

Livestock

Changes in the U.S. meat complex in the near term reflect the sharp decline of grain and soybean meal prices from the very high levels of the 1995/96 crop year. Both the poultry and pork sectors expanded in response to higher meat prices and lower feed costs. Expanded pork production began to pressure hog and pork prices in late 1997 and, despite lower grain prices, producer returns above cash costs are forecast to remain negative through 1999. The beef sector is expected to continue to decline over the next 2 years, reflecting producers' response to drought, poor returns, and the longer biological lags inherent in beef production.

Over the baseline, lower feed prices than in 1995/96 and replenishment of forage supplies should moderate production costs in the meat sector. Continued low inflation, domestic demand strength from slow but steady income growth, and gains in export sales are expected to contribute to producer returns that encourage higher pork and poultry output. However, as feed costs increase beyond 2000, beef and poultry production gains slow, especially near the end of the baseline. Pork production declines in 2000 due to low hog prices in 1998, but expands for the rest of the baseline.

Decreases in real prices of meats combined with increases in real disposable income allow consumers to purchase more total meat with a smaller proportion of disposable income, continuing a long-term trend. Consumption gains exceed population growth, with per capita meat consumption reaching about 228 pounds (retail weight) by 2008, about 13 pounds more than in 1998. The meats will vie for domestic market share through product development, advertising, and promotion. Poultry gains a larger proportion of both total meat consumption and total meat expenditures, reflecting its lower production costs and prices relative to other meats. On a retail weight basis, total poultry consumption is projected to exceed total red meat consumption at the end of the baseline.

Total egg production expands slightly in the baseline in part to support larger broiler production. Per capita consumption of shell eggs declines slowly, but growing use in processed foods keeps total egg use per person relatively stable. Real egg prices continue to fall.

High milk-feed price ratios and dairy productivity gains push milk output per cow higher and real costs lower. Milk production grows despite slowly declining cow numbers throughout the period. Sales of cheese and dairy ingredients for processed foods lead expansion in commercial use of dairy products, while fluid milk sales are stagnant.

Beef

Lower feeder cattle prices due to record grain prices in 1995/96 were compounded by poor forage supplies in 1996 through 1998. Low returns to the cow-calf sector, large beef cow slaughter in 1996-1998, and the length of the biological lag is likely to prevent herd expansion until 2000. Returns above cash costs per cow were near break-even in 1997 but were under drought-induced pressure in 1998 and more heifers were placed in feedlots rather than retained for calving. Increased returns in 1999-2000 are not expected to be sufficient to encourage expansion above 100 million head in the next cattle cycle. The cattle herd builds from a cyclical

low of about 97 million head in 2000, not quite reaching 100 million head in 2002-2004. Shifts toward higher grading, larger-framed cattle that result in heavier slaughter weights partly offset the need for expanding cattle inventories to previous levels.

Beef production declines through 2000, reflecting sector adjustments to low cow-calf returns through 1998. Coupled with larger exports and declining imports after 2001, per capita beef consumption in 2008 is down about 10 pounds, retail weight, from the cyclical peak in 1998. The beef production mix continues to shift toward a larger proportion of fed beef as nearly all steers and heifers are fed in feedlots, resulting in calf slaughter continuing at relatively low levels as most are placed on feed.

Feeder cattle will remain on grass longer and will be marketed at heavier weights. Cattle will remain in feedlots for 120 to 140 days to Select or Choice grade, with dressed slaughter weights growing slowly during the baseline. Heavier placement weights coupled with less finish required to reach Choice grade will hold down feed grain use and feed fed per pound of fed beef produced. The strongest prices will be received for cattle that grade Choice or higher for the growing export and domestic hotel-restaurant markets.

Adequate land resources will remain available to the cattle and crop sectors into the next decade. In addition, the 1996 Farm Act further expands the forage base by allowing haying and grazing at any time on land enrolled in production flexibility contracts. Conservation Reserve Program acreage will remain over 30 million acres. Grazing and haying on CRP acreage will continue to be allowed under restricted conditions during emergencies such as drought and floods. This increased availability of forage for the reduced cattle sector, combined with a shift toward cow-calf-yearling operations, allows flexibility in the use of forage and the marketing of feeder cattle. In the event of poor forage conditions, for example, feeder cattle can be marketed early, allowing the cow herd to be maintained.

Veal production falls through 2008. A larger share of veal production will come from higher valued formula-fed calves marketed at heavier weights. Declining dairy cow numbers reduce the supply of dairy calves. High stocker and feeder cattle prices encourage more of these dairy calves to move into feedlot channels rather than being slaughtered as young calves.

The emergence of the United States as a long-term net beef exporter will be delayed until near the end of the baseline, after the cow herd is reestablished and weak demand in the Pacific Rim recovers. Adjustments in world beef trade will continue as market access is opened under the UR agreement, but long-term growth in meat demand in the Pacific Rim may be slower than previously thought. Beef exports will rise from about 8 percent to 11 percent of production. The U.S. remains the primary source of high quality, fed beef for export, including exports for hotel-restaurant trade. High-quality beef exports continue to increase through the baseline, primarily to Pacific Rim nations. Australia and perhaps New Zealand will also increase exports to Pacific Rim nations, although their beef will be mostly lower quality, grass-fed beef. However, the United States will remain an important market for Oceania, especially while the beef cow inventory remains low.

Competition for Consumer Meat Demand Drives Structural Change in Meat Sectors

The structure of individual meat producing sectors is changing as meats compete with each other for consumer market share. These changes affect the types of meat available to consumers at the retail level and in the food service industry as the meat producing sectors respond to perceived consumer demand, and also have impacts on producers and their production and marketing practices.

The beef sector is moving toward an increasingly segmented market as beef supplies decline in the next few years. Choice-Prime, consistent-quality beef receives a price premium and is being directed toward the hotel-restaurant and export markets. Select and ungraded, highly-variable quality beef competes in the retail commodity meat market with pork and poultry. The price spread between choice-prime beef and select grade beef is likely to widen as beef supplies decline. Relatively large quantities of grass-fed beef are likely to continue to be imported for use in hamburger and processed products as smaller quantities of cow beef will be available domestically.

The best quality beef will be directed to the hotel-restaurant and export markets, leaving smaller supplies of beef (with generally less desirable quality) available for the retail market. Beef is expected to have limited success against pork and poultry at the retail level because of its higher production costs and resulting higher retail prices. The beef sector will need to reduce the cost of producing select beef to be competitive with pork and poultry while increasing the proportion of consistent quality beef. Highly variable quality beef at retail reduces its competitiveness. Consumers are likely to be more hesitant to buy beef if a lack of consistency at retail increases the risk of getting an unsatisfactory cut with lower quality (for tenderness and flavor, for example) than they expect.

Pork production is expected to become more vertically coordinated over the baseline period. This should lower production costs and further improve pork quality. The type of coordination may differ from the nearly complete production contracting that is used for broilers. Coordinated pork production involves more marketing agreements, continued private ownership of meat producing stock, and use of farm-produced feed. Processing companies may provide access to improved genetic stock and give technical assistance in order to get the uniformity, product safety, and consistency of product that they need at the wholesale and retail level. Large supplies of pork, particularly loins and chops at relatively low prices, will increasingly challenge beef in the hotel-restaurant market as well as at retail.

The already highly integrated structure of the poultry industry is expected to be maintained through the baseline period. The poultry sector continues to develop new products with the current trend toward home meal replacement in grocery stores. Ready-to-prepare meals are packaged with choices of side dishes to complement the seasoned or marinated chicken entrees. Broiler breast meat is also likely to increase market share in the hotel-restaurant market.

U.S. emphasis on fed beef production and the smaller cattle inventory will result in relatively high beef imports of processing beef. Most processing beef will be used in higher valued hamburger as large supplies of low priced, processing quality poultry and pork are used in lower valued manufactured products.

Pork

The pork sector will continue to transform into a more vertically coordinated industry with a mix of production and marketing contracts. Larger, more efficient pork producers will market a greater percentage of the hogs over the next 10 years. These larger operations are able to spread fixed costs across more animals and purchase feed in large quantities, resulting in greater efficiency. Breeding inventories are low relative to pork production and will likely fall further as the number of pigs per litter increases and better utilization of the breeding herd continues with increased use of artificial insemination.

Pork production grows from 19 billion pounds in 1998 to nearly 22 billion pounds by 2008, with little change in 2000 and 2001 as producers adjust due to unfavorable returns in 1998 and early 1999. Slow expansion begins in 2002 and continues for the remainder of the baseline. The lack of any supply or demand shocks in the baseline, combined with the more vertically coordinated industry structure, dampens the hog cycle. Pork production growth remains slow as higher grain prices and competition from beef and poultry moderate returns.

Per capita pork consumption on a retail basis remains in a range of 52 to 55 pounds per person through the baseline. Nominal hog prices slowly rise after 1999 and peak near \$40 per hundredweight in 2005.

The United States becomes an increasingly important net pork exporter, although projected gains are somewhat muted by reduced growth prospects to Russia and the Pacific Rim. Nonetheless, exports will continue to expand while pork imports remain steady. Longer term gains in pork exports reflect in part environmental constraints in a number of competitor countries that limit their production growth. The major growth markets for U.S. pork exports will remain Pacific Rim nations, Mexico, and Russia. Yearly trade variations will depend upon major foreign suppliers such as Canada and Denmark, as well as exchange rate fluctuations.

Poultry and Eggs

Poultry production expands as broiler meat gains an increasing share of total meat consumption. Poultry meat will be less expensive than other meats so consumers can purchase more poultry meat per dollar. Poultry firms will continue aggressive market development and promote poultry's image of providing lean, convenient products. Further processed products including those seasoned, marinated, and packaged with other food products for easy meal preparation are recent trends. Production gains for turkeys reflect projected growth in the further-processed market and exports.

Poultry production gains rebound in 1999 and 2000 from a slowdown in 1997-1998 caused by high feed costs in 1995/96, hatching egg shortages for broilers, and continued low profitability for turkey producers. Increases in production then slow for the rest of the baseline to more sustainable long-term growth near 3.5 percent annually. Poultry meat prices in the baseline are relatively flat in real terms.

The broiler and turkey industries have kept the cost of production from increasing at the full rate of inflation through technological advancements and improved production management practices, including taking advantage of economies of size through increasing horizontal and vertical integration. While some further technological improvement and continued vertical integration occur during the baseline, these factors will not affect production costs as significantly as in the past 10 years.

Turkey production will expand slowly with per capita consumption falling slowly from 18 to about 16 pounds (retail weight). Low returns in recent years have slowed product development and larger pork production will provide more competition in the marketplace.

Continued competition in world poultry meat markets holds U.S. poultry exports to moderate gains. Declines in exports during 1998 and 1999 for broilers reflect slower growth in sales to Asia and the sharp reduction in exports to Russia. Slow recovery in both markets is expected from 2000 through the end of the baseline period. Increases are expected in exports of broiler parts to other markets, especially for dark meat. Turkey exports were reduced in 1998 because of declines in sales to Hong Kong, Korea, and Japan. Russia had been a strong market early in 1998 but sales fell sharply in the last 4 months of the year.

Table egg producers expand production slowly through the baseline in response to lower industry net returns. A larger expansion in total U.S. egg production reflects increased broiler hatching egg production to accommodate broiler sector expansion.

Shell egg consumption per person falls more slowly than the long-term historical trend of 1 to 3 eggs a year. Per capita consumption of total eggs stabilizes at about 246 eggs throughout the baseline. Processed egg products are an increasing part of the egg market as ingredients in many prepared foods. As consumers opt for more convenience foods, consumption of egg products will continue to increase, as negative egg attributes are less noticeable in processed products.

Wholesale egg prices trend upward, with increases less than the inflation rate. A competitive market with little product differentiation will result in supplies that keep prices near the cost of production.

U.S. egg exports grow slowly over the baseline as many countries will likely continue to experience surpluses of eggs. World import demand will remain relatively static as domestic production will generally meet increased domestic demands in most countries.

Dairy

Total milk production and commercial use are projected to increase at a generally moderate rate, with milk prices rising slightly more slowly than the general inflation rate once the pending adjustments to recent high prices are completed. High milk-feed price ratios are expected to sustain growth in milk per cow, while milk cow numbers decline slowly. The strength of domestic demand is expected to keep U.S. markets relatively isolated from international markets, except for the fairly constant trade resulting from import quotas and subsidized export restrictions.

Lower real milk prices are likely to continue to push weaker farms (and some of their land) out of dairying. Intensive grazing may prolong the existence of some operations, particularly in areas of marginal land. However, these techniques are not expected to make very many of the currently marginal operations viable into the next generation.

Milk production will expand in the West, although the proportional rate may be slower because of more limited alfalfa supplies and environmental constraints. Large, industrial-style Northern operations will become much more numerous. However, the pace of development of large-scale dairying may be moderate because of the need to adapt systems to local climate and feed conditions and because of the risks and financial problems of rapid farm expansion. Expansion by stronger farms is expected to hold declines in U.S. milk cow numbers to slightly less than 1 percent over the baseline period.

Economic growth and population increases will support slight increases in total demand for dairy products. Demand is expected to grow for cheese and for dairy ingredients in processed foods. Fluid sales likely will be stagnant, while use of some products will continue to slip.

International dairy product prices are projected to edge higher once the effects of the current demand weakness are overcome. However, international prices are expected to average 25 to 50 percent below domestic levels. The Dairy Export Incentive Program (DEIP) will continue, but DEIP amounts are tightly controlled by UR agreement limits. Unsubsidized exports will generally be small, although some up trend is expected as U.S. producers develop particularly favorable markets. Imports will generally fill most of the quotas. Even so, occasional periods of price competitiveness for milkfat or skim solids may occur due to price volatility in both domestic and international markets.

The 1999/2000 marketing year is projected to deviate substantially from the general pattern. Milk production is projected to rise sharply during 1999 as a result of generally high returns of recent years. Meanwhile, commercial use may be a bit sluggish as users adjust fully to high 1998/99 prices. This will result in a fairly brief period of sharply lower prices until production and commercial use further adjust.

Table 21. Per capita meat consumption, retail and boneless weight

Item	Units	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Retail weight:													
Total beef	Pounds	66.9	68.1	63.4	61.7	61.0	61.9	62.2	61.3	60.3	59.5	58.8	58.2
Total veal	Pounds	1.0	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6
Total pork	Pounds	48.7	52.7	53.4	52.7	52.1	52.7	52.9	53.0	52.8	53.1	53.6	54.3
Lamb and mutton	Pounds	1.0	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.8
Total red meat	Pounds	117.7	122.6	118.5	116.1	114.7	116.1	116.7	115.8	114.6	114.1	113.8	113.9
Broilers	Pounds	72.7	74.1	78.4	82.0	83.9	85.8	87.5	89.2	91.4	93.5	95.9	98.0
Other chicken	Pounds	0.5	0.4	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Turkeys	Pounds	17.6	18.0	17.5	17.5	17.5	17.4	17.0	16.6	16.5	16.4	16.2	16.1
Total poultry	Pounds	90.9	92.5	96.4	99.8	101.6	103.5	104.8	106.2	108.2	110.2	112.4	114.5
Red meat & poultry	Pounds	208.6	215.1	215.0	215.9	216.3	219.6	221.5	222.0	222.8	224.3	226.2	228.4
Boneless weight:													
Total beef	Pounds	63.4	64.5	60.0	58.5	57.7	58.6	58.9	58.1	57.1	56.4	55.7	55.2
Total veal	Pounds	0.9	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5
Total pork	Pounds	45.8	49.5	50.2	49.5	48.9	49.5	49.7	49.7	49.6	49.9	50.4	51.0
Lamb & mutton	Pounds	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6
Total red meat	Pounds	110.8	115.4	111.6	109.3	107.9	109.3	109.8	109.0	107.9	107.4	107.2	107.2
Broilers	Pounds	51.5	52.5	55.5	58.1	59.3	60.7	61.9	63.2	64.7	66.2	67.8	69.4
Other chicken	Pounds	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Turkeys	Pounds	13.9	14.2	13.8	13.8	13.8	13.8	13.4	13.1	13.0	13.0	12.8	12.7
Total poultry	Pounds	65.7	66.9	69.6	72.1	73.3	74.6	75.6	76.5	77.9	79.3	80.8	82.3
Red meat and poultry	Pounds	176.5	182.3	181.2	181.3	181.3	184.0	185.4	185.5	185.7	186.7	188.0	189.5

Table 22. Consumer expenditures for meats

Item	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Beef, dollars per person	187.38	187.98	179.28	178.67	180.87	180.73	181.67	183.75	185.40	186.82	187.85	188.72
Percent of income	0.87	0.84	0.77	0.74	0.71	0.68	0.65	0.63	0.61	0.59	0.56	0.54
Percent of meat expenditures	43.70	42.64	41.19	40.86	40.57	40.53	40.47	40.14	39.73	39.38	39.00	38.66
Pork, dollars per person	113.04	121.14	119.70	119.37	120.60	119.77	119.20	120.55	121.59	122.36	122.98	123.42
Percent of income	0.52	0.54	0.51	0.49	0.47	0.45	0.43	0.41	0.40	0.38	0.37	0.35
Percent of meat expenditures	26.36	27.48	27.50	27.30	27.05	26.86	26.55	26.33	26.05	25.79	25.53	25.28
Broilers, dollars per person	109.83	113.78	118.59	121.66	126.73	128.32	131.39	136.90	143.09	148.58	154.25	159.59
Percent of income	0.51	0.51	0.51	0.50	0.50	0.48	0.47	0.47	0.47	0.47	0.46	0.46
Percent of meat expenditures	25.61	25.81	27.25	27.82	28.42	28.78	29.27	29.90	30.66	31.32	32.03	32.69
Turkeys, dollars per person	18.54	17.97	17.67	17.61	17.64	17.07	16.65	16.61	16.60	16.66	16.56	16.45
Percent of income	0.09	0.08	0.08	0.07	0.07	0.06	0.06	0.06	0.05	0.05	0.05	0.05
Percent of meat expenditures	4.32	4.08	4.06	4.03	3.96	3.83	3.71	3.63	3.56	3.51	3.44	3.37
Total meat, dollars per person	428.79	440.88	435.24	437.31	445.85	445.89	448.92	457.81	466.69	474.42	481.64	488.17
Percent of income	1.98	1.97	1.86	1.81	1.75	1.68	1.61	1.57	1.53	1.49	1.44	1.40

Table 23. Beef baseline

Item	Units	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Beginning stocks	Mil. lbs.	377	465	400	350	335	350	375	400	425	450	475	475
Commercial production	Mil. lbs.	25,384	25,687	24,075	23,492	23,495	24,242	24,702	24,629	24,550	24,496	24,521	24,563
Change	Percent	-0.1	1.2	-6.3	-2.4	0.0	3.2	1.9	-0.3	-0.3	-0.2	0.1	0.2
Farm production	Mil. lbs.	106	106	106	106	106	106	106	106	106	106	106	106
Total production	Mil. lbs.	25,490	25,793	24,181	23,598	23,601	24,348	24,808	24,735	24,656	24,602	24,627	24,669
Imports	Mil. lbs.	2,343	2,611	2,790	2,800	2,800	2,750	2,700	2,700	2,650	2,650	2,600	2,600
Total supply	Mil. lbs.	28,210	28,869	27,371	26,748	26,736	27,448	27,883	27,835	27,731	27,702	27,702	27,744
Exports	Mil. lbs.	2,136	2,158	2,340	2,150	2,200	2,316	2,402	2,472	2,552	2,632	2,714	2,795
Ending stocks	Mil. lbs.	465	400	350	335	350	375	400	425	450	475	475	475
Total consumption	Mil. lbs.	25,609	26,311	24,681	24,263	24,186	24,757	25,081	24,938	24,729	24,595	24,513	24,474
Per capita, carcass weight	Pounds	95.6	97.3	90.5	88.2	87.1	88.4	88.8	87.6	86.1	85.0	84.0	83.2
Per capita, retail weight	Pounds	66.9	68.1	63.4	61.7	61.0	61.9	62.2	61.3	60.3	59.5	58.8	58.2
Change	Percent	-1.8	1.8	-7.0	-2.5	-1.2	1.5	0.5	-1.4	-1.7	-1.3	-1.2	-1.0
Prices:													
Beef cattle, farm	\$/cwt	63.34	59.95	71.00	70.93	72.73	72.54	73.45	75.25	77.30	79.03	80.62	82.03
Calves, farm	\$/cwt	82.27	82.09	93.75	96.82	90.97	86.66	89.96	93.91	97.46	99.69	101.64	103.42
Choice steers, Nebraska	\$/cwt	66.32	61.87	72.00	71.92	73.75	73.56	74.48	76.31	78.39	80.14	81.76	83.19
Deflated price	\$/cwt	41.32	37.86	42.91	41.70	41.43	40.11	39.43	39.23	39.12	38.83	38.46	38.00
Yearling steers, Okla. City	\$/cwt	76.19	72.60	83.50	86.24	81.02	77.19	80.12	83.64	86.80	88.79	90.52	92.11
Deflated price	\$/cwt	47.47	44.43	49.76	49.99	45.52	42.09	42.41	43.00	43.31	43.02	42.58	42.08
Retail: Beef and veal	1982-84=100	136.8	136.5	139.0	142.1	145.7	143.5	143.6	147.2	151.1	154.2	156.9	159.2
Retail: Other meats	1982-84=100	148.1	146.8	148.0	151.3	155.1	152.7	152.8	156.7	160.9	164.2	167.1	169.4
ERS retail beef	\$/lb.	2.80	2.76	2.83	2.89	2.97	2.92	2.92	3.00	3.08	3.14	3.19	3.24
Costs and returns, cow-calf enterprise:													
Variable expenses	\$/cow	216.91	211.87	193.62	194.65	201.85	212.96	222.22	228.20	232.46	236.83	241.29	246.49
Fixed expenses	\$/cow	118.52	119.55	123.72	127.20	129.99	132.80	136.09	140.04	144.03	147.61	150.98	154.62
Total cash expenses	\$/cow	335.43	331.42	317.34	321.86	331.84	345.76	358.31	368.24	376.49	384.44	392.26	401.11
Returns above cash costs	\$/cow	-1.03	-18.95	44.49	57.96	32.85	7.44	12.53	23.96	35.85	42.64	48.36	52.47
Cattle inventory	1,000 head	101,460	99,501	97,577	96,742	97,697	99,189	99,544	99,032	98,368	97,814	97,445	97,129
Beef cow inventory	1,000 head	34,271	33,683	32,925	32,241	32,755	33,233	33,376	33,156	32,942	32,820	32,777	32,756

Table 24. Pork baseline

Item	Units	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Beginning stocks	Mil. lbs.	366	408	475	490	450	450	450	450	400	400	400	400
Commercial production	Mil. lbs.	17,244	18,942	19,425	19,214	19,253	19,659	20,018	20,223	20,456	20,823	21,274	21,757
Change	Percent	0.9	9.8	2.5	-1.1	0.2	2.1	1.8	1.0	1.2	1.8	2.2	2.3
Farm production	Mil. lbs.	30	30	30	30	30	30	30	30	30	30	30	30
Total production	Mil. lbs.	17,274	18,972	19,455	19,244	19,283	19,689	20,048	20,253	20,486	20,853	21,304	21,787
Imports	Mil. lbs.	633	680	700	660	640	635	645	650	650	660	665	670
Total supply	Mil. lbs.	18,273	20,060	20,630	20,394	20,373	20,774	21,143	21,353	21,536	21,913	22,369	22,857
Exports	Mil. lbs.	1,044	1,232	1,355	1,270	1,300	1,325	1,425	1,525	1,600	1,700	1,800	1,875
Ending stocks	Mil. lbs.	408	475	490	450	450	450	450	400	400	400	400	400
Total consumption	Mil. lbs.	16,821	18,353	18,785	18,674	18,623	18,999	19,268	19,428	19,536	19,813	20,169	20,582
Per capita, carcass weight	Pounds	62.8	67.9	68.9	67.9	67.1	67.9	68.2	68.2	68.0	68.4	69.1	69.9
Per capita, retail weight	Pounds	48.7	52.7	53.4	52.7	52.1	52.7	52.9	53.0	52.8	53.1	53.6	54.3
Change	Percent	-0.7	8.1	1.5	-1.5	-1.1	1.1	0.6	0.0	-0.3	0.6	1.0	1.2
Prices:													
Hogs, farm	\$/cwt	52.04	33.47	33.64	35.92	38.22	37.89	37.84	38.88	39.70	39.56	38.81	37.66
Iowa, So. Minn. market	\$/cwt	51.36	32.27	33.00	35.42	37.72	37.39	37.34	38.38	39.20	39.06	38.31	37.16
Deflated price	\$/cwt	32.00	19.75	19.67	20.53	21.19	20.39	19.77	19.73	19.56	18.92	18.02	16.98
Retail: pork	1982-84=100	155.9	148.5	144.0	145.7	148.9	146.2	144.7	146.3	148.0	148.1	147.4	146.2
ERS retail pork	\$/lb.	2.32	2.30	2.24	2.27	2.32	2.27	2.25	2.28	2.30	2.30	2.29	2.27
Costs and returns, farrow to finish:													
Variable expenses	\$/cwt	41.38	35.93	29.20	26.48	26.54	28.88	30.76	31.55	31.74	31.95	32.18	32.65
Fixed expenses	\$/cwt	4.98	5.15	5.18	5.21	5.20	5.21	5.24	5.30	5.37	5.42	5.48	5.55
Total cash expenses	\$/cwt	46.36	41.08	34.38	31.68	31.75	34.09	36.00	36.85	37.11	37.38	37.65	38.20
Returns above cash costs	\$/cwt	5.00	-8.81	-1.38	3.74	5.97	3.29	1.34	1.53	2.09	1.68	0.66	-1.03
Hog inventory, Dec. 1, previous year	1,000 head	56,141	60,915	62,200	61,566	61,684	62,901	63,978	64,590	65,290	66,388	67,741	69,188

Table 25. Young chicken baseline

Item	Units	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Beginning stocks	Mil. lbs.	641	607	625	650	650	700	700	700	750	750	800	800
Federally inspected slaughter	Mil. lbs.	27,271	27,798	29,225	30,689	31,789	32,899	33,965	35,066	36,249	37,493	38,763	40,029
Change	Percent	3.6	1.9	5.1	5.0	3.6	3.5	3.2	3.2	3.4	3.4	3.4	3.3
Production	Mil. lbs.	27,041	27,554	28,968	30,442	31,533	32,634	33,692	34,783	35,957	37,191	38,451	39,707
Total supply	Mil. lbs.	27,682	28,161	29,593	31,092	32,183	33,334	34,392	35,483	36,707	37,941	39,251	40,507
Change	Percent	3.7	1.7	5.1	5.1	3.5	3.6	3.2	3.2	3.4	3.4	3.5	3.2
Exports	Mil. lbs.	4,664	4,466	4,325	4,450	4,700	5,000	5,250	5,500	5,750	6,000	6,250	6,500
Ending stocks	Mil. lbs.	607	625	650	650	700	700	700	750	750	800	800	800
Consumption	Mil. lbs.	22,411	23,070	24,618	25,992	26,783	27,634	28,442	29,233	30,207	31,141	32,201	33,207
Per capita, carcass weight	Pounds	83.7	85.3	90.2	94.4	96.5	98.7	100.7	102.7	105.2	107.6	110.3	112.8
Per capita, retail weight	Pounds	72.7	74.1	78.4	82.0	83.9	85.8	87.5	89.2	91.4	93.5	95.9	98.0
Change	Percent	2.8	1.9	5.7	4.7	2.2	2.3	2.0	2.0	2.4	2.3	2.5	2.3
Prices:													
Broilers, farm	Cents/lb.	37.0	39.6	36.3	35.9	38.0	38.6	39.8	41.6	43.2	44.4	45.2	45.7
12-city market price	Cents/lb.	58.8	62.8	58.3	59.9	63.3	64.4	66.3	69.4	72.0	74.0	75.3	76.2
Deflated wholesale price	Cents/lb.	36.6	38.4	34.7	34.7	35.5	35.1	35.1	35.7	35.9	35.8	35.4	34.8
Change	Percent	-6.1	4.9	-9.6	-0.1	2.4	-1.2	0.0	1.6	0.8	-0.3	-1.1	-1.7
Composite retail broiler price	Cents/lb.	151.0	153.5	151.3	148.3	151.1	149.6	150.1	153.4	156.5	158.9	160.9	162.8
Costs and returns:													
Total costs	Cents/lb.	53.00	49.00	48.40	48.47	49.01	53.50	57.18	58.98	59.76	60.56	61.37	62.62
Net returns	Cents/lb.	5.80	13.80	9.90	11.40	14.26	10.89	9.12	10.39	12.28	13.39	13.92	13.62

Table 26. Turkey baseline

Item	Units	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Beginning stocks	Mil. lbs.	328	415	300	275	325	375	375	375	375	375	350	350
Federally inspected slaughter	Mil. lbs.	5,478	5,237	5,250	5,379	5,464	5,543	5,569	5,575	5,592	5,619	5,652	5,692
Change	Percent	0.2	-4.4	0.2	2.5	1.6	1.4	0.5	0.1	0.3	0.5	0.6	0.7
Production	Mil. lbs.	5,412	5,173	5,186	5,315	5,399	5,477	5,503	5,509	5,526	5,553	5,586	5,624
Total supply	Mil. lbs.	5,740	5,588	5,486	5,590	5,724	5,852	5,878	5,884	5,901	5,928	5,936	5,974
Change	Percent	1.2	-2.6	-1.8	1.9	2.4	2.2	0.4	0.1	0.3	0.4	0.1	0.7
Exports	Mil. lbs.	598	428	430	450	500	600	700	775	800	825	850	875
Ending stocks	Mil. lbs.	415	300	275	325	375	375	375	375	375	350	350	350
Consumption	Mil. lbs.	4,727	4,860	4,781	4,815	4,849	4,877	4,803	4,734	4,726	4,753	4,736	4,749
Per capita	Pounds	17.6	18.0	17.5	17.5	17.5	17.4	17.0	16.6	16.5	16.4	16.2	16.1
Change	Percent	-4.5	1.9	-2.5	-0.2	-0.2	-0.3	-2.4	-2.2	-1.0	-0.3	-1.2	-0.5
Prices:													
Turkey, farm	Cents/lb.	40.1	38.0	38.0	37.4	37.6	36.5	36.4	37.2	37.5	37.7	38.0	37.9
Hen turkey (whsle.) East	Cents/lb.	64.9	62.0	62.5	62.4	62.6	60.8	60.7	61.9	62.5	62.9	63.3	63.2
Deflated hen turkey	Cents/lb.	40.4	37.9	37.2	36.2	35.2	33.1	32.1	31.9	31.2	30.5	29.8	28.9
Retail frozen turkey	Cents/lb.	105.1	100.0	100.8	100.6	101.0	98.0	97.9	99.9	100.8	101.5	102.1	101.9
Retail: poultry	1982-84=100	156.6	157.1	154.5	152.0	154.4	152.3	152.7	155.9	158.8	160.9	162.7	164.2
Costs and returns:													
Total costs	Cents/lb.	68.73	62.00	59.93	59.07	59.74	65.20	64.01	62.62	61.97	61.97	61.98	62.21
Net returns	Cents/lb.	-3.83	0.00	2.57	3.33	2.87	-4.43	-3.30	-0.67	0.56	0.94	1.31	0.99

Table 27. Egg baseline

Item	Units	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Beginning stocks	Mil. doz.	9	7	5	5	5	5	5	5	5	5	5	5
Production	Mil. doz.	6,460	6,625	6,790	6,905	7,016	7,121	7,192	7,300	7,373	7,484	7,559	7,672
Change	Percent	1.4	2.6	2.5	1.7	1.6	1.5	1.0	1.5	1.0	1.5	1.0	1.5
Imports	Mil. doz.	7	4	6	4	5	5	5	5	5	5	5	5
Total supply	Mil. doz.	6,476	6,636	6,801	6,914	7,026	7,131	7,202	7,310	7,383	7,494	7,569	7,682
Change	Percent	1.4	2.5	2.5	1.7	1.6	1.5	1.0	1.5	1.0	1.5	1.0	1.5
Hatching use	Mil. doz.	895	922	970	1,019	1,055	1,092	1,127	1,164	1,203	1,244	1,287	1,329
Exports	Mil. doz.	228	226	243	260	270	275	280	285	290	295	300	305
Ending stocks	Mil. doz.	7	5	5	5	5	5	5	5	5	5	5	5
Consumption	Mil. doz.	5,345	5,483	5,583	5,631	5,696	5,759	5,790	5,856	5,885	5,949	5,977	6,043
Per capita	Number	239.4	243.3	245.6	245.5	246.2	246.8	246.0	246.8	246.0	246.6	245.7	246.4
Change	Percent	0.7	1.6	0.9	0.0	0.3	0.2	-0.3	0.3	-0.3	0.3	-0.4	0.3
Prices:													
Eggs, farm	Cents/doz.	69.8	65.5	62.4	60.1	57.5	56.7	60.6	58.8	64.9	60.6	64.9	60.6
New York, Grade A large	Cents/doz.	81.2	76.0	72.5	69.5	66.5	65.5	70.0	68.0	75.0	70.0	75.0	70.0
Deflated wholesale prices	Cents/doz.	50.6	46.5	43.2	40.3	37.4	35.7	37.1	35.0	37.4	33.9	35.3	32.0
Retail, Grade A, large	Cents/doz.	106	104	101	97	93	92	97	95	103	98	103	98
Retail: Eggs	1982-84=100	140.0	135.4	132.5	128.6	124.6	124.0	131.5	130.2	142.0	135.5	144.0	137.5
Costs and returns:													
Total costs	Cents/doz.	72.00	63.11	60.00	55.13	55.75	60.85	65.04	67.09	67.97	68.88	69.81	71.23
Net returns	Cents/doz.	9.20	12.89	12.50	14.37	10.75	4.65	4.96	0.91	7.03	1.12	5.19	-1.23

Table 28. Dairy baseline

Item	Units	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Production data:													
Milk production	Bil. lbs.	157.0	159.3	162.9	163.7	165.2	166.7	169.0	170.3	172.3	174.3	176.7	178.3
Number of cows	1,000	9,200	9,150	9,100	9,000	8,910	8,830	8,765	8,680	8,605	8,530	8,455	8,380
Milk per cow	Pounds	17,065	17,405	17,905	18,185	18,540	18,875	19,280	19,615	20,020	20,430	20,900	21,275
Commercial use:													
Milkfat basis	Bil. lbs.	159.1	161.4	164.1	165.0	166.3	167.7	170.2	171.4	173.6	175.5	178.1	179.6
Skim solids	Bil. lbs.	155.4	158.2	163.2	164.7	166.1	167.5	170.0	171.2	173.4	175.3	178.0	179.4
Net removals:													
Milkfat basis	Bil. lbs.	0.7	0.3	0.9	0.9	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Skim solids	Bil. lbs.	4.5	3.5	2.1	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Prices:													
Basic Formula Price	\$/cwt	13.28	13.15	11.90	12.85	13.45	14.10	14.60	14.85	15.15	15.45	15.75	16.05
All milk	\$/cwt	14.56	14.90	13.00	13.95	14.55	15.20	15.70	15.95	16.25	16.55	16.85	17.15
Retail, all dairy products	1982-84=100	148.6	156.5	153.0	155.5	160.0	164.5	168.5	171.5	175.0	178.0	182.0	185.0
Costs and returns:													
Ration value	\$/cwt	8.12	7.11	6.80	6.85	7.35	7.80	8.10	8.25	8.35	8.45	8.55	8.75
Returns above concentrate costs	\$/cwt	11.15	11.91	10.14	11.07	11.46	11.92	12.30	12.49	12.74	13.00	13.26	13.48
Milk-feed ratio	ratio	1.79	2.09	1.91	2.04	1.98	1.95	1.94	1.93	1.95	1.96	1.97	1.96