



United States
Department
of Agriculture

LDP-M-193

July 21, 2010



A Report from the Economic Research Service

www.ers.usda.gov

Livestock, Dairy, and Poultry Outlook

Rachel J. Johnson
rjohnson@ers.usda.gov

Red Meat Exports To Remain Strong in 2010

Contents

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

Tables at a Glance

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

Web Sites

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

Tables will be released
on July 27, 2010

The next newsletter
release is Aug 18, 2010

Approved by the
World Agricultural
Outlook Board

Beef/Cattle: Cow slaughter continues at a high rate despite good pasture conditions in most areas. Cattle feeding margins are narrowing as feed costs and feeder cattle prices increase and fed cattle prices hold steady.

Special Article: Alternative Beef Production Systems – What’s in a Name?

Beef/Cattle Trade: U.S. beef exports through May were 26 percent higher, year-over-year. Year-over-year growth in beef exports should remain positive throughout the outlying quarters of 2010. U.S. cattle imports are forecast at 2.15 million head for 2010, a 7-percent increase above year-earlier levels. Through May, cattle imports are 11 percent higher, year-over-year.

Poultry: Broiler production continues to expand at a moderate pace. After declining in 2009, production over the first 5 months of 2010 is only 2 percent higher than the previous year. Turkey production so far in 2010 is below the previous year, and with lower cold-storage holdings, prices for whole turkeys and a number of other turkey products are above year-earlier levels.

Poultry Trade: May broiler shipments fell short of last year’s volume, while turkey shipments have been on the rise. Broiler exports totaled 535.5 million pounds, a 7-percent drop, and turkey exports totaled 47 million pounds, an increase of 19 percent from a year ago.

Pork/Hogs: The *Quarterly Hogs and Pigs* report showed lower June 1 inventories, which are expected to translate into lower pork supplies for the balance of 2010. Third-quarter hog prices are expected to average \$57-\$59 per hundredweight (cwt), 49 percent above the same period a year ago, and \$54-\$56 per cwt for 2010. May pork exports were 18 percent above May 2009, and for January-May about 5 percent above the same period in 2009. Imports for January-May 2010 are running about 2 percent behind the same period last year. While total live swine imports were lower in May and for January-May, imports of feeder pigs—animals weighing between 15-50 pounds—were more than 43 percent higher than during the same period last year, likely reflecting tight hog numbers and higher hog prices in the United States.

Dairy: Milk production continues to advance despite declining cow numbers on a yearly basis; it is production per cow that boosts overall output. More milk both this year and next will limit price increases for dairy products, even though demand both globally and domestically continues to strengthen. Imports are forecast to decline while exports climb in 2010. Stocks will tighten more next year.

Cow Slaughter Continues at Heavy Rate

Pasture conditions are generally good to excellent in most parts of North America. Exceptions are parts of western Canada, southwestern and southern Mexico, and the Upper Midwest, Mountain West, east Texas-Louisiana, and parts of the East Coast in the United States. Summer crops are generally in good shape, but are beginning to respond to some dryness in areas of the U.S. South and Southeast. The July 6, 2010 *Crop Progress* report was the first "official" indication of any problems with the potential crop.

Despite generally adequate pasture conditions, federally inspected beef cow slaughter continues at a second-quarter pace not seen since 1996, when drought and then-record-high grain prices initiated the liquidation phase from the peak year of the cattle cycle that began in 1991. Commercial cow slaughter thus far this year has included greater numbers of Canadian cows than were in the slaughter mix at this point in 2009. In addition, the Cooperatives Working Together (CWT) group has recently announced a 10th round of buyouts.

The current round of CWT whole-herd buyout accepted bids for just over 34,442 cows, which are slated to go to market from mid-July through mid-August. A number of these cows likely would have been slaughtered as a result of normal culling operation. Thus, the buyout should not affect commercial cow slaughter or prices by much.

Between July 1, 2006 and July 1, 2009, cow inventories declined by 2.4 percent. The National Agricultural Statistics Service *Cattle* inventory report, to be released July 23, will provide information on further changes in midyear cow and heifer inventories for July 1, 2010. Also of interest in the July *Cattle* report will be the inventories of replacement heifers, which will have implications for changes in the national beef and dairy cow herds over the next year or so. Increases in replacement heifer inventories large enough to more than offset the current high levels of cow slaughter in 2010 could signal an end to the ongoing liquidation since the July 1 peak years, 2005 and 2006.

Cattle Feeding Margins Slip

After 6 months in positive territory, cattle feeding margins have begun narrowing as feed prices have begun increasing modestly—in part due to reduced corn stocks and acreage estimates as reported in the July 30 *Acreage* and *Grain Stocks* reports. Also contributing to the narrowing of feeding margins are feeder cattle prices that have held above \$110 per cwt despite weekly fed cattle prices that have declined to the \$91-\$94 range. The increase in May placements of feeder cattle in lots with 1,000-head-or-more capacity could generate some pressure on fed cattle and beef prices during the fourth quarter of 2010, especially if there was follow-through in higher year-over-year feeder cattle placements in June 2010, which will be known after the July 23 release of the *Cattle on Feed* report.

Five-day accumulated weighted moving-average dressed weights of steers and heifers for July 1 through July 12 have increased from their June lows (basis, *Daily National Carlot Meat Report*), but are 2 percent and 1 percent below year-earlier weights for the same period. Ordinarily, the lighter weights would indicate some marketing of calf-feds or of cattle just before or just as they reach their finish, resulting in slightly lower grading carcasses. However, the grading percent breakdowns for the same 12-day period are 2 percent higher year-over-year for Choice 600- to 900-pound carcasses, leaving the percentage of Select carcasses down. This apparent anomaly may be the result of more cattle marketing in Nebraska and Iowa compared with June 2009 (basis, June 2010 *Cattle on Feed* report) and fewer marketed cattle in Texas. This may indicate a slight shift in comparative advantage from Southern feedlots to Northern feedlots due to their proximity to ethanol production and the distillers' co-products available for feeding.

Weekly cutout values for Choice and Select beef have declined from their early to mid-May 2010 highs. While a major price increase through the remainder of the summer is unlikely, the recent strength in fed cattle prices will adversely affect packer margins. Prices could gain some support as Labor Day approaches and retail outlets gear up for any beef features planned for the final grilling holiday of the year. June retail Choice beef prices, at \$4.49 per pound, increased by 3 cents per pound over May's price. While retail prices are within reach of the record of \$4.53 observed in August 2008, higher prices for competing pork and poultry will dampen consumer enthusiasm for all meat and poultry.

Alternative Beef Production Systems – What’s in a Name?

Rachel J. Johnson and Kenneth H. Mathews, Jr

Misperceptions about the definitions and claims of alternative beef production systems are growing about as quickly as interest in these systems and their resulting products. “Natural,” organic, and grass-finished beef serve as the primary descriptors of alternative systems to conventionally produced grain-fed, feedlot beef, but variations in practices and definitions generate a fair amount of confusion for consumers and producers. Beef produced from these systems may result in different products designed to fit specific market niches. Environmental benefits or taste/quality or other advantages may be claimed as a result of a particular beef production system.

Natural, Organic, and Grass-Fed Products May Be Different—or Not

The USDA definition of natural beef refers only to the product itself and not to specific animal production practices. To be marketed as “natural,” beef must contain no artificial ingredients or added color and must be minimally processed. Production practices of natural beef are largely defined and regulated by the companies that market their products as “natural.” The USDA does not require any certification standard or have any regulations about how the animal should be raised. However, there are some common practices among natural beef production programs, such as prohibitions against the use of antibiotics, implants, and ionophores.

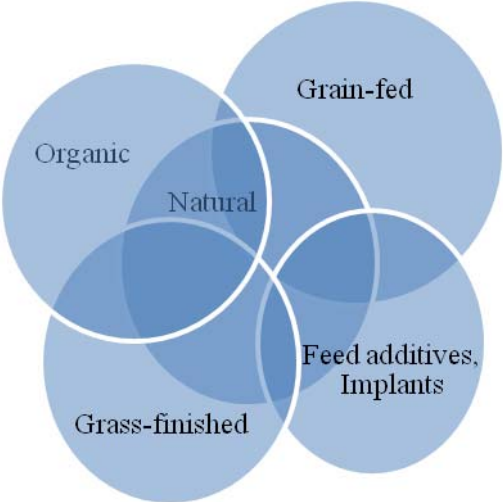
Certain quality or process practices verified by the Agricultural Marketing Service’s (AMS) Process Verified Program allow producers to qualify to make marketing claims (<http://www.ams.usda.gov/AMSV1.0/processverified>). For example, under the “naturally raised” marketing claim standard, beef cattle must be raised without the use of growth promotants or antibiotics and never fed animal byproducts. Ionophores may be used to prevent parasites; however, that fact must be explicitly noted on the product label with the “naturally raised” marketing claim.

Beef may be certified and labeled “organic” if it meets the criteria set by the USDA National Organic Program (<http://www.ams.usda.gov/AMSV1.0/nop>). Production systems may be certified organic by the USDA, if they meet the following, although not inclusive, criteria for animal production:

- Animals must be given no antibiotics or growth hormones (sick/injured animals must be treated but are removed from the National Organic Program).
- Grain and forage fed to animals must be 100-percent organic (not having been treated with pesticides, synthetic/bioengineered fertilizers, sewage sludge, or ionizing radiation for at least 3 years before harvest as an organic crop).
- Ruminant animals must have year-round access to the outdoors and be provided with pasture throughout that geographic location’s grazing season.
- Ruminant animals must obtain 30 percent or more of their dry matter intake requirement from pasture grazed over the course of the grazing season.

Cattle marketed as “grass-finished” must graze exclusively on grass, pasture land, or other forages their entire lives and, most importantly, be fattened solely on grass or forages prior to slaughter. Grass-finished beef may qualify as “natural” under production programs established by the marketing firm; may meet the naturally raised marketing claim standard; and may be certified organic, depending on the criteria of the production system. Grass-finished beef is not by default “natural” or “organic,” and vice versa. Animals may be marketed as grass-finished, but disqualified from specific natural or organic beef claims because they were given antibiotics or implanted. Similarly, cattle raised on fertilized pastures would not be certified as organic.

Figure — Beef production technologies overlap, but some are mutually exclusive



Source: Produced by USDA, Economic Research Service.

Beef raised naturally or organically may be fed grains to achieve weight gains and final finish to the carcass. Through the AMS Process Verified Program, beef producers who solely feed forages may also label their product with the “grass (forage)-fed” marketing claim. Under this process standard, grass and forage is the exclusive feed source for the lifetime of the animal, with the exception of milk consumed prior to weaning. Similarly, the animal cannot be fed grain or any grain byproduct prior to marketing and must have continuous access to pasture during the growing season.

As is the case with many “natural” beef programs, excluding the AMS’ “naturally raised” and “grass (forage)-fed” marketing claims, production practices of grass-fed beef systems depend largely on the individual producer’s practices or those defined and regulated by companies that market the product as “grass-fed.” Virtually all cattle—organically produced included—are vaccinated against regionally varying arrays of disease-causing microbes.

Implications for Increasing Beef Production in Alternative Systems

Between 2000 and 2008, certified organic beef cow numbers increased 23 percent annually. Beef production numbers for cattle produced in “natural” and grass-finished systems are not available. However, because these systems are considered less restrictive, and in some cases allow for a wider range of practices, the number of cattle marketed with these claims is likely substantially higher. Growth in all of these alternative beef production systems in the near term will be limited only to the extent that consumers are willing to pay price premiums for the alternative products. However, resource constraints (e.g., pasture availability) and other compliance costs may limit future growth. Tight local processing capacity, along with potentially higher production costs, will be key constraints facing those who wish to adopt alternative beef production systems, especially when the profitability of an operation depends on selling all the products and byproducts of the cattle—not just specific cuts—at a premium.

Beef/Cattle Trade

Demand for U.S. Beef Exports To Remain Strong Through 2010

Exports of U.S. beef for 2010 are forecast at 2.09 billion pounds, a nearly 12-percent increase from 2009. This figure also places U.S. beef export levels at 83 percent of pre-BSE levels in 2003. U.S. beef exports through May were 26 percent higher, year-over-year, with exports to Asian markets—namely Japan (+24 percent), South Korea (+74 percent), Taiwan (+54 percent), and Hong Kong (+126 percent)—contributing toward much of the forecast and year-over-year growth. The second and third quarters of this year are expected to show nearly 15-and 11-percent growth above the same quarters last year, at 540 and 550 million pounds exported, respectively. The strengthening dollar is not expected to have a significant effect in terms of dampened demand for exported U.S. product, given the growth in Asian markets and implications of supply constraints in markets of alternative beef suppliers. Constraints in Argentinian supply, for example, have caused a shift in Russian demand for beef to U.S. supplies. Beef production in 2010 from Australia, a primary export competitor with the United States, particularly to Asian markets, will be the lowest since 2003.

Top 10 foreign markets for U.S. beef and veal exports, through May 2009/10

	Export volume, carcass wt. (1,000 lbs)	Export volume, carcass wt. (1,000 lbs)	Percent change
	Jan-May 2009	Jan-May 2010	
1 Mexico	214,367	197,861	-8
2 Canada	137,058	147,529	8
3 Japan	89,151	110,504	24
4 South Korea	53,498	92,985	74
5 Vietnam	75,119	75,033	0
6 China (Taiwan)	29,835	45,936	54
7 Russia	1,025	38,210	3628
8 Hong Kong	16,028	36,236	126
9 Egypt	6,879	22,980	234
10 Netherlands	8,367	16,491	97
World Total	680,472	859,140	26

Source: USDA, Economic Research Service, <http://www.ers.usda.gov/data/meattrade/>

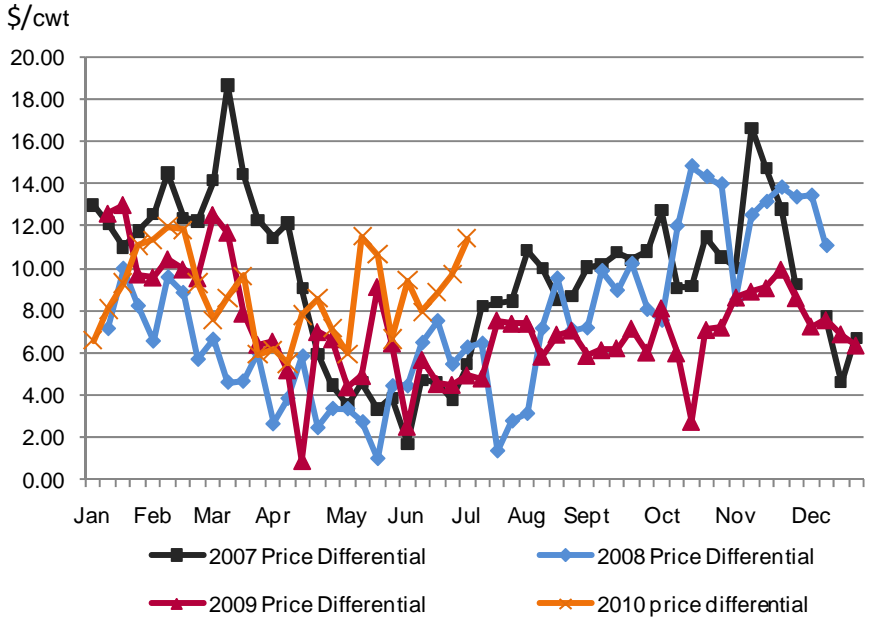
Total U.S. beef imports for 2010 are forecast at 2.5 billion pounds, a nearly 5-percent decline from 2009. Close to the level of imports in 2008, this will be the lowest quantity of beef imported since 1997. Shipments from several key suppliers—namely Australia and New Zealand—are well below historical levels, with beef exports through May down 45 and 10 percent year-over-year, respectively. Imports even from smaller markets in South America were lower year-over-year as well, including from Brazil (-38 percent), Argentina (-40 percent), and Uruguay (-46 percent).

Conversely, U.S. beef imports from Canada were 12 percent higher through May than 2009 levels. As the second and third quarters are expected to exhibit an increase in Canadian cattle imported for immediate slaughter, total product originating from Canada is helping to balance the shift in beef imports this year away from the Oceania and South American countries. Total beef imports through May were down 16 percent; however, third- and fourth-quarter imports are forecast to be 6 and 10 percent higher than the same quarters in 2009.

Higher Slaughter Cattle Imports from Canada Through Third Quarter

Total cattle imports through May were 11 percent higher than year-earlier levels. Because of higher levels of imported slaughter cattle from Canada and feeders from Mexico, cattle imports for May were 60 percent higher than May 2009. Imported cattle numbers normally decline during the summer months, when feeder and fed cattle supplies fluctuate seasonally, and then peak in the early spring (March) and fall (October-November). However, in May, imports of Canadian cattle greater than 700 lbs for immediate slaughter were 66 percent above the 2009 level. According to AMS weekly reports, the numbers of slaughter cattle imported from Canada have been above historic levels through June. This trend should continue through the third quarter, as CanFax market reports for Alberta and Saskatchewan show marketings from feedlots trending upward due to higher numbers of placements earlier this spring. Canadian marketings for May and June were up 8 and 2 percent, respectively. The difference between U.S. and Canadian slaughter cattle prices—in U.S. dollar terms—has also been higher during the early summer months than in previous years, further fueling export incentive (fig. 1).

Figure 1. U.S.-Canada slaughter steer price differential (Nebraska, 65-80 percent choice, vs. Alberta, mostly select 1-2)



Source: USDA-AMS weekly reports compiled by ERS

Mexican cattle imports through May were 27 percent higher, year-over-year, with imports for the month of May 54 percent higher than last year. AMS weekly reports show Mexican feeder imports slowing slightly through June and into July. As forage conditions in Mexico begin to deteriorate seasonally, imports of Mexican feeders should begin an uptrend again in the fall.

2010 Broiler Meat Production Expanding Slowly

U.S. broiler meat production over the first 5 months of 2010 was 14.8 billion pounds, up 2 percent from the same period in 2009, but 5 percent lower than production in the first 5 months of 2008. The increase in 2010 is the result higher average weights at slaughter as the number of birds being slaughtered was slightly lower. Judging from weekly chick placements and slaughter data, these trends of moderate growth in the number of birds slaughtered and higher average weights will continue through the end of the second quarter and into the third.

At the beginning of June, the number of birds in the broiler breeder flock was up just under 2 percent to 55.3 million birds. If the size of the broiler breeder flock remains steady over the next several months, the number of eggs placed in incubators and chicks hatched compared with the previous year is expected to continue to expand so that the number of broilers produced will average around 2 to 2.5 percent higher than the previous year.

Also affecting the broiler industry's pace of expansion will be the expected slow recovery in the domestic economy and mixed changes in grain prices. Corn prices for 2010/11 are forecast higher, while soybean meal prices are expected to be lower.

From June 12 to July 10, the average number of chicks placed weekly for growout was 175 million, about 2 percent higher than the same period in 2009. With a typical growout period of 7 to 8 weeks, chicks placed for growout during this period would likely go to slaughter during the second half of July to late August.

Broiler meat production in May 2010 totaled 3 billion pounds, 4.3 percent higher than the previous year. The increase in meat production was due to a combination of more birds slaughtered in May, up 1.7 percent from the previous year, and higher average weights at slaughter. In May, the average liveweight at slaughter was 5.71 pounds, 2.2 percent higher than the previous year. Weekly data from USDA's Agricultural Marketing Service point toward continued higher average liveweights at slaughter in June, as most of the increase in the weekly number of birds being slaughtered during June has been in heavier birds (6.25 pounds and higher).

Broiler meat production is expected to be up 2.6 percent in second-quarter 2010 compared with the previous year, but with almost all of the growth in production coming from higher production of large birds, this increase has a mixed impact on wholesale prices. Prices for whole birds averaged 85 cents per pound during second-quarter 2010, almost 4 percent higher than a year earlier. Prices for whole birds have moved higher due to lower stock levels and fewer lighter weight birds being slaughtered. Lighter weight birds are normally the source of whole birds for the rotisserie market.

Demand has also been strong for boneless/skinless breast meat, with prices in the Northeast market averaging \$1.52 per pound in June, up 4 percent from the previous year. With higher stock levels, prices for almost all leg meat products and wings were down considerably from the previous year. Wing prices were around \$1.16 per pound, down 17 percent from the very strong prices seen in June 2009.

The growth in the number of large broilers going to slaughter, along with a smaller export volume, has raised the quantity of leg meat available on the domestic market, putting downward pressure on prices and increasing stocks. Prices for leg quarters in June were \$0.39 per pound, down 25 percent from the previous year, and prices for drumsticks and thigh meat were also much lower.

Broiler stocks at the end of May totaled 670 million pounds, up 8 percent from a year earlier. The year-over-year changes in cold-storage stock levels were mixed, with stocks of whole birds and breast meat products lower and leg meat/other products higher. Stocks for whole birds were 19.3 million pounds, a decrease of 3 percent from the previous year. With relatively strong domestic demand for broiler breast meat products and a brighter export situation expected, ending stocks are expected to be pulled downward by the end of the second quarter. Over the course of the second half of 2010, with production gradually increasing, broiler stocks are expected to slowly increase, ending the year at 670 million pounds.

Broiler Shipments Dropped in May

May broiler shipments totaled 535.5 million pounds, a 7-percent decline from the same period in 2009. The main reasons for the drop in broiler shipments are (1) unsettled trade issues with Russia and, (2) China's anti-dumping suit against the U.S. Shipments to Russia have declined from 112.7 million pounds in November 2009 to zero during the months of March and April and are only 220 thousand pounds for the month of May. Shipments to China have declined about 85 percent since the beginning of 2010. Russia accounted for almost 20 percent of U.S. total broiler shipments from January 2009 to May 2009, while China accounted for over 12 percent.

During the months of unsettled trade issues with Russia and China, U.S. broiler shipments have remained over 500 million pounds. Increased shipments to other countries (particularly Turkey and Angola) are among the reasons the U.S. has maintained this level of exports. Other countries' broiler meat demands increased 40 percent from January 2010 to May 2010.

The value of U.S. broiler meat shipments also suffered. The dollar value of May 2010 broiler shipments totaled \$250.4 million, down 14 percent from a year ago. Most of the loss in value is due to low or no shipments to Russia and China, who together accounted for 33 percent of the U.S. total broiler shipment value in May 2009.

Turkey Production Declines in May

Turkey meat production totaled 437 million pounds in May, down 3 percent from May 2009. Over the first 5 months of 2010, turkey meat production has totaled 2.2 billion pounds, 3.4 percent below the same period in 2009. The decrease in turkey meat production in May was the result of a lower number of turkeys slaughtered, 18.4 million, down 6 percent from a year earlier. This decline was partially offset by an increase in the average liveweight of turkeys at slaughter. In May, the average liveweight for turkeys at slaughter was 29.7 pounds, 3 percent higher than a year earlier. Over the first 5 months of 2010, the average liveweight for turkeys at slaughter has been 29.9 pounds, an increase of 1.2 percent from the same period in 2009.

Although turkey meat production in the second half of 2010, at 2.8 billion pounds, is expected to be larger than in the first half, it is still down slightly (1 percent) compared with the second half of 2009. The turkey hatchery report showed that net placement of poults for growout in June were 24.1 million, unchanged from the previous year and over the first 6 months of 2010 net poult placements have totaled 138.6 million, a decline of 1.8 percent from the same period in 2009. Turkey meat production is expected to remain below the previous year through the rest of 2010 and then turn to positive growth in the first half of 2011. However, even when it turns positive, production will be below that of the first half of 2007 and 2008.

With lower turkey meat production during the first 5 months of 2010 and smaller stocks of whole turkeys to start the year, whole turkey prices are considerably higher than the previous year. National prices for whole hen turkeys averaged 84.4 cents per pound in second-quarter 2010, up 11 percent from the previous year. Whole turkey prices are expected to remain above year-earlier levels through the remainder of 2010 and into early 2011.

At the end of May, cold-storage holdings of all turkey products totaled 470 million pounds, down almost 20 percent from a year earlier. The decrease has come from declines in stocks of whole birds and stocks of turkey parts. Cold-storage holdings of whole turkeys totaled 249 million pounds, 17 percent lower than a year earlier. Holdings of turkey parts were 222 million pounds at the end of May, down 23 percent from the same period in 2009. The decline in turkey products in cold storage has developed as export demand has increased. Stocks of turkey products (whole birds and parts) are expected to follow the normal seasonal pattern of increasing through the third quarter and then declining during the peak demand period in the fourth quarter. With slightly lower production expected for the second half of 2010, turkey stocks are expected to remain below year-earlier levels through the second half of 2010.

Turkey Shipments Continue To Grow in May

Turkey shipments totaled 47 million pounds in May, up 23 percent from a year ago, have experienced continual growth since February. Shipments to two of the U.S. major markets, Mexico and China, increased by 31 percent and 69 percent, respectively, since May 2009, which has helped total turkey shipments exceed last year's volume in spite of Russia's import restrictions. Turkey shipments to Russia have declined from 1.7 million pounds in November 2009 to zero for the months of March through May of 2010, while shipments to Mexico, the leading importer of U.S. turkey meat, have continued to increase since February 2010, as have shipments to Mainland China. The value of U.S. turkey meat for May 2010 totaled \$36.9 million, up almost 28 percent from a year ago.

Egg Production Higher, Prices Down in May

U.S. table egg production totaled 548 million dozen in May, up 1 percent from the same period the previous year. Egg production has been higher on a year-over-year basis in the first 5 months of 2010. Higher table egg production in May was the result of an increase in the rate of lay in May compared with the previous year, as the number of hens in the table egg laying flock was actually slightly lower (at 279 million) than in May 2009. It is expected that the number of birds in the table egg laying flock for the rest of the year, will continue to be slightly lower than the

previous year, as current prices are not supplying any incentive to expand production. Also, the number of egg-type pullets placed in the hatchery supply flock has been lower than the previous year in 4 out of the first 5 months in 2010. Table egg production in second-half 2010 is expected to total 3.3 billion dozen, slightly higher than in the second half of 2009.

Even with only a small increase in production, prices of table eggs have fallen sharply at the wholesale level since the Easter holiday. In first-quarter 2010, the average wholesale price for a dozen grade A large eggs in the New York market was \$1.26, sharply higher than the \$1.10 per dozen in first-quarter 2009. After rising to almost \$1.35 per dozen in the runup to the Easter holiday, egg prices fell sharply, with the average wholesale price for the second quarter in the New York market only \$0.83 per dozen. With no large declines in the size of the table egg flock expected, the price forecasts for the remainder of 2010 were reduced. Wholesale prices for a dozen large eggs in the third quarter are now expected to average \$0.83-\$0.87, and the forecast for fourth-quarter 2010 is for prices to average \$1.01-\$1.09 per dozen.

Egg Exports Up 11 Percent in May

Egg exports in May totaled 23.2 million dozen eggs (shipments of egg products are converted to shell-egg equivalent), up 11 percent from a year earlier. Over the first 5 months of 2010, egg exports were 25 percent higher than during the same period in 2009.

In May, the increase in exports was the result of larger shipments of egg products. Shipments of various types of egg products were up 38 percent from a year earlier to the equivalent of 12.4 million dozen eggs. The strongest market has been Japan, with shipment of 4 million dozen eggs in May. Over the first 5 months of 2010, U.S. exports of egg products to Japan have totaled 13.8 million dozen, 44 percent higher than in the same period in 2009. The EU has also been a growth market for U.S. egg products, with Germany being the single largest destination.

Contrary to the growth in egg product shipments, U.S. exports of shell eggs fell to 10.8 million dozen in May, down almost 10 percent from a year earlier.

Fewer Hogs and Pigs According to June Report

The *Quarterly Hogs and Pigs* report published by USDA on June 25 showed continued modest reductions in hog inventories. The June 1 inventory of market hogs was almost 3.7 percent below that of a year ago, while the inventory of breeding animals dropped for the 9th consecutive quarter, to more than 3 percent below year-ago levels. The reported inventory changes indicate that pork producers have continued to reduce hog and pig numbers in response to negative returns that began in the fourth quarter of 2007 and abated in the first quarter of 2010. Lower market hog numbers portend lower pork production and continued year-over-year higher hog prices for the balance of 2010. However, continued growth in litter rates may partially offset the effect of fewer farrowings. USDA forecasts 2010 commercial pork production at 22.25 billion pounds, a 3.2-percent reduction compared with 2009. Hog prices are expected to average \$47-\$54 per cwt in the third quarter and \$49-\$53 per cwt in the fourth quarter of this year. These prices represent year-over-year increases of roughly 49 percent and 24 percent, respectively.

USDA/NASS recently issued two reports, *Acreage* and *Grain Stocks*. The *Acreage* report indicated that fewer corn acres had been planted than implied by the last *Prospective Plantings* report. The *Grain Stocks* report estimated that for the March-May quarter, ending stocks of corn were lower, suggesting larger feed and residual use relative to a year ago. With increased feed and residual use, beginning stocks for 2010/11 were lowered. With lower beginning stocks and reduced production, USDA increased corn price forecasts for 2010/11, as well as the 2010/11 price of 48-percent soybean meal. For hog producers, higher corn prices mean higher production costs and—everything else equal—lower producer returns. Nevertheless, calculating 2011 producer returns using USDA forecast prices for hogs, corn, and 48-percent soybean meal suggests continued positive returns for hogs through 2011.

Positive producer returns both this year and next should stabilize the breeding herd beginning next year, and support a slight increase in 2011 farrowings. Consequently, commercial pork production in 2011 is expected to be 22.7 billion pounds, almost 2 percent above the 2010 production forecast. The price of 51-52 percent lean hogs next year is expected to average \$53-\$57, or, roughly the same as the 2010 average price.

May Pork Exports Sprint Higher

May pork exports were about 363 million pounds, more than 18 percent above May 2009. For the first 5 months of 2010, total U.S. pork exports stand at nearly 1.8 billion pounds, or almost 5 percent ahead of the same period last year. As in the past, Japan, Mexico, and Canada continue to account for more than half of U.S. exports—65 percent in May—but so far this year Mexico, in particular, is driving demand for U.S. pork products. In the first 5 months of 2010, Mexico accounted for 24 percent of the volume of U.S. exports, compared with 19 percent last year. Japan, on the other hand has accounted for 31 percent of exports so far in 2010, compared with 34 percent a year ago. In May, U.S. pork exports to Mexico were 45 percent higher than in May 2009, and for the first 5 months of 2010, exporters shipped 29 percent more U.S. pork to Mexico than during the same period last year.

May exports to Japan were 13 percent higher than May 2009, but for January-May were more than 3 percent below the same 5-month period in 2009.

Factors accounting for Mexico's step-up in demand for U.S. pork likely include the positive income effects of a return to positive rates of economic growth, compared with last year's sharp decline, and a stronger Mexican currency against the U.S. dollar. Also, it is likely that there is some degree of substitution going on between relatively high priced U.S. beef and more moderately priced pork products. In the first 5 months of 2010, Mexico has imported 8 percent less beef than in 2009. It is also worth noting that Mexican imports of U.S. broiler meat have increased 18 percent so far this year, compared with the January-May period of 2009. Thus, some combination of income recovery and relatively high prices of U.S. beef products is likely driving Mexican demand for U.S. pork and broiler meat this year.

The United States is expected to export more than 1 billion pounds of pork products in the second quarter and more than 4.3 billion pounds for 2010. Pork exports in 2011 are expected to be about 4.6 billion pounds, more than 5 percent above exports forecast for this year.

Imports Lower So Far In 2010

Historically, U.S. second-quarter pork imports average between 4.1 percent and 4.6 percent of total U.S. estimated pork disappearance. In the second quarter of 2010, U.S. pork imports are on track to average about 4.4 percent of estimated disappearance. Imports in May of 65 million pounds were 4.4 percent ahead of May 2009, but total U.S. pork imports for January-May are running 2 percent behind last year. Most of the reduction so far this year is attributable to reduced shipments from Canada. The United States is expected to import 200 million pounds of pork in the second quarter, 2 percent above April-June last year. For 2010, U.S. importers will likely bring in 844 million pounds of pork products from abroad, or about 1 percent more than 2009.

Imports of Feeder Pigs Strong

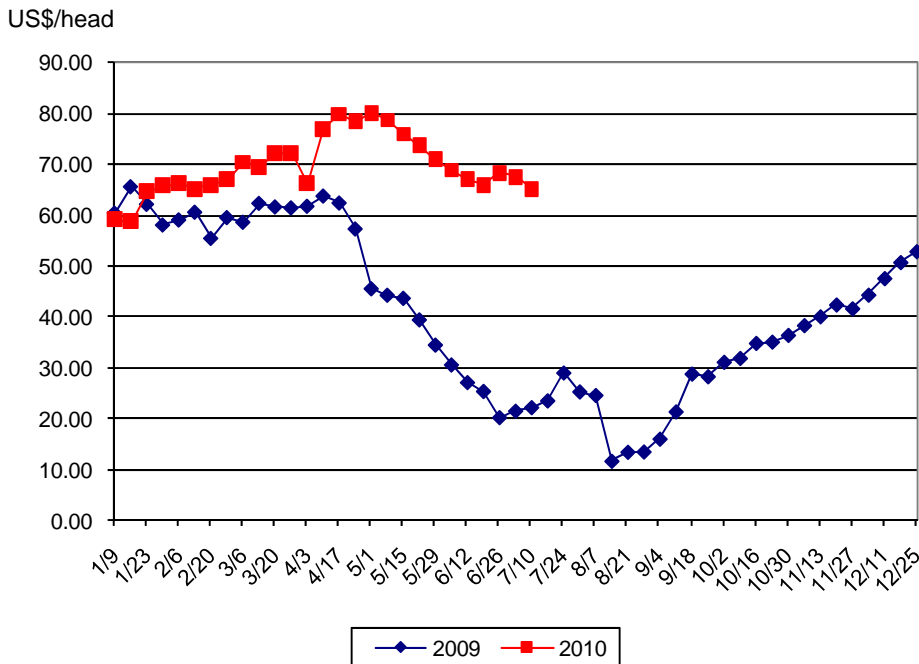
U.S. swine finishers and packers imported almost 460,000 head of swine in May, all of which, as usual, were of Canadian origin. May imports were more than 11 percent below those of May 2009. For the year so far, import numbers are off by almost 16 percent. Lower imports are no particular surprise, given that the Canadian swine industry has been in a liquidation phase of its hog cycle since mid-2005. While the largest component of swine imports—animals weighing less than 7 kg, known as segregated early weans, or sews—were, again, sharply lower in May (down 23 percent compared with May 2009) and through May 2010 (down 27 percent compared with the same period in 2009), one category of imported swine has shown significant gains in each month of 2010. Imports of feeder pigs—animals weighing more than 7 kg but less than 23 kg—were 34 percent higher in May, and 43 percent higher compared with January-May last year.

Lower production costs of heavier weight feeder pigs compared with segregated early-weaned pigs may explain why feeder pigs are attractive to both the Canadian producer (the exporter) and the U.S. hog finisher (the importer). A Canadian pig producer, who sells the animal as feeder pig rather than a segregated early-weaned animal foregoes the relatively high feed costs associated with very young animals

(later weaning reduces the need for high-cost replacement diets), and reduces fixed costs by retaining the animal in his/her buildings for the longer growing period.

A U.S. swine finisher who imports a feeder pig rather than a segregated early-weaned animal also foregoes the necessity of specialized labor, facilities, and feed. Moreover, with excess finishing capacity currently available in Corn Belt States, barriers to entry to the “hog finishing business” are comparatively low. Prices of feeder pigs shown below reflect, then, lower pig supplies in Canada and the United States, as well as strong finisher demand in the United States.

Weekly feeder pig price, 40 pound basis: estimated 50-54% lean value



Source: USDA/AMS, “National Direct Delivered Feeder Pig Report”, NW_LS255.

June Retail Pork Prices Soar

Retail pork prices in June were record-high at \$3.10 per pound, up from \$3.04 per pound in May. The June 2010 price represents a 5.1-percent increase compared with prices in June 2009. For the second quarter of 2010, retail pork prices averaged \$3.02 per pound, almost 2.8 percent higher than second-quarter 2009. The farm-to-retail spread in June, about \$2.09 per pound, is much wider than the spread seen earlier in the quarter, suggesting that consumers are beginning to ‘pay the price’ for lower hog numbers and smaller pork supplies.

Dairy Product Demand Strengthens, But More Milk and Stocks Keep a Lid on Prices

Feed prices have been favorable for producers this year compared with last. Although corn and soybean meal prices are expected to average higher for the 2010/11 crop year, the increases are expected to be moderate. Corn prices are forecast to be \$3.45 to \$4.05 a bushel in the 2010/11 crop year. Likewise, soybean meal prices are likely to rise slightly in 2010/11 to \$240-\$280 a ton. The milk-feed price ratio has risen since 2009 and will likely average about 2.3 for the current year. Given the outlook for feed and milk prices, the ratio will remain nearly the same in 2011. Although producer returns have improved over 2009, the improvement is not enough to result in higher average cow numbers this year or next. Cow numbers are expected to average 9.1 million head this year and be about the same next year. According to the June Milk Production report, monthly cow numbers have increased fractionally since the first of the year but still trail year-earlier levels. Meanwhile, milk per cow continues to trend upward on a year-over-year basis. The increased output per cow will more than offset reduced herd size this year, resulting in more milk. Production in 2010 is forecast at 191.2 billion pounds. Next year, the forecast decline in cow numbers is expected to slow even further and production per cow is expected to be closer to trend, rising 1.6 percent year-over-year. The result is an estimated 193.5 billion pounds of milk in 2011.

Economic recovery is continuing apace in Asia and South America and coupled with weaker production in Oceania has tightened global dairy product supplies. However, prices were lower at the most recent world Dairy Trading auction. According to *Dairy Market News*, seasonally strong production in Northern Hemisphere countries and optimism for the upcoming season in Australia and New Zealand pushed down prices. The lower auction prices may have anticipated greater global supplies in the coming year. U.S. Milk equivalent exports are projected to reach 5.3 billion pounds in 2010 and 5.1 billion pounds next year on a fats basis. Exports on a skims-solids basis are expected to climb to 26.3 billion pounds this year and rise to 27.3 billion pounds in 2011. The skims-solids export forecasts are in the range of 2008 export totals after last year's falloff. Correspondingly, U.S. imports will be lower this year. Milk equivalent imports are projected at 4.5 billion pounds on a fats basis and 4.6 billion pounds on a skims-solids basis this year. Imports are forecast to rise slightly to 4.7 billion pounds on a fats basis and 4.8 billion pounds on a skims-solids basis in 2011.

The most recent *Cold Storage* report shows butter stocks at the end of May at 16 percent below year-earlier levels and total cheese stocks are 5 percent ahead of a year ago. The relatively higher cheese stocks and relatively low butter stocks compared with last year are contributing to butter prices being higher than cheese prices. The July Dairy Products report shows May end-of-month nonfat dry milk (NDM) stocks at 26 percent below year-earlier levels.

Fats-basis domestic commercial use is projected to rise by 1.3 percent in 2010 and by another 1.5 percent in 2011. A rise in domestic commercial use is likely on a skims-solids basis as well, but the increase is expected to be a moderate 0.1 percent in 2010 and 0.9 percent in 2011.

The rise in domestic use and exports will draw down stocks. On a milk-equivalent basis, ending commercial stocks are expected to tighten both this year and next, and on both a fats- and skims-solids basis. The drawdown in stocks on a skims-solids basis is expected to be more pronounced next year than in 2010.

The current situation has Class IV prices above Class III prices, a reflection of the tightness in fat availability. Lower fat tests have boosted butter prices and may have helped firm up cheese prices as well. This situation should correct itself early in 2011. Prices for the major dairy products, except butter, are expected to rise slightly next year. Cheese prices are expected to average \$1.465-\$1.495 per pound in 2010 and \$1.520-\$1.620 per pound in 2011. Butter prices are forecast to average \$1.530-\$1.590 this year and \$1.400-\$1.530 per pound next year. NDM prices are expected to average \$1.195-\$1.225 per pound this year and \$1.235-\$1.305 in 2011. Whey prices are forecast to average 36.5-38.5 cents per pound in 2010 and 37.5-40.5 cents in 2011.

Class IV milk prices are forecast to average \$14.65-\$15.05 per cwt this year and increase slightly to \$14.40-\$15.50 per cwt, in 2011. The Class III price is projected to average \$13.80-\$14.10 per cwt in 2010 and climb to \$14.40-\$15.40 per cwt in 2011. The all-milk price is expected to average \$15.80-\$16.10 per cwt in 2010, with a rise to \$15.90-\$16.90 in 2011.

Contacts and Links

Contact Information

Rachel J. Johnson (coordinator, cattle/beef trade, and veal)	(202) 694-5187	rjohnson@ers.usda.gov
Christopher Davis (poultry trade)	(202) 694-5167	chrisdavis@ers.usda.gov
Mildred M. Haley (hogs/pork)	(202) 694-5176	mhaley@ers.usda.gov
David J. Harvey (poultry, eggs)	(202) 694-5177	djharvey@ers.usda.gov
Roger Hoskin (dairy)	(202) 694-5148	rhoskin@ers.usda.gov
Keithly Jones (sheep and goats)	(202) 694-5172	kjones@ers.usda.gov
Ken Mathews (cattle)	(202) 694-5183	kmathews@ers.usda.gov
David Johnson (web publishing)	(202) 694-5222	davidj@ers.usda.gov

Subscription Information

Subscribe to ERS e-mail notification service at <http://www.ers.usda.gov/updates/> to receive timely notification of newsletter availability. Printed copies can be purchased from the USDA Order Desk by calling 1-800-363-2068 (specify the issue number or series SUB-LDPM-4042).

E-mail Notification

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

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

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

Data Products

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

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

Related Websites

Livestock, Dairy, and Poultry Outlook, <http://www.ers.usda.gov/Publications/ldp/>
Animal Production and Marketing Issues, <http://www.ers.usda.gov/briefing/AnimalProducts/>
Cattle, <http://www.ers.usda.gov/briefing/cattle/>
Dairy, <http://www.ers.usda.gov/briefing/dairy/>
Hogs, <http://www.ers.usda.gov/briefing/hogs/>
Poultry and Eggs, <http://www.ers.usda.gov/briefing/poultry/>
WASDE, <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194>

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

U.S. red meat and poultry forecasts

	2004		2005		2006		2007 I/					2008				2009					2010				2011					
	Annual	Annual	I	II	III	IV	Annual	I	II	III	IV	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	6,372	6,899	6,908	6,382	26,561	6,248	6,602	6,689	6,424	25,963	6,251	6,555	6,620	6,240	25,666	5,970	6,375	25,135
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	6,024	5,593	5,632	6,098	23,347	5,811	5,488	5,698	5,996	22,993	5,607	5,310	5,420	5,910	22,247	5,630	5,420	22,685
Lamb and mutton	195	187	49	47	42	47	185	49	44	42	48	183	46	43	42	43	174	42	42	42	45	171	43	39	39	42	163	42	39	161
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	9,145	9,439	9,457	8,865	36,906	8,573	8,939	9,172	8,827	35,511	8,732	9,175	6,450	9,125	36,482	9,075	9,400	37,500
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	1,536	1,560	1,568	1,582	6,246	1,385	1,420	1,417	1,441	5,663	1,340	1,375	1,400	1,425	5,540	1,375	1,390	5,645
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	23,292	23,717	23,791	23,137	93,937	22,148	22,561	23,091	22,819	90,618	22,124	22,610	23,086	22,902	90,722	22,240	22,781	91,832
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	1,587	1,577	1,599	1,640	6,403	1,597	1,603	1,614	1,661	6,475	1,603	1,610	1,630	1,670	6,513	1,610	1,615	6,530
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	15.1	62.8	15.3	15.7	15.6	14.7	61.2	14.6	15.2	15.2	14.2	59.2	14.1	14.9	58.3
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	11.6	12.0	13.3	49.5	12.5	12.0	12.5	13.0	50.1	11.8	11.5	11.4	12.3	47.1	11.6	11.6	47.3
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	0.2	0.2	0.3	1.0	0.2	0.2	0.2	0.2	0.9	0.3	0.2	0.9
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	21.3	21.4	21.1	19.7	83.5	19.3	20.1	20.6	19.6	79.6	20.0	21.2	21.8	20.8	83.9	20.6	21.6	85.5
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	17.6	3.7	3.9	4.0	5.3	16.9	3.5	3.7	3.8	5.1	3.6	3.8	16.1	
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	54.0	216.1	51.4	52.4	53.4	53.3	210.5	50.6	52.3	52.8	53.1	208.7	50.5	52.4	209.7
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	62.0	63.8	248.9	62.0	61.5	61.4	62.9	247.7	61.1	60.9	61.6	63.0	246.5	60.8	60.8	245.0
Market prices																														
Choice steers, 5-area Direct, \$/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	84.48	84.48	83.05	83.29	83.25	89.44	96.33	92.96	92.98	92.95	93-101	96-104	95-102
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	94.62	102.98	92.84	98.64	99.40	93.67	96.14	98.73	112.65	107-111	105-111	106-109	101-109	106-114	105-112
Cutter Cows, National L.E., \$/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	45.42	48.57	46.44	43.56	46.00	51.79	58.79	53-57	55-59	54-57	53-57	54-58	53-57
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	90.14	91.44	88.35	90.47	90.10	103.87	106.32	98-106	100-108	102-106	102-110	102-110	103-110
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	41.92	47.84	42.11	42.74	38.90	41.20	41.24	50.41	59.6	57-59	49-53	54-56	54-58	54-58	53-57
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	79.70	81.90	76.80	72.10	77.60	82.2	85	84-88	79-85	83-85	81-87	82-88	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	77.40	88.90	96.50	87.30	87.50	73.80	79.10	81.40	83.80	79.50	75.6	84.4	90-94	92-98	86-88	74-80	81-87	83-89
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	109.70	89.70	94.80	117.70	103.00	126	82.8	83-89	101-109	98-101	107-115	101-109	103-112
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	448	1,888	384	471	496	518	1,869	478	540	550	520	2,088	460	520	2,000
Beef & veal imports	3,679	3,599	843	790	730	722	3,085	770	884	774	624	3,052	637	661	584	655	2,537	704	751	623	550	2,628	573	670	660	605	2,508	690	750	2,785
Lamb and mutton imports	181	180	53	44	41	52	190	56	44	44	59	202	52	48	38	47	185	51	46	28	46	171	47	38	35	49	169	52	46	186
Pork exports	2,181	2,666	767	763	654	811	2,995	792	685	703	959	3,138	1,106	1,387	1,126	1,049	4,668	1,033	952	1,016	1,125	4,126	1,047	1,020	1,080	1,180	4,327	1,120	1,070	4,550
Pork imports	1,099	1,024	259	237	239	254	989	239	256	240	232	968	217	205	191	218	831	205	196	210	223	834	199	200	215	230	844	220	210	885
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	1,756	6,962	1,753	1,655	1,719	1,708	6,835	1,488	1,425	1,450	1,500	5,863	1,500	1,500	6,150
Turkey exports	442	570	119	125	152	150	547	124	135	148	146	553	148	160	186	182	676	117	122	152	144	535	114	120	140	140	514	120	125	530
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	2,083	9,348	1,761	1,614	1,518	1,472	6,365	1,446	1,475	1,525	1,525	5,971	1,500	1,500	6,000

1/ Forecasts are in bold.

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

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

For further information, contact: Richard Stillman, (202) 694-5265, stillman@ers.usda.gov

Dairy Forecasts

	2009			2010					2011	
	III	IV	Annual	I	II	III	IV	Annual	I	Annual
Milk cows (thous.)	9,155	9,090	9,201	9,090	9,100	9,090	9,065	9,086	9,060	9,055
Milk per cow (pounds)	5,111	5,090	20,576	5,208	5,430	5,220	5,180	21,038	5,300	21,365
Milk production (bil. pounds)	46.8	46.3	189.3	47.3	49.4	47.5	47.0	191.2	48.0	193.5
Farm use	0.3	0.3	1.0	0.2	0.2	0.2	0.2	1.0	0.2	1.0
Milk marketings	46.5	46.0	188.3	47.1	49.2	47.2	46.7	190.2	47.8	192.5
Milkfat (bil. pounds milk equiv.)										
Milk marketings	46.5	46.0	188.3	47.1	49.2	47.2	46.7	190.2	47.8	192.5
Beginning commercial stocks	14.5	13.7	10.1	11.3	13.0	13.9	12.4	11.3	10.5	10.5
Imports	1.3	1.3	5.6	1.2	1.1	1.0	1.2	4.5	1.2	4.7
Total supply	62.3	61.0	204.0	59.6	63.3	62.1	60.4	206.1	59.5	207.7
Commercial exports	0.9	1.1	4.1	1.3	1.5	1.3	1.3	5.3	1.3	5.1
Ending commercial stocks	13.7	11.3	11.3	13.0	13.9	12.4	10.5	10.5	11.6	9.8
Net removals	0.1	0.6	0.7	0.2	0.0	0.0	0.0	0.2	0.0	0.0
Commercial use	47.6	47.9	187.6	45.1	47.9	48.4	48.6	190.0	46.6	192.8
Skim solids (bil. pounds milk equiv.)										
Milk marketings	46.5	46.0	188.3	47.1	49.2	47.2	46.7	190.2	47.8	192.5
Beginning commercial stocks	12.4	11.5	10.9	11.3	11.8	12.2	11.3	11.3	11.3	11.3
Imports	1.2	1.4	5.5	1.2	1.1	1.1	1.2	4.6	1.3	4.8
Total supply	60.2	58.9	204.7	59.6	62.2	60.5	59.3	206.1	60.4	208.6
Commercial exports	5.5	6.1	22.5	6.2	6.9	6.7	6.5	26.3	6.8	27.3
Ending commercial stocks	11.5	11.3	11.3	11.8	12.3	11.3	11.3	11.3	11.1	10.9
Net removals	0.6	0.4	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	42.9	41.4	168.6	41.8	43.0	42.5	41.5	168.8	42.5	170.4
Milk prices (dol./cwt) 1/										
All milk	12.13	15.40	12.84	15.60	15.17	16.00	16.55	15.80	15.85	15.90
						-16.40	-17.25	-16.10	-16.85	-16.90
Class III	11.09	13.96	11.36	13.85	13.31	13.90	14.25	13.80	14.00	14.40
						-14.30	-14.95	-14.10	-15.00	-15.40
Class IV	10.56	13.37	10.89	13.22	14.82	15.55	15.15	14.65	14.45	14.40
						-16.05	-15.95	-15.05	-15.55	-15.50
Product prices (dol./pound) 2/										
Cheddar cheese	1.248	1.508	1.296	1.471	1.419	1.470	1.505	1.465	1.475	1.520
						-1.510	-1.575	-1.495	-1.575	-1.620
Dry whey	0.294	0.344	0.258	0.386	0.365	0.360	0.365	0.365	0.375	0.375
						-0.380	-0.395	-0.385	-0.405	-0.405
Butter	1.194	1.350	1.209	1.387	1.550	1.665	1.550	1.530	1.435	1.400
						-1.735	-1.650	-1.590	-1.565	-1.530
Nonfat dry milk	0.892	1.142	0.922	1.107	1.210	1.230	1.240	1.195	1.225	1.235
						-1.270	-1.300	-1.225	-1.295	-1.305

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

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

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

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

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