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Livestock, Dairy, and Poultry Outlook

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Economic Uncertainty Continues To Cloud 2009 Forecasts

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Tables will be released on Feb 24, 2009

The next newsletter release is Mar 18, 2009

Approved by the World Agricultural Outlook Board

Beef/Cattle: Continuing high levels of commercial cow slaughter, despite lower January 1 cattle inventories, imply reduced calf crops in 2009 and 2010. Negative cattle feeding margins since early 2007 will continue into 2009. These and other factors have implications for beef production into at least 2011.

Beef/Cattle Trade: Beef exports in 2008 were 32 percent above 2007 totals, primarily due to strong export markets in the middle of the year. Beef imports fell for the fourth straight year, 17 percent below 2007 imports. Global economic conditions will remain a strong factor in the outlook for both imports and exports in 2009.

Hogs/Pork: First-quarter commercial pork production is expected to be 2.7 percent below production a year ago, with prices of live equivalent 51-52 percent lean hogs expected to average $42 to $44 per hundredweight (cwt), about 8.5 percent higher than first quarter a year ago. This year, U.S. exports are expected to be about 15 percent lower than in 2008. U.S. pork imports will likely fall about 2.5 percent this year, from 2008 levels. Live swine imports this year are expected to be 7.2 million head, almost 23 percent below imports in 2008.

Sheep/Lamb: The NASS *Sheep and Goats* report showed a much larger decline than expected. On, January 1, 2009, the inventory totaled 5.75 million head, down 3.4 percent from a year earlier. The Choice slaughter lamb prices at San Angelo averaged $85.91 due largely to continued tight supplies. Commercial lamb and mutton production totaled 173 million pounds in 2008, down about 5 percent from 2007.

Poultry: Broiler meat production in 2008 was 36.9 billion pounds, up 2 percent from the previous year. The outlook for 2009 is for relatively strong declines in production in the first three quarters of the year, with some growth in production in the fourth quarter, as weak economic conditions prevail both domestically and worldwide. Turkey meat production in 2009 is forecast at 6.0 billion pounds, down 3.6 percent from 2008. Even with relatively strong whole bird prices in 2008, the number of poults placed was down considerably in 2008.

Dairy: Milk production is forecast to decline slightly as yields increase but herd size contracts. A much lower export forecast increases domestic supplies and weakens prices. Domestic commercial use could rise fractionally as lower prices boost sales.

Dairy Special Box: Comodity Credit Corporation (CCC) has begun purchasing dairy products under the support program. This box provides background information on the program and purchases.

Beef/Cattle

Cattle Inventories Continue To Decline

USDA's National Agricultural Statistics Service (NASS) estimated year-over-year reductions in inventories of beef cows, beef replacement heifers, and calves under 500 pounds in its January 1, 2009, *Cattle* inventories report released January 30. It also reported downward adjustments in January 1, 2008, inventories for every category except cattle on feed. As a result, placements, steer and heifer slaughter, and cow slaughter during 2008 were all from a smaller base than previously thought. Total U.S. commercial cow slaughter for 2008, at 6.27 million cows, was 8.7 percent above 2007's slaughter of 5.766 million cows.

Total U.S. commercial cow slaughter in 2008 was enhanced by imports of cows from Canada. From May 2003, when bovine spongiform encephalopathy (BSE) was confirmed in Canada, until November 2007, Canadian cows were not allowed into the United States. As a result, U.S. commercial cow slaughter contained only U.S. cows from May 2003. Based on weekly import data, beginning in November 2007, Canadian cows imported for slaughter accounted for almost 16,000 head of the U.S. total commercial cow slaughter during 2007. In 2008, another 157,000 head of Canadian cows were imported for slaughter in the United States. Adjusting for these Canadian cow imports still leaves an increase of 6 percent in the number of U.S. domestically raised cows slaughtered in 2008 over 2007.

The U.S.-sourced component of 2008 U.S. commercial cow slaughter accounts for almost 15 percent of the January 1, 2008, U.S. cow inventories. In 2007, U.S. commercial cow slaughter was 14 percent of the January 1, 2007, U.S. cow-inventory base. These slaughter shares of cow inventories are similar to those of previous cattle cycle liquidation phases. For example, cattle inventory dynamics since 2004 have been similar to the dynamics that occurred during the cattle cycle that began in 1980, peaked in 1982, and reached a subsequent low in 1990. That cycle also exhibited a 3-year expansion phase and was followed by an 8-year liquidation phase, during which total cow slaughter rates (inclusive of imported Canadian cows) reached a peak of almost 18 percent of the January 1, 1986, cow-herd base.

Several factors supported the high 2008 cow slaughter levels: (1) dry conditions in many parts of the United States since 2006 or, in the inter-mountain West, since even before 2001, (2) feed costs that have been at historically high levels during much of 2008, despite declines beginning in midsummer (3) attractive prices for culled cows throughout most of 2008, and (4) year-over-year declines in feeder cattle prices that began as early as summer 2007. The increased cow slaughter, plus the influx of Canadian cows and heavier dressed weights for steers and heifers, led to total U.S. beef production in 2008 that was higher—albeit by less than 1 percent—than in 2007, despite steer and heifer slaughter that was almost 2 percent below 2007. These higher slaughter levels led to reduced total 2008 U.S. cow inventories for 2009.

The NASS *Cattle* report indicated that heifer retention, except for dairy, has been insufficient to maintain cow inventories in the face of cow slaughter levels for the last 2 years. The upshot of the result is that liquidation has been more intense than many industry analysts originally thought. Given the heifer retention indicated in the report and expected cow slaughter during 2009, the January 1, 2010, cow inventory could also be down.

Commercial dairy cow slaughter as a result of the latest round of the industry's Cooperatives Working Together (CWT) program will contribute to increased January 2009 dairy cow slaughter. If they were to occur, additional dairy herd buyouts during 2009 could result in higher than normal dairy cow slaughter.

Regardless of what happens to dairy cow slaughter levels in 2009, the implied potential for reduced total calf crops for 2009 and 2010 is virtually certain and will impact feeder cattle supplies and subsequent beef production through at least 2011. Heifer retention at herd-building levels, when it does begin, will contribute further to reduced feeder cattle supplies, and—assuming external factors, such as weather or animal disease-motivated trade disruptions, do not occur—fewer heifers will be available for placement in feedlots. Further reductions in both cattle-on-feed inventories and subsequent beef production will result.

Cattle Feeding Declines as Negative Margins Continue

While wheat pasture in the Southern Plains got off to a good start during fall 2008, it has since deteriorated significantly in some of the areas that are normally grazed during the winter. Estimated January 1, 2009, inventories of feeder cattle outside feedlots—slightly higher than January 1, 2008, inventories—included the smallest inventory of cattle on small grains pasture in 2001, when collection of the data series began.

Additional factors compound these inventory dynamics. NASS's *Cattle on Feed* reports have indicated generally reduced year-over-year net placements in 1,000+ head feedlots since March 2008, except for July 2008, up almost 4 percent from July 2007. The absence of cattle on small grains pastures and reduced year-over-year feedlot placements may indicate that feeder cattle are alternatively being sustained on low- or no-growth forage-based feeding regimes. The recent year-over-year increases in weekly imports of Mexican feeder cattle also support the notion that cattle are being held out of feedlots as long as possible. These long-held domestic and Mexican feeder cattle supplies could be marketed and/or placed in feedlots at any time, probably in conjunction with feeder cattle price rallies. Weather-induced departures from normal pasture conditions could also be a factor as to when these feeder cattle are placed in feedlots.

Prices for feed grains, proteins, and hay peaked during mid-2008 and have trended generally downward since, resulting in declining feeding costs for both any feeder cattle being held out of feedlots and fed cattle marketed since October 2008 (when feeding margins were at their most negative). Another reason for reduced feeder cattle placements in feedlots is that, while prices for feeds have generally declined since midsummer, fed cattle prices have declined more sharply. As a result, cattle feeding margins continue to show heavy losses through January 2009.

Based on current expectations for feed prices and in the absence of any sustained rallies in fed cattle prices, negative margins for cattle feeding will likely continue for several more months. The feedlot placement of heavy feeder cattle during any feeder cattle price rallies or declining pasture conditions could contribute to some fed cattle price volatility when they are marketed as fed cattle in 2009.

These factors, combined with reduced kills expected for the remainder of this winter due to below-year-earlier feeder cattle placements in feedlots, could result in lower beef supplies for much of 2009 compared with those of 2008. However, heavier cattle placed on feed could result in heavier average dressed weights that could somewhat mitigate the negative effects of lower placements on beef production. Effects on beef production from heavier dressed weights could be even greater if cattle feeders retain finished cattle in hopes of higher prices.

Economic Conditions Impacting Beef Consumption

Wholesale cutout values have been below year-earlier levels 7 out of the last 10 weeks. This decline in values is due to a combination of factors. One factor is the inability of packers to sufficiently clear product from building inventories. Cold storage stocks have increased since midsummer 2008 as a result of reduced orders for U.S. beef in international beef markets. Seasonal consumption patterns of reduced demand for middle meats, popular for summer grilling, are also contributing to increasing cold storage stocks.

Increased job losses and other aspects of current domestic economic conditions have dampened consumers' willingness to dine away from home except in fast-food and casual dining establishments. This decline in eating out has resulted in a shift away from higher quality beef to lower priced beef cuts and processing beef (e.g., ground products) and a narrowing of the spread between Choice and Select cutout values. Lower prices for meat products from pork and poultry are also contributing to downward pressures on beef prices. While packers have recently enjoyed positive margins, declining supplies of fed cattle and the potential for lower retail prices are expected to squeeze packer margins.

Beef Exports Increase 32 Percent in 2008

U.S. beef exports were 1.888 billion pounds in 2008, a 32-percent increase from 1.434 billion pounds exported in 2007. Mexico and Canada remained the two largest destinations for U.S. beef, respectively. Total annual U.S. exports to Mexico increased 11 percent from last year, whereas Canada increased 15 percent. Japan was the third largest export market at 231 million pounds, increasing 45 percent. The United States exported 152 million pounds to South Korea in 2008. In July 2008, the U.S. resumed exports to South Korea for the first time since October 2007. Exports of U.S. beef also went to countries that imported considerably more in 2008 than in 2007. Russia imported 48 million pounds of U.S. beef, mostly in the second and third quarters compared with 114,000 pounds in 2007. Vietnam imported 122 million pounds compared with 42 million pounds the previous year.

A weak U.S. dollar and rising global demand for meat products were the primary reasons behind export growth throughout most of 2008. Third-quarter exports were particularly high as trade with South Korea resumed and trade with Russia increased. Exports slowed dramatically in the fourth quarter, however, as the financial crisis and global economic slowdown began to unfold. The U.S. dollar strengthened against nearly every currency except the Japanese yen, and many trading partners' economies were weakened, diminishing demand for grain-fed beef in those markets. U.S. exports are expected to be about 1.88 billion pounds in 2009, as the economic slowdown continues and the U.S. dollar is expected to continue to be relatively strong.

Imports Decrease for the Fourth Straight Year

In 2008, 2.538 billion pounds of beef were imported into the United States, a 17-percent decrease compared with the previous year's total of 3.052 billion pounds. The decrease was mainly attributed to high supplies of processing beef from high U.S. cow slaughter and a weak U.S. dollar, which made foreign products more expensive.

Imports from Australia, the top supplier in 2007, declined 25 percent to 663 million pounds. A strong Australian dollar and strong global demand limited the amount of Australian beef sent to the United States. Imports from Uruguay also decreased significantly, from 355 million pounds in 2007 to 66 million pounds in 2008, as competing markets in the European Union and Russia provided better market opportunities for Uruguayan beef. Imports from Canada, the top U.S. supplier in 2008, increased 7 percent. U.S. imports from New Zealand also increased as high levels of dairy cow slaughter there have increased supplies of processing beef.

Worldwide economic conditions at the end of 2008 also impacted U.S. beef imports. Dramatic changes in the exchange rates and limited credit may have been the primary reason behind a sudden decrease in imports from Brazil in October, followed by a resumption of trade. Declining global demand may have also been responsible for more beef coming to the United States later in the year, particularly from Australia and Uruguay.

U.S. beef imports in 2009 are expected to increase 6 percent to 2.68 billion pounds. Although a stronger dollar and adequate domestic supplies are expected to continue into this year, decreased demand in new and emerging markets may leave many foreign suppliers with fewer exporting alternatives other than the United States.

Consumer Pork Demand a Key Source of Uncertainty in 2009

Estimated gross margins for U.S. packers began 2009 at levels significantly below those of January 2008 (fig.1). The monthly estimated packer margin for January—defined here as the USDA pork carcass cutout minus the Base Lean Hog Carcass Slaughter Cost—at $1.35 per cwt, was more than 80 percent below that of a year ago and 75 percent below the 2006-08 monthly average. Reduced packer margins in January were likely caused by slowly declining supplies of slaughter hogs, which obliged packers to pay almost 13 percent more for slaughter hogs than they did a year ago. At the same time, larger than expected pork cold stocks and sluggish pork demand likely limited increases in wholesale pork prices—here summarized by the USDA pork carcass cutout—to 1.5 percent above those of January 2008.

Generally speaking, from the perspective of the packer, low-to-negative margins usually indicate that either hog prices are "too high" and/or that pork product prices are "too low." Persistent low-to-negative returns often signal the need for industry restructuring and/or contraction. While packer margins could improve later in the year, as 2009 hog prices are expected to average about 1.2 percent lower than last year, the key to packer margins this year is likely to be pork product demand. Worldwide recessionary conditions have created more uncertainty about the prices that domestic and foreign consumers of U.S. pork are willing to pay for pork products.

First-quarter commercial pork production is expected to be about 5.9 billion pounds, 2.7 percent below production a year ago. First-quarter prices of live equivalent 51-52 percent lean hogs are expected to average $42 and $44 per cwt, about 8.5 percent higher than first quarter a year ago.

U.S. Pork Exports in December: Back to Earth

U.S. exporters shipped more than 312 million pounds of pork to foreign markets in December, 3.2 percent more than a year ago. The familiar set of countries—Japan, Mexico, and Canada—together accounted for about two-thirds of December exports. For 2008, total U.S. exports were almost 4.7 billion pounds, more than 48 percent higher than in 2007. Last year, China, Hong Kong, and Russia received considerable attention—with good reason—as China's imports of U.S. pork were almost 59 percent higher than in 2007, while Hong Kong's were more than 285 percent higher and Russia's were 76 percent higher than a year earlier. But in the end, China accounted for 7.8 percent of total U.S. exports in 2008. Hong Kong accounted for almost 11 percent and Russia for more than 9 percent. As in past years, the clear leader in terms of export volume was Japan, with more than 28 percent of U.S. pork exports in 2008. In 2009, U.S. exports are expected to be 4 billion pounds, about 14 percent lower than in 2008, but more than 27 percent above those of 2007. Neither China nor Hong Kong is expected to be as prominent a buyer in 2009 as they were in 2008. Key determining variables for pork exports in 2009 are likely to be the rates of economic growth in pork-importing countries, the exchange rate value of the U.S. dollar, as well as domestic pork prices.

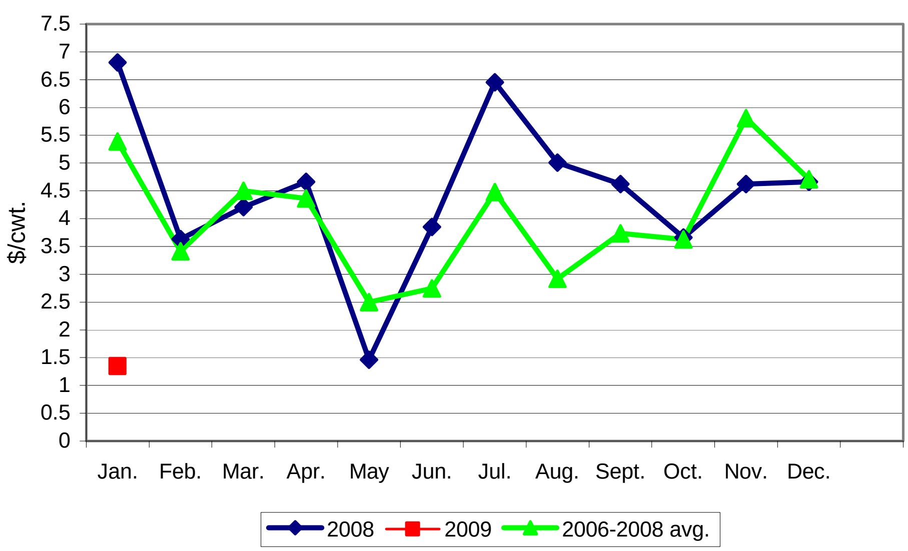
Imports Year-Over-Year Lower in 2008; Same Expected for This Year

The United States imported almost 832 million pounds of foreign pork last year, more than 14 percent below imports in 2007. Last year, Canada accounted for almost 78 percent of U.S. imports, whereas the import volume of Canadian pork products fell by almost 16 percent. Denmark accounted for slightly more than 10 percent of U.S. imports, whereas import volume of Danish pork fell almost 15 percent. The reason for lower U.S. pork imports last year was likely the competitiveness of U.S. domestic pork (i.e., lower prices and strong quality characteristics), particularly after accounting for exchange rates and transportation costs. U.S. imports in 2009 are expected to be 810 million pounds, about 2.6 percent below imports in 2008.

Exchange Rates and COOL Slow Swine Imports in 2008

U.S. packers and swine finishers imported fewer Canadian swine last year largely because of unfavorable exchange rates early in the year, ongoing herd reductions in Canada, and uncertainty created by country-of-origin-labeling (COOL) toward the end of 2008. Total imports last year were 9.348 million head, almost 7 percent below a year earlier. Slaughter hog imports declined 30 percent, feeder pigs were off by 19 percent, whereas imports of segregated early weaned pigs (SEWs) increased by 44 percent. Slaughter hog and feeder pig imports were likely slowed by the factors just cited, in addition to transport costs in the first half of 2008. Imports of SEWs were stronger in the first half of 2008, likely before slowing somewhat in the second half, as herd reductions in Canada gained real traction. Swine imports in 2009 are expected to be 7.2 million head, almost 23 percent below imports in 2008.

Gross packer margins, monthly 2009, 2008, and 3-yr. avg.



Sheep/Lamb

Sheep and Lamb Inventory Shows Larger Than Expected Decline

The NASS *Sheep and Goats* report showed that on January 1, 2009, the inventory totaled 5.75 million head, down 3.4 percent (203,000-head decline) from a year earlier, a much larger decline than expected. Higher than normal liquidation brought on by the economic downturn and higher than normal feed prices was evident from the smaller breeding flock, the nearly 7-percent decline in replacement lambs, and the 47-percent increase in 2008 live sheep exports over those of the same period in 2007. Four of the five largest producing States registered declining inventories, with only California showing a 40,000-head increase. For the second straight year, Texas was the top decliner, losing 90,000 head. Other major declines were in South Dakota (35,000 head), Idaho and Iowa (both registering 25,000-head declines), and Montana (15,000 head). Only nine states showed inventory increases.

The breeding sheep inventory also decreased 4 percent from that of a year ago, from 4.43 to 4.25 million head. Texas, the largest sheep-producing State, registered a 70,000-head drop in breeding sheep, South Dakota saw a 20,000-head drop, and Idaho a 19,000-head drop. On January 1, 2009, replacement lambs were also 7 percent lower compared with the 3-percent decline registered on January 1, 2008.

Prices To Remain Fairly Strong in 2009

The Choice slaughter lamb prices at San Angelo averaged $85.91 due largely to continued tight supplies. Prices are expected to remain strong for 2009 and average around $86-$91 per cwt. The continued tight supplies are expected to contribute to the strong prices, although the ongoing economic uncertainty could cause prices to top out at the lower end of the forecast range. Strong slaughter lamb prices are expected to result in strong wholesale prices. Wholesale Lamb Carcass Price, Choice-Prime, East Coast, 55-65 pound averaged $226.63 per cwt in 2008, nearly up $11 from the previous year. Given the tight supplies, wholesale lamb carcass prices are expected to remain strong in 2009.

The NASS *Sheep and Goats* report showed that market sheep and lamb inventory is down slightly from January 2008, which suggests that lamb meat supply will also be down in 2009. This decline is likely due to the relatively high feed costs and the smaller number of market lambs. Commercial lamb and mutton production totaled 173 million pounds in 2008, down 5 percent from 2007. Average commercial dressed weights averaged 68 pounds, fractionally below the 2007 average. First-quarter 2009 lamb and mutton commercial production is expected to be 46 million pounds, equaling that of the same period in 2008. The smaller 2008 lamb crop and the smaller number of market lambs are expected to result in further declines for 2009, with production expected at 168 million pounds.

Lower Imports Expected in 2009

Lamb and mutton imports continued to offset domestic production but slowed considerably in 2008 primarily because of the economic downturn. Imports in December came in at around 18 million pounds, resulting in lamb and mutton imports of 47 million pounds for the fourth quarter and a total of 183 million pounds for 2008, down 10 percent from 2007. Despite the weak U.S. economy, first-quarter 2009 imports are expected to be around 52 million pounds, equaling that of first-quarter 2008, as wholesalers and retailers are expected to increase stocks in preparation for increased demand during the religious holidays in early to mid-April. However, domestic demand is expected to respond to the economic weakness later in the year. Imports in 2009 are expected to decline by approximately 3 percent to around 177 million pounds.

Exports increased 31 percent to 12 million pounds in 2008. December exports came in at 2 million pounds with a fourth-quarter total of 4 million pounds, a 100-percent increase over the same period in 2007. Although the U.S. dollar was in a relatively devalued state for most of 2008, global economic concerns hampered the ability of exports to make greater gains. First-quarter 2009 exports are forecast at 3 million pounds, 50 percent above those of the same period in 2008, but exports for all of 2009 are expected to equal those of 2008, as the same export-limiting conditions that existed in 2008 are expected to persist.

Poultry

Broiler Production Forecast at 36 Billion Pounds in 2009

Broiler production in 2009 is expected to show a strong decline during the first three quarters of the year. However, growth in fourth-quarter 2009 is expected to be up from the previous year. Reduced broiler production that resulted in a strong decline in fourth-quarter 2008 was at first a reaction to the large jumps in grain prices and energy costs seen through the first three quarters of 2008. As the economic outlook has worsened, production reductions have grown and the expected duration of the decline has lengthened. The revised estimate for broiler meat production in 2009 is 36.2 billion pounds, down 1.9 percent from 2008. In 2009, the broiler industry is expected face lower demand brought on by a weaker economy and higher unemployment.

Broiler meat production in fourth-quarter 2008 totaled 8.9 billion pounds, down 4.5 percent from fourth-quarter 2007. The decrease was the result of a combination of a strong decrease in the number of broilers being slaughtered (down 5.0 percent) and a small decrease in the average weights at slaughter. The average liveweight per bird at slaughter in fourth-quarter 2008 was 5.61 pounds, down 0.1 percent from the previous year.

U.S. broiler meat production in December 2008 was estimated at 2.9 billion pounds, up 1.1 percent from the previous year. The increase in production was due solely to the 2 additional slaughter days in December 2008 compared with December 2007. Normally 2 additional slaughter days would result in a strong increase in production on a year-over-year basis. The number of birds slaughtered rose by 1.1 percent, and the average liveweight at slaughter was down slightly to 5.56 pounds, a decrease of 0.5 percent.

Broiler meat in cold storage at the end of December 2008 totaled 743 million pounds, up 3.3 percent from the previous year, but down 46 million pounds from the previous month. In addition, the ending stocks level for 2008 was down from earlier expectations as fourth-quarter 2008 production declines had already begun to impact stocks. Compared with those of a year earlier, cold storage holdings of most leg meat products were higher. This increase was reflected in the decrease in the prices of leg meat products at the end of 2008 compared with a year earlier. With lower broiler meat production expected for the next three quarters, cold storage holdings are projected to gradually decline through most of 2009.

With falling production and declining cold storage holdings expected, prices for most broiler products are expected to gradually increase. Prices for breast meat products are expected to increase at a slightly faster rate then prices for leg meat products, which are expected to be adversely impacted by lower exports. In January 2009, prices for boneless/skinless breast meat averaged $1.25 per pound in the Northeast market, down 2 percent from the previous year but up 15 cents per pound from December 2008. Leg quarter prices also have risen, averaging 35 cents per pound in January 2009 compared with 28 cents per pound in December 2008. Like breast meat, leg meat prices are down from a year earlier and are not expected to match their year-earlier levels until late 2009.

While the strong declines in production expected in the first three quarters of 2009 would normally push prices rapidly higher, the impact of the production declines is expected to be largely offset by the economic downturn and lower exports.

Broiler Exports Reach a Record 6.96 Billion Pounds

Shipments in December were 516 million pounds, up 24 percent from the previous year, which is considerably higher than anticipated as the strong decline in the leg quarter prices seemed to imply smaller export demand. Exports to Russia fell 23 percent, but shipments to Mexico were almost double the previous year and shipments to a wide range of smaller markets also increased sharply.

With stronger than expected exports in fourth-quarter 2008, broiler shipments totaled nearly 7 billion pounds in 2008, up 18 percent from 2007. Although it remains by far the largest market for broiler exports, shipments to Russia declined 4 percent to just over 1.8 billion pounds. The decline in shipments to Russia was more than made up by strong exports to a wide number of countries. The combined China/Hong Kong market was the second largest accounting, for 865 million pounds, 19 percent above the previous year. Shipments to Mexico rose by 27 percent and exports to Cuba by 50 percent. Together exports to these two markets totaled almost 1 billion pounds. What makes the large export increase in 2008 unusual is that, over the first 9 months of 2008, the price for frozen leg quarters, our primary export product, was very strong.

Broiler exports for 2009 are expected to decline sharply as a weaker worldwide economy lowers the demand for meat products in a number of countries. Currently, the forecast is for broiler shipments of 6.1 billion pounds, a reduction of 13 percent from 2008.

Turkey Meat Production Forecast Lower in 2009

Turkey meat production in 2009 is forecast to total just over 6 billion pounds, down 3.6 percent from 2008. The decrease in production follows a year with a strong increase in production and relatively strong prices for whole turkeys. While prices for whole birds remained strong in 2008, prices for most turkey parts declined and stocks of whole birds and other turkey products were much higher by the end of 2008. The largest declines in production are expected to come in the first half of 2009, with year-over-year declines in production slowing somewhat in the third and fourth quarters. The lower meat production is expected chiefly because of a smaller number of birds slaughtered, as average liveweights at slaughter are expected to remain relatively close to year-earlier levels. Turkey producers, like other livestock producers, will face a very uncertain market in 2009 in terms of declining domestic demand and likely smaller exports as worldwide economic problems reduce demand in other countries.

The number of turkeys slaughtered in 2008 was 272 million, up 2.5 percent from the previous year and meat production rose by 5.1 percent to 6.3 billion pounds. Much of the reason for the strong increase in turkey meat production was a strong increase in average turkey weights, up 2.1 percent to 29 pounds. Bird weights at slaughter had averaged 29.8 pounds during the first half of 2008 but dropped somewhat during the third and fourth quarters.

Turkey meat production in fourth-quarter 2008 was almost 1.6 billion pounds, only 0.7 percent higher than the previous year. This rapid lowering in the rate of production growth compared with previous quarters in 2008 was a reaction to both the increase in energy prices and grain costs earlier in 2008 and the declining economic conditions toward the end of the year. The total number of birds slaughtered was 69.3 million, down 1.7 percent from the previous year, but this decline was offset by higher average liveweights, rising by 2 percent to 28.7 pounds, in fourth-quarter 2008.

With the strong increases in turkey meat production during the first three quarters of 2008, cold storage holdings for whole turkeys and turkey parts expanded to well above their year-earlier levels. At the end of December 2008, turkey stocks totaled 398 million pounds, up 53 percent from a year earlier. Stocks of whole birds rose even faster, reaching 139 million pounds by the end of 2008, 84 percent higher than the previous year. Stocks of other turkey meat products have also increased strongly, rising to 259 million pounds by the end of 2008, a 40-percent increase from a year earlier. With turkey production expected to decrease sharply in 2009, cold storage holdings of turkey meat are expected to remain above year-earlier levels through the first quarter and then decline. However, this decline will be heavily influenced by domestic economic conditions and the strength of foreign demand.

Prices for whole hens in the Eastern market were reported at 71.7 cents per pound in January 2009, a decline of 3 percent from January 2008 and down 4 cents per pound from December 2008. Even with much higher stocks of whole birds and other turkey meat throughout all of 2008, hen prices in the Eastern market averaged 87.5 cents per pound in 2008, an increase of 7 percent from the previous year. Hen prices for first-quarter 2009 are forecast at between 75 and 77 cents per pound, down slightly from the 77 cents per pound they averaged in first-quarter 2008.

Turkey Exports a Record 676 Million Pounds

With exports of almost 52 million pounds in December, total turkey exports reached a record 676 million pounds in 2008, up 24 percent from 2007. As in the broiler market, shipments made strong gains to a wide number of countries. Mexico was by far the chief market for turkey exports, accounting for 358 million pounds, up 19 percent from the previous year. Although much smaller in size, exports to China increased 78 percent from those of 2007 to 86 million pounds and shipments to Hong Kong rose by 33 percent.

Turkey exports are expected to decline to 600 million pounds in 2009, with much of the decline coming from lower shipments to Mexico. Demand in Mexico is expected to be weak due to lower revenues from oil, declining general economic conditions, and smaller remunerations from workers in the United States.

Table Egg Production Estimated at 6.4 Billion Dozen in 2009

Table egg production is expected to increase very slightly in 2009, reaching 6.4 billion dozen, marginally higher than in 2008. The increase in production is expected to come mostly in the second half of the year. Hatching egg production for 2009 is forecast at 1.1 billion dozen, down slightly from 2008, with less production needed as broiler production is expected to decline.

Table egg production reached 1.64 billion dozen in fourth-quarter 2008, totaling 6.42 billion dozen for the year, down slightly from 2007. Although table egg production was higher in fourth-quarter 2008 it was below 2007 in the first three quarters of the year. Hatching egg production totaled 1.1 billion dozen in 2008, down 1.3 percent. The decline in hatching egg production was due to lower production of broiler type bird eggs, especially in the third and fourth quarters of 2008. This reduction came as broiler processors rapidly reduced the number of broiler-breeders in the parent flocks as they began to cut production. By the end of 2008, the number of birds in the broiler-breeder flock was down 6 percent from the previous year.

With the lower egg production in the table egg market, egg prices were strong throughout much of 2008 but fell below those of the previous year's levels toward the end of the year. The average wholesale price for a dozen large eggs was $1.23 in fourth-quarter 2008, down 13 percent from the very strong $1.41 average in fourth-quarter 2007. However, egg prices for all of 2008 averaged $1.28 per dozen, an increase of 12 percent from 2007. In 2009, egg prices are expected to begin the year well below the very strong prices seen in first-quarter 2008 and then increase to slightly higher than the previous year for the rest of 2009. Overall egg prices in 2009 are expected to average $1.19 to $1.26 per dozen compared with $1.28 in 2008.

Egg Exports Decline to 206 Million Dozen

Shipments of eggs and egg products fell to 206 million dozen in 2008, down 18 percent from a year earlier. Shipments to a number of the largest markets fell, with Japan down 18 percent, Hong Kong 33 percent, and Mexico 37 percent. Much of the decline can be attributed to very strong domestic prices for eggs especially in the first 3 to 4 months of 2008. However, shipments to Canada, our largest market, rose 1 percent to 47 million dozen.

The decline in overall egg exports was due to lower shipments of eggs for hatching and egg products as exports of eggs for consumption increased somewhat. Shell egg exports totaled approximately 113 million dozen, with the shipments almost evenly split between shell eggs for hatching and shell eggs for consumption. Egg product shipments totaled the equivalent of 93 million dozen in 2008, down 17 percent from the previous year.

Dairy

Dairy Herd Set for Slight Contraction in 2009; Production Declines Slightly as Prices Plunge

Demand for dairy products weakened in fourth-quarter 2008 as production inched ahead. In 2008, cow numbers rose 1.2 percent while yield per cow rose by less than 1-percent. Last year was the first in many years that milk production rose primarily on increased herd size rather that yield per cow. In 2009, milk production is forecast to retreat to 189.1 billion pounds. Herd size is forecast to decline slightly to an average of 9.17 million cows with increased dairy cow slaughter later in the year. At present, the forecast assumes no additional herd buyouts through CWT (Cooperatives Working Together). Hence, the contraction is expected to be sharpest in the second half of the year as poor returns early in 2009 force a sharper response from producers. Output per cow is expected to continue to rise, but by less than 1-percent. The assumption is that liquidation would remove lower producing cows, raising the average yield of the remaining herd. Complicating this assumption is that the number of replacement heifers, while slightly lower than last year, remains relatively high. The milk-feed price ratio could decline further in 2009 as falling milk prices trump any declines in feed prices.

For products, the central problem is that domestic demand is not sufficient to absorb the available supplies. As a result, prices have declined sharply and are expected to remain well below 2008 levels throughout the year. U.S. commercial dairy exports softened in fourth-quarter 2008, and total milk equivalent exports on a fats equivalent basis are forecast to reach only 5.1 billion pounds in 2009. The same forecast on a skims solids basis is for 19.0 billion pounds of milk equivalent to be exported. Such totals are a sizable retrenchment from 2008's exports of 8.7 billion pounds (fats basis) and 26.0 billion pounds (skims/solids basis). While global recession has reduced demand, slow sales may be compounded by the recent decision by the European Union to subsidize exports of nonfat dry milk (NDM), whole milk powder (WMP), cheese, and butterfat.

Total domestic commercial use in 2009, on a fats basis, is forecast at 185.6 billion pounds, less than a 1-percent increase from that of 2008. Dairy production expanded over 4 percent on a milk equivalent basis in December, and butter production was 10 percent higher, but total cheese production increased by only 1 percent. NDM production was substantially higher in December, year-over-year. Lactose and whey protein concentrate production partially compensated for the 6.5-percent decline in dry whey production for human consumption. Increased availability of milk and weak demand are leading to inventory building in some products, notably cheese and NDM. The increase in dairy products production will keep prices low but are also expected to prompt sales, even in a weak economy. Lower production in 2009 should ultimately ease the supply-demand imbalance, and prices could firm later in the year.

Butter is moving to the Commodity Credit Corporation. The Government has been purchasing NDM since last fall. Removals are expected to be heaviest in the first half of the year, dropping off as reduced production firms prices in the second half.

Cheese prices are forecast much lower in 2009 at $1.180-$1.250 per pound. Likewise, butter prices will be lower in 2009, averaging $1.080-$1.180 per pound. Prices for dry products will also decline this year but not as drastically because prices for those products slid considerably in 2008. NDM prices are forecast at 80-86 cents per pound and whey at 16-19 cents per pound in 2009. Based on product price forecasts, milk prices will plunge in 2009 from those of 2008. The Class IV price is expected to be $9.35-$10.15 per cwt, and the Class III price is projected at $9.70-$10.40 per cwt. The all milk price is expected to be $10.95-$11.65 per cwt in 2009.

Special Box: Stocking the CCC Pantry

CCC and the Dairy Sector

The USDA's Commodity Credit Corporation (CCC)[1] purchases agricultural commodities from producers with the intention of stabilizing, supporting, and protecting farm income and prices. The CCC buys many types of commodities and, within the dairy market, purchases butter, nonfat dry milk (NDM), and cheese at specified support purchase prices. These prices were specified by the 2008 Farm Bill and are $0.80 per pound for NDM, $1.13 per pound for block cheese, $1.10 per pound for barrel cheese, and $1.05 per pound for butter.[2] The CCC will purchase all products offered to it at the specified support purchase prices. The 2008 Farm Bill included purchase limits, at which point the Secretary of Agriculture has the authority to reduce the support purchase price by $0.05-$0.20 per pound.[3] The CCC buys the products just listed instead of fluid milk because they are storable, concentrated, have a lower transportation cost, and are more usable in domestic and foreign markets. Cheese, butter, and NDM can be easily shipped or traded, whereas fluid milk is bulky and perishable. Once the CCC purchases a product from a manufacturing plant, the product is stored until it is sold or donated. For the most part, CCC purchased products are:

(1) Sold back into the open market (at a higher price than the CCC support price to cover storage costs).
(2) Sold by the CCC to other government agencies and to foreign governments.
(3) Donated by the CCC to domestic, foreign, or international relief agencies.

1. Available at http://www.fsa.usda.gov/FSA/webapp?area=about&subject=landing&topic=sao-cc.
2. U.S. Department of Agriculture, "Informational Bulletin—Dairy Product Price Support Program," Jan. 5, 2009.
3. The 2008 Farm Bill Side-by-Side Comparison compares the 2008 Farm Bill and previous legislation and can be viewed at http://www.ers.usda.gov/FarmBill/2008/. The 2008 Farm Bill in its entirety can also be found there.

Historically, the CCC has had a varying degree of involvement in dairy product markets. In the 1980s and early 1990s, the CCC was an active purchaser of butter, cheese, and NDM.[4] In fact, in 1983, the CCC purchased 18.8 billion pounds of fluid milk equivalent (in the form of cheese, butter, or NDM), or almost 14 percent of milk sold by farms.[5] CCC purchases declined in the 1990s, and by 2005, ended the marketing year (on Sept. 30) with *no* purchases of any dairy product, which was the first time the CCC had "empty cupboards" since the start of the dairy price support program in 1949.[6]

Cheese

In the case of cheese, CCC purchases tapered off as use (and prices) continually increased. Cheese demand has increased steadily since 1992, and per capita cheese use has doubled in the last 30 years.[7] Most of the increased cheese use can be attributed to restaurants and food processors. Use by restaurants and fast-food outlets has expanded[8] as Americans eat more meals outside of the home now than they did in the early 1990s. From 1992 to 2007, total expenditures on food consumed away from home more than doubled, from almost $265 billion dollars to $555.7 billion.[9] Restaurants, and the foodservice industry in general, are large purchasers of cheese. While domestic use accounts for most cheese produced, the United States does export cheese, and this export quantity has been growing steadily since 1992. With growing domestic and international markets, yearly average cheese prices have stayed above support levels since 1992. Thus, producers have had little incentive to sell to the CCC at support prices, and from 2005 through 2008, the CCC made no cheese purchases.

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4. Economic Research Service, U.S. Department of Agriculture, Livestock, Dairy and Poultry Outlook: Tables, available at http://www.ers.usda.gov/Publications/ldp/LDPTables.htm.
5. Economic Research Service, U.S. Department of Agriculture, Livestock, Dairy and Poultry Outlook: Tables, available at http://www.ers.usda.gov/Publications/ldp/LDPTables.htm.
6. Dickrell, Jim, "CCC dairy cupboard bare," Dairy Today, September 1, 2005.
7. Economic Research Service, U.S. Department of Agriculture, Dairy Briefing Room, available at http://www.ers.usda.gov/Briefing/Dairy/Background.htm.
8. Miller, James J., and Don P. Blayney, Dairy Backgrounder, Economic Research Service, U.S. Department of Agriculture, July 2006,
9. Economic Research Service, U.S. Department of Agriculture, "Food CPI, Prices, and Expenditures Briefing Room, available at http://www.ers.usda.gov/Briefing/CPIFoodAndExpenditures/Data/table3.htm.

Butter

Butter demand has remained stable over the last 15 years, with a slight increase in both exports and domestic consumption starting in 2006. Butter prices have increased significantly since the early 1990s. Until 1997, butter prices were below the support prices and the CCC was active in the butter market. Butter purchases occurred from 1992 until 2000, at which point butter prices were high enough to reduce the role of the CCC in the market to zero in 2001. Producers have had little incentive to sell to the CCC at support prices, and from 2005 through 2008, the CCC made no purchases of butter. Similar to the cheese market, the foodservice sectors are important consumers in the butter market.

NDM

NDM purchases bounced around throughout the late 1990s and early 2000s, as domestic consumption decreased as low as 760.6 million pounds in 2000 and then increased to 1448.4 million pounds in 2003.

Over time, the CCC has had the most involvement in the NDM market. Over the last 5 years, domestic consumption of NDM has fallen (see graph). International demand, however, has not, as exports of NDM have increased. In 2001, Dairy America (an association of nine producer-owned co-ops[10]) created a partnership with New Zealand-based Fonterra to export NDM from the United States. By 2006, Dairy America was the largest exporter of skim milk powder from the United States.[11] With the development of a lucrative export market, NDM producers had little incentive to sell to the CCC, and CCC purchases fell from a previous high of 821.8 million pounds in 2002. Strengthening U.S. exports even further in 2007, traditional leading NDM exporting areas, such as the European Union and Australia, had lower production and stocks, allowing the United States to capture market share in the international NDM market.[12] Prices for NDM stayed well above support levels, and CCC purchases dropped to zero in 2007 and into 2008.

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10. Available at http://www.dairyamerica.com/index.html.
11. Stukenberg, D. et al., “Major Advances in Milk Marketing: Government and Industry Consolidation,” Journal of Dairy Science 89(4), 2006.
12. Economic Research Service, U.S. Department of Agriculture, Livestock, Dairy, and Poultry Outlook, June 19, 2007.

2008…Going Forward

The last half of 2008 has been marked by change on many fronts, including the reappearance of CCC as a buyer in the markets for dairy products. In the fourth quarter of 2008, the Government purchased over 114 million pounds of NDM. Further purchases of NDM are expected in 2009. The CCC purchased butter the first week of 2009, the first purchase of butter by the CCC since June 2003.[13] The CCC has yet to purchase cheese in 2009, but purchases are expected this year. As of early January, cheese prices on the Chicago Mercantile Exchange (CME) were below support levels. If the CCC does purchase cheese in 2009, as predicted, this will be the first time since July 2003.[14] Domestic and international prices have dropped sharply over the last several months as economic conditions worsen across the globe. Additionally, strengthening of the U.S. dollar (relative to its value in summer 2008) has led to decreased demand for U.S. products abroad. When market prices are low, the CCC becomes a viable customer for producers. Over the next several months, the CCC is expected to begin "stocking their pantry" once more.

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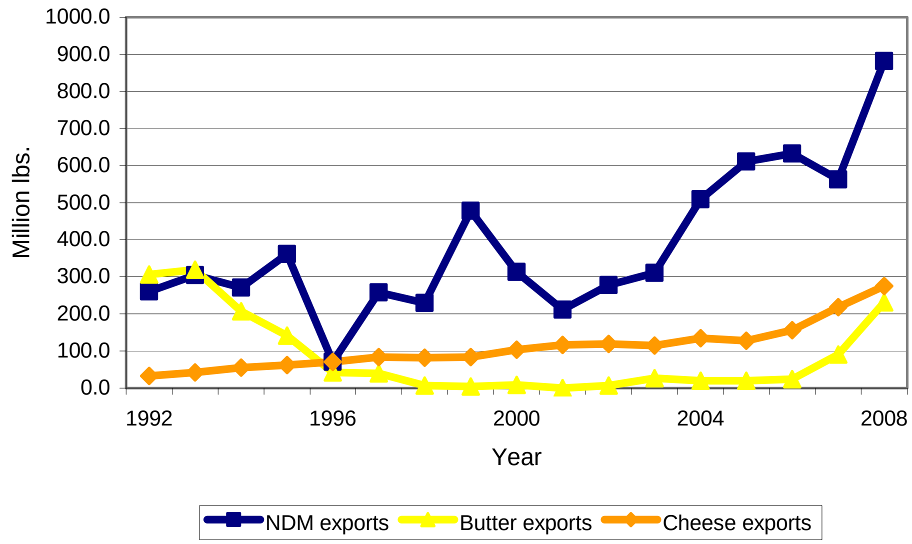
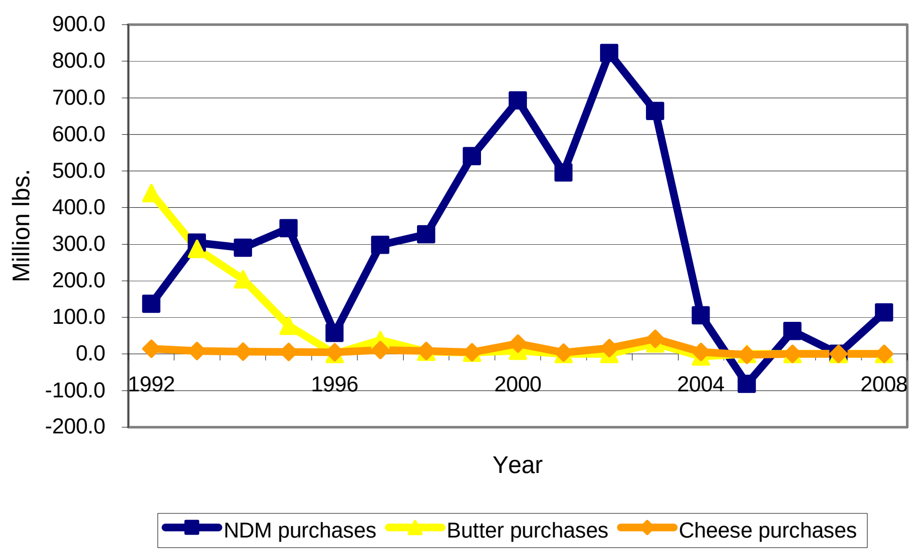
13. Ecoomic Research Service, U.S. Department of Agriculture, Livestock, Dairy and Poultry Outlook: Tables, available at http://www.ers.usda.gov/Publications/ldp/LDPTables.htm.
14. Economic Research Service, U.S. Department of Agriculture, Livestock, Dairy and Poultry Outlook: Tables, available at http://www.ers.usda.gov/Publications/ldp/LDPTables.htm.

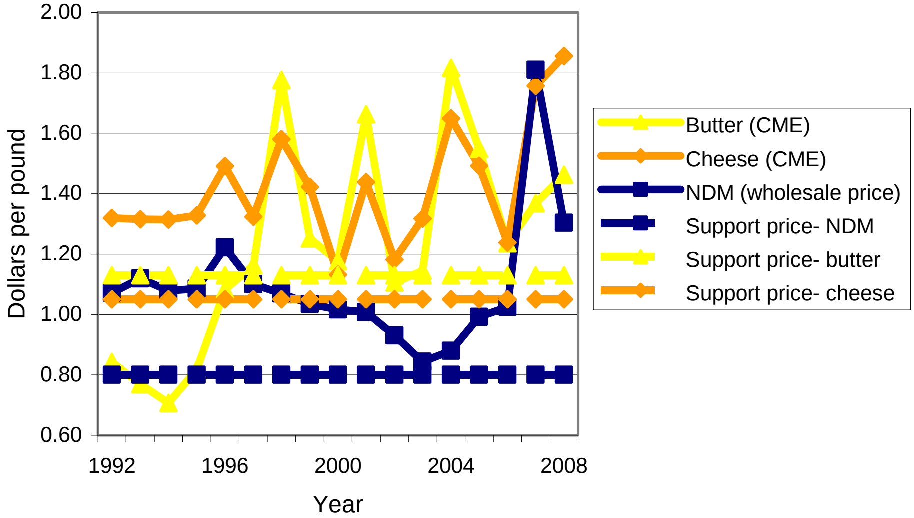
Exports: NDM, butter, and cheese

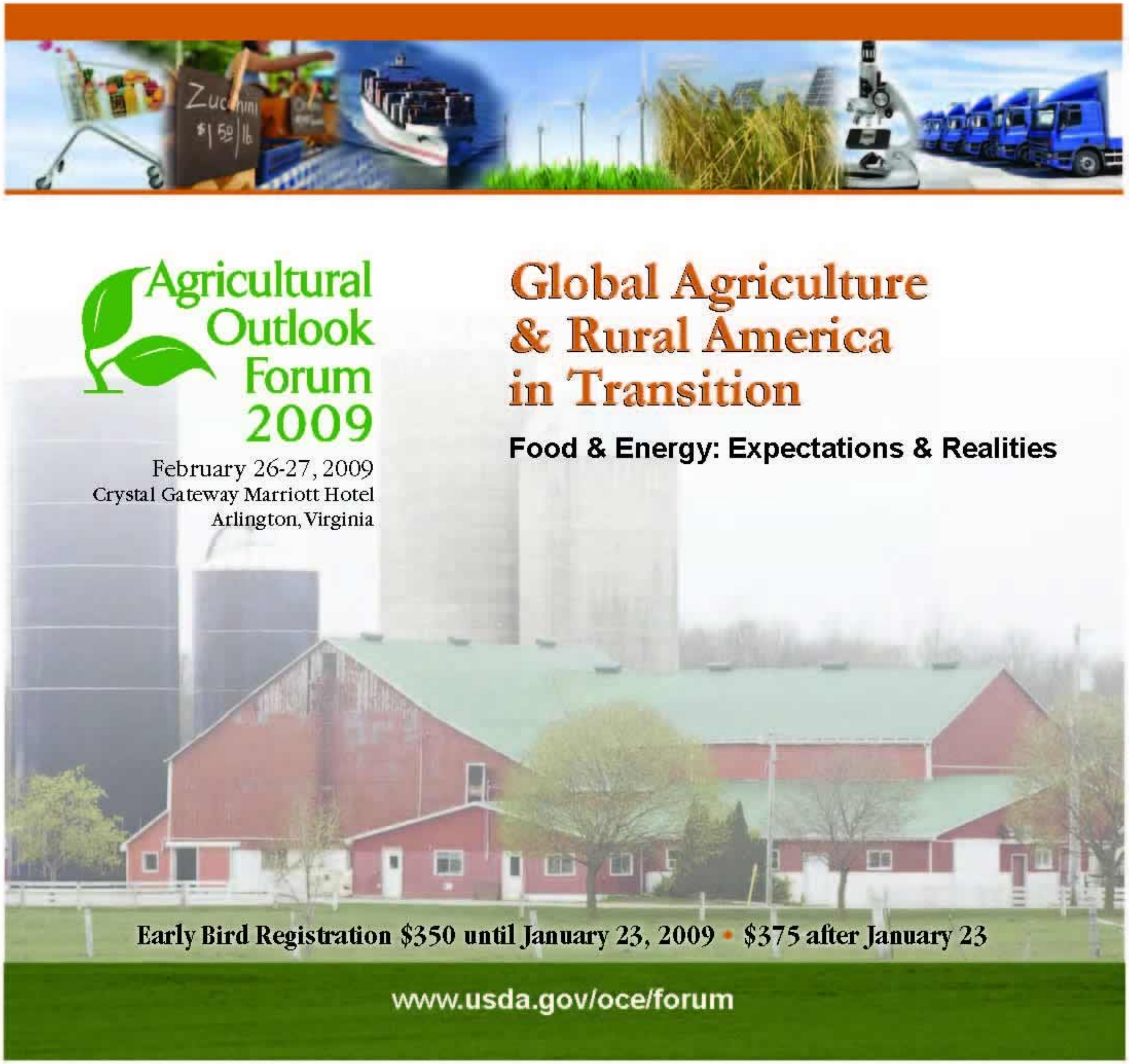


Purchases: NDM, butter, and cheese



Butter, cheese, and NDM prices, 1992-2008

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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/
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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	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	6,371	6,897	6,911	6,385	26,564	**6,225**	**6,630**	**6,830**	**6,425**	**26,110**
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	5,633	6,099	23,348	**5,860**	**5,465**	**5,550**	**6,105**	**22,980**
Lamb and mutton	195	187	49	47	42	47	185	49	44	42	48	183	46	43	41	43	173	**46**	**42**	**39**	**41**	**168**
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	9,455	8,869	36,864	**8,700**	**9,150**	**9,200**	**9,125**	**36,175**
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	1,571	1,586	6,263	**1,475**	**1,500**	**1,510**	**1,555**	**6,040**
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	23,796	23,149	93,915	**22,472**	**22,952**	**23,300**	**23,417**	**92,141**
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	1,601	1,645	6,417	**1,585**	**1,585**	**1,615**	**1,660**	**6,445**
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	15.8	15.0	62.7	**15.0**	**15.7**	**15.9**	**15.0**	**61.6**
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	12.0	13.0	49.3	**12.9**	**12.3**	**12.0**	**12.8**	**50.0**
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	0.2	1.0	**0.3**	**0.2**	**0.2**	**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	21.1	20.1	83.8	**20.1**	**21.2**	**21.3**	**20.8**	**83.5**
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	4.3	5.3	17.7	**4.2**	**4.2**	**4.2**	**5.2**	**17.8**
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	54.1	54.2	53.8	54.1	216.3	**52.9**	**54.1**	**54.1**	**54.4**	**215.6**
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	61.9	61.4	62.0	63.9	249.1	**61.1**	**60.6**	**61.8**	**63.3**	**246.7**
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	89.59	92.82	98.45	88.22	92.27	**82-84**	**86-92**	**87-95**	**89-97**	**86-92**
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	94.62	102.98	**96-98**	**96-102**	**100-108**	**104-112**	**98-106**
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	53.88	57.30	61.78	46.70	54.92	**44-46**	**47-49**	**49-53**	**51-55**	**48-51**
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	88.95	85.91	**88-91**	**87-93**	**84-90**	**85-91**	**85-91**
Barrows & gilts, N. base, l.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	41.92	47.84	**42-44**	**48-50**	**49-53**	**44-48**	**46-49**
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	79.40	79.70	**81-83**	**82-88**	**83-89**	**80-86**	**81-87**
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	77.40	88.90	96.50	87.30	87.50	**75-77**	**81-87**	**88-96**	**86-94**	**83-88**
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	122.60	128.30	**125-129**	**115-123**	**111-121**	**123-133**	**119-126**
U.S. trade, million lb																						
Beef & veal exports	460	697	215	315	307	308	1,145	269	363	424	375	1,431	360	471	609	**440**	**1,880**	**415**	**495**	**490**	**480**	**1,880**
Beef & veal imports	3,679	3,599	843	790	730	722	3,085	770	884	774	624	3,052	637	661	584	**615**	**2,497**	**625**	**710**	**690**	**655**	**2,680**
Lamb and mutton imports	181	180	53	44	41	52	190	56	44	44	59	202	52	48	38	**44**	**182**	**52**	**42**	**39**	**44**	**177**
Pork exports	2,181	2,666	767	763	654	811	2,995	792	685	703	959	3,138	1,106	1,387	1,126	**1,100**	**4,717**	**875**	**950**	**1,000**	**1,175**	**4,000**
Pork imports	1,099	1,024	259	237	239	254	989	239	256	240	232	968	217	205	191	**190**	**803**	**210**	**200**	**195**	**205**	**810**
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	1,912	**1,625**	**6,831**	**1,450**	**1,525**	**1,500**	**1,575**	**6,050**
Turkey exports	442	570	119	125	152	150	547	124	135	148	146	553	148	160	186	**175**	**669**	**135**	**145**	**160**	**165**	**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	2,915	2,149	2,201	**1,900**	**9,165**	**1,850**	**1,850**	**1,750**	**1,750**	**7,200**

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

	2008 I	2008 II	2008 III	2008 IV	2008 Annual	2009 I	2009 II	2009 III	2009 IV	2009 Annual
Milk cows (thous.)	9,249	9,274	9,278	9,283	9,271	9,265	9,220	9,150	9,050	9,171
Milk per cow (pounds)	5,140	5,249	5,048	5,024	20,462	5,140	5,300	5,100	5,080	20,620
Milk production (bil. pounds)	47.5	48.7	46.8	46.6	189.7	47.6	48.9	46.7	46.0	189.1
Farm use	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.3	0.3	1.2
Milk marketings	47.3	48.4	46.5	46.3	188.5	47.3	48.6	46.4	45.7	188.0
Milkfat (bil. pounds milk equiv.)										
Milk marketings	47.3	48.4	46.5	46.3	188.5	47.3	48.6	46.4	45.7	188.0
Beginning commercial stocks	10.4	12.1	13.6	11.5	10.4	10.0	11.9	13.5	12.0	10.0
Imports	1.0	0.7	0.7	1.5	3.9	0.9	0.8	0.8	1.2	3.6
Total supply	58.6	61.3	60.9	58.3	202.8	58.2	61.2	60.6	58.8	202.0
commercial exports	2.2	2.5	2.5	1.5	8.7	1.1	1.2	1.4	1.4	5.1
Ending commercial stocks	12.1	13.6	11.5	10.0	10.0	11.9	13.5	12.0	9.3	9.3
Net removals	0.0	0.0	0.0	0.0	0.0	0.5	0.9	0.0	0.0	1.5
Commercial use	44.2	45.1	46.9	47.8	184.0	44.7	45.6	47.2	48.1	185.6
Skim solids (bil. pounds milk equiv.)										
Milk marketings	47.3	48.4	46.5	46.3	188.5	47.3	48.6	46.4	45.7	188.0
Beginning commercial stocks	9.9	10.2	10.8	10.4	9.9	10.9	11.1	11.9	11.3	10.9
Imports	1.0	0.8	0.8	1.1	3.7	0.9	0.8	0.8	1.1	3.5
Total supply	58.1	59.4	58.1	57.9	202.1	59.1	60.5	59.1	58.0	202.4
commercial exports	6.7	7.6	6.9	4.8	26.0	4.4	4.5	4.8	5.3	19.0
Ending commercial stocks	10.2	10.8	10.4	10.9	10.9	11.1	11.9	11.3	10.4	10.4
Net removals	0.0	0.0	0.0	1.3	1.3	1.8	2.5	1.7	0.9	6.9
Commercial use	41.3	41.0	40.8	40.9	163.9	41.8	41.6	41.2	41.4	166.1
Milk prices (dol./cwt) 1/										
All milk	19.23	18.57	18.67	16.80	18.32	11.65 -11.95	10.00 -10.60	10.25 -11.15	11.95 -12.95	10.95 -11.65
Class III	18.12	18.40	17.28	15.95	17.44	9.51 -9.81	8.89 -9.49	9.55 -10.45	10.94 -11.94	9.70 -10.40
Class IV	15.04	15.25	16.23	12.07	14.65	9.23 -9.63	8.94 -9.64	9.29 -10.29	9.94 -11.04	9.35 -10.15
Product prices (dol./pound) 2/										
Cheddar cheese	1.933	1.977	1.869	1.804	1.895	1.170 -1.200	1.107 -1.167	1.162 -1.252	1.290 -1.390	1.180 -1.250
Dry whey	0.305	0.267	0.243	0.186	0.250	0.152 -0.172	0.148 -0.178	0.165 -0.195	0.182 -0.212	0.160 -0.190
Butter	1.230	1.411	1.575	1.527	1.436	1.042 -1.102	1.008 -1.098	1.077 -1.197	1.198 -1.328	1.080 -1.180
Nonfat dry milk	1.364	1.300	1.334	0.904	1.226	0.806 -0.836	0.788 -0.838	0.795 -0.865	0.815 -0.885	0.800 -0.860

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/dyfmos/mib/fedordprc_dscrp.htm

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