to a smaller number of birds slaughtered, (744 million, down 7.0 percent), as August 2008 had 2 fewer working days than August 2007. The decline in bird numbers was partially offset by an increase in the average live weight at slaughter, up 3.3 percent to 5.57 pounds. Higher average live weights have been a major factor in the increase in broiler meat production during the first 8 months of 2008, as they have averaged 5.57 pounds, an increase of 1.7 percent from the same period in 2007.

Broiler meat production in July and August was slightly higher than expected, so the estimate for third-quarter 2008 meat production was increased by 125 million pounds to 9.425 billion. If this level of production is achieved, it will be a 3.2-percent increase from third-quarter 2007. However, broiler meat production in fourth-quarter 2008 is expected to fall to 9.2 billion pounds, down slightly from the previous year. Although average live weights are expected to continue higher than the previous year, they are expected to be more than offset by a lower number of birds slaughtered.

Over the last 5 weeks (September 13 to October 11), the number of chicks being placed for growout has been 4.2 percent lower than during the same period in 2007. The number of chicks placed for growout has been strongly lower than the previous year since the end of July and is expected to continue lower as least through the remainder of 2008 and likely into first-quarter 2009. With an average 7-week growout time, chicks placed through the beginning of November will be expected to be slaughtered in fourth-quarter 2008. Also, over the last several weeks the number of eggs set in incubators has been sharply lower than the previous year.

With the upward revision in the third-quarter 2008 broiler meat production estimate, the quarterly broiler meat ending stocks estimates for the third and fourth quarters of 2008 were raised to 745 and 700 million pounds. At the end of August, cold storage holdings of broiler meat products totaled 719 million pounds, up 15 percent from the same period in 2007. Higher amounts of cold storage for items like whole birds (up 67 percent) have resulted in lower prices; however, cold storage holdings of leg meat products (leg quarters, drumsticks, thighs, and thigh meat) are all substantially higher, but these are among the few broiler products with stronger prices over the last several months.

The higher-than-expected growth in third-quarter broiler meat production has resulted in downward pressure on prices for many broiler products, such as breast meat and wings. In the Northeast market, the September average price for boneless/skinless breast meat was \$1.15 per pound and for wings 95 cents per pound, a decrease of 43 cents per pound (27 percent) for boneless/skinless breast meat and 37 cents per pound for wings (28 percent) compared with a year earlier. These declines were partially offset by higher prices for most leg meat products. With broiler production expected to decline slightly in fourth-quarter 2008, prices are expected to gradually strengthen. How much they strengthen, and how fast, will depend on a number of factors. First, while grain and energy prices have declined in the last several weeks, both remain at very high levels.

Second, broiler integrators are faced with a large degree of uncertainty about the economic strength of domestic and world economies in the coming year and about their impact on the demand for broiler products. Third, integrators, their suppliers, and their buyers all face an uncertain credit situation.

Broiler Exports up 18 Percent in August

Broiler exports in August remained sharply higher than in the previous year, totaling 639 million pounds, up 18 percent from the previous year. Over the first 8 months of 2008, broiler exports have totaled 4.58 billion pounds, up 22 percent from the same period in 2007. Much of the growth has come from larger shipments to traditionally large buyers such as Russia and Mexico. However, shipments have also been much higher to such nontraditional buyers as Vietnam, Taiwan, and Singapore. With stronger prices for leg meat products (the bulk of U.S. exports), the total value of broiler exports has risen even faster in 2008. Over the first 8 months of 2008 the value of broiler exports totaled \$2.29 billion, up 35 percent from the same period in 2007.

Turkey Meat Production and Whole Bird Prices Continue Higher

Turkey meat production over the first 8 months of 2008 has totaled 4.2 billion pounds, 6.1 percent higher than during the same period in 2007. Even with the increase in turkey meat production, whole turkey prices have been higher than the previous year for almost all of the first 9 months of 2008. The price for whole hen turkeys (8-16 lbs. in the Eastern market) averaged 96.5 cents per pound in third-quarter 2008, almost 7 cents higher than the previous year (up 7.3 percent). The increase in whole bird prices has come even as the amount of whole birds in cold storage has been higher than a year earlier. The wholesale price for Eastern market whole hens in fourth-quarter 2008 is expected to average between 94 and 98 cents per pound, up from 91 cents per pound in fourth-quarter 2007.

Turkey meat production in August was 508 million pounds, down 2.7 percent from a year earlier. The number of turkeys slaughtered was down 5.8 percent to 22.6 million, and the average live weight at slaughter was 28.1 pounds, 2.6 percent higher than a year earlier. The production estimate for fourth-quarter 2008 is 1.58 billion, the same as in fourth-quarter 2007.

At the end of August, cold storage holdings of turkey products totaled 626 million pounds, a 19-percent increase from the previous year. Most of the increase was due to a 37-percent increase in holdings of turkey parts. The quantity of turkey products in cold storage at the end of August were almost evenly split between turkey parts and whole birds. Stocks of whole birds were 316 million pounds, a 6-percent increase from the end of August 2007. Ending stocks are expected to total 540 million pounds in the third quarter. The reduction between August and September will come mostly from a decline in whole birds as they move out of cold storage facilities to retail stores. The estimate for fourth-quarter 2008 ending stocks is 300 million pounds, up from 261 million pounds in fourth-quarter 2007.

Turkey Exports Continue Higher in August

Turkey exports totaled 63 million pounds in August, up 30 percent from August 2007. Mexico continues to be the primary export market and shipments there were 33 million pounds, up 20 percent from the previous year and 52 percent of total U.S. exports. The Chinese and Russian markets also continued to show strong growth in August, with shipments of 7 and 2 million pounds. To date in 2008, these two countries have been the second- and-third largest markets for U.S. turkey products.

Egg Production Down, Egg Prices Variable

In August, table egg production was 537 million dozen, down 0.3 percent from the previous year. Over the first 8 months of 2008, table egg production has been 4.2 billion dozen, which is down 0.4 percent from the same period in 2007. This trend of lower production is expected to continue through the remainder of the third quarter and into the fourth quarter. The major reason is that the number of birds in the table egg laying flock and the number of pullets being added to the flock have been, with only some exceptions, lower than the previous year.

In August, wholesale prices for a dozen large eggs in the New York market averaged \$1.12, about even with the price a year earlier. In late August and through September the weekly price was relatively variable, going from a high of \$1.30 per dozen to a low of \$1.05. The average price for third-quarter 2008 is expected to be approximately \$1.15 per dozen. Prices are expected to increase to between \$1.18 and \$1.22 per dozen in fourth-quarter 2008, as eggs prices benefit from seasonally strong demand.

Unlike in 2007, the domestic egg market has not been boosted by a strong export market in 2008. Through August, shell egg and egg product exports have totaled the equivalent of 140 million dozen, down 17 percent from the same period in 2007. Much of the decline is due to a large drop in exports to Mexico and Hong Kong. These declines have been partially offset by increased shipments to Canada, normally our largest export market.

Quarterly Hogs and Pigs Signals Liquidation

The *Quarterly Hogs and Pigs* report, released by USDA on September 26, 2008, (<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1086>) showed a smaller September 1 breeding herd and lower fall and winter farrowing intentions, which will likely constrain quarterly pork production to below year-earlier levels in 2009. The report indicated that the September 1 inventory of swine kept for breeding was almost 3 percent lower than a year earlier. Producers reported fall 2008 farrowing intentions at 5.5 percent lower than a year ago, and winter 2009 intentions at 2.9 percent below the same period a year ago.

The smaller inventory of breeding animals and reduced farrowing intentions reflected in the report suggest that significantly higher 2008 sow slaughter has finally gained “traction” and will shortly have a negative effect on U.S. pork production. Sow slaughter through August was 8.5 percent larger than the same period last year. USDA forecasts that commercial pork production in 2009 will be 23.1 billion pounds, 1.6 percent lower than this year. Lower production will result from producers exiting the industry altogether, or downsizing their operations in response to negative returns. Iowa State University (http://www.econ.iastate.edu/faculty/lawrence/Lawrence_website/livestockreturns.htm) calculates that through September, returns from farrow-to-finish hog operations have been negative in 7 of 9 months of 2008. Negative returns derive from sharply higher feed costs, which in turn are largely the consequence of increased demand for feedstuffs from biofuel producers.

With lower production next year, prices for live equivalent 51-51 percent lean hogs in 2009 are expected to average between \$50 and \$55, almost 7 percent above average prices in 2008. Despite lower production, lower consumer demand growth next year—both domestic and foreign—compared with consumer demand in 2008, may limit hog price gains next year.

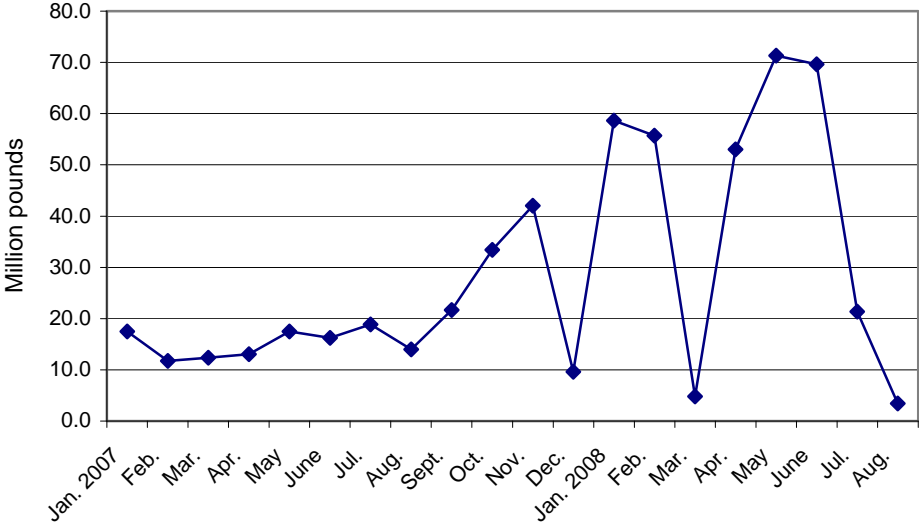
Fourth-quarter 2008 hog prices are expected to average between \$46 and \$48, with quarterly commercial pork production forecast at 6.3 billion pounds, about 2 percent above a year earlier.

August Pork Exports Strong, but Shipments to China Slow Dramatically

U.S. pork exports continued strong in August. At more than 377 million pounds, shipments were up almost 56 percent from a year ago. For the first 8 months of 2008, exports were almost 3.3 billion pounds, 69 percent higher than the same period last year. The largest destinations for August exports were Japan (+33.6 percent year-over-year), Mexico (+70.3 percent), Russia (+190.5 percent), Canada (+6.4 percent), and Hong Kong (+143.4 percent). China’s imports of U.S. pork, on the other hand, were 75.6 percent lower than in August 2007.

Although China is the fifth-largest foreign destination market for U.S. pork so far in 2008, exports to China have exhibited a very high degree of volatility, particularly since the beginning of this year (figure 1). Factors internal to China, such as food price inflation, swine disease, and preparation for the summer Olympic Games, likely contributed to the volatility of import demand. For 2008, USDA is forecasting total pork imports for China at nearly 1.1 billion pounds. <http://www.fas.usda.gov/psdonline/psdHome.aspx> . The World Trade Atlas indicates that through August, 52 percent of 2008 Chinese pork imports were of U.S. origin. USDA forecasts a 25-percent reduction of total Chinese pork imports next year, to 794 million pounds. Total U.S. pork exports in 2009 are expected to be 5.1 billion pounds, down 4.1 percent from expected exports this year of 5.3 billion pounds.

U.S. pork exports to China, January 2007- August 2008



Source: <http://www.ers.usda.gov/data/meattrade/>

Pork, Live Swine Imports Lower in August

U.S. pork imports in August continued to lag behind a year ago. Imports were almost 63 million pounds, 23 percent below August 2007. As usual, the origins of almost 90 percent of imports were Canada (79 percent) and Denmark (9 percent), although shipments from both countries were off by 22.7 percent and 28.4 percent compared with August 2007.

U.S. imports of live swine from Canada in August were almost 714-thousand head, 18.7 percent lower than a year ago. Most of the year-over-year decline is attributable to lower slaughter hog imports. Lower slaughter hog imports are likely derived from improved slaughter opportunities in Canada, lower January-June pig crops, and anticipation of the Country of Origin Labeling law in the United States.

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- 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>

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U.S. red meat and poultry forecasts

	2004	2005	2006				2007 1/					2008				2009					
	Annual	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	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	6,371	6,897	6,915	6,520	26,703	6,305	6,835	26,650	
Pork	20,511	20,685	5,335	5,008	5,087	5,625	21,055	5,396	5,128	5,256	6,163	21,943	6,023	5,593	5,630	6,285	23,531	5,915	5,475	23,145	
Lamb and mutton	195	187	49	47	42	47	185	49	44	42	48	183	46	43	41	43	173	44	45	172	
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	9,108	9,432	9,425	9,200	37,165	8,945	9,345	36,740	
Turkeys	5,454	5,504	1,351	1,435	1,419	1,476	5,682	1,413	1,482	1,488	1,575	5,958	1,541	1,565	1,575	1,575	6,256	1,505	1,530	6,105	
Total red meat & poultry	85,442	87,097	21,792	22,362	22,413	22,656	89,224	21,874	22,552	22,876	23,962	91,264	23,258	23,712	23,767	23,799	94,536	22,884	23,395	93,484	
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	1,581	1,600	1,650	6,421	1,590	1,585	6,435	
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	15.6	16.3	15.9	15.2	63.0	15.0	16.0	62.3	
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	12.6	11.7	11.6	12.4	48.3	12.3	11.7	47.6	
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	1.0	0.3	0.3	1.0	
Broilers	84.4	85.8	21.7	22.1	21.9	20.9	86.5	21.2	21.6	21.4	21.2	85.4	21.2	21.4	21.4	21.1	85.0	20.6	21.4	84.2	
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	4.5	5.5	18.1	3.9	4.3	17.6	
Total red meat & poultry	221.6	221.0	54.1	55.5	55.6	56.1	221.3	53.9	55.1	54.9	57.6	221.6	54.0	54.2	54.1	55.0	217.3	52.6	54.1	214.4	
Eggs, number	257.3	255.8	64.1	63.7	63.9	64.7	257.8	62.2	61.7	62.4	63.8	250.1	61.8	61.3	62.2	63.9	249.2	61.3	60.7	247.1	
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	89.59	92.82	98.45	93-95	93.97	94-102	94-102	94-102	
Feeder steers, Ok City, \$/cwt	104.76	110.94	106.23	104.08	115.17	103.22	107.18	99.53	108.87	115.64	108.88	108.23	99.88	106.60	110.81	100-112	105.82	106-114	110-116	108-116	
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	53.88	57.30	61.78	54-58	57.24	54-58	56-60	54-58	
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	86.23	79.62	88.83	86-91	85.92	86-94	88-96	87-95	
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	39.64	52.51	57.27	46-48	49.11	49-53	52-56	50-55	
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	78.10	80.60	80.60	78-82	79.20	79-85	81-87	81-88	
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	77.4	88.90	94-98	94-98	89.70	80-86	87-95	89-96	
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	158.8	117.30	114.50	118-122	127.70	121-129	116-126	118-128	
U.S. trade, million lb																					
Beef & veal exports	460	697	215	315	307	308	1,145	269	363	424	375	1,431	360	471	560	485	1,876	455	535	2,060	
Beef & veal imports	3,679	3,599	843	790	730	722	3,085	770	884	774	624	3,052	637	661	610	585	2,493	625	705	2,675	
Lamb and mutton imports	181	180	53	44	41	52	190	56	44	44	59	202	52	44	43	50	189	51	44	188	
Pork exports	2,181	2,666	767	763	654	811	2,995	792	685	703	959	3,138	1,106	1,387	1,275	1,550	5,318	1,150	1,200	5,100	
Pork imports	1,099	1,024	259	237	239	254	989	239	256	240	232	968	217	205	200	210	832	215	205	820	
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	1,507	1,787	1,750	1,630	6,674	1,525	1,575	6,275	
Turkey exports	442	570	119	125	152	150	547	124	135	148	146	553	148	160	160	160	628	145	155	635	
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	2,915	2,149	2,050	1,950	9,064	1,950	1,950	7,800	

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.

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Dairy Forecasts

	2007			2008					2009			
	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Milk cows (thous.)	9,159	9,198	9,158	9,249	9,274	9,280	9,265	9,267	9,260	9,250	9,240	9,246
Milk per cow (pounds)	5,034	5,003	20,267	5,140	5,250	5,035	5,035	20,460	5,155	5,315	5,100	20,670
Milk production (bil. pounds)	46.1	46.0	185.6	47.5	48.7	46.7	46.6	189.6	47.7	49.2	47.1	191.1
Farm use	0.3	0.3	1.2	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.3	1.2
Milk marketings	45.8	45.7	184.4	47.3	48.4	46.4	46.4	188.4	47.4	48.9	46.8	189.9
Milkfat (bil. pounds milk equiv.)												
Milk marketings	45.8	45.7	184.4	47.3	48.4	46.4	46.4	188.4	47.4	48.9	46.8	189.9
Beginning commercial stocks	13.8	12.5	9.5	10.4	12.1	13.6	11.6	10.4	9.5	11.0	12.8	9.5
Imports	1.0	1.3	4.6	1.0	0.7	0.7	1.0	3.4	0.9	0.8	0.8	3.6
Total supply	60.6	59.5	198.6	58.6	61.3	60.7	58.9	202.2	57.8	60.6	60.4	203.0
Commercial exports	1.6	2.0	5.7	2.2	2.5	2.0	1.6	8.4	1.8	1.7	1.6	6.7
Ending commercial stocks	12.5	10.4	10.4	12.1	13.6	11.6	9.5	9.5	11.0	12.8	11.1	8.9
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	46.5	47.1	182.5	44.2	45.1	47.2	47.8	184.3	45.1	46.1	47.6	187.4
Skim solids (bil. pounds milk equiv.)												
Milk marketings	45.8	45.7	184.4	47.3	48.4	46.4	46.4	188.4	47.4	48.9	46.8	189.9
Beginning commercial stocks	10.2	9.7	9.1	9.9	10.1	10.6	10.0	9.9	10.0	10.0	11.3	10.0
Imports	1.1	1.2	4.4	1.0	0.8	0.7	0.8	3.3	0.8	0.8	0.9	3.4
Total supply	57.1	56.7	198.0	58.1	59.3	57.8	57.2	201.7	58.2	59.6	58.9	203.3
Commercial exports	6.1	6.5	24.5	6.7	7.6	6.8	5.3	26.3	6.0	5.9	5.8	23.5
Ending commercial stocks	9.7	9.9	9.9	10.1	10.6	10.0	10.0	10.0	10.0	11.3	10.8	10.3
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.0	0.0	0.0	0.0
Commercial use	41.3	40.2	163.6	41.4	41.1	41.0	41.3	164.8	42.3	42.4	42.4	169.6
Milk prices (dol./cwt) 1/												
All milk	21.67	21.60	19.13	19.23	18.57	18.60	17.30	18.40	16.70	16.15	16.20	16.50
							-17.70	-18.50	-17.40	-17.15	-17.20	-17.40
Class III	20.43	19.51	18.04	18.12	18.40	17.28	16.24	17.50	15.84	15.81	15.92	15.85
							-16.64	17.60	-16.54	-16.81	-16.92	-16.75
Class IV	21.71	20.29	18.36	15.04	15.25	16.23	14.03	15.10	12.94	12.54	12.76	12.95
							-14.53	-15.30	-13.74	-13.64	-13.86	-13.95
Product prices (dol./pound) 2/												
Cheddar cheese	1.978	1.995	1.738	1.933	1.977	1.869	1.817	1.900	1.785	1.780	1.780	1.780
							-1.857	-1.910	-1.855	-1.880	-1.880	-1.870
Dry whey	0.610	0.435	0.600	0.305	0.267	0.243	0.197	0.250	0.185	0.195	0.215	0.205
							-0.217	-0.260	-0.215	-0.225	-0.245	-0.235
Butter	1.428	1.301	1.344	1.230	1.411	1.575	1.615	1.450	1.480	1.365	1.355	1.390
							-1.685	-1.480	-1.580	-1.495	-1.485	-1.510
Nonfat dry milk	2.043	1.940	1.708	1.364	1.300	1.334	1.080	1.265	1.020	1.035	1.065	1.070
							-1.120	-1.285	-1.080	-1.105	-1.135	-1.140

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.

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