



United States  
Department  
of Agriculture

LDP-M-197

Nov 19, 2010



A Report from the Economic Research Service

[www.ers.usda.gov](http://www.ers.usda.gov)

# Livestock, Dairy, and Poultry Outlook

Rachel J. Johnson

[rjohnson@ers.usda.gov](mailto:rjohnson@ers.usda.gov)

## Livestock Markets Respond to Higher Feed Costs

### Contents

[Beef/Cattle](#)  
[Beef/Cattle Trade](#)  
[Pork/Hogs](#)  
[Poultry](#)  
[Poultry Trade](#)  
[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 Nov 30, 2010

The next newsletter  
release is Dec 20, 2010

-----  
Approved by the  
World Agricultural  
Outlook Board

**Beef/Cattle:** Continued heavy cow slaughter and high placements of heifers in feedlots keep a lid on cow herd expansion. Feedlots continue to place cattle despite higher corn prices and declining fed cattle prices, and packers continue to slaughter cattle at rates inconsistent with declining wholesale prices.

**Beef/Cattle Trade:** Beef exports for 2010 are forecast at 2.29 billion pounds, which is 17-percent growth year-over-year. Although demand for U.S. beef among major trading partners should be equally as strong, or stronger, next year, smaller production will tighten supplies and puts the export forecast for 2011 at 2.27 billion pounds. With the beef supplies of major U.S. beef trading partners also tight into next year, the outlook on imports for 2011 may be much the same as it has been this year.

**Pork/Hogs:** Higher hog weights and higher-than-expected pork cold stocks were factors in lower October hog and pork prices. Next year the U.S. pork industry will struggle to adjust to expected higher feed costs, with little attention given to expansion. Pork production next year is expected to be 1.5 percent above the 2010 level. Lower third-quarter exports are likely attributable to higher U.S. pork prices.

**Poultry:** Broiler meat production in fourth-quarter 2010 is forecast at 9.2 billion pounds, up 4 percent from the previous year. For 2010, broiler meat production is forecast at 36.6 billion pounds, 3 percent higher than in 2009. Broiler meat production is expected to increase only 1.5 percent in 2011 due to the impact of a slowly growing economy and higher prices for both corn and soybean meal. Turkey meat production in fourth-quarter 2010 is expected to total 1.45 billion pounds, slightly higher than the previous year. Turkey meat production in 2010 is forecast at 5.6 billion pounds, making it 1 percent lower than 2009 and the second consecutive year of declining production. Wholesale prices for whole hen turkeys in the Eastern market in fourth-quarter 2010 are expected to be \$1.01-\$1.05 per pound, up over 20 cents per pound from fourth-quarter 2009.

**Poultry Trade:** September 2010 broiler shipments were up, exceeding shipments last September by 6.7-percent. Turkey shipments were also up slightly (1.3 percent) in September from a year ago. Total broiler shipments for the third quarter were down 4 percent from a year ago, while third-quarter turkey shipments were up 5-percent from a year ago.

**Dairy:** Higher feed prices will limit gains in milk production in 2011. Improving domestic demand and strong export prospects, especially for nonfat dry milk, should keep the all milk price in 2011 very near this year's expected average. Imports are forecast lower next year. Exports on a fats basis are expected to decline next year, while exports on a skim-solids basis will remain strong.

### *Corn and Cattle Prices Generate Confusing Signals*

Federally inspected cow slaughter is at its highest level in more than a decade, and this slaughter has been based on the lowest cow inventories since the early 1950s. The total quantity of beef produced per cow (January 1 inventories) in the United States has grown significantly over this same period from 310 pounds (1956) to 633 pounds (2009), as has both domestic and international demand for U.S. beef. This high rate of cow slaughter will slow down at some point, but "when" is subject of much discussion. Several conflicting factors are motivating current slaughter decisions, among them relatively high cow, heifer, and grain prices, an uncertain economic situation for the near term, and current demand for ground beef products. Cow prices are declining, although slowly and from relatively high levels—a sign that cow-calf producers are cashing in while the money flows. When the decision is made to expand, the first sign of herd expansion could show up as a reduction in cow slaughter. Because of anticipated higher prices for heavy feeder cattle, including heifers, this reduced cow slaughter could occur even before extra heifers are kept.

With high corn prices, lower prices for light feeders—especially for calves, which are typically discounted relative to yearlings of the same weight—will not encourage cow-calf producers to expand their herds before sometime in 2011. It is difficult for cow-calf producers to think about herd expansion when the typical discounts for heifers relative to steers and the inverse relationship between prices and weights are atypically small (see *Stocker Cattle Production*, August 2009 newsletter). Among these heavy-weight cattle are heifers that might have been retained for breeding. Forgoing the income from sales of these heifer is not a decision most producers are apt to make at present, and this will likely put off serious thoughts of herd expansion for at least the next year. Even if producers were to begin holding heifers back for replacements in 2011, the heaviest of these heifers would be counted as replacement heifers on January 1, 2011, but wouldn't count as cows until after January 1, 2012. Holding heifers back as replacements would also reduce the number of heifers going to feedlots, which would reduce beef production.

Net placements could drop off significantly beginning sometime early in the fourth quarter, if the following circumstances persist: First, net placements beginning in March 2010 have been larger year-over-year, with July the sole exception. As a result, feeder cattle supplies outside feedlots are lower year-over-year by almost 4 percent. Second, although there remains some potential for pulling feeder cattle forward for feedlot placement, the relatively high corn prices may temper these placements, especially if fed cattle prices come under pressure from placements over the last several months. Third, the demand for lighter weight wheat-pasture calves will likely provide some support for feeder cattle prices, another negative for net feeder cattle placements in the face of high corn prices if wheat pasture continues to be available for most of the winter.

While feeder cattle placements have been relatively large in year-over-year terms, they have been distributed somewhat bimodally, with larger shares of cattle coming from both ends of the weight spectrum—the lightest and heaviest—rather than from the usual mid-700-pound range. One possible result of these placement patterns is an effect on marketing patterns as these cattle come to market.

If cattle feeders withhold finished cattle from the market in an attempt to capture higher prices, cattle will gain extra finish and weight, which has the effect of smoothing the supply of fed cattle—with accompanying negative price pressure. These cattle would then be marketed during a period where, otherwise, finished cattle would have been in relatively short supply. This shift in marketing patterns could increase beef supplies and create downward pressure on prices throughout the cattle and beef complex.

If corn prices were to increase enough, heavy feeder cattle could sell at premiums to lighter cattle—a situation already being seen in spots. If wheat pasture remains available all winter, feeder cattle for placement in the first quarter 2011 could be scarce. Cattle feeders could begin attempting to pull these scarce supplies of feeder cattle forward into feedlots, although corn price levels will affect this dynamic. If wheat pasture is less abundant than expected, leading to earlier placement of lighter-weight cattle, the resulting negative pressure on prices for light to mid-weight feeder cattle could keep negative pressure on heavier weight cattle, despite their scarcity.

It is hard to see how fed cattle prices could go much above \$100 per cwt during the fourth quarter while producers are faced with steady-to-increasing pork and poultry prices. Packer margins are seasonally near or below break-even levels, so packers' enthusiasm for high fed cattle prices will likely be diminished somewhat, although they will still try to keep lines moving to reduce overhead as much as possible, and retail prices, at \$4.47 per pound—up by 1 percent over September and 8 percent over October 2009—continue to provide support. Pork and poultry prices will also dampen pressure for beef prices to rise due to lower beef supplies.

## Beef/Cattle Trade

### *U.S. Beef Export Market More Bullish than Bearish*

The U.S. beef export forecast for 2010 has been revised upward to 2.29 billion pounds. This export total is only 10 percent lower than the pre-BSE discovery record level in 2003 and demonstrates nearly 17 percent year-over-year growth. Third-quarter exports totaled 590 million pounds, 19 percent higher than year-earlier levels. Strong demand for U.S. beef abroad and a weaker U.S. dollar have largely fueled U.S. beef exports or, rather, total red meat exports this year. With continued economic improvement, this trend shows no signs of slowing into 2011. Furthermore, the strong export demand for beef has been pointed to as one of the dominant factors underpinning wholesale beef prices in the domestic market. U.S. beef exports to Japan and South Korea through the third quarter were 24 and 133 percent higher year-over-year, respectively. Exports to Taiwan and Hong Kong were 46 and 50 percent higher year-over-year.

Weekly FAS Export Sales Reports also show strong early fourth quarter increases in exports, particularly to Japan and Mexico. The yen continues to strengthen (averaging 81.74 JPY/USD in October and 81.34 JPY/USD thus far in November) to new highs. Weekly exports to Mexico—below 2009 levels so far this year—have increased in the fourth quarter from prior weekly levels, largely due to the elimination of compensatory import duties previously imposed on U.S. beef imports to Mexico. Weekly exports to Taiwan and Vietnam in October were also at their strongest to date. Year-over-year growth in U.S. beef exports to trading partners in Asia is anticipated for next year, as is growth to Canada due to decreased Canadian production. Increasing consumption of beef in Egypt should also provide strong support to imports of U.S. beef to that country next year. Total U.S. beef exports for 2011 are forecast at 2.27 billion pounds.

**Top 10 foreign markets for U.S. beef and veal exports, thru September 2010/09**

	Export volume, carcass wt. (1,000 lbs)	Export volume, carcass wt. (1,000)	
	Jan-Sept 2009	Jan-Sept 2010	Percent change
<b>1 Mexico</b>	492,157	365,452	-26
<b>2 Canada</b>	274,458	281,815	3
<b>3 Japan</b>	207,688	256,926	24
<b>4 South Korea</b>	87,090	202,497	133
<b>5 Vietnam</b>	98,593	86,778	-12
<b>6 China</b>	59,871	87,580	46
<b>7 Russia</b>	8,512	64,715	660
<b>8 Hong Kong</b>	52,539	78,603	50
<b>9 Egypt</b>	26,601	56,338	112
<b>10 Netherlands</b>	16,622	28,528	72
<b>World Total</b>	<b>1,416,441</b>	<b>1,654,007</b>	<b>16.8</b>

Source: USDA-Economic Research Service, <http://www.ers.usda.gov/Data/MeatTrade/>

### ***Modest Growth in Beef Imports Expected in 2011***

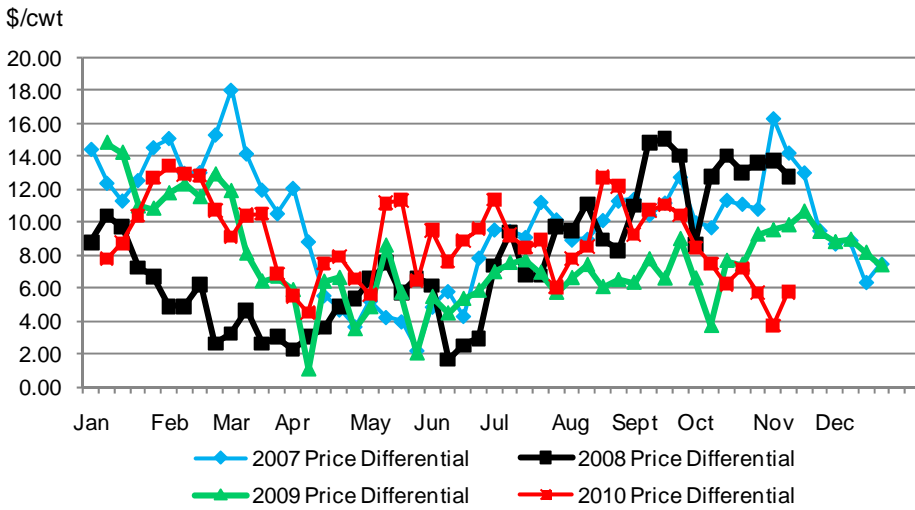
The 2010 beef import forecast, at 2.44 billion pounds, is the smallest since 1997 and occurs during a year when imports from Oceania also decreased. Imports through the third quarter were 10 percent below year-earlier levels, and imports from Australia were 28 percent lower, year-over-year. In addition, imports from New Zealand, Brazil, Argentina, and Uruguay were all lower through the third quarter. Production in Oceania been lower in 2010, as slaughter has declined and carcass weights have decreased. Although production in Australia was higher in the third quarter, a strong Australian dollar helped push imports from Oceania during the month of September to the lowest level in over a decade. Historically, Canada vies with Australia as the largest exporter of beef to the United States. Canadian imports through September are 12 percent higher year-over-year. However, as is also the case in the United States, declining cattle inventories in Canada, along with the propensity for herd rebuilding and reduced cow slaughter, will constrain production and, subsequently, Canadian export potential next year. For much of this year, increased U.S. cow slaughter has offset the decline in imported processing beef, as year-to-date cow slaughter is up 4.2 percent.

Brazil is the only major world producer of beef for which production is expected to expand in 2011; however, the United States only imports processed (prepared/preserved) beef from Brazil, and no processing plants in Brazil are currently eligible to export beef to the United States. Demand for beef in the United States should continue to strengthen next year, adding upward pressure on imports; however, with beef in tight supply among major U.S. beef trading partners, the outlook on imports for 2011 is expected to be much the same as it has been this year. Total U.S. beef imports for 2011 are forecast at 2.54 billion pounds, about 4 percent above the current-year forecast.

### ***Cattle Imports 16 Percent Higher Through Third Quarter***

Cattle imports through September totaled 1.6 million head, compared with the 1.4 million head imported through September last year. Import levels from both Canada and Mexico through the third quarter are above year-earlier levels by 7 and 30 percent, respectively. With the Canadian feeder market still trading at a premium to U.S. values, slaughter cattle have primarily been imported from Canada. The price differential between U.S. and Canadian slaughter cattle (5-Area, all grades vs. Alberta, mostly select, 1-2) has shown steady decline beginning in early September and since November has remained below the differential level of the past 3 years. Thus, coupled with the continued weakening of the U.S. dollar and with Canadian marketings set to decline in the fourth quarter, Canadian slaughter cattle imports to the United States through the end of the year should inevitably remain at lower levels.

**U.S.-Canada slaughter steer price differential (5-area, all grades vs. Alberta, mostly select 1-2)**

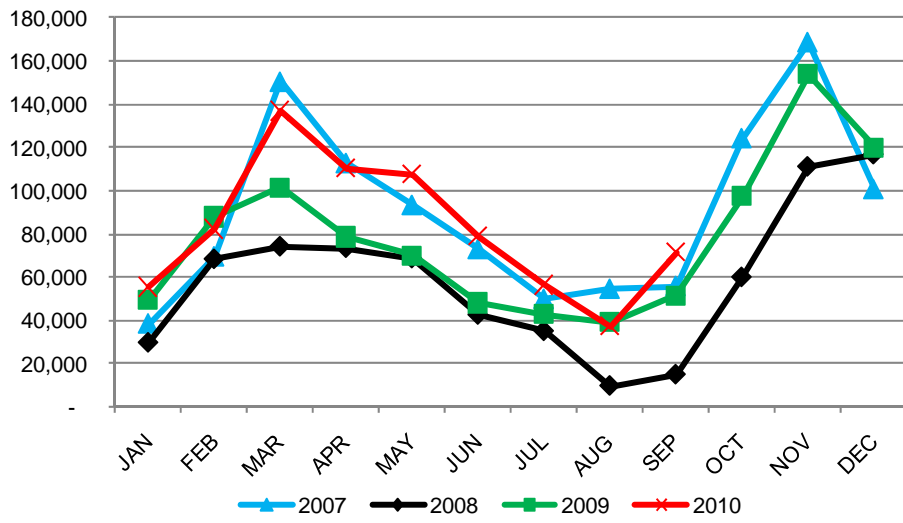


Source: USDA-Agricultural Marketing Service weekly reports compiled by Economic Research Service.

Feeder imports from Mexico typically spike in the fall as forage in Mexico rapidly deteriorates. Recent strong weekly feeder cattle imports from Mexico indicate that import levels though the remainder of the year should follow the seasonal trend. Weekly AMS reports show imports of Mexican cattle near or above the 40,000 hd/week mark toward the end of October, with a historically high number of cattle (over 50,000 head) imported from Mexico during the first week in November. Additionally, U.S. feeder cattle prices remain well above the exchange rate-adjusted Mexican feeder price equivalent, as they have for much of this year. Currently in U.S. cattle markets, there is also a high value of gain priced into feeder markets for forage-based stocker production, also in light of higher corn prices. Current price relationships between different weights and classes of cattle are sending signals to stocker producers to increase production, and Mexican feeder imports are supplying some of this demand. Total cattle imports for 2010 are forecast at 2.2 million head, 10 percent above the 2009 level.

### U.S. monthly cattle imports from Mexico

Head



Source: USDA-Economic Research Service, <http://www.ers.usda.gov/Data/MeatTrade/>



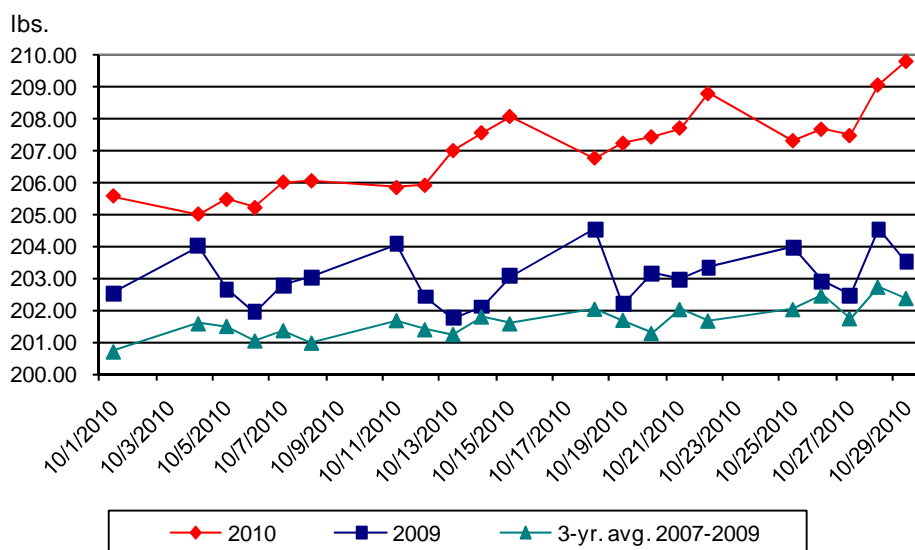
## Pork/Hogs

### Higher Dressed Weights Pressure Prices

Prices of both hogs and pork declined sharply in October, as pork supplies increased with accelerating seasonal slaughter numbers and skyrocketing hog weights. The October price of live equivalent 51-52 percent lean hogs was \$52.14 per cwt. While more than 39 percent higher than in October 2009, hog prices last month were 13.6 below prices in September, almost double the average 6-7 percent September-October dropoff seen in recent years. On the pork side, the wholesale carcass cutout in October was \$79.91, almost 45 percent above a year earlier. But in recent years, the seasonal dropoff between the September and October cutout has averaged between 6-7 percent. This year, however, the October cutout fell almost 12 percent below wholesale prices in September.

While prices of hogs and pork typically decline as hog slaughter numbers increase to their annual fourth-quarter-highs, 2010 prices of hogs and pork fell more sharply than in recent years. This could be due in part to two factors: first, on the supply-side, live and dressed weights of hogs in October were much higher than expected. Second, on the demand side, prices of pork bellies peaked in mid-September and declined through October, pushing the USDA wholesale pork cutout down. With respect to hog dressed weights, estimated average daily carcass weights in October 2010 were 4 pounds heavier than average daily weights a year ago and 5.3 pounds above the 3-year average. Estimated carcass daily weights in October, which averaged 207 pounds for the month, were 5 pounds heavier than average federally inspected dressed weights in September. The figure below shows the wide positive October gap between estimated daily average carcass weights this year and 2009 and the 3-year average.

**U.S. hogs: October daily average carcass weights, 2009, 2010, and 1007-2009 average**



Source: USDA-AMS. LM\_HG213. National Daily Lean Hog Carcass Slaughter Cost.

While it is impossible to pinpoint the cause(s) of heavier weights with precision, there is strong anecdotal evidence to suggest that feed quality and weather contributed to heavier animals in October. To the extent that last year's corn crop was of poorer nutritional quality, switching to feeding with new-crop corn has probably accelerated weight gains that typically come about as the weather turns cooler in the fall. Thus, the switch to new-crop corn in hog rations combined with cooler temperatures likely created conditions that supported weight gains. On the flip-side however, heavier weights and resulting larger pork supplies probably contributed to lower pork and hog prices in October.

USDA lowered fourth-quarter prices of 51-52 percent lean hogs to \$50-\$52 per cwt, down from \$53-\$55 per cwt last month. The fourth-quarter pork production forecast was increased 73 million pounds to 5.925 billion pounds, based on higher average dressed weights.

The major challenge—and source of uncertainty—for the U.S. pork industry in moving forward is higher feed costs and how the U.S. industry will adjust to them. Producer returns calculated with USDA forecasts of feed and hog prices show a decline from October, but still-positive returns through 2011. It is more than likely that 2011 will be a year in which the industry struggles to acclimate to higher feed costs, without much attention to expansion. Minimally positive farrowings next year, along with higher dressed weights resulting from better nutritional values in new-crop corn, are expected to put commercial pork production next year at 22.6 billion pounds, an increase of 1.5 percent over this year. The slightly higher production increase anticipated next year, compared with last month's production forecast, is a result of higher expected average dressed weights offsetting slightly lowered forecasts of farrowings in 2011.

### ***Third-Quarter-Pork Exports Slide***

Third-quarter pork exports were 952 million pounds, down 5.4 percent from the same period a year ago. With the exception of Canada, all major U.S. export markets were year-over-year lower in third-quarter 2010. Lower exports are most likely attributable to elevated U.S. pork prices in the July-September period. The wholesale cutout averaged \$88.94 per cwt, more than 56 percent higher than the average wholesale price of \$56.94 per cwt a year earlier. With a competitive U.S. dollar vis-à-vis major trading partners, and with economic recovery proceeding in advance of the U.S. economy's growth rate in most parts of Asia, Mexico, Canada, and Australia, high U.S. prices appear to be a major factor explaining weaker third-quarter foreign purchases of U.S. pork. The 15 largest foreign destinations for U.S. pork in the third quarter are listed below.

## 15 largest foreign destinations for U.S. pork in the third quarter

Rank	Country	Third Quarter		Percent chg. (2010/2009)	Percent share of Total Exports	
		2010 Mil. lbs	2009 Mil. lbs		2010	2009
	World	952	1,007	-5.4		
1	Japan	286	300	-4.7	30.1	29.8
2	Mexico	237	242	-2.0	24.9	24.0
3	Canada	109	106	2.8	11.5	10.6
4	China	60	3	1935.2	6.3	0.3
5	Russia	50	92	-46.0	5.2	9.2
6	S.Korea	34	40	-15.9	3.5	4.0
7	Australia	33	30	10.9	3.5	3.0
8	Hong Kong	26	77	-66.2	2.8	7.7
9	Philippines	23	17	39.9	2.4	1.6
10	Honduras	13	9	39.9	1.3	0.9
11	Taiwan	13	24	-46.7	1.3	2.4
12	Domin.Rep.	9	10	-9.2	0.97	1.0
13	Singapore	7	5	32.0	0.71	0.5
14	Guatemala	6	4	72.2	0.64	0.4
15	New Zealand	4	5	-14.0	0.44	0.5

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

Third quarter U.S. pork imports were 13 percent higher than a year earlier, at more than 237 million pounds. The largest foreign shipments came from Canada (13.2 percent higher compared with a year ago) and from Denmark (0.3 percent lower compared with the same period last year). Lower U.S. production this year was likely an incentive for third-quarter imports.

Live swine imports were down only 2.5 percent in the third quarter, at 1.479 million head, the lowest quarterly decline, in percentage terms, since swine imports turned lower in the second quarter of 2008. Lower imports of segregated early-weaned animals (weighing less than 7 kgs) and slaughter-ready animals offset year-over-year higher imports of feeder pigs (animals weighing between 7 and 23 kgs) and breeding animals.

### ***Broiler Meat Production Forecast To Increase in Fourth Quarter***

Fourth-quarter 2010 broiler meat production is forecast at 9.2 billion pounds, 4.2 percent higher than a year earlier. The higher production is expected to be driven by both an increase in the number of birds slaughtered and in average live weights. Over the last several weeks, preliminary slaughter numbers indicate that almost all the gain in bird slaughter has come from heavier birds, pointing toward higher average weights.

Broiler meat production in third-quarter 2010 was 9.48 billion pounds, 3.4 percent above the same period in 2009. This increase was the result of a 2.2-percent rise in the number of birds slaughtered and a 1-percent increase in live weights to 5.63 pounds.

Broiler meat production in 2011 is forecast at 37.2 billion pounds, an increase of only 1.5 percent over 2010. In 2011, broiler production growth is expected to be dampened by higher prices for corn and soybean meal and only modest increases in broiler prices, which would reduce any incentive to expand production. Price increases are expected to be dampened by higher production and stocks as well as relatively high unemployment and a slowly expanding economy, dampening demand increases.

The most recent weekly hatchery report showed that over the last 5 weeks (Oct. 9 through Nov. 6), the number of chicks placed for growout averaged 5.2 percent higher than in the same period in 2010. This 5-week moving average has rapidly grown over the last few months, as the average through the end of September was less than half the current rate. The continued expansion in the number of chicks placed for growout is expected to be impacted over the next several months by both high grain prices and falling prices for most broiler meat products.

### ***Third-Quarter Ending Stocks Lower***

With higher broiler meat production in third-quarter 2010, ending cold storage holdings of broiler products totaled 680 million pounds, up 11 percent from the previous year and 45 million pounds higher than at the end of the second quarter. Although the large percentage of stocks in the “other” category does not allow for a definitive analysis of changes in stocks of various parts, stock levels for both leg products and paws have grown steadily from earlier this year. This is logical given the trade disruptions that have occurred with Russia and China, our largest markets for these products. Even with higher broiler meat production forecast for fourth-quarter 2010, overall stocks of broiler products are expected to expand only slightly in fourth-quarter 2010, but are expected to end 2010 at 695 million pounds, up 13 percent from the end of 2009.

With higher broiler production, especially of heavier birds, along with uncertainties about export markets and continued weakness in the domestic economic outlook, most broiler prices have been moving downward, especially for breast meat products. Boneless/skinless breast meat prices in the Northeast market declined to \$1.34 per pound in October, down 34 cents from the September average.

Prices for bone-in breasts followed a similar pattern, declining from \$1.14 per pound in September to only \$0.92 in October. Weekly prices point toward continued declines in the prices for breast meat products in November. One of the few prices that has shown any strength is the price for wings, which rose 6 cents per pound from September to October.

### ***Turkey Production Steady***

U.S. turkey meat production in third-quarter 2010 was 1.4 billion pounds, down fractionally from a year earlier. The small production decline was the result of a small decline in the average live weight of turkeys at slaughter to 28.3 pounds (down 0.4 percent) and the number of birds slaughtered being fractionally smaller than the previous year. Turkey meat production in fourth-quarter 2010 is forecast at 1.45 billion pounds, a relatively small gain in production from the previous year. This would be a switch, as turkey meat production has fallen on a year-over-year basis for the last seven consecutive quarters.

With lower turkey meat production throughout 2009 and in the first three quarters of 2010, stocks of turkey products (whole birds and parts) have been well below their year-earlier levels throughout 2010. At the end of September, overall turkey cold storage holdings were 470 million pounds, down 23 percent from the previous year. The decline in cold storage holdings of all turkey products was almost equally divided between whole turkey and turkey product stocks. At the end of September whole bird stocks were 284 million pounds, down 21 percent from the previous year, and stocks of turkey products were down 26 percent to 186 million pounds. With production expected to be up only fractionally in fourth-quarter 2010, turkey cold storage holdings at the end of 2010 are expected to total 210 million pounds, the lowest year-ending stocks level since 2005.

With lower turkey meat production over the first three quarters of 2010 and much lower stocks of whole birds, there has been considerable upward pressure on turkey prices. Prices for whole turkeys at the wholesale level averaged \$0.98 per pound in third-quarter 2010, up 14 cents per pound from the second quarter and 25 percent higher than the previous year. Whole turkey prices are expected to average \$1.01-\$1.05 per pound in fourth-quarter 2010, again around 25 percent higher than a year earlier.

### ***Egg Production Continues Higher***

Table egg production in third-quarter 2010 was just over 1.6 billion dozen, about 1 percent higher than a year earlier. On a year-over-year basis, table egg production has risen in the last seven consecutive quarters. With the number of table egg layers in production up slightly, table egg production is expected to continue to be above the previous year's level in fourth-quarter 2010 and into first-quarter 2011. Overall table egg production is expected to again be higher in 2011, although the increase is expected to be less than 1 percent.

Hatching egg production in third-quarter 2010 was 271 million dozen, up 6 million dozen (just over 2 percent) from third-quarter 2009. Hatching egg production is again expected to be slightly higher in fourth-quarter 2010, chiefly due to higher demand for broiler chicks.

However, production is expected to level off in 2011 as broiler production is caught between higher grain prices and little growth in the domestic economy.

Wholesale table egg prices in third-quarter 2010 averaged \$0.93 per dozen, down less than 2 cents per dozen from the previous year. However, egg prices varied tremendously during the third quarter. Seasonally higher demand in fourth-quarter 2010 is expected to boost prices somewhat to \$1.08 - \$1.12 per dozen. This increase would still leave prices down from the \$1.18 per dozen that table eggs averaged in fourth-quarter 2009. Prices in 2011 are forecast to be lower, without the strong spikes that boosted prices in both the first and third quarters of 2010.

### ***Egg Exports Down in September, But Much Higher for the Year***

Although egg prices have been relatively volatile in 2010, eggs and egg product exports to a number of countries have remained strong. In September, total egg exports were the equivalent of 23.8 million dozen eggs. This was down 5 percent from the previous year, but over the first 9 months of 2010, egg exports were 13 percent higher than during the same period in 2009. Exports of both shell eggs and egg products declined in September. The reduction in exports is likely related to the strong domestic price spike in shell egg prices that occurred in late August and into September.

Egg shipments in third-quarter 2010 totaled 67.3 million dozen on a shell egg-equivalent basis, down 3 percent from the 69.1 million dozen exported in third-quarter 2009 and almost identical to the amount exported in second-quarter 2010. Year-to-date exports are down to Canada and Mexico, but there were higher shipments to EU countries and a number of Asian countries, particularly Hong Kong and Japan.

### ***September Broiler Shipments Up from a Year Ago, but Down in the Third-Quarter***

September 2010 broiler shipments totaled more than 618 million pounds, up 6.7-percent from a year ago. September broiler shipments were the largest since October 2008. One of the major contributing markets was Russia, which accounted for over 83.8 million pounds of U.S. total broiler shipments in September 2010, the largest amount shipped to that country since December 2009. Mexico was the second largest export market for the United States, receiving over 79.5 million pounds of broiler meat.

Broiler shipments in the third-quarter of 2010 finished at 1.64 billion pounds, down 4-percent from last year's total shipments. During third-quarter 2010, the strongest U.S. broiler export market was Mexico, which imported over 234 million pounds of broiler meat, or 14.2-percent of U.S. broiler shipments. With Russia returning as one of the largest U.S. markets, 2010 fourth-quarter broiler shipments are projected to equal 1.6 billion pounds.

### ***Turkey Shipments Up Slightly in September and in Third-Quarter Compared with a Year Ago***

Turkey shipments totaled 49.7 million pounds in September 2010, a 1.4-percent increase from last year. Although September turkey shipments showed an increase from last year's total, there has been a sizable decline in turkey shipments from September. In August 2010, the United States shipped about 56.2 million pounds of turkey meat, almost 12-percent more than was shipped in September. The two largest U.S. turkey markets, Canada and Mexico, both imported over 2 million pounds less in September than they did a month earlier. A possible reason for the reduction in turkey shipments could be the increase in U.S. turkey prices, coupled with relatively stable broiler meat prices. During September, Canada and Mexico increased their importations of U.S. broiler meat by more than 2 million pounds.

Turkey shipments in the third-quarter of 2010 totaled 158.7 million pounds, a 5-percent increase from a year ago. Of the 158.7 million pounds shipped, Mexico accounted for 53-percent. Canada, the second largest U.S. turkey market, received 17 percent of the total turkey meat shipped. Turkey shipments in fourth-quarter 2010 are expected to be slightly higher than 2009 volumes.

### ***Higher Feed Prices Will Likely Limit Milk Production Expansion in 2011 After This Year's Rise***

Current USDA forecasts call for substantially higher corn prices in 2010/11 compared with last year. Prices are projected at \$4.80 to \$5.60 per bushel, an increase from last month's forecast and up sharply from last year's \$3.55 per bushel average. Soybean meal prices are forecast at \$310 to \$350 per ton this year, a small rise from last year's \$311 per ton average. Higher 2011 feed ingredient prices will boost the benchmark 16-percent protein mixed dairy ration by double digits after 2 years of declines. The upward movement in feed prices will pressure producer margins and will likely curtail the modest recovery in cow numbers that began early this year. For 2011, cow numbers are forecast at 9,130 thousand head, up slightly from 9,115 thousand expected this year. Milk output per cow is projected to rise by better than 2.8 percent in 2010. The expected rise this year can be attributed to relatively moderate feed prices and overall good weather. Next year, forecast higher feed prices will likely bring down the expected increase to about 1.3 percent, close to trend. Despite the higher feed price forecast, milk production is forecast to climb to 195.6 billion pounds in 2011, a rise of more than 1.4-percent over this year's projected 192.8 billion pound production.

Milk equivalent exports on a fats basis have shown strength this year. Cheese exports have been robust this year; however, continued growth may be limited by tariffs on exports to Mexico. Total exports on a fats basis are expected to total 7.7 billion pounds this year and decline to 6.2 billion pounds in 2011. Exports on a skim-solids basis are forecast to total 29.8 billion pounds this year and continue strong in 2011, reaching 29.5 billion pounds by year-end. Global economic recovery and a weaker dollar should help support nonfat dry milk (NDM) exports.

The modest domestic economic recovery and a weaker dollar relative to foreign currencies will result in lower imports this year compared with last and will likely keep imports below year-earlier levels into 2011. Fats basis imports will likely total 4.6 billion pounds in 2010 and slip to 4.1 billion pounds next year. On a skim-solids basis, import totals are expected to be near 5.1 billion pounds this year, declining to 4.9 billion pounds in 2011.

Cheese prices have increased over the course of 2010 and are expected to average \$1.515 to \$1.525 per pound for the year. Cheese prices have fallen of late, but continued economic recovery, combined with slower growth in milk production, will firm cheese prices over the course of 2011. Next year, cheese prices are expected to average \$1.530 to \$1.620 per pound. Butter prices appear to have retreated from their peaks earlier in 2010 but will average \$1.710 to \$1.740 per pound for the year. In 2011, slightly higher milk production could lower butter prices even further. However, butter prices will remain high compared with recent years and are forecast to average \$1.500 to \$1.620 per pound. Export prospects for NDM will likely strengthen prices in 2011 to \$1.185 to \$1.255 per pound; up from this year's expected \$1.155 to \$1.175 per pound average. Whey prices are expected to remain virtually unchanged, averaging 36.5 to 37.5 cents per pound this year and 35.5 to 38.5 cents per pound next year.



Stronger NDM prices should partly offset lower butter prices, keeping Class IV prices firm over the course of 2011. Class IV prices, which are expected to average \$14.45 to \$15.45 per cwt in 2011, will be only slightly lower than the expected \$15.05 to \$15.25 per cwt average in 2010. Stronger domestic demand for cheese will boost the Class III price next year. In 2011, the Class III price is expected to average \$14.40 to \$15.30 per cwt, up from an average \$14.35 to \$14.45 this year. The all milk price is forecast to average \$15.95 to \$16.85 per cwt next year, very near the expected 2010 average of \$16.30 to \$16.40 per cwt.

## Contacts and Links

### Contact Information

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

### 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 1/					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	III	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	6,771	<b>6,300</b>	<b>2,5871</b>	<b>6,305</b>	<b>6,350</b>	<b>6,500</b>	<b>2,5445</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	5,401	<b>5,925</b>	<b>2,2234</b>	<b>5,630</b>	<b>5,375</b>	<b>5,565</b>	<b>2,2560</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	39	<b>41</b>	<b>1,63</b>	<b>40</b>	<b>39</b>	<b>38</b>	<b>157</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	9,198	9,482	<b>9,200</b>	<b>3,6612</b>	<b>9,025</b>	<b>9,325</b>	<b>9,525</b>	<b>3,7150</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	1,414	<b>1,425</b>	<b>5,587</b>	<b>1,375</b>	<b>1,375</b>	<b>1,390</b>	<b>5,560</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	22,628	23,278	<b>23,071</b>	<b>91,101</b>	<b>22,523</b>	<b>22,621</b>	<b>23,181</b>	<b>91,503</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	1,620	1,638	<b>1,675</b>	<b>6,536</b>	<b>1,620</b>	<b>1,620</b>	<b>1,630</b>	<b>6,550</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>15.3</b>	<b>14.1</b>	<b>59.1</b>	<b>14.5</b>	<b>14.5</b>	<b>14.7</b>	<b>57.8</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>11.5</b>	<b>12.3</b>	<b>47.0</b>	<b>11.6</b>	<b>11.4</b>	<b>11.5</b>	<b>12.2</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>0.2</b>	<b>0.2</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>21.5</b>	<b>20.7</b>	<b>82.8</b>	<b>20.2</b>	<b>21.0</b>	<b>21.4</b>	<b>83.1</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>4.1</b>	<b>5.0</b>	<b>16.2</b>	<b>3.5</b>	<b>3.7</b>	<b>15.8</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>53.1</b>	<b>52.7</b>	<b>207.7</b>	<b>50.4</b>	<b>51.3</b>	<b>52.0</b>	<b>206.0</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	61.1	<b>62.0</b>	<b>63.2</b>	<b>247.4</b>	<b>61.1</b>	<b>61.0</b>	<b>61.0</b>	<b>245.6</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	95.47	<b>97.99</b>	<b>94.81</b>	<b>96.102</b>	<b>97.105</b>	<b>95.103</b>	<b>96.103</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	112.29	<b>109.111</b>	<b>108.42</b>	<b>105.111</b>	<b>106.114</b>	<b>105.113</b>	<b>106.113</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	58.90	<b>55.57</b>	<b>56.37</b>	<b>55.59</b>	<b>57.61</b>	<b>56.60</b>	<b>55.60</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	106.17	115.57	<b>123.127</b>	<b>112.65</b>	<b>121.128</b>	<b>123.131</b>	<b>121.129</b>	<b>126</b>
Barrows & gilts, N. base, l.e. \$/cwt	52.51	50.05	42.63	48.45	51.83	46.13	47.26	46.04	52.55	50.33	39.43	47.09	39.64	52.51	57.27	41.92	47.84	42.11	42.74	38.90	41.20	41.24	50.41	59.6	60.13	<b>50.52</b>	<b>55.29</b>	<b>53.57</b>	<b>55.59</b>	<b>56.60</b>	<b>54.58</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	84.5	<b>81.83</b>	<b>83.4</b>	<b>82.88</b>	<b>84.90</b>	<b>84.90</b>	<b>83.89</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	97.9	<b>101.105</b>	<b>90.2</b>	<b>81.87</b>	<b>84.90</b>	<b>90.98</b>	<b>87.94</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	93.1	<b>108.112</b>	<b>103</b>	<b>102.108</b>	<b>86.94</b>	<b>88.96</b>	<b>95.103</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>615</b>	<b>635</b>	<b>2,313</b>	<b>530</b>	<b>590</b>	<b>585</b>	<b>2,270</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>630</b>	<b>575</b>	<b>2,468</b>	<b>610</b>	<b>685</b>	<b>655</b>	<b>2,540</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>46</b>	<b>174</b>	<b>50</b>	<b>46</b>	<b>35</b>	<b>176</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>1,010</b>	<b>1,230</b>	<b>4,368</b>	<b>1,120</b>	<b>1,110</b>	<b>1,165</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>225</b>	<b>240</b>	<b>868</b>	<b>215</b>	<b>215</b>	<b>225</b>	<b>895</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>1,575</b>	<b>1,600</b>	<b>6,346</b>	<b>1,625</b>	<b>1,625</b>	<b>1,675</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>160</b>	<b>145</b>	<b>555</b>	<b>125</b>	<b>130</b>	<b>145</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>1,475</b>	<b>1,475</b>	<b>5,804</b>	<b>1,475</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.

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

## Dairy Forecasts

	2009			2010					2011			
	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Milk cows (thous.)	9,155	9,090	9,201	9,091	9,111	9,123	9,125	9,115	9,130	9,135	9,130	9,130
Milk per cow (pounds)	5,111	5,090	20,576	5,209	5,461	5,269	5,220	21,159	5,320	5,515	5,310	21,425
<b>Milk production (bil. pounds)</b>	<b>46.8</b>	<b>46.3</b>	<b>189.3</b>	<b>47.4</b>	<b>49.8</b>	<b>48.1</b>	<b>47.6</b>	<b>192.8</b>	<b>48.6</b>	<b>50.4</b>	<b>48.5</b>	<b>195.6</b>
Farm use	0.3	0.3	1.0	0.2	0.2	0.2	0.2	1.0	0.2	0.2	0.2	1.0
Milk marketings	46.5	46.0	188.3	47.1	49.5	47.8	47.4	191.9	48.3	50.1	48.2	194.6
<b>Milkfat (bil. pounds milk equiv.)</b>												
Milk marketings	46.5	46.0	188.3	47.1	49.5	47.8	47.4	191.9	48.3	50.1	48.2	194.6
Beginning commercial stocks	14.5	13.7	10.1	11.3	13.0	13.4	12.1	11.3	10.1	12.2	13.7	10.1
Imports	1.3	1.3	5.6	1.2	1.0	1.1	1.3	4.6	1.1	0.9	1.0	4.1
Total supply	62.3	61.0	204.0	59.7	63.5	62.3	60.8	207.8	59.5	63.2	62.9	208.9
Commercial exports	1.0	1.2	4.5	1.3	2.4	2.4	1.6	7.7	1.5	1.6	1.6	6.2
Ending commercial stocks	13.7	11.3	11.3	13.0	13.4	12.1	10.1	10.1	12.2	13.7	12.9	10.6
Net removals	0.1	0.6	0.7	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Commercial use	47.5	47.7	187.3	45.1	47.8	47.8	49.0	189.7	45.7	47.9	48.4	192.1
<b>Skim solids (bil. pounds milk equiv.)</b>												
Milk marketings	46.5	46.0	188.3	47.1	49.5	47.8	47.4	191.9	48.3	50.1	48.2	194.6
Beginning commercial stocks	12.4	11.5	10.9	11.3	11.8	12.5	12.3	11.3	11.8	11.4	12.3	11.8
Imports	1.2	1.4	5.5	1.2	1.2	1.3	1.5	5.1	1.3	1.1	1.2	4.9
Total supply	60.2	58.9	204.7	59.6	62.5	61.6	61.2	208.2	61.4	62.7	61.7	211.3
Commercial exports	5.4	6.1	22.4	6.2	8.7	7.8	7.1	29.8	7.2	7.5	7.5	29.5
Ending commercial stocks	11.5	11.3	11.3	11.8	12.5	12.3	11.8	11.8	11.4	12.3	11.8	11.5
Net removals	0.6	0.4	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	42.9	41.4	168.6	42.0	41.3	41.5	42.3	167.0	42.8	42.8	42.4	170.3
<b>Milk prices (dol./cwt) 1/</b>												
All milk	12.13	15.40	12.83	15.60	15.07	16.80	17.85	16.30	16.35	15.65	15.60	15.95
							-18.15	-16.40	-16.95	-16.55	-16.60	-16.85
Class III	11.09	13.96	11.36	13.85	13.31	15.08	15.25	14.35	14.10	14.45	14.55	14.40
							-15.55	-14.45	-14.70	-15.35	-15.55	-15.30
Class IV	10.56	13.37	10.89	13.22	14.82	16.04	16.35	15.05	15.00	14.20	14.20	14.45
							-16.75	-15.25	-15.70	-15.20	-15.30	-15.45
<b>Product prices (dol./pound) 2/</b>												
Cheddar cheese	1.248	1.508	1.296	1.471	1.419	1.587	1.597	1.515	1.490	1.540	1.555	1.530
							-1.627	-1.525	-1.550	-1.630	-1.655	-1.620
Dry whey	0.294	0.344	0.258	0.386	0.366	0.362	0.360	0.365	0.355	0.355	0.355	0.355
							-0.380	-0.375	-0.385	-0.385	-0.385	-0.385
Butter	1.194	1.350	1.209	1.387	1.551	1.915	2.025	1.710	1.740	1.490	1.375	1.500
							-2.085	-1.740	-1.830	-1.610	-1.505	-1.620
Nonfat dry milk	0.892	1.142	0.922	1.107	1.212	1.174	1.150	1.155	1.135	1.165	1.225	1.185
							-1.180	-1.175	-1.185	-1.235	-1.295	-1.255

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\\_dscrpr.htm](http://www.ams.usda.gov/dyfmoms/mib/fedordprc_dscrpr.htm)

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

For further information, contact: Roger Hoskin 202 694 5148, [rhoskin@ers.usda.gov](mailto:rhoskin@ers.usda.gov)

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