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Livestock, Dairy, and Poultry Outlook

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Record High Meat Exports in 2011

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on Feb. 28, 2012

The next newsletter
release is Mar. 15, 2012

Approved by the
World Agricultural
Outlook Board.

Beef/Cattle: Increased replacement-heifer inventories may not be sufficient for cow herd expansion in the face of the large numbers of cows being slaughtered. La Niña remains in place and could adversely affect any expansion plans. Continued negative profit margins for cattle feeders and meat packers, along with consumer resistance to higher retail prices, would also put an upper boundary on expansionary enthusiasm. Positive factors are record feeder cattle prices, growth in natural and organic beef sales, and increasing beef exports.

Beef/Cattle Trade: U.S. beef exports in 2011 posted a 21-percent year-over-year increase. Beef exports for 2012 are forecast at 2.76 billion pounds, fractionally below 2011 levels. U.S. beef imports were 10 percent lower than year-earlier levels, the United States remained a net exporter. Beef imports for 2012 are forecast at 2.09 billion pounds, 2 percent higher than 2011.

Special Article: “Imported Livestock Contribute to U.S. Domestic Meat Supplies”

Pork/Hogs Trade: U.S. exports were record high in 2011, at 5.2 billion pounds, driven largely by strong shipments to Asia. China was the third largest buyer of U.S. pork last year. Exports in 2012 are expected to be about the same as last year. U.S. imports in 2011 were 7 percent lower than a year earlier, and are expected to continue to decline—about 2 percent—in 2012. Total 2011 U.S. imports of live swine were less than one percent higher than a year ago. Live imports in 2012 are expected to be near last year’s levels.

Poultry: Broiler meat production in 2011 was 37.2 billion pounds, up 0.7 percent from the previous year. The outlook for 2012 is for decreases in production during the first three quarters, with rising production in the fourth quarter. Turkey meat production in 2012 is forecast at 5.86 billion pounds, up 1.1 percent from 2011. Turkey meat production is expected to decline slightly in first-quarter 2012, but then increase in the

remaining three quarters. Table egg production is expected to increase slightly (0.5 percent) in 2012, reaching 6.64 billion dozen, up from 6.1 billion dozen in 2011.

Poultry Trade: Boiler shipments for December 2011 totaled 582 million pounds, a decrease of 6-percent from last year. December turkey shipments totaled 71 million pounds, an increase of 18-percent from December 2010. Broiler shipments were down in the fourth-quarter of 2011 from a year earlier, while turkey shipments were up. Broiler shipments for the fourth-quarter of 2011 totaled 1.878 billion pounds, down 4 -percent from 2010 fourth-quarter. Turkey shipments totaled 199 million pounds for October, November, and December of 2011, up 14-percent from a year earlier.

Sheep/Lamb: The U.S. sheep and lamb inventory declined for a sixth straight year in 2011. The January 1, 2012 inventory of sheep and lambs was 5.35 million head, down 2 percent from January 2011. The number of replacement lambs was down 2 percent. The 2-percent reduction in the number of market sheep and lambs and lamb crop on January 1, 2012 and the 2 percent smaller lamb crop in 2011 should result in lower slaughter numbers. Lamb prices are expected to remain fairly strong this year as production is expected to remain tight.

Dairy: The dairy cow herd size is currently above a year earlier; but, weakening producer returns should prompt herd size reduction by the end of 2012. Expected higher milk production will lower price prospects this year for milk and the major dairy products, except whey. Exports will help support dry product prices. Whey prices continue above 2011 and milk powder prices should strengthen later in the year.

Mixed Signals Cloud Beef's Future

The January 2012 Cattle inventory report indicated 1 percent more beef replacement heifers and beef replacement heifers expected to calve in 2012 than in 2011, or about 37,300 more heifers expected to calve in 2012. However, in the case of heifers expected to calve, the 1 percent higher number is from a previous-year base that was already low. In the January 2011 report, 7 percent fewer heifers were expected to calve than were expected to calve in 2010, or about 245,000 fewer heifers, leading to 2011's smallest number of heifers entering the herd since 2005. Thus, for the 2 years 2011 and 2012, beef heifers expected to calve were down by a net decline of over 200,000. In addition, beef cow numbers declined by half-a-million from January 1, 2010, to January 2011, and by another 966,700 head from January 2011 to January 2012. A year-over-year decline of 967,000 beef cows (offset by a 1-percent increase in dairy cows) is not likely to be offset by 37,300 more calving replacement heifers, especially following large declines the previous year. Thus, the question remains: do the heifer inventory changes indicated in the January 2012 Cattle Inventory report mean that an expansion in the beef (or total) cow herd is underway?

A number of factors affect motivation for an expansion in beef cow numbers. These include prospects for future steer and heifer calf prices, feeder cattle prices, fed cattle prices, cutout values, and retail beef prices, as well as prospects for costs or profit margins at every level, the state of the beef trade, and the occurrence of drought. Despite a very positive outlook from the cow-calf producers' perspective, it is not clear that larger cattle inventories are in fact economically sustainable from an overall industry profit perspective. On the positive side, supplies of feeder cattle outside feedlots—which include imported feeder cattle from Mexico and Canada—declined by 3.9 percent from January 1, 2011, to January 1, 2012, the steepest decline since the discovery of bovine spongiform encephalopathy in Canada resulted in reduced U.S. imports of Canadian feeder cattle during 2003-2004. Demand for feeder calves has pushed recent feeder cattle prices to record highs.

At the same time, January 1, 2012, cattle on feed inventories are among the largest for the last decade. Cattle feeders placed more cattle in the first three quarters of 2011 than in the same quarters in 2010, and placed only slightly fewer cattle in fourth-quarter 2011 than in fourth-quarter 2010. This occurred for two reasons—initially, placements were motivated by anticipated reduced supplies of fed cattle in the hope of higher fed cattle prices in the future, and later, placements were made in response to the decreasing forage supplies due to the worsening drought.

Retail beef prices are at record levels, but these prices are not sufficient to provide the long-term margins and profits the wholesale and cattle feeding sectors must have in order to sustain an expansion. There are signs that consumers are beginning to resist the escalating retail prices. It is not clear how much higher beef retail prices can go with pork and poultry so much less expensive. Both cattle feeders and packers have absorbed negative margins for most of 2011 and thus far into 2012.

As La Niña continues to exert weather patterns similar to those that existed into 2012, placements of feeder cattle in feedlots could continue to be motivated by lack

of forage outside feedlots. Further, given the short supplies of feeder cattle outside feedlots, feedlot owners—who have to cover fixed costs of feedlots, unlike cattle feeders for whom overhead is a variable cost—are likely to continue to encourage placements of any cattle in order to lower their costs, which may lead to greater placements of more-readily available lighter weight and younger cattle. Cattle feeders, on the other hand, will likely be motivated to place relatively high proportions of lighter and younger feeder cattle in anticipation of positive profit margins in future months. Within bounds, pulling cattle forward could continue at the margin into 2014 or 2015, or until feeder cattle supplies once again reach levels that will allow lighter weight cattle a chance to first grow on pasture before being placed in feedlots. This will be modulated by increases or decreases in feed costs, weather, and other factors over the same period.

Expansionary activity will also depend on cow-calf producers' inventory management strategies, to the extent they will be willing to hold on to heifers for breeding herd replacements vs. letting them go as feeder cattle for placement in feedlots. Heifers are currently selling at prices less than \$10 per cwt below steer prices for similar weights. These price differentials at current price levels will provide significant incentive to producers to sell heifers as feeder cattle rather than retaining them as breeding herd replacements. Heifers sold as feeder cattle reduce the impact of declining supplies of feeder cattle outside feedlots, but prolong the time before calf crops can catch up to the demand for heavier feeder cattle.

Cattle feeders have endured negative margins since April 2011, the last month to show a positive margin (High Plains Cattle Feeding Simulator, <http://www.ers.usda.gov/publications/ldp/LDPTables.htm>). Despite expectations of somewhat higher fed cattle prices in 2012 over 2011, until corn and/or feeder cattle prices decline, cattle feeding margins—anticipated at or below breakeven levels of \$125-\$130 per cwt—are not likely to encourage cattle feeding, even by feedlot owners seeking to reduce overhead costs. The scenario is exacerbated further by a still-unimpressive economic recovery and a general trend of producing more beef from fewer cows (see special article), despite below-trend average dressed weights during 2010 and 2011. With La Niña remaining in place, the potential for another dry year could also adversely affect expansion plans, particularly in Southern-tier States.

Negative feeding margins have been the result of escalating feed costs, up by as much as a third or more over the past year, and feeder-cattle costs that have increased by over 20 percent. On a per cwt basis, the current upward trend in monthly average feed and feeder cattle costs began in January 2010 and by the end of January 2012 had increased by 72 percent. At the same time, monthly average Texas/Oklahoma/New Mexico fed cattle prices rose by 44 percent.

Some analysts have alluded to excess capacity in feedlots and packinghouses as a major cause of the negative margins. The negative margins for cattle feeding and feedyard closures in New Mexico and the Southern Plains, for example, and the apparent reduction in cattle feeding in lots of less than 1,000 head tend to support the notion of excess capacity. However, the expansion of larger feedlots contradicts that notion.

The notion of excess meat packing capacity is similarly characterized by conflicting information about packinghouse closures and openings/reopenings, the recent

announcement of the reopening of the refurbished beef packing plant in Tama, Iowa being an example,. At the same time, there is further evidence of excess capacity in observations of \$100 per carcass losses, reduced kills, and reduced hours of operation.

At the same time, small, custom-slaughter facilities appear to be struggling to keep up with more local cattle slaughter and processing of “natural” beef and organic beef. At least some, if not most, of this beef is sold at farmers’ markets, a rapidly growing segment of the beef industry. Despite the economic challenges consumers have faced during the past couple of years, this growth has continued.

Data characterizing this growth in natural/organic beef sales are hard to find. However, citing scanner data summarized by the National Cattlemen’s Beef Association, the Agricultural Marketing Resource Center (AMRC) relates that the retail share of natural and organic all-fresh-beef sales has increased from 1.1 percent in 2003 to 4.2 percent in the first quarter of 2011, although the AMRC cautions that part of the increase in the share of retail sales is due to price increases over the same period. However, ERS data indicate that the 31-percent increase in all fresh retail prices for the same period, from \$3.31 per pound for all of 2003 to \$4.35 for first-quarter 2011, accounts for only a small portion of the nearly fourfold increase in growth of retail sales of natural and organic beef.

U.S. Beef Exports Increase by 21 Percent in 2011

U.S. beef exports posted strong gains in 2011. Total beef exports were 2.79 billion pounds, 21 percent higher than the previous year's totals. The strongest gains were to Russia (+85 percent) South Korea (+37 percent), Japan (+30 percent), Canada (+27 percent), and Hong Kong (+21 percent). Canada and Mexico, however, were the top beef export destinations for the United States. Japan and Korea were the third and fourth export destinations for U.S. beef, respectively. Together, these four countries imported 65 percent of total U.S. beef exports. Beef exports in 2011 were also 11 percent higher than pre-BSE export levels; however, exports to Japan and South Korea were only 50 and 65 percent of pre-BSE levels (2003), respectively.

U.S. beef exports for 2012 are forecast at 2.76 billion pounds, fractionally below 2011 levels. Bullish market conditions for the beef export market are expected to continue in 2012, driven by several factors: slow growth in worldwide cattle inventories, relatively stronger economic growth in Asian countries, and favorable exchange rates for foreign purchasers.

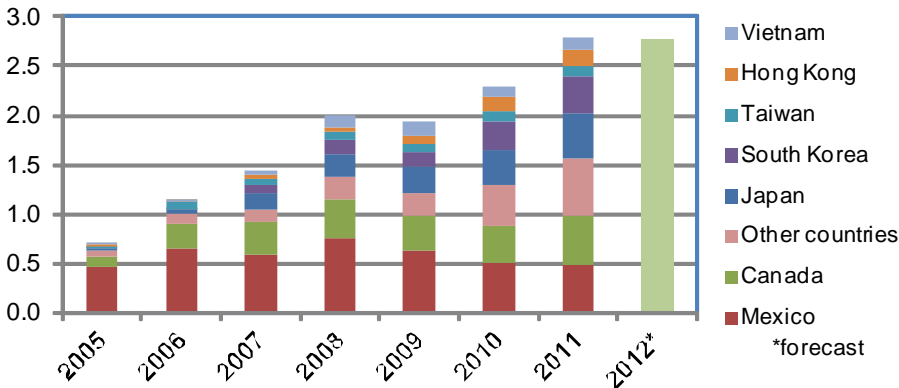
U.S. Beef Imports 10 Percent Lower in 2011

For much of 2011, the U.S. beef imports can be summarized as constrained by Australia and New Zealand's efforts to rebuild their cattle herds and, subsequently, lower quantities of beef available for export from Oceania; a relatively weak U.S. dollar, making prices of foreign imported products higher; and continuing strong demand for beef in global markets. Total 2011 U.S. beef imports were 10 percent lower than year-earlier levels, making the United States a net exporter of beef in 2011 by 32 million pounds. Canada was the top supplier of beef to the United States on a quantity basis in 2011, providing one-third of total U.S. beef imports. Imports of Canadian beef, however, were 20 percent lower year-over-year. Australia and New Zealand were the second and third largest exporters of beef to the United States, although nearly equal quantities were imported from these countries; approximately 22 percent of total U.S. beef imports were imported from each country. Year-over-year imports from Australia were 20 percent below a year ago, compared with 3 percent lower for New Zealand. Imports from Mexico and Central America (Nicaragua, Costa Rica, and Honduras) were higher year-over-year, by 44 and 27 percent, respectively, as these countries captured market share from Australia and New Zealand. Beef imports from Brazil, Argentina, and Uruguay remain at considerably lower levels compared with previous years. Primarily, limited supply has hampered beef exports for Uruguay and Argentina; thus, these countries have generally reduced shipments to all markets, including the United States. Brazilian-U.S. beef exports (processed beef only) are expected to continued to recover, as they have been since trade resumed mid-year 2011.

Beef imports for 2012 are forecast at 2.09 billion pounds, or 2 percent higher than 2011. While beef production, and subsequently exports from Australia and New Zealand, are expected to increase this year, growth will be limited by producers retaining stock for breeding purposes. Weather and forage conditions in Australia will be among the primary determinants for cattle slaughter levels and thus for exportable supply. Export returns were lowered in 2011 by the strength of the

Annual U.S. beef exports by destination

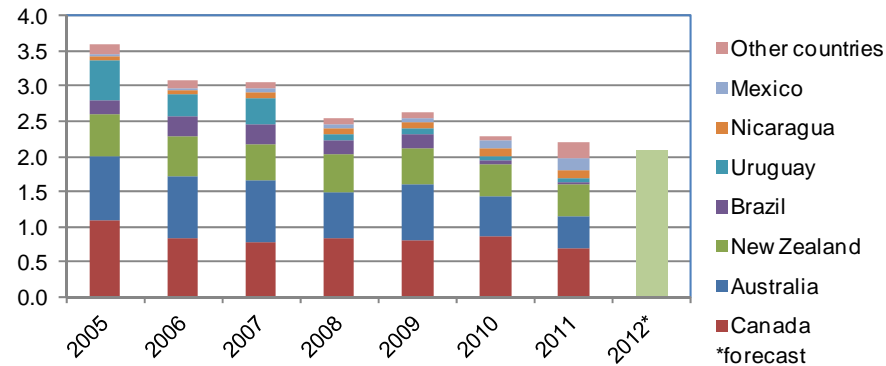
Billion pounds



Source: USDA-ERS, Livestock and Meat Trade Data:
<http://www.ers.usda.gov/Data/MeatTrade/>

Annual U.S. beef imports by country of origin

Billion pounds



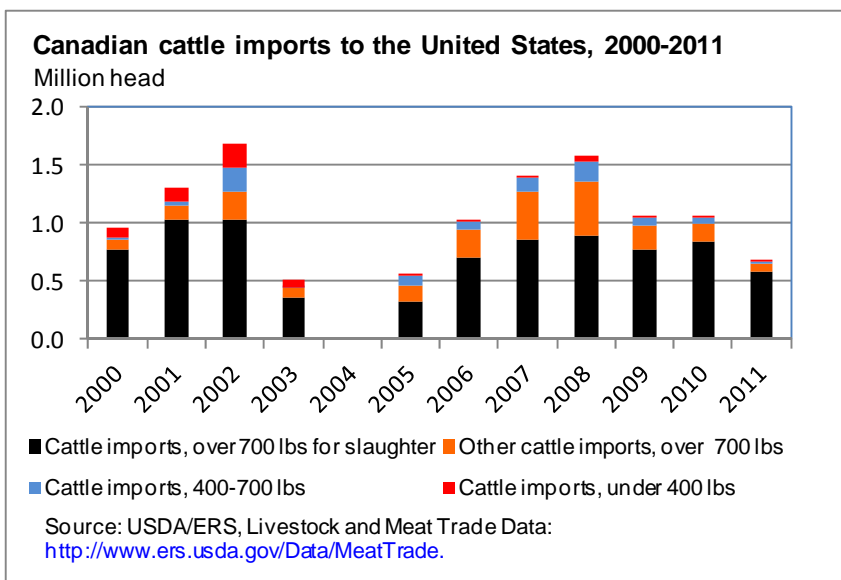
Source: USDA-ERS, Livestock and Meat Trade Data:
<http://www.ers.usda.gov/Data/MeatTrade/>

Australian dollar, and the exchange rate will also be a factor in determining to which countries will be more competitive in bidding for product in 2012. Given the herd rebuilding efforts that are already underway in Canada, exports from Canada will be also be constrained, but there is still expected to be significant Canadian incentive to export because of U.S. demand for processing beef. With the apparent supply constraints among the major U.S. beef trading partners, Mexico and Central American countries should continue to pick up some of this slack.

U.S. Cattle Imports 8 Percent Lower in 2011

U.S. cattle imports for 2011 totaled 2.1 million head, marking an 8 percent decline from year-earlier levels. Despite a diminished total North American cattle inventory, U.S. cattle imports could have been much lower had it not been for drought extending into Mexico and prompting producers there to market cattle in the United States. Cattle imports from Mexico were 16 percent higher year-over-year, but the increase was not enough to offset the 35-percent decline in Canadian cattle imports. Herd rebuilding has been underway in Canada as cows imported for slaughter declined by 39 percent compared to imports of all cattle for slaughter (-31 percent). The increase in Mexican cattle imports was solely attributed to increased imports of lighter weight feeder cattle (less than 400 pounds). Many of these calves directly entered feedlots due to strong U.S. demand and drought conditions that limited grazing options in the Southern Plains.

U.S. cattle imports in 2012 are forecast to be 2 percent lower, at 2.05 million head. Severe-to-exceptional drought conditions are still present, extending into Northern Mexico, where feeder cattle imports to the United States primarily originate. U.S. import levels should thus remain elevated from Mexico at least through the first half of the year. Cattle numbers and calf production are expected to expand slightly in Canada this year, increasing the availability of fed cattle for export (and immediate slaughter), particularly in the second half of the year. (In the last 5 years, cattle over 700 pounds for immediate slaughter averaged 70 percent of total Canadian cattle imports). Imports of cows for slaughter from Canada should remain at lower levels, as Canadian producers continue to hold back breeding stock as they expand herds.



Imported Livestock Contribute to U.S. Domestic Meat Supplies

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Beef and pork production in the United States have increased since 1972. More beef is now produced with a smaller cow herd (basis: January 1 U.S. cow inventory) than at any other period in U.S. history. Dressed weights of steers (fig. 1), heifers, cows (fig. 1), and bulls have also increased. Similar increases have occurred in dressed weights of hogs (fig. 1). However, part of the increased production is from meat production from cattle and hogs imported into the United States for feeding and slaughter. Unless accounted for, this production from imported livestock clouds what can be said about changes in U.S. technical efficiency in beef production.

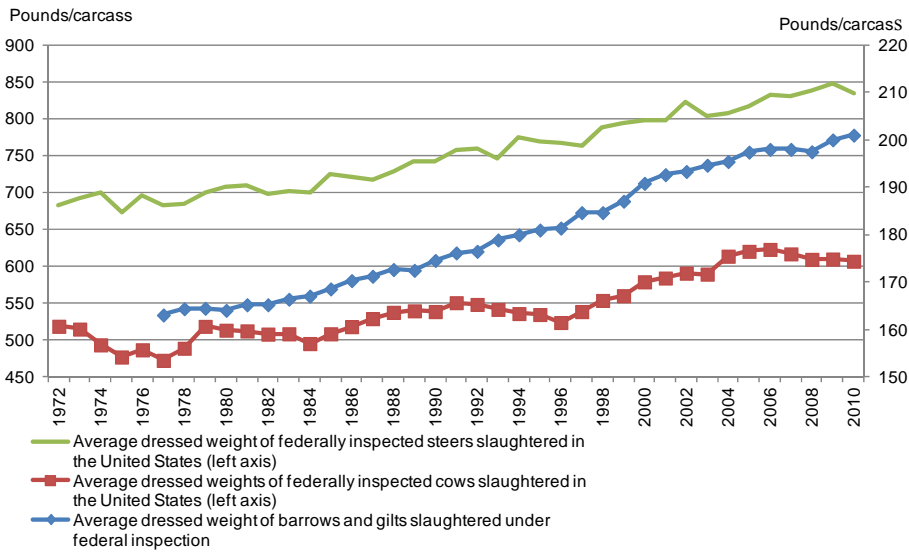
Greater detail in trade data since the early 1990s has made it possible to better assess the contribution of foreign livestock to U.S. beef production. As a result, data indicate that the quantity of meat produced from each head of breeding stock—in some sense, a measure of technical efficiency gains and genetic improvement—has increased since 1972. After adjusting for beef produced from foreign-born animals, Brester and Marsh (1999) estimated that beef production per U.S. beef cow increased by 26 percent over the 25-year period ending in 1998. In 1976, commercial beef production reached 25.667 billion pounds, which included an estimated 497 million pounds of beef produced from cattle imported from Canada and Mexico (Brester and Marsh, 1999). After subtracting beef produced from foreign cattle, an average of 457 pounds of beef was produced per U.S. cow in the U.S. base cow herd of 54.971 million cows (January 1, 1976 total cow inventory).

Extending the Brester-Marsh methodology beyond 1998—the end point in their original study—implies an increase in beef production per U.S. cow of 44 percent from 1972 to 2010. In the most recent peak year of 2008, 26.561 billion pounds of beef were produced, 1.565 billion pounds of that beef attributable to cattle imported from Canada and Mexico. Again adjusting for beef from foreign livestock, an average of 600 pounds was produced per U.S. cow in the January 1 total cow inventory of 41.692 million cows.

Federally inspected average dressed weights reported by USDA's National Agricultural Statistics Service (NASS) have increased steadily over time (fig. 1). Annual average dressed weights for all cattle in 1970 that averaged 624 pounds per head had increased by almost 26 percent to 784 pounds in 2009, the heaviest annual average weights to date. The dressed-weight measures in both years include effects from imported livestock.

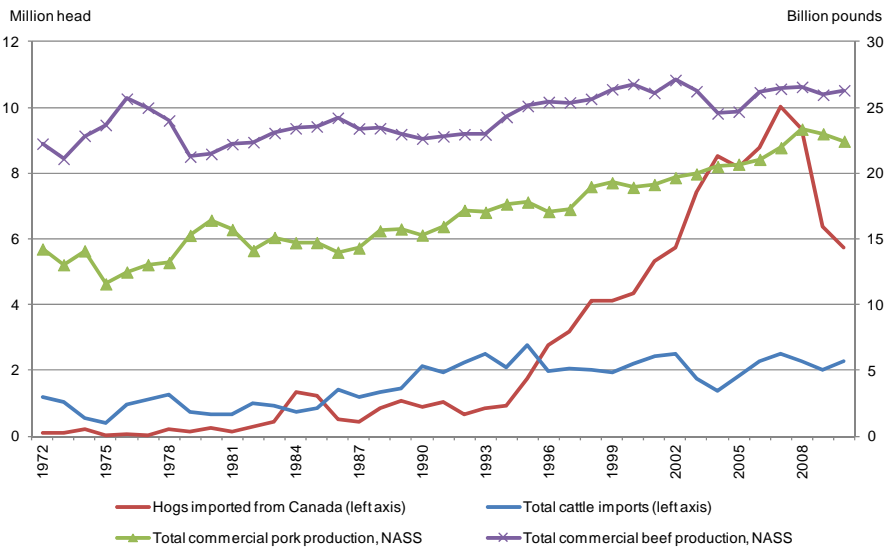
The U.S. depends on foreign sources for a significant share of its red meat. These sources include both meat imported directly as beef, pork, or lamb and the meat produced in the U.S. from imported live animals. For beef, foreign sources have

Figure 1
Average dressed weights of cattle and hogs have increased since 1972



Source: Compiled by USDA's Economic Research Service from Livestock Slaughter (USDA, National Agricultural Statistics Service) and Department of Commerce trade data.

Imports of cattle and hogs have increased along with total production, 1972-2011



Source: Compiled by USDA's Economic Research Service from Livestock Slaughter (USDA, National Agricultural Statistics Service) and

accounted for as little as 8.2 percent (1974 and 1975) to as much as 18.2 percent (2005). Even during 2003 through 2005 when cattle imports from Canada were subject to restrictions due to the discovery of Bovine Spongiform Encephalopathy, beef from foreign sources accounted for 14.6 to 18.2 percent of U.S. beef supplies.

For 2011, cumulative imports of Canadian cattle into the United States were 35 percent lower year-over-year than in 2010, while imports of beef from Canada were 20 percent lower, again, year-over-year. Over the same period, imports of cattle from Mexico were up by over 16 percent. In 2011, estimated (by the Brester-Marsh method) beef produced from cattle imported into the United States from Canada and Mexico combined with all beef imported into the United States represented a quantity equal to about 11 percent of total U.S. beef supplies (excluding beginning cold storage stocks and on-farm production). This was down from almost 13 percent in 2010 due to reduced imports of cattle from Canada.

References

Brester, G.W., and J.M. Marsh. *"U.S. Beef and Cattle Imports and Exports: Data Issues and Impacts on Cattle Prices."* Policy Issues Paper No. 9, Trade Research Center, Montana State University, Bozeman, MT, April 1999.

Pork Exports Record-High in 2011

U.S. trade data released in carcass-weight volumes by USDA on Friday, February 10, 2012 showed December pork exports at 493 million pounds, 23 percent above a year earlier, mostly due to very large shipments to Asia—China in particular. Total exports for 2011 were 5.2 billion pounds, 23 percent above totals in 2010. The 10 largest foreign destinations for U.S. pork last year are shown below. Clearly, shipments to China pushed the U.S. 2011 export total into territory not heretofore seen. Chinese purchases of U.S. pork were a means used by China to tame pork price inflation which came about largely as a consequence of the Chinese pork sector's serious, ongoing problems in controlling various lethal swine diseases. It is possible that the incidence of such diseases as FMD and PRRS will recede as Chinese pork production shifts from its current model, characterized by millions of small "backyard" operations, to a smaller number of larger, integrated, production units with stringent biosecurity and herd health programs in place. Such top-to-bottom structural transformation will be slow in coming however, given the scale of the task. Until then, it is likely that large pork exporters as the United States, Canada, the E.U., and Brazil will function as "safety valves" for China, implying the continued possibility high volume and price volatility as exporters adjust to Chinese presence—or absence—in international markets.

Total U.S. Pork Exports: 2011, 2010

	Country	2011	2010	2011/2010	2011 Exp.	2010 Exp.
	Share	(Mil. lbs.)		(%)	(%)	(%)
	World	5,193	4,224	23		
1	Japan	1,480	1,284	15	29	30
2	Mexico	1,038	1,037	0	20	25
3	China	668	156	328	13	4
4	Canada	507	433	17	10	10
5	S. Korea	454	220	106	9	5
6	Russia	191	154	24	4	4
7	Australia	189	150	27	4	4
8	Hong Kong	148	202	-27	3	5
9	Philippines	106	130	-19	2	3
10	Honduras	56	60	-6	1	1

As in past years, Japan was the number 1 buyer of U.S. pork products in 2011. U.S. exports increased 15 percent, year-over-year. Japanese data indicate that total pork imports in 2011 increased by more than 5 percent. While Japanese purchases from major U.S. competitors—Canada and Denmark—declined in 2011, imports from the United States increased, according to the Japanese data. It is likely that the relatively low-valued US dollar exchange rate—vis-à-vis other competing pork exporting countries—was an important factor in increased U.S. volume shipments in 2011.

Although Mexico held its customary spot as the number 2 buyer of U.S. pork in 2011, its purchases of U.S. pork were flat compared to 2010, at just over 1 billion pounds. This is a departure from past buying patterns when as recently as 2009, Mexico increased its share of U.S. exports. Slower than expected economic growth, a declining value of the peso since the third quarter of 2011, and larger imports of U.S. poultry may account for some of the slowdown in pork exports last year.

2011 Pork Imports Lower

The United States imported more than 803 million pounds of pork last year, a decrease of 7 percent from 2010. More than likely, lower exchange rate values throughout 2011 made pork from Canada—supplier of 79 percent of U.S. imports—less competitively priced than in the past. This year, the same variable—the U.S. dollar exchange rate, and increasing domestic supplies, will likely continue to limit U.S. pork imports. Total 2012 imports are expected to be almost 2 percent lower than last year.

Imports of live swine in 2011—almost all of which are of Canadian origin—were almost 1 percent above those of 2010, at 5.8 million head. The only category that showed gains relative to 2010 was that of early weaned pigs—animals weighing less than 15.4 pounds. Imports of early-weaned pigs were almost 12 percent greater than in 2010, likely reflecting strong demand in the United States that derived from strong U.S. hog prices.

USDA forecasts for 2012 pork exports and imports remained unchanged in February, at 5.1 billion pounds on the export side, and 785 million pounds on the import side. Exports are expected to be roughly the same as last year, while imports are likely to be about 2 percent lower than a year ago, given continued relative weakness in the U.S. exchange rate, and larger expected domestic pork availability this year. USDA will release the Quarterly Hogs and Pigs report on March 30th and the Livestock and Poultry: World Market and Trade on April 20, 2012.

Broiler Meat Production Forecast at 36.1 Billion Pounds in 2012

The outlook for broiler meat production in 2012 is for relatively sharp year-over-year declines during the first three quarters of the year followed by an increase in the fourth quarter. The estimate for 2012 broiler meat production was reduced from the previous month by 400 million pounds to 36.1 billion pounds, down 3 percent from 2011. Most of the reduction is the result of lower expectations for broiler weights. For the first three quarters of 2011, average broiler weights had been sharply higher than the previous year but in the fourth quarter fell below the previous year. The combination of lower numbers of chicks being placed for growout and expected lower weights is the major factor in the reduced production estimate. Broiler product demand is also expected to be influenced by any improvement in the domestic economy and if unemployment rates decline. However, any expansion of broiler production will continue to be influenced by the outlook for feed costs.

For December 2011, broiler meat production was reported at 2.9 billion pounds, down 10 percent from a year earlier. The number of birds slaughtered decreased year-over-year by 9 percent and, additionally, the average liveweight at slaughter fell to 5.78 pounds, down 1 percent from December 2010. Broiler meat production in fourth-quarter 2011 totaled 8.9 billion pounds, down 6.6 percent from fourth-quarter 2010. The decrease was again due to both a decrease in the number of broilers being slaughtered (down 6 percent) and a decrease in the average liveweight at slaughter (down 0.7 percent). The average liveweight per bird at slaughter in fourth-quarter 2011 was 5.83 pounds. The fourth quarter was the only quarter where the average weight was less than the previous year.

Broiler meat in cold storage at the end of December 2011 totaled 591 million pounds, down 24 percent from the previous year and 49 million pounds less than at the end of the third quarter. With reduced broiler meat production during fourth-quarter 2011 and lower levels of production forecast to extend through the first three quarters of 2012, ending stocks are expected to remain below year-earlier levels through the first three quarters of 2012, then move slightly higher in the fourth quarter.

Cold storage holdings for almost all broiler products at the end of December were lower than the previous year. Most of the decline in stocks is the result of the sharp decline in broiler production during fourth-quarter 2011. The only exceptions were higher stocks for whole birds (up 1 percent), chicken feet (up 41 percent), and drumsticks (up 11 percent). Even stocks of breast meat were down 4 percent from the previous year. Breast meat stocks in the first 11 months of 2011 had averaged 34 percent higher than the previous year. Stocks of leg quarters totaled 79 million pounds, up 8 million pounds from the previous month, but still 32 percent lower than at the end of 2010. The continued low level of leg quarter stocks has been influenced by large fourth-quarter exports.

The declining level of cold storage broiler stocks has been reflected in increases in wholesale prices. In January 2012, prices for boneless/skinless breast meat in the Northeast market averaged \$1.30 per pound, up 16 percent from the previous year and 4 cents per pound higher than the previous month. During 2011 prices for

boneless/skinless breast meat had been lower than the previous year in 10 of the 12 months. Leg quarter prices in the Northeast market were also higher, averaging 53 cents per pound in January 2012 compared with only 35 cents per pound the previous year. Leg quarter prices were higher than the previous year for all but one month in 2011, partly as a result of a strong export market. Broiler meat exports in 2012 are forecast to be slightly higher than the large shipments in 2011. If exports remain strong, there will be upward pressure on leg quarter prices, considering lower beginning stocks and expected production declines. Overall prices for broiler meat products are expected to continue to gradually move higher in 2012 due to the influence of high prices for competing meats and lower levels of broiler production.

Turkey Meat Production Forecast Increased in 2012

Turkey meat production in 2012 is forecast to total 5.9 billion pounds, up 1 percent from 2011. The current forecast is an increase of 10 million pounds from the January forecast. If realized, this would be the second year in a row that production will increase after declining in both 2009 and 2010. Turkey meat production is expected to show a slight decline in first-quarter 2012, but then increase in the remaining three quarters of the year. The increased meat production is expected to arise from a larger number of birds slaughtered, as average liveweight at slaughter is expected to remain near year-earlier levels. Turkey producers, like other livestock producers, will continue to be influenced by the outlook for feed costs and the uncertainty over sustained growth in the domestic economy.

Turkeys slaughtered in 2011 numbered 247 million birds, 2 percent more than the previous year. This is a reversal from the previous 2 years, when the number of birds slaughtered decreased. Turkey meat production rose by 2.6 percent to 5.8 billion pounds in 2011. The higher number of turkeys slaughtered was a major portion of the increase, but the annual average liveweight at slaughter in 2011 was also higher at 29.4 pounds, an increase of 1.1 percent from the previous year.

Turkey meat production in fourth-quarter 2011 was 1.5 billion pounds, down less than 1 percent from the previous year after being higher on a year-over-year basis in the first three quarters. The production increases during the first three quarters of 2011 were a continuation of a strong production increase in the fourth quarter of 2010. The decrease in turkey meat production in fourth-quarter 2011 was due to a smaller number of turkeys slaughtered (down 0.6 percent), as the average liveweight of those birds at slaughter was basically the same as the previous year.

The increased turkey meat production in the first three quarters of 2011 has led to higher turkey cold storage holdings over all four quarters in 2011. At the end of December 2011, turkey cold storage holdings totaled 206 million pounds, up 7 percent from a year earlier. Stocks of whole birds and turkey parts were both higher compared with the previous year. Stocks of whole birds increased the most, rising to 52 million pounds, up 14 percent from the previous year. Stocks of other turkey meat products also increased, totaling 154 million pounds, 5 percent higher than the previous year. With turkey production expected to be lower in the first quarter, but higher in the remaining three quarters, turkey quarterly ending stocks are expected to remain slightly above year-earlier levels throughout 2012.

The national prices for frozen whole hen turkeys averaged 98.4 cents per pound in January 2012, an increase of 12 percent from January 2011, but about 8 cents lower than the previous month as prices seasonally decline in the first part of the year. With only slightly higher production expected during the first half of 2012 and relatively low beginning stocks of whole birds and other turkey meat, national prices for frozen hens are expected to remain above year-earlier levels through the first half of 2012.

Table Egg Production Forecast at 6.6 Billion Dozen in 2012

Table egg production is expected to increase slightly (0.5 percent) in 2012, reaching 6.64 billion dozen, up from 6.61 billion dozen in 2011. Production increases are expected to occur in all four quarters, but most of the total increase is expected in the first half of the year. The production growth is expected to come from small increases in the number of hens in the table egg flock, with relatively little change in the rate of eggs produced per bird. The number of birds in the table egg flock was down in 4 of the last 6 months of 2011, but the flock is expected to average above year-earlier levels through the first several months of 2012 as strong prices encourage production. Higher egg production is also expected to be supported by higher prices for most livestock and poultry products.

Hatching egg production for 2012 is forecast at 1.04 billion dozen, down 1.7 percent from 2011. The decline in production of hatching eggs reflects the expected decline in broiler production. The reduction in production is expected to mirror changes in broiler output, with production down on a year-over-year basis in the first three quarters and increasing in the fourth quarter.

Table egg production reached 1.69 billion dozen in fourth-quarter 2011, giving a total for the year of 6.61 billion dozen, up less than 1 percent (0.8) from the previous year. Table egg production was higher in all 12 months of 2011. Production of hatching eggs totaled 1.05 billion dozen in 2011, as production was slightly lower in all four quarters. The decrease in hatching egg production was due primarily to production declines in the broiler industry that reduced the need for meat-type eggs. The number of hens in the broiler-breeder flock averaged 3.2 percent lower in 2011 than in the previous year. The number of birds in the broiler-breeder flock is expected to remain lower than the previous year through the first half of 2012 and then to move slightly higher as demand for broiler chicks increases.

With only a small increase in total egg production and a strong export market for both shell eggs and egg products, domestic wholesale table egg prices (New York market, Grade A Large) averaged \$1.15 per dozen in 2011, up 8.5 percent from the previous year. Prices in fourth-quarter 2011 averaged \$1.31 per dozen, a gain of 6.5 percent from fourth-quarter 2010. In January 2011, table egg prices declined to \$1.08 per dozen in the New York market, partially due to seasonal drops in demand after the New Year. With some growth forecast in production and lower exports, wholesale table egg prices are expected to average \$1.03 to \$1.09 per dozen in 2012.

In 2011 total exports of shell eggs and egg products were the equivalent of 275 million dozen, up 7 percent from the previous year. The exports were evenly

balanced, with shell egg and egg product exports both totaling 138 million dozen. The value of egg exports increased to \$408 million in 2011, up 14 percent. Much of the increase in export quantity was due to higher shipments to Asian countries, with shipments to Japan and Hong Kong up 55 and 23 percent. In addition, exports to Korea rose to 17.7 million dozen, 108 percent higher than in 2101. In North America, changes in shipments were mixed, with exports to Canada falling by 11 percent to 46 million dozen and exports to Mexico increasing by 29 percent to 19 million dozen.

December Broiler Exports Are Up from a Year Ago

Broiler exports for December 2011 totaled 582 million pounds, down by 6 -percent from a year ago. One of the major contributing markets was Mexico, which accounted for almost 97 million pounds of total broiler shipments in December 2011. Russia was the second largest U.S. export market, receiving over 59 million pounds of broiler meat. Growth in broiler shipments is expected to continue into 2012.

Fourth-Quarter Broiler Shipments Fall Short from Totals Recorded a Year Earlier

U.S. broiler shipments in the fourth-quarter of 2011 totaled 1.878 billion pounds, down 4 -percent from the broilers shipped the same period a year earlier. In spite of the low shipments to Russia during the last 3 months of 2011, shipments fell just short of the 2010 fourth-quarter record. Most of the increase recorded in the fourth-quarter was fueled by increased shipments to Angola, Iraq, and other non-major markets.

Turkey Exports Continue Strong in December

Turkey shipments totaled 71 million pounds in December 2011, up about 18 -percent from a year ago. The increase in turkey shipments recorded for December 2011 was stimulated mainly by strong shipments to Mexico, Hong Kong, and minor markets. Mexico and Hong Kong, two of the U.S. major turkey markets, both imported over 13.5 million pounds more in December 2011 than they did a year earlier.

Turkey Shipments in the Fourth-Quarter Finished at a Record High

The 2011 fourth-quarter turkey shipments were the largest ever recorded in a single quarter. Turkey exports totaled 199 million pounds for the fourth-quarter of 2011, up 14-percent from last year's fourth-quarter. This increase is attributed partly to a strong demand for turkey meat from importing countries such as Mexico and Hong Kong. In comparison with the fourth-quarter of 2010, exports to Hong Kong rose by 51-percent in the fourth-quarter of 2011 and shipments to Mexico increased 21-percent over the same time period. While China continues to be the second largest turkey market for the U.S., its fourth-quarter turkey imports dropped 24-percent from the 2010 fourth-quarter.

Sheep and Lambs

The U.S. sheep and lamb inventory declined in 2011. The January 1, 2012, inventory of sheep and lambs was 5.35 million head, down 2 percent from January 2011. The total breeding inventory was down 3 percent and the lamb crop in 2011 was 2 percent lower than the previous year. The number of replacement lambs was also down 2 percent from the previous year. Sheep death loss during 2011 totaled 240,000 head, an increase of 4 percent from 2010, while lamb death loss increased 3 percent from 370,000 head in 2010 to 380,000 head in 2011.

Eighteen of the published States registered inventory declines on January 1, 2012. Texas, the largest sheep producing State, saw a 24-percent drop in all sheep and lamb inventory, its largest single-year decline in sheep inventory ever. The Texas sheep and lamb inventory declined from 850,000 head on January, 2011 to 650,000 head on January 1, 2012. The significant decline was largely due to extreme drought conditions in the Southwest. California, the second largest sheep-producing State, saw a 5-percent drop in all sheep and lamb inventory.

Fourteen of the published States reported inventory increases. Signs of these increases were seen primarily in the medium-level producing States; Colorado, Wyoming, Utah, South Dakota, Idaho, and Minnesota, all States with more than 100,000 head, registered increases. Colorado saw the biggest inventory increase, 24 percent, in its sheep and lamb inventory. While some of Colorado's increase may have been due to the relocation of herds from Texas, some increase may have been associated with the efforts to grow the flock.

Commercial lamb and mutton production is forecast at 145 million pounds in 2012, nearly 3 percent below 2011. Production in 2011 declined 9 percent. The 2-percent reduction in the number of market sheep and lambs on January 1, 2012, and the 2 percent smaller lamb crop in 2011 should result in lower slaughter numbers this year. The smaller lamb crop may also make it more difficult for producers to grow their flocks. Production for the first quarter of 2012 is forecast at 38 million pounds. The number of slaughter animals is expected to be lower, but average weights are expected to be higher than normal.

Lamb prices are expected to remain fairly strong in 2012 as production will remain tight throughout the year. The San Angelo Choice slaughter lamb price is forecast to average in the \$138 to \$150 per cwt range for 2012. This would be below the 2011 average price. The average price in 2011 was \$160.60 per cwt. Choice slaughter lamb prices at San Angelo have more than doubled in the past 5 years.

Lamb and mutton imports for 2012 are forecast at 178 million pounds, more than 9 percent above 2011. Expected economic improvements this year and tight domestic production should fuel this increase. Imports in 2011 declined 2 percent to 163 million pounds. The strong Australian and New Zealand currencies relative to the U.S. dollar appeared to have had a dampening effect on imports. U.S. lamb and mutton exports increased 6 percent to 19 million pounds in 2011, largely due to increased shipments to the Caribbean. U.S. exports for 2012 are forecast at 14 million pounds.

Although the Milk Cow Herd Remains Above Last Year, Lower Milk Prices Should Prompt Herd Reduction by Year End

The January Cattle report showed a 1 percent higher inventory of dairy cows on farms than a year earlier. However, the number of heifers for milk cow replacement and the number of heifers expected to calve in 2012 were both reported 1 percent below a year earlier. Although the cow inventory forecast for 2012 is only raised slightly to 9.19 million head, the January report points to higher forecast cow numbers early in the year, with a sharper fall off than projected in January expected later in 2012.

Although 2011/12 soybean meal prices are forecast below last year's \$290 to \$320 a ton, corn prices in 2011/12 are projected to be higher than last year's \$5.80 to \$6.60 per bushel. The continued outlook for relatively high feed prices and forecast lower milk prices in 2012 compared with last year will weaken returns for dairy producers over the course of 2012, leading to herd reduction. Milk per cow is forecast higher than in January at an average 21,645 pounds per cow. The higher than expected milk per cow observed in the fourth quarter of 2011 will likely continue through 2012. Further, the mild winter is expected to benefit milk production, especially in the first quarter. On balance, this forecast would lead to 199 billion pounds of milk production in 2012, higher than the January estimate and 1.4 percent above the 2011 total output.

Fat-basis imports remain unchanged from last month at 3.3 billion pounds and exports also were unchanged at 8.6 billion pounds. On the skims-solids supply and use table, there were no changes from January's import forecast of 5.1 billion pounds. Skims-solids exports were increased slightly to 32.3 billion pounds as skim milk powder exports were higher in the fourth quarter of 2011 and there appears to be little dropoff heading into 2012. U.S. prices and the exchange rate will likely keep U.S. dairy exports competitive with New Zealand and the European Union.

Domestic prices for the major dairy products were reduced in the February report, with the exception of whey. Cheese prices are forecast at \$1.610 to \$1.680 per pound; this represents a reduction from January's estimate and is well below the \$1.825 per pound price posted last year. The expected increase in milk production in 2012 contributes to the lower cheese price, especially in the first quarter. Similarly for butter, prices were projected lower at \$1.570 to \$1.670 per pound, representing a downward revision from January and a sharp drop from 2011's average price of \$1.950 a pound. The same market fundamentals apply for both butter and cheese, with higher production overtaking demand. This situation could be ameliorated by the fourth quarter, firming prices if the forecast 2012 milk production growth rate slows from the robust increase forecast for the first quarter. Nonfat dry milk (NDM) prices were revised downward in February as well. NDM is forecast at \$1.360 to \$1.420 per pound. The sharpest declines in cheese, butter and NDM prices will occur in the first quarter. Export demand should support some recovery in product prices as the year goes on, but prices for cheese, butter and NDM are not expected to recover to 2011 levels. The whey price forecast was raised from January to 61.5 to 64.5 cents a pound and is well above the 2011

average price of 53.3 cents a pound. The pace of whey exports has kept prices moving upward for the last 3 years, a situation expected to continue in 2012.

Milk prices were revised downward based on the price outlook for dairy products. The Class III price was revised to \$16.70 to \$17.40 per cwt, considerably below last year's \$18.37 per cwt average. The Class IV price was lowered this month to \$16.25 to \$17.05 per cwt, also considerably below the 2011 average of \$19.04 per cwt. The all milk price is forecast at \$18.00 to \$18.70 per cwt, down from the January forecast, and as with the Class III and Class IV prices, much lower than the \$20.14 per cwt average posted in 2011.



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Data Products

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

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

Related Websites

Livestock, Dairy, and Poultry Outlook, <http://www.ers.usda.gov/Publications/ldp/>
Animal Production and Marketing Issues, <http://www.ers.usda.gov/briefing/AnimalProducts/>
Cattle, <http://www.ers.usda.gov/briefing/cattle/>
Dairy, <http://www.ers.usda.gov/briefing/dairy/>
Hogs, <http://www.ers.usda.gov/briefing/hogs/>
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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	IV	Annual
Production, million lb															
Beef	6,248	6,547	6,768	6,741	26,304	6,411	6,559	6,737	6,492	26,199	6,380	6,355	6,420	5,960	24,965
Pork	5,607	5,301	5,401	6,126	22,437	5,720	5,371	5,483	6,186	22,759	5,860	5,490	5,595	6,290	23,235
Lamb and mutton	43	40	39	42	164	36	40	36	37	149	38	36	35	36	145
Broilers	8,732	9,198	9,496	9,484	36,911	9,291	9,501	9,526	8,858	37,126	8,700	9,000	9,200	9,200	36,100
Turkeys	1,339	1,383	1,415	1,506	5,643	1,402	1,471	1,423	1,494	5,790	1,400	1,485	1,450	1,520	5,855
Total red meat & poultry	22,057	22,535	23,194	24,059	92,097	23,014	23,106	23,381	23,224	92,725	22,535	22,526	22,866	23,164	91,091
Table eggs, mil. doz.	1,611	1,627	1,645	1,667	6,550	1,627	1,639	1,652	1,688	6,606	1,645	1,650	1,655	1,690	6,640
Per capita disappearance, retail lb 2/															
Beef	14.6	15.1	15.3	14.6	59.6	14.1	14.5	14.6	14.0	57.3	14.0	13.8	13.8	130.0	54.7
Pork	11.8	11.4	11.7	12.8	47.7	11.4	11.1	11.0	12.4	45.8	11.5	11.2	11.2	12.6	46.5
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	0.2	0.9
Broilers	20.1	20.5	21.4	20.3	82.3	21.5	21.4	20.7	19.0	82.6	19.0	19.7	19.9	19.8	78.3
Turkeys	3.5	3.6	4.1	5.1	16.4	3.5	3.5	3.9	5.1	16.1	3.4	3.6	4.0	5.2	16.3
Total red meat & poultry	50.7	51.2	53.2	53.6	208.7	51.2	51.2	50.8	51.1	204.4	48.5	49.0	49.6	51.2	198.3
Eggs, number	61.4	61.3	62.0	62.7	247.3	60.9	61.2	62.1	62.8	247.1	61.8	61.8	61.8	62.6	248.0
Market prices															
Choice steers, 5-area Direct, \$/cwt	89.44	96.33	95.47	100.28	95.38	110.07	112.79	114.05	121.99	114.73	121-125	120-128	121-131	123-133	121-129
Feeder steers, Ok City, \$/cwt	98.73	112.65	112.29	114	109.31	127.20	131.09	134.74	141.93	133.74	147-151	150-158	150-160	150-160	150-158
Cutter Cows, National L.E., \$/cwt	51.79	58.79	58.90	54.93	56.1	68.66	74.88	66.11	63.54	68.3	70-72	73-77	71-77	68-74	71-76
Choice slaughter lambs, San Angelo, \$/cwt	103.87	106.17	115.57	141.62	116.81	174.66	157.99	161.13	148.93	160.68	143-147	135-145	134-145	140-150	138-146
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	66.11	63-65	66-70	66-72	57-61	63-67
Broilers, 12 City, cents/lb	82.2	85	84.5	80	82.9	77.9	82.6	78.8	76.8	79	82-84	81-87	83-89	81-87	82-87
Turkeys, Eastern, cents/lb	75.6	84.4	97.9	103.7	90.4	90.2	99.9	106.4	111.6	102	97-99	98-104	102-110	105-113	100-107
Eggs, New York, cents/doz.	126	82.8	93.1	123.2	106.3	105.8	106.6	117.7	131.2	115.3	112-116	92-98	96-104	110-120	102-110
U.S. trade, million lb															
Beef & veal exports	478	585	590	646	2,299	633	702	769	675	2,779	685	735	700	645	2,765
Beef & veal imports	573	690	598	436	2,297	461	593	548	450	2,052	500	565	535	490	2,090
Lamb and mutton imports	47	46	31	42	166	50	48	31	39	168	47	45	40	46	178
Pork exports	1,046	1,081	951	1,146	4,224	1,247	1,204	1,261	1,400	5,112	1,300	1,215	1,250	1,350	5,115
Pork imports	199	204	237	219	859	201	195	194	210	800	195	190	195	205	785
Broiler exports	1,469	1,699	1,643	1,954	6,765	1,530	1,584	1,998	1,900	7,012	1,725	1,725	1,800	1,800	7,050
Turkey exports	114	136	158	174	582	160	171	173	185	689	160	160	160	170	650
Live swine imports (thousand head)	1,446	1,408	1,479	1,416	5,749	1,452	1,429	1,407	1,455	5,743	1,465	1,435	1,405	1,440	5,745

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 2/13/2012

Dairy Forecasts

	2010		2011					2012				
	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thous.)	9,130	9,117	9,165	9,198	9,208	9,216	9,197	9,235	9,220	9,170	9,140	9,190
Milk per cow (pounds)	5,208	21,149	5,283	5,483	5,290	5,279	21,335	5,410	5,545	5,350	5,340	21,645
Milk production (bil. pounds)	47.5	192.8	48.4	50.4	48.7	48.7	196.2	50.0	51.1	49.1	48.8	199.0
Farm use	0.3	1.0	0.2	0.2	0.2	0.2	1.0	0.2	0.2	0.2	0.2	1.0
Milk marketings	47.3	191.8	48.2	50.2	48.5	48.4	195.2	49.7	50.9	48.8	48.6	198.0
Milkfat (bil. pounds milk equiv.)												
Milk marketings	47.3	191.8	48.2	50.2	48.5	48.4	195.2	49.7	50.9	48.8	48.6	198.0
Beginning commercial stocks	12.2	11.3	10.9	12.1	13.4	12.4	10.9	10.9	13.0	14.6	13.6	10.9
Imports	0.9	4.1	0.8	0.7	0.8	1.2	3.5	0.8	0.8	0.8	0.9	3.3
Total supply	60.4	207.2	59.9	63.0	62.6	62.1	209.7	61.4	64.6	64.2	63.1	212.1
Commercial exports	2.2	8.3	2.5	2.7	2.2	2.2	9.5	2.0	2.2	2.2	2.2	8.6
Ending commercial stocks	10.9	10.9	12.1	13.4	12.4	10.9	10.9	13.0	14.6	13.6	11.5	11.5
Net removals	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	47.3	187.8	45.3	47.0	48.0	49.1	189.3	46.4	47.8	48.4	49.4	192.0
Skim solids (bil. pounds milk equiv.)												
Milk marketings	47.3	191.8	48.2	50.2	48.5	48.4	195.2	49.7	50.9	48.8	48.6	198.0
Beginning commercial stocks	12.5	11.3	12.3	11.9	12.9	12.3	12.3	11.8	12.2	12.9	12.3	11.8
Imports	1.3	4.8	1.3	1.2	1.3	1.6	5.4	1.3	1.3	1.2	1.3	5.1
Total supply	61.0	208.0	61.7	63.3	62.7	62.3	212.9	62.9	64.4	62.9	62.2	214.9
Commercial exports	8.7	32.1	8.4	8.4	8.6	8.7	34.1	8.1	8.2	8.1	8.0	32.3
Ending commercial stocks	12.3	12.3	11.9	12.9	12.3	11.8	11.8	12.2	12.9	12.3	12.1	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	40.0	164.0	41.5	42.0	41.7	41.8	167.0	42.6	43.3	42.6	42.1	170.5
Milk prices (dol./cwt) 1/												
All milk	17.70	16.26	18.73	20.13	21.67	20.03	20.14	18.20	17.30	17.85	18.70	18.00
								-18.50	-17.90	-18.75	-19.70	-18.70
Class III	15.40	14.41	16.63	17.50	20.71	18.62	18.37	16.35	16.10	17.10	17.30	16.70
								-16.65	-16.70	-18.00	-18.30	-17.40
Class IV	16.29	15.09	18.08	20.37	20.00	17.72	19.04	16.00	16.25	16.45	16.30	16.25
								-16.40	-16.95	-17.45	-17.40	-17.05
Product prices (dol./pound) 2/												
Cheddar cheese	1.614	1.523	1.708	1.751	2.041	1.799	1.825	1.545	1.545	1.670	1.685	1.610
								-1.575	-1.605	-1.760	-1.785	-1.680
Dry whey	0.373	0.372	0.425	0.499	0.570	0.636	0.533	0.670	0.620	0.585	0.585	0.615
								-0.690	-0.650	-0.615	-0.615	-0.645
Butter	1.955	1.702	1.990	2.052	2.030	1.728	1.950	1.505	1.560	1.615	1.600	1.570
								-1.565	-1.650	-1.735	-1.730	-1.670
Nonfat dry milk	1.183	1.169	1.373	1.611	1.578	1.461	1.506	1.365	1.365	1.365	1.355	1.360
								-1.395	-1.415	-1.435	-1.425	-1.420

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/dyfm0s/mib/fedordprc_dscrp.htm

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

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