



United States  
Department  
of Agriculture

LDP-M-218

Aug 16, 2012



A Report from the Economic Research Service

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

# Livestock, Dairy, and Poultry Outlook

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## Drought, Higher Feed Prices Tightens Production

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Tables will be released  
on Aug 28, 2012

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release is Sept 18, 2012

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Approved by the  
World Agricultural  
Outlook Board.

**Beef/Cattle:** Drought-motivated increases in cow slaughter and feeder cattle movements have adversely affected all cattle and beef prices and plans to increase the national cow herd.

**Beef/Cattle Trade:** U.S. beef imports were 19 percent higher through the first half of 2012. Exports, however, were 11 percent lower. Cattle imports were 22 percent higher through June, but are expected to tighten into next year.

**Special Article:** Consumer Concerns about Lean Fine Textured Beef and its Effects on Ground Beef Prices.

**Pork/Hogs:** High feed costs from lower U.S. corn and soybean production is expected to reduce U.S. pork production in 2013. Per capita consumption of pork products in 2013 are expected to decline by 1.23 percent. Next year, per capita consumption of red meat and poultry is expected to drop below 200 pounds per person for the first time since 1990. U.S. pork exports increased more than 8 percent year-over-year in the second quarter of 2012. In the first 6 months of 2012, China was the third largest foreign destination for U.S. pork products. Exports in 2013 are expected to be about equal to shipments in 2012.

**Poultry:** With sharply higher prices expected for corn and soybeans, poultry meat and egg production forecast were lowered for 2013. The broiler meat production forecast was lowered in 2013 by 600 million pounds to 36.5 billion pounds. Turkey production in 2013 is now forecast at 5.8 billion pounds, down 135 million pounds from the previous forecast. Egg production in 2013 was lowered to 7.5 billion dozen, down 1.3 percent or 100 million dozen from the previous estimate.

**Dairy:** The severe drought that is lowering crop yields in much of the United States is already lowering milk yield per cow and next year will lower herd size and milk production. Prices will be higher than forecast earlier but still below 2011 prices.

### *Drought Impacts the Cow Herd and Cow Prices*

The deterioration of the corn crop and pastures in the last 6 weeks is not news at this point. At the same time, drought effects on cow slaughter and cattle feeding have become more apparent. Reports indicate that some drought-impacted corn is being ensiled. To the extent corn is being ensiled, the ensilage could provide an alternative for growing feeder cattle to feedlot-placement weights. Note that some form of feed will be necessary to carry feeder cattle from when they are removed from drought-damaged pastures until the silage has been in silos long enough for the fermentation process to reduce the nitrates in the corn-plant material sufficiently to keep from poisoning the cattle. Hay supplies also are reduced. Emergency grazing and haying of Conservation Reserve Program acreage may offer another option for farmers.

Weekly federally inspected cow slaughter has increased dramatically since early June 2012, with the increase in beef cow slaughter largely in response to the rapidly deteriorating pasture conditions. As a result, weekly average federally inspected 90-percent lean cutter cow dressed prices, which remained within \$5-\$6 per hundred pounds (cwt) of their late-May highs, have declined \$15 per cwt to around \$150 per cwt.

### *...And Puts Cow-Herd Expansion Plans on Hold*

USDA, National Agricultural Statistics Service's (NASS') July Cattle report indicated that expansion plans have been temporarily suspended as there were no year-over-year changes in beef replacement heifer inventories and dairy replacement heifer inventories declined 2 percent largely as a result of depressed milk prices and increasing feed prices. Further, beef heifer inventories may have declined since the July 1 survey as a result of subsequent drought effects on pastures. To the extent drought has reduced producer heifer-retention plans, it likely understates the full extent to which heifer retention has been put on hold and will likely show up as continuing liquidation in the January 1, 2013 inventory report.

In 2011, drought thwarted Southern U.S. producers' plans for cow-herd expansion. Farther north in 2011, producers held heifers and cows for herd expansion and, to some extent, possibly kept extra-large inventories in light of the significant herd reductions underway in the Southern United States. In 2012, those northern inventories may have shrunk in response to the Central and Northern Plains and Midwest drought, which, combined with continued liquidation in the South, have exacerbated the inventory situation.

Ironically, based on estimates of the total number of beef heifers entering the herd (see <http://www.ers.usda.gov/data-products/livestock-meat-domestic-data.aspx#26182>), the national beef-cow herd appears to be getting younger on average. The number of beef cows reported on January 1 has declined every year since 2006. The January 1 inventory of beef heifers intended for replacements has also declined every year since 2006, except for the January 1, 2012 inventory, which was up 1.4 percent. The ratio of total January-June beef-cow disappearance reached 6.7 and 6.6 percent in 2010 and 2011, respectively, while, this year,

disappearance was 6.3 percent, near the average for 2001-10. Combining these inventory dynamics, the number of beef heifers entering the beef-cow herd in January-June was almost 2.6 million in 2011 and 2.5 million in 2012, the largest January-June increases since at least 2001. The proportion of beef heifers entering the beef-cow herd for January-June reached 50.5 percent in 2011 and 48.1 percent this year, the two highest proportions in the last 11 years (average of 41.9 percent for 2001-10). As a result, producers appear to be replacing beef cows with younger beef heifers, which are slightly cheaper to maintain, but at the possible expense of pounds of calf for sale due to the heifers' productive immaturity.

### ***Drought Also Impacts Cattle Feeding***

Rebuilding the national cow herd will have an adverse effect on feeder cattle supplies and subsequent beef supplies because heifers retained for breeding are no longer available for placement on feed, reducing the subsequent number of cattle on feed and beef supplies from their slaughter. This effect will last until enough heifers have been retained for enough years to produce enough calves to be fed out and slaughtered to replace heifers that were retained and not placed on feed. Heifers retained for herd rebuilding in 2013 will be bred in 2014 and then will calve in 2015. Those calves could be slaughtered for beef in 2016 or 2017.

Throughout 2012, supplies of feeder cattle outside feedlots have been at historic lows since the series began in December 1995 (<http://www.ers.usda.gov/data-products/livestock-meat-domestic-data.aspx#26184>) and, with July 1, 2012 supplies 3.2 percent below the July 1, 2011 estimate, have averaged a 3.37-percent decline year over year for every quarter in 2012. While there is much discussion of a shortage of feeder cattle, cattle-feeding profits and packer margins near or below zero would seem to imply that the perception of a shortage is relative to total feeding and processing capacities rather than a confluence of supply and demand. Further, supplies of cattle on feed for more than 120 days this year are the highest July-1 supplies since records began in December 1995. Retail beef prices at or near record levels are not at levels high enough to support profits throughout the beef-cattle market system.

Some locations in the Southern Plains have received enough precipitation to raise hopes for wheat pasture for feeder calves this fall and winter. However, prospects in most of the winter wheat area are not good, especially in the western winter wheat area of the Southern Plains. Should wheat pasture materialize, it could have a positive effect on heifer and cow retention, as well as provide a lower-cost option for growing feeder cattle to feedlot-placement weight.

Fed cattle prices have improved over the last couple of weeks, but the improvement has not been sufficient to put cattle feeding into the "profitable" range. According to the Sterling Profit Tracker reported in the Drovers' Cattle Network (<http://www.cattlenetwork.com/e-newsletters/drovers-daily/Cattle-feeding-margins-improve-packer-margins-erode-165338486.html>), both cattle feeders and beef packers are in negative territory. As of August 11, the USDA, Agricultural Marketing Service's (AMS) weekly Choice cutout values have declined 8 percent since their mid-June 2012 weekly high.

The tradeoffs between the desire to place heavier-weight feeder cattle with high-priced corn and the necessity of removing lighter-weight cattle from drought-decimated pastures and placing them in feedlots despite high-priced corn may lead

to a bimodal distribution of fed cattle and finish/dressed weights. Since 2008, the proportion of first-half under-600-pound feeder cattle placements to total placements in 1,000-head-plus feedlots has increased steadily from 20.4 to 24.2 percent. Over the same period, the proportion of first-half over-800-pound feeder cattle placed declined steadily from 29.3 to 27.4 percent in 2011, then increased in 2012 to 30.7 percent. Over these same periods, first-half under-600-pound feeder calves increased from 2.085 million head in 2008 to 2.570 million head in 2012, while first-half over-800-pound feeder cattle have moved erratically from 2.985 million (2008), 2.870 million (2009), 2.980 million (2010), 2.945 million (2011), to 3.260 million (2012).

Pasture conditions were relatively normal during 2007-10, which would have increased the incentive to place higher proportions of the available over-800-pound feeder cattle. Further, the increasing proportion of under-600-pound feeder calves placed was consistent with declining corn prices from 2008 through 2010 during which first-half corn prices declined from \$4.85 to \$3.51. In 2011 and 2012, proportions of drought-motivated placements of under-600-pound feeder calves continued to increase despite corn prices of \$6.05 in 2011 and \$6.29 in 2012. The differences in prices between 500-to-550-pound and 750-to-800-pound Medium and Large No.1 steers at Oklahoma National Stockyards, Oklahoma City also reflected the relationships between corn prices and placement weights. Feeder-cattle price differentials averaged from \$17.33 per cwt to \$18.78 from 2008 through 2010 then widened to \$20.98 in 2011 and \$36.46 in 2012 where the widening price differentials reflect the increasing costs of feeding lighter-weight calves high-priced corn.

### ***...And Beef Production***

Estimated commercial steer and heifer slaughter for the first half of the year was almost 4 percent below first-half 2011, and estimated first-half commercial cow slaughter was 2.5 percent below year-earlier slaughter. Despite these declines, commercial beef production for the same period was down 1.6 percent. The disproportionately smaller decline in beef production resulted from federally inspected first-half 2012 dressed weights that averaged 2.1 percent above first-half 2011 weights for all cattle, including 2 percent above year earlier for steers and 2.4 percent above for heifers.

Increased cow slaughter led to an increase in the supply of 90-percent and other lean-beef supplies to the detriment of prices for those products. Although they have declined, both cow prices and lean-beef prices have remained relatively strong over the last couple of months. However, the price of 50-percent lean trim has declined to less than \$45 per cwt partly in response to the continuing negative bias against using Lean Finely Textured Beef in ground beef products (see special article).

July 2012's monthly retail price of \$5.01 per pound for Choice beef—up 1.6 percent from June 2012's \$4.93—was only 1.6 percent below January but above April-through-June prices, reflects a continuing decline from January's record of \$5.09 per pound. At the same time, July's monthly average retail price of \$4.72 per pound for All-fresh beef reflects a new record less than 1 percent from June's \$4.71. All-fresh beef prices are not reflecting weakness in demand for middle meats as are the prices for Choice retail beef.

## Beef/Cattle Trade

### ***U.S. Beef Imports 21 Percent Higher through First Half 2012, Exports Lower***

U.S. beef imports through June were 19 percent higher than year-earlier levels. Imports were stronger from Australia, Brazil, Uruguay, and Mexico thus far in 2012, but U.S. imports from Australia have posted the largest gains at 76 percent higher year over year. Although imports last year from Australia were tightly constrained, Australia is historically one of the largest exporters of beef to the United States. This year, 28 percent of total beef imports came from Australia, compared with 19 percent over the same time period last year. Imports from Mexico and Uruguay were 42 and 49 percent higher, respectively, year over year. Imports of beef from Mexico have steadily trended upward over the past several years and months, as this market continues to direct product for export. Imports from Uruguay are higher after several consecutive years of decline. Total U.S. beef imports for 2012 are forecast at 2.46 billion pounds, or 19 percent higher than year-earlier levels. Growth in import levels is expected to continue into next year with imports forecast at 2.62 billion pounds.

U.S. beef exports have been somewhat constrained through this year. Largely hampered by a stronger U.S. dollar, export levels through June have been 11 percent lower year over year. The top four U.S. beef export markets—Japan, South Korea, Mexico, and Canada— have all posted declines in U.S. beef imports, but declines through June have been the strongest from South Korea ( down 27 percent) followed by Mexico ( down 17 percent), and then Canada ( down 10 percent) and Japan ( down 4 percent). Lower import levels are forecast through the remainder of 2012. Third and fourth quarter exports are forecast 13 and 8 percent lower, respectively, and total exports for 2012 are expected to be 11 percent lower at 2.48 billion pounds.

### ***Cattle Imports 22 Percent Higher Through First Half of 2012, Expected to Tighten into 2013***

Cattle imports through the first half of the year were 22 percent higher than a year ago. Imports are higher from both Mexico (up 31 percent) and Canada (up 6 percent). Feeder cattle have been pulled from both borders, as the increase in Canadian cattle imports also has been feeders. According to AMS weekly reports, Canadian feeder cattle imports were 78 percent higher through July, year over year. As total North American inventories are constrained, however, we should expect to see total cattle import numbers trend downward. In Mexico, the wet season weather pattern now in play will decrease some of the cattle numbers crossing the border. Weather conditions, and thus grazing options, this fall will also determine the extent to which cattle import numbers from Mexico seasonally spike. However, imports from Mexico have been at relatively higher levels, compared with inventory, for the past few years and into 2013 total exportable supply may become an increasingly important factor for U.S. cattle imports from Mexico. Total U.S. cattle imports are forecast at 2.175 million head for 2012 and at 2 million head for 2013.

### *Consumer Concerns about Lean Finely Textured Beef and its Effects on Ground Beef Prices*

Inclusion of Lean Finely Textured Beef (LFTB) in certain ground meat products has raised concern among some consumers partly as a result of the negative connotation associated with “pink slime” associated with the products. LFTB is an inexpensive, FDA-approved lean beef product made from low-valued fatty trim (50-percent lean). LFTB is first treated with an antibacterial agent (ammonia) to make it virtually pathogen free, and then combined with 90-percent lean beef and other fatty trim to produce ground beef and beef-based processed meats. The conversion rate of extra fat trim to LFTB is 3 to 1, or 3 pounds of fat trim to produce 1 pound of LFTB. Demand for LFTB recently declined following media reports portraying it as a seemingly unappealing additive to ground beef products.

These events followed former United States Department of Agriculture (USDA) scientist Gerald Zirnstein’s March 2012 comment that 70 percent of the ground beef sold in supermarkets contained LFTB. In addition, ABC News’ report about the use of LFTB in retail beef products led to media coverage publicizing LFTB as pink slime, a term originally coined by Zirnstein in 2002. On March 21, 2012, Safeway, SuperValu, and Food Lion announced they would stop buying ground beef with LFTB (Avila, 2012). Soon after, Kroger, BI-LO/Winn Dixie, Giant, and Hy-Vee announced that they would discontinue stocking ground beef that contained LFTB. Costco and Whole Foods reported that they did not carry ground beef with LFTB, and Walmart stated that consumers would have the option to purchase ground beef with or without LFTB.

Some manufacturers of lean beef products have been affected by the actions of these retailers. Beef Products Inc. (BPI) manufactures LFTB, and Cargill produces finely texturized beef (FTB), a similar product. BPI announced in late March 2012 that it would shut down three of its four plants (Garden City, Kansas; Amarillo, Texas; and Waterloo, Iowa) and lay off 650 workers due to reduced demand from supermarkets for ground beef containing LFTB (Keefe, 2012). It was estimated at that time that BPI’s average daily LFTB production capacity would drop from 1.5 million pounds per day to 700,000 pounds (Kay, 2012).

#### ***Market Implications***

Fifty-percent lean beef trimmings, which come from fed cattle (steers and heifers), are blended with leaner processing beef and used to produce LFTB. Leaner processing beef comes mostly from cows, bulls, and imported processing beef, but a small portion does come from fed cattle. Since some lean processing beef and 50-percent lean beef trimmings are derived from fed cattle, supply effects on fed cattle prices are unclear.

Although LFTB is a lean product, it is made from fat trimmings that otherwise have less value and typically sell at a discount to a rendering plant. Fifty-percent lean beef trimmings account for about 10 percent of total carcass weight (Steiner Consulting Group, 2012). In addition, beef packers generate more value to fed cattle from an additional 5-10 percent of total carcass weight as extra fat trim, and those components are used jointly to produce LFTB. Decreased demand for ground beef

containing LFTB implies that packers now have to sell a larger portion of fat trimmings at lower prices, reducing fed cattle values (CME Group, 2012).

Several effects of the lost use of LFTB are evident. LFTB adds value to a carcass by utilizing a few more pounds of beef that would otherwise be used in rendering. According to Steiner Consulting Group (2012), an additional 900 million pounds of extra fat trimmings would be available each year in the absence of a market for LFTB. The cut in the demand for LFTB has reduced the market for excess fatty trim. The value of 50-percent trim has declined and as trim comprises a small share of the value of each primal cut that contributes to the calculated carcass value, the decline impacted the value of a fed carcass. The price of fresh 50-percent lean beef trimmings has declined from \$1.01 in February 2012 to \$0.59 in April 2012, due at least partially to the lost use of 50-percent trim in the production of LFTB.

Reduced use of LFTB also has increased the price of 90-percent lean beef. To use the extra fatty trim, more lean beef is needed for blending. The American Meat Institute estimated that an additional 1.5 million head of cattle would be needed to supply the amount of beef necessary to replace the lost use of LFTB. The relatively tight supplies of lean beef provided support for a price increase of 90-percent lean beef and the cull cattle from which it comes. The price of fresh 90-percent lean beef trimmings increased steadily from \$1.72 per pound in October 2011 to \$2.22 per pound in April 2012. Beef analysts expect the price of 90-percent lean beef to continue to rise as more lean beef trimmings are needed to replace LFTB in ground beef (Greene, 2012). The average annual retail price of all fresh beef increased, on average, from \$4.44 per pound in 2011 to \$4.63 per pound in February 2012, and, except for April, has continued to set successive monthly records. This means that the potentially reduced supply of beef from the loss of LFTB would further augment beef prices.

Consumer response to the media portrayal of LFTB as pink slime significantly affected markets for beef trim, especially fattier trim. LFTB production has slowed and LFTB-producing plants have shut down, costing jobs. As a result, beef producers have seen a reduction in 50-percent lean beef prices and its effect on the carcass value of fed cattle. The lost use of 50-percent trim to produce LFTB provides support for 90-percent lean beef prices and, consequently, prices for cull cows, bulls, and imported processing beef. While prices for ground products continue to increase due to the reduced supply of lean beef from the loss of LFTB, the offsetting effects lead to an ambiguous net outcome for the cattle industry. In addition, historically low cattle inventories and year-over-year lower beef supplies due to factors outside the LFTB debate have supported beef prices at high levels. The beef cattle industry's current focus is on mitigating the effects of media portrayals of LFTB. Continuing consumer resistance to LFTB will provide support for lean processing beef prices.

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### ***Drought To Affect 2012 Pork Production***

Significantly higher feed costs from reduced expectations for U.S. feed grain production as a result of drought and persistent, high temperatures in Mid-western States will all but certainly have a negative impact on U.S. pork production next year. With 2013 USDA forecast prices for corn at \$7.50-\$8.90 per bushel, and 48-48-percent soybean meal at \$460-\$490 per ton, the spread between estimated costs of feed and hog prices is negative. Persistent negative feeding spreads suggest that most producers, unable to cover variable costs of production, would exercise some means of reducing hog production to limit operating losses.

USDA is forecasting 2013 pork production at almost 23 billion pounds, about 1.3 percent lower than estimated production this year. Lower 2013 production levels are expected to be achieved primarily through a combination of lower farrowings—from reduced breeding inventory numbers—and lower slaughter weights. Hog prices in 2013 are expected to reflect lower available animal supplies. Prices of live equivalent 51-52 percent lean hogs are expected to average \$62-\$67 per cwt in 2013, almost 3 percent above prices this year.

Projected pork production levels for 2013 would reduce per capita pork consumption to 45.2 pounds per person, down more than 1 percent from forecast 2012 per capita consumption. When lower per capita estimates for pork, beef, and poultry are combined, U.S. per capita meat and poultry consumption is expected to decline next year to 197.7 pounds per person, 2.5 percent lower than 2012. This would be the first time since 1990 that total meat and poultry consumption per capita has dropped below 200 pounds per year. Retail pork prices next year are expected to reflect lower pork supplies, and to average about \$3.50 per pound.

### ***China Firmly Ensnconced in Top-Three Foreign Destinations for U.S. Pork in 2012***

In the first 6 months of 2012, U.S. exporters shipped more than 2.7 billion pounds of pork to foreign destinations, 12 percent more than a year ago. The top 10 foreign buyers of U.S. pork products are listed below.

While Japan remains far and away the largest foreign buyer of U.S. pork products, U.S. shipments to Japan through June were 4.6 percent lower than during the same period last year. Japanese data for ending stocks suggest that strong first-quarter Japanese pork imports combined with slowed product disappearance boosted ending stocks above recent averages. It is likely that as stock levels moderate, Japanese imports will accelerate.

**U.S. pork exports and export shares, January-June, 2012, 2011**

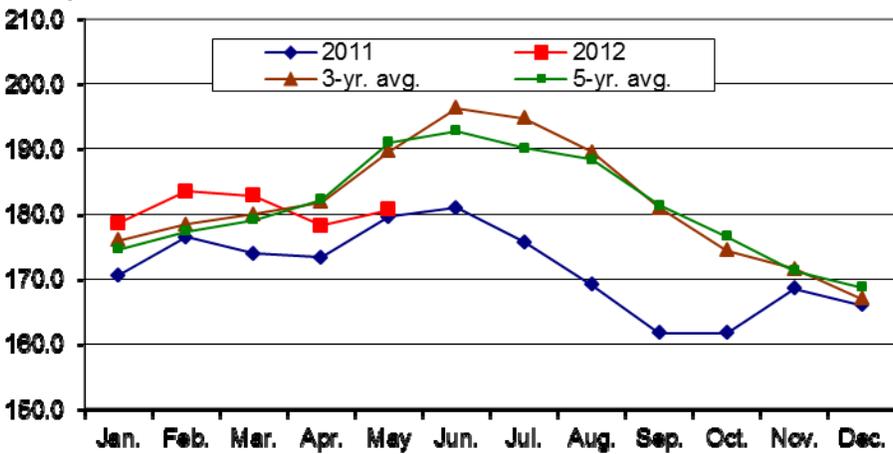
	Jan.-Jun. exports 2012	Jan.-Jun. exports 2011	(2012/2011)	Share of U.S pork exports	
	million lbs cwe	million lbs cwe	%	2012	2011
				%	%
<b>World</b>	2,746	2,448	12.1		
<b>1 Japan</b>	704	738	-4.6	25.6	30.1
<b>2 Mexico</b>	566	508	11.4	20.6	20.8
<b>3 China</b>	365	157	132.3	13.3	6.4
<b>4 Canada</b>	274	229	19.3	10.0	9.4
<b>5 South Korea</b>	236	288	-18.0	8.6	11.8
<b>6 Russia</b>	147	87	69.8	5.4	3.5
<b>7 Australia</b>	106	111	-4.4	3.9	4.5
<b>8 Hong Kong</b>	79	60	31.4	2.9	2.5
<b>9 Philippines</b>	44	58	-22.7	1.6	2.4
<b>10 Honduras</b>	27	29	-8.0	1.0	1.2

China has become the third largest foreign destination for U.S. pork so far in 2012. Through June, Chinese imports of U.S. pork products were over 365 million pounds, more than double shipments during the same period last year. With strong year-over-year shipments through June, China now accounts for more than 13 percent of total U.S. pork exports, up from a 6.4 percent share a year ago (see table above). Recent news reports indicate that the Government of China has announced a round of pork purchases to support the pork sector during a period of low product prices. The figure below shows that weekly hog prices for the major producing region of Sichuan have recently dropped below the 2009-2011 average, and have traded significantly below 2011 prices since early April. The impact of such a program on Chinese pork imports remains unclear. Retail prices of pork products and pork producer returns likely will continue to be the key determinants of Chinese demand for imported pork products.

U.S. pork exports are expected to be 5.396 billion pounds this year, 4 percent higher than in 2011. In 2013, exports are expected to be about equal to shipments this year. Higher U.S. pork prices from lower production next year may limit shipments to some foreign markets. Higher world feed costs however, may reduce foreign pork production and induce pork imports from the United States. Because feed costs are expected to be higher almost everywhere, it is likely that the United States will remain among the world's low-cost pork producers.

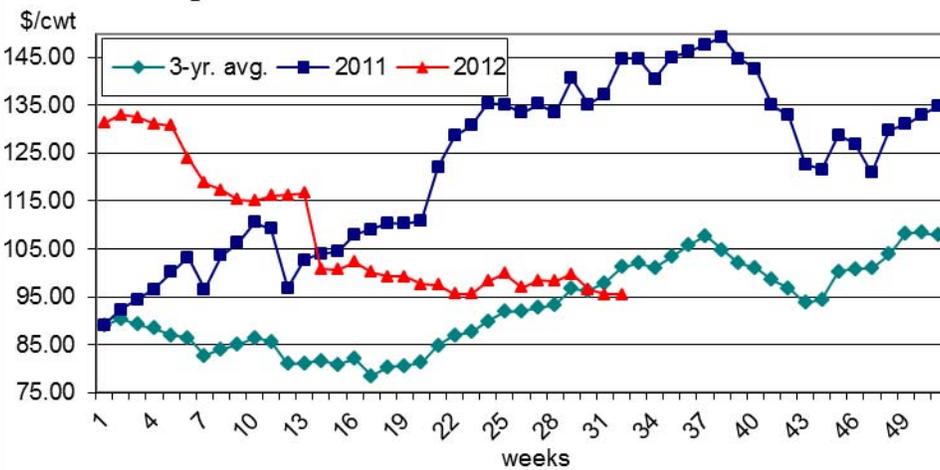
### Japan: pork ending stocks

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Source: USDA Market News, WA\_LS682.  
[http://www.ams.usda.gov/mnreports/wa\\_ls682.txt](http://www.ams.usda.gov/mnreports/wa_ls682.txt)

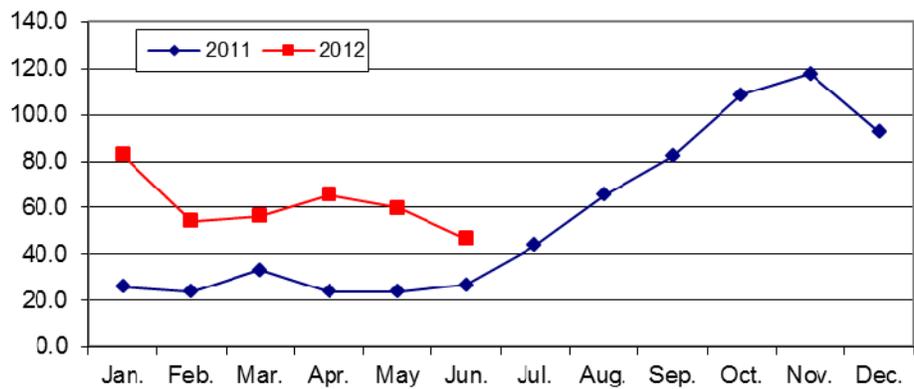
### Sichuan, China: weekly live hog price, 2012, 2011, and 2009-2011 avg.



Source: China National Grains and Oilseeds Information Center (CNGOIC).

### U.S. pork exports to China, Jan. 2011-June 2012

million lbs. cwe



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

### ***Broiler Meat Forecast for 2013 Lowered***

With sharply higher prices expected for both corn and soybeans, the broiler meat production forecast was lowered for 2013, by 600 million pounds, to 36.5 billion pounds. The production estimate for 2012 rose to 36.97 billion pounds due to a slightly higher preliminary estimate for the second quarter and an increase of 50 million pounds to the forecast for the third quarter.

Broiler meat production in June totaled 3.1 billion pounds, 5 percent below the previous year. Part of the reduction was due to one fewer slaughter day in June 2012 compared with the previous year. With the lower June production, total production for second-quarter 2012 was just under 9.4 billion pounds, 1.4 percent lower than second-quarter 2011. This is the third consecutive quarter of year-over-year declines in broiler meat production. In the first half of 2012, broiler meat production was 18.5 billion pounds, 1.8 percent lower than a year earlier. Broiler meat production is expected to be mixed in the second half of 2012, with lower production in the third quarter, but higher production in the fourth quarter. Starting in the fourth quarter, sharp increases in feed grain prices and continued economic uncertainties in both the domestic and foreign sectors is expected to push broiler integrators into cutting production. Production in the second half of 2012 is expected to total 18.5 billion pounds, slightly higher than in the same period in 2011.

Over the first half of 2012, the number of broilers slaughtered was 4.2 billion, a decrease of 2.4 percent from a year earlier. One factor that has slowed reductions in broiler meat production during the first half of 2012 has been higher average liveweights at slaughter. During the first 6 months of 2012, the average liveweight at slaughter was 5.83 pounds, up 0.7 percent from the first half of 2011. In the second half of 2012, the number of broilers slaughtered is expected to be down from the previous year, but average bird weights at slaughter are expected to remain close to the previous year.

The number of chicks being placed weekly for growout averaged approximately 163 million during period of July 7 - August 4, down 0.6 percent from the same period in 2011. Weekly placements of broiler eggs in incubators point to a slightly lower number of chicks available for growout compared with the previous year. In the week ending July 28, the number of eggs in incubators was 1 percent higher than in the equivalent week the previous year. This marks the first time incubators numbers have been higher than the previous year since the week ending April 23, 2011. Egg sets for the week ending August 4 were fractionally higher than the previous year.

Broiler stocks in cold storage totaled 607 million pounds at the end of June, down 15 percent from a year earlier. Most categories of broiler stocks that are shown individually had strong declines compared with the previous year, where stocks of whole birds were down 49 percent, breast meat down 33 percent, leg quarters down 27 percent, and wings down 36 percent. These declines were countered partially by gains in cold storage holdings of legs (up 45 percent) and of the products included in the "other" category (up 7 percent). Cold storage stocks are expected to remain

below year-earlier levels during the third quarter, but move slightly higher in fourth-quarter 2012 and remain higher on a year-over-year basis during 2013.

Wholesale prices for many broiler products over the first 7 months of 2012 have averaged well above the previous year. Whole bird prices have averaged \$0.86 per pound, 7-percent higher than the previous year. Prices for broiler parts, such as leg quarters and wings, were also much higher. Leg quarter prices averaged \$0.53 per pound, a 20 percent increase from a year earlier and wing prices averaged \$1.81 per pound, a huge jump of 101 percent from the same period in 2011. With higher production expected in third-quarter 2012, whole bird prices are expected to average \$0.80-\$0.82 per pound for that quarter down from \$0.86 per pound in the second quarter. With lower productions in 2013, the price for whole birds is estimated at \$0.84-\$0.90 per pound for the year.

### ***Broiler Exports Rise 13 Percent in Second Quarter***

Broiler meat exports in second-quarter 2012 totaled 1.79 billion pounds, slightly higher than previously forecast and over 200 million pounds (13 percent) more than in the same period in 2011. Shipments in June totaled 593 million pounds, very close to the amounts exported in April and May. Mexico continued to be largest market for U.S. broiler meat, with shipments in June of over 100 million pounds, or 15 percent higher than the previous year. Shipments in June also were also much higher to Russia, the Baltic countries, and other FSU (Former Soviet Union) countries. These gains were partially countered by smaller shipments to a number of Asian countries, such as Hong Kong, Korea, and Japan.

With expected higher prices as a result of lower production, the broiler export forecast for 2013 was lowered. Shipments in 2013 are expected to total 6.95 billion pounds, down 2 percent from 2012, as some price sensitive buyers scale back purchases.

### ***Turkey Production in 2013 Expected at 5.8 Billion Pounds***

The forecast for turkey meat production in 2013 was reduced by 135 million pounds to 5.8 billion, a decline of 2.7 percent from 2012. Turkey producers are expected to reduce production in reaction to anticipated higher prices for turkey feed.

Turkey meat production during the first 6 months of 2012 was 2.9 billion pounds, 2.7 percent higher than in the same period in 2011. The increase in turkey meat production resulted from a higher number of birds slaughtered, up 1.6 percent, and an increase in live-weight at slaughter. Over the first 6 months of 2012, live turkey weights averaged 30.4 pounds, up 1 percent from the same period in 2011.

The forecast for turkey meat production in the second half of 2012 is 3.0 billion pounds, up 3 percent from the same period in 2011. The increase is expected to come chiefly from a higher number of birds slaughtered, as average live weight at slaughter is expected to be slightly higher than those of the previous year.

With more birds slaughtered and an increase in turkey meat production, turkey stocks have expanded. At the end of June turkey stocks were up 7.6 percent from the previous year to 547 million pounds. Stocks of both whole birds and turkey

products were higher, with most of the growth attributed to larger stocks of turkey products. With higher production expected to continue in the second half of 2012, ending stocks for 2012 are forecast at 250 million pounds, up 18 percent from 2011.

### ***Turkey Exports Higher in Second-Quarter 2012***

Turkey meat exports totaled 185 million pounds in second-quarter 2012, an increase of 8 percent from the same period in 2011. Turkey products shipments have been steady throughout the first half of 2012, with first-quarter exports totaling 181 million pounds. Shipments to Mexico in the first half of 2012 have not been the fastest growing, but at 198 million pounds, they accounted for 54 percent of the total.

In June, turkey exports totaled 58.7 million pounds, 9.5 percent higher than in June 2012. Higher shipments to Canada, the Philippines, China, and Mexico accounted for the bulk of the increase. As with other poultry products, the turkey export forecast for 2013 was lowered from its previous levels due to expected lower domestic production and higher prices. Exports in 2013 are expected to total 690 million pounds, down 40 million pounds from their previous forecast and 7 percent lower than the forecast for 2012.

### ***Total Egg Production Reduced for 2013***

The forecast for total domestic egg production in 2013 was lowered by 100 million dozen to 7.5 billion dozen, down 2 percent from the 2012 forecast. The lower production, brought on by higher feed costs, is expected to result in higher domestic prices and lower exports in 2013.

In the first half of 2012, table egg production was 3.3 billion dozen, up 1.1 percent from the first half of 2011. However, production of hatching eggs fell by 3.7 percent compared with the previous year. The decrease in hatching egg production was chiefly the result of the decline in broiler chicks needed for growout. Hatching egg production in the first half of 2012 was 520 million dozen. Production of table eggs is expected to be down slightly in the second half of 2012 and through 2013. Production of hatching eggs, especially those from meat-type birds, is expected to be below year-earlier levels in the second half of 2012 as broiler chick production declines.

Wholesale prices in the New York market for a dozen grade A large eggs in the second quarter averaged \$0.98 per dozen, at the end of July. However, moving into August, prices have spiked to over \$1.50 per dozen. Even with table egg production expected to be slightly higher in the second half of 2012, prices are expected to be stronger than the previous year through the end of 2012. Wholesale prices in the New York market for a dozen Grade A large eggs are forecast to average \$1.28-\$1.32 for third-quarter 2012 and average \$1.31-\$1.39 in the fourth quarter.

### ***Egg Exports Much Higher in June***

Total egg and egg product exports in June were the equivalent of 25.2 million dozen, up 19 percent from the previous year. Much of the increase was

concentrated in higher shipments to the three largest markets, Canada (up 15 percent), Japan (up 40 percent), and Hong Kong (up 48 percent). With the increase in June, total egg exports in the first half of 2012 totaled 137.2 million dozen, down 2.1 percent from the same period in 2011. With shortfalls in egg production in the second half of 2012 expected in Mexico and a number of EU countries, the export estimate for 2012 was increased to 292 million dozen. However, with lower production and higher prices expected next year, the export estimate for 2013 was lowered to 251 million dozen, a reduction of 15 million dozen from last month.

### ***Drought Affected Feed Prices Will Lower Herd Size and Milk Production in 2013 Over 2012***

Exceptionally hot and dry weather throughout most of the United States, but especially for the Midwest, has reduced expected U.S. corn yields to an average 123.4 bushels per acre for 2012/13. By contrast, U.S. corn yield in 2010/11 was 152.8 bushels per acre. Corn production for the upcoming 2012/13 season is now forecast at 10,780 million bushels compared with the 12,358 million bushels from 2011/12. Corn prices on the cash market have soared and the season average price for 2012/13 is now projected at \$7.50 - \$8.90 per bushel, a substantial increase from July's forecast \$5.40 - \$6.40 per bushel. Recent rains could rescue the soybean crop; but, soybean production is forecast to be 2,692 million bushels for 2012/13. Lower yields and lower-than-expected harvested acreage account for the decline. Soybean meal production for 2012/13 is forecast at 36.0 million tons, a decline from July's forecast and a year-over-year decline as well. Soybean meal prices for the upcoming season are projected at \$460 - \$490 a ton. According to the July Agricultural Prices report, alfalfa hay prices have been steady at about \$200 per ton for the last 2 months and up 5 percent from July 2011. The forecast production shortfall in feedstuffs is expected to raise feed prices for dairy producers in both 2012 and into 2013.

According to USDA/AMS, weekly estimated dairy cow slaughter turned substantially upward in July. Higher apparent culling, combined with higher feed prices, leads to a reduced 2012 herd size estimate of 9,215 thousand head in August. While herd size is expected to be slightly higher on a year-over-year basis compared to 2011, the U.S. dairy herd is forecast to contract to 9,110 thousand head in 2013. The severe drought will impact milk production per cow both this year and next. In light of higher feed prices, USDA has lowered milk yield per cow to 21,705 pounds this year and 21,830 pounds in 2013. Consequently, the milk production forecast for 2012 was lowered from July by 1.6 billion pounds to 200.0 billion pounds this year and to 198.9 billion pounds in 2013, a year-over-year decline in production.

Projected milk equivalent imports for 2012 on a fats basis were raised in August to 3.7 billion pounds and to 5.5 billion pounds on a skim-solids basis. Strong imports of butterfat, milk proteins, and casein during April, May and June supported the higher forecast. For 2013, forecast imports were also raised to 3.6 billion pounds on a fats basis as butterfat imports are expected to remain high. Imports on a skim-solids basis were unchanged at 4.7 billion pounds as the pace of skim-solids imports is not expected to carry into 2013.

Exports on a fats basis for this year were increased to 9.8 billion pounds on a fats basis and to 33.4 billion pounds on a skim-solids basis based on a strong first half of the year performance. The export pace is likely to slow in the second half of 2012 due to higher prices. Exports in 2013 were lowered from July's projection to 8.9 billion pounds on a fats basis and to 32.5 billion pounds on a skim-solids basis as reduced supplies and higher prices are expected to impact all dairy exports. Milk equivalent stocks on both a fats and skim solids basis were tightened for both 2012 and 2013. Lower expected milk production, especially in 2013, will contribute to the tighter stocks position. Prices across the board are expected to be

higher for the rest of 2012 and in 2013 than previously forecast. Product prices will be higher in 2013 than in 2012, but will still be below 2011 prices. The cheese price is forecast at \$1.635 - \$1.655 per pound this year rising to \$1.640 - \$1.740 per pound in 2013. The forecast butter price was also raised from July to \$1.535 - \$1.575 per pound in 2012 and to \$1.515 - \$1.645 per pound in 2013. The nonfat dry milk price forecast was increased in August to \$1.250 - \$1.270 per pound for the current year and to \$1.350 - \$1.420 per pound in 2013. Whey prices were also raised to 55.0 - 57.0 cents per pound and 57.0 - 60.0 cents per pound for 2012 and 2013, respectively.

The higher forecast product prices are reflected in the class milk prices and in the all milk price. The Class III price is forecast at \$16.50 - \$16.70 per cwt this year and at \$16.70 - \$17.70 per cwt in 2013. The Class IV price was increased in August to \$15.10 - \$15.40 per cwt in 2012 and to \$15.90 - \$17.00 per cwt in 2013. The all milk price is projected at \$17.55 - 17.75 per cwt and \$17.80 - \$18.80 per cwt for 2012 and 2013, respectively.

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Meat Price Spreads, <http://www.ers.usda.gov/data-products/meat-price-spreads.aspx>, provides monthly average price values, and the differences among those values, at the farm, wholesale, and retail stages of the production and marketing chain for selected cuts of beef, pork, and broilers. In addition, retail prices are provided for beef and pork cuts, turkey, whole chickens, eggs, and dairy products.

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

### Related Websites

Livestock, Dairy, and Poultry Outlook, <http://www.ers.usda.gov/publications/ldpm-livestock,-dairy,-and-poultry-outlook.aspx>  
Animal Production and Marketing Issues, <http://www.ers.usda.gov/topics/animal-products/animal-production-marketing-issues.aspx>  
Cattle, <http://www.ers.usda.gov/topics/animal-products/cattle-beef.aspx>  
Dairy, <http://www.ers.usda.gov/topics/animal-products/dairy.aspx>  
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Poultry and Eggs, <http://www.ers.usda.gov/topics/animal-products/poultry-eggs.aspx>  
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**U.S. red meat and poultry forecasts**

	2010					2011					2012					2013				
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual		
<b>Production, million lb</b>																				
Beef	6,248	6,546	6,768	6,741	26,305	6,410	6,559	6,736	6,490	26,195	6,283	6,475	<b>6,620</b>	<b>6,205</b>	<b>25,583</b>	<b>6,010</b>	<b>6,315</b>	<b>24,575</b>		
Pork	5,607	5,302	5,401	6,126	22,437	5,719	5,370	5,484	6,186	22,758	5,858	5,519	<b>5,565</b>	<b>6,290</b>	<b>23,232</b>	<b>5,790</b>	<b>5,475</b>	<b>22,945</b>		
Lamb and mutton	43	40	39	42	164	36	40	36	37	149	39	39	<b>37</b>	<b>38</b>	<b>153</b>	<b>38</b>	<b>36</b>	<b>145</b>		
Broilers	8,733	9,198	9,496	9,484	36,910	9,290	9,509	9,542	8,860	37,201	9,090	9,377	<b>9,350</b>	<b>9,150</b>	<b>36,967</b>	<b>9,000</b>	<b>9,050</b>	<b>36,500</b>		
Turkeys	1,340	1,383	1,415	1,506	5,644	1,402	1,471	1,423	1,495	5,791	1,446	1,504	<b>1,460</b>	<b>1,550</b>	<b>5,960</b>	<b>1,400</b>	<b>1,450</b>	<b>5,800</b>		
Total red meat & poultry	22,122	22,626	23,291	24,058	92,097	23,011	23,113	23,396	23,225	92,745	22,868	23,082	<b>23,200</b>	<b>23,392</b>	<b>92,542</b>	<b>22,487</b>	<b>22,480</b>	<b>90,593</b>		
Table eggs, mil. doz.	1,610	1,626	1,645	1,666	6,547	1,624	1,634	1,646	1,686	6,590	1,653	1,642	<b>1,660</b>	<b>1,665</b>	<b>6,620</b>	<b>1,600</b>	<b>1,615</b>	<b>6,485</b>		
<b>Per capita disappearance, retail lb 2/</b>																				
Beef	14.6	15.1	15.3	14.6	59.6	14.1	14.6	14.7	14.0	57.3	14.0	14.7	<b>14.7</b>	<b>13.8</b>	<b>57.2</b>	<b>13.8</b>	<b>14.0</b>	<b>54.8</b>		
Pork	11.8	11.4	11.7	12.8	47.8	11.4	11.1	11.0	12.2	45.7	11.1	10.9	<b>11.2</b>	<b>12.5</b>	<b>45.7</b>	<b>11.4</b>	<b>10.9</b>	<b>45.2</b>		
Lamb and mutton	0.2	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.8	0.2	0.2	<b>0.2</b>	<b>0.2</b>	<b>0.8</b>	<b>0.2</b>	<b>0.2</b>	<b>0.8</b>		
Broilers	20.1	20.5	21.4	20.4	82.4	21.5	21.5	20.8	19.1	82.9	20.1	20.4	<b>20.4</b>	<b>20.0</b>	<b>80.9</b>	<b>19.7</b>	<b>19.8</b>	<b>79.2</b>		
Turkeys	3.5	3.6	4.1	5.2	16.4	3.5	3.5	4.0	5.1	16.1	3.5	3.6	<b>3.9</b>	<b>5.3</b>	<b>16.3</b>	<b>3.6</b>	<b>3.6</b>	<b>16.0</b>		
Total red meat & poultry	50.7	51.2	53.3	53.7	208.9	51.3	51.3	51.0	51.0	204.6	49.3	50.3	<b>50.8</b>	<b>52.3</b>	<b>202.7</b>	<b>49.1</b>	<b>48.9</b>	<b>197.7</b>		
Eggs, number	61.5	61.4	62.2	62.8	247.9	61.1	61.3	62.2	63.1	247.6	62.1	60.8	<b>61.8</b>	<b>61.7</b>	<b>246.4</b>	<b>59.8</b>	<b>59.9</b>	<b>240.8</b>		
<b>Market prices</b>																				
Choice steers, 5-area Direct, \$/cwt	89.44	96.33	95.47	100.28	95.38	110.07	112.79	114.05	121.99	114.73	125.29	121.91	<b>114-118</b>	<b>115-123</b>	<b>119-122</b>	<b>117-127</b>	<b>120-130</b>	<b>122-132</b>		
Feeder steers, Ok City, \$/cwt	98.73	112.65	112.29	113.55	109.31	127.20	131.09	134.74	141.93	133.74	152.81	150.05	<b>133-137</b>	<b>135-143</b>	<b>142-144</b>	<b>135-145</b>	<b>137-147</b>	<b>141-151</b>		
Cutter Cows, National L.E., \$/cwt	51.79	58.79	58.90	54.93	56.10	68.66	74.88	66.11	63.54	68.30	76.57	83.51	<b>78-82</b>	<b>76-80</b>	<b>79-81</b>	<b>77-81</b>	<b>78-84</b>	<b>78-82</b>		
Choice slaughter lambs, San Angelo, \$/cwt	103.87	106.17	115.57	141.62	116.81	174.66	157.99	161.13	148.61	160.60	145.33	127.08	<b>108-112</b>	<b>111-119</b>	<b>123-126</b>	<b>115-125</b>	<b>110-120</b>	<b>112-122</b>		
Barrows & gilts, N. base, I.e. \$/cwt	50.41	59.60	60.13	50.11	55.06	59.94	68.80	71.06	64.66	66.11	61.68	61.79	<b>66-68</b>	<b>58-62</b>	<b>62-63</b>	<b>60-66</b>	<b>65-71</b>	<b>62-67</b>		
Broilers, 12 City, cents/lb	82.20	85.00	84.50	80.00	82.90	77.90	82.60	78.80	76.80	79.00	87.20	85.9	<b>80-82</b>	<b>77-81</b>	<b>82-84</b>	<b>82-88</b>	<b>85-93</b>	<b>84-90</b>		
Turkeys, Eastern, cents/lb	75.60	84.40	97.90	103.70	90.40	90.20	99.90	106.40	111.60	102.00	100.70	106.9	<b>107-111</b>	<b>111-117</b>	<b>106-109</b>	<b>98-106</b>	<b>101-109</b>	<b>102-111</b>		
Eggs, New York, cents/doz.	126.00	82.80	93.10	123.20	106.30	105.80	106.60	117.70	131.20	115.30	108.70	99.7	<b>128-132</b>	<b>131-139</b>	<b>117-120</b>	<b>118-128</b>	<b>106-114</b>	<b>112-121</b>		
<b>U.S. trade, million lb</b>																				
Beef & veal exports	478	585	590	646	2,299	633	702	766	683	2,785	558	625	<b>670</b>	<b>625</b>	<b>2,478</b>	<b>620</b>	<b>675</b>	<b>2,550</b>		
Beef & veal imports	573	690	598	436	2,297	461	593	548	454	2,057	582	669	<b>640</b>	<b>565</b>	<b>2,456</b>	<b>640</b>	<b>695</b>	<b>2,620</b>		
Lamb and mutton imports	47	46	31	42	166	49	48	31	34	162	37	38	<b>30</b>	<b>46</b>	<b>151</b>	<b>45</b>	<b>40</b>	<b>165</b>		
Pork exports	1,046	1,081	951	1,146	4,224	1,248	1,200	1,261	1,481	5,189	1,444	1,302	<b>1,275</b>	<b>1,375</b>	<b>5,396</b>	<b>1,350</b>	<b>1,300</b>	<b>5,400</b>		
Pork imports	199	204	237	219	859	201	195	194	213	803	207	191	<b>200</b>	<b>210</b>	<b>808</b>	<b>215</b>	<b>205</b>	<b>840</b>		
Broiler exports	1,469	1,699	1,643	1,954	6,765	1,527	1,588	1,978	1,879	6,971	1,737	1,791	<b>1,800</b>	<b>1,750</b>	<b>7,078</b>	<b>1,700</b>	<b>1,675</b>	<b>6,950</b>		
Turkey exports	114	136	158	174	582	159	171	173	199	703	181	185	<b>190</b>	<b>185</b>	<b>741</b>	<b>170</b>	<b>170</b>	<b>690</b>		
Live swine imports (thousand head)	1,446	1,408	1,479	1,416	5,749	1,452	1,429	1,407	1,508	5,795	1,441	1,444	<b>1,390</b>	<b>1,485</b>	<b>5,760</b>	<b>1,425</b>	<b>1,400</b>	<b>5,715</b>		

1/ Forecasts are in bold.

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

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

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8/10/2010

## Dairy Forecasts

	2011			2012					2013		
	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Milk cows (thous.)	9,200	9,216	9,194	9,254	9,257	9,200	9,145	9,215	9,125	9,120	9,110
Milk per cow (pounds)	5,292	5,279	21,346	5,513	5,561	5,320	5,310	21,705	5,420	5,600	21,830
<b>Milk production (bil. pounds)</b>	48.7	48.7	196.2	51.0	51.5	48.9	48.6	200.0	49.5	51.1	198.9
Farm use	0.2	0.2	1.0	0.2	0.2	0.2	0.2	1.0	0.2	1.0	1.0
Milk marketings	48.4	48.4	195.3	50.8	51.2	48.7	48.3	199.0	49.2	50.8	197.9
<b>Milkfat (bil. pounds milk equiv.)</b>											
Milk marketings	48.4	48.4	195.3	50.8	51.2	48.7	48.3	199.0	49.2	50.8	197.9
Beginning commercial stocks	13.2	12.3	10.8	10.9	13.3	14.3	12.8	10.9	10.5	12.6	10.5
Imports	0.8	1.2	3.5	0.9	0.9	0.9	1.0	3.7	0.9	0.9	3.6
Total supply	62.4	62.0	209.6	62.5	65.4	63.9	62.1	213.6	60.6	64.3	212.0
Commercial exports	2.2	2.1	9.4	2.2	2.8	2.5	2.3	9.8	2.2	2.3	8.6
Ending commercial stocks	12.3	10.9	10.9	13.3	14.3	12.8	10.5	10.5	12.6	14.5	10.9
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	47.9	49.0	189.2	47.1	48.3	48.6	49.4	193.4	45.8	47.5	192.3
<b>Skim solids (bil. pounds milk equiv.)</b>											
Milk marketings	48.4	48.4	195.3	50.8	51.2	48.7	48.3	199.0	49.2	50.8	197.9
Beginning commercial stocks	12.7	12.2	12.2	11.8	12.5	12.2	11.8	11.8	11.6	11.6	11.6
Imports	1.3	1.4	5.3	1.4	1.4	1.3	1.4	5.5	1.3	1.1	4.7
Total supply	62.4	62.0	212.7	64.0	65.2	62.2	61.5	216.4	62.1	63.6	214.2
Commercial exports	8.3	8.2	32.5	8.3	9.0	8.2	7.9	33.4	8.1	8.2	32.5
Ending commercial stocks	12.2	11.8	11.8	12.5	12.2	11.8	11.6	11.6	11.6	12.1	11.6
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	41.9	42.0	168.3	43.1	44.0	42.3	42.0	171.3	42.3	43.3	170.1
<b>Milk prices (dol./cwt) 1/</b>											
All milk	21.67	20.07	20.14	17.97	16.40	17.50	18.20	17.55	17.50	17.20	17.80
						-17.80	-18.80	-17.75	-18.40	-18.20	-18.80
Class III	20.71	18.62	18.37	16.28	15.53	17.25	16.95	16.50	16.15	16.20	16.70
						-17.55	-17.55	-16.70	-17.05	-17.20	-17.70
Class IV	20.00	17.72	19.04	15.94	13.86	15.30	15.35	15.10	15.25	15.65	15.90
						-15.70	-16.05	-15.40	-16.25	-16.75	-17.00
<b>Product prices (dol./pound) 2/</b>											
Cheddar cheese	2.041	1.799	1.825	1.559	1.547	1.735	1.690	1.635	1.605	1.590	1.640
						-1.765	-1.750	-1.655	-1.695	-1.690	-1.740
Dry whey	0.570	0.636	0.533	0.646	0.544	0.500	0.515	0.550	0.535	0.565	0.570
						-0.520	-0.545	-0.570	-0.565	-0.595	-0.600
Butter	2.030	1.728	1.950	1.499	1.409	1.620	1.620	1.535	1.490	1.485	1.515
						-1.680	-1.710	-1.575	-1.610	-1.615	-1.645
Nonfat dry milk	1.578	1.461	1.506	1.368	1.170	1.225	1.235	1.250	1.285	1.335	1.350
						-1.255	-1.285	-1.270	-1.355	-1.405	-1.420

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

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

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

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Updated 8/10/12