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A Report from the Economic Research Service

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Livestock, Dairy, and Poultry Outlook

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Choice and Select Beef Price Spreads Widen

Contents

[Beef/Cattle](#)
[Beef/Cattle Trade](#)
[Pork/Hogs](#)
[Poultry](#)
[Poultry Trade](#)
[Dairy](#)
[Contacts and Link](#)

Tables

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

Web Sites

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

Tables will be released
on Nov 29, 2011

The next newsletter
release is Dec 15, 2011

Approved by the
World Agricultural
Outlook Board.

Beef/Cattle: Drought continues to dominate non-fed slaughter, despite recent rains that provided temporary relief and promoted emergence of winter wheat in the Southern Plains. One result of the continuing drought is that proportionally heavy cow and bull slaughter rates and declining supplies of Choice-grade cattle have decreased the relative supply of Choice beef and contributed to a widening spread between Choice and Select steer and heifer cutout values. Wal-Mart's decision to sell Choice beef has also contributed to the demand for Choice beef.

Beef/Cattle Trade: U.S. beef exports are 27 percent above a year ago and growth in exports is expected to continue into 2012. Cattle imports from Mexico were 25 percent higher, through September, but were offset by the 40-percent decline in cattle imports from Canada.

Pork/Hogs: Strong foreign demand for U.S. pork products will support hog prices for the balance of the fourth quarter and keep retail pork prices at unusually high levels well into 2012.

Poultry: Broiler meat production in fourth-quarter 2011 is forecast at 9 billion pounds, down 5 percent from the previous year. For 2011, broiler meat production is forecast at 37.3 billion pounds, 1 percent higher than in 2010. Broiler meat production is expected to decrease to 36.7 billion pounds (down 1.7 percent) in 2012 due to high prices for both corn and soybean meal and a very slow-growing economy. Turkey meat production in fourth-quarter 2011 is expected to total 1.5 billion pounds, marginally higher than the previous year. Turkey meat production in 2011 is forecast at 5.8 billion pounds, up 2.9 percent from 2010. Wholesale prices for whole hen turkeys in fourth-quarter 2011 are expected to be \$1.08-\$1.12 per pound, 6 percent higher than in fourth-quarter 2010 and up 35 percent from fourth-quarter 2009.

Poultry Trade: Broiler and turkey shipments in September 2011 rose from a year earlier. Broiler shipments totaled 637 million pounds, a 3.1- percent increase from September 2010 shipments. Turkey shipments totaled 58.8 million pounds, an 18-percent increase from last year.

Dairy: Milk production is forecast to rise in 2012, albeit at a slower rate than in the last 2 years. The dairy herd will be slightly smaller in 2012, but increased milk per cow will boost milk production above 2011. Higher availability of dairy products worldwide combines with additional U.S. supplies to pressure product prices next year.

Drought Continues To Influence Slaughter Mix...

Cow slaughter continues at a heavy rate relative to the base cow inventory, with cows and bulls making up as much as 30 percent or more of daily estimated cattle slaughter. This slaughter is based on both a seasonal component in which cow slaughter increases in fall/winter and a reflection of the tight stocks of hay and other feeds needed to carry cattle through the winter. The heaviest slaughter is concentrated in the Southern United States.

Rains over the last few weeks have improved surface soil moisture in many places and provided a reprieve from the drought in parts of the southern United States. Although more precipitation will be needed to break the drought or to sustain the emerged wheat crop through the winter, there has been enough rain to provide support for prices for lightweight feeder calves, which recently reached the \$2 per pound level. However, La Nina is forecast to persist into 2012.

...and Distort Feeding Patterns

Placements of feeder cattle in feedlots of 1,000 head or more continue to be drought-driven, and, as a result, have been heavily weighted toward under-600-pound calves. While improving for some larger, older cattle with fewer days on feed, feeding margins for many cattle remain negative due to increased costs of longer feeding periods for cattle placed at lighter weights. Furthermore, Central and Northern Plains feedlots continue to receive fed cattle price premiums over Southern Plains feedlots because of their relatively larger supplies of heavier, higher-grading cattle ready for market. These premiums on fed cattle have reached more than \$1 per cwt in recent weeks

(<http://www.ers.usda.gov/Publications/LDP/2011/04Apr/LDPM2021/>).

Wholesale Choice beef cutout values have climbed into higher territory, exacerbating the widening spread between Choice and Select beef, which is due as well to a decline in the price of Select beef that followed a brief increase in cutout values during August. After peaking at a weekly average of \$187.25 per cwt during the last week of August 2011, Choice cutout values declined to \$180.25 during the second week in September before reaching \$189.92 during the second week of November. At the same time, Select beef declined from a peak of \$181.75 during the third week of August 2011 before declining to a low of \$168.70, but then reached \$171.43 during the second week of November.

This strength in Choice beef has been attributed to both smaller numbers of Choice-grade cattle and continued large cow and bull slaughter and to Wal-Mart's decision to sell Choice beef in their stores. The proportionally large cow/bull slaughter is providing ample supplies of processing/lean beef, which is blended with 50-percent lean trim and, thus, has increased the demand for 50-percent lean trim from Choice cattle. The tightness in Choice beef supplies is due in part to the motivation to reduce feeding periods because of high costs of feed and feeder cattle, which results in fewer cattle grading Choice. In the face of tight Choice beef supplies, increased demand for Choice product from the retail sector has manifest itself in higher Choice beef prices relative to Select.

Reduced numbers of Choice fed cattle going to market have also resulted in reduced supplies of 50-percent lean trim. Combined with the continued high rate of cow and bull slaughter, these prices for 50-percent trim, from which ground meat products are produced, have also risen. Currently, prices for 50-percent lean trim are at record levels, having reached \$1.26 per pound on November 9, 2011. Packer margins are reported to be continuing negative and may lead to reductions in cattle slaughter in order to pressure prices for live cattle lower.

Choice retail beef prices set another record in September at \$4.91 per pound, while the retail price for all-fresh beef declined 4 cents per pound from the high of \$4.48 set in August. After a potential dip this winter, retail beef prices are expected to increase year-over-year into 2012.

U.S. Cattle Imports Forecast at 2.05 Million Head in 2011

U.S. cattle imports for 2011 are forecast at 2.05 million head—10 percent lower than 2010. Canadian cattle imports through September, however, are 40 percent lower, year-over-year. Although marketings from Canadian feedlots have averaged 4 percent higher since June, accounting for the exchange rate, Canadian slaughter cattle have been priced high enough that there has not been a strong incentive to export cattle to the United States. As a result, the number cattle imported from Canada for immediate slaughter was 35 percent below a year ago, through September. Canadian pasture and forage conditions have also been at or above average, keeping feeder cattle comfortably within the Canadian border. Feeder cattle imported from Canada on average comprise one-third of total Canadian imports. Feeder cattle imports (cattle less than 700 lbs) through September were 47 percent below year-ago levels.

Cattle imports from Mexico are 25 percent above year-earlier levels. Cattle imports from Mexico are primarily all feeders. On average, nearly 53 percent of cattle imported from Mexico weigh less than 400 lbs and only 1 percent weigh over 700 lbs. The U.S.-Mexican feeder cattle price differential has trended upward for over a year, but most recently has widened again since June. Northern Mexico—particularly the states of Chihuahua and Sonora where the majority of Mexican cattle exports to the United States originate—have also suffered the effects of drought, including lower forage quantities and quality, as U.S. producers in the Southern Plains. With tight cattle supplies in Canada and Mexico expected in 2012, U.S. cattle imports are forecast at 2.025 million head.

U.S. Beef Exports Continue Growth into 2012

Through September, U.S. beef exports were 27 percent above a year ago. Mainly, strong exports to Asia underlie such double-digit growth. U.S. exports to Japan and South Korea are 36 and 47 percent higher than a year ago. Through the third quarter, beef exports to these two top Asian export destinations comprise 31 percent of total U.S. beef exports. Exports to Canada and Mexico—up 35 and 1 percent year-over-year, respectively—total almost 36 percent of total exports. Other countries that have demonstrated strong growth this year in U.S. imports are Hong Kong (+55 percent), Egypt (+25 percent), and Russia (+83 percent). Total U.S. exports for 2011 are forecast at 2.77 billion pounds.

Despite beef production estimates being down 5 percent for next year, U.S. exports are expected to be fractionally higher than this year at 2.78 billion pounds, or 11 percent of production. This increase in exports stems from higher global demand for beef, stronger economic recovery in Asian countries, and favorable exchange rates for foreign purchasers.

Pork Exports Continue To Support Strong Hog Prices in the Fourth Quarter

Strong demand—both domestic and foreign—will likely support hog prices at very healthy year-over-year levels for the remainder of the fourth quarter—the period of the year when producers typically face the lowest yearly prices. October prices for live equivalent 51-52 percent lean hogs were \$68.44 per cwt, almost 31 percent higher than a year ago, at the same time that estimated weekly federally inspected pork production during the month was about 1-percent above that of a year ago. Higher hog prices, concurrent with increased production, suggest that pork demand has increased, compared with a year earlier. While hog prices alone are not indicators of producer profitability, hog producers' estimated fourth-quarter 2011 feed cost spread will likely be positive. More typically, fourth-quarter feed cost spreads are negative, due largely to seasonal increases in hog supplies, and, consequently, lower hog prices.

Fourth-quarter hog prices are expected to be \$64-\$66 per cwt, about 30 percent above the same period last year. Commercial pork production is expected to be about 6.1 billion pounds, about a half a percent below last year's fourth-quarter production.

September Pork Exports Strong on Asian Demand

U.S. pork exports in September were 442 million pounds, more than 37 percent above September 2010. Increased demand for U.S. pork products in Asia—from Japan and China in particular—largely accounts for the sharp year-over-year increase. Third quarter exports were 1.26 billion pounds, about 33 percent larger than in the same period last year. In effect, U.S. companies shipped almost 23 percent of U.S. commercial pork production to foreign destinations in the third quarter, versus about 18 percent in the third quarter of 2010, and almost 7 percent in the third quarter of 2000. The strong year-over-year volume increase, together with export share growth, shows the importance that exports have assumed in aggregate demand for U.S. pork products.

The largest foreign destination for U.S. pork products in September was Japan—which imported 121 million pounds and accounted for 27 percent of U.S. pork exports.. China came in second with more than 82 million pounds, followed by Mexico (81 million pounds) and Canada (50 million pounds). One of the explanatory factors for strong September exports is the continued low-valued exchange rate of the U.S. dollar. In particular, the very favorable U.S. dollar-Japanese yen rate is likely a key factor in strong Japanese demand for U.S. pork. Since January 2011, the value of the yen has increased almost 7 percent against the U.S. dollar, enhancing the competitiveness of U.S. pork compared with pork exported from countries with stronger currencies—Canada and Denmark, in particular. Also, strong September exports to China and South Korea come about largely as government responses to internal policy problems: inflation and disease problems in China, and disease problems in South Korea.

Fourth-quarter exports are forecast at 1.3 billion pounds, more than 13 percent higher than fourth-quarter 2010. Total U.S. pork exports for 2012 are expected to increase almost 3 percent, to 5.1 billion pounds.

September Retail Prices Record High

One result of strong pork exports can be a lower level of pork products available for domestic consumption, and higher commensurate retail pork prices. This scenario appears to describe what is happening currently on the domestic pork market. Third-quarter domestic pork availability, measured on a per capita basis at 11 pounds, was more than 6 percent below the same period last year. Fourth-quarter availability is expected to fall by more than 3 percent below a year ago, to 12.4 pounds per capita. With foreign demand bidding U.S. pork away from domestic markets, lower availability of pork for domestic consumers likely explains the string of record-high retail prices that continued into September. September retail pork prices averaged \$3.56 per pound, almost 8 percent higher than in September 2010. Retail pork prices should continue to average in the low-to-mid \$3.50s in the fourth quarter.

Broiler Production To Decrease in Fourth Quarter

Fourth-quarter 2011 broiler meat production is forecast at 9.0 billion pounds, 5.1 percent below that of a year earlier. The lower fourth quarter production is expected to be driven by sharp declines in the number of birds slaughtered, but these declines are expected to be somewhat offset by an increase in average live weights. Over the last several weeks, preliminary slaughter data show a lower overall number of broilers slaughtered driven by reduced numbers of lighter birds, pointing toward higher average weights.

Broiler meat production in third-quarter 2011 was 9.53 billion pounds, 0.3 percent above the same period in 2010. This increase was the result of a 3-percent rise in average live weights, to 5.80 pounds. The increase offsets a decline of 2.9 percent in the number of broilers slaughtered.

Broiler meat production in 2012 is forecast at 36.7 billion pounds, a decrease of 1.7 percent from 2011. The decline in broiler meat production is expected to come mainly from a lower number of birds slaughtered, as bird weights are expected to be close to or slightly higher than in 2011. Broiler integrators are not expected to have any strong incentive to expand production, due to the combination of continued high prices for corn and soybean meal and relatively low broiler product prices at the wholesale level. Demand growth will likely be dampened by relatively slow economic growth and continued high unemployment.

The most recent weekly broiler hatchery report showed that over the last 5 weeks (Oct. 8 through Nov.5), the number of chicks placed for growout averaged 7.9 percent lower than in the same period in 2010. This 5-week moving average has become more strongly negative over the last several months. The number of chicks placed for growout is expected to remain well below year-earlier levels through the remainder of 2011 and into 2012, but gradually to become closer to year-earlier levels in mid-2012.

Third-Quarter Ending Stocks Lower

Even though broiler meat production rose slightly in third-quarter 2011, ending cold storage holdings of broiler products totaled 645 million pounds, down 4.9 percent from the previous year and down 71 million pounds from the end of the second quarter. With the exceptions of breast meat and drumsticks, cold storage holdings were lower for all other categories. Holdings of leg meat products were down sharply, with stocks of leg quarters at 87 million pounds, 29 percent lower than the previous year. Stocks of leg quarters have moved lower over the last 4 months as the export market has strengthened. Cold storage holdings of legs, thighs, and thigh meat were also down from the previous year. Stocks of wings totaled 52 million pounds at the end of third-quarter 2011, 8 percent lower than a year earlier. Over the last 2 months, stocks of wings have fallen by almost 21 million pounds. Stocks of whole birds are also down from the previous year, although this decline was not reflected in whole bird prices, which declined in September.

With broiler meat production up slightly and most of that growth coming from heavier birds, prices for a number of broiler products have been under downward

pressure. Prices for whole birds are the hardest to explain, as those prices have moved lower even as the number of birds slaughtered fell and the cold storage holdings of whole birds were lower at the beginning of October. In October, the 12-City price for whole birds had fallen to 73.7 cents per pound, down over 8 percent from the previous year and about 7 cents per pound lower than in August. After rising in September, prices for boneless/skinless breast meat fell to \$1.21 per pound in October 2011, down almost 10 percent from the previous year. Reflecting generally reduced cold storage holdings, prices for leg meat products were all considerably higher in October than the previous year. Prices for whole wings in the Northeast market averaged \$1.20 per pound in October. While this is still down about 10 percent from October 2010, prices for wings have risen by 23 cents per pound over the last 2 months.

Turkey Production Steady

U.S. turkey meat production in third-quarter 2011 was 1.4 billion pounds, up less than 1 percent from a year earlier. As with broiler production, third-quarter 2011 turkey production saw a reduction in the number of birds being slaughtered and an increase in their average weight. In the case of turkeys, the number of birds slaughtered in the third quarter was 61.9 million, down 1 percent from the previous year. Offsetting this was a 2-percent increase in average live weights to 28.9 pounds.

Turkey meat production in fourth-quarter 2011 is forecast at 1.5 billion pounds, which would again be a small increase from a year earlier. Growth in turkey production in the second half of 2011 is expected to be quite different from the first half, which showed strong increases in turkey meat production.

Turkey production in 2012 is forecast at 5.85 billion pounds, which would be an increase of just under 1 percent from 2011. Even though turkey prices have remained strong through all of 2011, turkey producers will be faced with the impact of high grain prices and a relatively sluggish domestic economy.

Although production was up only slightly in third-quarter 2011, cold storage holdings of turkey totaled 515 million pounds at the end of September, up 8.8 percent from a year earlier. The growth in overall stocks hides a wide gap in the direction of stocks levels for whole birds as opposed to those for turkey products. Stocks of turkey products totaled 234 million pounds at the end of the third quarter, an increase of 25 percent from the previous year. This stock increase has come even as exports of turkey products have been strong, up 23 percent year-over-year through September. Stocks of whole birds have been moving in the opposite direction. At the end of September, stocks of whole birds were estimated at 281 million pounds, down 2 percent from the same period in 2010. With lower stock levels, wholesale prices of whole birds have remained above their year-earlier levels.

Overall turkey cold storage holdings at the end of 2011 are forecast at 215 million pounds, about 12 percent higher than the previous year. As with third-quarter 2011, almost all the increase will be from higher holdings of turkey products, with little or no increase in stocks of whole birds expected.

With lower stocks of whole birds, there has been considerable upward pressure on whole turkey prices. Prices for whole frozen hen turkeys at the wholesale level averaged \$1.06 cents per pound in third-quarter 2011, up 6.5 cents per pound from the second quarter and 8.6 percent higher than the previous year. Whole turkey prices are expected to average \$1.08-\$1.12 per pound in fourth-quarter 2011, around 6 percent higher than a year earlier.

Egg Production Higher

Table egg production in third-quarter 2011 was just over 1.65 billion dozen, up slightly from a year earlier. On a year-over-year basis, table egg production has now risen in the last 11 consecutive quarters. With the number of table egg layers in production increasing from the previous month, table egg production is expected to continue above the previous year's level in fourth-quarter 2011. However, overall table egg production in 2012 is expected to be only about even with the previous year, as weaker egg prices, high grain costs, and a slowly growing economy dampen expansion.

Hatching egg production in third-quarter 2011 was 264 million dozen, down 7 million dozen from third-quarter 2010, a decrease of 2.6 percent. Hatching egg production is expected to be sharply lower in fourth-quarter 2011 as broiler producers cut back on production. The decrease in third-quarter 2011 was chiefly due to a lower number of meat-type hens as the demand for broiler chicks declined. Hatching egg production is expected to level off in the latter part of 2012 as broiler production starts to gradually expand.

Wholesale table egg prices in third-quarter 2011 averaged \$1.18 per dozen, up 26 percent (25 cents per dozen) from the previous year. Seasonally higher demand in fourth-quarter 2011 is expected to boost prices somewhat, to \$1.26-\$1.30 per dozen. This increase would leave table-egg prices slightly higher than the \$1.23 averaged in fourth-quarter 2010. Prices in 2012 are forecast to be slightly lower, as exports are expected to decline slightly, placing more eggs on the domestic market.

Egg Exports Higher in September

Although egg prices have been relatively volatile in 2011, egg and egg product exports have remained strong to a number of countries. In September, total egg exports were the equivalent of 26.1 million dozen eggs. This is 9 percent higher than a year earlier and over the first 9 months of 2011, egg exports are 9 percent higher than during the same period in 2010. In September, exports of shell eggs fell slightly, but those declines were more than offset by strong increases in exports of egg products. The increase in exports is related to strong demand in a number of Asian countries and the weakness of the dollar against a number of other currencies.

Total egg exports in third-quarter 2011 totaled 70.6 million dozen on a shell egg equivalent basis, up 5 percent from the same period in 2010. With year-to-date exports down to Canada and a number of EU countries, the increases have come from higher shipments to Mexico and a number of Asian countries, particularly Japan and Hong Kong.

Record-Breaking Third-Quarter Shipments Ignited by Strong September Finish

September broiler shipments helped set a new record for broilers shipped in a given quarter; broilers shipped from July 2011 to September 2011 totaled almost 2 billion pounds, which eclipses the previous record set in the fourth quarter of 2010. The increase in broiler meat exports is largely fueled by demand from new markets. U.S. leg-quarters are competitively priced, which is a major factor for both new and historical markets.

Broiler shipments for September 2011 totaled 637 million pounds, 3.1- percent more than a year ago. Compared with September 2010, several countries imported more broiler meat from the United States. While leg-quarter prices are slightly higher than last year during this time, exchange rates have kept prices competitive against other major broiler exporters, particularly Brazil. Shipments to major broiler importing countries such as Mexico, Cuba, Hong Kong, Angola, Japan, United Arab, and China rose from a year ago. Mexico, the top U.S. broiler destination for 2011, imported almost 4 million pounds more this September, while Hong Kong imported almost 30 million pounds more than it did a year ago. With the exception of September, shipments to Russia in the third quarter of the year have picked up and have been important to the U.S. broiler market.

Third-Quarter and September Turkey Shipments Are Up from a Year Ago

Turkey shipments in the third quarter of this year rose from a year ago. A total of 173 million pounds of turkey meat was shipped July through September. There was an increase of almost 9-percent from the 2010 third quarter. Approximately half of this turkey meat was shipped to Mexico. Excluding Mexico, when compared with last year's third quarter, more turkey shipments have been going to Hong Kong and Canada, while fewer have been going to the Dominican Republic and China. Turkey shipments totaled 58.8 million pounds in September 2011, an 18-percent increase from last year. Mexico and Hong Kong accounted for most of the increase from a year ago. Shipments to Mexico increased 16-percent, while Hong Kong was up 56-percent. Given continued strength in turkey shipments, the fourth-quarter projections were raised up 5 million pounds from last month.

Milk Production Continues a Modest Advance in 2012, Prices Will Likely Soften from 2011

The November World Agricultural Supply and Demand Estimates report projected the season average corn price at \$6.20 to \$7.20 per bushel for the 2011/12 crop year, unchanged from October's price forecast. Soybean meal prices are projected at \$310 to \$340 per ton, a \$25 per ton reduction from October on both ends of the price range. USDA does not forecast alfalfa prices; however, the preliminary price paid for alfalfa was reported in the October Agricultural Prices report to be \$203 per ton in October, up from \$196 per ton reported in September. Alfalfa prices will likely remain well above the average of recent years until at least next spring. Overall, dairy producers are facing exceptionally high feed prices and this situation will likely continue into 2012.

Despite high feed prices, milk production continues to advance. USDA forecasts 2011 milk production at 196 billion pounds in 2011, virtually unchanged from October's forecast. While third-quarter reported cow numbers were slightly lower than October projections, the U.S. herd size estimate remains at 9,200 thousand cows for this year and is expected to slip to 9,185 thousand cows in 2012. Milk per cow is forecast higher than October's forecast, largely offsetting the lower than forecast third-quarter cow number. Production in 2012 is forecast at 198.4 billion pounds, unchanged from October. Next year, production per cow is forecast at 21,600 pounds, up from the 21,305 pounds expected this year. The increase in milk per cow forecast in 2012 and the additional milking day more than offsets the small projected decline in cow numbers, accounting for the overall increased milk production next year.

Milk equivalent imports on both a fats and skims-solids basis were unchanged from October projections for this year and 2012. Fats basis imports are forecast at 3.2 billion pounds in both 2011 and 2012. Skims-solids imports are forecast at 5.3 billion pounds this year, falling to 5.1 billion pounds next year. Commercial exports for 2011, on both a fats and skims-solids basis, were raised from October's forecasts. Fats basis exports were raised to 9.2 billion pounds and skim-solids exports were increased to 33.1 billion pounds based on expectations of stronger lactose and whey exports. Commercial export forecasts for 2012 remain unchanged from October and are projected at 8.6 billion pounds, fats basis, and 31.9 billion pounds, skims-solids basis. Exports are expected to decline next year because of higher milk production among competitors.

Commercial domestic use is forecast at 188.6 billion pounds, fats basis, in 2011. This forecast is virtually unchanged from October and continues the gradual upward trend observed over the last several years. In 2012, domestic use is expected to climb to 192.0 billion pounds fats basis, which would represent the strongest year-over-year rise since 2006. Commercial domestic use on a skims-solids basis is forecast at 167.4 billion pounds, a slight downward revision from October, but still a robust recovery from 2010's year-over-year decline. Domestic use is expected to continue upward in 2012, reaching 170.6 billion pounds and posting another strong year-over-year rise.

Overall, dairy product and milk prices are expected to be lower in 2012 after rising sharply in 2011. Cheese, butter, and whey prices for 2011 were raised slightly for November from October based on relatively strong foreign and domestic demand. Nonfat dry milk (NDM) prices were lowered slightly in this month's forecast. The 2011 cheese price is forecast at \$1.820 to \$1.830 per pound and the butter price at \$1.960 to \$1.990 per pound. NDM prices are projected at \$1.500 to \$1.520 per pound and whey prices at 52.5 to 53.5 cents per pound. Both domestic use and exports for whey have been robust this year. Next year, the major product prices are all expected to be lower than in 2011. However, the 2012 price forecasts, except for NDM, were revised upward slightly from October. The cheese price is expected to be \$1.685 to \$1.775 per pound; the butter price is forecast at \$1.625 to \$1.745 per pound. The NDM price is forecast at \$1.355 to \$1.425 per pound and the whey price at 48.5 to 51.5 cents per pound. The lower prices expected next year reflect larger domestic production, and stronger competition overseas, which will pressure exports.

Milk prices will be lower in 2012 compared with 2011. The Class III milk price, which is projected to average \$18.30 to \$18.40 per cwt this year, is forecast to slide to \$16.70 to \$17.60 per cwt in 2012. Likewise, the Class IV price will average \$19.05 to \$19.25 per cwt in 2011 and is forecast at \$16.40 to \$17.40 in 2012. The all milk price is forecast at \$18.05 to \$18.95 per cwt next year, lower than the \$20.10 to \$20.20 per cwt expected 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/>
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U.S. red meat and poultry forecasts

	2010					2011					2012			
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Production, million lb														
Beef	6,248	6,547	6,768	6,741	26,304	6,411	6,559	6,737	6,570	26,277	6,195	6,295	6,420	24,960
Pork	5,607	5,301	5,401	6,126	22,437	5,720	5,371	5,468	6,100	22,659	5,775	5,475	5,585	23,055
Lamb and mutton	43	40	39	42	164	36	40	36	39	151	40	38	37	154
Broilers	8,732	9,198	9,496	9,484	36,911	9,291	9,501	9,526	9,000	37,318	8,900	9,200	9,300	3,670
Turkeys	1,339	1,383	1,415	1,506	5,643	1,402	1,471	1,423	1,510	5,806	1,400	1,475	1,450	5,845
Total red meat & poultry	22,057	22,535	23,194	24,059	92,097	23,014	23,106	23,336	23,387	92,873	22,466	22,642	22,957	91,351
Table eggs, mil. doz.	1,611	1,627	1,645	1,667	6,550	1,627	1,639	1,651	1,685	6,602	1,620	1,640	1,650	6,595
Per capita disappearance, retail lb 2/														
Beef	14.6	15.1	15.3	14.6	59.6	14.1	14.5	14.5	14.4	57.6	13.4	13.6	13.8	54.1
Pork	11.8	11.4	11.7	12.8	47.7	11.4	11.1	11.1	12.4	45.9	11.4	11.0	11.3	46.2
Lamb and mutton	0.2	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.9
Broilers	20.1	20.5	21.4	20.3	82.3	21.5	21.4	20.8	19.5	83.2	19.8	20.2	20.3	80.4
Turkeys	3.5	3.6	4.1	5.1	16.4	3.5	3.5	4.0	5.2	16.2	3.5	3.8	3.9	16.4
Total red meat & poultry	50.7	51.2	53.2	53.6	208.7	51.2	51.2	51.0	52.1	205.5	48.8	49.2	50.0	199.7
Eggs, number	61.4	61.3	62.0	62.7	247.3	60.9	61.2	62.1	62.8	247.1	60.8	60.1	61.7	246.5
Market prices														
Choice steers, 5-area Direct, \$/cwt	89.44	96.33	95.47	100.28	95.38	110.07	112.79	114.05	117-121	113.98	115-123	115-125	119-129	117-126
Feeder steers, Ok City, \$/cwt	98.73	112.65	112.29	114	109.31	127.20	131.09	134.74	134-138	132.26	137-143	136-146	136-146	137-145
Cutter Cows, National L.E., \$/cwt	51.79	58.79	58.90	54.93	56.1	68.66	74.88	66.11	60-64	67.91	69-73	72-78	71-77	71-76
Choice slaughter lambs, San Angelo, \$/cwt	103.87	106.17	115.57	141.62	116.81	174.66	157.99	161.13	163-167	164.70	156-164	150-160	150-160	153-162
Barrows & gilts, N. base, l.e. \$/cwt	50.41	59.60	60.13	50.11	55.06	59.94	68.80	71.06	64-66	66.20	63-67	65-71	66-72	62-67
Broilers, 12 City, cents/lb	82.2	85	84.5	80	82.9	77.9	82.6	78.8	74-76	78.6	77-81	79-85	82-88	79-85
Turkeys, Eastern, cents/lb	75.6	84.4	97.9	103.7	90.4	90.2	99.9	106.4	108-112	101.4	89-95	93-101	98-106	95-103
Eggs, New York, cents/doz.	126	82.8	93.1	123.2	106.3	105.8	106.6	117.7	123-127	113.8	108-116	91-99	96-104	101-110
U.S. trade, million lb														
Beef & veal exports	478	585	590	646	2,299	633	702	765	665	2,765	695	735	700	2,775
Beef & veal imports	573	690	598	436	2,297	461	593	515	460	2,029	500	565	535	2,090
Lamb and mutton imports	47	46	31	42	166	50	48	33	43	174	47	45	40	178
Pork exports	1,046	1,081	951	1,146	4,224	1,247	1,204	1,225	1,300	4,976	1,270	1,300	1,210	5,090
Pork imports	199	204	237	219	859	201	195	210	220	836	195	190	210	815
Broiler exports	1,469	1,699	1,643	1,954	6,765	1,530	1,584	1,950	1,800	6,864	1,650	1,700	1,750	6,900
Turkey exports	114	136	158	174	582	160	171	160	165	656	150	150	155	620
Live swine imports (thousand head)	1,446	1,408	1,479	1,416	5,749	1,452	1,429	1,400	1,435	5,716	1,460	1,430	1,400	5,725

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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Updated 10/12/2011

Dairy Forecasts

	2010			2011					2012			
	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Milk cows (thous.)	9,126	9,130	9,117	9,165	9,198	9,209	9,215	9,197	9,215	9,200	9,170	9,185
Milk per cow (pounds)	5,267	5,208	21,149	5,283	5,483	5,290	5,250	21,305	5,395	5,540	5,340	21,600
Milk production (bil. pounds)	48.1	47.5	192.8	48.4	50.4	48.7	48.4	196.0	49.7	51.0	49.0	198.4
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	47.8	47.3	191.8	48.2	50.2	48.5	48.1	195.0	49.5	50.7	48.7	197.5
Milkfat (bil. pounds milk equiv.)												
Milk marketings	47.8	47.3	191.8	48.2	50.2	48.5	48.1	195.0	49.5	50.7	48.7	197.5
Beginning commercial stocks	13.5	12.2	11.3	10.9	12.1	13.4	12.4	10.9	11.2	13.0	14.6	11.2
Imports	1.0	0.9	4.1	0.8	0.7	0.8	0.9	3.2	0.8	0.7	0.7	3.2
Total supply	62.3	60.4	207.2	59.9	63.0	62.6	61.5	209.1	61.5	64.5	64.1	211.9
Commercial exports	2.4	2.2	8.3	2.5	2.7	2.2	1.9	9.2	2.0	2.2	2.2	8.6
Ending commercial stocks	12.2	10.9	10.9	12.1	13.4	12.4	11.2	11.2	13.0	14.6	13.6	11.5
Net removals	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	47.7	47.3	187.8	45.3	47.0	48.0	48.4	188.6	46.5	47.7	48.3	191.8
Skim solids (bil. pounds milk equiv.)												
Milk marketings	47.8	47.3	191.8	48.2	50.2	48.5	48.1	195.0	49.5	50.7	48.7	197.5
Beginning commercial stocks	12.7	12.5	11.3	12.3	11.9	12.9	12.3	12.3	12.0	12.2	12.9	12.0
Imports	1.3	1.3	4.8	1.3	1.2	1.3	1.5	5.3	1.3	1.3	1.2	5.1
Total supply	61.7	61.0	208.0	61.7	63.3	62.7	62.0	212.6	62.8	64.2	62.9	214.6
Commercial exports	8.4	8.7	32.1	8.4	8.4	8.5	7.9	33.1	7.9	8.1	8.0	31.9
Ending commercial stocks	12.5	12.3	12.3	11.9	12.9	12.3	12.0	12.0	12.2	12.9	12.3	12.1
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	40.9	40.0	164.0	41.5	42.0	41.9	42.0	167.4	42.7	43.3	42.5	170.6
Milk prices (dol./cwt) 1/												
All milk	16.80	17.70	16.29	18.73	20.13	21.67	19.90	20.10	18.95	17.40	17.70	18.05
							-20.20	-20.20	-19.55	-18.30	-18.70	-18.95
Class III	15.06	15.40	14.41	16.63	17.50	20.71	18.35	18.30	17.30	16.00	17.05	16.70
							-18.65	-18.40	-17.90	-16.90	-18.05	-17.60
Class IV	16.04	16.29	15.09	18.08	20.37	20.00	18.00	19.05	16.85	16.35	16.35	16.40
							-18.40	-19.25	-17.55	-17.35	-17.45	-17.40
Product prices (dol./pound) 2/												
Cheddar cheese	1.587	1.614	1.523	1.708	1.751	2.041	1.775	1.820	1.715	1.610	1.720	1.685
							-1.805	-1.830	-1.775	-1.700	-1.820	-1.775
Dry whey	0.362	0.373	0.372	0.425	0.499	0.570	0.610	0.525	0.535	0.485	0.485	0.485
							-0.630	-0.535	-0.565	-0.515	-0.515	-0.515
Butter	1.915	1.955	1.702	1.990	2.052	2.030	1.790	1.960	1.650	1.630	1.615	1.625
							-1.850	-1.990	-1.740	-1.750	-1.745	-1.745
Nonfat dry milk	1.174	1.183	1.169	1.373	1.611	1.578	1.460	1.500	1.390	1.345	1.355	1.355
							-1.490	-1.520	-1.440	-1.415	-1.425	-1.425

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

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

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

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