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Livestock, Dairy, and Poultry Outlook

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Swine Disease Outbreaks Appear To Accelerate in January

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Tables will be released on Feb 25, 2014

The next newsletter release is Mar 14, 2014

Approved by the World Agricultural Outlook Board.

Beef/Cattle: Lower total cow inventories at the start of 2014 will limit herd expansion, resulting in lower beef production for the next couple of years. Prices for pork and poultry will likely be supported by and dampen beef price increases.

Beef/Cattle Trade: U.S. cattle imports weakened in 2013 as historically low cattle inventories in Mexico caused a 33-percent reduction in imports from Mexico. U.S. beef exports increased 5 percent in 2013, with strong growth in shipments to Japan and Hong Kong. Imports of beef were moderately higher in 2013.

Recent Livestock, Dairy and Poultry Special Articles

“Effect of the Trans-Pacific Partnership on U.S. Dairy Trade,” pdf pages 19-25 of November 2013 Livestock, Dairy and Poultry Outlook report
(<http://www.ers.usda.gov/media/1221780/specialarticleldpm233.pdf>)

“U.S. Pork Production Rises on a Smaller Base of Breeding Animals,” pdf pages 16-19 of the April 2013 Livestock, Dairy and Poultry Outlook report
(<http://www.ers.usda.gov/media/1077557/ldpm226.pdf>)

“Implications of the Trans-Pacific Partnership for Meat, Poultry, and Seafood Trade,” pdf pages 20-24 of the April 2013 Livestock, Dairy and Poultry Outlook report
(<http://www.ers.usda.gov/media/1077557/ldpm226.pdf>)

“Determinants of Japanese Demand for U.S. Pork Products in 2012,” pdf pages 20-25 of the May 2013 Livestock, Dairy and Poultry Outlook report
(<http://www.ers.usda.gov/media/1106754/ldpm227.pdf>)

Pork/Hogs: Porcine Epidemic Diarrhea (PEDv) outbreaks have accelerated in January. USDA's forecast for 2014 pork production was lowered 0.7 percent in response to the further spread of the swine disease. U.S. pork exports in 2013 were 7.2 percent below a year earlier. Exports in 2014 are expected to increase 3 percent.

Poultry: The outlook for broiler meat production in 2014 is for continued growth throughout the year, with an increase of 2.8 percent to 38.9 billion pounds. With feed prices expected to be somewhat lower in 2014 and with continued growth in the domestic economy, broiler integrators are expected to have incentives to expand production. Turkey meat production in 2014 is forecast to total 5.9 billion pounds, up less than 1 percent from 2013. The current forecast is a decrease of 45 million pounds from the January forecast. If realized, this would be a slight recovery in production after a decrease of 2.7 percent in 2013. Table egg production is expected to increase 1.6 percent in 2014, reaching 6.97 billion dozen. The production growth is expected to come from increases in the number of hens in the table egg flock and also from an increase in the rate of eggs produced per bird.

Poultry Trade: Broiler and turkey product shipments in December were down from a year ago, while egg exports were up. Broiler shipments totaled 558 million pounds in December 2013, a decrease of 8.1 percent from a year earlier. Turkey shipments declined 14.8 percent from a year ago, totaling 53.9 million pounds, while egg exports totaled 37.1 million dozen in December 2013, a 44.2-percent increase from last December.

Sheep/Lamb: On January 1, 2014, the United States sheep industry registered a 2 percent inventory decline in all major segments of the industry from 2013. The declines in all segment of the sheep industry suggest that lamb meat supply will also be down in 2014. Continued tight supplies are expected to outweigh the fairly stable demand, helping to maintain strong prices in 2014.

Dairy: Milk supplies will increase in 2014 as a modest herd expansion is forecast for the second half of the year. Yield per cow is forecast to rise year-over-year, but no change is made in the February forecast from January. Exports remain strong, but higher milk production, both domestically and globally, could pressure prices later in 2014.

Signs of Intended Herd Expansion Despite Inventory Declines

Producers have good incentives to increase the national cow herd, and expansion, which has been stymied by drought the last several years, may now be underway. Evidence supportive of herd expansion was observed in the increased year-over-year retention of replacement heifers for addition to the breeding-herd in NASS' Cattle report released on January 31, 2014. Additional evidence appeared earlier with the lowest heifer share of total steers and heifers on feed since 2006 observed in NASS' *Cattle On Feed* report released January 24, 2014. Weather continues to work against increases in cattle inventories in some areas, like California and the Southwestern United States, where drought continues to adversely affect inventory management. Further, while cow-calf producers have recently enjoyed some of the highest cow and calf prices ever observed, costs have increased as well. As a result, profit margins, while positive, have not increased to the extent that recent feeder cattle prices might imply.

The January 1, 2014, total cow inventory declined by 1 percent year over year. Except for 2004-6, the January 2014 inventory represents the 16th year of decline since cow inventories began their drought-induced drop from the 1996 inventory peak. Since 1975, total cow inventories have increased cyclically three times. Each cyclical peak was lower than the previous peak. The last increase occurred in 2004 and 2005—a modest increase of only 287,000 head, an increase of about seven-tenths of 1 percent from the 2004 low of 41.519 million head—before continuing the longer term decline.

As with cow-calf production, incentives to motivate expansion of cattle inventories are not obvious from other levels in the beef-production process. Rapidly increasing feeder cattle prices and packer losses have generally constrained increases in fed cattle prices and cattle feeding margins until recently. Despite rapidly declining feed costs, cattle feeding had been at or below breakeven levels since April 2011. Cutout values had been constrained, likely in part by lackluster consumer demand. Packers had been squeezed between fed cattle prices that had often increased faster than beef cutout values increased.

With both fed cattle prices and wholesale cutout values moderating somewhat from recent record levels, profit margins for both cattle feeders and meatpackers will likely decline somewhat from their recent highs. At the same time, the current significantly positive margins will motivate cattle feeders to feed cattle. Already, there are signs of this response by cattle feeders in the slight year-over-year increase in December feeder cattle placements in 1,000-plus head feedlots (NASS, *Cattle on Feed*). A further result will be that high feeder cattle prices driven by cattle-feeder demand will likely become increasingly important in the cow-calf producers' decisions to either retain heifers for breeding or increase current income by selling those heifers as feeders. Heifers switched from replacement to feeder cattle would likely dampen feeder cattle prices and eventually wholesale and retail beef prices as the extra heifers transformed into extra beef.

With normal weather and other conditions, total beef supplies could begin to increase above current levels as soon as 2016, although perhaps not significantly until sufficient heifers have been added to the herd to provide the calves needed to

increase beef production. However, historically low inventories of beef cattle will likely provide the cattle/beef sectors their best opportunities for financial recovery over the next 2 to 3 years. NASS has announced the reinstatement of the July *Cattle* report, which will provide an indication of producer expansion intentions at midyear.

Do Low Cow Inventories Mean Less Beef?

Since 1975, increases in production technologies have increased the output per cow and have reduced the need for a national cow herd as large as the 1975 herd. On January 1, 1975, the cow inventory peaked a record 56.9 million head, and in 1976 commercial beef production reached its cyclical peak of 25.7 billion pounds. Cow inventories then declined to 47.9 million cows on January 1, 1979, and beef production declined to 21.5 billion pounds in 1980. Since 1980, beef production has increased cyclically, almost reaching its 1976 level again in 1998. Production surpassed the 1976 peak in 1999, and has generally exceeded it since reaching a new record of 27.1 billion pounds in 2002. In 2013, beef production was about 5 percent below 1976 production, but the cow inventory on January 1, 2013 was 32 percent lower than the 1975 peak.

The relatively high levels of beef production per cow have been possible for several reasons. Dressed weights of cattle have increased partially as a result of genetic selection for larger weaning and yearling weights, resulting in larger slaughter and mature weights, along with improvements in feeds and feeding technologies and management and animal health and well-being. For example, dressed weights of federally inspected steers have increased significantly from a yearly average of 673 pounds in 1975 to a record 864 pounds in 2013, a 28-percent increase.

Increased cattle imports, both in number and size, have also contributed to the increase in beef production. Cattle imports have increased from about 1 million head in the early 1970s to about 2 million head in 2013. These imported cattle have also become larger over time for the same reasons as U.S. cattle, further contributing to increasing beef supplies.

Despite generally declining cattle inventories, increases in beef production since the mid-1970s have not completely offset population growth. As a result, per capita beef disappearance has generally declined. Retail per capita disappearance peaked in 1976 at 94.4 pounds and has since declined steadily to 56.4 pounds in 2013. Many factors have contributed to the per capita declines, including increased exports, but also factors affecting domestic demand, such as health perceptions and increases in consumption of other meat and seafood. Largely as a result of historically low inventories, reduced placements of feeder cattle—especially heifers—in feedlots, and reduced cow slaughter, beef production is expected to decline further in 2014 and perhaps a few years beyond. Coupled with increases in population, these tighter supplies of beef are expected to result in further declines in per capita disappearance.

Beef Cattle Trade

Cattle Imports Decline in 2013

U.S. cattle imports in 2013 totaled 2.028 million head, a decline of 11.2 percent from 2012. Imports fell due to slowing shipments from Mexico (-32.6 percent), despite higher shipments from Canada (+27.5 percent). Over the past several years, severe drought conditions in Mexico led to herd liquidation and strong exports to the United States. Cattle inventories are now at historic lows in Mexico, while pasture conditions have improved. Balancing some of the loss in shipments from Mexico, imports from Canada rose to 1.04 million head in 2013. Feeder cattle imports from Canada rose 113 percent year over year. However, the addition of 190 thousand head from Canada was not enough to offset an import decline of 477 thousand head of feeder cattle from Mexico. U.S. cattle imports are expected to decline in 2014 to 1.95 million head, 4 percent lower than in 2013. Lower imports from Mexico are likely to continue as it will take several years for herds to recover. Continued strength in imports from Canada is likely, as feeder cattle demand will be strong due to tight supplies in the United States.

Beef Exports Show Strong Growth, Imports Moderately Higher in 2014

U.S. beef exports rose 5 percent in 2013 to 2.583 billion pounds. Exports to Asia were strong, with large increases in shipments to Japan (+49 percent) and Hong Kong (+71 percent). Exports to Japan climbed to the highest total since 2003, the year that the first U.S. case of bovine spongiform encephalopathy (BSE) was discovered. In February 2013, Japan relaxed import restrictions to allow for meat from cattle aged 30 months or younger, altering the previous policy, which had been in place since 2006. Exports to Hong Kong continued to grow during 2013, following a trend that has seen exports grow at an average annual rate of 68 percent over the past 5 years. Higher exports to Japan and Hong Kong more than offset weaker exports to Vietnam and the loss of Russia, which banned U.S. beef imports early in 2013 due to Ractopamine use. Canada and Mexico remained among the top destinations for U.S. beef in 2013. While exports to Canada fell slightly, shipments to Mexico rose 15 percent. After averaging 564 million pounds on an annual basis between 2002 and 2011, exports dropped in 2012 due to higher beef production in Mexico. Shipments partially recovered in 2013, but lagged historical trade. Total U.S. beef exports are forecast to fall in 2014 to 2.335 billion pounds, a decline of 10 percent year over year. Despite growing demand for beef in Asia, further growth in U.S. exports will be challenged by the expected 5-percent decline in production in 2014, which will bring production to the lowest level since 1994.

U.S. beef imports rose 1 percent in 2013 to 2.25 billion pounds. Australia was the top supplier for U.S. beef imports last year despite an overall decline in volume. Canada followed with imports nearly unchanged from 2012. Shipments rose from New Zealand (+6 percent), Brazil (+29 percent), and Uruguay (+14 percent). Overall, U.S. beef imports in 2014 are forecast to rise 2 percent to 2.285 billion pounds. Beef production in the United States is expected to decline this year due to lower cattle supplies, higher heifer retention, and reduced cow slaughter, likely as herd rebuilding begins. While lower domestic production should increase demand for imports, growth will be challenged by rising beef demand in Asia. Higher incomes in much of Asia and the Middle East are increasing competition for globally traded beef. While beef production and exports rose in Australia during

2013, U.S. imports of Australian beef fell 5 percent. In 2013, Australian exports to China increased over 300 percent year over year, and China's market share of Australian exports rose from 3 percent in 2012 to just over 13 percent.

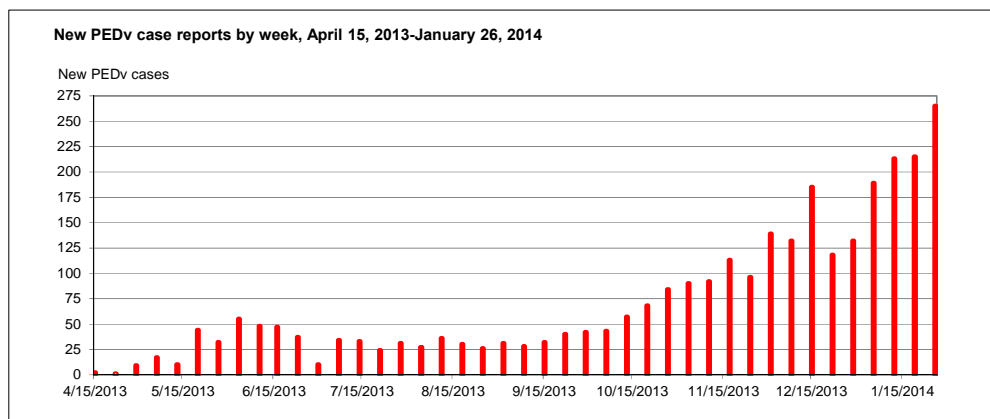
Rate of PEDv Infections Appears To Be Accelerating

Over the past several weeks there has been considerable anecdotal evidence to suggest that the rate of PEDv outbreaks in the United States has accelerated. The figure below appears on the website of the American Association of Swine Veterinarians (AASV) and shows the weekly number of new cases reported in the United States. In the latest week reported, 265 new cases were added, bringing the total of cases reported since April 2013 to 2,957. The data indicates that reported PEDv cases jumped in January. While the average weekly number of new cases in December was 141.2, the average number in January—through January 26—was 220.5.

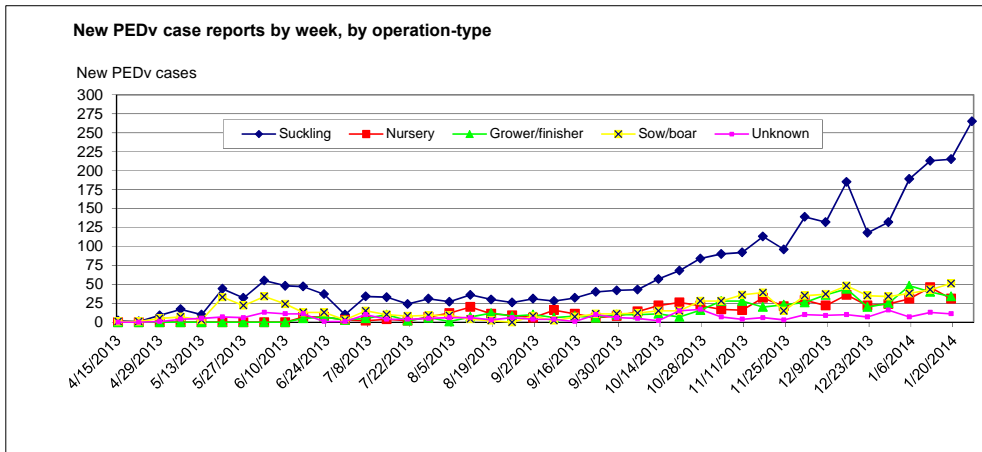
In all likelihood, however, this number understates the number of cases because not every outbreak site is sampled and tested for the disease. Moreover, the AASV sample reports operations with no information provided on the number of swine affected. A USDA/APHIS technical note

http://www.aphis.usda.gov/animal_health/animal_dis_spec/swine/downloads/ped_tech_note.pdf states “...PED is not a listed disease for either the World Organization for Animal Health (OIE) or the USDA, so no quarantines or movement restrictions are in place either internationally or interstate.” The absence of reporting requirements obviously makes it difficult to quantify the national incidence of the disease and to estimate its economic effects.

The data depicted in the first figure below is also reported on the AASV website by type of operation: suckling, nursery, grower/finisher, sow/boar, and unknown. These data, shown in the second figure below, highlight the particular vulnerability of very young animals (the “suckling” category in this dataset) to the disease.



Source: <http://www.aasv.org>



Source: <http://www.aasv.org>

The USDA/APHIS Technical Note states, “In suckling pigs, mortality commonly reaches 50-80 percent...” Due to the continued spread of the disease and the likely impact that the loss of young animals strongly implies, USDA lowered its forecast of 2014 pork production by a total of 160 million pounds, or -0.7 percent from its previous forecast. Production losses from PED-related animal deaths in 2014 are expected to be partially offset by continued strong increases in slaughter weights. Average dressed weights in 2014 are expected to be about 210 pounds per head, more than 3 pounds above weights in 2013. While year-over-year slaughter numbers are expected to be lower, total pork production in 2014 is expected to be 23.4 billion pounds, 1 percent above last year.

2013 Pork Exports Lower

Total pork exports for 2013 were just shy of 5 billion pounds, or 7.2 percent below 2012. Lower exports stemmed primarily from demand weakness in Asia and from the absence of Russia as a buyer of U.S. pork products. Exports to Japan, still the largest foreign buyer of U.S. pork products, were almost 3 percent below a year ago. Lower Japanese demand for U.S. pork is largely attributable to slightly higher domestic pork production, a 16.5 percent year-over-year depreciation of the yen relative to the U.S. dollar in 2013, and higher 2013 beef imports. U.S. shipments to China\Hong Kong were more than 16 percent below 2012 volumes, due likely to adequate domestic pork supplies in China. Lower Chinese demand for U.S. pork products last year lends credence to the idea that China treats imports as a supplement to domestic production. In the absence of negative supply shocks in the Chinese pork sector, U.S. exports to China\Hong Kong tend to be steady but not noteworthy. In 2013, average monthly shipments to China\Hong Kong were 54 million pounds, whereas the average in 2012—when China experienced some production problems—was almost 65 million pounds. In South Korea, 2013 U.S. pork shipments were lower, due likely to continued strong production recovery from disease problems that plagued the South Korean pork sector in 2010-2011. Shipments of U.S. pork to Canada were almost 2 percent lower than in 2012, likely due to slightly lower Canadian exports of muscle cuts, that increased domestic availability, but probably due more to the 10.3- percent depreciation of the Canadian dollar, making U.S. products more expensive in Canada. Mexico was a significant bright spot for U.S. pork exports in 2013. Shipments increased almost 7 percent compared with 2012, raising Mexico’s share of total U.S. exports to 25

percent. The likely reasons for increased shipments to Mexico include an improving economy and competitive prices of U.S. pork products relative to beef and poultry. The top 10 foreign destinations of U.S. pork exports in 2013 are listed below.

The United States is expected to export 5.14 billion pounds of pork products in 2014, an increase of almost 3 percent from 2013.

U.S. pork exports to 10 largest foreign destinations in 2013

	Country	2013 exports	2012 exports	Percent Chg.	2013 exp. share	2012 exp. share
		Million lbs.	Million lbs.	(2013 / 2012)	%	%
	World	4,992	5,381	-7.2		
1	Japan	1,340	1,378	-2.7	27	26
2	Mexico	1,241	1,164	6.6	25	22
3	ChinaHong Kong	650	777	-16.3	13	14
4	Canada	578	587	-1.6	12	11
5	South Korea	282	418	-32.6	6	8
6	Australia	166	202	-17.7	3	4
7	Philippines	111	100	11.7	2	2
8	Colombia	99	53	85.4	2	1
9	Honduras	67	56	18.5	1	1
10	Dom. Rep.	56	45	24.4	1	1

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

Broiler Meat Production Forecast at 38.9 Billion Pounds in 2014

The outlook for broiler meat production in 2014 is for continued growth throughout the year, with an increase of 2.8 percent to 38.9 billion pounds. With feed prices expected to be somewhat lower in 2014 and with continued growth in the domestic economy, broiler integrators are expected to have incentives to expand production. Currently, the number of chicks being placed for growout has been running only slightly higher than the same period in the previous year. In 2014, the increase in broiler meat production is expected to come from a relatively small gain in the number of birds being slaughtered and from higher bird weights at slaughter. Integrators are expected to utilize the lower feed costs to grow out broilers to higher weights, a trend that has been going on for a number of years. Broiler product demand is expected to be influenced by an improving domestic economy and expected competitive prices relative to both the beef and pork sectors.

In December 2013, broiler meat production was reported at 3.1 billion pounds, up sharply (8.1 percent) from a year earlier, due in part to an extra slaughter day. The number of birds slaughtered in December increased year over year by 6.5 percent. In addition, the average liveweight of birds at slaughter in December was 5.99 pounds. This is 1.4 percent higher than in December 2012. Average liveweight was higher in every month in 2013, and the cumulative average weight in 2013 was 5.92 pounds, 1.1 percent higher than in 2012.

The sharp increase in broiler meat in December pushed fourth-quarter 2013 production to 9.5 billion pounds, up 3.6 percent from fourth-quarter 2012. This increase was the result of strong gains in meat production in October and December, up 4.2 and 8.1 percent, respectively. In terms of fourth-quarter 2013, the gain in meat production was the result of both a higher number of birds slaughtered (up 2.2 percent), and higher average liveweights (up 1.1 percent).

Broiler meat in cold storage at the end of December 2013 totaled 644 million pounds, down 1 percent from the previous year, although it was 6 million pounds more than at the end of third-quarter 2013. The decline in cold storage holdings of broiler products is the first time that quarterly ending stocks have been lower on a year-over-year basis since October 2012. Cold storage holdings had been pushed higher as broiler meat production expanded during fourth-quarter 2013. However, even with a strong gain in broiler production in December, cold storage holdings fell almost 50 million pounds between the end of November and the end of December. This decline points to gains in domestic disappearance, especially as decreases in holdings of breast meat products were one of the main reason for the decline.

With higher levels of broiler meat production forecast throughout 2014, cold storage levels are expected to be somewhat higher throughout 2014, but stock levels are expect to be relatively close to year-earlier levels by the end of the year. The items that will impact broiler stock levels in 2014, besides broiler production, are production and price levels for both beef and pork, the overall level of demand in the export market, and the strength of the domestic economy.

The decline in cold storage holdings at the end of December was due for the most part to declines in the stocks for two specific broiler product categories. First, stocks of breast meat products totaled 110 million pounds, down somewhat from the previous month, but 16 percent lower than at the end of 2012. One change to note is although breast meat cold storage holdings were down considerably from the previous year, they were 22 percent higher than at the end of the third quarter. The second product category that had a major decline was “other” products. This category had declined somewhat from the previous month and was down 15 percent from the end of December 2012.

Since overall levels of broiler cold storage holdings have only recently turned lower than the previous year and only for a few products, wholesale prices for most broiler products in January 2014 were lower than the previous year. With the reduction in stock levels, prices normally would be expected to begin to move upward. However, weekly prices for most broiler products pointed toward continued downward price movements in January 2014. Even prices for breast meat products, whose stocks were lower at the end of December 2013, were slightly lower during January than they were the previous month. The level of cold storage holdings for the individual broiler products has been reflected in the wholesale prices for some of these products. Prices for leg quarters and wings both had considerably lower prices. At the end of January, prices for leg quarters were in the low \$0.40's per pound, down from around \$0.50 per pound at the same time in 2013. Prices for wings were also considerably lower than the previous year. Cold storage holdings of wings ended 2013 at 88 million pounds, up 29 percent from the previous year. This translated into lower prices for wings in January 2014. At the end of January wing prices were approximately \$1.33 per pound, down from over \$2.04 per pound a year earlier. Prices for boneless/skinless breasts and whole thighs were also lower than the previous year, but the percentage decrease was much smaller. One situation where price changes have not reflected changes in cold storage holdings is for whole birds. At the end of December, cold storage holdings of whole birds were 6 percent lower than a year earlier. At the end of January 2014, the average price for whole birds was around \$0.95 per pound, down 4 percent from the previous year.

With higher broiler meat production expected throughout 2014, broiler prices in general would be expected to be facing some downward pressure. This may be countered by relatively high prices for competing meats, a growing economy, and a continuing relatively strong market for broiler exports.

Turkey Meat Production Forecast for 2014 is 5.9 Billion Pounds

Turkey meat production in 2014 is forecast to total 5.9 billion pounds, up less than 1 percent from 2013. The current forecast is a decrease of 45 million pounds from the January forecast. If realized, this would be a slight recovery in production after a decrease of 2.7 percent in 2013. Turkey meat production is expected to be lower than the previous year during the first half of the year but to become greater than a year earlier in the second half. The increased meat production is expected to arise from higher average bird weights at slaughter, as the number of birds slaughtered is expected to remain very close to that of 2013. Turkey producers are expected to grow out turkeys to higher weights, taking advantage of an expected decrease in feed costs.

The number of turkeys slaughtered in 2013 totaled 239.4 million, 4.3 percent less than the previous year. Turkey meat production fell by 2.7 percent to 5.8 billion pounds in 2013. The lower number of turkeys slaughtered was the major cause of the decrease in meat production. Partially countering the decline in slaughter was an increase in the average liveweight at slaughter in 2013, which rose to 30.3 pounds, 1.6 percent higher than in 2012.

Turkey meat production in fourth-quarter 2013 was 1.4 billion pounds, 7.7 percent less than in fourth-quarter 2012. The decline in turkey meat production during fourth-quarter 2013 was also the result of a lower number of turkeys slaughtered, down just over 8 percent from the same period in 2012. As was the case for the annual data, the lower number of birds slaughtered was partially offset by a higher average liveweight, which was up slightly to 29.7 pounds.

Even with one additional slaughter day in December 2013 compared with December 2012, turkey meat production was down 4.3 percent to 423 million pounds. However, this was a considerably smaller decline than in October or November. In December, the number of turkeys slaughtered and their average liveweight at slaughter were both lower than the previous year.

The decrease in turkey meat production, especially in fourth-quarter 2013, has resulted in declines in the cold storage holdings of both whole birds and turkey parts. At the end of December 2013, turkey cold storage holdings totaled 238 million pounds, down almost 20 percent from a year earlier. Stocks of whole birds and turkey parts were both sharply lower compared with the previous year. Stocks of whole birds decreased the most, falling to 68 million pounds, down 29 percent from the previous year. While cold storage holdings of both hens and toms were both lower, stocks of whole toms were 45 million pounds, only 2 percent below the previous year, while stocks of whole hens were only 24 million pounds, a decrease of 53 percent. Stocks of turkey parts and turkey meat products fell to 169 million pounds, as stocks were lower in almost all categories, with stocks of breast meat, mechanically deboned meat, and unclassified products down significantly. With higher turkey production not expected during the first half of 2014, turkey cold storage holdings are expected to be below year-earlier levels through the first three quarters of 2014 but to end the year slightly higher than the previous year.

The national price for frozen whole hen turkeys averaged 99.8 cents per pound in January 2014, up 4 percent from January 2013, a relatively small increase considering the size of the decline in the cold storage holdings for whole hen turkeys. With lower stocks at the start of the year and lower production expected during the first half of 2014, prices for whole turkeys are expected to experience upward price pressure during the first three quarters of 2014.

With the exception of breast meat, weekly prices for turkey parts and turkey meat products were all trending higher in January 2014 compared with a year earlier. Prices for drumsticks started the year at around \$1.00 per pound but have fallen to just over \$0.90 per pound in early February. This is still well above the previous year when prices were in the low \$0.60's per pound. Prices in January were also higher for wings, boneless/skinless breasts, and mechanically deboned meat. With low beginning stocks for most parts, prices for turkey meat products are likely to continue above the previous year through most of 2014.

Table Egg Production Forecast at 7 Billion Dozen in 2014

Table egg production is expected to increase 1.6 percent in 2014, reaching 6.97 billion dozen. Production increases are expected to occur in all four quarters, but most of the total increase is expected in the first half of the year. The production growth is expected to come from increases in the number of hens in the table egg flock and also from an increase in the rate of eggs produced per bird. Egg production in 2014 will be sensitive to changes in feed costs, but relatively strong prices, especially at the end of 2013, are expected to encourage expanded production. Higher egg production is also expected to be supported by a gradually expanding domestic economy and relatively high retail prices for both beef and pork products.

In 2013, the number of birds in the table egg flock was higher throughout the year and averaged 1.5 percent above the 2012 level. With this gain in the number of hens in the table egg production flock, the number of table eggs produced rose to 6.9 billion dozen, up 2 percent from the previous year. With the one exception of February, the monthly number of table eggs produced was higher on a year-over-year basis throughout 2013.

Hatching egg production for 2014 is forecast at 1.09 billion dozen, up 2.9 percent from 2013. The increase is expected as the broiler industry expands production in 2014 and requires higher numbers of meat-type chicks for growout. The gain in production is expected to come from an increase in the number of hens in the meat-type egg supply flock. The production of hatching eggs is dominated by the production of meat-type eggs to produce broiler chicks for growout, 983 million dozen in 2013, a gain of 2.5 percent from the previous year. In 2013, these meat-type eggs accounted for 93 percent of all hatching egg production.

The expected gains in table egg production throughout 2014 will place downward pressure on prices. However, the export market for eggs and egg products continues to be strong, and eggs are expected to remain relatively inexpensive compared with most protein products. Wholesale prices for grade A large eggs in the New York market averaged around \$1.35 per dozen at the beginning of February, around the same level as the previous year. Prices in 2014 are expected to be marginally lower during the first half of the year and to weaken further in the second half, averaging more than 5 percent below 2013.

Broiler Shipments Down in December

Broiler shipments in December 2013 decreased 8.1 percent from a year earlier, totaling 558 million pounds. Top export partners in December included Mexico, Angola, Taiwan, Iraq, and Georgia, with Mexico leading with 109.4 million pounds shipped in December. The second highest export market was Angola, with 44.2 million pounds shipped, followed by Taiwan with 28.6 million pounds. Iraq and Georgia finished fourth and fifth, with exports totaling 25.0 and 23.7 million pounds, respectively. Destinations with significant quantity increases in U.S. broiler shipments in December 2013 included Angola and Iraq, both with an increase of more than 10 million pounds of broiler shipments over December 2012. The increase for Angola was 13.9 million pounds, 46 percent over last year, and for Iraq it was 14.6 million pounds, a 140-percent increase over December of last year. There were significant drops in shipments, quantity-wise, to the Democratic Republic of Congo, Lithuania, China, Ghana, and Canada, to whom exports were over 10 million pounds less than in December last year. The Democratic Republic of Congo declined the most, receiving 13 million pounds less than last year's December total, a drop of 98 percent. USDA estimates that 7.364 billion pounds of broiler meat was exported for 2013, with 1.873 billion pounds shipped for the fourth quarter. USDA forecasts 7.5 billion pounds of broiler exports for 2014, with 1.825 billion pounds expected in the first quarter.

Turkey Shipments Down in December

Turkey shipments totaled 53.9 million pounds in December 2013, a decrease of 14.8 percent from a year ago. The United States shipped 30.2 million pounds of turkey meat to Mexico in December 2013, a decrease of 8.5 percent from a year earlier, amounting to nearly 56 percent of all shipments. South Africa, China, and The Philippines also experienced large drops in shipments, each with over 1 million pounds less in shipments this past December than in December 2012. South Africa saw a 91-percent decline in shipments from 1.3 million pounds in December 2012 to only 118 thousand pounds this December. China dropped from 8.0 million pounds last year to 5.2 million pounds this December, a decrease of 35.4 percent. The Philippines dropped 1.1 million pounds to 1.6 million pounds, a drop in shipments of 41 percent. USDA estimates that the U.S. exported 758 million pounds of turkey in 2013. The current forecast for 2014 exports is 780 million pounds.

Egg and Egg Product Shipments Rose in December

Egg and egg product shipments in December 2013 were up 44.2 percent from a year ago. On a shell egg basis, a total of 37.1 million dozen eggs were shipped. Mexico remains a large destination of U.S. egg and egg product exports, with 6.1 million dozen eggs shipped in December 2013, but this was exceeded in December by Canada and Japan. Exports to Canada were 11.9 million dozen eggs in December, an increase of 56.3 percent over last December. Shipments to Japan were 8.3 million dozen eggs in December, a striking increase of 319 percent. Shipments to Japan have been uncharacteristically high now for 2 consecutive months. Prior to last month's total of 9 million dozen, the high for Japan in 2013 was 4.1 million dozen in June. (The high in 2012 for Japan was also in June at 4.3 million dozen. It

is unclear as of now why shipments to Japan have increased, but the increase was a factor in this month's forecast.) Mexico has been trending downward after reaching 2013 highs of 18.5 million dozen and 13.8 million dozen in May and August, respectively. However, Mexico is still slowly rebuilding its egg-laying flocks following the December 2012 Avian Influenza outbreak at layer farms in Jalisco and Aguascalientes. As a result of the outbreak, U.S. egg exports to Mexico have been significantly higher; in the 2 years preceding the outbreak, U.S. monthly egg exports to Mexico had not exceeded 2.3 million dozen. USDA estimates that on a shell egg basis, 371.6 million dozen eggs were exported in 2013, with 107.7 million dozen shipped for the fourth quarter. The 2014 forecast is at 322 million dozen, an increase of 15 million dozen from last month's forecast.

Sheep and Lamb Inventory Down 2 percent in 2014

On January 1, 2014, the U.S. sheep industry registered a 2-percent decline in all major segments of the industry from 2013 levels. The NASS Sheep and Goats report shows that the inventory of all sheep and lambs in the United States on January 1, 2014, totaled 5.21 million head, down 2 percent, a 125,000-head decline from 2013. Although Texas, the largest sheep producing State, continues to recover from drought-related inventory losses in 2011—increasing by 30,000 head in 2012 and 40,000 head in 2013—the second, third, and fourth largest sheep producing States combined declined by 110,000 head: California by 20,000 head, Colorado by 70,000, and Wyoming by 20,000.

The total U.S. breeding sheep inventory also decreased 2 percent (95,000 head) from a year ago. Texas saw its second straight year of a breeding sheep increase, growing by 30,000 head in 2014, but this was not enough to offset significant losses in States like California (-25,000 head) Colorado (-25,000 head) and Utah (-20,000). Market sheep and lambs were also down 2 percent (-30,000 head). The NASS Sheep and Goats report also shows that the 2013 lamb crop declined 2 percent (-80,000 head), as did the lambing rate, from 2012.

NASS Sheep and Goat Report Signals Tight Supplies in 2014

The decline in all major segments of the sheep industry suggests that lamb meat supply will also be down in 2014. Commercial lamb and mutton production totaled 156 million pounds in 2013, equaling that of 2012. The smaller 2013 lamb crop and the smaller number of market lambs are expected to result in production declines for 2014, with production forecast at 150 million pounds. Attempts at rebuilding sheep herds could exacerbate 2014 production even further. First-quarter 2014 lamb and mutton production is expected to be 37 million pounds, down 3 percent from the same period in 2013.

Prices To Show Continued Strength in 2014

Slaughter lamb prices were fairly weak in the first three quarters of 2013, primarily due to the backlog of lower quality, overfinished animals on the market, but the third and fourth quarters of 2013 saw dramatic increases in prices as weights declined and higher quality lambs became available for market. The Choice slaughter lamb prices at San Angelo averaged \$97.84 per cwt by the end of the third-quarter increase in prices, but fourth-quarter prices averaging \$150.97 per cwt pushed the 2013 average price to \$111.13 per cwt. Prices are expected to remain strong in 2014 and average \$157-\$165 per cwt. Continued tight supplies are expected to outweigh the fairly stable demand, helping to maintain strong prices. It is typical when prices are strong for producers to extract higher revenues by holding their animals longer and selling at heavier weights. Prices could, however, be negatively affected if weights move back to overfinished levels in response to these strong prices.

Significant Changes in Sheep Trade Not Expected in 2014

Like the United States, Australia and New Zealand, the major suppliers of U.S. imported lamb and mutton, are also experiencing declining sheep populations. In 2013, the New Zealand sheep inventory was down to 30 million head, the lowest it has been since 1936. Australia's inventory is now at 74 million head, a slight uptick from 2012. Although Australia and New Zealand have restructured their industry toward more sheepmeat production, they have also expanded the number of export markets. While they keep their traditional high-value markets—Europe and the United States—they continue to increase their sales throughout Asia. In addition, Australia and New Zealand remain heavy consumers of lamb and mutton. Thus, their export potential to the United States is not likely to expand much in the near future.

In 2013, U.S. lamb and mutton imports were up 12 percent from the same period in 2012. The slight improvement in the economy affected lamb demand during this period. In addition, the sharp decline in the Australian dollar since the beginning of 2013 made imports attractive for U.S. consumers. Imports in December totaled around 14 million pounds, resulting in lamb and mutton imports for the fourth quarter of 44 million pounds and a total of 173 million pounds for 2013. First-quarter 2014 imports are expected to be around 48 million pounds, about 2 percent below the same period in 2013. The slight drop in imports during the quarter is expected to be due largely to the realignment of the religious holidays, which occurred at the end of March in 2013 but would occur in late April 2014. Lamb and mutton demand tend to increase during these holidays, and domestic production and imports tend to respond with corresponding increases.

Exports declined 36 percent to 7 million pounds in 2013. December exports came in at 589,000 pounds with a fourth-quarter total of 1.7 million pounds. Although the weak U.S. dollar favors exports to some markets, weak demand in Mexico and the rest of the Caribbean, as well as tight U.S. supplies, may have contributed to lower exports. First-quarter 2014 exports are forecast at 2 million pounds, equaling the same period in 2013. Exports in 2014 are expected to be up by about 2 million pounds to 9 million as the same export-limiting conditions that existed in 2013 are expected to persist.

U.S. Milk Production Up Slightly for February on Small Herd Expansion; Higher U.S. Milk Production and Foreign Competition Will Temper Price Increases

The most recent USDA *World Agricultural Supply and Demand Estimates* report raised the 2013/14 season-average price of corn to \$4.20-\$4.80 per bushel. Higher expected exports lie behind the price rise; global trade and strong export sales support increased U.S. corn exports. Similarly, a higher export forecast for soybean meal supports the advance in prices from January to \$425-\$465 per ton. The outlook for forages appears steady, as January preliminary alfalfa prices are reported in January *Agricultural Prices* at \$185 a ton, down from \$187 in December and well below the January 2013 price. For 2014 as a whole, feed prices should be lower than last year.

The February dairy cow forecast is raised fractionally from January to 9.255 million head. Sharply higher year-over-year springer prices, combined with flat heifer calf prices, suggest some short-term herd expansion—though there may be caution on the part of producers toward a longer term expansion. Expected feed and milk prices will push the calculated milk-feed price ratio to the highest in several years. These factors combined support a modest expansion in the second half of 2014. Milk yield is unchanged from January at 22,230 pounds per cow. However, year-over-year, milk yield is expected to increase by 1.9 percent from 2013. On balance, year-over-year milk production is forecast up about 2 percent to 205.7 billion pounds for February.

Milk-equivalent imports for 2014 are unchanged from January on a both fats and skims-solids basis at 3.7 billion and 5.2 billion pounds, respectively. Fats basis exports were raised 300 million pounds from January to 11.5 billion pounds for February, largely on continued strong movement of cheese and butter. In contrast, skims-solids exports were lowered 300 million pounds to 38.2 billion pounds on the basis of slower lactose exports. Overall, global demand for dairy products is expected to remain strong; however, increased production in competitor countries, most notably EU countries, could limit U.S. exports later in 2014. Much of the increased foreign production will be products that compete directly with U.S. products.

Fats-basis ending stocks are raised slightly for February to 11.9 billion pounds. Strong demand should tighten inventories early this year, while increased production, both foreign and domestic, will result in higher inventories by the end of 2014. Skims-solids ending stocks are unchanged from January as continued robust international demand for nonfat dry milk (NDM) and skim milk powder (SMP) will keep inventories in line despite higher production.

Yearly product prices for cheese, butter, and whey are projected slightly higher for February based on year-to-date price strength. However, higher milk production will likely lead to somewhat lower prices in the second half of 2014. The cheese price is forecast at \$1.815-\$1.885 per pound, up from last month. Butter prices are projected to average \$1.550-\$1.650 per pound. Butter supplies are expected to remain relatively plentiful. Similar logic underlies the raise in whey prices to 56.0-59.0 cents per pound. NDM prices were lowered this month to \$1.785-\$1.845 per

pound. Although export demand for powders remains strong, increased world supplies will likely pressure prices.

The Class IV price is forecast at \$19.80-\$20.60 per cwt; a decrease from January based on lower forecast prices in the powder market. The Class III price is raised from last month's forecast to \$18.35-\$19.05 per cwt as cheese and whey price forecasts are increased for February. The all milk price is forecast at \$20.85-\$21.55 per cwt, an increase from January.

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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>

Hogs, <http://www.ers.usda.gov/topics/animal-products/hogs-pork.aspx>

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					2014				
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Production, million lb																									
Beef	6,248	6,546	6,768	6,741	26,305	6,410	6,559	6,736	6,490	26,195	6,283	6,473	6,586	6,572	25,913	6,172	6,517	6,608	6,420	25,717	5,825	6,260	6,235	6,030	24,350
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	5,631	6,244	23,253	5,777	5,519	5,624	6,278	23,198	5,895	5,560	5,670	6,295	23,420
Lamb and mutton	43	40	39	42	164	36	40	36	37	149	39	39	39	39	156	38	40	40	38	156	37	39	37	37	150
Broilers	8,733	9,198	9,496	9,484	36,910	9,290	9,509	9,542	8,860	37,201	9,089	9,381	9,372	9,197	37,039	9,143	9,466	9,682	9,524	37,815	9,400	9,825	9,925	9,725	38,875
Turkeys	1,340	1,383	1,415	1,506	5,644	1,402	1,471	1,423	1,495	5,791	1,446	1,505	1,480	1,537	5,967	1,459	1,486	1,440	1,419	5,804	1,375	1,450	1,500	1,525	5,850
Total red meat & poultry	22,122	22,626	23,291	24,058	92,097	23,011	23,113	23,396	23,225	92,745	22,866	23,085	23,274	23,738	92,963	22,742	23,190	23,563	23,831	93,326	22,688	23,299	23,532	23,768	93,287
Table eggs, mil. doz.	1,610	1,626	1,645	1,666	6,547	1,624	1,634	1,646	1,686	6,590	1,658	1,653	1,677	1,734	6,722	1,680	1,696	1,721	1,766	6,863	1,710	1,730	1,740	1,790	6,970
Per capita disappearance, retail lb 2/																									
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	14.5	14.2	57.4	13.7	14.5	14.3	13.9	56.4	12.8	13.9	13.8	13.2	53.7
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	11.2	12.7	45.9	11.5	11.3	11.4	12.7	46.8	11.6	11.2	11.3	12.6	46.7
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	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.9
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	20.3	19.7	80.4	20.1	20.3	21.0	20.5	81.9	20.3	21.3	21.2	20.9	83.7
Turkeys	3.5	3.6	4.1	5.2	16.4	3.5	3.5	4.0	5.0	16.1	3.5	3.6	4.1	4.9	16.0	3.7	3.6	4.0	4.7	16.0	3.4	3.4	4.2	5.0	15.9
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	50.6	52.0	202.2	49.5	50.3	51.3	52.4	203.6	48.8	50.4	51.1	52.2	202.5
Eggs, number	61.5	61.4	62.2	62.8	247.9	61.1	61.3	62.2	63.1	247.6	62.3	61.3	62.2	64.0	249.7	62.4	61.6	62.8	63.9	250.6	62.1	63.3	63.8	65.6	254.9
Market prices																									
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	120.91	119.69	125.54	122.86	125.52	124.95	122.3	130.77	125.89	137-141	132-140	129-139	130-140	132-140
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	139.31	143.40	146.39	141.36	133.10	152.08	161.69	147.06	164-168	166-174	163-173	170-180	166-174
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	76.94	73.81	77.71	77.87	77.46	78.36	76.55	77.56	82-86	81-89	78-88	77-87	80-88
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	89.28	89.85	112.89	107.53	91.72	94.26	150.97	112.12	158-162	156-164	160-170	155-165	157-165
Barrows & gilts, N. base, l.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	61.43	58.63	60.88	59.03	65.46	70.59	61.11	64.05	59-61	64-68	63-69	57-61	61-65
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	87.40	85.1	82	92.1	86.6	103.5	108.6	93.90	92.80	99.70	95-97	95-101	95-103	93-101	94-101
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	108.5	106.1	105.6	96	97.7	99.9	105.40	99.80	98-102	97-103	100-108	104-112	100-106
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	131.9	129.4	117.4	126.9	109.9	119.0	143.00	124.70	124-128	107-113	104-112	123-133	114-122
U.S. trade, million lb																									
Beef & veal exports	478	585	590	646	2,299	633	702	766	683	2,785	558	625	650	620	2,453	557	631	716	679	2,583	535	600	625	575	2,335
Beef & veal imports	573	690	598	436	2,297	461	593	548	454	2,057	582	669	516	453	2,220	590	628	516	516	2,250	545	620	590	530	2,285
Lamb and mutton imports	47	46	31	42	166	49	48	31	34	162	37	38	38	40	153	49	44	36	44	173	48	43	37	40	168
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	1,252	1,386	5,384	1,218	1,226	1,205	1,343	4,992	1,255	1,265	1,245	1,375	5,140
Pork imports	199	204	237	219	859	201	195	194	213	803	207	191	198	205	802	207	210	229	233	879	215	215	225	225	880
Broiler exports	1,469	1,699	1,643	1,954	6,765	1,527	1,588	1,978	1,879	6,971	1,734	1,790	1,864	1,886	7,274	1,759	1,876	1,856	1,873	7,364	1,825	1,825	1,975	1,875	7,500
Turkey exports	114	136	158	174	582	159	171	173	199	703	181	185	216	217	798	178	182	197	201	758	190	195	200	195	780
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	1,387	1,380	5,652	1,326	1,301	1,255	1,076	4,958	1,225	1,225	1,225	1,225	4,900

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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Updated 2/14/2014

Dairy Forecasts

	2012		2013					2014				
	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thous.) 1/	9,203	9,233	N/A	N/A	9,229	9,206	9,219	9,225	9,240	9,265	9,280	9,255
Milk per cow (pounds)	5,335	21,696	N/A	N/A	5,355	5,356	21,823	5,525	5,695	5,480	5,530	22,230
Milk production (bil. pounds)	49.1	200.3	50.5	52.0	49.4	49.3	201.2	51.0	52.6	50.8	51.3	205.7
Farm use	0.2	1.0	0.2	0.2	0.2	0.2	1.0	2.0	2.0	2.0	2.0	1.0
Milk marketings	48.9	199.4	50.3	51.7	49.2	49.1	200.2	50.7	52.4	50.5	51.1	204.7
Milkfat (bil. pounds milk equiv.)												
Milk marketings	48.9	199.4	50.3	51.7	49.2	49.1	200.2	50.7	52.4	50.5	51.1	204.7
Beginning commercial stocks	13.2	10.9	12.2	15.1	16.9	14.3	12.2	11.1	13.4	15.1	13.5	11.1
Imports	1.3	4.1	1.1	0.9	0.9	0.9	3.7	1.0	0.9	0.9	1.0	3.7
Total supply	63.4	214.3	63.5	67.7	66.9	64.3	216.2	62.8	66.7	66.5	65.5	219.5
Commercial exports	1.9	8.8	2.4	3.0	3.7	3.4	12.4	2.9	3.1	3.0	2.6	11.5
Ending commercial stocks	12.2	12.2	15.1	16.9	14.3	11.1	11.1	13.4	15.1	13.5	11.9	11.9
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	49.4	193.3	46.1	47.9	48.9	49.7	192.6	46.5	48.5	50.0	51.1	196.2
Skim solids (bil. pounds milk equiv.)												
Milk marketings	48.9	199.4	50.3	51.7	49.2	49.1	200.2	50.7	52.4	50.5	51.1	204.7
Beginning commercial stocks	11.8	11.8	12.4	13.7	14.2	12.4	12.4	11.6	12.0	13.2	11.9	11.6
Imports	1.5	5.7	1.5	1.2	1.1	1.5	5.3	1.4	1.2	1.2	1.3	5.2
Total supply	62.1	216.9	64.1	66.7	64.4	63.0	217.9	64.0	65.6	64.9	64.3	221.5
Commercial exports	7.6	33.3	8.3	10.6	10.4	9.3	38.6	9.5	9.8	9.7	9.2	38.2
Ending commercial stocks	12.4	12.4	13.7	14.2	12.4	11.6	11.6	12.0	13.2	11.9	12.0	12.0
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	42.1	171.2	42.1	41.9	41.7	42.0	167.7	42.3	42.6	43.4	43.1	171.3
Milk prices (dol./cwt) 2/												
All milk	21.50	18.53	19.50	19.57	19.53	21.43	20.01	23.35	21.45	19.55	18.95	20.85
								-23.65	-22.05	-20.45	-19.95	-21.55
Class III	20.17	17.44	17.44	18.04	17.81	18.67	17.99	21.15	18.95	17.20	16.15	18.35
								-21.45	-19.55	-18.10	-17.15	-19.05
Class IV	18.34	16.01	17.71	18.62	19.13	20.74	19.05	22.10	20.60	18.65	17.85	19.80
								-22.50	-21.30	-19.65	-18.95	-20.60
Product prices (dol./pound) 3/												
Cheddar cheese	1.952	1.708	1.686	1.780	1.761	1.847	1.768	2.080	1.870	1.705	1.600	1.815
								-2.110	-1.930	-1.795	-1.700	-1.885
Dry whey	0.643	0.594	0.632	0.575	0.579	0.576	0.590	0.595	0.565	0.545	0.545	0.560
								-0.615	-0.595	-0.575	-0.575	-0.590
Butter	1.785	1.594	1.555	1.622	1.438	1.566	1.545	1.685	1.560	1.520	1.435	1.550
								-1.745	-1.650	-1.640	-1.565	-1.650
Nonfat dry milk	1.505	1.328	1.546	1.619	1.769	1.893	1.707	1.995	1.875	1.665	1.615	1.785
								-2.025	-1.925	-1.735	-1.685	-1.845

1/ Starting in May, contains no data updates or analysis on milk cows or milk output per cow. Milk cows and milk per cow reporting was resumed in November.

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

3/ 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

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

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