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# Livestock, Dairy, and Poultry Outlook

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## Despite Persistent Drought, Cattle Inventories Are in Expansion Mode

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Tables will be released on Feb. 27, 2015

The next newsletter release is Mar. 16, 2015

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Approved by the World Agricultural Outlook Board.

**Beef/Cattle:** NASS estimated larger numbers of cattle, and pointed to higher numbers of cattle outside feedlots. This is expected to result in downward pressure on cattle prices during the first half of 2015. NASS also reported more cattle on small grains pastures than has been observed since 2007.

**Beef/Cattle Trade:** U.S. cattle imports were stronger during December than in the same period a year earlier. The 2014 preliminary estimate for U.S. cattle imports was 2.358 million. U.S. beef imports ended 2014 at 31.0 percent above the previous year, mostly due to higher shipments from Australia, while 2014 exports were slightly below the 2013 level.

### 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>)

*“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>)

*“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>)

**Pork/Hogs:** Accelerating production of competing proteins—in broiler and poultry production in particular, along with slowing pork exports and smaller declines in 2015 beef production—are likely to drag hog prices down this year. For 2015, hog prices are expected to average \$54-58 per cwt, over 26 percent below prices last year. U.S. pork exports in 2014 were almost 3 percent below a year ago. Exports were likely lower from reduced domestic pork supplies and by the high-valued exchange rate of the U.S. dollar. U.S. exports in 2015 are expected to be below a year ago.

**Poultry:** Broiler meat production in December showed an increase over the previous year, totaling 3.3 billion pounds, 8.2 percent more than the previous year. Production indicators suggest continued growth in the coming year. Turkey meat production in 2015 is forecast to total 6.1 billion pounds, up 5.6 percent from 2014. The forecast is an increase of 150 million pounds from the previous estimate as lower feed costs and energy prices are expected to encourage higher production. Table egg production is expected to increase (2 percent) in 2015, reaching 7.3 billion dozen, up from 7.2 billion dozen in 2014. The production growth is expected to come from increases in hens in the table egg flock and in the rate of eggs produced per bird.

**Poultry Trade:** Turkey and egg and egg product shipments in December were up from a year ago, while broiler shipments were down compared with a year earlier. Broiler shipments totaled 562.4 million pounds in December 2014, a decrease of 1.6 percent from a year earlier. Turkey shipments increased 32 percent from a year ago, totaling 71.6 million pounds, while egg and egg product exports totaled 50.6 million dozen in December 2014, a 36-percent increase from the previous December.

**Sheep/Lamb:** On January 1, 2015, the U.S. sheep industry registered its first increase since 2006. Breeding sheep inventory increased by 35,000 head. This included a 15,000-head increase in replacement lambs under 1 year old, a sign of expansion. The burgeoning of the breeding sheep inventory is expected to result in continued tight supplies of lamb and mutton meat and to maintain strong slaughter lamb prices in 2015.

**Dairy:** Milk production for 2015 is forecast at 211.5 billion pounds, 2.7 percent more than in 2014 but 0.2 billion pounds less than last month's forecast. The Class IV milk forecast for 2015 has been lowered to \$15.10-\$15.90 per cwt as lower nonfat dry milk (NDM) prices are expected to more than offset higher butter prices. The 2015 Class III milk forecast has been raised to \$16.30-\$17.00 per cwt based upon higher expected whey prices. The all-milk price for 2015 is forecast at \$17.40-\$18.10 per cwt, a reduction from last month's forecast of \$17.75-\$18.55 per cwt.

### ***Cattle Report Shows an Uptick in Cattle Numbers***

USDA National Agricultural Statistics Service (NASS) released its *Cattle* report January 30, which included a number of revisions to the January 1, 2014 inventory. Total cattle and calf inventories for January 1, 2014, were almost 800 thousand head larger than the prior estimate for 2014. Included in the new higher numbers were 42 thousand additional beef cows and about 80 thousand heifers retained for beef cow replacement. The 2014 calf crop was also revised upward by 300 thousand head. In addition to generally revising January 1, 2014 cattle numbers upward, NASS also reported higher January 1, 2015 inventory numbers for many categories. The total cattle and calf inventory increased about 1 percent from 2014, with about 2 percent more beef cows and 4 percent more heifers for beef cow replacement. Producers indicated that they expect 7 percent more heifers to calve during 2015. States with the largest increases in all cattle and calves include Oklahoma and Texas, with a 6- and 7-percent increase, respectively. Overall, the total cattle and calf inventory is still historically low, but coupled with revisions to 2014, the report shows a faster than anticipated herd expansion, with more beef cows and a large retention of heifers.

Anecdotal comments have suggested that some cows may have been put on pasture or feed for weight gains prior to slaughter. This strategy makes sense in light of low-priced corn and the available cornstalk pasture that cows can use to good advantage. These cows have some potential to be sold as either breeding cows, particularly if bred, or as slaughter cattle. The same potential pertains to heifers—they could be added to the cow herd or sold as feeder cattle and placed on feed.

The NASS *Cattle* report also indicated larger numbers of cattle on small-grains pastures than have been reported in several years. The estimate of 1.93 million head for January 1, 2015, was just ahead of the 1.92 million head in January 1, 2010. Prior to 2010, the year in which cattle on small grains pastures exceeded this year's estimate was 2007. This level of small grains pasturing is somewhat surprising because of continuing drought conditions in most of the Southern Plains. Some of these cattle are beginning to come off wheat pasture to be placed in further stocker programs or, more likely, in feedlots.

The number of cattle on feed in U.S. feedlots with a capacity of 1,000-plus head was up 1 percent on January 1, 2015 (*Cattle on Feed*, January 23, 2015). Placements in December dropped 8 percent compared with 2013. In addition, marketings of fed cattle in December 2014 were 5 percent lower than in 2013.

### ***Beef Production Down in December 2014***

*Livestock Slaughter*, released January 22, 2015, reported a 2-percent decrease in beef production in December 2014 over the previous December. However, cattle slaughter in December 2014 was 5 percent lower than December 2013. December 2014's All-Fresh beef retail value was \$6.00 per pound, up nearly \$0.96 from last year. Retail Choice beef prices in December 2014 were \$6.31 per pound compared with \$5.36 in December 2013.

## Beef/Cattle Trade

### *Cattle Imports Up in 2014*

U.S. cattle imports ended 2014 up 16.0 percent at 2.358 million head as imports remained strong from both Canada and Mexico. While monthly imports from Mexico were 9.2 percent higher than last December, imports of Canadian cattle were 4.4 percent below a year earlier. Feeder cattle imports continue to expand from Canada and were primarily responsible for the growth in overall shipments in 2014. The forecast for U.S. cattle imports in 2015 is expected to decline to 2.300 million head as demand for imported cattle is expected to remain strong through next year due to tight U.S. cattle inventories.

### *Beef Imports Rise in 2014*

U.S. beef imports were up 31.0 percent in 2014 compared with a year earlier. Imports rose by the greatest volume from Australia (+73.5 percent), New Zealand (+13.5 percent), Canada (+11.9 percent), and Mexico (+23.3 percent). Demand for imported processing beef expanded rapidly in 2014 due to lower domestic supplies of lean beef. The majority (65.8 percent) of the total increase in beef shipments in 2014 came from Australia. Imports from Australia totaled 1.083 billion pounds in 2014. A strong U.S. dollar and relatively cheaper prices of imported products have encouraged imports of beef. U.S. beef imports in 2014 totaled 2.947 billion pounds. Imports in 2015 are forecast at 2.810 billion pounds.

At 2.573 billion pounds, U.S. beef exports ended the year down 0.7 percent from 2013. Despite a significant increase in U.S. beef prices, export volumes to a number of markets rose. Exports were up to Hong Kong (+16.0 percent), Mexico (+7.8 percent), and South Korea (+19.2 percent). Japan remains the largest market for U.S. beef, but shipments were down 1.3 percent for the year. Exports to Canada declined in 2014 (-22.2 percent) as the combination of higher U.S. prices and a weaker Canadian dollar took a toll on Canadian demand for U.S. beef. Exports are forecast to fall in 2015 to 2.450 billion pounds due to lower expected U.S. beef production and a strong dollar.

### *The U.S. Pork Industry Faces Headwinds Early in 2015*

USDA increased its first-quarter pork production forecast to conform to higher than expected hog slaughter numbers in January and early February. The revised first-quarter pork production forecast is 6.13 billion pounds, about 6 percent above production in first-quarter 2014. While the year-over-year increase is magnified somewhat by its comparison to early 2014, a period when the industry was battling Porcine Epidemic Diarrhea (PEDv), large hog numbers in the first quarter is expected to pressure hog prices lower. The average price of live equivalent 51-52 percent lean hogs is expected to be \$50-\$52 per cwt, almost 26 percent below prices a year ago. Accelerating production of competing proteins—broiler and poultry production in particular, but also smaller declines in 2015 beef production—along with slowing pork exports are likely to drag hog prices down this year. For 2015, hog prices are expected to average \$54-\$58 per cwt, over 26 percent below prices last year.

The bearish situation for producers created by larger than expected first-quarter production numbers is likely to be exacerbated by lower U.S. pork exports in 2015. While shipments of U.S. pork to Asia are currently constrained by problems at U.S. West Coast port facilities, a longer term factor likely to slow exports is the high value exchange rate of the U.S. dollar. An appreciated value of the U.S. dollar can make U.S. pork products less competitive (i.e., more expensive) in foreign markets vis-à-vis competing pork exported from such countries as Canada, Europe, and Brazil. USDA has lowered its 2015 forecast for U.S. pork exports to 4.82 billion pounds, a volume almost 1 percent below exports in 2014.

### *2014 U.S. Pork Exports Year-Over-Year Lower*

December pork exports were 394 million pounds, 13 percent below a year earlier. For the fourth quarter, exports totaled 1.142 billion pounds, almost 15 percent below a year earlier. In 2014, U.S. pork exports were almost 4.858 billion pounds, 2.7 percent below shipments in 2013. The largest foreign buyers of U.S. pork in 2014 are summarized below. It is notable that in terms of volume, Mexico surpassed Japan last year.

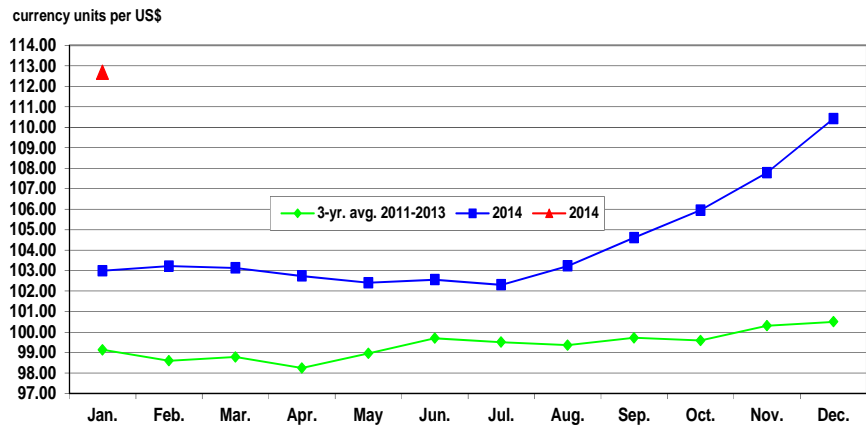
Exports last year were dragged down by two major factors: PEDv-reduced supplies and the exchange rate value of the U.S. dollar. The dynamics of the exchange rate are captured by the broad dollar index calculated by the St. Louis Federal Reserve Bank and depicted in the figure below. Higher values of the index imply that U.S. products are more expensive in foreign markets. The latest value of the index—January 2015—suggests continued upside risk to index values in 2015.

**U.S. pork exports to 10 largest foreign destinations, 2014 and 2013**

	Country	2014 (million lbs.)	2013 (million lbs.)	Percent Change %
	World	4,858	4,992	-2.7
1	Mexico	1,378	1,241	11.0
2	Japan	1,228	1,339	-8.3
3	Canada	541	578	-6.4
4	China-H.K	455	649	-29.9
5	S. Korea	386	282	36.9
6	Australia	153	167	-7.9
7	Colombia	132	100	32.9
8	Russia	103	17	495.7
9	Philippines	95	111	-14.5
10	Honduras	50	67	-24.8
11	Dominican Rep.	47	56	-15.3

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

**Nominal broad dollar index: 2014, January 2015, and three-year average, 2011-2013**



Source: Board of Governors of the Federal Reserve System. <http://www.federalreserve.gov/releases/H10/Summary/>.

## Broiler Meat Production in December up 8.2 Percent

Broiler meat production in December showed a strong increase, totaling 3.4 billion pounds, 8.2 percent more than the previous year (though it should be noted there was one more slaughter day in December 2014 than in the previous December). This increase pushed total 2014 production to 38.5 billion pounds, 1.9 percent higher than 2013. Fourth-quarter 2014 production totaled 9.81 billion pounds, as the number of chicks placed for growout remained strong during the last half of 2014. This is 2.9 percent higher than in fourth-quarter 2013.

Selected production indicators are provided in the table below, which reveals that annual growth in production has been dependent on increased bird weights as well as on numbers slaughtered. The increasing number of chicks placed for growout indicates higher numbers of birds to be slaughtered in the coming months. The forecast of continued moderate feed prices and favorable economic conditions for the remainder of 2014 and into 2015 is expected to give broiler integrators incentive to continue expanding production. USDA forecasts 39.95 billion pounds of broiler production during 2015, an increase of 320 million pounds since January's forecast.

Average prices for many broiler products, while declining in recent months, were still higher during January 2015 than the previous year. The national composite weighted average, which is a whole-bird price, was 2.9 percent higher this January compared with 2014, averaging slightly below \$1.00 per pound compared with just under \$0.97 in January 2014. The breakout of prices for key broiler parts was also higher than at the same time last year. Boneless/skinless breast meat remains higher (+7.4 percent) than last year, but prices have fallen more sharply than is seasonally typical in the last 4 months, dropping 27.7 percent (to \$1.35/lb.) between September 2014 and January 2015. Leg quarters, a key export product, were 2.1 percent lower in December than a year earlier at \$0.42 per pound. With higher year-over-year production forecast for 2015, broiler prices are expected to continue under some downward pressure.

### Selected broiler market indicators

Production	December 2013	December 2014	% Change
Monthly Chicks placed for growout	774,784	795,735	2.7%
Number of birds slaughtered	687,163	728,227	6.0%
Average live-weight (lbs)	5.99	6.10	1.8%
Stocks at end of month	668,673	680,262	1.7%
Prices	January 2014	January 2015	% Change
National Composite Weighted Average, wholesale price (US\$/lb)	\$0.97	\$1.00	2.9%
Boneless/skinless breast meat (Northeast price, US\$/lb)	\$1.26	\$1.35	7.4%
Leg quarters (Northeast price, US\$/lb)	\$0.42	\$0.42	-2.1%

Source: USDA, National Agricultural Statistical Service and Agricultural Marketing Service.

## ***Turkey Meat Production Forecast Up for 2015***

Turkey meat production in 2015 is forecast to total 6.1 billion pounds, up 5.6 percent from 2014. The current forecast is for a year-over-year increase in production throughout the year brought by declines in feed costs, lower turkey production costs, and lower energy costs that impact both transportation and processing expenses. The outlook for turkey integrators also includes continued growth in the domestic economy and a gradual decline in unemployment levels. The increase in turkey meat production is expected to arise primarily from a gain in the number of birds slaughtered, as the average live weights at slaughter are expected to be very close those of 2014.

### ***Production Increases in Fourth-Quarter 2014***

The number of turkeys slaughtered in 2014 totaled 236.6 million birds, 1.2 percent lower than the previous year. Turkey meat production fell 0.9 percent to 5.8 billion pounds in 2014. The lower number of turkeys slaughtered was the major cause of the decrease in meat production. Partially countering the decline in slaughter was a small increase in the 2014 average live weight at slaughter, which rose to 30.4 pounds, 0.2 percent higher than in 2013.

Turkey meat production in fourth-quarter 2014 was 1.5 billion pounds, 7 percent higher than in fourth-quarter 2013. Over the course of 2014, the year-over-year changes in quarterly turkey production varied widely, from 9 percent lower in the first quarter to 7 percent higher in the fourth quarter. The increase in turkey meat production during fourth-quarter 2014 resulted from a higher number of turkeys slaughtered, up 11 percent from the same period in 2013 and almost a 1-percent increase in the average weight at slaughter to 29.9 pounds.

### ***Turkey Stocks Lower at End of 2014***

The increase in turkey meat production over the second half of 2014, especially in the fourth quarter, did not result in gains in cold storage holdings of whole birds and turkey parts. At the end of December 2014, turkey holdings totaled 193 million pounds, down 19 percent from a year earlier, and stocks at the end of 2013 were themselves 20 percent lower than the previous year. Stocks of whole birds and turkey parts were both sharply lower compared with the previous year. Stocks of whole birds at the end of 2014 fell to 60 million pounds, down 12 percent from the previous year. The reduction in cold storage holdings of whole birds was due to a large decline in whole tom stocks (down 31 percent), while stocks of whole hens totaled 29 million pounds, an increase of 23 percent from the previous year. Stocks of turkey parts and turkey meat products ended 2014 at 134 million pounds, down 21 percent from the previous year as ending stocks were lower in all categories, with breast meat stocks showing the largest decline. With higher turkey meat production expected during 2015, turkey cold storage holding are expected to be above year-earlier levels throughout the year and to end the year at 275 million pounds.

The national price for frozen whole hen turkeys averaged 99.1 cents per pound in January 2015, down less than 1 percent from January 2014, a relatively small decrease considering the size of the increase in stocks of whole hen turkeys. Higher stocks at the start of the 2015 for whole hen turkeys and higher production expected



during the year are likely to combine to place downward pressure on whole bird prices throughout 2015.

With the exception of boneless/skinless breast meat and V-type wings, by the beginning of February the weekly prices for turkey parts were trending downward and most prices were below those of the previous year. Prices for boneless/skinless breast meat at the beginning of January were well below the high level reached in the fall of 2014, but prices were still higher than the previous January. Prices for V-type wings have been moving in the opposite direction from most turkey prices; they are higher than in fall of 2014 and well above year-earlier levels. Even with overall turkey parts stocks well below the previous year at the start of 2015, higher production is expected to place downward price pressure on turkey prices throughout most of 2015.

### ***Table Egg Production Forecast at 7.3 Billion Dozen in 2015***

Table egg production is expected to increase 2 percent in 2015, reaching 7.3 billion dozen, up from 7.2 billion dozen in 2014. Production increases are expected to occur in all four quarters, but the majority of the increase is expected in the first half of the year. The production growth is expected to come from both increases in the number of hens in the table egg flock and in the rate of eggs produced per bird. Egg production in 2015 will be boosted by additional declines in feed costs, lower energy prices, and strong prices at the end of 2014. Higher egg production is also expected to be supported by demand from a gradually expanding domestic economy.

In 2014, the number of birds in the table egg flock was higher throughout the year and averaged 2 percent above the 2013 level. With the gain in the number of hens and an increase of 1 percent in the rate of lay per 100 hens, the monthly number of table eggs produced was higher on a year-over-year basis throughout 2014.

Hatching egg production for 2015 is forecast at 1.1 billion dozen, up 4 percent from 2014. The increase is expected to occur as the broiler industry expands production in 2015 and requires more meat-type chicks for growout. The gain in production is expected to come primarily from an increase in the number of hens in the meat-type egg supply flock. The production of hatching eggs is dominated by the production of meat-type eggs to produce broiler chicks for growout. In 2014, production of these eggs totaled 994 million dozen, a gain of 1 percent from the previous year.

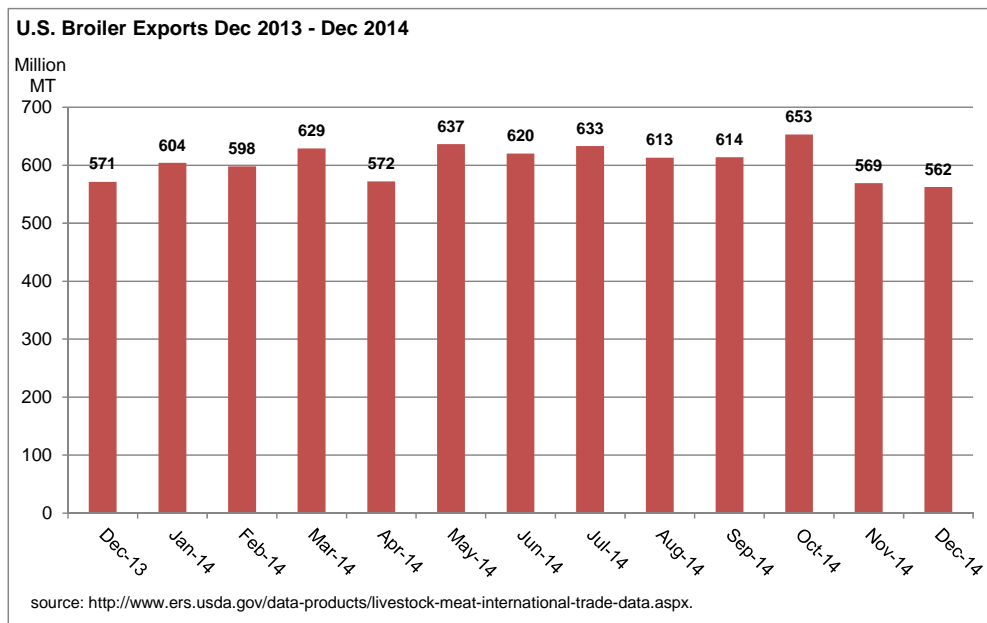
The expected gains in table egg production throughout 2015 would normally place downward pressure on prices. However, the export market for eggs and egg products continues to be strong and eggs are expected to remain relatively inexpensive compared with most protein products. Wholesale prices for one dozen grade A large eggs in the New York market have been around \$1.50 per dozen at the beginning of February, roughly similar to prices the previous year. Prices in 2015 are expected to be somewhat lower than the very strong 2014 prices, with most of the difference in the second half of the year.

One difference for 2015 is that California is now basically a separate market for eggs compared with the rest of the United States. The production restrictions placed on table eggs sold in California have created a market shortfall that has pushed California prices well above the rest of the country. At the beginning of

February, prices in the New York market for one dozen Grade A large eggs were just under \$1.50, while price in the Southern California markets were almost \$3.00 per dozen, a price spread of about \$1.50 per dozen.

## Poultry Trade

### U.S. Broiler Shipments Down in December



Broiler shipments in December 2014 decreased 1.6 percent from a year earlier, totaling 562.4 million pounds. Top export partners in December included Mexico, Angola, Taiwan, Cuba, and Canada, with Mexico leading with 120.8 million pounds shipped in December. The second highest U.S. export market was Angola, with 41.2 million pounds shipped, followed by Taiwan with 34.4 million pounds. Cuba and Canada finished fourth and fifth, with exports totaling 30.2 and 29.8 million pounds, respectively.

In August, the Russian Government announced a 1-year ban on agricultural product imports from several countries, including the United States. While less of a destination than in prior years, Russia had been a large market for U.S. broiler exports in 2014. On a year-to-date basis through June 2014, 7.5 percent of U.S. broiler shipments had been sent to Russia. The loss of exports to Russia in December (from 30.9 million pounds in December 2013) was countered by continuing strength in markets in a number of Asian, Former Soviet Union, Middle Eastern, and Sub-Saharan African countries.

It has been anticipated that a share of the product that would have gone to Russia will continue to be partly absorbed by other markets, especially if the additional supply leads to downward pressure on leg quarter prices, but the scale of the absorption thus far has been greater than expected. Between August and December, aggregate trade has only declined by 97.3 million pounds (3.1 percent) compared with the same period last year. Of the 231.3 million fewer pounds of broiler meat shipped to Russia than in August through December of 2013, 58.0 percent was offset by gains in other markets. Broiler exports in 2014 were 7.304 billion pounds, and USDA forecasts 7.115 billion pounds of broiler exports for 2015. The decline reflects announcements by South Korea and China that they have banned U.S. poultry imports due to a reported Avian Influenza outbreak in the northwestern United States. About 5.5 percent of 2014 U.S. broiler meat exports were shipped to

China and Korea, and it is likely that much of the product normally bound for those markets will be sold in other markets, however, the strength of the US dollar is expected to make it more difficult to compete with other exporters.

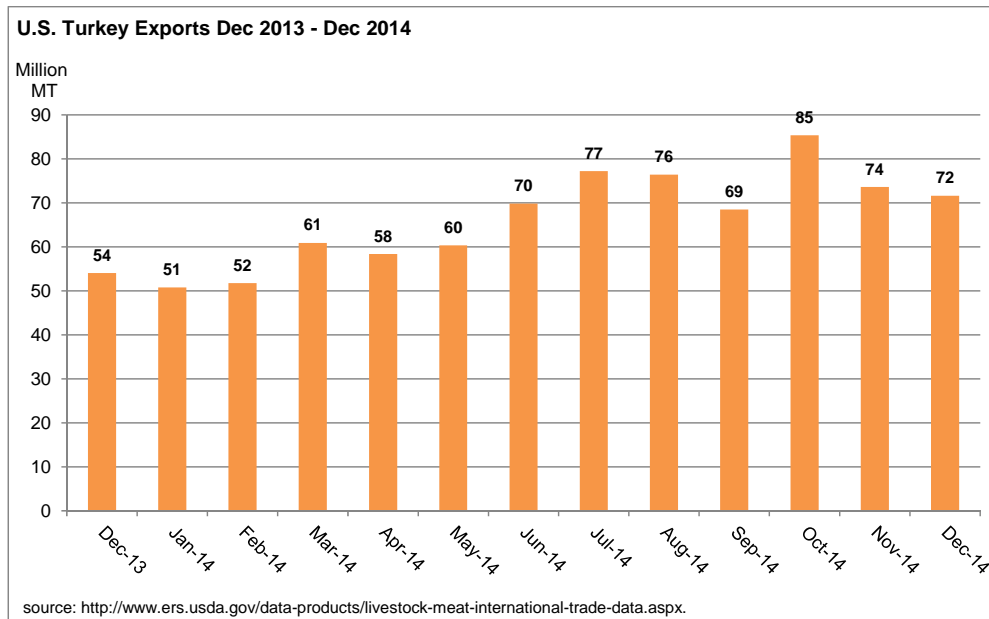
### **Turkey Exports**

In December, turkey exports totaled 71.6 million pounds, 32 percent higher than the previous December. The large increase in exports in December (largely due to a strong increase in shipments to Mexico) pushed the quarterly total to 231 million pounds, an increase of 15 percent from fourth-quarter 2013, and the yearly total to 804 million pounds, 6 percent higher than in 2013. In the yearly total, higher shipments to Mexico accounted for the majority of the increase from the previous year.

Due to Avian Influenza trade restrictions in China and Korea and the strength of the dollar against most currencies, turkey exports in 2015 are expected to fall to 775 million pounds, a decline of 4 percent. Most of the decline is expected to occur in the first half of the year.

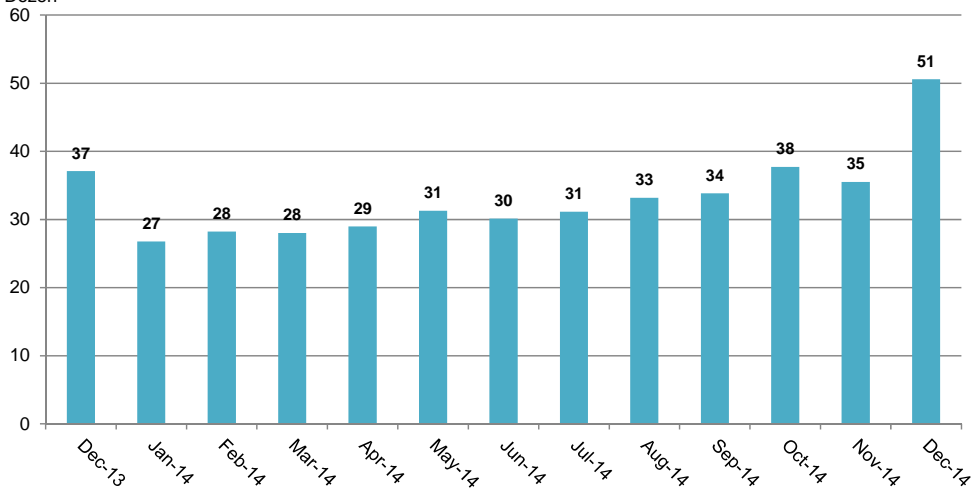
### **Egg Exports Up 6 Percent in 2014, Expected Higher in 2015**

Total egg exports (shell eggs and egg products) reached the shell egg equivalent of 395 million dozen in 2014, 6 percent higher than in the previous year. Higher shipments of shell eggs (up 14 percent) accounted for the increase, with exports of egg products declining slightly in 2014. Egg exports in 2015 are expected to total 400 million dozen or just over 1 percent higher than in 2014. Total egg exports are expected to be higher through the first three quarters of 2015, but shipments in the fourth quarter are expected to be lower than the very strong exports seen in fourth-quarter 2014. Although wholesale prices are expected to be down slightly in 2015 compared with the previous year, the strength of the U.S. dollar against most currencies is expected to hold down any large gain in shipments of shell eggs or egg products.



### U.S. Egg and Egg Product Exports Dec 2013 - Dec 2014

Million  
Dozen



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

### ***NASS Sheep and Goats Report Presents Signs of Expansion in 2015***

On January 1, 2015, the U.S. sheep industry registered its first increase since 2006. The NASS Sheep and Goats report shows that the inventory of all sheep and lambs in the United States on January 1, 2015, totaled 5.28 million head, up 1 percent, a 35,000-head increase from 2014. Breeding sheep inventory increased by 35,000 head. This included a 15,000-head increase in replacement lambs under 1 year old, a sign of expansion. The largest increases in total sheep numbers were in Colorado (+55,000 head), Iowa (+20,000 head) and Utah, Idaho, and California (+10,000 head each). Large declines in inventory were seen in South Dakota (-15,000 head) and Nevada (-11,000 head). Texas, the largest sheep producing State, had a 10,000-head decline in 2014. Wyoming also registered a 10,000-head decline. The NASS Sheep and Goats report also shows that the 2014 lamb crop increased 2 percent (+70,000 head), largely due to a 4-percent increase in the lambing rate over 2013. Market sheep and lambs remained unchanged from January 1, 2014.

### ***Tight Lamb and Mutton Supplies Expected To Continue in 2015***

With the expansion of live animals in the sheep industry, lamb and mutton meat are expected to be in tight supply in 2015 as the increase in breeding animals results in fewer animals available for market. Commercial lamb and mutton production totaled 156 million pounds in 2014, 1 percent below that of 2013. Despite the larger lamb crop in 2014, the increase in replacement lambs and an unchanged market sheep and lamb inventory are likely to result in little change in production for 2015. Production is forecast at 152 million pounds. Continued rebuilding of sheep herds could exacerbate 2015 production even further. However, due to the early dates for the Easter and Passover holidays, first-quarter 2015 lamb and mutton production is expected to be 41 million pounds, up almost 11 percent from the same period in 2014 but declining during the rest of the year.

### ***Strong Prices Expected To Continue in 2015***

Slaughter lamb prices improved sharply during the fourth quarter of 2013 and remained strong throughout 2014, primarily due to the tight lamb and mutton supplies. Fourth-quarter 2014 Choice slaughter lamb prices at San Angelo averaged \$162.69 per cwt, resulting in an average annual price of \$158.60 per cwt. Prices are expected to remain strong in 2015 and to average \$153-\$162 per cwt. Continued tight supplies are expected to maintain strong prices.

### ***Strong Dollar May Fuel Lamb and Mutton Imports in 2015***

In 2014, U.S. lamb and mutton imports were up over 12 percent from the same period in 2013. The strong U.S. dollar relative to currencies of Australia and New Zealand, the major suppliers of U.S. imported lamb and mutton, likely was a major contributor to this increase and is expected to fuel further lamb and mutton imports in 2015. Tight domestic supplies and slight improvements in the economy are also expected to support import increases. Imports in December totaled around 21 million pounds, resulting in lamb and mutton imports for the fourth quarter of 55 million pounds and a total of 195 million pounds for 2014, 12.5 percent higher than the previous year's imports. First-quarter 2015 imports are expected to be around

51 million pounds, about 10 percent above the same period in 2014. The increase in imports during the quarter is expected to be due largely to the alignment of the religious holidays, which will occur during the first week of April, but all holiday-related trade is expected to be complete by the end of March 2015. Domestic production and imports tend to respond to the lamb and mutton demand increases that occur during these holidays.

Lamb and mutton exports in 2015 totaled 6.7 million pounds, down 7 percent from 2014. December 2014 exports came in at 367,632 pounds, with a fourth-quarter total of 1.4 million pounds. Attempts at herd rebuilding and the strong U.S. currency are factors that could continue to depress exports, especially in the first half of 2015. First-quarter 2015 exports are forecast at 2 million pounds, equaling the same period in 2014. Exports in 2015 are expected to be about 10 million in 2015.

### *The 2014 Dairy Situation*

Milk production in 2014 was 206.0 billion pounds, a 2.4-percent increase over 2013. This was the highest rate of growth since 2006. Two years of relatively high all-milk prices, averaging \$20.05 per cwt in 2013 and \$23.98 per cwt in 2014, and moderating feed prices in 2014 provided market signals for the robust gain in milk production. The average milk-feed ratio for 2014 was 2.54, the highest level since 2007.

Strength in dairy demand from both domestic and foreign markets contributed to relatively high milk prices. In 2014, domestic commercial disappearance grew by 2.3 percent year-over-year on a milk-fat milk-equivalent basis (the highest growth rate since 2005) and by 1.3 percent on a skim-solids milk-equivalent basis. Commercial exports reached records of 12.5 billion pounds on a milk-fat basis (6.1 percent of milk production) and 39.2 billion pounds on a skim-solids basis (19.0 percent of milk production).

The increase in commercial exports was uneven throughout 2014, with year-over-year gains in the first half and reductions in the second half. As the year progressed, U.S. dairy product prices became less competitive with prices of foreign competitors.

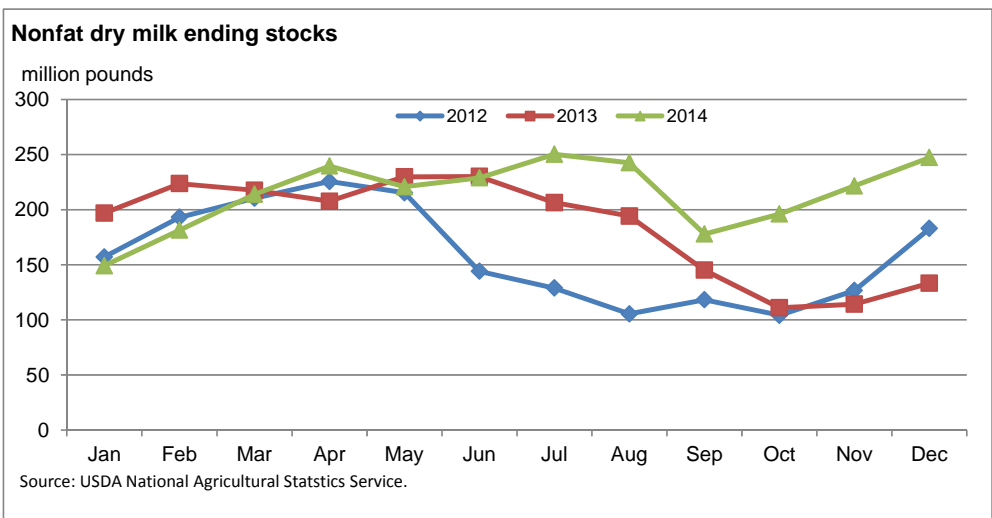
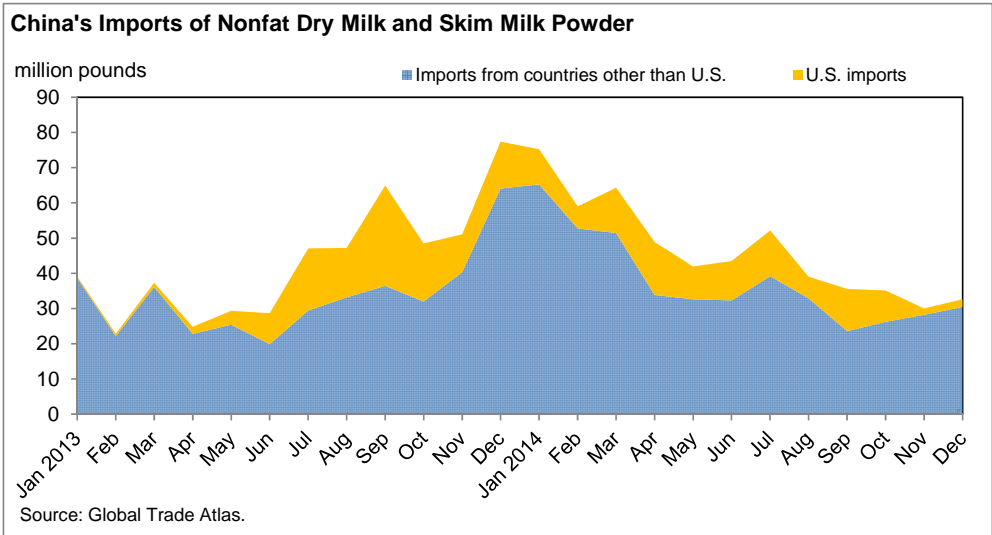
### *Recent Developments in Dairy Markets*

Recent data indicate higher milk cow numbers but lower milk production per cow than previously expected. Milk cows for the fourth quarter of 2014 totaled 9,284 thousand head, 4 thousand more than expected last month. USDA's Cattle report indicates continued herd expansion, with milk cows totaling 9,307 thousand head as of January 1, 2014, a 1-percent increase over the previous year. Dairy heifers totaled 4,615 thousand head, also a 1-percent increase, with 2,997 thousand expected to calve during the year.

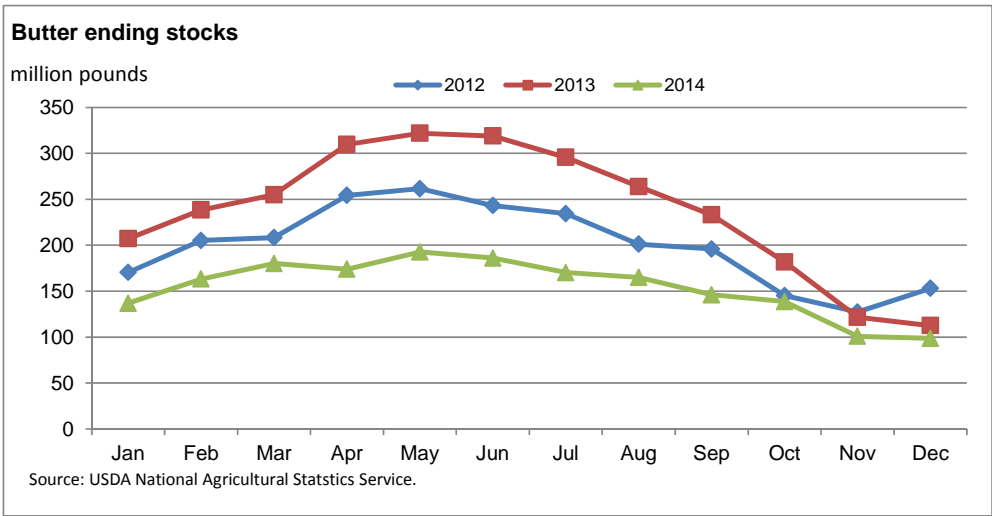
Milk per cow for the fourth quarter of 2014 was 5,487 pounds, 3 pounds less than expected last month. Drought in California, the State with the largest milk production, appears to have had an impact on milk production late in the year. California's December milk production was 0.1 percent less than it was in December 2013.

The nonfat dry milk (NDM) price, as reported in the National Dairy Products Sales Report (NDPSR), declined from \$1.14 per pound for the week ending January 3 to \$0.97 per pound for the week ending January 31. The NDM price rebounded to \$1.02 per pound for the week ending February 7. Weakness in export demand for NDM and skim milk powder (SMP), most notably from China, played a significant role in the price decrease. In December 2014, China's world imports of NDM and SMP were 32.6 million pounds, a substantial reduction from 77.4 million pounds in December 2013. As export demand for NDM and SMP has fallen, U.S. NDM stocks have risen, reaching 247.4 million pounds at the end of 2014.





Spot butter prices on the Chicago Mercantile Exchange (CME) rose rapidly in the last few days of January through the first few days of February, reaching an average price of \$1.81 per pound for the week ending February 6. Butter prices reported in the NDSPR are expected to rise since they are correlated with CME butter prices with a 1-week lag. Low butter stocks have undoubtedly played a role in the butter-price increase. Butter stocks fell to 98.6 million pounds at the end of 2014.



A combination of recent dry weather and low farmgate milk prices are reportedly affecting milk production in New Zealand. Although USDA forecasts assume a return to normal weather patterns,<sup>1</sup> New Zealand milk production in future months may be lower than previously expected since milk-production response often lags changes in weather conditions.

**Forecasts for 2015**

Although milk prices have fallen, milk production expansion is expected to continue. Feed price forecasts remain relatively low compared with recent years. For the 2014-15 marketing year, the corn price is forecast at \$3.40-\$3.90 per bushel and the soybean meal price is forecast at \$350-\$390 per short ton.

Given higher than expected milk cow numbers as of January 1, 2015, the forecast for 2015 cow numbers has been raised to 9,320 thousand head, an increase of 5 thousand head from last month’s forecast. With lower milk per cow than expected for the fourth quarter of 2014, lower projected milk prices, and noticeable effects of drought in California, the milk per cow forecast for 2015 has been lowered to 22,690 pounds, 40 pounds less than forecast last month. Milk production for 2015 is forecast at 211.5 billion pounds, a year-over-year increase of 2.7 percent but 0.2 billion pounds less than forecast last month.

With the recent rise in CME butter prices and relatively low butter stock levels, butter price forecasts for 2015 have been raised to \$1.655-\$1.755 per pound. With substantial recent declines in the NDM prices and relatively high NDM stock levels, NDM price forecasts for 2015 have been lowered to \$1.185-\$1.245 per pound. The annual cheese price has been narrowed from last month’s forecast to \$1.595-\$1.665 per pound. The dry whey price forecast for 2015 is raised to 56-59 cents per pound based upon recent strength in NDPSR prices and exports of whey products.

The Class IV forecast for 2015 has been lowered to \$15.10-\$15.90 per cwt as lower NDM prices are expected to more than offset higher butter prices. The Class III forecast has been raised to \$16.30-\$17.00 per cwt based upon higher expected whey

<sup>1</sup> USDA projections use weather conditions to date but assume a return to normal weather conditions.

prices. The all-milk price for 2015 is forecast at \$17.40-\$18.10 per cwt, a reduction from last month's forecast of \$17.75-\$18.55 per cwt.

Based upon strength of whey-product exports in recent months, lower forecasts of domestic NDM prices, and recent drought conditions in New Zealand, the 2015 forecast for commercial exports on a skim-solids basis has been raised to 38.0 billion pounds, 0.4 billion pounds more than forecast last month. Forecasts for 2015 imports on a milk-fat basis have been raised by 0.2 billion pounds based on recent strength of cheese imports.

### ***Information for the Margin Protection Program for Dairy***

Over half of U.S. dairy farms have enrolled in a new safety-net program created by the 2014 Farm Bill known as the Margin Protection Program for Dairy. The voluntary program offers protection to dairy producers when the difference between the all-milk price and the average national feed cost falls below a certain dollar amount selected by each producer. A Fact Sheet concerning the program is available at [http://www.fsa.usda.gov/Internet/FSA\\_File/mpp\\_dairy.pdf](http://www.fsa.usda.gov/Internet/FSA_File/mpp_dairy.pdf). Recent enrollment statistics are available at [http://www.fsa.usda.gov/Internet/FSA\\_File/mpp\\_applications\\_011515.pdf](http://www.fsa.usda.gov/Internet/FSA_File/mpp_applications_011515.pdf).

### ***Proposal for Federal Milk Marketing Order for California***

On February 5, 2015, USDA received a formal hearing request from three California milk cooperatives to establish a Federal milk marketing order for the State of California. USDA is requesting additional proposals regarding a potential Federal milk order for California. More information is available at <http://www.ams.usda.gov/AMSV1.0/CAOrder>.

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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					2015				
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
<b>Production, million lb</b>																														
Beef	6,248	6,546	6,768	6,741	26,304	6,410	6,559	6,736	6,490	26,195	6,282	6,473	6,586	6,572	25,913	6,175	6,513	6,609	6,423	25,720	5,868	6,183	6,178	6,023	24,252	5,910	6,175	6,095	6,040	24,220
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	5,775	5,516	5,622	6,274	23,187	5,785	5,504	5,423	6,132	22,844	6,130	5,735	5,845	6,380	24,090
Lamb and mutton	35	32	33	34	134	36	40	36	37	149	39	39	39	40	156	38	41	40	38	156	37	43	38	38	156	41	37	37	37	152
Broilers	8,733	9,198	9,496	9,483	36,910	9,290	9,509	9,542	8,861	37,202	9,089	9,381	9,372	9,198	37,039	9,144	9,466	9,683	9,537	37,830	9,283	9,618	9,835	9,812	38,548	9,650	10,000	10,200	10,100	39,950
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	1,420	5,805	1,332	1,429	1,478	1,516	5,755	1,450	1,500	1,550	1,575	6,075
<b>Total red meat &amp; poultry</b>	22,122	22,626	23,291	24,059	92,097	23,011	23,114	23,395	23,226	92,746	22,865	23,084	23,274	23,739	92,963	22,743	23,183	23,563	23,844	93,333	22,455	22,935	23,109	23,671	92,169	23,335	23,609	23,894	24,290	95,128
Table eggs, mil. doz.	1,616	1,636	1,650	1,672	6,574	1,631	1,641	1,665	1,715	6,652	1,684	1,680	1,707	1,771	6,842	1,711	1,724	1,750	1,798	6,983	1,746	1,776	1,802	1,846	7,170	1,800	1,815	1,830	1,875	7,320
<b>Per capita disappearance, retail lb 1/</b>																														
Beef	14.6	15.1	15.3	14.6	59.6	14.1	14.5	14.7	14.0	57.3	14.0	14.7	14.5	14.2	57.4	13.7	14.5	14.3	13.9	56.3	13.1	14.0	13.7	13.4	54.2	<b>13.6</b>	<b>13.8</b>	<b>13.4</b>	<b>13.2</b>	<b>54.0</b>
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	12.7	46.8	11.3	11.0	11.1	13.0	46.4	<b>12.3</b>	<b>11.8</b>	<b>11.8</b>	<b>12.8</b>	<b>48.7</b>
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	0.3	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.3	0.9	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.9</b>
Broilers	20.1	20.5	21.4	20.4	82.4	21.5	21.4	20.8	19.1	82.9	20.1	20.4	20.3	19.7	80.4	20.1	20.3	21.0	20.5	81.9	20.2	20.9	21.1	21.1	83.4	<b>21.2</b>	<b>21.8</b>	<b>22.0</b>	<b>22.0</b>	<b>87.0</b>
Turkeys	3.6	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	4.8	16.0	3.4	3.5	3.9	4.9	15.7	<b>3.2</b>	<b>3.5</b>	<b>4.2</b>	<b>4.9</b>	<b>15.8</b>
<b>Total red meat &amp; poultry</b>	50.7	51.2	53.3	53.7	208.9	51.2	51.3	51.0	51.0	204.6	49.3	50.3	50.7	52.0	202.3	49.5	50.3	51.3	52.4	203.6	48.7	50.0	50.5	53.1	202.3	<b>51.2</b>	<b>51.6</b>	<b>51.9</b>	<b>53.7</b>	<b>208.5</b>
Eggs, number	61.8	61.9	62.5	63.1	249.3	61.3	61.5	62.8	64.3	250.0	63.3	62.3	63.3	65.4	254.3	63.5	62.6	63.9	65.1	255.2	63.8	64.6	65.4	65.9	259.8	<b>65.2</b>	<b>65.7</b>	<b>65.9</b>	<b>67.5</b>	<b>264.3</b>
<b>Market prices</b>																														
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	122.30	130.77	125.89	146.34	147.82	158.49	165.6	154.56	<b>158-162</b>	<b>158-168</b>	<b>156-168</b>	<b>156-170</b>	<b>157-167</b>
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	161.69	147.06	167.49	188.64	220.90	234.25	202.82	<b>228-232</b>	<b>210-220</b>	<b>209-221</b>	<b>213-227</b>	<b>215-225</b>
Cutter Cows, National L.E., \$/cwt	51.79	58.79	58.90	54.63	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	76.55	77.56	89.12	98.57	111.27	109.21	102.04	<b>104-108</b>	<b>108-118</b>	<b>104-116</b>	<b>101-115</b>	<b>104-114</b>
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	150.97	111.12	166.69	148.99	156.02	162.69	158.60	<b>153-157</b>	<b>155-165</b>	<b>154-166</b>	<b>148-162</b>	<b>153-163</b>
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	61.11	64.05	68.69	85.40	83.30	66.74	76.03	<b>50-52</b>	<b>56-60</b>	<b>58-62</b>	<b>53-57</b>	<b>54-58</b>
Broilers, 12 City, cents/lb	82.70	85.60	83.90	80.10	83.10	80.20	83.00	78.20	78.00	79.90	87.40	85.10	82.00	92.10	86.60	103.50	108.60	93.90	92.80	99.70	98.40	113.70	104.60	102.8	104.90	<b>98-100</b>	<b>98-104</b>	<b>97-105</b>	<b>96-104</b>	<b>97-103</b>
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	106.90	108.50	106.10	105.60	96.00	97.70	99.90	105.40	99.80	100.70	105.60	110.20	113.9	107.60	<b>99-101</b>	<b>99-105</b>	<b>103-111</b>	<b>107-115</b>	<b>102-108</b>
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	99.70	131.90	129.40	117.40	126.90	109.90	119.00	143.00	124.70	142.70	134.60	129.30	162.7	142.30	<b>139-143</b>	<b>117-125</b>	<b>112-122</b>	<b>133-145</b>	<b>125-134</b>
<b>U.S. trade, million lb</b>																														
Beef & veal exports	478	585	590	646	2300	633	702	766	683	2,785	558	624	650	620	2,452	557	637	716	680	2,590	583	667	679	643	2,573	<b>540</b>	<b>630</b>	<b>655</b>	<b>625</b>	<b>2,450</b>
Beef & veal imports	573	691	598	436	2,298	461	593	548	454	2,057	582	669	516	453	2,220	590	629	515	516	2,250	596	768	764	818	2,947	<b>735</b>	<b>750</b>	<b>710</b>	<b>615</b>	<b>2,810</b>
Lamb and mutton imports	47	46	31	42	166	49	48	31	34	162	38	36	38	41	154	49	44	36	44	173	46	49	45	55	195	<b>51</b>	<b>47</b>	<b>46</b>	<b>47</b>	<b>191</b>
Pork exports	1045	1081	951	1146	4,223	1,248	1,208	1,260	1,481	5,196	1,442	1,301	1,251	1,386	5,380	1,219	1,226	1,206	1,342	4,992	1,345	1,281	1,090	1,142	4,858	<b>1,170</b>	<b>1,175</b>	<b>1,150</b>	<b>1,325</b>	<b>4,820</b>
Pork imports	199	204	237	219	859	201	195	194	213	803	207	191	198	205	802	208	210	229	233	880	212	240	256	299	1,007	<b>240</b>	<b>230</b>	<b>220</b>	<b>220</b>	<b>910</b>
Broiler exports	1,468	1,699	1,642	1,954	6,762	1,526	1,598	1,976	1,877	6,978	1,734	1,791	1,864	1,886	7,274	1,752	1,865	1,855	1,874	7,345	1,831	1,829	1,860	1,785	7,304	<b>1,695</b>	<b>1,740</b>	<b>1,845</b>	<b>1,835</b>	<b>7,115</b>
Turkey exports	113	136	158	174	581	159	171	173	199	703	180	184	216	217	797	179	182	197	201	759	163	188	222	231	804	<b>170</b>	<b>185</b>	<b>205</b>	<b>215</b>	<b>775</b>
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	1,445	1,444	1,387	1,380	5,656	1,326	1,300	1,255	1,075	4,957	1,196	1,216	1,265	1,272	4,949	<b>1,200</b>	<b>1,200</b>	<b>1,200</b>	<b>1,200</b>	<b>4,800</b>

Note: Forecasts are in bold.

1/Per capita meat and egg disappearance data are calculated using the Resident Population Plus Armed Forces Overseas series from the Census Bureau of the Department of Commerce.

Source: World Agricultural Supply and Demand Estimates and Supporting Materials.

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Updated 2/17/2015

## Dairy Forecasts

	2013	2014					2015				
	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thous.)	9,221	9,214	9,253	9,268	9,284	9,255	9,310	9,315	9,325	9,330	9,320
Milk per cow (pounds)	21,822	5,540	5,713	5,519	5,487	22,258	5,650	5,825	5,610	5,605	22,690
<b>Milk production (bil. pounds)</b>	<b>201.2</b>	<b>51.0</b>	<b>52.9</b>	<b>51.1</b>	<b>50.9</b>	<b>206.0</b>	<b>52.6</b>	<b>54.3</b>	<b>52.3</b>	<b>52.3</b>	<b>211.5</b>
Farm use	1.0	0.2	0.2	0.2	0.2	1.0	0.2	0.2	0.2	0.2	1.0
Milk marketings	200.2	50.8	52.6	50.9	50.7	205.0	52.4	54.0	52.1	52.0	210.5
<b>Milk fat (bil. pounds milk equiv.)</b>											
Milk marketings	200.2	50.8	52.6	50.9	50.7	205.0	52.4	54.0	52.1	52.0	210.5
Beginning commercial stocks	12.2	11.2	12.8	13.3	12.1	11.2	11.0	14.0	15.1	13.3	11.0
Imports	3.7	0.8	0.8	1.1	1.5	4.3	0.9	1.0	0.9	1.2	4.0
Total supply	216.2	62.8	66.2	65.3	64.3	220.5	64.3	69.0	68.1	66.5	225.5
Commercial exports	12.4	3.9	3.5	2.8	2.3	12.5	2.3	2.7	3.2	3.0	11.1
Ending commercial stocks	11.2	12.8	13.3	12.1	11.0	11.0	14.0	15.1	13.3	11.7	11.7
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic commercial use	192.6	46.2	49.4	50.4	51.0	197.0	48.0	51.2	51.6	51.9	202.7
<b>Skim solids (bil. pounds milk equiv.)</b>											
Milk marketings	200.2	50.8	52.6	50.9	50.7	205.0	52.4	54.0	52.1	52.0	210.5
Beginning commercial stocks	12.4	11.6	12.7	13.3	12.4	11.6	13.1	14.3	15.5	13.2	13.1
Imports	5.3	1.4	1.2	1.5	1.5	5.6	1.3	1.3	1.4	1.5	5.5
Total supply	217.9	63.9	66.5	65.6	64.5	222.2	66.8	69.7	68.9	66.7	229.1
Commercial exports	38.5	9.8	11.0	9.3	9.1	39.2	8.9	9.4	10.0	9.7	38.0
Ending commercial stocks	11.6	12.7	13.3	12.4	13.1	13.1	14.3	15.5	13.2	13.2	13.2
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic commercial use	167.7	41.4	42.3	44.0	42.3	169.9	43.6	44.8	45.7	43.9	177.9
<b>Milk prices (dol./cwt) 1/</b>											
All milk	20.05	24.53	24.23	24.37	22.77	23.98	17.10	16.50	17.40	18.50	17.40
							-17.40	-17.10	-18.30	-19.50	-18.10
Class III	17.99	22.61	22.75	22.82	21.19	22.34	15.70	15.75	16.55	17.20	16.30
							-16.00	-16.35	-17.45	-18.20	-17.00
Class IV	19.05	23.14	23.04	23.42	18.75	22.09	13.40	14.10	15.85	17.05	15.10
							-13.80	-14.80	-16.85	-18.15	-15.90
<b>Product prices (dol./pound) 2/</b>											
Cheddar cheese	1.768	2.213	2.187	2.168	2.053	2.155	1.535	1.550	1.615	1.680	1.595
							-1.565	-1.610	-1.705	-1.780	-1.665
Dry whey	0.590	0.630	0.677	0.683	0.625	0.654	0.565	0.545	0.565	0.575	0.560
							-0.585	-0.575	-0.595	-0.605	-0.590
Butter	1.545	1.779	2.053	2.574	2.140	2.136	1.640	1.655	1.690	1.635	1.655
							-1.700	-1.745	-1.810	-1.765	-1.755
Nonfat dry milk	1.707	2.067	1.920	1.707	1.379	1.768	0.995	1.070	1.255	1.425	1.185
							-1.025	-1.120	-1.325	-1.495	-1.245

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

2/ Simple averages of monthly prices calculated by the Agricultural Marketing Service for use in class price formulas. Based on weekly "National Dairy Products Sales Report".

Sources: USDA National Agricultural Statistics Service, USDA Agricultural Marketing Service, USDA Foreign Agricultural Service, and USDA World Agricultural Outlook Board.

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