



Livestock, Dairy, and Poultry Outlook

Leland Southard (Coordinator)

Hog Prices High, Despite Increased Production

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

Hog prices this year have been driven largely by demand factors: very strong domestic demand for animal proteins, relatively high domestic beef prices, and strong export demand, particularly from Mexico and Taiwan. The same set of demand factors, in varying degrees, is expected to support hog prices in the \$47 to \$51 per hundredweight (cwt) range in 2005, although larger pork supplies are expected. Pork production in 2005 will come close to 21 billion pounds, driven by higher market hog inventories, increased farrowing intentions, and a larger breeding herd--all as reported in the September 1 *Quarterly Hogs and Pigs* report. Larger hog numbers plus lower feed costs resulting from large U.S. corn and soybean crops will encourage pork production next year.

Fourth-quarter prices of 51-52 percent hogs (live equivalent) are expected to range between \$49 and \$51 per cwt, almost 36 percent higher than the same period last year. Fourth-quarter production will approach 5.5 billion pounds--about the same as fourth-quarter 2003--implying weekly slaughters of about 2.1 million head until the end of the year.

Beef production in 2005 is expected to be about 24.5 billion pounds, marginally above 2004. Favorable forage conditions, especially winter small grains, are expected to result in more cattle placed on winter pasture and then moved to feedlots after the grazing season ends. A slower marketing pace and expectations of heavier slaughter weights are a factor in the larger production. Record-high feeder cattle prices are expected to pull more heifers into the feedlots rather than being retained for the breeding herd.

Contents

- Crop and Forage Conditions
- Hogs/Pork
- Cattle/Beef
- Beef Trade
- Dairy
- Sheep
- Poultry
- Contacts and Links

Tables at a Glance

- Red Meat and Poultry
- Economic Indicators
- Dairy

Web Sites

- Animal Production and Marketing Issues
- Cattle
- Dairy
- Hogs
- Poultry and Eggs
- WASDE

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Broiler production forecasts for 2004 and 2005 are higher than earlier expected, as eggs in incubators and chicks placed are running above last year. With larger production, broiler prices have been declining. However, exports have increased as the declining prices have boosted sales in markets which had curtailed purchases when prices rose sharply earlier this year.

With production below a year earlier and higher exports expected, stocks of turkey products are likely to tighten, increasing prices. Wholesale prices for whole hen turkeys in the Eastern market averaged 73.1 cents per pound in the third quarter, 14 cents per pound higher than a year earlier. Wholesale prices for the fourth quarter are forecast at 75 to 79 cents per pound, compared with 67 cents a year ago. Whether much of the increase in wholesale prices translates into higher retail prices will depend on individual retailer pricing decisions.

The mid-year *Sheep* report indicated that sheep and lamb inventories continued their long-term decline. On July 1, 2004, the U.S. sheep and lamb inventory totaled 7.65 million head, 2 percent below a year earlier. Drought conditions in the Western United States has resulted in greater-than-normal culling of breeding ewes. However, the replacement ewe lamb inventory increased 3 percent for 2004, the first increase in more than 5 years. Lamb and mutton production is forecast to decline to 194 million pounds in 2004. However, production in 2005 may increase slightly due to the increased retention of ewe lambs. In 2004, imports are expected to slightly exceed commercial production for the first time ever. Lamb prices in 2004 are expected to average about \$4 per cwt higher than in 2003.

Economic Effects of U.S. Dairy Policy and Alternative Approaches to Milk Pricing <http://www.usda.gov/documents/NewsReleases/dairyreport1.pdf> focuses on the effects of dairy programs on economic variables--price level and volatility, milk production, and producer revenues. Using standard tools of economic analysis, it examines how market impacts in turn affected farms, rural economies, and nutrition programs. Changes in the dairy sector are considered in a broad context with a long-run perspective. The analysis shows that effects of dairy programs on markets are modest and current dairy programs are limited in their ability to change the long term economic viability of dairy farms. Other forces--technology, changing consumer demand, and changes in the marketing and processing sectors--while difficult to measure, are likely more important to the future of the dairy industry.

Crop and Forage Conditions

Corn and Soybean Crops Forecast Record Large

Livestock producers can expect lower feed costs in the coming year due to record crops of corn and soybeans. According to the October *World Agricultural Supply and Demand Estimates*, the 2004 corn crop is forecast at 11.613 billion bushels and the soybean crop at 3.107 billion bushels. Based on these estimates, the projected corn price range in 2004/05 is \$1.75 to \$2.15 per bushel, compared with \$2.42 in 2003/04 and \$2.32 in 2002/03. The 2004/05 season average soybean meal price is projected at \$150 to \$180 per ton, down sharply from \$256 in 2003/04. In 2002/03, the season average soybean meal price was about \$182 per ton.

Wheat Grazing Prospects Have Good Potential

Wheat grazing prospects, while still materializing, have the potential for the best grazing in some time. Recent rains will help get the crop established in the High Plains wheat-grazing areas of Kansas, Oklahoma, and Texas. The proportion of the winter wheat crop that emerged in mid-October was well ahead of normal in Oklahoma and Texas, and near to slightly below normal in Kansas. Other than conditions reported in the *Weekly Weather and Crop Bulletin*, the next significant view on small grain pasture grazing will be the January 2005 *Cattle* report. Beginning in 2001, the *Cattle* report included the number of animals grazing in these primary States. The largest number reported grazing small grain pastures in Kansas, Oklahoma, and Texas was 3.7 million head in 2003, followed by 2.9 million head in 2004, 2.8 million in 2002, and a low of 1.78 million head in 2001. Even with a record coarse grain crop, low prices for grain, and record stocker/feeder cattle prices, near-record numbers of stocker calves are likely to be on small grain pastures on January 1, 2005. This will slow the rate of feedlot placements this fall, resulting in deferred placements in mid-winter through spring depending on weather/wheat growing conditions and possible wheat grazeout options. Typically, gains on small grain pastures are very favorable, but fall growth and winter conditions are the key factors determining how well the cattle will perform and when they will be shipped to feedlots.

Fall pasture and range grazing conditions are probably the best in several years, particularly given the reduced cattle inventory. Parts of the West and Northern Plains remain dry, but conditions in most of the rest of the country are very favorable and should provide good accumulated pasture to carry into this winter. In addition, the latest estimates on this year's hay crop are the largest in recent history. The estimate for total hay production is 166 million tons, up from 157 million last year. Alfalfa production is up 1 percent from 2003 and about unchanged from the August estimate. However, production of other hays is up 5 percent from August and up 10 percent from a year earlier. This increase reflects the much improved forage/grazing conditions the industry is facing going into the winter of 2004/05.

Higher Production, Strong Hog Prices Expected in 2005

Several key supply and demand variables are signaling 2005 pork production of almost 21 billion pounds, with 51-52 percent live equivalent hog prices between \$47 and \$51 per cwt. Supply variables pointing to higher production include increased inventories of market hogs and breeding animals, as well as higher farrowing intentions reported in the September *Quarterly Hogs and Pigs* report, and lower feed costs from large U.S. corn and soybean crops. Continued strong demand for pork products by domestic and foreign consumers next year, combined with relatively high domestic beef prices are expected to support hog prices, despite higher supplies.

Quarterly Hogs and Pigs Report Shows Larger Inventories, Farrowing Intentions

The September 1 *Hogs and Pigs* report indicates larger inventories of marketing hogs and breeding animals, as well as increased farrowing intentions for the September-November, and the December-February quarters. Market hog inventories showed a year-over-year increase of 1 percent. A portion of this larger marketing hog inventory will be slaughtered in 2005. The report also indicated that producers intend to farrow more sows in September-November (+1 percent, year-over-year) and in the December-February quarter (+1 percent, year-over-year). The resulting larger pig crops would increase slaughter and production in April-June and July-September 2005.

The herd of breeding animals also showed a year-over-year increase of 1 percent, suggesting that a modest expansion of breeding capability could be underway. But due to the high costs associated with obtaining environmental permits for construction of new farrowing facilities, most expansion activity will likely be limited to more intensive use of existing facilities. Production increases now and in the future will likely result from improvements in technical efficiencies (pigs-per-litter, pigs-per-sow-per-year, feed conversion, etc.), rather than construction of new production facilities to house additions to the U.S. breeding herd.

Large Corn, Soybean Crops Mean Lower Feed Costs

Current USDA forecasts call for record-large corn and soybean crops, with correspondingly lower prices. Since feed constitutes at least half of the cost of producing a market-ready slaughter hog, lower feed prices provide a strong incentive to increase hog production, holding all other variables constant.

Department of Commerce Assesses Dumping Penalties on Canadian Hogs

On October 15 the Department of Commerce (DOC) found that imported Canadian hogs were sold at below fair value in the United States in 2003. This determination follows a preliminary determination by the U.S. International Trade Commission (USITC) on May 3, 2004, finding that U.S. pork producers were injured by imported live hogs from Canada. Following publication of DOC's notice in the *Federal Register*, U.S. Bureau of Customs will require a cash deposit or the posting of a bond equal to the following weighted-average dumping margins on hogs and pigs—

with the exception of breeding animals—imported into the United States from Canada.

Exporter/Manufacturer	Weighted Average Margin Percentage
Ontario Pork Producers' Marketing Board	13.25
Hytek, Inc.	.38 (de minimis)
Premium Pork Canada, Inc.	15.01
All Others	14.06

Final rulings are expected by both DOC and USITC in the first half of 2005.

Strong Demand Likely To Persist Into 2005

The same set of demand factors that drove hog prices this year will likely again support prices in 2005: strong consumer demand for animal proteins, relatively high domestic beef prices, and strong exports. Strong demand by U.S. consumers for animal proteins appears likely to persist into next year, with obvious corresponding benefits for pork products. Continued high domestic beef prices will continue to enhance pork's relative attractiveness at retail while expected lower poultry prices are likely to provide more competition.

Cumulative total U.S exports through the end of August are running about 23 percent ahead of the same period last year. Exports in August were 153 million pounds, 18 percent greater than August 2003. The two strongest export markets continue to be Mexico and Taiwan. On a cumulative basis through August, Mexican demand for U.S. pork products is 67 percent greater than the same period last year. Mexico's share of U.S. exports, through August, is 24 percent, versus 18 percent for the same period last year. Mexican consumers may be substituting U.S. pork products in place of relatively high-priced U.S. beef, but more importantly, the Mexican economy is also growing at an annual rate of almost 4 percent this year, and about the same is forecast for 2005. Higher incomes in Mexico tend to increase demand for animal proteins.

Taiwan's cumulative exports through August are 72 million pounds, 92 percent higher than last year. So far this year Taiwan accounts for about 5 percent of U.S. exports, versus 3 percent for the first 8 months of 2003. Disease problems in the Taiwanese swine herd--Porcine Circovirus (PCV)--largely explain strong demand for U.S. pork products this year. For more information, see Foreign Agricultural Service/USDA GAIN Report No. TW4034, titled Taiwan Livestock and Products Annual 2004 (<http://www.fas.usda.gov/gainfiles/200408/146107209.pdf>)

2004 Likely To Finish on a High Note

Fourth-quarter pork production is expected to approach 5.5 billion pounds--about equal with fourth-quarter 2003. Fourth-quarter prices of 51-52 percent lean hogs (live equivalent) are expected to range between \$49 and \$51 per cwt, almost 36 percent higher than a year ago. The set of demand factors discussed above, in evidence for most of 2004, continue to support hog prices this quarter.

U.S. consumers are paying more for pork products at the retail level, however. Retail prices in the fourth quarter are expected to average in the mid-\$2.80s per

pound, or 5 percent above the same period last year. While retailers are paying higher prices to source pork products this year, they appear to be passing along at least a portion of higher wholesale costs to consumers. Thus the 2004 wholesale-retail spread is expected to be wider than in 2003. In 2005 retail prices are expected to average also in the mid-\$2.80s per pound, about 2 percent higher than the average for this year.

Cattle Inventory Expansion Doubtful in 2004

A number of factors have come together over the past year to increase the uncertainty of herd expansion. Without question the industry has sharply reduced cow slaughter in both the beef and dairy sectors due to strong feeder calf and milk prices, respectively. In addition, a record corn crop is about to be harvested while forage conditions have improved in most areas and hay production is near-record large. At the same time, with record feeder cattle prices, the opportunity cost of retaining a heifer from this year's calf crop is extremely high. A heifer retained from this year's calf crop would not be bred until 2005, calve in 2006, and that calf not sold until the fall of 2006. Recent drought and poor grazing conditions are fresh in most producers' minds and the potential opening of the border to Canadian cattle, as well as additional beef, increases price uncertainty. Further caution is coming from concerns about consumer spending uncertainties and as discretionary income is reduced by higher energy costs.

Beef Production Decline Offsets Loss of Exports

Through the first three-quarters of this year per capita beef consumption is down fractionally from a year ago, with the modest reduction due to first-quarter production declines because of poor feeding conditions. However, for the first three quarters, beef production was down about 1.8 billion pounds from a year earlier, while beef exports were down about 1.6 billion pounds. In both instances, declines were driven by changes in fed beef, although the largest year-to-year declines in domestic beef production were in cow beef. Cow beef only comprises about 15 to 20 percent of domestic beef production. To maintain per capita beef consumption near year-earlier levels, production must increase about 1 percent to offset population increases. This year the consumption offset is being made up by a 600-million-pound increase in beef imports. While some of this increase is fed beef from Canada, which was banned from the U.S. market in late May through mid-August 2003 due to the BSE, most of the increase is lean processing beef to make up for the sharp reduction in cow beef production. Consequently, per capita beef consumption is down only fractionally even as beef production through September was down about 9 percent. Beef demand remains strong with Choice retail prices through the third quarter, up about 13 percent.

Record Prices/Uncertainties Likely Offsetting Herd Expansion

The scenario of tight fed beef supplies and reduced domestic cow beef production will continue until the cattle cycle turns and beef production begins to increase. This event is not likely to occur until at least 2007 and even then only if large numbers of heifers are retained from this year's calf crop for breeding in 2005. Beef production, in the short run, is limited by the biology of cattle. However, many other uncertainties are also in producers' decision framework, including potential changes resulting in the eventual opening up of the beef export market (particularly to Japan and South Korea) but also possibly increased imports of both beef and cattle. Concerns about larger imports pertain to further opening of the Canadian market to beef from cattle over 30 months of age and live animals. Both situations are being discussed as to handling of beef and cattle in the international market

from countries such as the United States and Canada with only minimal outbreaks of BSE.

Record stocker/feeder cattle prices, low grain prices, and very favorable forage conditions provide a solid positive base for cow/calf producers to begin herd expansion. However, most producers remember all too well the poor forage conditions that prevailed in many areas from 1998 through 2003 and the uncertainties in the international market. At this time, cow slaughter remains down sharply, but until large numbers of heifers are retained, the cow herd will continue to decline, if only modestly. Returns to cow/calf producers are at near-record levels, but producers are all too well aware of the opportunity cost of not selling a heifer at today's record price. Drought, impacting either grain prices or herd stocking levels, could easily become an issue again; forcing large numbers of cattle on the market at lower prices before additional calves can be marketed in late 2006. BSE and international market uncertainties further cloud the herd expansion planning.

The next indicator of possible herd expansion will be the number of heifers on feed reported quarterly in the *Cattle on Feed* report to be released October 22. Through September, beef and dairy cow slaughter were down nearly 15 and 17 percent, respectively from a year earlier. Steer slaughter was down nearly 8 percent and heifer slaughter was down over 9 percent. Both reductions are largely a function of a cattle inventory that has declined from 103.5 million head in 1996 to 94.9 million at the beginning of this year. More heifers may have likely been bred in 2004 and will calve for the first time in 2005. However, the number of heifers calving and entering the herd in the first half of 2004 and the mid-year *Cattle* report do not suggest enough heifers will calve in 2005 to offset the number of cows slaughtered in 2004, much less begin to turn the cattle cycle.

Beef and Cattle Imports Strengthen

Beef imports for the first 8 months of 2004 were 8 percent higher than imports for the first 7 months of 2002. The year 2003 is not an appropriate comparison because the ban on imports of Canadian beef (after the May 20th discovery of a cow in Canada with BSE) distorted the market. Imports for 2004 are forecast to be 3.59 billion pounds—12 percent higher than the record 3.2 billion pounds imported in 2002. Beef imports should increase an additional 2 percent in 2005—to 3.66 billion pounds.

Beef imports accelerated in June and July because of higher-than-expected imports from Australia, New Zealand, and Uruguay. Imports from Australia and New Zealand should return to somewhat lower levels for the remainder of 2004, and into 2005, as beef supplies in those countries tighten and prices remain attractive in Asian markets. However, imports from Uruguay are expected to remain near the high levels achieved in June through August for the remainder of 2004 before declining in 2005. Uruguay should have near-record cattle inventories through 2005 that built up while most countries banned imports of fresh/chilled and frozen Uruguayan beef because of foot-and-mouth disease (FMD). Thus, ample supplies and a currency that depreciated about 80 percent in June 2002 should support high imports of Uruguayan beef.

Increased demand for grinding meat should also support high imports of Uruguayan beef. Part of the increased demand for grinding beef is because of strong ground beef sales linked to overall increased meat demand. Large ground beef supplies are helped by a 40-percent decline in the prices of 50 percent fat trimmings in both Canada and the United States in the past year, according to selected Canadian Boxed Beef Reports (<http://canfax.ca/>). Fat trimmings and 90 percent lean processing beef are mixed together to form ground beef of the desired fat and lean content. However, the lowest cow slaughter since 1961—down 15 percent from last year—limits the domestic supply of 90 percent lean processing beef, thereby resulting in increased demand for imported product.

Imports of feeder cattle from Mexico are expected to reach a record 1.45 million animals in 2004 and 1.55 million in 2005 because of record-high feeder cattle prices in the United States. Prices for feeder cattle averaged 11-12 percent higher in the third quarter 2004, compared with the previous record set in the second quarter of this year. While prices should decline for the remainder of 2004 and into 2005, they are expected to remain high by historical standards.

Exports of both beef and live cattle remain small by historical standards. Due to our own discovery of BSE in December 2003, Canada and Mexico are the only two major markets that have reopened their markets to allow imports of U.S. beef, and both markets have been limited so far. Forecast beef exports remain at 446 million pounds in 2004 and 600 million pounds in 2005. Live cattle exports are expected to total 40,000 in 2004 and 30,000 in 2005. These include mostly veal calves to be raised and slaughtered in Canada.

Hormone Restrictions To Continue Into 2005

Monsanto has indicated that limited supplies of bovine somatotropin (BST) will continue “well into 2005, with incremental increases occurring over time,” and some allocations will remain in place. For most of 2004, established users of BST were limited to only half their normal purchases, and no new customers were accepted. On December 1, 2004, allocations will increase to at least 70 percent of historical purchases.

The delay of full BST availability will dampen recovery in milk per cow during the first half of 2005. However, the prospects for substantial recovery in gains in milk per cow remain generally favorable. Some additional BST will be available, relative milk and concentrate feed prices will encourage heavier feeding, forage supplies will be ample even if quality is somewhat mixed, more normal culling may resume if heifer supplies recover, and milk per cow has already shown recovery from the very weak levels of the first half of 2004. Good weather for cows undoubtedly boosted summer milk per cow, but some of the economic factors probably also made significant contributions.

Breeding Sheep Inventory Still in Decline, Despite Slight Increase in Ewe Retention

The NASS *Sheep* report released on July 23, 2004, indicated that inventories continued their long-term declining trend. On July 1, 2004, the U.S. sheep and lamb inventory totaled 7.65 million head, 2 percent below a year earlier. This compares with a 4-percent decline in 2003. Drought conditions in the Western United States continue to prompt greater than normal culling of breeding ewes. The July 1, 2004, breeding sheep inventory dropped 1 percent from 2003, compared with a 4-percent decline in 2003 and a 2-percent decline in 2002. There appears to be a slight positive response to the extension of the Ewe Retention Program on breeding stocks. The Ewe Retention Program was launched to enhance the competitiveness of the domestic lamb and sheep industry and to re-establish producer purchasing power. Replacement lambs increased 3 percent for 2004, the first increase in more than 5 years (replacement lambs declined 2 percent in 2003 and 4 percent in 2002) with their share of the total breeding inventory now 14 percent, up from 13 percent in the 2 previous years.

Lamb and mutton production continues to decline due in part to increased retention of replacement ewes as well as smaller inventories. First-half lamb and mutton production was down just 1 percent from the same period last year, though the number of animals slaughtered was down 4 percent from the same period. Heavier animals helped to mitigate the slaughter decline. Third-quarter production is expected to decline 4 percent from the same period last year, and production for the rest of 2004 is expected to be about 3-4 percent below last year's.

Despite declines in domestic production, lamb and mutton consumption remains steady. Imports of lamb and mutton continue to offset production declines. In the first quarter 2004, imports totaled 62 million pounds, up 55 percent from a year earlier and were slightly higher in the second quarter. For the first half of 2004, imports totaled 109 million pounds, 30 percent above the same period last year and exceeding domestic production for the first time ever.

A break in drought conditions in Australia, increased lamb productivity, and the loss of their live sheep market in Saudi Arabia will continue to promote exports of lamb and mutton to the United States. Australia is a primary supplier of imported lamb for the United States. Imports in 2004 are expected to account for more than 50 percent of U.S. lamb and mutton consumption, up from 46 percent in 2003.

Lower production and seemingly stable-to-increasing lamb demand has created favorable domestic prices. For the first half of 2004, Choice slaughter lamb prices at the San Angelo, Texas market averaged \$6 per cwt above the same period a year earlier. Short supplies have maintained strong slaughter lamb prices throughout the first half, and prices are expected to remain fairly strong for the rest of the year.

Forecasts for Broiler Production and Exports Increased

The broiler production forecast for third-quarter 2004 was increased by 25 million pounds to 8.825 billion pounds, and the production estimate for fourth-quarter 2004 was also increased by 25 million pounds to 8.600 billion pounds. Over the last several weeks, the pace of broiler-type eggs being set in incubators and chicks being placed for growout has increased in comparison with 2003. Over the last five weeks (September 4 to October 2), the number of eggs placed in incubators has averaged 3.3 percent higher than last year. Over this same period, the number of chicks being placed for growout has been 4.2 percent higher than in the same period in 2003. Coupled with an increase in the hatchery supply flock, this points to future growth in broiler production, thus the forecast for production in the first quarter of 2005 was increased by 100 million pounds to 8.5 billion pounds.

Broiler slaughter in August was almost 3 billion pounds, up 9 percent from last year. The increase was attributable to both an increase in the number of broilers slaughtered (up 6 percent) and a 2-percent increase in average liveweight. The increase was also boosted by one additional slaughter day in August 2004 compared with the previous year.

Broiler export estimates for the third and fourth quarters of 2004 were also increased. The estimate for the third quarter was moved up to 1.15 billion pounds, an increase of 100 million pounds from the previous estimate. The fourth quarter estimate was increased by 75 million pounds to 1.175 billion pounds. The steep drop in broiler parts prices since the end of May has boosted demand in a number of foreign markets. In August, broiler exports were 412 million pounds. This was up 5 percent from the previous year and was the largest monthly export total so far in 2004. While exports to Asia remain well below their year earlier levels, shipments in August to Japan and Hong Kong have been the highest so far this year. On September 28, Japan reduced its ban on U.S. poultry products to include those from New Jersey, Connecticut, and Texas. Most of the increase in August was due to continued strong exports to Mexico and Canada and an upturn in exports to Russia. Russia's year-to-date imports from the U.S. are down by 6 percent, but some of that may have been offset by higher shipments to New Independent States (NIS). Combined, the NIS region has imported 317 million pounds of broiler products, up almost 90 percent compared with the same period in 2003.

Turkey Exports Forecasted Higher

Even with strengthening prices for turkey products, exports have continued to exceed earlier expectations. The export forecast for the third quarter of 2004 has been increased by 20 million pounds to 120 million and the forecast for the fourth quarter has been increased by 10 million pounds to 135 million. Exports in August totaled 47 million pounds, almost 5 percent from the previous year. So far this year, turkey exports are down 11 percent as higher shipments to Mexico (up 13 percent) and Russia (up 65 percent) have been offset by declining shipments to Asian markets.

With production below a year earlier and increases in exports forecast, stocks of turkey products are likely to tighten and prices increase. Therefore, the forecasts

for ending stocks in the third quarter of 2004 were lowered to 600 million pounds and fourth quarter ending stocks are now estimated at 275 million pounds, well below the previous 2 years. Wholesale prices for whole hen turkeys in the Eastern market averaged about 73 cents per pound in the third quarter, 14 cents per pound higher than a year earlier. Prices for the fourth quarter are expected to range between 75 and 79 cents per pound, compared with 67 cents per pound a year ago. Whether much of the increase in wholesale prices is translated into higher retail prices will depend on individual retailer pricing decisions. Many whole turkeys are sold at large discounts during the period leading up to the Thanksgiving holiday. Most retail turkey discounts are on frozen whole birds, with prices for fresh whole birds more likely to reflect the increased prices at the wholesale level.

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	2003				2004					2005			
	Annual	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Production, million lb																
Beef	26,107	27,090	6,282	6,902	7,081	5,973	26,238	5,834	6,254	6,360	5,975	24,423	5,800	6,300	6,525	24,500
Pork	19,138	19,664	4,898	4,741	4,807	5,499	19,945	5,130	4,897	5,025	5,500	20,552	5,225	5,025	5,075	20,950
Lamb and mutton	223	219	49	50	48	52	199	52	46	46	50	194	51	49	47	197
Broilers	31,266	32,240	7,786	8,275	8,448	8,240	32,749	8,208	8,491	8,825	8,600	34,124	8,500	8,825	9,075	35,225
Turkeys	5,562	5,713	1,380	1,439	1,409	1,423	5,650	1,302	1,365	1,350	1,375	5,393	1,315	1,410	1,400	5,575
Total red meat & poultry	83,006	85,669	20,570	21,586	21,965	21,355	85,476	20,687	21,220	21,776	21,666	85,349	21,049	21,778	22,295	87,111
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	1,605	6,400
Per capita consumption, retail lb 1/																
Beef	66.2	67.6	16.2	16.9	16.9	15.0	64.9	15.9	16.9	17.0	15.8	65.6	15.6	16.9	17.3	65.3
Pork	50.2	51.5	12.6	12.5	12.6	14.1	51.8	13.0	12.4	12.8	13.8	52.1	12.9	12.5	12.8	52.1
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	1.2	0.3	0.3	0.3	1.2
Broilers	76.6	80.5	19.7	20.7	21.3	19.9	81.6	20.8	21.2	22.2	21.4	85.7	21.5	22.0	22.6	87.7
Turkeys	17.5	17.7	3.6	3.9	4.6	5.3	17.4	3.6	4.0	4.1	5.2	16.9	3.3	3.9	4.1	16.9
Total red meat & poultry	213.6	220.5	52.9	54.9	56.1	55.0	218.9	54.1	55.1	56.7	56.8	222.8	53.9	55.9	57.4	224.6
Eggs, number	252.7	255.5	62.6	63.0	63.8	65.3	254.7	63.5	63.7	64.1	65.0	256.3	63.3	63.5	63.9	255.5
Market prices																
Choice steers, Neb., \$/cwt	72.71	67.04	77.82	78.49	83.07	99.38	84.69	82.16	88.15	83.58	84-88	84.97	82-88	84-90	80-86	82-89
Feeder steers, Ok City, \$/cwt	88.20	80.04	78.48	82.49	94.90	103.51	89.85	87.98	104.58	116.24	107-111	104.45	92-98	93-99	94-100	94-100
Boning utility cows, S. Falls, \$/cwt	44.39	39.23	40.53	46.52	49.84	49.60	46.62	47.50	54.86	56.76	54-56	53.53	51-55	53-57	51-55	52-56
Choice slaughter lambs, San Angelo, \$/cwt	72.04	72.31	91.92	93.71	89.48	92.82	91.98	100.62	97.06	93.00	93-97	96.42	94-100	92-98	91-97	92-98
Barrows & gilts, N. base, l.e. \$/cwt	45.81	34.92	35.38	42.64	42.90	36.89	39.45	44.18	54.91	56.58	49-51	51.42	49-53	50-54	47-51	47-51
Broilers, 12 City, cents/lb	59.10	55.60	60.30	59.60	63.40	64.60	62.00	73.20	79.30	75.70	72-74	75.30	70-76	71-77	72-78	71-77
Turkeys, Eastern, cents/lb	66.30	64.50	61.10	60.60	59.10	67.40	62.10	62.10	66.60	73.10	75-79	69.70	61-65	63-69	67-73	66-71
Eggs, New York, cents/doz.	67.20	67.10	77.20	73.90	89.90	110.70	87.90	114.90	79.70	66.20	74-77	83.90	72-78	67-73	72-78	72-78
U.S. trade, million lb																
Beef & veal exports	2,269	2,447	582	678	680	578	2,518	36	120	140	150	446	135	165	165	600
Beef & veal imports	3,164	3,218	810	741	619	836	3,006	873	929	975	810	3,587	890	940	940	3,660
Lamb and mutton imports	146	162	40	44	35	48	168	62	47	42	46	197	57	50	47	199
Pork exports	1,560	1,611	412	440	404	461	1,717	523	546	475	525	2,069	510	545	495	2,115
Pork imports	951	1,070	289	301	298	297	1,185	275	265	285	290	1,115	275	265	285	1,115
Broiler exports	5,555	4,807	1,191	1,166	1,181	1,382	4,920	1,024	1,008	1,150	1,175	4,357	1,050	1,150	1,150	4,600
Turkey exports	487	439	103	114	129	137	484	83	93	120	135	431	105	105	120	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			
	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
GDP, chain wtd (bil. 2000 dol.)	10,493	10,599	10,381	10,709	10,778	10,871	10,978	10,830	11,080	11,181	11,273	11,233
CPI-U, annual rate (pct.)	2.3	0.9	1.9	3.6	4.7	3.0	2.3	3.4	2.3	2.3	2.3	2.1
Unemployment (pct.)	6.1	5.9	6.0	5.6	5.6	5.5	5.5	5.5	5.4	5.3	5.2	5.3
Interest (pct.)												
3-month Treasury bill	1.0	0.9	1.0	0.9	1.1	1.5	1.8	1.3	2.2	2.5	2.9	2.7
10-year Treasury bond yield	4.2	4.3	4.0	4.0	4.6	4.6	4.8	4.5	5.2	5.4	5.5	5.4

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

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Dairy Forecasts

	2003			2004					2005			
	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Milk cows (thous.)	9,073	9,011	9,084	8,990	8,997	9,030	9,010	9,005	8,975	8,940	8,900	8,920
Milk per cow (pounds)	4,601	4,609	18,748	4,750	4,858	4,670	4,695	18,975	4,850	5,015	4,790	19,455
Milk production (bil. pounds)	41.7	41.5	170.3	42.7	43.7	42.2	42.3	170.9	43.5	44.8	42.6	173.6
Commercial use (bil. pounds)												
milkfat basis	44.9	45.3	174.6	42.1	43.7	45.3	45.9	176.9	42.8	44.2	45.1	177.8
skim solids basis	42.4	41.9	166.0	42.6	43.1	43.7	43.1	172.6	43.1	43.7	44.1	174.4
Net removals (bil. pounds)												
milkfat basis	0.2	0.0	1.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
skim solids basis	1.4	0.9	8.3	0.6	0.2	0.5	1.0	2.3	0.9	0.9	1.2	3.6
Prices (dol./cwt)												
All milk 1/	13.30	14.40	12.52	14.07	18.60	15.37	14.85	15.70	13.45	12.35	12.85	13.20
							-15.25	-15.80	-14.15	-13.35	-13.85	-14.10
Class III	13.29	13.24	11.42	12.66	19.31	14.54	13.00	14.90	11.70	11.40	11.90	11.85
							-13.40	-15.00	-12.70	-12.40	-12.90	-12.85
Class IV	10.05	10.33	10.00	12.43	14.26	12.92	12.25	12.90	11.10	10.80	11.35	11.30
							-12.75	-13.10	-11.90	-11.90	-12.45	-12.30

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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