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# Livestock, Dairy, and Poultry Outlook

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## Export Trade Booming for Livestock and Poultry

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Approved by the  
World Agricultural  
Outlook Board

**Beef/Cattle:** The July 1, 2010 *Cattle* report indicates that feeder cattle prices and the current series of profitable months of feeding cattle have not been enough to motivate beef cow herd expansion. As a result, cow slaughter continues at a high rate, setting the stage for further declines in cow inventories.

**Beef/Cattle Trade:** In 2010, 2.19 billion lbs of U.S. beef are forecast to be exported, as exports to Japan and South Korea are providing the most momentum in the U.S. beef export market. The rate of exports to Vietnam seen earlier in the year may decrease in the second half of 2010. Regardless, U.S. beef exports should remain competitive in the global marketplace, particularly as the U.S. dollar remains relatively weak vis-à-vis the currencies of competing exporters, particularly the Australian dollar. Imports of beef to the United States this year are forecast at 2.6 billion lbs, nearly even with 2009 levels. Cattle imports were strong through the first half of 2010, but weather and U.S. prices should determine the strength of cattle imports in the second half of the year.

**Hogs/Pork:** First-half pork exports were 7.9 percent above the same period last year. Exports to Mexico are particularly strong this year, and account for an increasing share of U.S. pork exports. Lower expected live swine imports this year and a smaller increase next year are reflected in slightly lower commercial pork forecasts for 2010 and 2011. The average price of 51-52 percent live equivalent hogs is expected to be \$54-\$55 per hundredweight (cwt) in 2010, almost 33 percent above average prices in 2009. Strong hog prices are attributable to lower hog numbers and continued strong consumer demand for pork products.

**Sheep/Lamb:** The USDA-NASS *Sheep and Goat* report released on July 23, 2010 indicated a 2-percent decline in inventories. On July 1, 2010, U.S. sheep and lamb inventory totaled 6.90 million head, down 150,000 head from 2009. Inventory reductions were seen in all sheep categories. A slight uptick in death loss to predators and other causes may have exacerbated inventory declines. Tight supplies persist and prices remain strong.

**Poultry:** Broiler meat production increased modestly during the first 6 months of 2010 (up 2 percent) and is expected to continue expanding at only a slightly faster pace in the second half of 2010 as higher feed costs and slow growth in the domestic economy combine to place restraints on expansion. Turkey meat production is also expected to slowly expand in the second half of 2010, but is still expected to remain slightly lower than the previous year. Pullet placements on a year-over-year basis have turned positive only in the last several months after declining in almost all of 2009.

**Poultry Trade:** June broiler shipments rose from a year ago, but fell short of last year's second-quarter total broiler volume. Broiler shipment totaled 609.4 million pounds, a 14.6-percent increase from a year ago. Turkey shipments fell by 3 percent in June, while the total turkey shipments for the second quarter exceeded last year's volume by 16 million pounds.

**Dairy:** Reduced cow numbers are being more than offset by increased output per cow, leading to rising milk production. Higher exports and rising domestic use will keep prices relatively firm. The immediate tightness in the butter market could be remedied by next year's higher milk production.

### *Cow Herd Continues To Dwindle*

While cattle cycles can be defined as total inventories of cattle and calves from trough to trough—as used here—or from peak to peak, the cattle cycle behavior that persists is largely due to dynamics in the beef cattle sector, since dairy cows have not exhibited cyclical behavior since about 1947. Other ways to look at cattle cycles are by cow inventories or by beef cow inventories. Each cycle consists of an expansion phase, a consolidation phase, and a liquidation phase.

Historically, and prior to the current cycle, the shortest expansion phase, of 3 years, occurred from 1980 to 1982 when inventories increased by 4 percent from their low point. This expansion was followed by a liquidation that lasted 8 years from 1983 to 1990, during which, inventories declined by 17 percent. The next cattle cycle peaked in 1996, increasing 8 percent from its 1990 low—a 6-year expansion. This was followed by an 8-year, drought-extended liquidation that saw inventories decline by 8 percent and left a 2004 cattle inventory about a million head lower than the January 1, 1990 trough. The shortest liquidation phase in historical terms occurred during the cattle cycle that began in 1959, peaked in 1965, and bottomed in 1967—a 2-year liquidation.

The expansion phase of the current cattle cycle began in 2005 and peaked in 2007, due in part to a short-lived upturn in dairy cow inventories. With the July 1, 2010 inventory report, U.S. inventories of cattle and calves are 4 years into liquidation. If one looks solely at January 1 beef cow inventories, the decline that began in 1996 has been continuous except during 2005 and 2006. Declines in both July 1, 2010 beef cow inventories (down 1 percent) and beef heifer inventories (down 2 percent) suggest that a further decline is likely in store for January 1, 2011 beef cow inventories.

A number of factors drive inventory dynamics. Weather patterns, especially drought, can shift inventories into or extend liquidation of the cow herd. Profit margins can also affect retention or liquidation decisions. Current cow prices appear to be sending significant numbers of cows to slaughter, reducing the total cow inventory from its already low levels.

Increased demand for corn and other grains in international markets will also continue to play a role in feed grain price dynamics. Prices for energy and other inputs will likely increase, raising breakeven costs at all levels of the cattle and beef industries. These factors, combined with the much longer production cycle for beef cattle compared with other livestock species, enables producers of other species to more quickly respond to changes in demand for final meat and poultry products.

With current *Cattle* report estimates of the calf crop in 2010 below 2009 by more than 400,000 head, or 1 percent, competition for feeder cattle in 2011 is expected to be severe. This competition could intensify if heifers are retained for replacements, further reducing feeder cattle supplies. Under such a scenario, feeder cattle prices would be well-positioned for significant support at higher levels.

July 1, 2010 dairy replacement heifer inventories were up by 3 percent. Given that the number of heifers for dairy replacement as a share of the cow herd was record high for July, we can anticipate continued dairy cow slaughter at relatively high levels.

### ***Feeder Cattle Supplies Tight for Foreseeable Future***

*National Feeder and Stocker Cattle Summaries* (SJ\_LS850) indicate that feeder cattle sales have been well above year-earlier levels. At the same time, feeder cattle supplies outside feedlots, down by almost 3 percent, are the lowest since the series began in 1996. Further, the latest *Cattle On Feed* report released July 23 indicated that the ratio of over-700-lb June feeder cattle placements to total placements was lower than last June's and almost the same as in 2008. Should these placement levels continue, the stage is set for heavy fed cattle marketings at the end of the year and into the first and second quarters of 2011.

With almost a million fewer feeder cattle outside feedlots on July 1, 2010 compared with 2009, cattle appear to be "pulled forward" (placed on feed earlier than would be considered typical) to take advantage of the current profit potential and to utilize feedlot pen space. Continued increases in grain prices could counteract the pulling forward of feeder cattle placements, which could be supportive for feeder and later fed cattle prices.

Mexico has been rebuilding its cow herd after a series of extremely dry years. As a result, Mexico should be in a good position to export feeder cattle to the United States. This will offset anticipated reductions in exports of feeder cattle from Canada where large numbers of cows going to slaughter will reduce this and next year's calf crops, and thus, future feeder calf supplies.

### ***Feedlot Picture Could Dim***

Second-quarter 2010 net placements were 14 percent above second-quarter 2009 placements and 6 percent above 2008 placements. May-June 2010 placements could come to market in the fourth quarter in sufficient numbers to exert some downward pressure on prices. July placements have the potential to add further to winter marketings. Marketings for 4 of 6 months thus far in 2010 are above year earlier.

Currently forecast corn and soybean prices—combined with feeder cattle prices near historical highs—will result in fed cattle breakeven prices above current levels. Fed cattle prices at or above these levels could be difficult to achieve in the face of competition from cheaper poultry and a slow-paced economic recovery through the remainder of 2010, although lower pork supplies would provide positive price support. Small or negative cattle-feeding margins would result in some negative pressure on feeder cattle prices, adding to existing reluctance among cow-calf producers to expand cow herds.

Above-average summer temperatures have also negatively affected cattle feeding. In addition to some reported heat-related death losses, the extreme heat has resulted in reduced feed consumption by feedlot cattle, which negatively affects their performance, increases costs of weight gain, and contributes to the lower dressed weights observed thus far in 2010.

Increased cattle slaughter has not been sufficient to offset reduced beef production because of persistently lower dressed weights thus far in 2010. Dressed weights were down during the second quarter: cattle down 13 lbs (1.7 percent), steers down 15 lbs (1.9 percent), and heifers down 13 lbs (1.7 percent). Through August 14, 2010, year-to-date total federally inspected beef production is down by .6 percent, with slaughter up by 1.3 percent.

Despite July Choice beef cutout values being almost 11 percent over year-earlier prices, packers were caught between relatively strong fed cattle prices (supported by feedlot marketings that are up to date (current)) and declining retail prices. Relatively high byproduct values, currently running about \$2 per cwt higher than third-quarter 2009, and increased July farm-to-wholesale margins, up by 24 percent, are providing some relief to packers. On the other hand, retail prices for Choice beef declined from 4.49 in June to \$4.44 in July, about a 1-percent decline.

### *Good News-Bad News for U.S. Beef Exports*

U.S. beef exports in 2010 are forecast at 2.19 billion lbs, growing 13 percent above 2009 export levels. Japan and South Korea are adding the most momentum to exports of U.S. beef. Growth in the third and fourth quarters of this year is anticipated at 17 percent for Japan and 6 percent for South Korea, year-over-year. The second quarter ended with 585 million lbs of beef exported, nearly 18 percent above the same quarter last year. In the third quarter of this year, 580 million lbs of beef are forecast to be exported. In general, strengthening economies and the gradual return to pre-BSE export levels has resulted in growth in the Japanese and South Korean markets. Also, the relatively weaker dollar against the Japanese yen has given a boost to U.S. beef exports to Japan. With moderate GDP growth and stable prices in Japan and South Korea, U.S. beef exports for the first half of 2010 have returned to 33 and 45 percent of pre-BSE levels (2003), respectively. Although these figures may appear meager after 7 post-BSE years, exports to Japan through June demonstrated a solid 24 percent growth year-over-year (104 percent for South Korea), and weekly data suggests the percentage growth will be equally strong into the second half of the year.

U.S. beef exports to other major export markets in Asia also increased year-over-year through June: Vietnam (+2.5 percent), Taiwan (+48 percent), and Hong Kong (+84 percent). U.S. beef exports for 2011 are forecast to decline 6 percent from the 2010 total; this is due to lower beef production as the domestic cattle inventory declines.

### *Growth in U.S. Beef Imports Anticipated in the Second Half of 2010*

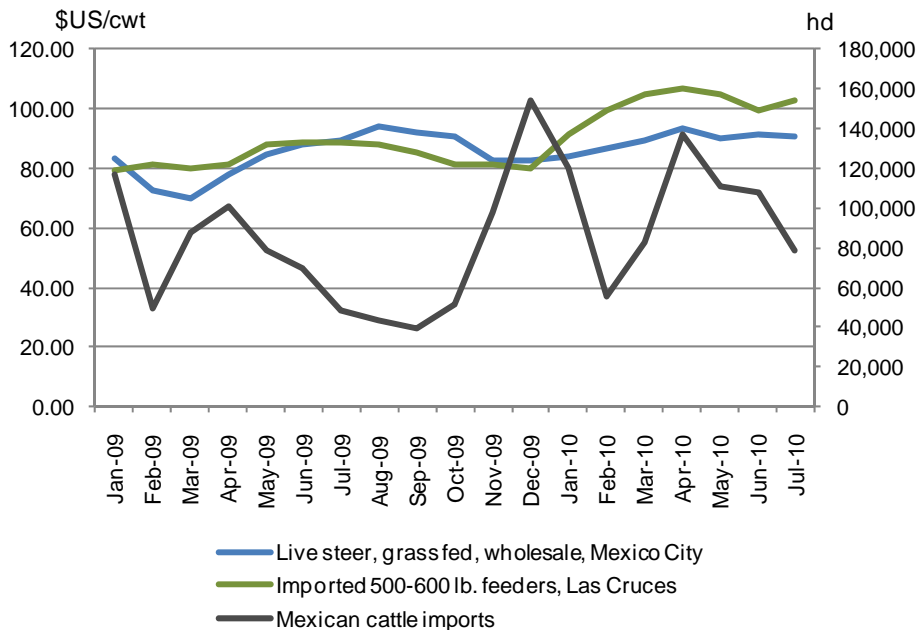
Imports of beef to the United States for 2010 are forecast at 2.6 billion lbs, fractionally below 2009 levels. Data from the second quarter showed imports to be at 690 million lbs—8 percent below the year-earlier second-quarter total. Coupled with lower supplies in Australia, the strong Australian dollar is a factor that has continued to plague the U.S. import market for Australian beef products, which, in turn, has put downward pressure on total U.S. beef imports thus far in the year. Imports of Australian beef thru June were 40 percent below year-earlier levels. Australia is also a primary competitor of the United States in the beef export market, particularly for markets in Asia (South Korea, Japan, and Taiwan), and the strong Australian dollar is an additional factor keeping U.S. export products competitive in world trade. Beef imports from New Zealand were also down 6 percent, and in lieu of these decreases from Oceania through June, more product is coming across the Canadian border. Imports from Canada were 14 percent higher, year-over-year.

The third and fourth quarters should demonstrate beef import growth above year-earlier levels at 700 million and 640 million lbs imported, respectively; this would equal quarterly increases of 13 and 16 percent, year-over-year. The increase in U.S. imports should also be synonymous with gradually increasing beef supplies in Australia toward the end of 2010, a result of herd rebuilding that began earlier this year. U.S. beef imports for 2011 are forecast to increase 7 percent from the 2010 total. Tighter domestic supplies and greater availability of beef in the world market should rally imports next year.

***Weather and Prices Will Determine the Strength of Cattle Imports in the Second Half of 2010***

Cattle imports through June continued well above the historical trend, averaging 15 percent higher year-over-year. Cattle imports from Mexico and Canada were 31 and 4 percent higher year-over-year, respectively. The higher imports have occurred despite good weather and forage conditions in Mexico and Canada. For the first half of 2010, financial incentives likely have trumped the good grazing conditions in Mexico, as U.S. feeder cattle prices—coupled with a fairly steady Mexican peso thus far in 2010—have raised the price Mexican cattle producers are receiving at the border. U.S. prices have been well above the Mexican feeder cattle price equivalent since the beginning of this year (fig. 1).

**Figure 1. Federal District (Mexico City) grass-fed steer vs. Las Cruces Mexican feeder cattle import price**



Source: USDA- Economic Research Service, Livestock and Meat Trade Data, USDA-Agricultural Marketing Service reports, and National Market Information Service (SNIIM) reports compiled by Economic Research Service.

Cattle imports from Canada are primarily fed cattle, as steer and heifer imports for immediate slaughter have averaged 63 percent of Canadian cattle imports over the last 5 years. Through June, fed cattle imports are 23 percent higher year-over-year. A higher U.S.-Canadian price differential compared with years past has been the primary driver behind the increase in Canadian slaughter cattle imports. Additionally, the Canadian dollar has been relatively flat throughout the summer months. Imports of culled Canadian cows for slaughter are below year-earlier levels. Total imports from Canada of cattle greater than 700 lbs, which includes both slaughter steers and heifers, slaughter cows, and heavy feeder cattle, are 8 percent higher year-over-year. Since the proportion of feeder cattle imported from Canada is typically small—averaging less than 12 percent over the last 5 years for cattle less than 700 lbs—lower numbers of feeder cattle do not have as great an impact on total Canadian import statistics. Perhaps due to the good grazing conditions in Canada, producers have held back relatively more of their feeders this year. Canadian feeders imported in the 440-700 lbs weight range were 62 percent of 2009 levels, year-over-year.



## Hogs/Pork

### *First-Half Pork Exports Show Strong Increase*

In the first half of 2010, U.S. exporters shipped 2.1 billion pounds of pork to foreign destinations. First-half pork exports were 7.9 percent greater than in the same period last year, while June exports of 365 million pounds were 23 percent ahead of June 2009. A large part of the June increase is attributable to year-over-year greater exports to Japan (+43.1 percent) and to Mexico (+30.2 percent). The 10 largest export destinations for the first half of 2010 are listed below, along with year-over-year comparisons of export volumes and shares. The listing shows that while Japan remains by far the largest U.S. export market, shipments to Mexico have accelerated this year, adding to Mexico's importance as an export market.

### **Pork export volume and export shares of 10 largest US export markets, first-half 2010**

Rank	Country	Exports Jan.-June		% Change 2010/2009	Export Shares	
		2010	2009		2010	2009
		Million lbs.			Percent	
	<b>World</b>	2,127	1,971	7.9		
1	<b>Japan</b>	678	658	3.1	31.9	33.4
2	<b>Mexico</b>	503	385	30.7	23.6	19.5
3	<b>Canada</b>	208	187	10.9	9.8	9.5
4	<b>Hong Kong</b>	137	120	13.9	6.5	6.1
5	<b>South Korea</b>	126	151	-16.1	5.9	7.6
6	<b>Australia</b>	86	65	31.9	4.0	1.8
7	<b>Philippines</b>	79	35	127.7	3.7	3.3
8	<b>Russia</b>	50	137	-63.7	2.3	1.5
9	<b>Taiwan</b>	37	29	29.5	1.7	7.0
10	<b>Domin. Rep.</b>	30	22	35.2	1.4	1.1

Source: ERS/USDA. <http://www.ers.usda.gov/Data/MeatTrade/>

Increased economic activity in countries that import significant volumes of U.S. pork products are expected to drive second-half U.S. exports more than 10 percent higher than the same period of 2009. Export forecasts for third and fourth quarter of 2010 are 1.1 billion pounds and 1.2 billion pounds, respectively. Total exports for 2010 are expected to be 4.5 billion pounds, 9.1 percent above 2009. Exports in 2011 are expected to be 4.7 billion pounds, 4.6 percent above 2010.

U.S. imports of live swine fell 15 percent in the first half of 2010, continuing a trend that began in 2008. However, U.S. swine finishers are increasing imports of selected categories of Canadian swine: feeder pigs (animals weighing between 15 and 50 pounds), and not-for-immediate-slaughter-hogs, weighing more than 110 pounds. Feeder pig imports increased more than 33 percent over the first half of 2009, and hogs weighing more than 110 pounds increased almost 60 percent. Increased imports of these two categories of swine are likely attributable to strong U.S. hog prices from reduced hog numbers and strong pork demand, and also to favorable cost considerations for Canadian producers. Nonetheless, total U.S. imports of live swine for 2010 are expected to total just under 5.8 million head in 2010, down 10 percent from 2009. U.S. live swine imports next year are expected to be 5.9 million head, an increase of 2.5 percent over the forecast for 2010. Higher grain prices, an uncertain slaughter capacity situation in Ontario, and continued strong U.S. demand for live swine will likely bring more Canadian swine into the United States next year.

In anticipation of lower imports of live Canadian swine this year and a smaller year-over-year increase next year, USDA scaled back U.S. pork production estimates slightly in both 2010 and 2011. Commercial pork production was lowered by 9 million pounds in 2010, to reflect lower imports, actual commercial production in June, and expectations for slightly higher dressed weights in the third quarter. Commercial pork production in 2011 was lowered by 30 million pounds to reflect the lower swine import forecast. Production in 2010 is expected to be 22.2 billion pounds—3.3 percent below 2009—and 22.7 billion pounds in 2011—1.9 percent above 2010 forecast production. Third-quarter 2010 prices for 51-52 percent live equivalent hogs are expected to average \$57-\$59 per cwt and to average \$49-\$53 per cwt in the fourth quarter. The third-quarter price forecast is more than 49 percent above a year ago. The fourth-quarter forecast is almost 24 percent above the fourth quarter of 2009. Strong hog prices continue to reflect lower U.S. hog numbers in the face of continued strong foreign and domestic pork demand. For 2011, hog prices are expected to average \$53-\$57 per cwt, about half a percent above prices in 2011.

### ***Retail Pork Prices Skyrocket—Again***

Retail pork prices were \$3.18 per pound in July—a new record—breaking the previous record-high established just last month. Record retail prices reflect lower pork supplies from reduced hog numbers. It is significant that the cost effects from lower pork supplies are no longer being fully absorbed along the supply chain, but are largely being passed along to the retail consumer. Retail prices are expected to average in the low \$3.00-per-pound range both this year and in 2011.

### *Mid-Year Sheep Inventory Down 2 Percent from Last Year*

The USDA-NASS *Sheep and Goat* report released on July 23, 2010, indicated a 2-percent decline in inventories. On July 1, 2010, U.S. sheep and lamb inventory totaled 6.90 million head, down 150,000 head from 2009. Inventory reductions were seen in all sheep categories. Breeding sheep and lambs were down 3 percent and market lambs were down 1 percent. Replacement lambs declined 2 percent and ewes 1 year or older declined 3 percent, as did rams 1 year or older. Nearly 3.15 million head of lambs, or almost 88 percent of 2010's expected lamb crop, were born during the first half of 2010, with about 450,000 more lambs expected to be born during the second half of this year.

Exacerbating the decline in inventories is the slight uptick in death loss. Earlier, USDA-NASS released the *Sheep and Goats Death Loss* report on May 27, 2010 showing 634,500 head lost to predators and other causes during 2009. This represents 11 percent of the 2009 sheep inventory, a slight uptick from the 10-percent death loss experienced in 2005, 1999, and 1995. More than a third of the death loss is to predators and nearly two-thirds of animals lost are lambs, helping to fuel declining market lambs.

In the face of declining market lambs, supply continues to be tight. This is reflected in lower production figures. First-half 2010 commercial lamb and mutton production was 83 million pounds, down over 2-percent from the first half of 2009. This was largely due to the more than 5-percent decline in production in the second quarter, caused in part by the seasonal lull. Second-half 2010 commercial lamb and mutton production is expected to be around 81 million pounds, over 6 percent below the second half of 2009. Third-quarter 2010 commercial lamb and mutton production is expected to be around 39 million pounds, a record low in U.S. lamb production. The third quarter is typically the period when producers complete their annual culling and retention decisions. As a result, mature slaughter is generally at its highest point in third quarter each year. Third quarter is also when slaughter plants operate below full capacity while undergoing maintenance work. Feedlots are generally operating well below full capacity during this period as well.

Amid tight supplies, live animal prices remain strong. First-half farm prices for lambs averaged \$114.17 per cwt, up over 12 percent from the same period last year, while first-half 2010 Choice slaughter lamb prices at the San Angelo, Texas market averaged \$105.10 per cwt, more than 15 percent above the same period a year earlier. The prices at San Angelo are expected to remain fairly strong throughout 2010. Second-half prices at San Angelo are expected to average near \$108-\$110 per cwt. The wholesale lamb Carcass Price, Choice-Prime, East Coast, 55-65 lb has also exhibited strength. First-quarter 2010 wholesale lamb Carcass Price, Choice-Prime, East Coast, 55-65 lb averaged \$230.64 per cwt to a second-quarter average of \$263.36 per cwt, reflecting signs of an economic recovery. The purported slower-than-expected economic recovery could cause slight weakening in wholesale prices.

### ***Imports Expected to Rebound After 2009 Decline***

Second-quarter 2010 imports of lamb and mutton were 46 million pounds, equal to the same period last year. Second-quarter imports were bolstered by unusually strong June imports, which were almost 28 percent above June 2009. The strengthening of the U.S. dollar relative to the Australian dollar in May probably contributed to the strong June imports. However, the U.S. currency has since weakened to near first-quarter 2010 levels. The reported slower-than-expected recovery of the U.S. economy may slow rest-of-year imports, as this may slow the recovery in away-from-home consumption, especially at restaurants. However, second-half imports are expected to be about 14 percent higher than last year.

First-half 2010 lamb and mutton exports were 10 million pounds, up 25 percent from the same period in 2009. Exports are forecast to exceed last year's second-half total by about 22 percent. This is consistent with the growing trend in exports in the last 3 years. The growth may be highly correlated with the growing trend in mature sheep slaughter, since a significant portion of the lamb and mutton exports are mutton.

### *Broiler Meat Production Up 2 Percent in June*

Broiler meat production in June totaled 3.1 billion pounds, up 2 percent from the previous year. The June production increase pushed total production for second-quarter 2010 to 9.2 billion pounds, 2.7 percent higher than in second-quarter 2009. This is the second consecutive quarter of year-over-year increases in broiler meat production. Broiler meat production had declined in fourth quarter 2008 and in all four quarters of 2009. In first-half 2010, broiler meat production was 17.9 billion pounds, 2.3 percent higher than a year earlier. Broiler meat production in the second half of 2010 is expected to continue to expand, with production 3.2 percent higher than the previous year.

Over the first half of 2010, the number of broilers slaughtered was 4.2 billion, an increase of only 0.1 percent from a year earlier. With only a slight growth in the number of broilers slaughtered, higher average broiler weights at slaughter have generated the meat production increase. During the first 6 months of 2010, the average liveweight at slaughter was 5.65 pounds, up 1.6 percent from first-half 2009. In second-half 2010, the number of broilers slaughtered is also expected to be only slightly higher than a year earlier. However, average bird weights at slaughter are expected to remain above the previous year through the end of the year.

The number of chicks being placed weekly for growout has averaged approximately 172 million over the last 5 weeks (July 10 to August 7). This is up 2 percent from the same weekly period in 2009. Weekly chick placements have been relatively steady at around 2 percent higher for a number of weeks now.

Even with an increase in broiler meat production expected during second-half 2010 and fairly strong exports, stock levels during the remainder of 2010 are expected to remain above year-earlier levels, due chiefly to the sluggish recovery of the domestic economy. Ending stocks for 2010 are forecast at 670 million pounds, up 9 percent from the previous year. In June, broiler stocks totaled 640 million pounds. This is just over 1 percent higher than the previous year, but down 23 million pounds from the end of May.

In 2010, wholesale prices for broiler products have generally declined compared with a year earlier. The exceptions have been prices for whole birds and breast meat products. Prices for whole birds may have benefited from higher demand for rotisserie chickens as consumers increased purchases for at-home consumption rather than going out for restaurant meals. Whole broiler prices in the third and fourth quarters are expected to average 83-85 and 80-84 cents per pound, respectively.

Prices for leg meat products are generally down as reduced exports to Russia have impacted demand for leg quarters. Prices for leg quarters in the Northeast market averaged 37.4 cents per pound in July, down 16 percent from a year earlier, but about even with earlier months this year. Prices for boneless/skinless thigh meat averaged 94.6 cents per pound, a decline of 22 percent from the previous year.

Increasing broiler meat production in second-half 2010 is expected to place some downward pressure on broiler prices in general, especially with only a slowly growing economy. However, demand for broiler products is expected to benefit from strong prices in the beef and pork sectors.

### ***Turkey Production Falls Again in First-Half 2010***

Turkey meat production during the first 6 months of 2010 was 2.7 billion pounds, down 2.9 percent from the same period in 2009. This reduced production was due to a decline in the number of birds slaughtered. Over the first half of 2010, the number of turkeys slaughtered was down 4.5 percent compared with the previous year. Partially offsetting this was an increase of 1.3 percent in the average weight of turkeys going to slaughter compared with a year earlier.

The forecast for turkey meat production in the second half of 2010 is 2.83 billion pounds, down 1.2 percent from the same period in 2009. The decrease in turkey meat production is again expected to come chiefly from a smaller number of birds slaughtered, as the average weights at slaughter are expected to be similar to those of the previous year. Over the first 6 months of 2010, the number of turkey poults placed for growout totaled only 139 million, down 2 percent from the same period in 2009. However, on a year-over-year basis poult placements were higher in April and May, with June being only fractionally lower.

With a smaller number of birds slaughtered and lower turkey meat production, the growth in turkey stocks has been slower than normal. Turkey stocks at the end of June were 504 million pounds, down over 15 percent from the previous year. Stocks of both whole birds and turkey products declined. With lower production expected to continue in the second half of 2010, ending stocks for 2010 are forecast at 250 million pounds, down 5 percent from 2009 and 37 percent lower than at the end of 2008.

### ***Egg Production Rises in First-Half 2010***

In the first half of 2010, production of table eggs was 3.2 billion dozen, up 1 percent from first-half 2009. Production of hatching eggs was also increasing compared with the previous year, chiefly reflecting the gradual increase in broiler production. Hatching egg production in the first half of 2010 was 535 million dozen, up just under 1 percent from the same period in 2009. Production of both table eggs and hatching eggs is expected to continue to expand in the second half of 2010 and into 2011.

Increased table egg production over the first half of 2010 resulted in a sharp decline in the wholesale prices for eggs during the second quarter and during the first half of the third quarter. Prices in the New York market for the second quarter averaged \$0.83 per dozen, and through July prices have been only slightly higher. With table egg production expected to be higher in both the third and fourth quarters of 2010 compared with a year earlier, prices are expected to continue below year-earlier levels through the end of 2010. Wholesale prices in the New York market for a dozen Grade A large eggs are forecast at \$0.84—\$0.86 in third-quarter 2010 and \$1.02-\$1.08 in the fourth quarter.

## *Egg Exports*

Egg exports in the first half of 2010 totaled 124 million dozen (the combined total of shell eggs and egg product exports), up 24 percent from the same period in 2009. The increase in shipments has come from rising demand from a wide variety of countries, chiefly in Asia and Europe. These gains more than offset a decline in exports over the first half of 2010 to the main Western Hemisphere markets of Canada and Mexico.

A large portion of the export increase in first-half 2010 has come from larger shipments to Asian countries, with exports to Japan, Hong Kong, China, and Korea all significantly higher. Another area of export growth has been the continued strength of shipments to European Union (EU) countries. While shipments have not increased to all EU countries, the large increases to countries such as Germany and the Netherlands (both over 160 percent higher than the previous year) have pushed overall shipments higher. Even with domestic wholesale egg prices forecast to be lower than the previous year in second-half 2010, egg exports are not expected to be able to match the very strong exports seen in the second half of 2009.

### ***Broiler Shipments Up in June, but Down in Second Quarter of 2010***

Broiler shipments in June totaled 609.4 million pounds, a 14.7-percent increase from last June. Several countries contributed toward the largest U.S. monthly broiler shipment in almost 2 years (20 months). While Russia, the U.S. leading market last year, banned imports from the U.S., increases in shipments to Mexico (26 percent), the Baltic States (60 percent), Newly Independent States (including Belarus, Ukraine, Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, and Uzbekistan) (155 percent), Philippines (310 percent), Korea and Hong Kong (174 percent), and Japan (181 percent) all rose beyond last June's shipment volumes. The value of U.S. broiler meat shipments also increased. The dollar value of June 2010 broiler shipments totaled about \$271.4 million, up less than 1 percent from a year ago.

While unsettled trade issues with Russia and China's anti-dumping suit against the U.S. have affected U.S. broiler shipments, there have been some sporadic surges in shipments. One of the largest surges this year came from Ukraine, whose import shipments increased from 1 million pounds to almost 30 million pounds within 1 month. Broiler shipments in the second quarter of 2010 totaled 1.683 billion pounds, about a 2-percent increase from a year ago. The three leading broiler markets for the second quarter were Mexico, Hong Kong, and Cuba.

### ***Turkey Shipments Down in June, but Up in Second Quarter of 2010***

Turkey shipments in June were down from a year ago. Over 46 million pounds of turkey meat were shipped in June, about 3 percent less than the 47 million pounds shipped a year ago. Most of the decline in shipments can be attributed to low imports from Taiwan and trade restrictions imposed by Russia. In June of 2009, Taiwan and Russia were two of the strong U.S. turkey markets, but since then they have become less viable and uncertain. Since September of 2009, the Dominican Republic has become a large player and has helped recover a portion of turkey shipments that have been lost due to the Russian trade conflict.

Although turkey shipments were down in June, the total volume shipped during the second quarter exceeded last year's volume by 14 million pounds. The second-quarter shipments totaled 136 million pounds compared with 122 million pounds shipped during second quarter last year. Shipments to the leading U.S. market, Mexico, were strong during the second quarter of 2010. Other U.S. markets such as China and Hong Kong also had an increase in shipments during the second quarter of 2010, accounting for a major portion of the total volume shipped.



### ***More Milk Both This Year and Next Will Counter Higher Exports and Domestic Commercial Use, Keeping Next Year's Prices In Line With This year***

The most recent USDA forecasts indicate that feed prices will likely be higher next year than in the current year. The corn price forecast is \$3.50 to \$4.10 per bushel for the 2010/11 crop year, a rise from current year projected prices. However, soybean meal prices are forecast slightly lower, at \$250 to \$290 per ton, for the 2010/11 crop year. The feed price outlook will keep the milk-feed price ratio for both the balance of this year and into next year below a level that usually signals expansion.

The most recent *Milk Production* report showed that although producers added cows during the first half of the year, the number of U.S. milk cows remains below 2009 on a year-over-year basis as milk per cow continues to increase. The most current USDA forecast continues the trend of lower cow numbers that has been more than offset by increased output per cow in 2010. Output per cow is expected to rise by 2.5 percent compared with 2009, pushing current-year production to 192 billion pounds. This trend is expected to continue in 2011 as cow numbers decline fractionally, and production per cow is forecast to rise by 1.5 percent. On balance, milk production in 2011 is projected to reach 194.6 billion pounds.

Milk equivalent imports on both a fats and skims-solids basis are projected to decline this year, totaling 4.2 billion pounds on a fats basis and 4.6 billion pounds on a skims-solids basis. For next year, imports are expected to remain very near 2010 levels. Higher domestic production and a slow domestic economic recovery will limit imports. Milk equivalent exports have staged a strong recovery in 2010 from last year on both a fats and skims-solids basis. In 2010, exports are expected to reach 6.3 billion pounds on a fats basis and 28.8 billion pounds on a skims-solids basis. Next year, exports are expected to be lower as production in competing countries, notably Australia and New Zealand, is expected to increase. Also for next year, exports on a fats basis are forecast at 5.6 billion pounds and 28.0 billion pounds on a skims-solids basis. In 2011, domestic commercial use on both a fats and skims-solids basis is expected to show above-trend growth. Domestic commercial use is forecast to reach 192.9 billion pounds, a 1.8 percent year-over-year increase on a fats basis, and reach 170.6 billion pounds, a 2.1 percent year-over-year increase on a skims-solids basis. Growth in both domestic commercial use and exports will result in tighter ending stocks this year and next on a fats basis. Ending stocks on a skims-solids basis will be near 2009 levels this year and tighten by the end of 2011.

Butter stocks have been below 2009 in the first half of 2010 and are below 5-year trend on a seasonally adjusted basis. Lower production and rising domestic commercial use have tightened stocks and sharply increased butter prices. Butter prices are forecast at \$1.610 to \$1.650 per pound this year. Next year's butter prices, expected to moderate because of greater expected milk production, are forecast at \$1.435 to \$1.565 per pound. Cheese prices are expected to remain relatively high for the balance of 2010 on the basis of stronger exports and competition for milk from higher butter prices.

Cheese prices are expected to average \$1.500 to \$1.520 per pound this year and climb slightly to \$1.505 to 1.605 per pound in 2011. A stronger export forecast, as well as domestic commercial use, could offset expected greater milk production. Nonfat dry milk (NDM) prices are sharply higher this year compared with 2009, mostly on stronger export projections. NDM prices are forecast to be \$1.145 to \$1.165 per pound in 2010 and rise slightly to \$1.175 to \$1.245 next year. Whey prices have been part of the overall recovery in dairy product prices this year and are projected to average 36.0 to 38.0 cents per pound; however whey prices are not expected to change much next year, averaging 35.5 to 38.5 cents per pound in 2011.

The tightness in the butter market has precipitated the unusual situation of the Class IV price climbing above the Class III price. The Class IV price is expected to be \$14.50 to \$14.80 per cwt this year, moderating slightly to \$14.00 to \$15.10 per cwt in 2011. The Class III price is expected to average \$14.15 to \$14.35 per cwt this year and rise to \$14.15 to \$15.15 in 2011. The Class III price is expected to rise above the Class IV price next year, restoring the more typical price relationship. The all milk price is expected to be \$15.90 to \$16.10 per cwt this year and to change very little next year, averaging \$15.55 to \$16.55 per cwt in 2011.

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### Data Products

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

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

### Related Websites

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/>  
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WASDE, <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194>

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U.S. red meat and poultry forecasts

	2004				2005				2006				2007 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		
<b>Production, million lb</b>																																
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	6,549	<b>6,605</b>	<b>6,240</b>	<b>25,645</b>	<b>5,990</b>	<b>6,380</b>	<b>25,135</b>		
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	5,301	<b>5,435</b>	<b>5,895</b>	<b>22,238</b>	<b>5,615</b>	<b>5,415</b>	<b>22,655</b>		
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	40	<b>39</b>	<b>42</b>	<b>164</b>	<b>42</b>	<b>39</b>	<b>161</b>		
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	9,184	<b>9,450</b>	<b>9,125</b>	<b>36,491</b>	<b>9,075</b>	<b>9,400</b>	<b>37,500</b>		
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	1,383	<b>1,400</b>	<b>1,425</b>	<b>5,548</b>	<b>1,375</b>	<b>1,390</b>	<b>5,645</b>		
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	22,614	<b>23,088</b>	<b>22,887</b>	<b>90,713</b>	<b>22,245</b>	<b>22,781</b>	<b>91,802</b>		
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	1,619	<b>1,635</b>	<b>1,675</b>	<b>6,532</b>	<b>1,620</b>	<b>1,625</b>	<b>6,570</b>		
<b>Per capita disappearance, retail lb 2/</b>																																
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	15.1	<b>15.2</b>	<b>14.2</b>	<b>59.1</b>	<b>14.1</b>	<b>14.9</b>	<b>58.1</b>		
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	11.4	<b>11.3</b>	<b>12.2</b>	<b>46.7</b>	<b>11.5</b>	<b>11.5</b>	<b>46.8</b>		
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	<b>0.2</b>	<b>0.2</b>	<b>0.9</b>	<b>0.3</b>	<b>0.2</b>	<b>0.9</b>		
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	20.5	<b>21.3</b>	<b>20.4</b>	<b>82.2</b>	<b>20.2</b>	<b>21.2</b>	<b>84.1</b>		
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	3.6	<b>3.8</b>	<b>5.0</b>	<b>16.0</b>	<b>3.6</b>	<b>3.7</b>	<b>16.0</b>		
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	51.2	<b>52.3</b>	<b>52.5</b>	<b>206.6</b>	<b>50.1</b>	<b>51.9</b>	<b>207.7</b>		
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	61.0	<b>61.6</b>	<b>63.2</b>	<b>246.9</b>	<b>61.1</b>	<b>61.2</b>	<b>246.6</b>		
<b>Market prices</b>																																
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	<b>94.96</b>	<b>92.98</b>	<b>93.95</b>	<b>93.101</b>	<b>96.104</b>	<b>95.102</b>		
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	<b>108.110</b>	<b>105.111</b>	<b>106.109</b>	<b>101.109</b>	<b>106.114</b>	<b>105.112</b>		
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	<b>57.59</b>	<b>55.59</b>	<b>55.58</b>	<b>53.57</b>	<b>55.59</b>	<b>53.57</b>		
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	<b>107.109</b>	<b>106.112</b>	<b>106.108</b>	<b>105.113</b>	<b>105.113</b>	<b>104.112</b>		
Barrows & gilts, N. base, Le. \$/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	<b>57.59</b>	<b>49.53</b>	<b>54.55</b>	<b>54.58</b>	<b>54.58</b>	<b>53.57</b>		
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	<b>83.85</b>	<b>80.84</b>	<b>82.84</b>	<b>81.87</b>	<b>82.88</b>	<b>81.88</b>		
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	<b>95.97</b>	<b>95.101</b>	<b>88.89</b>	<b>74.80</b>	<b>81.87</b>	<b>83.89</b>		
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	<b>95.97</b>	<b>95.101</b>	<b>99.101</b>	<b>107.115</b>	<b>101.109</b>	<b>103.112</b>		
<b>U.S. trade, million lb</b>																																
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	585	<b>580</b>	<b>550</b>	<b>2,193</b>	<b>480</b>	<b>540</b>	<b>2,070</b>		
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	690	<b>700</b>	<b>640</b>	<b>2,603</b>	<b>690</b>	<b>750</b>	<b>2,785</b>		
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	46	<b>35</b>	<b>49</b>	<b>171</b>	<b>52</b>	<b>46</b>	<b>186</b>		
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	1,081	<b>1,110</b>	<b>1,230</b>	<b>4,468</b>	<b>1,120</b>	<b>1,110</b>	<b>4,675</b>		
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	204	<b>215</b>	<b>230</b>	<b>848</b>	<b>210</b>	<b>210</b>	<b>875</b>		
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	1,683	<b>1,650</b>	<b>1,650</b>	<b>6,471</b>	<b>1,625</b>	<b>1,625</b>	<b>6,650</b>		
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	136	<b>145</b>	<b>145</b>	<b>540</b>	<b>125</b>	<b>130</b>	<b>550</b>		
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	1,408	<b>1,450</b>	<b>1,450</b>	<b>5,754</b>	<b>1,475</b>	<b>1,475</b>	<b>5,900</b>		

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

	2009			2010					2011		
	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Milk cows (thous.)	9,155	9,090	9,201	9,091	9,111	9,120	9,095	9,104	9,095	9,090	9,090
Milk per cow (pounds)	5,111	5,090	20,576	5,209	5,458	5,230	5,190	21,086	5,310	5,505	21,405
<b>Milk production (bil. pounds)</b>	<b>46.8</b>	<b>46.3</b>	<b>189.3</b>	<b>47.4</b>	<b>49.7</b>	<b>47.7</b>	<b>47.2</b>	<b>192.0</b>	<b>48.3</b>	<b>50.0</b>	<b>194.6</b>
Farm use	0.3	0.3	1.0	0.2	0.2	0.2	0.2	1.0	0.2	0.2	1.0
Milk marketings	46.5	46.0	188.3	47.1	49.5	47.5	47.0	191.0	48.1	49.8	193.6
<b>Milkfat (bil. pounds milk equiv.)</b>											
Milk marketings	46.5	46.0	188.3	47.1	49.5	47.5	47.0	191.0	48.1	49.8	193.6
Beginning commercial stocks	14.5	13.7	10.1	11.3	13.0	13.4	12.5	11.3	10.5	11.6	10.5
Imports	1.3	1.3	5.6	1.2	1.0	0.9	1.2	4.2	1.1	1.0	4.3
Total supply	62.3	61.0	204.0	59.7	63.5	61.8	60.6	206.6	59.7	62.4	208.4
Commercial exports	0.9	1.1	4.1	1.3	2.1	1.5	1.4	6.3	1.4	1.5	5.6
Ending commercial stocks	13.7	11.3	11.3	13.0	13.4	12.5	10.5	10.5	11.6	13.2	9.9
Net removals	0.1	0.6	0.7	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0
Commercial use	47.6	47.9	187.7	45.1	47.9	47.8	48.7	189.5	46.7	47.7	192.9
<b>Skim solids (bil. pounds milk equiv.)</b>											
Milk marketings	46.5	46.0	188.3	47.1	49.5	47.5	47.0	191.0	48.1	49.8	193.6
Beginning commercial stocks	12.4	11.5	10.9	11.3	11.8	12.5	11.4	11.3	11.4	11.1	11.4
Imports	1.2	1.4	5.5	1.2	1.2	1.1	1.2	4.6	1.3	1.1	4.7
Total supply	60.2	58.9	204.7	59.6	62.5	61.1	59.6	207.0	60.8	62.0	209.6
Commercial exports	5.5	6.1	22.5	6.2	8.8	7.0	6.8	28.8	6.9	7.1	28.0
Ending commercial stocks	11.5	11.3	11.3	11.8	12.5	11.4	11.4	11.4	11.1	12.0	11.0
Net removals	0.6	0.4	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	42.9	41.4	168.6	41.8	41.1	42.7	41.5	167.1	42.6	42.8	170.6
<b>Milk prices (dol./cwt) 1/</b>											
All milk	12.13	15.40	12.84	15.60	15.07	16.30	16.65	15.90	15.60	15.05	15.55
						-16.60	-17.25	-16.10	-16.50	-16.05	-16.55
Class III	11.09	13.96	11.36	13.85	13.31	14.60	14.80	14.15	13.95	13.90	14.15
						-14.90	-15.40	-14.35	-14.85	-14.90	-15.15
Class IV	10.56	13.37	10.89	13.22	14.82	15.35	14.70	14.50	14.00	13.75	14.00
						-15.75	-15.40	-14.80	-15.00	-14.85	-15.10
<b>Product prices (dol./pound) 2/</b>											
Cheddar cheese	1.248	1.508	1.296	1.471	1.419	1.545	1.567	1.500	1.480	1.485	1.505
						-1.575	-1.627	-1.520	-1.570	-1.585	-1.605
Dry whey	0.294	0.344	0.258	0.386	0.366	0.350	0.345	0.360	0.355	0.355	0.355
						-0.370	-0.375	-0.380	-0.385	-0.385	-0.385
Butter	1.194	1.350	1.209	1.387	1.551	1.785	1.720	1.610	1.540	1.405	1.435
						-1.845	-1.810	-1.650	-1.660	-1.535	-1.565
Nonfat dry milk	0.892	1.142	0.922	1.107	1.212	1.155	1.105	1.145	1.115	1.155	1.175
						-1.185	-1.155	-1.165	-1.185	-1.225	-1.245

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/dyfmfos/mib/fedordprc\\_dscrp.htm](http://www.ams.usda.gov/dyfmfos/mib/fedordprc_dscrp.htm)

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

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