



United States  
Department  
of Agriculture

LDP-M-178

April 16, 2009



A Report from the Economic Research Service

[www.ers.usda.gov](http://www.ers.usda.gov)

# Livestock, Dairy, and Poultry Outlook

**Richard Stillman**, coordinator

## US Pork Production is Expected To Decline in 2009

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Tables will be released  
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Approved by the  
World Agricultural  
Outlook Board

**Hogs and Pork:** U.S. pork production in 2009 is expected to be 2.4 percent lower than a year ago, with live equivalent prices for 51-52 percent lean hogs averaging \$46-\$48 per hundredweight (cwt). Pork exports were off 13 percent in February, with shipments for 2009 expected to be almost 4.1 billion lbs. February imports of both pork and live swine were off sharply.

**Beef/Cattle Trade:** U.S. beef exports are expected to fall 4 percent in 2009 as foreign demand is affected by the global recession and a stronger U.S. dollar makes U.S. beef relatively more expensive. Imports are forecast to increase 9 percent, as the relatively stronger dollar and weak global demand will bring additional supplies to the United States.

**Cattle and Beef:** Low milk prices have driven dairy cow slaughter to levels that are offsetting declining beef cow slaughter. Cumulative weekly beef production is about 4 percent below this time last year, as reduced steer and heifer slaughter is offsetting increased dressed weights and increased dairy cow slaughter.

**Poultry:** The forecast for U.S. broiler meat production in 2009 was reduced by 300 million pounds to 35.5 billion pounds, down about 4 percent from 2008. With a large decline in broiler production expected in first-quarter 2009, the estimates for broiler ending stocks were also reduced. Even with lower production and stocks, wholesale prices for many broiler products have continued to remain below the previous year. Turkey production in January and February was 913 million pounds, down 13 percent from the previous year. This is almost the exact opposite from the first 2 months of 2008, when turkey production rose by 13 percent. Although production is down, turkey stocks remain high and whole bird prices for first-quarter 2009 were down 5 percent from a year earlier.

**Dairy:** Milk production is forecast to decline in 2009 on the basis of smaller herd size and a scant yield increase over 2008. Domestic demand may have stabilized at a lower level and some export interest remains in dry products. Prices were raised slightly from last month.

### **Quarterly Hogs and Pigs *Points To Lower Pork Production***

The *Quarterly Hogs and Pigs* published by USDA March 27, 2009, showed that producers have reduced the March 1 breeding inventory by slightly more than 3 percent, compared with the same date a year ago. Lower inventories of breeding animals and market hogs, in addition to expectations for year-over-year lower spring-summer farrowings, along with continued reductions in imports of Canadian finishing animals—feeder pigs and segregated early-weaned animals—strengthens prospects for reduced year-over-year pork production well into 2010. U.S. commercial pork production this year is expected to be 22.8 billion pounds, 2.4 percent below last year.

While lower hog supplies are expected to strengthen 2009 spring- and summer-quarter hog prices compared with first-quarter prices, April-September hog prices are likely to lag same-period prices of a year ago. Live equivalent prices of 51-52 percent lean hogs are expected to average \$49-\$51 per cwt in the second quarter and \$50-\$54 per cwt in the third quarter of this year.

Weaker consumer demand for pork—both domestic and foreign—is expected to contribute to reduced packer margins, likely resulting in packer bids for hogs that are or will average below year-ago levels. First-quarter USDA Estimated Pork Carcass Cutout averaged \$57.49 per cwt, 1.6 percent lower than a year earlier, at the same time that pork production was almost 3.5 percent lower than first-quarter 2008. Lower wholesale pork prices, concurrent with lower pork production, points to weaker pork demand. This suggests that domestic consumers may be responding to recessionary conditions by reducing pork consumption, perhaps by substituting lower priced proteins in place of pork priced in the high-\$2.90s per pound at retail.

Despite lower wholesale prices in the first quarter, hog prices averaged 6 percent above a year earlier, implying a weakening of packer margins. To the extent that sustained consumer resistance to perceived high retail pork prices continues to squeeze packer margins, packers will likely resist paying higher hog prices, even as producers supply fewer hogs. Lower packer bids, if sustained in the face of relatively high producer costs, would negatively affect producer margins and could trigger additional liquidation in the North American hog industry.

### ***Pork Exports in 2009 Expected To Be Strong***

U.S. pork exports in February were 341 million pounds, 13 percent below a year ago. Cumulatively, U.S. exporters shipped 664 million pounds of pork to foreign destinations in the first 2 months of 2009, almost 11 percent below a year ago. While lower than last year, and thus a contributing factor to lower pork demand, January-February 2009 exports are more than 25 percent above the same period in 2007. Last year was extraordinary, with competitive U.S. dollar exchange rates for most of 2008 creating strong incentives for foreign purchases of U.S. pork, and with the brief appearance of significant exports to China and Hong Kong in response to urgent disease problems in China. Barring currently unforeseen random foreign supply and/or demand shocks, U.S. pork exports this year are not likely to top those of 2008. But stimulative U.S. monetary and fiscal policies are likely to keep the U.S. dollar valued to maintain the competitiveness of U.S. pork products abroad.

At 4.1 billion pounds forecast for 2009, 13 percent below 2008 but 29 percent ahead of 2007, pork exports this year are expected to be strong relative to export history, but not extraordinary.

### ***Lower Pork Imports Likely Reflect Weaker U.S. Pork Demand***

U.S. pork imports in February were almost 61 million pounds, 15 percent below a year ago. Imports from Canada were off by almost 7 percent, while Denmark shipped almost 25 percent fewer pork products to the United States in February. Lower imports during a period of lower domestic pork production supports the contention that U.S. consumers have reduced their consumption of pork, likely in response to the ongoing U.S. recession.

### ***Canadian Swine Imports Off Sharply***

U.S. swine finishers and packers imported more than 525,000 head of swine in February, almost 44 percent below February 2008. Lower imports likely reflect reduced Canadian hog inventories brought about by ongoing industry liquidation, in addition to expanded capacity to finish and process hogs in Canada. It is also likely imposition of the U.S. Country of Origin Labeling law has made U.S. swine finishers reluctant to import Canadian finishing animals, in light of some major U.S. packers' stated unwillingness to process Canadian-origin animals.

## Beef/Cattle Trade

### *A Stronger Dollar in Many Beef Importing Countries and Weaker Foreign Demand Cause Exports To Fall in 2009*

U.S. beef exports are expected to be 1.82 billion pounds in 2009, a decrease of almost 4 percent from 2008. The weakening global economy has affected demand for beef around the world, and, consequently, U.S. beef exports. While total exports in January and February increased 8 percent and 6 percent, respectively, compared with last year, much of the increase reflects the reopening of the South Korean market. Shipments to most of the largest export markets have slowed or fallen thus far this year. The U.S. dollar has also strengthened against most major trading partners' currencies, making U.S. beef relatively more expensive for foreign buyers.

U.S. exports to Mexico, the largest export market for the U.S. beef since 2004, fell 15 percent in the first 2 months of 2009. Exports to Mexico have continued to fall as macroeconomic conditions depress demand and weakening of the Mexican peso increases the cost of U.S. beef. The exchange rate has averaged over 14 pesos to the dollar in early 2009, after ranging from 10-11 pesos for the first three quarters of 2008.

Exports to Canada have also decreased in 2009, falling by 22 percent over the first 2 months of the year compared with last year. The weaker Canadian dollar not only makes U.S. beef more expensive, but also makes Canadian beef more competitive in the export market. Canadian cattle exports to the United States have declined and Canadian feedlot placements have increased, which should result in more Canadian beef production, particularly in the second and third quarters of 2009. This increased production should further pressure the market for U.S. beef in Canada.

South Korea was the fourth largest market for U.S. beef exports in 2008, despite U.S. beef exporters only having regained access to the market for the second half of the year. After the initial third-quarter 2008 surge of U.S. beef imports, U.S. beef sales have slowed since November 2008. Exports of South Korean manufactured products have declined significantly since late 2008, impacting many South Korean industries and South Korean consumers' disposable incomes. One of the adjustments consumers have made is reduced spending at restaurants. The restaurant sector accounts for the majority of meat sales and has been particularly impacted by the economic slowdown, resulting in declining demand for U.S. beef. The South Korean won has also depreciated against the U.S. dollar, raising the price of U.S. beef in Korea. With a more competitive exchange rate, Australian suppliers have been able to maintain market share in South Korea.

As in South Korea, exports of Japanese products have been sharply down, affecting many of Japan's most important sectors. Consumers are expected to reallocate their meat expenditure and consumption, seeking value in their animal protein purchases. Although U.S. beef exports to Japan are still increasing year-over-year, the rate of increase is not as high as it was in the second and third quarters of 2008. Certain U.S. beef products, such as brisket and short plate used by many value-oriented restaurants, for instance, by beef bowl chains, could find a favorable place in the current market.

Higher priced U.S. beef cuts and products will have to compete with comparable pork and poultry products, which are generally less expensive. Unlike the currencies of most countries, the Japanese yen has strengthened against the U.S. dollar. However, the yen has also strengthened against the Australian dollar, allowing Australia to maintain its market share of beef in the Japanese market.

### ***Imports Expected To Increase as Global Demand for Beef Declines***

The United States is expected to import 2.77 billion pounds of beef in 2009, a 9-percent increase from 2008. Total U.S. imports in January and February were 12 percent higher than January and February 2008. Last year's 2.538 billion pounds of imports was the lowest since 1997, driven by high cow slaughter domestically, a weak U.S. dollar, and strong global demand for foreign producers' beef. This year, a stronger dollar and weak global demand should direct more foreign beef to the United States. While domestic supply is expected to remain high as cow slaughter continues at relatively high levels, the United States remains one of the strongest markets for foreign beef producers during the global recession.

U.S. imports from Australia, which historically has vied with Canada as the largest supplier of foreign beef for the U.S. market, should increase from last year's 663 million pounds. Imports of Australian beef in January and February were 39 percent higher than the same period last year. Production in and exports from Australia were lower in 2008 as producers began recovering from several years of drought. Australia had a surge of exports to Russia in 2008, accounting for 7 percent of their exports. The Russian market is not expected to have the same demand that it had in 2008. While Australian production and exports are expected to be lower in 2009, the decline in Russian demand should cause a reallocation of exports to the United States, Japan, and South Korea—Australia's three largest export markets. Relative exchange rates and beef demand in each country will determine how the reallocated exports will be distributed. Even if total exports decline in 2009, with a relatively strong U.S. dollar and decreased Australian beef, exports to the United States are expected to increase.

Beef from New Zealand, which accounted for 20 percent of U.S. imports in 2008, will be affected by the international dairy market. After several years of dairy herd expansion due to high international market prices for milk and dairy products, there has been excess production since these prices collapsed in late 2008. Although beef production and total exports are forecasted to decline compared with last year, more exports to the United States are expected as New Zealand beef producers adjust to smaller market shares in Japan and South Korea.

Canada was the largest foreign supplier of beef to the United States in 2008. Beef imports from Canada are expected to increase in 2009. Canadian live cattle exports are expected to decline and feedlot inventories are expected to increase, leading to higher beef production and exports. The United States typically accounts for over 80 percent of Canada's beef exports. The weak Canadian dollar, which is making the Canadian market tighter for U.S. beef exports, should reduce the relative costs of feeding cattle in Canada and make Canadian beef more competitively priced in the United States.

### ***Cattle Imports Expected To Decline as More Cattle Are Fed in Canada***

The United States is expected to import 2 million head of cattle in 2009, a 13-percent decrease from 2008. Last year the United States imported a large number of feeder cattle from Canada because the relatively weak U.S. dollar made it more economical for the United States to feed Canadian animals and export the beef. As the exchange rate moves closer to its historical level, more Canadian cattle are likely to be fed and slaughtered in Canada, with fewer Canadian cattle exported to the United States.

Imports of Mexican cattle in 2008 were the lowest in 20 years, at just over 702,661 head. Adequate precipitation and good pasture conditions late in 2008 may have resulted in some Mexican cattle being held longer than usual and being sent to the United States early in 2009. According to Agricultural Marketing Service figures, Mexican cattle imports have increased in the beginning of 2009, and are expected to increase overall this year. The magnitude of that increase will depend on the number of Mexican feeder cattle available for shipment to the United States.

### *Dairy Liquidation Leads Cow Slaughter*

Above-normal levels of commercial cow slaughter thus far in 2009 are a continuation of above-normal beef cow slaughter that began in the first half of 2006, when dry conditions held sway over large portions of the Central, Mountain, and Southeastern United States. Beef cow slaughter has been influenced by intermittent drought in the West, Plains, and Southeastern United States since 1996. In addition, beef cattle prices have declined since 2005 and feed costs, while down significantly from their peaks, have been high since dry conditions and rapidly expanding ethanol production sparked grain price increases in late 2006. Declines in milk prices, compounded by dry conditions—especially in California and the Southern Plains—have also led to an increase in dairy cow slaughter since mid-2008. More recently, rapidly declining milk prices, accompanied by the producer-funded Cooperatives Working Together (CWT) program, have been a key motivation for increases in dairy cow slaughter: The sixth round of CWT buyout since 2003 removed 50,630 dairy cows from production in the first part of 2009. Another round of CWT buyouts has been announced, with bids to close on May 1, 2009. While milk prices reached a peak monthly average price in November 2007, by March 2009 milk prices had declined by 48 percent from that peak, including a 41-percent decline since July 2008.

A number of other factors, either coincident to or a consequence of persistent dry conditions, have contributed to increases in both dairy and beef cow slaughter. Cow-calf operations have been caught between feeder calf prices that have trended generally downward since 2005 and 2006 and feed prices that trended upward from summer 2005 to a peak in summer 2008, but they have since declined somewhat. Cattle feeders have likewise endured an extended period of negative profit margins since May 2007. These adverse periods have reflected declining demand for beef both domestically and internationally, due first to BSE, then to high prices for beef, and, most recently, to the world economic slump.

A period of record-high prices for U.S. cow-calf operations began in May 2003, when a cow in Canada was confirmed with BSE and U.S. imports of feeder cattle from Canada were banned, coinciding with cyclically low U.S. cattle inventories. After peaking in November 2003 and dropping briefly in the few months following the first U.S. BSE case, feeder cattle prices fluctuated at record levels. Record (thus far) monthly average feeder calf prices occurred in 2005 (a monthly average price of \$137.42 per cwt in May 2005 for 500-550 pound, Medium Number 1 steers in Oklahoma City) and 2006 (a monthly average price of \$117.58 per cwt in September 2006 for 750-800 pound, Medium Number 1 steers in Oklahoma City). Since August 2008, feeder cattle prices have declined to pre-BSE levels observed in 2000 and 2001.

Annual commercial cow slaughter has increased year-over-year since 2005, with each year's slaughter since 2006 being based on successively smaller January 1 cow inventories. High-cull cow prices during much of 2007 and 2008 helped ease the pain of culling in the face of dry conditions and increasing feed prices that set records in summer 2008. Cumulative weekly dairy cow slaughter through the first quarter of 2009 was 24 percent higher than slaughter for the same period in 2008, helped in part by the CWT buyout.

Simultaneously, cumulative weekly beef cow slaughter was down by less than 3 percent year-over-year. Cow herd inventory dynamics of this magnitude could lead to further reductions in the national cow herd. With normal beef cow slaughter rates for the remainder of 2009, beef cow inventories on January 1, 2010 could be below 2009 inventories. January 1, 2010 dairy cow inventories are also expected to be lower if the CWT program increases dairy cow slaughter. Overall reductions in the total U.S. cow inventory could be significant through the year.

Reductions in total cow inventories could result in proportionally reduced calf crops, which would have implications for fed beef production and cattle and beef prices for at least 2010-12. This would occur because calf crops in 2009, 2010, and possibly 2011 would likely be smaller than 2008's calf crop by several percentage points. These smaller calf crops would lead to reduced placements of feeder cattle in feedlots at least through 2012. Feeder cattle imports from Canada and Mexico could alter this result somewhat, but Canada's cow herd is declining similarly to that of the United States. Pasture and weather, exchange rates, and economic conditions have modified Mexican exports somewhat, and year-over-year increases in feeder cattle exports to the United States through the end of March are likely the result of cattle held from last year and current dry conditions, pushing cattle off pastures and into the United States. Rules and practices related to the new Country-of-Origin labeling requirements have yet to be worked through, and these changes could also modify the cattle-import scenario that is shaping up for the remainder of 2009 and beyond.

If prices for fed cattle and beef rise late this year, as expected in response to expected lower fed cattle numbers and with typical price responses, incentives could motivate heifer retention above that necessary for national cow inventory maintenance. Added heifer retention would have two effects on inventories: First, the number of feeder cattle available for placement on feed in the shorter run would be reduced, which would further reduce the number of heifers contributing to beef supplies. Second, it would lead to an increase in the number of breeding age females added to the national cow inventory, which would eventually begin to increase calf crops and future beef production. The sooner added heifer retention occurs, the more condensed the scenario will become, but given current inventories, the earliest that heifers could be expected to produce a larger year-over-year calf crop would be in 2011. The bulk of these calves would not reach feedlot placement size until late 2011 or more likely 2012.

Placements of feeder cattle in feedlots of 1,000-head-or-larger capacity will likely be somewhat lower during the second half of 2009. Again, this will occur because of smaller calf crops and any increases in heifer retention from actions to increase national cow herd inventories. From January 1, 2006 through January 1, 2009, heifers have represented slightly increasing portions of total cattle on feed in lots of 1,000 head or more—another indication that heifers are not yet being retained at levels sufficient for herd building. USDA's *Cattle on Feed* report to be released tomorrow (April 17) will provide further information on the number of heifers on feed.

Wholesale Choice beef cutout values have declined about 5-6 percent since the beginning of 2009. Since March 1, there have been several days when the Agricultural Marketing Service's 5-day moving-average cutout value for Select beef was higher than the average Choice beef cutout value.

This Choice-Select inversion is not common and is indicative of declining demand in the food service (restaurant) sector, where consumers purchase much of the high-end Choice-and-better beef, and increasing beef purchases at the retail grocery counter as consumers respond to adverse economic conditions.

### *Broiler Production Revised Downward*

The forecasts for broiler meat production were revised downward in the all four quarters of 2009. The downward revisions were 100 million pounds in the first and second quarters and 50 million pounds in the third and fourth quarters. The new forecast for 2009 is 35.5 billion pounds, down about 4 percent from 2008. On a quarterly year-over-year basis, the sharpest production decline is in the first quarter, followed by gradually smaller declines in the second and third quarters. There is expected to be slightly higher production in fourth-quarter 2009, partially due to expected improvements in economic conditions, but also due to the strong decline in production that occurred in fourth-quarter 2008. Throughout 2009, the production decrease is expected to come almost exclusively from a smaller number of broilers being slaughtered. Average bird weights in 2009 are expected to be basically unchanged from the previous year.

Over the first 2 months of 2009, broiler meat production totaled 5.6 billion pounds, down 9.6 percent from the same period in 2008. The decrease has come almost exclusively from lower numbers of broilers slaughtered, (down 10.1 percent), as the average liveweight at slaughter during the first 2 months of 2009 (5.55 pounds) was almost identical to the previous year. The decline was magnified by the fact that both January and February each had 1 less slaughter day than the previous year. The decline is expected to continue through the first three quarters of 2009, as the number of hens in the broiler breeder flocks was down 6.6 percent in February. The number of eggs placed in incubators and chicks placed for growout also continues to track well below the previous year. During the last 5 weeks (March 7 to April 4), the number of chicks being placed for growout has averaged approximately 169 million per week, down 6.5 percent from the previous year. The 5-week average for chick placements has consistently been below the previous year since the beginning of May 2008.

The forecast for broiler cold storage holdings at the end of first-quarter 2009 was reduced to 620 million pounds, down 125 million pounds from the previous quarter and 17 percent lower than the previous year. This is a 70-million-pound reduction from the previous estimate, as sharp decreases in production and continued strength in the export market have combined to rapidly draw down stocks. At the end of February, cold storage holdings were down for almost all broiler products. Ending broiler stock estimates were also lowered for the second, third, and fourth quarters of 2009. The reduction is due to forecast declines in broiler hatchery production, which is expected to translate into lower broiler meat production over the first three quarters of 2009.

In first-quarter 2009, the 12-City price for whole broilers averaged 79.7 cents per pound, up 2 percent from the previous year. Most of the increase in the first quarter was due to higher prices (82 cents per pound) in January, as whole bird prices declined in February and March. Prices for most other broiler products in first-quarter 2009 were down from the previous year, with prices for boneless/skinless breast meat down 6 percent. Prices for most leg meat products were also lower, with prices for leg quarters averaging 36 cents per pound, down 17 percent from the previous year. A major exception to the generally lower prices was chicken wings.

Prices for chicken wings averaged \$1.48 per pound in the first quarter, up 24 percent from the previous year. Prices for wings normally peak in late January or early February, but this year prices declined only slightly (4 cents) between February and March. Prices for many broiler products are expected to gradually strengthen as lower production reduces supplies. However, the upward price pressure typically associated with lower production and stocks is expected to be partially offset by reduced demand in the weak domestic economy.

### ***Broiler Exports Up 11 Percent in February***

Broiler exports in February totaled 561 million pounds, down from January, but 11 percent higher than the previous year. While adverse economic conditions have impacted almost all of the major export markets, this has partially been offset, so far, by lower prices for leg quarters. Driving the higher exports were year-over-year gains in shipments to Mexico, Cuba, and Lithuania and a number of smaller markets. These increases were partially offset by somewhat lower shipments to Russia and China.

### ***Turkey Production Down Sharply***

U.S. turkey meat production is now estimated at 5.8 billion pounds in 2009, down 7.1 percent from the previous year. As with broilers, turkey producers have greatly cut back production in the face of rapid increases in the costs of feed and energy. Starting in March of 2008, the numbers of poults placed for growout were below the previous year. The impacts of these actions were first seen in fourth-quarter 2008, which had almost no growth in production. However, the full impact of the production decreases will be seen in 2009, with expected sharp production declines in the first three quarters and a more moderate decline in the fourth quarter. This month, the overall turkey meat production forecast was lowered a total of 190 million pounds, with reductions made to the production forecast of each quarter. As with broilers, the lower turkey meat production is expected to come from fewer birds being slaughtered, as average weights are expected to be up only slightly. Over the first 2 months of 2009, turkey meat production has totaled 913 million pounds, down 13 percent from the same period in 2008. During January and February, the number of turkeys slaughtered dropped 13 percent compared with the previous year, and average live bird weights were 30.1 pounds, almost identical to the previous year. However, the first 2 months of 2009 had 2 less slaughter days, compared with the same period in 2008.

At the end of February 2009, cold storage holdings of turkey products totaled 470 million pounds, up 13 percent from the previous year. The increase includes much larger holdings of whole birds, up 40 percent from the previous year to 217 million pounds. Along with increased whole bird holdings, stocks of other turkey products totaled 253 million pounds at the end of February, a decline of 3 percent from the previous year.

Prices for whole turkeys have remained consistently below the previous year through first-quarter 2009, as lower production has not yet reduced cold storage holdings of whole birds enough to boost prices. Prices for whole hens in the Eastern market averaged 73.8 cents per pound in first-quarter 2009, down 5 percent from first-quarter 2008, but 6 percent higher than in first-quarter 2007.

Even with lower turkey production forecast for 2009, the large quantities of whole birds currently in cold storage and the weak economy are expected to combine to keep whole turkey prices in the first three quarters of 2009 below year-earlier levels.

### ***Turkey Exports 20 Percent Lower***

Turkey exports totaled 39.3 million pounds in February, down 20 percent from the previous year. Shipments were lower to a variety of countries, with declines to the top four largest markets of Mexico, China, Russia, and Canada. These lower shipments to the major markets were only partially offset by higher exports to some smaller markets such as Hong Kong, Guatemala, Angola, and Cuba. Shipments to Mexico have totaled 50.1 million pounds so far in 2009, down about 1 percent from the same period in the previous year.

### ***Table Egg Production Forecast Lower***

The forecast for first-quarter 2009 table egg production was lowered slightly to 1.59 billion dozen eggs, down 5 million dozen from the previous month. Even with the downward revision the forecast remains slightly higher than the previous year. The 2009 forecast for hatching egg production was reduced by 10 million dozen eggs to 1.06 billion dozen. The reduction is chiefly the result of reduced production of meat-type bird eggs for hatching, in line with the reduction in the broiler production forecast.

Over the first 2 months of 2009, table egg production was 1.04 billion dozen, down about 3 million dozen from the previous year. Table egg production is expected to be slightly higher than the previous year throughout 2009. In the first 2 months of 2009, the number of hens in the table egg flock averaged 284 million birds, up slightly from the same period in 2008. Total table egg production for 2009 is now expected to be 6.45 billion dozen, less than 1 percent higher than in 2008. The production of meat-type eggs for hatching in 2009 is expected to follow a similar pattern to the sharp decline in broiler production. During January and February, the number of meat-type hens in the hatchery flock averaged 54.2 million birds, down 7 percent from the previous year.

In March, the National Agricultural Statistics Service (NASS) released the *Chicken and Eggs Final Estimates 2003-2007* report that contained revised production estimates for both table eggs and hatching eggs. The results were increases in table egg production in 2003 through 2006. The increases in annual production ranged from 5 to 25 million dozen eggs. Changes to annual hatching egg production were smaller, going from no change to as much as an additional 10 million dozen. There were no changes to the 2007 estimates that had already been published in the February NASS *Chicken and Eggs 2008 Summary* report.

### ***Egg Prices Fall 31 Percent in First Quarter***

The wholesale price for one dozen large eggs in the New York region averaged \$1.10 in first-quarter 2009, down 31 percent from first-quarter 2008.

With the Easter holiday in the middle of April this year, egg prices are expected to decline seasonally starting at the end of April. Egg prices in the New York market are expected to be between \$1.03 and \$1.07 per dozen in second-quarter 2009. While this is quite a decline from the previous year, it is still 14 percent higher than in second-quarter 2007.

### ***Egg Exports Down in February***

In February, egg and egg product exports totaled 13.8 million dozen, down 13 percent from the previous year. Much of the decline came from reduced shipments to Japan and Mexico. Shipments to Japan totaled only 2.1 million dozen, down 38 percent from a year earlier. Exports to Mexico were down 30 percent, declining even though the wholesale price of table eggs was considerably lower than the previous year. Demand for eggs and egg products was not down in all markets, with shipments to Canada and some smaller markets higher on a year-over-year basis.

### *Dairy Herd Contraction, Already Underway, Is Having an Impact on Prices*

Dairy cow slaughter surged ahead of year-earlier levels for the third month in a row in February, aided in part by the sixth Cooperatives Working Together (CWT) buyout since 2003, which removed over 50,000 cows from the dairy herd, mostly in the first quarter of 2009. According to recent *Livestock Slaughter* reports, dairy cow slaughter had moved ahead of year-earlier levels for much of 2008. The liquidation has been especially notable in the mountain western states. For the country as a whole, slaughter was 17 percent above year-earlier levels in February, 19 percent in January, and 12 percent in December. However, by region, slaughter exceeded year-earlier levels by 46 percent in December and 118 percent in January for region six, which includes New Mexico, Oklahoma, and Texas. January and February slaughter exceeded year-earlier levels by 83 and 49 percent, respectively, in region ten, which includes Idaho, Oregon, and Washington. Other regions also recorded double-digit increases in cow slaughter. Although The CWT program is expected to remove additional cows from the herd by this summer, these data suggest that herd liquidation is well underway. The liquidation appears to be strongest in those regions that expanded most rapidly in the last few years. USDA forecasts that the dairy herd will contract to an average 9.2 million cows in 2009, compared with 9.3 million in 2008. The contraction is expected to continue throughout the year; by the fourth quarter of 2009, the number of dairy cows will likely average about 300 thousand fewer than those on hand in the fourth quarter of 2008.

Expected corn and soybean meal prices have been revised upward from earlier forecasts. Higher feed costs will likely continue to pressure producer profits. Milk per cow will climb only incrementally in response to poor producer returns. The yield increase is expected to be less than one-half of 1 percent this year, adjusting for leap-year, continuing the trend toward smaller year-over-year increases that began in 2006. The outcome from these adjustments is a decline in milk production in 2009 to 187.1 billion pounds from 190.0 billion pounds in 2008.

Cheese production rose slightly in February after adjusting for the extra day in February 2008. Production of cheddar and mozzarella showed declines even after adjustment. Overall production was higher because of increases in Hispanic cheeses, Italian types beside mozzarella, and other cheeses. February stocks of all cheeses were 11 percent above year-earlier levels. Commercial disappearance for all cheese was down only slightly in January compared with a year earlier, the last month for which figures are available. Market adjustments so far have led to cheese prices increasing from the lows observed earlier in 2009. The decline in milk production is expected to cause further declines in cheese production. Declining retail cheese prices that have lagged falling wholesale prices are finally beginning to boost consumption. Lower prices compared with last year will likely continue to boost consumption. Lower milk production and somewhat higher domestic use will likely raise prices toward the end of 2009. For the year, prices are expected to average \$1.270 to \$1.320 per pound.

The year-over-year decline in butter production was a scant 0.9 percent. Butter stocks declined in February compared with a year earlier. According to Dairy Market News, international demand for butter is weak. Since the first of the year, the Commodity Credit Cooperation (CCC) has contracted to buy 4.6 million pounds of butter, but higher prices are expected to preclude additional butter purchases this year. The domestic demand outlook for butter is similar to that for cheese except that Government purchases have helped ease commercial stocks of the former somewhat. The price scenario for butter is similar to that for cheese, as reduced milk production could boost prices toward the end of 2009. The butter price is expected to average \$1.155 to 1.235 per pound for the year.

With nonfat dry milk (NDM) prices near support levels, domestic use appears to be strengthening. However, since the first of the year, about 100 million pounds of NDM have moved into CCC inventories, but the pace of removals has slowed. There is some increased foreign demand because production from Oceania, although improved over recent drought years, did not reach expectations. However, a weaker world economy may limit demand. Prices for NDM are forecast to remain above support, averaging 83.0 cents to 87.0 cents per pound in 2009.

Whey production for human consumption continues to lag year-ago levels. Output in February was down 3.7 percent from a year ago (adjusting for leap-year in 2008). Whey production has been below year-earlier levels for over a year. Whey prices are still below those of recent years, but reduced supplies and improving export demand have led to a slightly higher price forecast than earlier in the year. Whey prices are expected to average 17.0 cents to 20.0 cents per pound for the year.

As a result of slightly higher than expected product prices, the prices for Class III and Class IV milk have been raised slightly to \$10.65 to \$11.15 per cwt and \$9.95 to \$10.55 per cwt, respectively, for 2009. The all milk price is expected to average \$11.85 to \$12.35 per cwt in 2009.

## Special Box: Alfalfa

### *Alfalfa Prices Decline From 2008 Highs*

Declining returns for dairy producers raise the question, “How did we get here?” Plummeting milk and dairy product prices are only half the story; the other half is rising feed prices. The milk-feed price ratio serves as an indicator of “return on investment” for dairy farmers. Milk prices serve as the measure of income farmers receive for their investment in feed, with feed costs making up roughly 50 percent of the total cost of milk production. The USDA estimates the cost of a “16 percent Protein Mixed Ration” (which includes corn, soybeans, and alfalfa) that is used to determine the feed component of the milk-feed price ratio. Dairy farmers have feed alternatives beyond those listed in the Mixed Ration. These alternatives, for example, include corn silage instead of alfalfa and barley in lieu of corn. When the price of one feed product rises, dairy farmers are likely to substitute for that feed product if comparable alternatives are available. This article examines alfalfa production and prices, since that is the forage used to calculate the Mixed Ration. While milk prices increased dramatically in 2008, so did prices for corn, soybeans, and alfalfa. Average U.S. alfalfa hay prices<sup>1</sup> received by producers climbed from \$135 per ton in August 2007 to reach a record high in of \$180 per ton in August 2008, and the calculated 16-percent mixed-ration price<sup>2</sup> increased from \$6.77/cwt in August 2007 to \$10.19/cwt in August 2008. During most of 2008, high milk prices more than offset the higher input costs.

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<sup>1</sup> While the national average is stated here, it is important to note that alfalfa prices vary greatly across regions.

<sup>2</sup> This ration is calculated based on the prices of corn, soybeans, and alfalfa. It contains 51 percent corn, 8 percent soybeans, and 41 percent alfalfa.

### U.S. average monthly farm price received for alfalfa hay

Dollars per ton

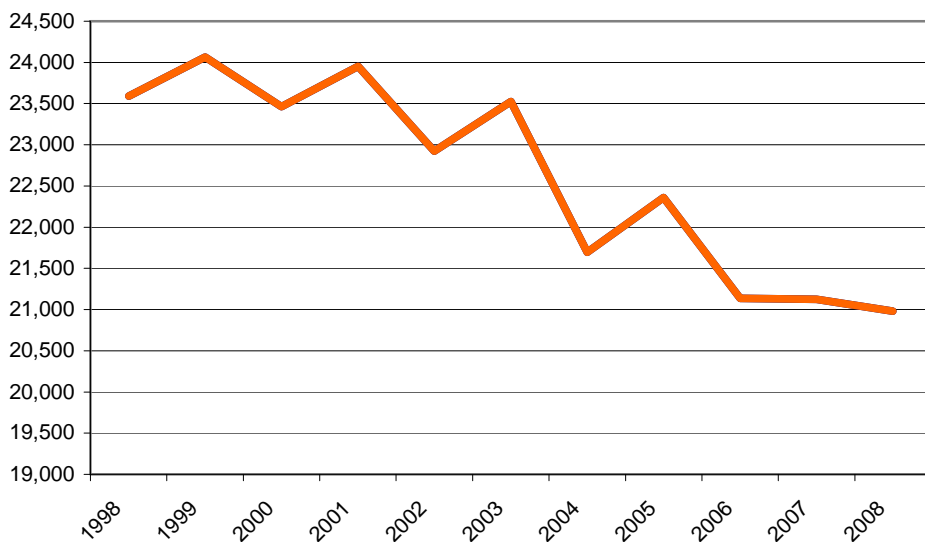


\* Source: USDA-NASS. Note: 2009 prices are for January and February only.

Harvested alfalfa acreage has fallen over the last 10 years, from nearly 24 million acres in 1998 to almost 21 million acres in 2008. In conjunction with declining acreage, dry conditions in many parts of the country led to reduced forage supplies in 2008. Portions of the Plains and Southeast have experienced severe dry conditions during the last several years, leading to reduced forage availability. The demand for alfalfa and other forage alternatives increased as dairy farmers and ranchers in those areas sought feed substitutes for lost forages. Drought affected major alfalfa-growing regions, exacerbating forage supply shortfalls in 2008 as well.

### U.S. harvested alfalfa area

1,000 acres



Source: USDA-ERS, Feed Grains Database.

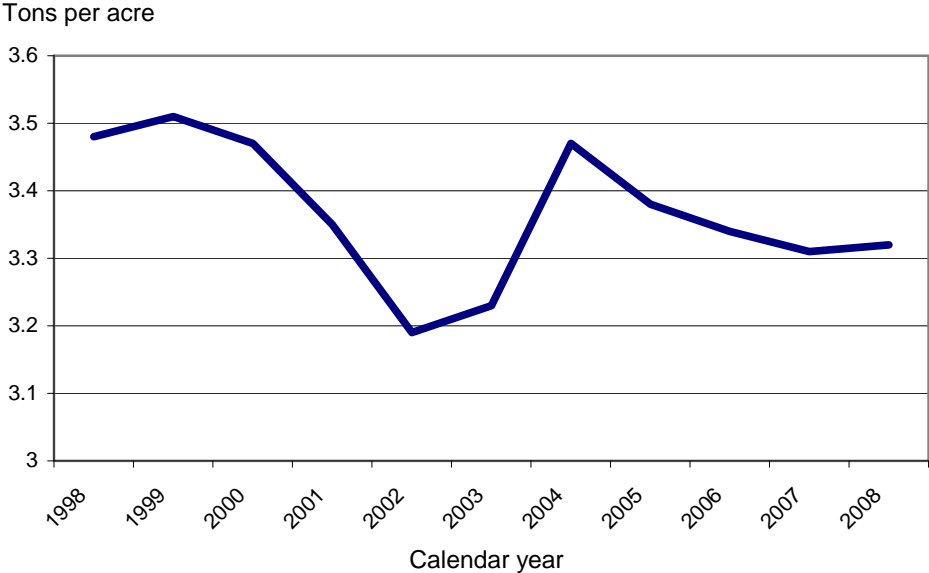
Western alfalfa growing areas have experienced dry conditions over the last several years. California, South Dakota, and Idaho were the top three alfalfa-producing States in 2007 and 2008, with California the clear leader. For the last 10 years, California has consistently produced over 6.65 million tons of alfalfa, whereas the second-leading State usually produced around 5 million tons. While California remained the top producing state, alfalfa hay acreage has dropped there over the last ten years, from 1.05 million acres in 1998 to 950,000 acres in 2008. Prospective planting reports as of March 31, 2009 show a decrease of 50,000 acres of all hay for 2009 in California. Since almost two-thirds of hay acreage is planted to alfalfa, some of the decline may manifest itself in lower alfalfa acreage.

Dry conditions have been and likely will continue to be a problem for California alfalfa producers. The Bureau of Reclamation has announced that water rationing will be enforced in 2009, with agricultural producers receiving substantially less water than previously contracted from both the Federally managed irrigation system (the Central Valley Project, CVP) and the State irrigation system (the State Water Project, SWP). If current drought conditions hold, there will be no CVP water available south of the Sacramento-San Joaquin River Delta, and only 20 percent of SWP water contracted will be delivered to the area. Key alfalfa-producing counties, such as Kern, Tulare, Merced, and Fresno, all lie south of the Delta and will be impacted by reduced water deliveries out of the CVP and SWP, the two primary sources of surface water in the area.

While some producers have access to groundwater sources as an alternative for irrigation, it will likely be rationed between alfalfa and other crops. Farmers can also choose to leave their fields fallow and sell water to the California Drought Water Bank, for a price of \$275 per acre foot. Alfalfa production is water-intensive and alfalfa is likely to be one of the first crops to receive less water during periods of water rationing.

California hay market analysts and county extension agents suggest that uncertainty surrounding water availability and drought have caused alfalfa producers to reduce acreage in the past. Farmers who choose to leave existing alfalfa fields also have the option of taking fewer cuttings (one or two) and pulling the alfalfa out or letting it go to seed rather than irrigating and harvesting the usual seven to eight cuttings typically yielded in the region. Per a recent study at New Mexico State University, farmers can also water early in the season and forego irrigation towards the end of the growing season and still harvest some alfalfa.

**U.S. harvested yield of alfalfa hay**



Source: NASS Quickstats.

While water shortages do affect planting decisions for California alfalfa growers, it seems a bigger issue is falling alfalfa demand by dairy farmers. At current milk prices, dairy producers are culling herds and demanding less alfalfa. Use of alternative feed products has increased in recent years, as a reaction to high feed prices and increased availability of alternatives. In California, for example, over the last 10 years alfalfa hay use in dairy rations has declined as corn silage and alfalfa silage use has increased. It is difficult to say exactly how the present alfalfa market situation will impact dairy producers, but given uncertainty surrounding dairy production, as well as limited water availability, alfalfa producers will most likely be hesitant to expand acreage or increase output. Alfalfa is sold in regional markets, with prices varying greatly across the country. Reduced supplies of and demands for alfalfa may simply create new market equilibrium conditions between alfalfa growers and dairy farmers in particular areas.

However, at current milk and feed prices, many dairy farmers are facing financial stress, and some producers could exit the industry unless feed prices fall or milk prices rise by enough to provide positive returns. Over the last 10 years annual alfalfa prices have increased steadily, but breaking that long-run trend, alfalfa prices are expected to decline from a record price of about \$162 per ton in 2008. However, this price decline may not be enough for cash-strapped dairy producers. Even as herds are reduced, producers still need to feed their dairy cows.

In times of high alfalfa prices it is expected that cheaper alternatives will be considered, a decision that can have significant ramifications for milk output per cow, the primary source of income.

## Contacts and Links

### Contact Information

Richard Stillman (coordinator)	(202) 694-5265	<a href="mailto:stillman@ers.usda.gov">stillman@ers.usda.gov</a>
David J. Harvey (poultry, eggs)	(202) 694-5177	<a href="mailto:djharvey@ers.usda.gov">djharvey@ers.usda.gov</a>
Ken Mathews (cattle)	(202) 694-5183	<a href="mailto:kmathews@ers.usda.gov">kmathews@ers.usda.gov</a>
Michael McConnell (beef trade)	(202) 694-5158	<a href="mailto:mmcconnell@ers.usda.gov">mmcconnell@ers.usda.gov</a>
Keithly Jones (sheep and goats)	(202) 694-5172	<a href="mailto:kjones@ers.usda.gov">kjones@ers.usda.gov</a>
Mildred M. Haley (hogs/pork)	(202) 694-5176	<a href="mailto:mhaley@ers.usda.gov">mhaley@ers.usda.gov</a>
Roger Hoskin (dairy)	(202) 694-5148	<a href="mailto:rhoskin@ers.usda.gov">rhoskin@ers.usda.gov</a>
Kathryn Quanbeck (dairy)	(202) 694-5154	<a href="mailto:kquanbeck@ers.usda.gov">kquanbeck@ers.usda.gov</a>
David Johnson (web publishing)	(202) 694-5222	<a href="mailto:davidj@ers.usda.gov">davidj@ers.usda.gov</a>

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

### Related Websites

Animal Production and Marketing Issues, <http://www.ers.usda.gov/briefing/AnimalProducts/>  
Cattle, <http://www.ers.usda.gov/briefing/cattle/>  
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U.S. red meat and poultry forecasts

	2004		2005		2006		2007 1/					2008					2009							
	Annual	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	24,548	24,683	6,082	6,724	6,834	6,513	26,153	6,237	6,649	6,802	6,733	26,421	6,372	6,899	6,908	6,382	26,561	6,265	<b>6,765</b>	<b>6,900</b>	<b>6,510</b>	<b>26,440</b>		
Pork	20,511	20,685	5,335	5,008	5,087	5,625	21,055	5,396	5,128	5,256	6,163	21,943	6,024	5,593	5,632	6,098	23,347	5,815	<b>5,420</b>	<b>5,500</b>	<b>6,040</b>	<b>22,775</b>		
Lamb and mutton	195	187	49	47	42	47	185	49	44	42	48	183	46	43	42	43	174	42	<b>40</b>	<b>38</b>	<b>41</b>	<b>161</b>		
Broilers	34,063	35,365	8,814	8,980	8,870	8,835	35,500	8,625	9,085	9,131	9,285	36,126	9,145	9,439	9,457	8,865	36,906	8,525	<b>8,900</b>	<b>9,050</b>	<b>9,000</b>	<b>35,475</b>		
Turkeys	5,454	5,504	1,351	1,435	1,419	1,476	5,682	1,413	1,482	1,488	1,575	5,958	1,536	1,560	1,568	1,582	6,246	1,400	<b>1,425</b>	<b>1,450</b>	<b>1,525</b>	<b>5,800</b>		
Total red meat & poultry	85,442	87,097	21,792	22,362	22,413	22,656	89,224	21,874	22,552	22,876	23,962	91,264	23,292	23,717	23,791	23,137	93,937	22,197	<b>22,700</b>	<b>23,092</b>	<b>23,275</b>	<b>91,264</b>		
Table eggs, mil. doz.	6,365	6,413	1,617	1,617	1,632	1,656	6,522	1,598	1,593	1,602	1,642	6,435	1,587	1,577	1,599	1,640	6,403	1,590	<b>1,585</b>	<b>1,615</b>	<b>1,660</b>	<b>6,450</b>		
<b>Per capita disappearance, retail lb 2/</b>																								
Beef	66.1	65.6	15.8	16.9	16.9	16.3	65.8	15.9	16.6	16.4	16.2	65.2	15.6	16.3	15.8	15.1	62.8	<b>15.3</b>	<b>16.1</b>	<b>16.1</b>	<b>15.3</b>	<b>62.7</b>		
Pork	51.4	50.0	12.4	11.9	11.9	13.1	49.4	12.3	12.2	12.3	14.0	50.8	12.6	11.6	12.0	13.3	49.5	<b>12.6</b>	<b>12.2</b>	<b>11.9</b>	<b>12.7</b>	<b>49.4</b>		
Lamb and mutton	1.1	1.1	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.2	0.3	1.0	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>1.0</b>		
Broilers	84.4	85.8	21.7	22.1	21.9	20.9	86.5	21.2	21.6	21.4	21.2	85.4	21.3	21.4	21.1	19.7	83.5	<b>20.0</b>	<b>20.5</b>	<b>20.9</b>	<b>20.4</b>	<b>81.7</b>		
Turkeys	17.1	16.7	3.5	3.9	4.3	5.2	16.9	3.8	4.1	4.2	5.5	17.5	4.0	4.1	4.3	5.3	17.6	<b>3.8</b>	<b>3.9</b>	<b>4.1</b>	<b>5.3</b>	<b>17.0</b>		
Total red meat & poultry	221.6	221.0	54.1	55.5	55.6	56.1	221.3	53.9	55.1	54.9	57.6	221.6	54.1	54.2	53.8	54.0	216.1	<b>52.3</b>	<b>53.3</b>	<b>53.6</b>	<b>54.2</b>	<b>213.4</b>		
Eggs, number	257.3	255.8	64.1	63.7	63.9	64.7	257.8	62.2	61.7	62.4	63.8	250.1	61.8	61.3	62.0	63.8	248.9	<b>61.7</b>	<b>61.1</b>	<b>61.9</b>	<b>63.5</b>	<b>248.3</b>		
<b>Market prices</b>																								
Choice steers, Neb., \$/cwt	84.75	87.28	89.24	80.39	85.40	86.61	85.41	90.61	93.45	91.36	91.85	91.82	89.59	92.82	98.45	88.22	92.27	80.98	<b>84-88</b>	<b>85-91</b>	<b>87-95</b>	<b>84-89</b>		
Feeder steers, Ok City, \$/cwt	104.76	110.94	106.23	104.08	115.17	103.22	107.18	99.53	108.87	115.64	108.88	108.23	99.88	106.60	110.81	94.62	102.98	92.83	<b>94-98</b>	<b>96-102</b>	<b>99-107</b>	<b>96-100</b>		
Boning utility cows, S. Falls, \$/cwt	52.35	54.36	48.89	47.79	49.28	44.29	47.56	51.04	53.96	54.07	49.40	52.12	53.88	57.30	61.78	46.70	54.92	46.42	<b>44-46</b>	<b>47-51</b>	<b>49-53</b>	<b>46-50</b>		
Choice slaughter lambs, San Angelo, \$/cwt	96.69	97.76	77.03	66.56	81.10	84.53	77.31	82.59	82.23	87.33	87.55	84.93	86.23	79.62	88.83	88.95	85.91	90.14	<b>88-92</b>	<b>84-90</b>	<b>85-91</b>	<b>86-92</b>		
Barrows & gilts, N. base, I.e. \$/cwt	52.51	50.05	42.63	48.45	51.83	46.13	47.26	46.04	52.55	50.33	39.43	47.09	39.64	52.51	57.27	41.92	47.84	42.11	<b>49-51</b>	<b>50-54</b>	<b>43-47</b>	<b>46-48</b>		
Broilers, 12 City, cents/lb	74.10	70.80	62.7	61.0	67.8	65.9	64.4	75.00	80.30	79.20	71.10	76.40	78.10	80.60	80.60	79.40	79.70	79.70	<b>79-83</b>	<b>79-85</b>	<b>78-84</b>	<b>79-83</b>		
Turkeys, Eastern, cents/lb	69.70	73.40	67.3	71.3	79.4	89.8	77.0	69.70	77.90	89.90	90.80	82.10	77.40	88.90	96.50	87.30	87.50	73.80	<b>80-84</b>	<b>87-93</b>	<b>86-94</b>	<b>82-86</b>		
Eggs, New York, cents/doz.	82.20	65.50	71.4	62.7	64.0	89.0	71.8	105.3	92.0	119.1	141.0	114.4	158.8	117.30	114.50	122.60	128.30	110.00	<b>103-107</b>	<b>101-109</b>	<b>110-120</b>	<b>106-111</b>		
<b>U.S. trade, million lb</b>																								
Beef & veal exports	460	697	215	315	307	308	1,145	269	363	424	375	1,431	360	471	609	448	1,888	<b>395</b>	<b>480</b>	<b>480</b>	<b>465</b>	<b>1,820</b>		
Beef & veal imports	3,679	3,599	843	790	730	722	3,085	770	884	774	624	3,052	637	661	584	655	2,537	<b>665</b>	<b>730</b>	<b>710</b>	<b>665</b>	<b>2,770</b>		
Lamb and mutton imports	181	180	53	44	41	52	190	56	44	44	59	202	52	48	38	47	185	<b>52</b>	<b>42</b>	<b>39</b>	<b>44</b>	<b>177</b>		
Pork exports	2,181	2,666	767	763	654	811	2,995	792	685	703	959	3,138	1,106	1,387	1,126	1,049	4,668	<b>925</b>	<b>950</b>	<b>1,000</b>	<b>1,175</b>	<b>4,050</b>		
Pork imports	1,099	1,024	259	237	239	254	989	239	256	240	232	968	217	205	191	218	831	<b>215</b>	<b>205</b>	<b>200</b>	<b>220</b>	<b>840</b>		
Broiler exports	4,783	5,203	1,270	1,297	1,234	1,404	5,205	1,275	1,393	1,493	1,610	5,771	1,507	1,787	1,912	1,756	6,962	<b>1,450</b>	<b>1,525</b>	<b>1,500</b>	<b>1,575</b>	<b>6,050</b>		
Turkey exports	442	570	119	125	152	150	547	124	135	148	146	553	148	160	186	182	676	<b>125</b>	<b>135</b>	<b>150</b>	<b>160</b>	<b>570</b>		
Live swine imports (thousand head)	8,506	8,191	2,133	2,088	2,204	2,338	8,763	2,302	2,370	2,464	2,869	10,005	2,915	2,149	2,201	2,083	9,348	<b>1,800</b>	<b>1,800</b>	<b>1,700</b>	<b>1,700</b>	<b>7,000</b>		

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.

For further information, contact: Richard Stillman, (202) 694-5265, [stillman@ers.usda.gov](mailto:stillman@ers.usda.gov)

## Dairy Forecasts

	2008					2009				
	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thous.)	9,286	9,315	9,330	9,330	9,315	9,300	9,240	9,130	9,035	9,176
Milk per cow (pounds)	5,127	5,236	5,025	5,008	20,396	5,095	5,260	5,065	5,045	20,465
<b>Milk production (bil. pounds)</b>	47.6	48.8	46.9	46.7	190.0	47.4	48.6	46.2	45.6	187.8
Farm use	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.3	0.3	1.2
Milk marketings	47.3	48.5	46.6	46.4	188.8	47.1	48.3	45.9	45.3	186.6
<b>Milkfat (bil. pounds milk equiv.)</b>										
Milk marketings	47.3	48.5	46.6	46.4	188.8	47.1	48.3	45.9	45.3	186.6
Beginning commercial stocks	10.4	12.1	13.6	11.5	10.4	10.0	11.9	13.5	12.0	10.0
Imports	1.0	0.7	0.7	1.5	3.9	0.9	0.8	0.8	1.2	3.6
Total supply	58.6	61.3	60.9	59.5	203.1	58.0	61.0	60.2	58.4	200.2
commercial exports	2.2	2.5	2.5	1.5	8.8	0.9	1.0	1.1	1.2	4.1
Ending commercial stocks	12.1	13.6	11.5	10.0	10.0	11.9	13.5	12.0	9.3	9.3
Net removals	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1
Commercial use	44.3	45.2	46.9	47.8	184.3	45.1	46.5	47.1	48.0	186.7
<b>Skim solids (bil. pounds milk equiv.)</b>										
Milk marketings	47.3	48.5	46.6	46.4	188.8	47.1	48.3	45.9	45.3	186.6
Beginning commercial stocks	9.9	10.2	10.8	10.4	9.9	11.0	11.1	11.9	11.3	11.0
Imports	1.0	0.8	0.8	1.2	3.8	0.9	0.8	0.8	1.1	3.5
Total supply	58.2	59.5	58.2	58.0	202.5	58.9	60.2	58.7	57.6	201.1
commercial exports	6.7	7.6	6.9	5.5	26.6	4.4	4.5	4.8	5.3	19.0
Ending commercial stocks	10.2	10.8	10.4	11.0	11.0	11.1	11.9	11.3	10.6	10.6
Net removals	0.0	0.0	0.0	1.3	1.3	1.1	0.9	0.3	0.0	2.3
Commercial use	41.4	41.1	40.8	40.3	163.6	42.3	42.9	42.3	41.7	169.2
<b>Milk prices (dol./cwt) 1/</b>										
All milk	19.23	18.57	18.67	16.80	18.32	12.13	11.25	11.25	12.65	11.85
							-11.65	-11.95	-13.65	-12.35
Class III	18.12	18.40	17.28	15.95	17.44	10.18	10.34	10.47	11.56	10.65
							-10.74	-11.17	-12.56	-11.15
Class IV	15.04	15.25	16.23	12.07	14.65	9.56	9.60	9.95	10.59	9.95
							-10.10	-10.75	-11.69	-10.55
<b>Product prices (dol./pound) 2/</b>										
Cheddar cheese	1.933	1.977	1.869	1.804	1.895	1.236	1.240	1.245	1.350	1.270
							-1.280	-1.315	-1.450	-1.320
Dry whey	0.305	0.267	0.243	0.186	0.250	0.164	0.173	0.178	0.185	0.170
							-0.193	-0.208	-0.215	-0.200
Butter	1.230	1.411	1.575	1.527	1.436	1.097	1.128	1.160	1.248	1.155
							-1.198	-1.260	-1.378	-1.235
Nonfat dry milk	1.364	1.300	1.334	0.904	1.226	0.823	0.805	0.830	0.865	0.830
							-0.845	-0.890	-0.935	-0.870

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

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

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

For further information, contact: Roger Hoskin 202 694 5148, [rhoskin@ers.usda.gov](mailto:rhoskin@ers.usda.gov)

Published in Livestock, Dairy, and Poultry Outlook, <http://www.ers.usda.gov/publications/ldp>