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LDP-M-231

Sept 18, 2013

Livestock, Dairy, and Poultry Outlook

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Corn-Belt Dryness Tweaks Meat Sectors

Note: Starting in May, this report contains [no data updates or analysis](#) on milk cows or milk output per cow.

Contents

[Beef/Cattle](#)
[Beef/Cattle Trade](#)
[Pork/Hogs](#)
[Sheep/Lamb](#)
[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 Sept 24, 2013

The next newsletter release is Oct 18, 2013

Approved by the World Agricultural Outlook Board.

Beef/Cattle: Fewer cows in the slaughter mix—especially beef cows—could result in heavier average dressed weights of all cattle through the end of 2013. Large inventories of market-ready fed cattle could put negative pressure on fed-cattle and beef prices through the end of 2013. However, retail beef prices could remain in record or near-record territory.

Beef/Cattle Trade: U.S. beef exports through July are up 3 percent from a year earlier while beef imports are down 2 percent. The 2013 forecast for U.S. cattle imports was lowered to 1.9 million head amid falling shipments from Mexico. Cattle imports are down 20 percent for the year.

Recent Livestock, Dairy and Poultry Special Articles

“Japan Announces New Rules for Imports of U.S. Beef,” pdf pages 17-20 of the March 2013 Livestock, Dairy and Poultry Outlook report (<http://www.ers.usda.gov/media/1058622/ldpm225.pdf>)

“U.S. Pork Production Rises on a Smaller Base of Breeding Animals,” pdf pages 16-19 of the April 2013 Livestock, Dairy and Poultry Outlook report (<http://www.ers.usda.gov/media/1077557/ldpm226.pdf>)

“Implications of the Trans-Pacific Partnership for Meat, Poultry, and Seafood Trade,” pdf pages 20-24 of the April 2013 Livestock, Dairy and Poultry Outlook report (<http://www.ers.usda.gov/media/1077557/ldpm226.pdf>)

“Determinants of Japanese Demand for U.S. Pork Products in 2012,” pdf pages 20-25 of the May 2013 Livestock, Dairy and Poultry Outlook report (<http://www.ers.usda.gov/media/1106754/ldpm227.pdf>)

Pork/Hogs: In the second half, both pork production and hog prices are expected to be year-over-year higher, indicating strong demand for pork. With July pork exports year-over-year higher for the first time this year, it appears that foreign demand for U.S. pork is rebounding and likely contributing to strong pork demand

Sheep/Lamb: Third-quarter lamb and mutton production is forecast at 41 million pounds, an increase of about 5 percent from the previous year and the highest quarterly production so far for 2013. However, while increased production is normally a signal of increased lamb consumption, a large proportion of lamb and mutton is still held in cold storage each month.

Poultry: U.S. broiler meat production estimate for 2013 was increased by 75 million pounds as chick placements for growout continued to expand. Over the last 5 weeks, an average of 165 million broiler chicks were placed weekly for growout, up 2.4 percent from the previous year. Turkey meat production in July was 515 million pounds, 4 percent higher than a year earlier, as both the number of turkeys slaughtered and their average weight were higher.

Poultry Trade: Broiler and egg products shipments in July were up from a year ago, while turkey exports were down slightly. Broiler shipments totaled 618.6 million pounds in July 2013, an increase of 3 percent from a year earlier. Turkey shipments decreased 0.6 percent from a year ago, totaling 64.6 million pounds, while egg exports totaled 31.2 million dozen in July 2013, a 32-percent increase from last July.

Dairy: September forecasts for milk production were reduced slightly from August for the current year and unchanged for 2014. Milk production is forecast to climb in 2014 compared with this year on moderating feed prices and higher milk prices. Higher exports of cheese, butter, and nonfat dry milk and tighter stocks support the increased milk prices in 2014.

Cow Slaughter Easing

As is evident in recent federally inspected weekly cow slaughter estimates, total August 2013 monthly commercial cow slaughter will likely show a sharp decline from the August 2012 level. Thus far, the decline appears sharper for beef cows than dairy cows. However, if the “flash drought” in the Central United States persists, it could result in more cows going to slaughter and could temper any expansionary plans to retain beef cows or replacement heifers through the winter, as well as slowing or even reversing the decline in cow slaughter.

In August 2013, dressed weights for 5-area steers (based on LM_CT180) were about 11 pounds below August 2012 levels. While dressed weights of cattle traditionally increase from April-May lows to a peak in October, steer weights did not begin to decline until after December 2012. The seasonal rate of gain in slaughter weights this year appears to be moderating from the rapid rise that occurred from May to June.

One factor affecting average dressed weights of all cattle, and thus of beef production, is the relative share of cows, bull, steers, and heifers in the slaughter mix. Up until the end of July, beef cows accounted for more than half of total federally inspected cow slaughter. As beef cows are generally somewhat lighter than dairy cows, the relatively sharper decline in beef-cow slaughter will likely result in a slight increase in dressed cow weights for the near term. Reinforcing the overall effect of this potential increase, the recent declines in cow-slaughter share of total slaughter, combined with the heavier weights of fed steers and fed heifers, will likely result in heavier dressed weights for all cattle for the near term.

With most of the year-over-year increase in July steer and heifer slaughter due to 1 more slaughter day in July, with two-thirds of likely year-over-year decline in August slaughter and one extra slaughter day in September, third-quarter slaughter is expected to be above third-quarter 2012. This could be due to the combined contribution of feeder cattle placed at “normal” weights and the larger year-over-year placements of heavyweight feeder cattle since March 2013. Combined with increased production of pork and poultry, greater beef production could dampen any increases in wholesale cutout values and fed-cattle prices for most of the rest of 2013.

Monthly Retail beef prices set successive new records in July and August. August retail Choice beef prices reached \$5.39 per pound, and All-fresh beef reached \$4.97. Although beef prices are lending some support to pork and poultry prices, pork and poultry are in such abundant supply that they are likely to dampen continued upward movement in beef prices, especially with the seasonal decline in summer grilling demand. Despite the price-dampening pressure from competing meats, generally declining year-over-year beef supplies will result in retail beef prices that are likely to remain near current levels for some time.

Beef Cattle Trade

U.S. Cattle Imports Revised Lower in 2013 and 2014

The forecast for 2013 U.S. cattle imports was lowered to 1.9 million head, while the forecast for 2014 was lowered to 1.95 million head. Cattle imports from Mexico have been 46 percent lower this year through July. Drought in 2011, 2012, and early 2013 led to herd liquidation in Mexico and large shipments to the United States. Forage conditions have improved this year, while low inventories limit the supply available for export. Imports from Canada have been stronger in 2013 (+36 percent), totaling over 600,000 head through July. Most of the increase in imports has been of feeder cattle and slaughter cows. U.S. feeder cattle prices remain high relative to Canada. Slaughter cow imports have also risen, in part due to high feed costs in Canada.

U.S. Beef Exports Expand

U.S. beef exports were up 3 percent through July 2013 with increased trade to Japan (+52 percent), Hong Kong (+70 percent), and Taiwan (+166 percent). Exports to Japan have surged in 2013 since import restrictions were relaxed in February to allow for imports of U.S. beef from cattle aged less than 30 months. Through July, exports have totaled 408 million pounds compared with 269 million pounds for the same period in 2012. Because of higher trade, the 2013 export forecast was raised to 2.41 billion pounds, a decline of 2 percent from 2012. Growth to Japan, Hong Kong and Taiwan is offset by declining shipments to Russia, South Korea, and Vietnam. Exports are also expected to drop in 2014 due to falling production and are forecast at 2.3 billion pounds, a decline of 4.5 percent year-over-year.

U.S. Beef Imports Revised Lower in 2013 and 2014

U.S. beef imports through July are 2 percent lower year-over-year. Shipments from Canada are down 17 percent and shipments from Australia are down 11 percent. Slaughter accelerated this year in Australia as drought reduced the availability of feed and water. While Australian production and exports have increased, U.S. imports have fallen as stronger demand in Asia, especially in China, have increased competition for beef. Drought earlier in the year also led to higher slaughter and beef production in New Zealand. Imports have risen from both New Zealand (+9 percent) and Mexico (+16 percent) but not enough to offset declines from Australia and Canada. Reflecting expectations of continued tightness in global beef supplies, the import forecast for 2013 was lowered to 2.3 billion pounds. The forecast for 2014 imports was also revised lower to 2.64 billion pounds amid tight global supplies and increased foreign import demand, particularly by Asia.

Higher Hog Prices Expected To Accompany Increased Pork Production Through 2013

As the U.S. pork industry wraps up the third quarter of 2013 and heads into the fourth quarter—the period of the year when hog slaughter and pork production reach their annual peak—the industry appears to be facing a situation where second-half slaughter numbers and hog prices are both expected to be year-over-year higher. Higher hog prices for larger quantities of hogs indicate increased demand for hogs and pork. While high domestic prices of competing animal proteins—beef and poultry prices in particular—are almost certainly a factor in supporting strong pork demand, foreign demand for U.S. pork appears to be rebounding. July pork exports were higher than a year ago, by 2.1 percent, for the first time in 2013.

USDA lowered expected commercial slaughter numbers for both third and fourth quarters of this year, due to lower than expected weekly slaughter numbers from the start of third quarter in July through the first weeks of September. Even so, second-half slaughter is expected to be higher than in the second half of 2012. Average dressed weights are also expected to be year-over-year higher. Consequently, third-quarter commercial pork production—forecast at 5.7 billion pounds—is expected to be 1.2 percent above a year ago. Production in the fourth quarter—6.4 billion pounds—is expected to be almost 3 percent higher than a year ago.

Prices for live equivalent 51-52-percent hogs are expected to average \$67-\$68 per cwt in the third quarter, almost 10 percent above prices a year ago. Prices in the fourth quarter are expected to average \$59-\$61 per cwt, more than 2 percent above a year ago.

July Exports Year-Over-Year Higher for the First Time in 2013

U.S. pork exports in July were almost 407 million pounds, a volume 2.1 percent greater than in July 2012. Exports were lower in the first half of this year, due primarily to weak demand from Asia and Mexico. The export rebound in July was due mainly to larger shipments to Mexico and Japan, although strong exports to Ukraine, Central and South America, the Caribbean, and the Philippines helped to more than offset lower year-over-year exports to China/Hong Kong and the absence of Russia as a foreign destination for U.S. pork products.

Japan Remains the Key Country for Pork Exports

U.S. exports to Japan were year-over-year lower in the first 4 months of 2013. Since May, U.S. exports to Japan have rebounded to year-over-year higher levels. Larger U.S. shipments to Japan are occurring despite a sharply depreciated yen and slightly higher domestic pork production. Japan's pork consumption is heavily dependent on imports, however. Last year, for example, Japan imported almost half of its pork consumption. Faced with the imperative to import pork products—even at higher prices, due to Japan's aggressively expansionary monetary policy—a goal of Japanese importers is to choose a low-priced exporter among all pork-exporting countries. Larger U.S. exports to Japan since May are thus likely a result of the U.S. pork industry's competitive status vis-à-vis other major foreign suppliers of pork to Japan (i.e., Canada and Denmark). Compared with that of other pork-

exporting countries competing in Japan, the U.S. processing sector is likely what makes the United States a lower cost supplier of pork to Japan.

The *Quarterly Hogs and Pigs* report will be issued by USDA on September 27, 2013

(<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1086>).

The report's inventory numbers are expected to indicate the potential effects of Porcine Epidemic Diarrhea. The American Association of Swine Veterinarians (<http://www.aasv.org>) defines PED as follows:

Porcine Epidemic Diarrhea (PED) is a viral disease caused by a member of the family Coronaviridae. Although clinically similar to transmissible gastroenteritis (TGE), the virus is unrelated to TGE.. Introduction of PED virus into a naïve herd typically results in acute outbreaks of severe diarrhea, vomiting, high morbidity (often 100%), and variable mortality (some reports as high as 100% in young pigs). The incubation period is short (2-4 days) and natural immunity develops over two to three weeks, resulting in colostral protection for neonatal piglets. The virus spreads via the fecal-oral route and fomites...PEDV is not a listed disease of the World Organization for Animal Health (OIE); is not considered a foreign animal disease in the United States; and there are currently no interstate trade restrictions pertaining to PEDV in U.S. swine. It is not a zoonotic disease, does not affect people, and is not a food safety concern.

The first 2013 occurrence of the disease was reported in mid-May. As of August 31, 2013, 17 U.S. States have reported outbreaks of PED, including Iowa and North Carolina. For more information see USDA\APHIS:

http://www.aphis.usda.gov/animal_health/animal_dis_spec/swine/

Sheep/Lamb

Year-Over-Year Increase Expected in Third Quarter Lamb and Mutton Production

Third-quarter lamb and mutton production is forecast at 41 million pounds, an increase of about 5 percent from the previous year and the highest quarterly production so far for 2013. These are also the highest third-quarter production levels since 2009. July commercial production came in at 14.1 million pounds and August production is forecast at 14 million pounds and September production at 13 million pounds. This is atypical for lamb and mutton production, since production levels tend to fall during the summer months as producers focus on retention and culling within their existing herd. The expected increase in third-quarter production appears to be associated with an increase in the number of animals slaughtered as average slaughter weights and subsequent carcass weights have dropped below 140 pounds and 70 pounds, respectively. The lighter carcass weights suggest that lamb quality is improving and the problem of overfinished lambs may have abated.

While increased production is normally a signal of increased lamb consumption during the summer months, a large proportion of lamb and mutton is still being held in cold storage each month, totaling nearly 23 million pounds at the beginning of August, almost 4 million pounds up from the beginning of July. This represents more than 160 percent of the commercial lamb and mutton production in July. A large proportion of the lamb and mutton in cold storage may be imported.

Slaughter Lamb Prices Weaken Slightly

Third-quarter 2013 slaughter lamb prices at San Angelo, Texas are forecast to weaken slightly from the original forecast. Choice slaughter lamb prices are forecast at \$93-\$94 per cwt. July Choice slaughter lamb prices were \$91.90 per cwt, with August prices falling even further to \$86.50 per cwt. This weakness is reflected across the entire lamb and mutton complex. Much of the weakness may be attributed to smaller than expected demand during the summer months.

July Imports Up Fractionally

Although lamb and mutton demand appear slightly lower, imports have shown an uptick. Second-quarter 2013 lamb and mutton imports were 44 million pounds, up 22 percent from the same period last year. Imports for July rose 1 percent over July 2012. Imports were buoyed by the consumer demand for specific cuts and a stronger U.S. currency relative to Australia and New Zealand. Second-quarter 2013 exports were 2 million pounds, equaling the same period in 2013. Exports in July were 0.5 million pounds, again equaling July 2012.

Broiler Forecasts Increased for Third and Fourth Quarters

The U.S. broiler meat production forecast for 2013 was increased by 75 million pounds, 25 million pounds higher in the third quarter and 50 million pounds higher in fourth-quarter 2013. This raises the estimate for broiler meat production in the second half of 2013 to 19.2 billion pounds, an increase of 3.4 percent from the same period in 2012. The number of chicks being placed for growout has been increasing through the first 2 months of the third quarter, and with a larger broiler-breeder flock in place, this year-over-year gain in chicks for growout is likely to continue. Additionally, third-quarter 2013 has 1 more slaughter day than the previous year. The outlook for the broiler industry and the poultry industry in general is influenced by the prospects of lower corn and soybean meal prices going into fourth-quarter 2013 and continuing into 2014. With lower grain prices and a forecast for continued gains in the domestic economy, broiler production is forecast to continue to expand in 2014. Broiler meat production is forecast at 38.8 billion pounds, 2.5 percent above 2013 production.

Broiler meat production in July 2013 was 3.3 billion pounds, 4.9 percent higher than a year earlier. This increase can be attributable to both higher average bird weights and the fact that July 2013 had 1 more slaughter day than the previous year. The number of birds slaughtered in July was up 3.6 percent from the previous year to 748 million. Added to the increase, there was a 1-percent gain in average liveweights to 5.84 pounds. During August and September, the number of chicks placed for growout is expected to remain above the level of the previous year, while higher average weights are also expected to continue. Average weights in the fourth quarter are expected to be only slightly higher than the previous year.

For the 5-week period ending September 7, the National Agricultural Statistics Service reported that an average of 165 million broiler chicks were placed weekly for growout, 2.4 percent more than in a similar period in 2012.

Rise in Stock Levels at the End of July

Stocks of broiler products at the end of July totaled 654 million pounds, 6.4 percent higher than a year earlier. Over the last 4 months, stock levels have bounced back and forth between about 635 and 650 million pounds. The increase from the previous month was almost entirely due to higher stocks in three categories: stocks of whole birds rose over 6 million pounds from the previous month, reaching 21.7 million pounds, 65 percent higher than the previous year. Stocks of leg quarters rose to 147 million pounds, almost 50 percent higher than the previous year and 9 million pounds higher than at the end of June. The third category with a major increase was wings. At the end of July, wings stocks had risen to 94 million pounds, up 10.6 million pounds from the previous month and nearly 89 percent higher than in July 2012.

Higher stocks of whole birds had been anticipated as prices for them had been gradually declining for some time. The large increase in cold storage holdings for leg quarters is a different story as wholesale prices have been relatively unchanged for the last several months, staying within a narrow range of \$0.50 to \$0.54 per pound. The increase in leg quarter stocks may not have triggered a decline in

prices, as exports of broiler products have been strong so far in 2013 and exports of leg quarters in July totaled 159 million pounds, about the same as in 2012. Cold storage holdings of wings have increased almost continually since the beginning of the year. Part of the increase, especially in recent months, may be tied to a buildup of stocks before the national rollout of wings at McDonald's: in late August, the chain announced that it would put wings on the menus of all its domestic restaurants for a limited time. The announcement stated that the rollout would begin on September 9 and would be nationwide by September 24. The new wing product is expected to remain on the menu through November.

With an increase in cold storage holdings in July and a forecast for increased broiler production in the third and fourth quarters, the forecast for ending stocks was increased to 635 million pounds at the end of September and 650 million pounds at the end of 2013. This pattern was continued in first-quarter 2014, with the estimate raised to 635 million pounds.

Broiler Product Prices Generally Lower in August

Higher broiler meat production, even in the face of strong exports, resulted in downward pressure on most broiler prices, although for most products prices remained higher than the previous year. In August, prices for boneless/skinless breasts in the Northeast market were over 20 percent higher than last year's. This is a smaller year-over-year change from a month earlier, and prices going into September point to an additional price decline. Prices for breasts with ribs and line-run breasts have followed the same general pattern as those for boneless/skinless breasts. Prices for thigh products have shown a bit more strength, with prices thus far in September appearing to be at or slightly higher than their August levels. Prices for leg meat products have likely benefited from the continued strong export market, with overall exports from January to July up 3 percent from the same period last year and shipments to Mexico 23 percent higher.

One broiler part that has not had the same general price strength over the first two-thirds of 2013 is wings. After peaking in January, wing prices fell sharply over the next 4 months and have remained well below their year-earlier levels. Traditionally, wing prices would start to show some seasonal increase towards the end of the third quarter, but this year, with higher broiler production, the increase is likely to be somewhat dampened.

Turkey Production Up 4 Percent in July

Turkey meat production in July was 515 million pounds, up 4 percent from a year earlier. This slightly higher than expected production led the forecast of third-quarter 2013 production to be increased by 25 million pounds to 1.47 billion pounds, down only 1 percent from the previous year. The increase in July production was also evenly divided between an increase in the number of birds slaughtered and higher average weights. Average bird weights were 29.7 pounds, 1.6 percent higher than July 2012, but down 1.2 percent from the previous month. Turkey weights normally decline in the summer months due to higher temperatures. Turkeys slaughtered in July totaled 21.6 million, an increase 1.8 percent from a year earlier. The increase was the result 1 more slaughter day in July 2013 than the previous year. Over the first 7 months of 2013, turkey meat production totaled 3.5 billion pounds, an increase of only 0.4 percent from the same period in 2012. The

increase is solely due to higher bird weights as the number of turkeys slaughtered was down 1.4 percent from a year earlier.

With continued declines in the numbers of poultts placed for growout and pressure from an increased soybean meal price forecast, the production forecast for 2014 was lowered by 120 million pounds to 6.06 billion, an increase of 2.2 percent from 2013. Although lower feed prices would normally have a positive impact on production, higher stock levels have been placing downward pressure on whole-bird prices and some turkey parts, lessening the incentive to expand production.

Since March, overall demand for turkey has pretty much equaled production when compared with 2012, leaving cold storage holdings for turkey (while rising seasonally) between 4 and 7 percent higher than a year earlier. At the end of July, cold storage holdings of turkey were 581 million pounds, up 6.1 percent from the previous year. The split on total holdings was 328 million pounds of whole birds, up 7 percent from the previous year and 253 million pounds of stocks of turkey parts, 5 percent higher than at the end of July 2012. Between the end of June and the end of July, increasing stocks of whole birds accounted for all the rise in overall turkey stocks, with stocks of turkey parts declining somewhat. Cold storage holdings for turkey parts were strongly mixed, with legs and mechanically deboned meat down sharply (33 and 13 percent). Holdings of turkey parts in the "other" category or the unclassified category were both higher (14 percent and 6 percent). Also higher were cold storage holdings of turkey breast meat, up 9 percent to 83 million pounds.

Turkey meat production is forecast lower on a year-over-year basis in both third- and fourth-quarter 2013. Even with this decline in production, the forecast for ending stocks in the third and fourth quarters were increased to 550 and 320 million pounds, an increase of 30 million pounds in the third quarter and 20 million pounds in the fourth. With higher turkey meat production forecast for 2014, the ending stocks forecasts were also increased for the first and second quarters.

In August, prices for whole frozen hen turkeys averaged around \$0.99 per pound, down about 10 cents from the previous year. Prices for frozen whole hen turkeys on a year-over-year basis have been lower for the last 11 months. Prices for whole birds are expected to remain below year-earlier levels through the rest of third-quarter 2013 and in the fourth quarter.

The demand for turkey parts in relation to supply has been variable, depending on the turkey parts. Prices for breast meat parts have generally been lower than the previous year, while prices for leg meat parts (drumsticks and thighs) have generally been higher. In July, prices for turkey breasts averaged \$1.21 per pound, 10 percent lower than the previous year, and prices for boneless/skinless breast meat averaged \$1.55 per pound about 11 percent lower. However, prices for drumsticks rose to \$0.75 per pound in July, over 30 percent higher than a year earlier, and prices for thighs were \$1.08 per pound, up 28 percent. With turkey meat production forecast lowered through the rest of 2013, prices for turkey parts are expected to be stronger, but this may be countered by higher stocks.

Table Egg Flock Higher in July

In July, the number of hens in the table egg flock was reported at 288.7 million, 2 percent higher than a year earlier. The table egg industry has been expanding for almost 2 years now, and the number of hens in the table egg flock has been higher on a year-over-year basis since October 2011. With the increase in the flock, table egg production also increased. Over the first 7 months of 2013, table egg production has totaled 3.9 billion dozen, 2 percent higher than the previous year. Production is expected to continue higher throughout the second-half of 2013 to total 3.5 billion dozen, a 2-percent increase from the same period in 2012. With an anticipated decline in both corn and soybean prices in 2014, table egg production is expected to continue to expand but at a slower rate than in 2013. Production is forecast to reach 6.92 billion dozen, an increase of less than 1 percent from the previous year.

The hatching flock for meat-type birds was reported at 52.5 million in July, an increase of 3.4 percent from the previous year. After being lower on a year-over-year basis during the first 11 months of 2012, the flock size turned upward in December 2012 and the flock size has been higher than the previous year throughout 2013. The higher number of hens in the broiler-type laying flock has resulted in greater egg production in 6 of the first 7 months in 2013—the lone exception was February, which had 1 fewer day than the previous year, which was a leap-year. Hatching-egg production is expected to be considerably higher than the previous year through the remainder of the second half of 2013 and into 2014 as financial conditions and feed prices point to an expansion in the broiler industry, which is responsible for the majority of hatching-egg production.

With higher shell egg production forecast in both the third and fourth quarters of 2013, egg prices are expected to decline somewhat from the previous year. Wholesale egg prices in the New York market are forecast at \$1.17-\$1.20 per dozen in third-quarter 2013, a decline of 10 percent from the previous year's very strong third quarter, when prices averaged \$1.32 per dozen. Prices are expected to increase to \$1.20-1.26 per dozen in the fourth quarter but to remain below those of a year earlier. The strengthening of prices in fourth quarter is expected to come mostly from normal seasonal demand increases during the Thanksgiving and Christmas holidays.

The higher shell egg production forecast for next year is expected to place downward pressure on prices. As a result, quarterly prices in the first half of 2014 are forecast to be below those in 2013.

Broiler Shipments Still Strong in July

Broiler shipments in July 2013 rose 3 percent from a year earlier, totaling 618.6 million pounds. The reasons for this increase were continuing strong demand from Mexico and significant year-over-year increases in shipments to a number of other destinations, including Cuba, Georgia, and West Africa. The United States shipped 122 million pounds of broiler meat to Mexico in July 2013, a 17.5-percent increase from last year. Shipments to Cuba increased by 123 percent over last year, while shipments to Georgia were up 138 percent. Gabon in West Africa had an increase in shipments of 386 percent and Angola had a 43-percent increase. In contrast, many commonly cited destinations took notable steps backward, with Russia and the Baltic States seeing significant declines. Sixty million pounds of broiler meat were shipped to Russia in July 2013, a 16-percent decrease from last year. The Baltic States as a whole saw a 40-percent decline in U.S. shipments that totaled only 16.7 million pounds versus 28 million a year ago. However, while 16.7 million pounds is low compared with last year, it is the second highest total of shipments to the region since the beginning of the year. China once again displayed a strong year-over-year gain with 23 million pounds of broiler shipments, a 33-percent increase over last July. As mentioned in last month's update, this was prior to the recent WTO ruling against China's antidumping and countervailing duties on imports of U.S. chicken parts. Prior to implementation of the duties in 2010, U.S. broiler shipments to China consistently exceeded 40 million pounds per month. Although, it is expected that any reduction in duties will support exports to China, the timing of implementation of the ruling is uncertain and is not included in the broiler export forecast. USDA forecasts 1.9 billion pounds of broiler exports for the third quarter of 2013, a 75 million pound decrease in the forecast from August.

Turkey Shipments Steady in July

Turkey shipments totaled 64.6 million pounds in July 2013, virtually unchanged from a year ago. Mexico's continued strong demand for turkey parts remains the key driver of turkey shipments. The U.S. shipped over 36 million pounds of turkey meat to Mexico in July 2013, an increase of 3 percent from a year earlier and amounting to 56 percent of all shipments. Shipments to other leading turkey markets such as China and the Philippines were down from a year ago. Shipments to China were down 20 percent compared with last year and shipments to the Philippines were down 52 percent. However, for the year through July, exports to China are 22 percent above 2012. For the Philippines, shipments are 49 percent lower so far in 2013 than in last year. The forecast for third-quarter turkey exports remains at 180 million pounds, unchanged from last month.

Egg and Egg Products Shipments Remain Up in July

Egg and egg products shipments in July 2013 were up 32 percent from a year ago. On a shell-egg basis a total of 31.2 million dozen eggs was shipped. July's increase in total egg shipments is again due almost solely to the large demand from Mexico. The 10.4 million dozen eggs shipped to Mexico in July are a 560 percent increase from a year ago. Mexico is still facing delays in rebuilding its egg-laying flocks following the July 2012 Avian Influenza outbreak at layer farms in Jalisco and Aguascalientes. As a result of the outbreak, U.S. egg exports to Mexico have been

significantly higher. In the 2 years preceding the outbreak, U.S. monthly egg exports to Mexico had not exceeded 2.3 million dozen. The forecast for third-quarter 2013 egg exports remains at 100 million dozen.

Demand Firms Prices in 2014 Despite Higher Expected Milk Production Next Year

Milk production for the current year was reduced fractionally in September from the August forecast to 201.8 billion pounds. The production forecast for 2014 was unchanged from August at 204.5 billion pounds. The small reduction in current year production is predicated on slightly lower production in the third quarter, based on hot weather reducing production in western States, partly offset by continued production growth in the Midwest and Eastern states. There is no basis for changing the 2014 production forecast.

The 2013/14 price forecast for corn was lowered from the August projection to \$4.40-\$5.20 per bushel. Yield forecasts were raised for September, and the higher production offset lower projected carryin stocks. Forecast corn production is now a record 13.8 billion bushels. The 2013/14 forecast soybean meal price was increased in September for 2013/14 to \$360-\$400 per ton due to a lower yield forecast. The August Agricultural Prices report places the preliminary August price for alfalfa hay at \$200 per ton, down slightly from last month and down fractionally from August 2012. On balance, feed prices are forecast to moderate next year and the milk-feed price ratio should climb in 2014, helping to boost milk production.

Milk equivalent imports on a fats basis are lowered fractionally from August to 4.1 billion pounds for 2013 and are unchanged from last month at 4.1 billion pounds in 2014. Imports on a skims-solids basis were lowered from August estimates to 5.2 billion pounds for 2013 on the basis of lower-than-expected milk protein concentrate imports. The skims-solids import forecast is unchanged from August at 5.4 billion pounds for 2014.

Current-year export forecasts on both a fats and skims-solids basis are increased from August to 11.0 and 38.1 billion pounds, respectively. For next year, milk equivalent exports are raised from August forecasts to 10.4 billion pounds on a fats basis and 37.3 billion pounds on a skims-solids basis. International dairy product prices remain seasonally strong, despite an expected good production year in New Zealand. European Union (EU) production is lagging and internal EU prices remain strong. Year-to-date butter exports are robust and, given the relatively competitive U.S. prices, should continue apace. While global dairy prices will likely moderate in 2014, the United States will maintain a competitive advantage in world dairy markets. U.S. dairy exports will likely remain brisk to traditional markets, such as Asia and Mexico.

Stronger exports and slightly higher domestic disappearance are the rationale for this month's reduced milk equivalent stocks for 2013 on both a fats and skim-solids basis. Ending stocks were lowered for 2014, in part on the basis of lower expected carryin stocks from 2013.

Price forecasts for the major dairy products are raised in the September forecast. Demand, particularly foreign demand, remains firm, while a U.S. production rebound is not expected until 2014. Cheese prices are raised from August to \$1.755-\$1.775 per pound this year and are increased for 2014 to \$1.670-\$1.770 per pound. Butter prices are raised slightly for 2013 to \$1.500-\$1.540 per pound and

increased for next year to \$1.470-\$1.600 per pound. Stronger demand across the board tightens stocks; however, higher expected production next year lowers prices on a year-over-year basis for cheese and butter. Nonfat dry milk price forecasts for 2013 are raised in September to \$1.675-\$1.695 per pound and to \$1.675-\$1.745 per pound next year. Whey prices are unchanged from August at 58.5-60.5 cents per pound for the current year, increased slightly in 2014 to 58.5-61.5 cents per pound.

Milk prices are increased to reflect the higher product prices. The Class III price is forecast higher than August 2013 at \$17.90-\$18.10 per cwt and forecast at \$17.05-\$18.05 per cwt in 2014. The Class IV price for 2013 is projected higher this month at \$18.60-\$18.90 per cwt and is also raised to \$18.45-\$19.55 per cwt for next year. Similarly, the all milk price is raised this month to \$19.70-\$19.90 per cwt and to \$19.35-\$20.35 per cwt for 2013 and 2014, respectively.

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Meat Price Spreads, <http://www.ers.usda.gov/data-products/meat-price-spreads.aspx>, 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-products/livestock-meat-domestic-data.aspx>, 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/ldpm-livestock,-dairy,-and-poultry-outlook.aspx>
Animal Production and Marketing Issues, <http://www.ers.usda.gov/topics/animal-products/animal-production-marketing-issues.aspx>
Cattle, <http://www.ers.usda.gov/topics/animal-products/cattle-beef.aspx>
Dairy, <http://www.ers.usda.gov/topics/animal-products/dairy.aspx>
Hogs, <http://www.ers.usda.gov/topics/animal-products/hogs-pork.aspx>
Poultry and Eggs, <http://www.ers.usda.gov/topics/animal-products/poultry-eggs.aspx>
WASDE, <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194>

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U.S. red meat and poultry forecasts

	2010					2011					2012					2013					2014				
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual		
Production, million lb																									
Beef	6,248	6,546	6,768	6,741	26,305	6,410	6,559	6,736	6,490	26,195	6,283	6,473	6,586	6,572	25,913	6,172	6,517	6,640	6,270	25,599	5,870	6,135	24,150		
Pork	5,607	5,302	5,401	6,126	22,437	5,719	5,370	5,484	6,186	22,758	5,858	5,519	5,631	6,244	23,253	5,777	5,519	5,700	6,400	23,396	5,930	5,700	24,135		
Lamb and mutton	43	40	39	42	164	36	40	36	37	149	39	39	39	39	156	38	40	41	38	157	38	39	153		
Broilers	8,733	9,198	9,496	9,484	36,910	9,290	9,509	9,542	8,860	37,201	9,089	9,381	9,372	9,197	37,039	9,143	9,466	9,650	9,550	37,809	9,425	9,775	38,750		
Turkeys	1,340	1,383	1,415	1,506	5,644	1,402	1,471	1,423	1,495	5,791	1,446	1,505	1,480	1,537	5,967	1,459	1,486	1,465	1,515	5,925	1,445	1,520	6,055		
Total red meat & poultry	22,122	22,626	23,291	24,058	92,097	23,011	23,113	23,396	23,225	92,745	22,866	23,085	23,274	23,738	92,962	22,742	23,190	23,653	23,924	93,509	22,861	23,336	93,888		
Table eggs, mil. doz.	1,610	1,626	1,645	1,666	6,547	1,624	1,634	1,646	1,686	6,590	1,658	1,653	1,677	1,734	6,722	1,680	1,696	1,720	1,760	6,856	1,705	1,715	6,920		
Per capita disappearance, retail lb 2/																									
Beef	14.6	15.1	15.3	14.6	59.6	14.1	14.6	14.7	14.0	57.3	14.0	14.7	14.5	14.2	57.4	13.7	14.5	14.6	13.9	56.7	13.1	13.8	54.0		
Pork	11.8	11.4	11.7	12.8	47.8	11.4	11.1	11.0	12.2	45.7	11.1	10.9	11.2	12.7	45.9	11.5	11.3	11.3	12.8	46.9	11.7	11.5	47.9		
Lamb and mutton	0.2	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.9	0.2	0.2	0.9		
Broilers	20.1	20.5	21.4	20.4	82.4	21.5	21.5	20.8	19.1	82.9	20.1	20.4	20.3	19.7	80.4	20.1	20.3	20.8	20.6	81.8	20.3	21.1	83.3		
Turkeys	3.5	3.6	4.1	5.2	16.4	3.5	3.5	4.0	5.0	16.1	3.5	3.6	4.1	4.9	16.0	3.7	3.6	4.1	4.8	16.1	3.6	3.7	16.6		
Total red meat & poultry	50.7	51.2	53.3	53.7	208.9	51.3	51.3	51.0	51.0	204.6	49.3	50.3	50.6	52.0	202.2	49.5	50.3	51.4	52.7	204.0	49.3	50.8	204.3		
Eggs, number	61.5	61.4	62.2	62.8	247.9	61.1	61.3	62.2	63.1	247.6	62.3	61.2	62.2	64.0	249.7	62.4	61.6	62.5	64.3	250.7	62.4	62.9	253.5		
Market prices																									
Choice steers, 5-area Direct, \$/cwt	89.44	96.33	95.47	100.28	95.38	110.07	112.79	114.05	121.99	114.73	125.29	120.91	119.69	125.54	122.86	125.52	124.95	121-124	122-128	123-126	122-132	124-134	126-136		
Feeder steers, Ok City, \$/cwt	98.73	112.65	112.29	113.55	109.31	127.20	131.09	134.74	141.93	133.74	152.81	150.05	139.31	143.40	146.39	141.36	133.10	151-154	151-157	142-145	154-164	170-180	160-170		
Cutter Cows, National L.E., \$/cwt	51.79	58.79	58.90	54.93	56.10	68.66	74.88	66.11	63.54	68.30	76.57	83.51	76.94	73.81	77.71	77.87	77.46	78-81	78-80	77-80	79-83	83-87	81-85		
Choice slaughter lambs, San Angelo, \$/cwt	103.87	106.17	115.57	141.62	116.81	174.66	157.99	161.13	148.61	160.60	145.33	127.08	89.28	89.85	112.89	107.53	91.72	91-94	93-99	96-99	94-104	96-106	93-103		
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	61.68	61.79	61.43	58.63	60.88	59.03	65.46	67-68	59-61	62-64	57-61	60-64	58-62		
Broilers, 12 City, cents/lb	82.20	85.00	84.50	80.00	82.90	77.90	82.60	78.80	76.80	79.00	87.40	85.1	82	92.1	86.6	103.5	108.6	93-94	89-93	98-100	88-96	90-98	95-102		
Turkeys, Eastern, cents/lb	75.60	84.40	97.90	103.70	90.40	90.20	99.90	106.40	111.60	102.00	100.70	106.9	108.5	106.1	105.6	96	97.7	99-102	100-106	98-100	90-98	93-101	95-102		
Eggs, New York, cents/doz.	126.00	82.80	93.10	123.20	106.30	105.80	106.60	117.70	131.20	115.30	108.70	99.7	131.9	129.4	117.4	126.9	109.9	117-120	120-126	119-121	110-120	101-109	107-116		
U.S. trade, million lb																									
Beef & veal exports	478	585	590	646	2,299	633	702	766	683	2,785	558	625	651	621	2,455	557	631	650	570	2,408	525	500	2,300		
Beef & veal imports	573	690	598	436	2,297	461	593	548	454	2,057	582	669	516	452	2,219	590	628	550	530	2,298	645	700	2,640		
Lamb and mutton imports	47	46	31	42	166	49	48	31	34	162	37	38	38	40	153	49	44	38	42	173	44	42	164		
Pork exports	1,046	1,081	951	1,146	4,224	1,248	1,200	1,261	1,481	5,189	1,444	1,302	1,252	1,386	5,384	1,218	1,226	1,260	1,400	5,104	1,270	1,295	5,310		
Pork imports	199	204	237	219	859	201	195	194	213	803	207	191	198	205	801	207	210	210	215	842	210	210	845		
Broiler exports	1,469	1,699	1,643	1,954	6,765	1,527	1,588	1,978	1,879	6,971	1,737	1,791	1,867	1,886	7,281	1,777	1,859	1,912	1,973	7,521	1,798	1,899	7,622		
Turkey exports	114	136	158	174	582	159	171	173	199	703	181	185	216	218	800	178	182	180	195	735	190	195	780		
Live swine imports (thousand head)	1,446	1,408	1,479	1,416	5,749	1,452	1,429	1,407	1,508	5,795	1,441	1,444	1,387	1,380	5,652	1,326	1,301	1,300	1,350	5,277	1,315	1,290	5,235		

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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9/17/2013

Dairy Forecasts

	2012			2013					2014		
	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Milk cows (thous.) 1/	9,211	9,203	9,233	9,225	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Milk per cow (pounds)	5,284	5,335	21,696	5,475	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Milk production (bil. pounds)	48.7	49.1	200.3	50.5	52.0	49.6	49.8	201.8	51.1	52.5	204.5
Farm use	0.2	0.2	1.0	0.2	0.2	0.2	0.2	1.0	2.0	2.0	1.0
Milk marketings	48.4	48.9	199.4	50.3	51.7	49.3	49.6	200.8	50.9	52.3	203.6
Milkfat (bil. pounds milk equiv.)											
Milk marketings	48.4	48.9	199.4	50.3	51.7	49.3	49.6	200.8	50.9	52.3	203.6
Beginning commercial stocks	14.7	13.2	10.9	12.2	15.1	16.9	14.0	12.2	12.3	14.9	12.3
Imports	1.0	1.3	4.1	1.1	0.9	1.0	1.2	4.1	1.0	1.0	4.1
Total supply	64.1	63.4	214.3	63.5	67.7	67.2	64.7	217.2	64.2	68.1	220.0
Commercial exports	2.0	1.9	8.8	2.4	3.0	3.2	2.6	11.0	2.6	2.7	10.4
Ending commercial stocks	13.2	12.2	12.2	15.1	16.9	14.0	12.3	12.3	14.9	16.0	11.5
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	48.9	49.4	193.3	46.1	47.9	50.0	49.9	193.8	46.7	49.4	198.0
Skim solids (bil. pounds milk equiv.)											
Milk marketings	48.4	48.9	199.4	50.3	51.7	49.3	49.6	200.8	50.9	52.3	203.6
Beginning commercial stocks	12.6	11.8	11.8	12.4	13.7	14.2	12.1	12.4	12.2	12.5	12.2
Imports	1.4	1.5	5.7	1.5	1.2	1.2	1.3	5.2	1.5	1.2	5.4
Total supply	62.5	62.1	216.9	64.1	66.7	64.7	62.9	218.4	64.5	66.0	221.1
Commercial exports	8.3	7.6	33.3	8.3	10.6	10.0	9.2	38.1	9.2	9.6	37.3
Ending commercial stocks	11.8	12.4	12.4	13.7	14.2	12.1	12.2	12.2	12.5	13.0	11.8
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	42.4	42.1	171.2	42.1	41.9	42.6	41.5	168.1	42.8	43.4	172.1
Milk prices (dol./cwt) 2/											
All milk	18.27	21.50	18.53	19.50	19.57	19.35	20.45	19.70	19.45	19.15	19.35
						-19.55	-20.95	-19.90	-20.25	-20.15	-20.35
Class III	17.80	20.17	17.44	17.44	18.04	17.75	18.40	17.90	17.00	17.20	17.05
						-17.95	-18.90	-18.10	-17.80	-18.20	-18.05
Class IV	15.87	18.34	16.01	17.71	18.62	18.95	19.25	18.60	18.30	18.30	18.45
						-19.25	-19.85	-18.90	-19.20	-19.40	-19.55
Product prices (dol./pound) 3/											
Cheddar cheese	1.773	1.952	1.708	1.686	1.780	1.755	1.810	1.755	1.670	1.680	1.670
						-1.775	-1.860	-1.775	-1.750	-1.780	-1.770
Dry whey	0.541	0.643	0.594	0.632	0.575	0.565	0.580	0.585	0.575	0.585	0.585
						-0.585	-0.610	-0.605	-0.605	-0.615	-0.615
Butter	1.684	1.785	1.594	1.555	1.622	1.425	1.425	1.500	1.395	1.485	1.470
						-1.465	-1.505	-1.540	-1.505	-1.615	-1.600
Nonfat dry milk	1.269	1.505	1.328	1.546	1.619	1.750	1.785	1.675	1.685	1.645	1.675
						-1.770	-1.825	-1.695	-1.745	-1.715	-1.745

1/ Starting in May, contains no data updates or analysis on milk cows or milk output per cow.

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

3/ 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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Published in Livestock, Dairy, and Poultry Outlook, <http://www.ers.usda.gov/publications/ldpm-livestock,-dairy,-and-poultry-outlook.aspx>.

Updated 9/13/13