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Livestock, Dairy, and Poultry Outlook

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Exports and Demand Dynamics Provide Price Support

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The next newsletter release is Jan 16, 2014

Approved by the World Agricultural Outlook Board.

Beef/Cattle: With declining feed costs and improving pasture conditions, cattle sector margins are improving more rapidly than the beef sector margins. However, despite wholesale cutout values that have improved somewhat over the last several months and record and near-record retail beef prices, packer margins continue to be squeezed.

Beef/Cattle Trade: U.S. beef imports and exports increased during October, rising 30 percent and 5 percent, respectively, from the previous October. The 2013 forecast for U.S. exports was raised to 2.504 billion pounds, while imports are forecast at 2.254 billion pounds. While cattle imports have fallen this year, the forecast for U.S. imports was raised to 1.965 million head due to higher trade in the fourth quarter.

Recent Livestock, Dairy and Poultry Special Articles

“Effect of the Trans-Pacific Partnership on U.S. Dairy Trade,” pdf pages 19-25 of November 2013 Livestock, Dairy and Poultry Outlook report
(<http://www.ers.usda.gov/media/1221780/specialarticleldpm233.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: Strong domestic consumer demand for pork products appears to have offset soft export demand so far in the fourth quarter. Fourth-quarter hog prices are expected to average \$62-\$63 per cwt, almost 7 percent above the same period last year. October exports were almost 12 percent below a year ago, a result of weakness in important Asian markets. Imports in October increased almost 16 percent, year-over-year, strong domestic prices likely serving as a magnet for Canadian pork products in particular. Significant domestic production risk has recently been introduced by the Porcine Epidemic Diarrhea virus. The Quarterly Hogs and Pigs report to be released by USDA on December 27 may help to discern the impact of the disease as of December 1.

Poultry: Higher broiler meat production has resulted in increases in cold storage holdings, which, in turn, have placed downward pressure on many broiler product prices. Broiler meat production in fourth-quarter 2013 is forecast at 9.5 billion pounds, 3 percent higher than the previous year. Lower turkey meat production has caused cold storage holdings of whole birds (especially hens) and parts to decline. This has resulted in increased prices at the wholesale level for a number of turkey parts. Turkey meat production in October was 517 million pounds, down 11 percent from the previous year.

Poultry Trade: Broiler and turkey shipments in October were up from a year ago, while egg product exports were down. Broiler shipments totaled 675.5 million pounds in October 2013, an increase of about 4 percent from a year earlier. Turkey shipments increased only fractionally from a year ago, totaling 77.4 million pounds, while egg exports totaled 31.5 million dozen in October 2013, a 5-percent decrease from last October.

Sheep/Lamb: Dramatic increases in lamb prices are expected in fourth-quarter 2013. This is likely due largely to lighter weight, higher quality lambs being sold at slaughter, along with very tight domestic supplies. Tight supplies are expected to continue well into the future, which could help to bolster prices.

Dairy: The milk production estimate for 2013 is lowered slightly from November but raised slightly for 2014. The 2013 herd contraction is likely ended as cow numbers are forecast to rise in 2014. Lower expected feed prices and continuing firm milk prices will improve the producer profit outlook and should cause herd expansion to ensue in 2014. The export forecasts for 2013, on a fats basis, are raised from November. While current year export demand for nonfat dry milk remains strong, exports on a skims-solids basis were lowered this month due to lower lactose exports but are raised for 2014.

Cattle Sectors Improving Rapidly

In wrapping up 2013 and moving into 2014, we see a number of factors that have developed into pluses for the livestock sectors. Declining feed costs and improving pastures are allowing producers who graze livestock more options. As of early December, monthly average corn prices had dropped by almost a third from August's monthly average price. The corn price decline is due to good corn yields, abundant supplies, and developments toward relaxing the Renewable Fuels Standard. Further, thanks to some timely precipitation, the majority of the winter wheat crop in Texas, Oklahoma, and Kansas--particularly the grazing areas--appears to be in mostly fair to excellent condition. Precipitation now and through the winter will also benefit pastures next spring, enhancing the outlook for summer grazing in 2014.

By now, the majority of cattle turned out on wheat pasture should have become acclimated and/or recovered from illnesses associated with weaning, transportation, and other abrupt changes in their lives. These factors--combined with a good start for the winter wheat crop--should mean that wheat pasture cattle are off to a good start this winter. The recent cold snap and icy conditions will provide a test of the winter hardiness of these cattle for the remainder of the winter grazing season. If conditions for the wheat crop continue to improve, or at least do not deteriorate, feedlots could experience an influx of large wheat-pasture feeder cattle next March. These cattle would likely be market-ready during August-September. However, this influx of feeder cattle into feedlots could be somewhat mitigated or even offset if replacement heifers account for significant proportions of cattle on wheat pasture. Winter weather could also affect positively (mild weather) or negatively (cold, wet weather) the gains cattle make, whether on wheat pasture or while in feedyards.

In addition, feeder calf prices have been cruising through the fourth quarter at record-breaking levels, reaching an average monthly price of \$162.95 per cwt in November (Medium and Large No. 1 750-800-lb steers, Oklahoma City). Monthly average feeder cattle prices had increased from 7 percent (750-800-lb steers) to 10 percent (500-550-lb steers) during the August through November period, partly as a result of scarcity, but also in response to the positive effect that declining corn prices are having on the potential improvement in cattle feeding margins. Increasing feeder cattle prices will at least partially offset the weakness recently observed in cull-cow prices for cow-calf producer margins.

Will Cow Slaughter Slow?

In the absence of a midyear cattle inventory report from the National Agricultural Statistics Service (NASS), the January 1, 2014 Cattle report with inventory numbers is on the minds of many in the cattle and beef sectors because of its implications for the national aggregate cow herd inventory. With little information available since the January 1, 2013 Cattle report, the state of replacement heifer retention is largely unknown ahead of the January 1, 2014 estimates. Heifers have constituted relatively large shares of feedlot placements and inventories in 2013. These high heifer proportions of cattle on feed, combined with the relatively large cow slaughter, will likely result in another year-over-year decline in total cow inventories on January 1, 2014. Some heifers that had been placed on feed and

destined for slaughter could be returned to the country as replacement heifers under the right conditions. As mentioned last month, the anticipated inventory dynamics would push any significant increases in beef production well into the future, likely into 2017 or beyond. Of course, weather—especially drought-related—could alter any projections.

While cow slaughter that has increased steadily since midsummer has been most pronounced in dairy cows, beef cow slaughter has also ramped up seasonally as 2013 reaches its end. Except for a brief period at the end of the summer, cull cow prices have been declining since March. Annual cow slaughter for 2013 is expected to be relatively large—over 15 percent of the January 1, 2013, cow inventory—for the fourth consecutive year. Typically, a beef cow slaughter rate of around 13 to 14 percent of the January 1 total cow inventory, accompanied by a heifer retention rate of about 14 to 17 percent, will maintain a stable total cow inventory. Higher cow slaughter rates imply liquidation, and lower rates imply an increase in cow inventories. Conversely, higher heifer retention rates imply cow herd expansion, and lower rates—or what shows up in feedlots as higher proportions of heifers to total steers and heifers on feed— imply liquidation.

Typically, lower cow slaughter rates and higher heifer retention rates are observed together, as are higher cow slaughter rates and lower heifer retention rates. There are some caveats and other dynamics that can affect these generalities. For example, dairy cow culling rates—at 25 to 33 percent—are about 2 to 3 times beef cow culling rates. As a result, beef cow slaughter and replacement rates are lower than those for dairy cows because dairy cows are replaced more often than beef cows. At the same time, dairy heifer replacement shares of the dairy heifer-calf crop are much higher than beef replacement heifer shares of the beef heifer-calf crop because larger numbers of dairy heifers are needed to keep up with the higher culling rates characteristic of dairy cow herds.

The net result of lower corn prices and higher feeder cattle prices is that breakeven cattle feeding costs for cattle placed in Southern Plains feedlots are projected in the neighborhood of \$127 to \$128 per hundredweight (cwt) through at least the first quarter of 2014. With expected first-quarter 2014 fed cattle prices expected to average in the low \$130s range, cattle feeders could experience a period of from near breakeven to positive margins during the first quarter of 2014.

Beef Sector Improvements Slow To Appear

The average dressed weight of U.S. federally inspected cattle reached a record weekly average of 807 lbs. during the week ending November 23 (SJ_LS711, Actual Slaughter Under Federal Inspection, December 5, 2013). Dressed weights are expected to decline from this level during 2014 for at least two reasons: First, use of the beta agonist feed additive zilpaterol boosted weights by as much as 30 or more pounds per head for steers and heifers in feedlots. With zilpaterol no longer available—at least temporarily withdrawn from the market—dressed weights of steers and heifers are expected to decline a few pounds. Second, placements of heavy cattle on feed in 2012 and 2013 were motivated by high corn prices, and, with a positive correlation between placement weights and final weights, the result was an increase in dressed weights of fed steers and heifers. With lower corn prices, the incentive to place heavier cattle is reduced, resulting in lower final weights and thus dressed weights.

While these factors are expected to keep weight gains in dressed weights in check in 2014, factors that could offset these weight-reducing effects will also come into play. The declining proportion of cows and heifers (which yield lighter carcasses on average) in the slaughter mix will enhance the steer proportion of the slaughter mix. Steers tend to have large dressed weights relative to heifers and cows. With steers constituting a relatively larger proportion of the slaughter mix in 2014, the expected decline in dressed weights could be mitigated or even completely offset. However, despite the positive effect a higher proportion of steers could have on dressed weights, the anticipation that fewer total cattle will be slaughtered in 2014 will carry the most weight, and beef production is expected to be lower in 2014 than in 2013. Again, drought in 2014 could alter these expectations by forcing cattle into feedlots that would otherwise be on pasture.

Packers could also see positive margins in early 2014 if wholesale cutout values increase along with increasing fed cattle prices or if retail beef prices continue to increase as anticipated. Average monthly retail Choice beef prices reached a new all-time record-high in October, while the All-Fresh beef price was only fractionally below the record it reached in August 2013. With retail beef, pork, and poultry prices all at record or near-record levels, it is difficult to tell which prices are supporting which other prices. However, with generally declining year-over-year beef production and generally increasing pork and poultry production, beef would seem to be providing at least some general support for meat and poultry prices.

U.S. Cattle Import Forecast Revised Higher

The forecast for 2013 U.S. cattle imports was raised to 1.965 million head due to stronger trade in the fourth quarter. U.S. cattle imports were down 17 percent this year through October as falling shipments from Mexico outweighed stronger imports from Canada. Imports from Mexico weakened this year after 3 years of severe drought that had led to poor forage conditions and stronger exports to the United States. Herd liquidation left Mexico with smaller cattle inventories, while improved forage conditions heightened domestic demand for cattle. Through October, imports were 40 percent below year-earlier levels while imports from Canada increased 24 percent. Nearly all imports from Mexico are of feeder cattle, while imports from Canada have been historically comprised mostly of animals for immediate slaughter. In 2012, slaughter steer and heifers accounted for 53 percent of shipments, while feeder cattle accounted for 21 percent of imports from Canada. Through October 2013, feeder cattle imports have more than doubled year-over-year and comprise 32 percent of total imports. Slaughter steers and heifers have fallen and represent 36 percent of imports. The trend of higher feeder cattle imports from Canada is likely to continue as imports of feeders from Mexico are expected to be lower than historical averages due to strained inventories in Mexico. Imports are expected to fall marginally in 2014 to 1,950 thousand head due to tight supplies in Canada and Mexico.

Beef Imports and Exports Accelerate During October

U.S. beef imports during October were up 30 percent from the previous October, largely due to stronger shipments from Canada and New Zealand. Through October, imports were up only half a percent year-over-year but are expected to increase over 1 percent to 2.254 billion pounds by the end of 2013. Imports through October have strengthened from New Zealand (+ 8.2 percent), where drought earlier this year led to higher slaughter and beef production. Imports have also increased from Brazil (+35 percent) and Mexico (+7.4 percent). Trade has fallen from traditional U.S. suppliers Australia (-6.9 percent) and Canada (-6.5 percent). Drought also led to higher slaughter in Australia, but the increase in production went to rising demand in Asia. Australian exports to China have increased tenfold through October. Tight supply conditions are expected to remain next year. Despite lower expected U.S. beef production, imports are forecast at 2.265 billion in 2014, about even with levels in 2013. Imports from traditional U.S. beef suppliers will be limited by flat production, while rising demand in Asia will increase competition for beef.

The forecast for 2013 U.S. beef exports was raised to 2.504 billion pounds due to strong shipments in September and October. Exports during the third quarter totaled 716 million pounds, an increase of 10 percent from the previous year and the highest quarter in 2 years. Shipments to Japan have accelerated (+47 percent) since import restrictions were relaxed in February 2013 to permit U.S. beef from cattle aged less than 30 months. Japan is the third largest beef importer globally after Russia and the United States and imports most of its beef from Australia. Since relaxing import restrictions, Japan has increased imports from the United States at the same time that imports from Australia have fallen. Through October, shipments by Australia to Japan have fallen 5 percent. U.S. exports have also risen this year to Hong Kong (+67 percent) and Taiwan (+99 percent). Despite growing demand for

beef from Asia, exports are expected to fall in 2014 to 2.31 billion pounds. The forecast represents an 8-percent decline from 2013 levels as beef production is forecast 6 percent lower in 2014.

Pork/Hogs

Lower Slaughter, Higher Hog Prices

For the fourth quarter of 2013 and for 2013 in total, the U.S. pork sector has shown strong increases in year-over-year hog prices in response to relatively small year-over-year reductions in hog slaughter. USDA is forecasting fourth-quarter commercial pork production at 6.3 billion pounds, a volume almost 1 percent greater than a year ago. This forecast is based on a 1.4 percent lower projected commercial hog slaughter. Lower forecast fourth-quarter slaughter is expected to be more than offset by 2.4 percent year-over-year higher average dressed weights. Fourth-quarter prices of live equivalent 51-52 percent lean hogs are expected to average \$62-\$63 per cwt, almost 7 percent above prices a year ago.

The same situation is shaping-up for 2013: total commercial pork production in 2013 is expected to be 23.1 billion pounds, almost 0.5 percent below production in 2012. This forecast is based on year-over-year lower (almost 1 percent) estimated commercial slaughter numbers. Small changes in slaughter numbers are expected to elevate average hogs prices to \$64.40 per cwt, almost 6 percent above 2012.

For hogs, analyses of extended time series of price and quantity data suggest that demand for hogs is price-inelastic, i.e., small reductions in hog slaughter numbers bring about proportionally larger increases in hog prices. This theoretical idea is being validated in 2013 hog markets.

Strong domestic demand may also be contributing to higher hog prices. Retail prices for 2013 have been setting records since the first half of 2013, at the same time that pork disappearance is expected to average almost 3 percent above the same period in 2012. Disappearance is a calculated aggregate equal to the sum of pork production and beginning stocks and imports, less exports and ending stocks. In effect, disappearance is the volume of pork products available to the domestic U.S. market. Although not all pork contained in the disappearance aggregate is sold at the retail level, the fact that U.S. consumers are willing to pay record-high prices at retail for larger quantities of available pork products suggests that second-half 2013 pork demand has increased. Increased pork demand is likely due, in part, to record-high beef prices. With USDA retail beef prices forecast in the high \$5.30s per pound in the fourth quarter, and the high \$5.20s per pound for all of 2013, it is likely that some U.S. consumers are substituting lower priced pork in place of beef, thus bidding up retail pork prices to record levels. USDA is forecasting retail pork prices in the mid-to-high \$3.70s per pound for the fourth quarter of 2013 and in the low-\$3.60s for the entire year.

For next year, commercial pork production is forecast at 23.9 billion pounds, an increase of more than 3 percent over 2013. Larger production is expected to weigh on hog prices. Hog prices are expected to average \$59-\$63 per cwt in 2014, more than 5 percent below prices this year. With 2014 U.S. pork exports forecast at 5.18 billion pounds, domestic disappearance is expected to be more than 2 percent higher than in 2013. Retail pork prices next year are expected to be record-high, in the mid-\$3.80s per pound.

A source of significant risk in the U.S. pork industry at present, and moving into 2014, is Porcine Epidemic Diarrhea (PED). The website of the American Association of Swine Veterinarians (<http://www.aasv.org/>) describes the disease as follows:

Introduction of PED virus into a naïve herd typically results in acute outbreaks of severe diarrhea, vomiting, high morbidity (often 100%) and variable mortality (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 Quarterly Hogs and Pigs report, to be released by USDA on December 27 <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1086> may help to discern the effects of the disease as of December 1, 2013.

Exports in October Disappointing

U.S. pork exports in October were 435 million pounds, down almost 12 percent from a year ago. Lower October exports were mainly due to weakness in several important Asian markets, with reduced shipments to Japan (-5), South Korea (-65), and Taiwan (-9). While exports to China/Hong Kong were more than 20 percent above those of a year ago, shipments were almost 54 percent below those of October 2011. The 10 largest foreign destinations for U.S. pork exports in October are summarized below:

U.S. pork exports to 10 largest foreign markets in October 2013

		2013	2012	% change	2013	2012
		October	October		Export Sha	Export Share
		(mil. lbs.)	(mil. lbs.)		%	%
	World	435	493	-11.7		
1	Japan	123	130	-5	28	26
2	Mexico	112	107	4	26	22
3	China/H.K.	60	50	20	14	10
4	Canada	49	52	-6	11	11
5	S. Korea	14	40	-65	3	8
6	Colombia	11	7	72	3	1
7	Philippines	10	11	-13	2	2
8	Australia	9	15	-40	2	3
9	Ukraine	9	1	819	2	0
10	Chile	6	5	24	1	1

Source: <http://www.ers.usda.gov/data-products/livestock-meat-international-trade-data.aspx>

Imports Up Strongly in October

The United States imported more than 77 million pounds of pork in October, an increase of almost 16 percent compared with a year ago. Most of the increase is attributable to Canada, the primary source of pork imported into the United States. Imports from Canada increased almost 15 percent over October 2012. Imports were also higher from other important foreign sources of imported pork: Denmark (+14 percent), Poland (+50 percent), and Italy (+25 percent). Mexico was the only important source of imported pork whose shipments were lower in October: 6 percent less than a year ago. It is likely that higher imports are the result of tight red meat markets in the United States. Attractive U.S. pork prices are likely serving as a strong magnet, pulling U.S. imports to year-over-year higher levels.

Broiler Meat Production in October Up 4 Percent

Broiler meat production in October continued the strong gains of the last 3 months. Production of broiler meat totaled 3.5 billion pounds, up 4.1 percent higher than the previous year. This gain pushed the year-to-date total for the first 11 months of 2013 to 31.8 billion pounds, 1.9 percent higher than during the same period in 2012. The estimate for fourth quarter was lowered by 25 million pounds to 9.48 billion pounds, as the number of chicks being placed for growout has been slowing in recent weeks. This is still 3 percent higher than in fourth-quarter 2012 and would place the total for 2013 at 37.8 billion pounds, an increase of 2 percent from a year earlier.

In October 2013, the number of broilers slaughtered was up 3 percent to 768 million birds, while the average liveweight per bird was 6 pounds, an increase of 1 percent from the previous year. This was the first time that the average monthly liveweight has reached the 6-pound per bird level. The increase in fourth-quarter 2013 is expected to come from a greater number of broilers being slaughtered and slightly higher average liveweights over the next 2 months.

The forecast of relatively lower prices for both corn and soybean meal in the remainder of 2013 and into 2014 is expected to give broiler integrators incentive to continue expanding production even though prices for a number of broiler parts have been declining in recent weeks.

The number of chicks being placed for growout continues higher than the previous year, but in the last several weeks the numbers have been moving closer to year-earlier levels. Over the last 5 weeks (November 9 to December 7), the number of chicks placed for growout averaged 158 million, up almost 2 percent from the same period in 2012. The number of chicks being placed for growout in October had been averaging closer to 3 percent above the previous year. Chick placements for growout are expected to remain above year-earlier levels throughout 2014, as lower grain prices are expected to encourage broiler integrators to expand production.

In October 2013, in the NASS Chicken and Eggs Report, the number of broiler chicks hatched totaled 736 million, up 1.1 percent from the previous year. Over the first 10 months of 2013, the monthly number of broiler chicks hatched had been lower than in the same month the previous year three times, all in the first months of the year. Starting in June, the number of chicks hatched has been higher than a year earlier on a monthly basis. The year-over-year growth in the number of chicks hatched is expected to continue as the number of broiler hens in the hatching flock has been higher than the previous year.

Broiler stocks at the end of October totaled 677 million pounds, up 8 percent from the previous year. Stocks for most broiler products were well above their year-earlier levels, with the exception of legs and the “other” categories. Stocks of whole birds, drumsticks, leg quarters, thighs, thigh meat, and wings were all significantly higher than the previous year. These gains were partially offset by a decline in cold storage holdings in the “other” products category (down 14 percent). Changes in this category of broiler cold storage holdings has a large impact on the overall total, as the category accounts for around 30 to 40 percent of all broiler products.

The increases in cold storage holdings are chiefly the result of the higher broiler meat production in third-quarter 2013. With broiler meat production expected to be higher in fourth-quarter 2013, the estimate for fourth-quarter ending stocks is forecast at 675 million pounds, 4 percent above 2012.

Average prices for most broiler products were higher over the first 11 months of 2013 compared with the same period in 2012. One of the exceptions was leg quarters, which averaged \$0.50 cents per pound, down 3 percent from January to November 2012. Leg quarter prices were generally very steady over the first 9 months of 2013, but as production has increased, prices for leg quarters have fallen about 9 cents per pound in the last 2 months. A second exception was wings, which peaked at \$2.06 per pound in January 2013 and have been considerably lower ever since. Prices for wings averaged only \$1.23 per pound in November, down almost 35 percent from November 2012. With higher year-over-year production expected in fourth-quarter 2013 and into 2014, broiler prices are expected to continue to be under some downward pressure.

October Turkey Production Falls 11 Percent

Turkey meat production in October totaled 517 million pounds, 11 percent less than a year earlier. This follows year-over-year declines in production in both August and September. Over the last 3 months, turkey production has totaled 1.44 billion pounds, 7.7 percent lower than in the same period in 2012. In October, the sharp decline in turkey meat production was due to a much lower number of birds slaughtered, 21.6 million, down 13.4 percent from the previous year. This large decline was partially offset by a strong increase in the average liveweight of the birds to 29.9 pounds, up 3 percent. While the cumulative number of turkeys slaughtered over the first 10 months of 2013 is down 4.3 percent from the same period the previous year, the 2-percent gain in average weight for the period has offset almost half of it.

Over the first 10 months of 2013, turkey poults placed for growout totaled 218 million, down 9 percent from the same period in 2012, and in October the number of poults placed for growout was 8.5 percent below the previous year. Given lower stocks for whole hens and many turkey parts and lower grain prices, turkey producers are expected to expand production later in 2014.

Cold storage holdings of whole turkeys and turkey parts totaled 433 million pounds at the end of October 2013. This is a reduction of 109 million pounds from the previous month as many whole turkeys were taken out of storage in preparation for the Thanksgiving holiday. Between the end of September and the end of October, stocks of whole turkeys fell by 86 million pounds and stocks of turkey products by 22 million pounds. This large decline took overall turkey stocks to 5 percent below the previous year. This is the first time that turkey stocks have been lower on a year-over-year basis since the end of October 2011. Stocks of whole toms and hens both declined, but stocks of whole hens at the end of October were 98 million pounds, down 20 percent from the previous year, while stocks of toms fell to 141 million pounds, down 47 million pounds from the previous month but still 6 percent higher than the previous year. The decline in cold storage holdings for turkey parts was based on declines in all the broken-out categories (breast meat, legs, MDM, and other), while the unclassified category, though lower at the end of October than the end of September, was still 6 percent higher than the previous year.

During the first 11 months of 2013, the national price for frozen whole hens averaged \$0.99 per pound, 6 percent lower than during the same period in 2012. However, with lower stocks of whole hens in cold storage and lower overall production of turkey meat expected in fourth-quarter 2013 and in the first 2 quarters of 2014, there may be upward pressure on wholesale prices. In November, wholesale prices for frozen whole hens averaged \$1.06 per pound, down about 3 cents per pound from a year earlier. In November prices for frozen whole hens were only slightly higher than prices for whole toms, even though there was a considerable difference in the cold storage holdings for the two types of whole birds compared with the previous year.

Price trends for turkey parts have varied widely. Over the first 10 months of 2013, prices for breast meat products were generally lower, while prices for leg meat products were slightly higher. Prices for turkey breasts averaged \$1.24 per pound, down 6 percent from the same period in 2012, and prices for boneless/skinless (B/S) breasts averaged \$1.65 per pound, down 14 percent from the previous year. Over the January to October period, drumstick prices averaged \$0.73 per pound, 9 percent higher than the previous year, and in a similar comparison thigh prices were up 1 percent. However, changes in year-to-date average prices hides some strong price movements over the last several months. Since September, prices for a number of turkey parts have increased sharply as production has been lower and cold storage holdings have declined. Prices for drumsticks were \$1.08 per pound in October, up 43 percent from October 2012, and prices for full cut wings were \$0.72 per pound, up 68 percent. Even prices for B/S breasts, while still lower than the previous year, rose almost 30 cents per pound from August to October.

Table Egg Production Higher in October

The table egg laying flock in October was estimated at 291 million hens, 0.4 percent above the previous year. The number of hens in the table egg flock on a year-over-year basis was higher throughout the first 10 months of 2013. With higher hen numbers, table egg production increased. In October, table egg production was 588 million dozen, an increase of 2.0 percent from October 2012, and on a year-over-year basis it has been higher in every month so far in 2013. Overall table egg production in the first 10 months of 2013 was 5.7 billion dozen, an increase of 2.2 percent from the same period the previous year. The table egg flock and table egg production are expected to remain higher than the previous year through the remainder of 2013 and into 2014. Total table egg production is expected to amount to 1.8 billion dozen in fourth-quarter 2013, up 2 percent from the previous year.

Even with higher table egg production, wholesale prices for eggs have continued strong. The fourth-quarter 2013 wholesale price for one dozen Grade A eggs in the New York market is expected to average \$1.37 to \$1.40, roughly 7 percent higher than in the previous year. At the beginning of December, wholesale prices for Grade A large eggs in the New York market were approximately \$1.63 per dozen.

With the exception of February, hatching egg production was higher than the previous year during the first 10 months of 2013. The increase was due to both higher production of meat-type and egg-type hatching eggs. As with table egg production, production of meat-type hatching eggs was higher than the previous year in every month so far in 2013 with the exception of February. With increases in broiler meat production expected in fourth-quarter 2013 and into 2014,

production of meat-type hatching eggs is expected to continue higher than the previous year, but the rate of growth compared with the previous year may decline somewhat moving into 2014. Production of egg-type hatching eggs has been higher in 8 of the 10 months so far in 2013, but growth was especially strong from August to October, with the production of hatching egg-type eggs up almost 12 percent from the same period in 2012.

Broiler Shipments Still Strong in October

Broiler shipments in October 2013 increased 4.1 percent from a year earlier, totaling 675.5 million pounds. Top export partners in October included Mexico, Russia, Angola, Canada, and Cuba, with Mexico leading with 115.7 million pounds shipped in October. The second highest export market was Russia with 55 million pounds shipped, followed by Angola with 47.5 million pounds. Canada and Cuba finished fourth and fifth, with exports totaling 35.2 and 29.7 million pounds, respectively. Countries receiving significant increases in broiler shipments in October included Mauritania, Kosovo, Peru, and Moldova, each receiving over 1 million pounds in shipments and displaying greater than 250 percent increases from a year earlier. On the opposite scale, notable countries experiencing drops in shipments include the Democratic Republic of Congo, Gabon, Afghanistan, Malaysia, Saudi Arabia, and Pakistan. Each country experienced drops greater than 65 percent compared with last October, with Zaire dropping the most, quantity-wise, receiving 1.46 million pounds in October as opposed to 5.95 million pounds last year, a 75.5 percent drop. Pakistan had the largest percentage drop, receiving only 63,000 pounds of broiler shipments in October compared with 652,000 pounds a year earlier, a 90.4 percent decline. China increased 10 percent, receiving 23.1 million pounds compared with 21 million pounds last October. USDA forecasts 7.391 billion pounds of broiler exports for 2013, with 1.9 billion pounds forecast for the fourth quarter.

Turkey Shipments Steady in October

Turkey shipments totaled 77.4 million pounds in October 2013, a fractional increase from a year ago. The U.S. shipped over 44.8 million pounds of turkey meat to Mexico in October 2013, an increase of 20.8 percent from a year earlier, amounting to 58 percent of all shipments. China and the Philippines each experienced large drops in shipments, with China dropping 36.8 percent from 10.9 million pounds last October to 6.9 million this October. The Philippines dropped 44.5 percent, receiving only 1.8 million pounds in October compared with 3.2 million last year. The current forecast for 2013 turkey exports is 767 million pounds, an increase of 22 million pounds from the November forecast.

Egg and Egg Product Shipments Remain Up in October

Egg and egg product shipments in October 2013 were down 5.2 percent from a year ago. On a shell egg basis, a total of 31.5 million dozen eggs was shipped. Mexico remains the largest destination of U.S. egg and egg product exports, with 7.6 million dozen eggs shipped in October 2013. Mexico is still facing delays in rebuilding its egg laying flocks following the October 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. In addition to Mexico, Hong Kong and Japan also experienced increases in Shipments in October 2013, with Hong Kong receiving 5 million dozen and Japan receiving 2.9 million dozen, increases of 22 percent and 10 percent, respectively, compared with a year earlier. The forecast for 2013 egg exports is 353.8 million dozen.

Dramatic Increases Seen in Fourth-Quarter Lamb Prices

After averaging \$94.26 per cwt for third-quarter 2013, Choice slaughter lamb prices at San Angelo, Texas saw dramatic increases in October (146.50 per cwt) and November (143.05 per cwt). Fourth-quarter 2013 prices are forecast at \$144.50. Lighter weight, higher quality lambs sold at slaughter are likely a contributing factor to the increased prices. Price increases, however, are seen in all stages of the sheep complex.

A number of other factors may have contributed to the recent increase in lamb and mutton prices. First, the problem experienced with overfinished lambs for the first half of the year has abated. It took some time for these overfinished animals to move through the system, but by September weights began to normalize to what is considered the industry average, resulting in higher quality animals being slaughtered. Dressed weights in September and October averaged 64 pounds.

Second, Eid ul-Adha, the Muslim Festival of Sacrifice, was held in mid-October this year, and typically, during this holiday there is an increase in lamb demand. This year, October production was 2 million pounds higher than that of September.

Third, in the fall each year, slaughter weights tend to drop slightly because producers tend to select the large lambs that come from grazing in the mountain ranges and send them directly to slaughter instead of taking them to feedlots. These lambs are generally at lighter weights and higher quality grades than they would normally be had they been placed in feedlots before slaughter. The increased price may also be influencing the decision of farmers to slaughter these lambs early, and this could influence the number sent directly to slaughter from the mountain ranges.

Last, earlier this year, using a portion of funds available in the Sheep Loan Fund of the National Livestock Producers Association, the industry moved to further promote its “let's grow” campaign, designed to encourage producers to increase their flocks. If successful, this is likely to result in continued short-term tight supplies as it is highly unlikely that production could be expanded while retention is being increased. For the first 10 months of this year, the number of sheep and lambs commercially slaughtered was down 12.3 percent from the same period in 2012. The slaughter number is likely to be down even further in 2014.

The number of lambs commercially slaughtered may be a good gauge of increased retention. It is typical for producers to respond to the increased prices by expanding their herd size in anticipation of continued high prices. The ewe retention numbers in the January 2014 NASS Sheep and Goat Report will provide a reasonable gauge of how producers are responding to these higher prices, as well as to the industry's “Lets Grow” initiative.

Fourth-Quarter Lamb Slaughter Forecast Down

Fourth-quarter 2013 commercial production of lamb and mutton is forecast at 39 million pounds, down nearly 3 percent from the same period in 2012. October commercial production was 13.1 million pounds and November commercial production is forecast at 12.3 million pounds. Slaughter weights have dropped

considerably since the first half of the year, resulting in average dressed weights for lamb and mutton at levels not seen since August 2010. However, weights are expected to increase in 2014 as lower feed costs and tight supplies may encourage feeders to feed lambs to heavier weights.

Imports Down Slightly and Exports Down Considerably

Imports of lamb and mutton continue to offset tight domestic supplies. Third-quarter 2013 lamb and mutton imports were at 36 million pounds, 5 percent below the same period last year. Fourth-Quarter 2013 imports are forecast at 42 million pounds, up about 2 percent from the previous year, as they are expected to continue to offset continued tight domestic supplies. Lamb and mutton exports have shown a sharp third-quarter decline, totaling just 1 million pounds and down 67 percent from the same period last year. Exports to the Caribbean weakened considerably. Fourth-quarter exports are expected to recover as seasonal yearend export demand strengthens.

The December Dairy Outlook Changed Little from November, but the All-Milk Price Is Forecast Higher

Based on the most recent World Agricultural Supply and Demand Estimates (WASDE) report, the 2013/14 domestic use and exports of corn were raised this month, tightening stocks. However, the corn season-average price is forecast at \$4.05-\$4.75 a bushel, a price reduction based on lower year-to-date reported prices. Soybean production was unchanged in this month's WASDE; however, soybean meal prices were raised to \$400-\$440 per ton. The price boost is based on stronger demand from both the European Union (EU), and Southeast Asian countries, which more than offsets an expected decline in domestic use. According to the November Agricultural Prices report, the preliminary November alfalfa price this year slipped below the October price to \$188 a ton and is well below last year's November price. On balance, dairy producers will likely face even lower feed prices next year compared with 2013.

The current year's projected dairy herd size is reduced slightly to 9.220 million cows based on a smaller expected fourth-quarter cow population. Production per cow is unchanged from last month at 21,865 pounds per cow. 2013 production was reduced fractionally to 201.6 billion pounds. It is likely that the 2013 herd reduction has reached its nadir. The projected 2014 U.S. dairy herd size is increased slightly from last month to 9.250 million cows. The 2014 forecast yield per cow is also increased this month to 22,190 pounds per cow. Production is raised from November to 205.3 billion pounds. The slightly higher cow numbers and yields are based on an improved profit outlook for producers, a result of continued firm milk prices and declining feed costs.

Fats basis imports are lowered this month to 3.9 billion pounds for 2013. Current year skims-solids basis imports are increased to 5.3 billion pounds, based largely on higher imports of casein and whey protein concentrates. Fats basis imports for 2014 are unchanged from November at 4.0 billion pounds. Skims-solids basis imports 2014 are also unchanged from November projections at 5.2 billion pounds.

Current year fats-basis exports are raised this month to 12.1 billion pounds. The pace of butterfat exports has been robust, with strong sales to Ukraine, Morocco, and Korea; these sales to nontraditional markets may be due to tight supplies in the EU. Cheese exports are increased based on fresh cheese sales to Mexico, Korea, and even Australia. Skims-solids basis exports are lowered for 2013 to 38.9 billion pounds. For 2014, fats-basis exports are raised to 10.8 billion pounds and skims-solids basis exports are increased to 38.4 billion pounds. Cheese exports are expected to be stronger next year, underpinning the fats basis export forecasts, while stronger skim milk (SMP)/nonfat dry milk (NDM) exports support the higher skims-solids export forecast.

Commercial ending stocks for 2013 are lowered from November on both a fats and skims-solids basis. The fats basis stocks are predicated on lower expected supplies of cheese and butter. The lowered skims-solids basis stocks are a result of lower cheese stocks and a nearly 25-percent reported decline in October from September for NDM stocks. Fats basis commercial ending stocks for 2014 were unchanged from November. Strong demand for cheese and butter could tighten stocks early in

2014. However, increased milk production in 2014 and prices that favor butter/powder production could boost butter stocks later in the year. Skims-solids basis ending stocks were tightened based on continued robust demand for milk powder.

Dairy product prices are generally higher both in 2013 and 2014. However, current-year cheese prices were lowered from last month to \$1.760-\$1.770 per pound, based on year-to-date reported prices. Cheese prices for 2014 were raised this month from November to \$1.690-\$1.770 per pound. Butter prices are raised for both 2013 and 2014 from November to \$1.530-\$1.560 per pound and \$1.500-\$1.610 per pound, respectively. Similarly, NDM prices are raised to \$1.695-\$1.715 per pound in 2013 and \$1.715-\$1.775 per pound next year. Whey prices are boosted to 58.5-59.5 cents per pound in 2013 and to 55.0-58.0 cents per pound in 2014, although this represents a year-over-year decline in whey prices. Strong demand both internationally and domestically for dry products supports the higher December forecast prices.

The Class III price forecast for 2013 is unchanged from November at \$17.90-\$18.00 per cwt, but is raised for 2014 to \$17.05-\$17.85 per cwt based on higher cheese and whey prices. The Class IV price for 2013 is raised from last month to \$18.95-\$19.15 per cwt and is raised for 2014 from last month to \$19.00-\$19.90 per cwt. The better Class IV price outlook is due to higher forecast NDM and butter prices next year. The all milk price is increased from November to \$19.90-\$20.00 per cwt for this year and raised for 2014 to \$19.70-\$20.50 per cwt.

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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>

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Poultry and Eggs, <http://www.ers.usda.gov/topics/animal-products/poultry-eggs.aspx>

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<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	III	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	6,608	6,380	25,677	5,875	6,135	6,185	24,205
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	5,624	6,300	23,220	5,910	5,655	5,800	23,905
Lamb and mutton	43	40	39	42	164	36	40	36	37	149	39	39	39	39	156	38	40	40	39	157	38	39	38	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	9,682	9,475	37,766	9,425	9,825	9,925	38,900
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	1,440	1,450	5,835	1,410	1,480	1,500	5,915
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	92,963	22,742	23,190	23,563	23,790	93,285	22,809	23,299	23,613	93,715
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	1,721	1,770	6,867	1,710	1,730	1,740	6,970
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	14.3	14.0	56.5	12.8	13.6	13.8	53.3
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	11.4	12.8	47.0	11.6	11.3	11.6	47.8
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	0.2	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	21.0	20.2	81.6	20.3	21.3	21.2	83.7
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	4.0	4.7	15.9	3.5	3.6	4.2	16.2
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	51.3	52.3	203.5	48.8	50.4	51.3	203.3
Eggs, number	61.5	61.4	62.2	62.8	247.9	61.1	61.3	62.2	63.1	247.6	62.3	61.3	62.2	64.0	249.7	62.4	61.6	62.8	64.8	251.6	62.7	63.5	64.0	256.0
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	125.29	120.91	119.69	125.54	122.86	125.52	124.95	122.3	129-132	125.8	129-135	126-136	128-138	128-137
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	152.08	160-163	147.0	160-166	161-171	159-169	163-172
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	78.36	74-77	77.3	78-84	80-90	78-88	78-87
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	94.26	143-146	109.5	129-125	120-130	115-125	117-126
Barrows & gilts, N. base, 1e. \$/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	70.59	62-63	64.4	59-63	61-67	60-66	59-63
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	93.90	91-92	99.4	91-95	91-99	92-100	91-98
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	99.9	102-105	99.3	94-98	93-101	98-106	97-104
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	119.0	137-140	123.6	112-118	101-109	96-104	107-115
U.S. trade, million lb																								
Beef & veal exports	478	585	590	646	2,299	633	702	766	683	2,785	558	625	650	620	2,453	557	631	716	600	2,504	535	600	600	2,310
Beef & veal imports	573	690	598	436	2,297	461	593	548	454	2,057	582	669	516	453	2,220	590	628	516	520	2,254	525	600	600	2,265
Lamb and mutton imports	47	46	31	42	166	49	48	31	34	162	37	38	38	40	153	49	44	36	42	171	44	42	38	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	1,205	1,325	4,974	1,255	1,280	1,270	5,180
Pork imports	199	204	237	219	859	201	195	194	213	803	207	191	198	205	802	207	210	229	230	876	215	215	225	880
Broiler exports	1,469	1,699	1,643	1,954	6,765	1,527	1,588	1,978	1,879	6,971	1,734	1,790	1,864	1,886	7,274	1,759	1,876	1,856	1,900	7,391	1,850	1,850	1,975	7,550
Turkey exports	114	136	158	174	582	159	171	173	199	703	181	185	216	217	798	178	182	197	210	767	190	195	200	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	1,255	1,050	4,932	1,225	1,225	1,225	4,900

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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12/13/2013

Dairy Forecasts

	2012			2013					2014			
	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Milk cows (thous.) 1/	9,211	9,203	9,233	N/A	N/A	9,226	9,215	9,220	9,225	9,240	9,260	9,250
Milk per cow (pounds)	5,284	5,335	21,696	N/A	N/A	5,355	5,400	21,865	5,555	5,725	5,420	22,190
Milk production (bil. pounds)	48.7	49.1	200.3	50.5	52.0	49.4	49.8	201.7	51.2	52.9	50.2	205.3
Farm use	0.2	0.2	1.0	0.2	0.2	0.2	0.2	1.0	2.0	2.0	2.0	1.0
Milk marketings	48.4	48.9	199.4	50.3	51.7	49.2	49.5	200.7	51.0	52.7	49.9	204.3
Milkfat (bil. pounds milk equiv.)												
Milk marketings	48.4	48.9	199.4	50.3	51.7	49.2	49.5	200.7	51.0	52.7	49.9	204.3
Beginning commercial stocks	14.7	13.2	10.9	12.2	15.1	16.9	14.3	12.2	11.8	14.6	15.8	11.8
Imports	1.0	1.3	4.1	1.1	0.9	0.9	1.0	4.0	1.0	0.9	0.9	4.0
Total supply	64.1	63.4	214.3	63.5	67.7	66.9	64.9	216.7	63.8	68.2	66.7	220.1
Commercial exports	2.0	1.9	8.8	2.4	3.0	3.7	3.2	12.1	2.7	2.8	2.8	10.8
Ending commercial stocks	13.2	12.2	12.2	15.1	16.9	14.3	11.8	11.8	14.6	15.8	13.7	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	0.0
Commercial use	48.9	49.4	193.3	46.1	47.9	48.9	49.9	192.8	46.5	49.6	50.2	197.8
Skim solids (bil. pounds milk equiv.)												
Milk marketings	48.4	48.9	199.4	50.3	51.7	49.2	49.5	200.7	51.0	52.7	49.9	204.3
Beginning commercial stocks	12.6	11.8	11.8	12.4	13.7	14.2	12.4	12.4	11.9	12.5	13.5	11.9
Imports	1.4	1.5	5.7	1.5	1.2	1.1	1.5	5.3	1.4	1.2	1.2	5.2
Total supply	62.5	62.1	216.9	64.1	66.7	64.5	63.4	218.3	64.3	66.3	64.6	221.4
Commercial exports	8.3	7.6	33.3	8.3	10.6	10.3	9.6	38.9	9.6	9.9	9.8	38.4
Ending commercial stocks	11.8	12.4	12.4	13.7	14.2	12.4	11.9	11.9	12.5	13.5	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	42.4	42.1	171.2	42.1	41.9	41.7	41.8	167.5	42.3	43.0	42.8	170.9
Milk prices (dol./cwt) 2/												
All milk	18.27	21.50	18.53	19.50	19.57	19.53	21.05	19.90	20.50	19.70	19.35	19.70
							-21.25	-20.00	-21.00	-20.50	-20.35	-20.50
Class III	17.80	20.17	17.44	17.44	18.04	17.81	18.45	17.90	17.45	17.30	17.00	17.05
							-18.65	-18.00	-17.95	-18.10	-18.00	-17.85
Class IV	15.87	18.34	16.01	17.71	18.62	19.13	20.55	18.95	19.60	19.05	18.95	19.00
							-20.85	-19.15	-20.20	-19.95	-20.05	-19.90
Product prices (dol./pound) 3/												
Cheddar cheese	1.773	1.952	1.708	1.686	1.780	1.761	1.825	1.760	1.735	1.710	1.680	1.690
							-1.845	-1.770	-1.785	-1.790	-1.780	-1.770
Dry whey	0.541	0.643	0.594	0.632	0.575	0.579	0.570	0.585	0.545	0.555	0.545	0.550
							-0.590	-0.595	-0.575	-0.585	-0.575	-0.580
Butter	1.684	1.785	1.594	1.555	1.622	1.438	1.545	1.530	1.480	1.505	1.555	1.500
							-1.585	-1.560	-1.560	-1.615	-1.685	-1.610
Nonfat dry milk	1.269	1.505	1.328	1.546	1.619	1.769	1.880	1.695	1.795	1.720	1.685	1.715
							-1.900	-1.715	-1.835	-1.780	-1.755	-1.775

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/dyfmos/mib/fedordprc_dscrp.htm

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

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