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# Livestock, Dairy, and Poultry Outlook

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## Cattle Inventories Continue To Decline

**NOTE:** Due to uncertainties as to the length of bans regarding the imports of ruminant products due to the discovery of BSE in Canada and the United States in 2003, forecasts for 2004 and 2005 assume a continuation of policies currently in place. Subsequent forecasts will reflect any announced changes.

The **Cattle** report indicated that inventories continued the decline that began in 1996. The number of beef heifers to be retained for addition to the breeding herd was up 4 percent from a year earlier. Most likely they will be retained from this year's calf crop. If so, they won't be bred until 2005, with the calves born in 2006, and begin to increase beef supplies until mid-2007. Although conditions are more favorable for expansion than at any time since 1998, major uncertainties and record feeder cattle prices (raising the opportunity of heifer retention) cloud the issue. International uncertainties exist on reopening the export market with Japan and prospects for a further opening of the market with Canada.

Third-quarter hog prices (51-52 percent lean, live equivalent) are expected to range between \$54 and \$56 per hundredweight (cwt), on continued strong consumer demand. In July, the Composite Wholesale Cutout was 25 percent higher than a year ago, and hog prices were up 29 percent. Strong U.S. pork exports are also contributing to higher hog prices, with January-June exports 26 percent higher than the same period last year. Strong demand for U.S. pork products in Japan (+6), Canada (+32), and Mexico (+76) are driven by recovering economies, the lower valued U.S. dollar, and animal disease issues on the beef and poultry sides of the international animal protein market.

Cheese and butter markets have undergone dramatic adjustments following their extreme April price peaks. Prices should be less volatile during the rest of the year if the adjustment process is as close to complete as it appears. However, prices are expected to slip slowly in the face of larger milk supplies.

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The next release is  
Aug. 24, 2004  
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Approved by the  
World Agricultural  
Outlook Board.

Broiler production during the first half of 2004 was 16.7 billion pounds, up 4.0 percent from the same period in 2003. Broiler meat production during the second half of 2003 is expected to be higher than during the same period in 2003, as broiler companies respond to the stronger prices seen over the first several months of 2004. While broiler prices have fallen in the most recent months, over the first half of 2004 they were considerably stronger than during the same period in 2003. Broiler prices in the second half of 2004 are expected to register double-digit increases over a year ago.

Wholesale table egg prices (NY grade A large) in the second quarter of 2004 averaged about 80 cents a dozen, 35 cents lower than the previous quarter, but 6 cents higher than last year. Prices reached a historical monthly average of 123 cents a dozen in March, but dropped rapidly to 74 cents a dozen in May. Table egg production in the second quarter of 2004 rose 2.9 percent over a year earlier. Wholesale prices for all of 2004 are expected to average 89-91 cents a dozen compared with 88 cents in 2003. In 2005, egg prices are expected to average 80-87 cents per dozen.

### *Cattle Herd Continues Decline, Herd Expansion Evasive*

The *Cattle* report indicated that inventories continued the decline that began in 1996. The liquidation phase of this cycle, now in the 8th year, could easily become one of the longest in history. The number of heifers reported to be retained for possible addition to the breeding herd was up 4 percent from a year earlier. These heifers most likely will be retained from this year's calf crop. If additional heifers are retained, they won't be bred until 2005, with the calves born in 2006, and beef supplies increasing in mid-2007. A record grain harvest is projected for this year and with it continued moderate cost of gain for the livestock sector. Grazing conditions are very favorable in the eastern two-thirds of the country, but much of the west remains dry. Although conditions are more favorable for expansion than at any time since 1998, major uncertainties and record feeder cattle prices cloud the issue. There is economic uncertainty amid record oil prices and international unrest. In addition, international uncertainties exist on reopening the export market with Japan and prospects for a further opening of the market with Canada. All raise issues on the beginning, much less the strength, of herd expansion during 2004 given the very high opportunity cost of female retention.

### *Record-Setting Crop/Forage Conditions*

The August crop report forecast record total feed grain production for 2004/05. Corn production is forecast at a record 10.923 million bushels, well above the previous record set last year at 10.114 million bushels. The projected farm price of corn was lowered 25 cents to \$2.05 to \$2.45 per bushel. This estimate is below the \$2.32 and \$2.40 averages of the past 2 years, respectively. Soybean meal prices are projected at \$180 to \$210 per short ton, down \$5 on both ends of the range and well below last year's \$260 a ton.

Forage conditions in the eastern two-thirds of the country are much improved from a year earlier. Much of the west remains dry, and forage supplies remain under pressure. This year's total hay and other hay crops are expected to be record large. Other hay production is expected to increase 5 percent from 2003, and yields, at 2.25 tons per acre, are expected to break last year's record of 2.03 tons per acre. Alfalfa hay production is expected to rise 1 percent, the largest production in 2002 or 2003, but well below the levels of 1998 through 2001. The quality of other hays may be an important issue this year as favorable moisture conditions also produced poor harvesting conditions.

The farm price of other hay in July averaged \$70.90 a ton, down from \$77.80 a year earlier. However, alfalfa hay prices averaged \$98.40 a ton in July, up from \$92.70 last year. Alfalfa hay production and yields were under downward pressure in much of the Rocky Mountain area due to extreme weather conditions: hot and dry in some areas and monsoonal rains in others.

### *Heifers Calving, Entering Herd, Down*

Although producers indicated intentions to retain 4 percent more heifers for possible herd expansion, the number of heifers calving and entering the herd in first-half 2004 were the lowest since 2000. Cow slaughter remains well below a

year earlier, the first stage of moving toward expansion, but heifer retention and likely breeding for calving in 2005 has not begun to be much of an influence on expansion. Larger numbers of heifers retained from this year's calf crop will be the next real opportunity to set the stage for expansion. Additional heifer retention will further tighten feeder cattle supplies and beef production in 2005.

### ***Feeder Cattle Supplies Decline***

Feeder cattle supplies outside feedlots on July 1 declined nearly 1 percent from a year earlier. This year's calf crop was estimated at 37.7 million head, down nearly 1 percent from last year and the smallest calf crop since 1951. Supplies will almost certainly decline again in 2005. The heifers retained over the next couple of years will tighten supplies even more. Calf slaughter has already declined to modern lows. Calf slaughter may tighten even more as stocker/feeder cattle prices rise, bidding veal calves into feedlots, but the largest declines have already occurred.

### ***On Feed Inventory Remains Large***

Cattle on feed on July 1 in feedlots with over 1,000 head of capacity were 2 percent above a year ago, but down 4 percent from 2002. Steer and heifer weights have risen more than seasonally since the lows were reached in early spring. Larger numbers on feed and heavier weights this summer are in sharp contrast to the light weights and very tight supplies in the second half of 2003, as the market adjusted to the ban on Canadian beef and cattle. Even as beef imports from cattle under 30 months of age were allowed in August, supplies remained tight as demand for meat protein pushed feeder cattle prices well above \$100 per cwt. Cattle on feed inventories are expected to decline from year-earlier levels this fall and for the next couple of years.

### ***Beef Supplies To Remain Tight***

Beef production remains very tight, with cow slaughter already down sharply and fed cattle being marketed at a slower pace given the strong demand and high price of feedlot replacement cattle. Production will be near the low levels of a year ago this fall. Production in 2005 will follow a similar pattern of low cow slaughter, and fed cattle inventories will remain very tight. Beef production is expected to decline 5 to 6 percent this year and near 2 percent in 2005. Stronger-than-expected heifer retention or poor feeding conditions could tighten supplies even more.

### ***Feeder Cattle Prices Continue Record Pace***

Although beef and fed cattle prices are well off the record pace of last fall, stocker/feeder cattle prices were again at record levels in early summer, reflecting the strong demand for a declining supply. Prices for yearling feeder cattle in July and August were ranging from \$115 to near \$120 per cwt, well above last fall's record \$103.51 per cwt. Breakeven prices, even given the favorable grain prices, are near \$90 per cwt. Prices for yearling feeder cattle are expected to decline modestly this fall as supplies increase seasonally, but are likely to remain in the low \$100s.

Although prices are likely to remain cyclically strong for the next couple of years, increased competition from larger pork and poultry supplies at relatively lower prices are expected to force feeder cattle prices to the mid to upper \$90s for much of 2005. Fed cattle have already been under pressure of increased competition, and although supplies of fed beef are reduced, they remain adequate for the lower forecast slaughter levels.

Fed cattle prices have declined from near \$90 per cwt this spring to the low \$80s in late July-early August. Prices are expected to rise to the upper \$80s this fall as supplies tighten seasonally, but likely will average in the mid-\$80s in 2005 as users adjust to the sharply higher prices over the past year.

Prices for Utility cows remain strong, reflecting sharply reduced slaughter levels and the resulting lower supplies of 90-percent lean trimmings. Heavier slaughter weights on fed cattle have increased supplies of 50-percent lean trimmings, increasing the demand for 90-percent lean trimmings for blending. Prices for 90-percent lean trimmings in July averaged sharply above a year earlier, while 50-percent trimmings dropped below a year ago. Supplies of 90-percent lean trimmings are going to remain very tight for the next couple of years until the cowherd begins to expand. Cow prices are likely to remain in the \$50s per cwt, plus or minus a couple of dollars seasonally, at least through next year. Prices averaged \$39.23 in 2002 and \$46.62 in 2003.

### ***Retail Prices Remain Strong***

Retail prices for Choice beef increased sharply in June, rising back toward the \$4.32 record of last November. Prices remained strong in July, averaging \$4.18 per pound, about unchanged from June. Prices this summer are likely to weaken modestly and average near the spring average of \$4.10 per pound as supplies of higher grading beef increases and demand softens seasonally. Prices are expected to rise modestly to \$4.10 to \$4.20 per pound this fall and in 2005. Supplies of beef, particularly higher grading beef, is expected to remain tight through much of the next couple of years, and competition for the reduced supply is expected to remain strong. Higher energy prices and a slowing economy would be more of a concern to demand if beef supplies were not so tight. Still, prices are likely to come under some pressure this summer.

### ***Third-Quarter Hog Prices Expected To Stay Strong***

Strong consumer demand for pork products continues to support higher hog prices. Prices for 51-52 percent lean hogs are expected to range between \$54 and \$56 per cwt in the third quarter of 2004. Packers appear to be willing to pay higher prices for hogs because consumers, both in the United States and abroad, are paying higher prices for greater quantities of U.S. pork products. Strong consumer demand is evidenced by the Composite Wholesale Cutout, which in July was more than 25 percent higher than the average July 2003 level. Hog prices in July were more than 29 percent higher than July 2003.

### ***Consumers Paying More for Pork at Retail***

U.S. consumers are paying higher prices at retail for pork products. Second-quarter retail pork prices were \$2.77 per pound, or almost 6 percent above the same period last year. For 2004, retail pork prices are expected to average in the upper \$2.70s per pound, or, 4-5 percent more than 2003.

### ***Strong Demand Likely To Continue on the Export Side***

Foreign demand for U.S. pork products is also contributing to the strength in domestic hog prices. In the first 6 months of 2004, U.S. pork exports were 26 percent higher than the same period last year. Japan, Canada, and Mexico continue to account for more than 78 percent of U.S. exports so far this year. On a year-over-year basis, Japan imported 6 percent more U.S. pork this year, compared with the first 6 months of last year. Canada's imports of U.S. pork increased 32 percent over last year, and Mexico's imports this year have increased 76 percent over the same 6 month period of 2003.

Japan's import demand appears to be driven by a recovering economy, and lower beef and poultry imports, due to disease issues. Canada is importing more U.S. pork products, despite higher exchange rates, likely due to strong demand for particular cuts that exceed domestic production capabilities. Mexico's demand for U.S. pork products is likely driven by economic recovery, and competitively priced pork cuts, compared with other animal proteins.

Japanese demand for imported pork products will likely decline somewhat after the August 1 imposition of the Safeguard mechanism. The Safeguard is a WTO-sanctioned means of protecting Japanese pork producers from adverse price effects of surges of imported pork products. The Safeguard effectively raises the minimum price at which pork can be imported into Japan by almost 25 percent. In the past, the mere threat of a Safeguard has driven imports from the start of the Japanese fiscal year-- April 1st. This year, the "trigger" level of imports was about 257,000 metric tons (product-weight equivalent). Japanese Government statistics show April-June imports at almost 317,000 metric tons, or, almost 60,000 tons above the trigger level. The Safeguard raises the minimum price of imported pork products from about \$1.04 per pound to about \$2.68 per pound, and will remain in place until March 31, 2004.

While the higher import price points to lower imports of frozen pork products, in the past, Japanese imports of fresh products have been relatively less affected by

the Safeguard. Since fresh pork products typically comprise about half of U.S. exports to Japan, U.S. export flows are typically less affected by the Safeguard, than such countries as Denmark, which exports exclusively frozen products to Japan.

Despite the Safeguard imposition, Japanese demand for pork product could remain stronger than in previous periods. With Japanese imports of Asian poultry and North American beef restricted by animal disease issues, pork provides one of the few remaining animal protein alternatives-- in addition to seafood, and domestically produced animal product-- to Japanese consumers.

### *Are Price Collapse Adjustments About Over?*

Cheese and butter markets have undergone dramatic adjustments following their extreme April price peaks. Prices should be less volatile during the rest of the year if the adjustment process is as close to complete as it appears. However, prices are expected to slip slowly as market fundamentals ease.

Wholesale movement of cheese jumped during February-April as cheese buyers scrambled to lay in stocks to protect themselves against the possibility of shortages. Once the price bubble burst, users cut purchases and began to bring down their pipeline holdings. Cheese disappearance was weak during May-June as movement of American cheese was almost 2 percent below a year earlier, and sales of other varieties were only barely larger. Although cheesemakers slowed production expansion dramatically from the large rises of February-April, reductions in output could not keep pace with the weakening in movement, and warehouse stocks of American cheese built. At midyear, commercial stocks of American cheese were about 35 million pounds larger than either of the 2 preceding years.

Patterns in the butter market were almost the reverse of the cheese patterns. During February-April, butter output fell sharply as milk was diverted into cheese, cream and nonfat dry milk were used to boost cheese output, and milkfat users built pipelines for later use. Commercial disappearance of butter was down considerably from a year earlier even though final sales reportedly were fairly brisk. The May corrections in cheese output quickly made more fat available for butter. June butter production was up sharply from a year earlier, probably partially due to reductions in excess pipeline holdings of milkfat for use in ice cream and other products. The extra butter was welcomed by butter users, and May-June movement jumped by about 15 percent. Unlike cheese stocks, warehouse stocks of butter continued to run about 100 million pounds below those of 2003 and about 50 million pounds below 2 years ago.

The additional warehouse holding of cheese and the expected modest recovery in milk production probably will place some downward pressure of cheese prices during the rest of the year—even if pipeline stocks of cheese have been fairly well trimmed. However, demand is projected to stay fairly good, and these bearish supply factors likely will be modest. As yearend approaches, prices are projected to erode slowly rather than collapse.

Prospects for butter prices are more unsettled. Late summer drawdown of pipeline holdings of milkfat ingredients undoubtedly contributed to the recent butter price weakness, as did possibly excessive pipeline butter stocks. However, the overall butter fundamentals seem fairly balanced, leading to the most recent partial recovery. However, weakness in cheese prices probably will add softness to butter prices as butter markets seem unlikely to be able to withstand any significant diversion of milk from cheese.

### *Dairy Replacement Prices Jump*

Prices of dairy cow replacements hit a record \$1,720 per head in July, up more than \$400 from a year earlier. Replacement prices jumped since early 2004 mostly

because record milk prices boosted demand for dairy heifers. However, the difference between the average replacement price during April-June and the slaughter value for dairy cows was considerably less than it had been during late 2001 and most of 2002 because of higher cull cow prices.

The inventory of dairy replacement heifers (500 pounds and more) stood at 3.6 million on July 1, unchanged from a year earlier but down slightly from 2 years earlier. Total supplies of heifers were down slightly at midyear because Canadian imports were not available. Typically, annual imports of replacements from Canada have been equivalent to 1 or 2 percent of the replacement herd.

Increased demand for replacements has had the greatest impact on prices. Very high milk prices made farmers anxious to keep their facilities completely full and even to stretch capacity if possible. However, the relatively few farm expansions currently underway kept replacement prices from shooting much higher. The second quarter difference between a cow's purchase price and salvage value was just over \$900, \$200 less than during the strong expansion period in 2002. Farmers probably saw the recent high milk prices as temporary in nature and largely irrelevant to investment decisions.

### ***Broiler Production Increases by 4 Percent***

Broiler production during the first half of 2004 was 16.7 billion pounds, up 4.0 percent from the same period in 2003. Production during the second quarter of 2004 was 2.6 percent higher than the previous year. The increase in broiler meat production was a combination of more birds going to slaughter and a small increase in the average liveweight. Over the first half of 2004, the number of broilers slaughtered was 4.3 billion, up 3.3 percent from the same period in 2003. Average broiler weight at slaughter in the first half of 2004 was 5.22 pounds, up less than 1 percent from the previous year. Broiler meat production during the second half of 2004 is expected to be higher than during the same period in 2003, as broiler companies respond to the stronger prices seen over the first several months of 2004. While broiler prices have fallen in the most recent months, over the first half of 2004 they were considerably stronger than during the same period in 2003. The number of chicks being placed weekly for growout has averaged 173.9 million over the last 5 weeks (July 10 to August 7). This is a 3.4-percent increase over the same period in 2003. The broiler meat production estimates for the third and fourth quarters are 8.8 and 8.6 billion pounds, respectively. These production levels are 3.9 and 3.8 percent higher than the previous year.

### ***Broiler Exports Down, Forecast is for Gradual Strengthening***

Over the first 6 months of 2004, broiler exports have been 2.03 billion pounds, down nearly 14 percent from the same period in 2003. The chief reasons for the lower shipments were lower exports to Asian markets (Hong Kong/China, Korea, and Japan) and to a lesser extent Russia. The decline in exports to these markets was partially offset by strong growth in shipments to Canada and Mexico, both of which increased significantly.

Exports to Russia were 618 million pounds in the first half of 2004, 8 percent lower than the previous year. The decline has come from the impact of restrictions on broiler products from a number of States where there were Avian Influenza outbreaks. Another factor was strong prices for leg quarters, especially during the first quarter of the year. Lower exports to Asian countries (specifically Hong Kong/China, Korea, and Japan) have resulted from more comprehensive restrictions on broiler imports. Poultry shipments to Mexico have increased by almost 21 percent over the first half of 2004. With this increase and the strong decreases in shipments to the Hong Kong/China market, Mexico is likely to be the second largest market (after Russia) for broiler products in 2004.

The forecast for U.S. broiler exports over the second half of 2003 is for shipments of 2.3 billion pounds, a decline of 12 percent from the previous year. The two major factors influencing exports in the second half of 2004 will be if China reduces its restrictions on U.S. products and the impact of lower prices for such export-oriented products as leg quarters. With lower prices than in the first half of 2004, the quantity of product shipped is expected to gradually increase. However, even though the quantity of product shipped over the first half of 2004 was down, the total value of those products was up 19 percent from the previous year.

### ***Turkey Production Falls in First-Half 2004***

Turkey production over the first 6 months of 2004 was 2.7 billion pounds, down 5.3 percent compared with the first half of 2003. The decrease in turkey meat production is due to both a decline in the number of birds slaughtered and liveweights. The total number of turkeys going to slaughter in the first half of 2004 was down 5.3 percent to 123.6 million. Average liveweight at slaughter was 27.34 pounds, a decrease of less than 1 percent from the previous year. The forecast for the second half of 2004 is for a continued decline in production compared with the previous year. The number of pullets placed for growout during the first 6 months of 2004 totaled 142 million, down 4.9 percent from the same period in 2003. One bright spot is that the lower production has resulted in higher prices, especially for whole birds. In July, the price of 8-16 pound hens in the Eastern market was 71 cents a pound, up 22 percent from a year earlier. With lower production forecast for the remainder of 2004 and with lower stocks as of the end of June, wholesale prices for whole birds are expected to remain above their year-earlier levels through the end of 2004.

### ***Turkey Exports Fall by 19 Percent***

Over the first 6 months of 2004, U.S. turkey exports totaled almost 176 million pounds, down 19 percent compared with the previous year. As with broiler exports, most of the decline came from lower shipments to Asian countries. The decline in Asian shipments was partially offset by higher exports to Russia and a small gain in shipments to Mexico, the largest market. Shipments to Mexico are expected to gradually strengthen over the second half of 2004 with the lifting of restrictions on exports from specific areas in the United States. As with broiler exports, even though turkey shipments over the first half of 2004 were down, the total value of these exports rose strongly to \$123 million, an increase of 17 percent from a year earlier.

## *Egg Prices Moderate*

Wholesale table egg prices (NY grade A large) in the second quarter of 2004 averaged nearly 80 cents a dozen, 35 cents lower than the previous quarter, but 6 cents higher than last year. Prices reached a historical monthly average of 123 cents a dozen in March, but dropped rapidly to 74 cents a dozen in May. Table egg production in the second quarter of 2004 rose 2.9 percent over a year earlier and prices declined seasonally after Easter. The sharp price decline combined with rising feed costs (corn and soybean meal prices) have substantially squeezed producer's returns. However, corn and soybean meal prices have moderated in the third quarter. Wholesale prices for all of 2004 are expected to average 89-91 cents a dozen compared with 88 cents in 2003. In 2005, egg prices are expected to average 80-87 cents per dozen.

Likewise, retail egg prices dropped to \$1.42 per dozen in the second-quarter of 2004 from \$1.59 per dozen in the previous quarter. For all of 2004, retail egg prices are expected to average in the mid \$1.40s per dozen, which would be a record annual high. Retail egg prices may decline slightly in 2005.

In 2004, table egg production is expected to increase nearly 2 percent over last year, due to the buildup of the laying flocks. The number of egg-type layers increased by more than 2 million layers over the previous quarter. During June 2004, egg-type layers were 282.7 million, about 7.6 million more than a year ago and the largest inventory of egg-type layers since December 2002.

Total U.S. egg production in 2004, table and hatching, is expected to rise to nearly 7.4 billion dozen, or 1.8 percent over 2003. Table eggs are expected to account for about 85 percent of total production in 2004. Hatching egg production in 2004 is expected to rise by 1 percent, reflecting higher broiler production. In 2005, total egg production is expected to rise slightly over 1 percent.

During the second-quarter of 2004, the quantity of eggs going to the breaking market rose 9.7 percent compared with the first-quarter, due mainly to declining shell-egg prices. This trend will most likely continue, resulting in an increase of about 5 percent in eggs broken this year.

In the second-quarter of 2004, U.S. egg exports were 38.1 million dozen, up substantially from only 23.2 during the first quarter. The increase is mainly due to recovery of most U.S. flocks from outbreaks of Avian Influenza in early 2004 and restrictions imposed by many countries on U.S. eggs and egg products. With bans lifted, egg exports are expected to resume their normal stage.

## Contacts and Links

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### Data

An ERS database available at <http://www.ers.usda.gov/Data/Meatscanner/> contains monthly average retail prices for selected cuts of red meat and poultry. The raw data underlying the database are from supermarkets across the United States that account for approximately 20 percent of U.S. supermarket sales. Leland Southard, (202) 694-5187.

### Recent Report

“U.S. 2003 and 2004 Livestock and Poultry Trade Influenced by Animal Disease and Trade Restrictions” discusses how animal diseases have influenced trade in animal products in the past few years, and is available at <http://www.ers.usda.gov/publications/LDP/JUL04/LDPM12001/>

### Related Websites

Animal Production and Marketing Issues, <http://www.ers.usda.gov/briefing/AnimalProducts/>  
Cattle, <http://www.ers.usda.gov/briefing/cattle/>  
Hogs, <http://www.ers.usda.gov/briefing/hogs/>  
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**Red meat and poultry forecasts**

	2001	2002	2003				2004					2005			
	Annual	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
<b>Production, million lb</b>															
Beef	26,107	27,090	6,282	6,902	7,081	5,973	26,238	5,834	6,254	6,675	6,000	24,763	5,725	6,275	24,350
Pork	19,138	19,664	4,898	4,741	4,807	5,499	19,945	5,130	4,897	4,965	5,475	20,467	5,085	4,925	20,485
Lamb and mutton	223	219	49	50	48	52	199	52	46	46	50	194	51	49	197
Broilers	31,266	32,240	7,786	8,275	8,448	8,240	32,749	8,208	8,490	8,775	8,550	34,023	8,400	8,825	35,125
Turkeys	5,562	5,713	1,380	1,439	1,409	1,423	5,650	1,302	1,365	1,350	1,375	5,392	1,315	1,410	5,575
Total red meat & poultry	83,006	85,669	20,570	21,586	21,965	21,355	85,476	20,687	21,219	21,976	21,611	85,493	20,734	21,653	86,396
Table eggs, mil. doz.	6,078	6,190	1,524	1,528	1,559	1,596	6,207	1,554	1,572	1,590	1,610	6,326	1,580	1,590	6,400
<b>Per capita consumption, retail lb 1/</b>															
Beef	66.2	67.6	16.2	16.9	16.9	15.0	64.9	15.9	16.8	17.8	15.7	66.3	15.2	16.6	64.2
Pork	50.2	51.5	12.6	12.5	12.6	14.1	51.8	13.0	12.5	12.7	13.8	52.0	12.5	12.3	50.9
Lamb and mutton	1.1	1.2	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	1.2
Broilers	76.6	80.5	19.6	20.7	21.3	19.9	81.5	20.8	21.2	22.3	21.4	85.6	21.1	21.8	86.8
Turkeys	17.5	17.7	3.6	3.9	4.6	5.3	17.4	3.6	4.0	4.1	5.3	17.0	3.4	3.9	17.0
Total red meat & poultry	213.6	220.5	52.8	54.9	56.1	55.0	218.8	54.1	55.0	57.6	56.9	223.6	52.9	55.4	222.0
Eggs, number	252.7	255.5	62.6	63.0	63.8	65.3	254.7	63.5	63.9	64.7	65.4	257.5	63.4	63.7	256.2
<b>Market prices</b>															
Choice steers, Neb., \$/cwt	72.71	67.04	77.82	78.49	83.07	99.38	84.69	82.16	88.15	83-87	86-92	85-87	82-88	84-90	83-89
Feeder steers, Ok City, \$/cwt	88.20	80.04	78.48	82.49	94.90	103.51	89.85	87.98	104.58	109-111	102-108	101-103	90-96	93-99	93-99
Boning utility cows, S. Falls, \$/cwt	44.39	39.23	40.53	46.52	49.84	49.60	46.62	47.50	54.86	52-54	52-54	52-53	48-52	50-54	48-52
Choice slaughter lambs, San Angelo, \$/cwt	72.04	72.31	91.92	93.71	89.48	92.82	91.98	100.62	97.06	95-97	93-99	96-98	95-101	93-99	93-99
Barrows & gilts, N. base, i.e. \$/cwt	45.81	34.92	35.38	42.64	42.90	36.89	39.45	44.18	54.91	54-56	44-46	49-50	47-51	48-52	45-49
Broilers, 12 City, cents/lb	59.10	55.60	60.30	59.60	63.40	64.60	62.00	73.20	79.30	77-79	73-77	76-77	70-76	71-77	71-77
Turkeys, Eastern, cents/lb	66.30	64.50	61.10	60.60	59.10	67.40	62.10	62.10	66.60	68-70	70-74	67-68	59-63	61-67	64-69
Eggs, New York, cents/doz.	67.20	67.10	77.20	73.90	89.90	110.70	87.90	114.90	79.70	79-81	82-88	89-91	82-88	77-83	80-87
<b>U.S. trade, million lb</b>															
Beef & veal exports	2,269	2,447	582	678	680	578	2,518	36	120	140	150	446	135	165	600
Beef & veal imports	3,164	3,218	810	741	619	836	3,006	873	929	890	770	3,462	830	880	3,420
Lamb and mutton imports	146	162	40	44	35	48	168	62	47	39	42	190	55	48	191
Pork exports	1,560	1,611	412	440	404	461	1,717	523	546	475	525	2,069	525	535	2,085
Pork imports	951	1,070	289	301	298	297	1,185	275	264	285	290	1,114	270	275	1,090
Broiler exports	5,555	4,807	1,191	1,166	1,181	1,382	4,920	1,024	1,007	1,100	1,150	4,281	1,100	1,200	4,800
Turkey exports	487	439	103	114	129	137	484	83	93	90	115	381	105	105	455

1/ Per capita meat and egg consumption data are revised, incorporating a new population series from the Commerce Department's Bureau of Economic Analysis based on the 2000 Census.

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

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## Economic Indicator Forecasts

	2003				2004					2005		
	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
<b>GDP, chain wtd (bil. 2000 dol.)</b>	10,288	10,493	10,599	10,398	10,709	10,827	10,937	11,045	10,880	11,149	11,257	11,301
<b>CPI-U, annual rate (pct.)</b>	0.6	2.3	0.9	1.9	3.6	2.9	2.2	2.0	2.7	2.1	2.2	2.2
<b>Unemployment (pct.)</b>	6.2	6.1	5.9	6.0	5.6	5.6	5.5	5.4	5.5	5.4	5.3	5.3
<b>Interest (pct.)</b>												
3-month Treasury bill	1.0	1.0	0.9	1.0	0.9	1.0	1.3	1.6	1.2	2.0	2.4	2.5
10-year Treasury bond yield	3.6	4.2	4.3	4.0	4.0	4.6	4.8	5.0	4.6	5.2	5.3	5.2

Source: Survey of Professional Forecasters, Philadelphia Federal Reserve Bank, May 2004.

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## Dairy Forecasts

	2003				2004					2005		
	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Milk cows (thous.)	9,109	9,073	9,011	9,084	8,990	8,997	8,995	8,965	8,985	8,925	8,880	8,870
Milk per cow (pounds)	4,827	4,601	4,609	18,748	4,750	4,857	4,640	4,680	18,925	4,855	5,020	19,460
<b>Milk production (bil. pounds)</b>	44.0	41.7	41.5	170.3	42.7	43.7	41.7	42.0	170.1	43.3	44.6	172.6
<b>Commercial use (bil. pounds)</b>												
milkfat basis	43.0	44.9	45.3	174.6	42.1	43.7	45.4	45.6	176.7	42.5	44.1	176.8
skim solids basis	41.5	42.4	41.9	166.0	42.6	43.1	43.2	42.6	171.5	43.0	43.4	173.0
<b>Net removals (bil. pounds)</b>												
milkfat basis	0.6	0.2	0.0	1.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
skim solids basis	3.1	1.4	0.9	8.3	0.6	0.3	1.0	0.9	2.8	0.7	1.0	3.9
<b>Prices (dol./cwt)</b>												
All milk 1/	11.00	13.30	14.40	12.52	14.07	18.60	15.35	14.60	15.65	12.90	11.95	12.90
							-15.65	-15.20	-15.85	-13.80	-12.95	-13.90
Class III	9.62	13.29	13.24	11.42	12.66	19.31	14.35	12.90	14.80	11.05	10.95	11.60
							-14.65	-13.50	-15.00	-12.05	-11.95	-12.60
Class IV	9.74	10.05	10.33	10.00	12.43	14.26	12.20	11.45	12.55	10.75	10.75	11.05
							-12.60	-12.15	-12.85	-11.75	-11.85	-12.15

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

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

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