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# Livestock, Dairy, and Poultry Outlook

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## Lamb Prices Soar While Production at Record Lows

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Tables will be released  
on Oct 26, 2010

The next newsletter  
release is Nov 19, 2010  
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Approved by the  
World Agricultural  
Outlook Board

**Beef/Cattle:** A slow start to wheat pasture season and higher corn prices have softened the demand for lighter weight feeder cattle. Meanwhile, cow slaughter has continued heavy throughout the third quarter and into the fourth quarter.

**Beef/Cattle Trade:** Asian markets continue to provide growth in the U.S. beef export market. Beef exports through August were 17 percent higher year-over-year and are forecast to total 2.28 billion pounds exported in 2010, 18 percent higher year-over-year. High currencies among major U.S. trading partners continue to curb buying momentum among U.S. beef importers. Beef imports in 2010 are forecast at 2.48 billion pounds.

**Pork/Hogs:** The *Quarterly Hogs and Pigs* report, released September 24, showed producers' first farrowing intentions for the first quarter of 2011 year-over-year higher for the first time in 10 quarters. Higher first intentions by hog producers perhaps signal the beginning of industry expansion. However, the October *World Agricultural Supply and Demand Estimates* report showing lower corn production and lower year-end carry-out stocks injects significant uncertainty into hog producers' decisionmaking with respect to expansion. In the short term, lower production and stable demand are expected to result in fourth-quarter hog prices of \$53-\$55 per hundredweight (cwt). Pork production in 2011 is expected to be year-over-year higher by 1.5 percent, with hog prices lower for the year. August exports were year-over-year lower, while both imports of pork and live swine were above August 2009 totals.

**Poultry:** Broiler production is expected to be higher at the end of third-quarter 2010 and moving into the fourth quarter due to gains in the numbers of chicks being placed for growout and higher average weights at slaughter. Broiler cold storage holdings are higher than those for the previous year, but prices—even with higher production and stocks—were still mainly higher through September. Year-to-date turkey production continues to be lower than a year earlier, although August production was higher. The lower production through the first 8 months of 2010 has been reflected in lower stock levels and upward pressure on prices. Wholesale whole turkey prices have increased considerably, with third-quarter prices averaging 98 cents per pound, up about 20 cents, or 25 percent, from the previous year.

**Poultry Trade:** August broiler shipments fell from those of a year ago, while turkey shipments rose. Broiler shipments totaled 508.8 million pounds, a 12-percent drop from last August's shipments. Turkey shipments totaled 56.1 million pounds, an increase of 3 percent from a year ago.

**Sheep/Lamb:** Tight third-quarter 2010 supplies have kept live auction slaughter lamb prices and wholesale carcass prices consistently above those in 2009. Prices are expected to remain strong into the fourth quarter and may trigger larger-than-normal lamb retention rates in expectation of continued high prices.

**Dairy:** production is expected to continue to rise in 2011. However, higher expected feed prices will likely limit producer profits. Domestic demand, especially for cheese, remains strong. Although world prices favor U. S. exports, they are expected to decline in 2011, more steeply on a fats basis than on a skims-solids basis. Milk prices in 2011 are expected to remain near 2010 levels.

### *Cattle Markets Slip From August Highs*

Pasture conditions in the Southeastern and Midwestern United States have declined since the summer. As a result, year-over-year weekly (as of September 18, 2010) federally inspected cow slaughter in those regions has continued at relatively high levels. Dairy cow slaughter likely reflects feed costs that have risen faster than milk prices, narrowing profit margins. Continued increases in grain prices will exacerbate this situation and will continue to dampen any enthusiasm for cow herd expansion into 2011.

Dryness in the Southern Plains is hampering the establishment of winter wheat and, along with the sharply higher corn prices seen since the October 8 release of the *World Agricultural Supply and Demand Estimates* (WASDE), will likely affect demand for lightweight feeder cattle for wheat pasture programs. At present, most of the heavy yearlings have been marketed off summer growing programs and placed on feed, leaving mostly calves to be marketed for the remainder of the year. The bulk of the heavy end of the August placements will begin going to market after the beginning of 2011, with the bulk of the light end coming along during the second and third quarters. This could lead to some downward pressure on prices during those periods, despite expectations of generally short supplies of finished cattle moving through 2011. Nonetheless, quarterly prices in the WASDE were forecast to average above those in 2010.

After a brief respite of relatively high returns through the summer, cattle feeders were back at breakeven levels in September. Cattle feeding costs since July have increased sharply for cattle to be marketed at the end of 2010 and early in 2011. As a result, breakeven prices needed to cover these costs will be about \$5 to \$10 above current mid-\$90s cash fed cattle prices. As of mid-October, five-area fed cattle prices (USDA, AMS, 5 Area Weekly Weighted Average Direct Slaughter Cattle, LM\_CT150) have fallen 4 to 5 percent from their August weekly highs of just below \$99 per cwt.

While September 2010 Choice and Select beef cutout values were above August levels, they have declined steadily on a weekly basis from the short-lived rally in late August. They remain 12 to 13 percent above year-earlier levels on a weekly and monthly basis. Retail Choice beef prices increased 1 percent from August to September 2010 and were 7 percent above September 2009. The farm-to-retail spread is virtually unchanged from the year-earlier spread, \$2.36 per pound compared with \$2.33 in September 2009. While only a penny a pound higher year-over-year, the September 2010 farm-to-wholesale spread was 20 percent below its May high. However, steadily increasing drop values have mitigated the narrowing margins. Drop values are currently at levels not seen since the summer of 2008, largely due to hide prices—which can account for 75 percent of total byproduct value—that are 43 percent higher year-over-year (weekly basis, October 4, 2010, over October 5, 2009).

A recent American Express study summarized in a recent (September 30) *Wall Street Journal* web article found that the “ultra affluent” (those who charge more than \$7,000 per month on their credit cards) are spending 25 percent more on fast food than they did at the same time last year. That finding is consistent with the steady increase in ground beef prices observed through August 2010, before declining in September. Retail poultry prices have fluctuated somewhat from \$1.75 to \$1.79 per pound from May through September. Otherwise, a restaurant industry performance index remains unchanged since last month.

### ***Less Beef in 2011: The Cause of a Smaller Year-Over-Year U.S. Export Forecast***

U.S. beef exports for 2010 are forecast at 2.28 billion pounds, as 615 and 605 million pounds are forecast to be exported in the third and fourth quarters of this year. This export forecast for the second half of 2010 is the nearest to date to the export totals seen in the second half of 2002 and 2003, pre-bovine spongiform encephalopathy (BSE) disease outbreak years. In 2003, 680 and 578 million pounds of U.S. beef were exported in the third and fourth quarters of the year. Beef exports through August were 17 percent higher year-over-year, with exports to Japan and South Korea 21 and 132 percent higher, respectively. Exports to Taiwan and Hong Kong through August were 47 and 53 percent higher year-over-year.

U.S. beef exports have grown year-over-year since 2004. However, in 2011, 2.21 billion pounds of U.S. beef are forecast to be exported, which will mark the first year-over-year decline since 2004. The decline, however, does not stem from weakened international demand, but rather from the tightened supply of domestic beef. Year-over-year growth is anticipated for only the first quarter of 2011, with 515 million pounds of U.S. beef forecast to be exported. Beef export levels for the remaining quarters of the year are forecast to be in the range of 2 to 9 percent below this year's quarterly export levels, beginning in the second quarter 2011. A continued weak U.S. dollar into 2011 should also give firm support to next year's export forecast.

With a tighter U.S. beef supply in 2011, beef exports to import markets may become a function of which countries are the highest bidders. Regardless, exports to several Asian markets (South Korea, Taiwan, Vietnam, and Hong Kong) are expected to remain strong in 2011. Demand for beef in Egypt, a market where U.S. export levels have been historically marginal, is also expected to remain relatively strong. In 2011, the strength of international demand for U.S. beef should continue to support wholesale beef prices domestically, as has been the case for much of this year.

### ***Higher Currencies Further Dampen Import Enthusiasm***

As a relatively weak U.S. dollar is supporting the beef export market, the strength of the currencies of major U.S. trading partners is continuing to put a damper on beef imports into the United States. In 2010, 2.48 billion pounds of beef are forecast to be imported, about 6 percent below 2009 levels. Import forecasts for the third and fourth quarters of this year are 645 and 575 million pounds, respectively.

Herd rebuilding in Australia began late in 2009, limiting exportable beef supplies; however, as 2010 has progressed and more Australian beef has become available for export, the strengthening Australian and New Zealand dollars, along with lackluster demand for beef domestically, have become the primary deterrents for U.S. beef importers. This month, the Australian dollar reached highs against the U.S. dollar not seen since July, 2008. U.S. imports from Australia and New Zealand through August were 29 and 6 percent below year-earlier levels. Imports from Brazil during January to August 2010 were also less than half of those during the same period in 2009.

Processed (prepared/preserved) beef shipments to the United States were suspended in late May, and no processing plants are currently eligible to export beef. In the third and fourth quarters of 2010, 4 and 5 percent year-over-year growth is forecast for U.S. beef imports; however, this growth is more indicative of import levels already trending downward in 2009.

In 2011, some overall growth in U.S. beef imports is expected, with total imports forecast at 2.54 billion pounds. Quarterly growth from 2010 levels is also expected next year as first-quarter beef imports should be nearly 7 percent higher year-over-year. Beef imports in the second quarter of 2011 should be fractionally below 2010 levels, and only modest growth is expected in the second half of the year.

### ***The Price Is Right for Live Cattle Importers***

Cattle imports for 2010 are forecast at 2.15 million head, 7 percent above the year-earlier total. Through August, cattle imports from Mexico and Canada were 29 and 8 percent higher, respectively, year-over-year. Nearly all Mexican cattle sold into the United States are feeder cattle, while a large share of Canadian cattle imports are steers and heifers for slaughter. Price incentives in the United States for Mexican feeder and Canadian fed cattle producers have largely augmented the typical flow of these respective cattle types across the northern and southern U.S. borders. The exchange rate-adjusted price differential between U.S. and Mexican prices (imported price of 500- to 600-pound feeders in Las Cruces, NM, versus the equivalent price of live, wholesale grass-fed steers in Mexico City) has averaged \$12.98 /cwt higher in U.S. dollar terms since January.

The price differential between U.S. and Canadian slaughter cattle (Nebraska, 65-80 percent Choice versus Alberta, mostly Select 1-2) has averaged \$9.04 /cwt higher in U.S. dollar terms since January. For most of this year, the U.S.-Canadian price difference has remained well above the previous 2-year level, especially during the summer, when the difference was particularly high. Total cattle imports for 2011 are forecast at 2.1 million head, 2 percent lower than those for this year due to decreased North American cattle inventories.

### ***Quarterly Hogs and Pigs Suggests Producers Intend Larger Farrowing in 2011, but Crop Production Creates Uncertainty***

The *Quarterly Hogs and Pigs* report released by USDA on September 24 showed that hog producers' first set of farrowing intentions for the winter quarter of 2011 are year-over-year higher for the first time in 10 quarters. The report indicated that producers intend to farrow 0.5 percent more sows than they did in this year's December-February quarter. If producers follow through on their September 1 intentions, it will represent the first year-over-year farrowing increase since the spring quarter of 2008, shortly after the U.S. hog sector's returns turned sharply negative, and may signal an industry turnaround from a liquidation stance to an expansionary one.

USDA's release of its *Crop Production* report and the *World Agricultural Supply and Demand Estimates* (WASDE) on October 8, showing lower-than-expected corn production and lower year-end carry-out stocks in particular, creates significant uncertainty for the U.S. pork industry in moving forward. However, calculating hog producer returns, using October WASDE prices for corn, 48 percent soybean meal, and hogs, continues to show positive returns to hog production for the fourth quarter of 2010 and for 2011. But in a feed-cost environment where continued upside price risk is likely, following a period of more than 2 years of negative returns, the management skills of hog producers will be severely challenged in 2011.

Of course, hog producers do not operate in a vacuum, with higher production costs affecting them alone. Producers are the first link in a coordinated North American pork supply chain. Thus, higher costs of producing hogs will, in time, likely squeeze the margins of pork processors, wholesalers, and retailers, as pork producers adjust to higher feed prices. The feed cost increase will be distributed and shifted through the supply chain, with higher retail pork prices the likely eventual outcome for consumers.

Incorporating the *Quarterly Hogs and Pigs* report's inventory and farrowing revisions, together with the lower-than-expected litter rate reported for the 2010 summer quarter, implies a fourth-quarter 2010 commercial pork production volume of 5.9 billion pounds, 2.4 percent below a year earlier, and 2011 production of 22.5 billion pounds, 1.5 percent above 2010. The forecast for increased pork production next year is based on expectations of a small year-over-year increase in farrowings and litter rates and minimal increases in average dressed weights due to elevated feed costs. Year-over-year larger production in 2011 would mark the first year since 2008 in which production increased over the previous year.

Third-quarter prices for live equivalent 51-52 percent lean hogs averaged \$60.13 per cwt, a 54.6-percent increase over last year's third-quarter prices. Clearly, 5.5 percent year-over-year lower pork production in the third quarter accounts for much of the price increase, but largely stable domestic pork demand, together with spot "shortages" in some wholesale markets for some pork cuts, also contributed to very strong third-quarter hog prices.

For the fourth quarter, hog prices are expected to be \$53-\$55 per cwt, more than 31 percent greater than the same period last year, as pork supplies achieve their annual highs, with stable demand (domestic and foreign) anticipated. In 2011, hog prices are expected to average \$54-\$59. Only first-quarter prices, anticipated at \$54-\$58 per cwt, are expected to be above the same period of 2010.

***August Trade Numbers Show Pork Exports Weaker and Imports Stronger Than Expected***

U.S. pork exports in August were 302 million pounds, 0.75 percent below August 2010. For the January-August period, U.S. companies have shipped 2.8 billion pounds of pork to foreign destinations, almost 5 percent more than over the same 8-month period of last year. The small year-over-year increase in exports seen so far in 2010 is less than expected. Nonetheless, 2010 pork export volumes appear to be contributing to total U.S. pork demand that is sufficiently large to maintain very strong hog and domestic pork prices in a U.S. market environment where supplies are year-over-year lower.

Exports to NAFTA partners Mexico and Canada continued year-over-year higher in August, while shipments to most Asian countries continued relatively weak. The 10 largest foreign destinations for U.S. pork in the January-August period are summarized below.

Country	2010	2009	%change (2010/2009)	2010	2009	%change (2010/2009)
	August	August		Jan.-Aug.	Jan.-Aug.	
	mil. lbs. cwe	mil. lbs. cwe		mil. lbs. cwe	mil. lbs. cwe	
<b>World</b>	302	304	-0.75	2,757	2,628	5
<b>1 Japan</b>	93	93	-0.72	873	864	1
<b>2 Mexico</b>	86	81	6	668	545	23
<b>3 Canada</b>	36	31	16	280	251	12
<b>4 Hong Kong</b>	7	23	-68	154	168	-9
<b>5 S. Korea</b>	11	13	-15	151	178	-15
<b>6 Australia</b>	10	12	-12	111	87	28
<b>7 Philippines</b>	5	4	31	90	45	101
<b>8 Russia</b>	9	14	-36	73	194	-62
<b>9 China</b>	14	1	1370	47	47	-1
<b>10 Taiwan</b>	4	6	-31	44	41	10

Source: ERS/USDA. <http://www.ers.usda.gov/Data/MeatTrade/>

U.S. pork imports in August were 83.2 million pounds, an increase of more than 23 percent over August 2009. For the first 8 months of 2010, imports ran about 3.8 percent ahead of the same period last year. Larger-than-anticipated imports in August are attributable to significantly larger shipments from the two largest sources for U.S. pork imports, Canada and Denmark. Imports from Canada were 19.7 percent larger than a year ago; imports from Denmark were almost 31 percent greater than in August 2009. Imports from Denmark, and Canada in particular, could have been larger in the late summer in order to meet U.S. demand for selected pork cuts that were in diminished supply due to lower U.S. pork production.

U.S. imports of live swine—100 percent of which were from Canada in August—were year-over-year larger, by 6.7 percent, for the first time since early 2008. U.S. imports of Canadian finishing animals were 10.4 percent higher than last August. Purebred breeding animals also registered an increase of 8.1 percent. Larger volumes of live swine imports suggest that strong U.S. hog prices and lower animal numbers have gained traction to the degree that imports have turned upwards for the first time in more than 2 years.

### ***Pork Retail Prices Continue To Set Record Highs***

For the fourth month in a row, retail pork prices set an all-time high in September at \$3.30 per pound. The price reflects lower pork supplies and good consumer demand for pork products. Reports of tightness in availability of some pork cuts in some markets across the United States continued. This situation likely contributed to the 6.8-cent increase compared with prices in August. For the balance of 2010, retail pork prices are expected to average in the low \$3-per-pound range.

### ***Broiler Meat Production Up 6 Percent in August***

Broiler meat production in August was 3.2 billion pounds, up 5.8 percent from the previous year. The increase in production was due to a higher number of birds slaughtered (766 million, up 5.5 percent) and higher average weights. The total live weight of broilers at slaughter was up 5.7 percent, as the average live weight for broilers at slaughter was 5.57 pounds, up fractionally from the previous year.

Broiler meat production in July and August was slightly higher than expected, and the estimate for third-quarter 2010 broiler meat production was increased slightly to 9.4 billion pounds, 2.5 percent higher than in third-quarter 2009.

With the number of chicks being placed for growout and average weights both climbing, the broiler meat production forecast for fourth-quarter 2010 was also increased slightly to 9.1 billion pounds, 3.1 percent higher than in fourth-quarter 2009. Average live weights at slaughter in fourth-quarter 2010 are expected to be higher than a year earlier.

Broiler meat production for 2011 is expected to total 37.1 billion pounds, up about 645 million pounds from 2010, but down 250 million pounds from last month's estimate. The reduction is the result of expected higher feed grain prices in 2011. The higher prices are expected to cause integrators to scale back expansion plans in 2011, although the reduction is not expected to begin to take effect until second-quarter 2011. In 2011, broiler integrators are expected to face overall grain prices, especially for corn, that are considerably higher than in 2010. While broiler integrators are expected to lower the pace of expansion in 2011, the impact of higher grain prices will depend on a number of factors. Any improvements in overall economic conditions and consumer confidence or in foreign demand will help to moderate the downward pressure on production normally seen with higher grain prices.

Over the 5-week period (September 18 to October 10, 2009), the number of chicks placed for growout has been 3.3 percent higher than in the same period in 2009. Over the last several months, the number of chicks placed for growout has been slowly expanding compared with the previous year. This trend is expected to continue into the fourth quarter, but then begin to level out in first-quarter 2011. Chicks placed for growout through the beginning of November will be expected to be slaughtered in fourth-quarter 2010.

At the end of August, cold storage holdings of broiler meat products totaled 656 million pounds, up 5 percent from a year earlier. The amount of undifferentiated products included in the "Other" category accounts for a large percentage of total broiler stocks. At the end of August, "Other" stocks totaled 302 million pounds, or 46 percent of the total. Although not included in the supply and utilization calculations, stocks of broiler feet rose over 100 percent from the previous year. This increase is the result of trade disputes with China, which is the destination for almost 100 percent of U.S. broiler feet exports.

Higher broiler meat production and somewhat larger stocks normally would put downward pressure on broiler prices, but prices for most broiler products, especially breast meat products, were relatively strong through September. However, in late September and continuing into October, prices of most breast meat products have declined sharply. In the Northeast market, the September average wholesale price for boneless/skinless breast meat was \$1.67 per pound, 39 percent higher than a year earlier. Recently, prices have also declined for a number of other breast meat broiler products. Prices for leg quarters were 40 cents per pound in September, up 2 percent from the previous year. Unlike prices for breast meat products, leg quarter prices are expected to remain close to their current levels, especially with the gradual reopening of exports to Russia. While breast meat prices were strong in the third quarter, prices for boneless/skinless thighs were only \$1.01 per pound in September, 6 percent lower than the previous year.

### ***Overall Turkey Meat Production Lower, Whole Bird Prices Higher***

With rising grain prices projected for 2011, turkey producers are expected to scale back increases in production. Turkey meat production in the first half of 2011 is still expected to be somewhat larger than the previous year, but the higher feed prices are expected to have a greater impact on production in the second half of 2011, causing production to be slightly lower than in the second half of 2010.

Turkey meat production over the first 8 months of 2010 totaled 3.67 billion pounds, down 2.2 percent from the same period in 2009, which was, in turn, down sharply from production in the first 8 months of 2008. The decline in meat production has been the result of lower bird slaughter, as the number of turkeys slaughtered over the first 8 months of 2010 was 157 million, down 3.4 percent from the same period in 2009. Partially offsetting this decline has been a 1-percent increase in average weights at slaughter.

Turkey meat production in August 2010 was 481 million pounds, up 3.8 percent from a year earlier. This increase was the result of one more slaughter day in August 2010 than in August 2009. The number of turkeys slaughtered (21.6 million) was 5 percent higher, and the average live weight at slaughter was just under 28 pounds, down 1 percent from a year earlier.

At the end of August, cold storage holdings of turkey products totaled 496 million pounds, down 24 percent from the previous year. The decrease was due to sharply lower cold storage holdings of whole birds and turkey parts. At the end of August, cold storage holdings of whole birds were 295 million pounds, down 22 percent from August 2009, and cold storage holdings of turkey parts totaled 201 million pounds, down 27 percent from a year earlier.

With lower production and continued strong exports, the forecast for third-quarter ending stocks was reduced to 500 million pounds, 114 million pounds below those of the previous year. The estimate for fourth-quarter 2010 ending stocks was also lowered. At 210 million pounds, fourth-quarter 2010 ending stocks are down almost 20 percent from the previous year, the lowest fourth-quarter ending stocks since 2005.

Lower production, strong exports, and lower stock levels have all combined to place upward pressure on whole turkey prices. The average price for whole hen turkeys (8-16 pounds in the Eastern market) was 97.9 cents per pound in third-quarter 2010, almost 20 cents higher than a year earlier (up 25 percent). The wholesale price for Eastern market whole hens in fourth-quarter 2010 is expected to be \$1.00—\$1.04 per pound, up from 81 cents per pound a year earlier. Prices for many turkey parts have also been trending upward over the last several months. Prices for turkey wings (v-cut) in August were 88 cents per pound, up 12 percent from a year earlier, and boneless/skinless turkey breasts averaged \$1.90 per pound, 92 percent higher than in August 2009.

### ***Table Egg and Hatching Egg Production Higher***

In August, table egg production was 554 million dozen, up 1.9 percent from the previous year. The gain in production was due almost exclusively to a larger number of hens in the laying flock. In August, the number of hens in the table egg laying flock was 282 million, up 1.8 percent from a year earlier. Over the first 8 months of 2010, table egg production has totaled 4.3 billion dozen, just under 1 percent more than in the same period in 2009. Table egg production was lower than the previous year during the first 5 months of 2010, but since then has shown positive growth. This trend of higher production is expected to continue through the remainder of the third quarter and into the fourth quarter.

The number of eggs laid for hatching continued higher than the previous year in August. Over the first 8 months of 2010, the number of hatching eggs produced has totaled 719 million dozen, 1.3 percent higher than during the same period in 2009. While production has been higher for both broiler-type and egg-type hatching eggs, most of the increase has come from steady increases in production of broiler-type hatching eggs. Production of broiler-type hatching eggs is expected to continue to expand through the fourth quarter of 2010, but higher grain prices may place downward pressure on production in 2011.

In August, wholesale prices for a dozen large eggs in the New York market averaged \$1.07, up 11 percent from a year earlier. After rising strongly to a weekly high of just over \$1.40 per dozen, wholesale egg prices then declined sharply to around 70 cents per dozen by mid-September. However, by early October, weekly prices had begun to strengthen somewhat as seasonal demand began to increase. Prices in fourth-quarter 2010 are expected to continue to strengthen and to average between \$1.00—\$1.04 per dozen.

In general, egg exports during the first 8 months of 2010 have continued to be strong, as shipments to a number of Asian and European Union (EU) countries are considerably higher than during the same period in 2009. These gains have more than offset declines in egg and egg product exports to Canada and Mexico, two countries traditionally among our largest markets. Although shipments have been higher over the first 8 months of 2010, exports in fourth-quarter 2010 are expected to be down from the record 2009 fourth-quarter shipments.

In August, egg and egg product exports were the equivalent of 24.2 million dozen eggs, over 8 percent higher than a year earlier. As in almost all the preceding months, the export expansion was due to higher shipments to Asian countries (primarily Japan and Hong Kong) and a number of EU countries (such as Germany, the Netherlands, and France).

### ***Broiler Shipments Fall in August***

During July and August, broiler shipments fell. August broiler shipments totaled 508.8 million pounds, a 12-percent drop from last August. Unresolved trade issues between the United States and China continued to create a level of market uncertainty and challenges to find alternatives for what has been one of the largest U.S. broiler meat markets. Shipments to China dropped tremendously in February and have continued to fluctuate, dropping as low as 3.7 million pounds and increasing to a high of 12 million pounds, which accounts for only a fourth of last August's total broiler shipments. With the resumption of broiler meat trade with Russia in August, shipments to Russia totaled 5.7 million pounds, the highest amount exported to Russia in 6 months but accounting for only 3.3 percent of the volume shipped in August 2009.

Whereas uncertainty existed about markets in Russia and China, broiler shipments to other markets greatly increased. Eight of the existing U.S. markets—namely Mexico, Angola, Lithuania, Hong Kong, Taiwan, South Korea, Georgia, and Japan—helped offset declines in exports to Russia and China. The largest increases in broiler meat shipments from January to August over the last year were to South Korea (171.6 percent) and Hong Kong (170.3 percent). In addition to increased shipments to South Korea and Hong Kong, Mexico increased its volume of U.S. broiler meat by almost 100 million pounds between January and August from year-earlier levels. These increases in broiler shipments to existing markets have helped the U.S. recover some of the lost shipments, although this year's shipments through August lagged behinds last year's total shipments through August by 7.3 percent.

### ***Turkey Shipments Continue To Climb in August***

Turkey shipments in August were up 3 percent from those of August 2009. Over 56.1 million pounds of turkey meat were shipped abroad, with over half (53 percent) going to Mexico. Mainland China, the second largest U.S. turkey market, accounted for 9.2 percent of the total turkey shipment in August 2010. Smaller U.S. turkey markets, particularly the Dominican Republic and Angola, also contributed to the growth in turkey shipments over the last 8 months. Shipments this year to the Dominican Republic rose by 32 percent between January and August compared with a year ago. The volume of turkey meat shipped to Angola increased by 81 percent between January and August 2010 compared with a year ago.

## Sheep/Lamb

### *Lamb Prices Hit Record Levels*

Tight third-quarter 2010 supplies have kept live auction slaughter lamb prices consistently above those in 2009. Choice Slaughter lamb prices at San Angelo averaged about \$106 per hundredweight (cwt) during the first and second quarters of 2010, more than \$10 per cwt higher than any period in 2009. Choice prices increased rapidly in the third quarter, averaging \$115.57 per cwt, reflecting tighter-than-normal supplies. The fourth-quarter 2010 Choice Slaughter lamb price at San Angelo is forecast to average \$113-\$115 per cwt. Despite the emergence of the new fall crop of slaughter lambs, supplies are expected to remain tighter than normal, owing to the 2-percent decline in the 2010 lamb crop from that of 2009.

While the slowing economy resulted in rising employment rates, less disposable income, and lower consumer confidence, the reduction in income does not appear to have affected consumption levels for lamb to the extent it has for other meats. As a result, tight supplies, coupled with fairly stable demand, have resulted in a wholesale lamb market that has maintained considerable strength throughout 2010, with prices consistently above 2009 levels. Third-quarter 2010 Lamb Carcass, Choice-Price, East Coast averaged \$270.21 per cwt, nearly \$48 per cwt higher than the same period in 2009. Prices for September came in at \$272.84 per cwt, and fourth-quarter prices are expected to rise even further.

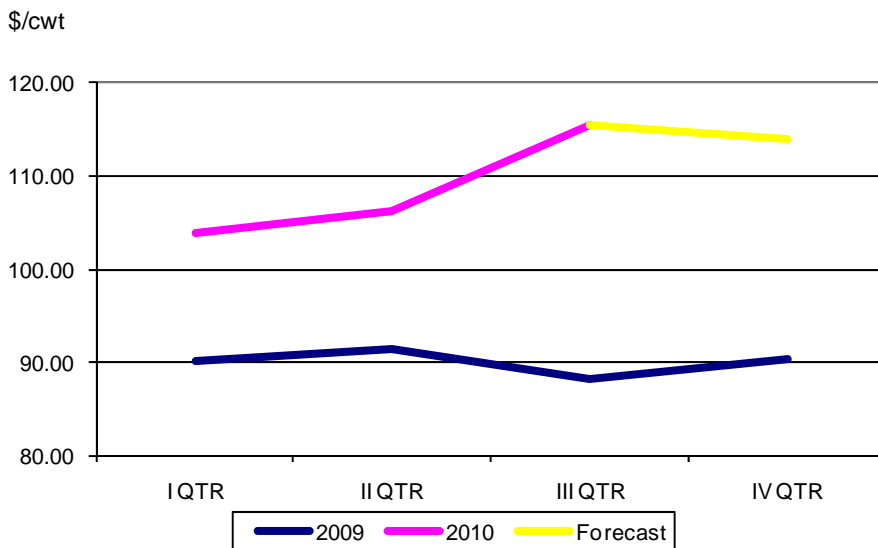
Third-quarter 2010 commercial production of lamb and mutton is estimated to have been at 38 million pounds, which is about 9 percent below the third quarter of 2009 and the lowest U.S. quarterly lamb production on record. Although the volume of lamb and mutton slaughtered is expected to be comparable to the third quarter of 2009, average slaughter weights are expected to be nearly 5 pounds lower per animal in third-quarter 2010. Also, the composition of mature animals comprising commercial slaughter increased by more than 2 percent in third-quarter 2010. Fourth-quarter production is expected at 41 million pounds, down 9 percent from the same period in 2009.

Imports have been steady for 2010, continuing to offset the tight domestic supplies. First-half 2010 lamb and mutton imports were down 4 percent from the same period last year. Third-quarter imports are forecast at 35 million pounds, 25 percent above the same period last year, while fourth-quarter 2010 imports are forecast at around 49 million pounds, up nearly 7 percent from fourth-quarter 2009. Third-quarter increases in imports are expected, as continued tight domestic supplies are expected to persist.

Lamb exports sales have improved slightly in 2010 over the previous year. This may indicate a slight recovery in global economic conditions, as well as continued weakness in the U.S. currency relative to other countries. Exports were 10 million pounds in the first half of 2010, 25 percent above the same period in 2009. Third- and fourth-quarter 2010 exports are forecast at 5 and 6 million pounds, respectively, more than 20 percent above those quarters in 2009.

Live sheep and lamb exports in 2010 have kept pace with, and exceeded, those of 2009, as live exports for the first 8 months have been 109,000 head, 8,000 head above the same period last year. Live exports are mainly to Mexico and are normally mature and/or culled animals. With strength in live exports and higher-than-normal mature slaughter, the breeding sheep number likely will decrease sizably in 2011, unless retention is higher than normal.

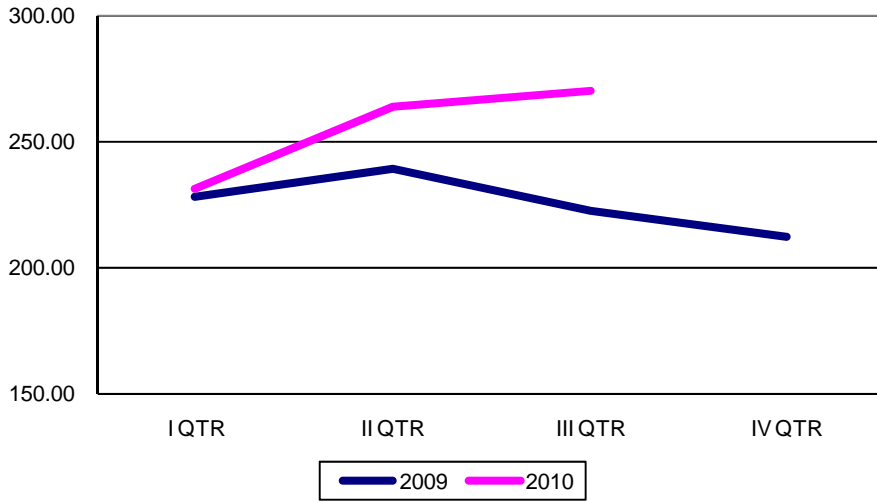
**Quarterly price of choice slaughter lambs at San Angelo, 2009 and 2010**



Source: USDA, AMS, *Livestock, Meat, Wool, Pelt, & International Markets*. Forecast: USDA.

**Quarterly lamb carcass, choice-price, east coast, 2009 and 2010**

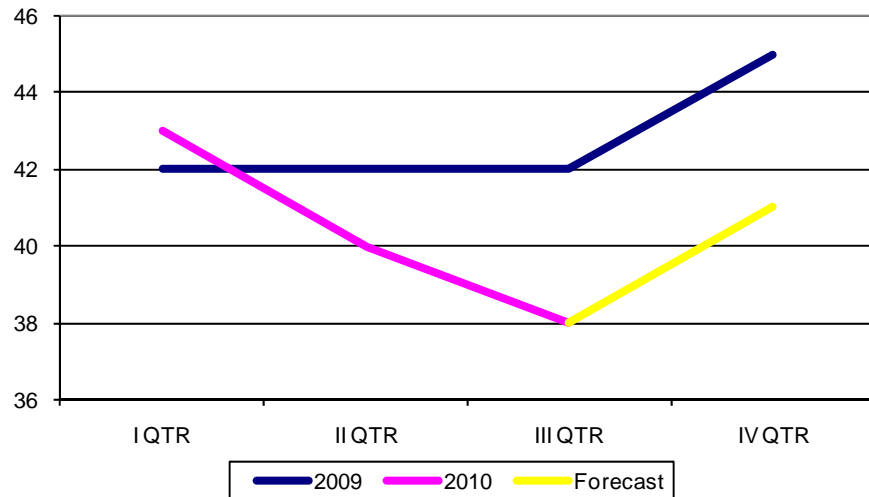
\$/cwt



Source: USDA, AMS, *Livestock, Meat, Wool, Pelt, & International Markets*.

**Quarterly commercial lamb and mutton production, 2009 and 2010**

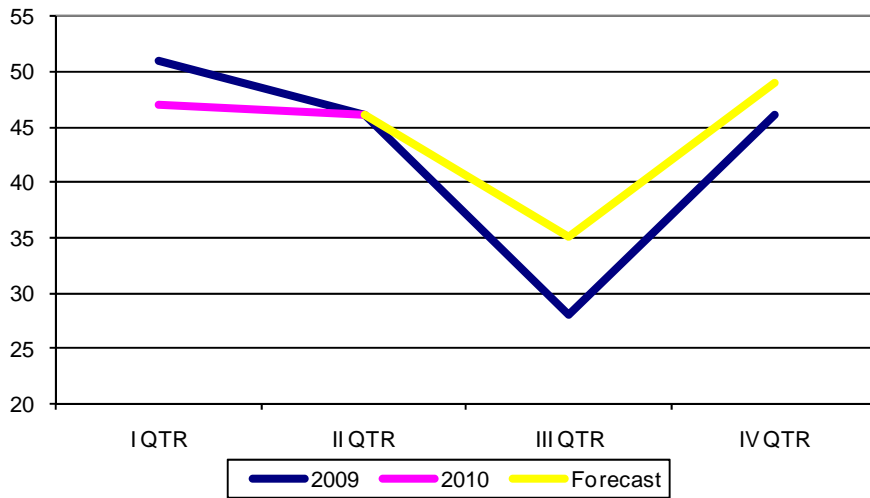
Million pounds



Source: USDA, NASS, *Livestock Slaughter*. Forecast: USDA.

### Quarterly lamb and mutton imports, 2009 and 2010

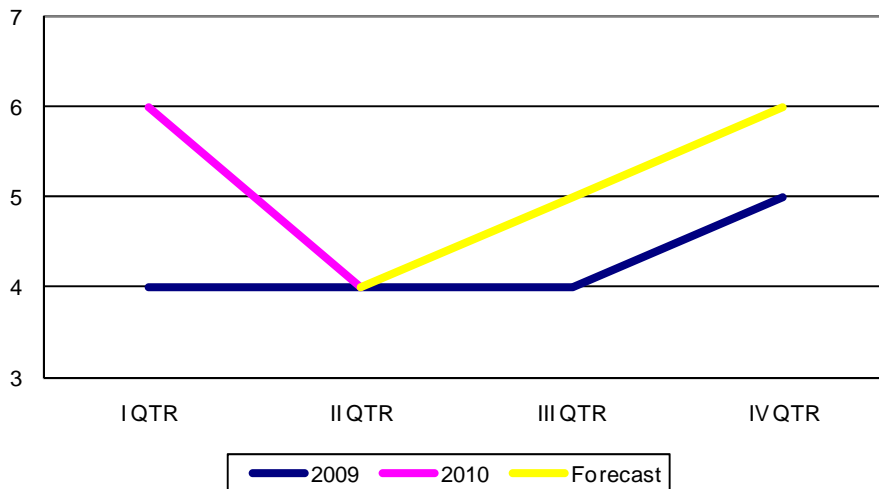
Million pounds



Source: US Department of Commerce, Census Bureau, Foreign Trade Statistics. Forecast: USDA.

### Quarterly lamb and mutton exports, 2009 and 2010

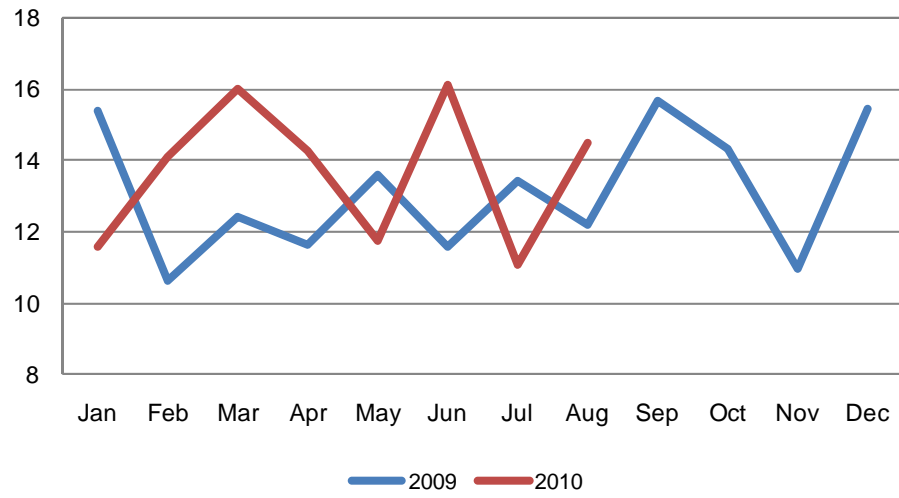
Million pounds



Source: US Department of Commerce, Census Bureau, Foreign Trade Statistics. Forecast: USDA.

### Live sheep exports from the United States

Thousand head



Source: US Department of Commerce, Census Bureau, Foreign Trade Statistics.

### ***Strengthening Demand and Rising Milk Production Should Keep Milk Prices Near 2010 Levels In 2011***

Corn prices, which averaged \$3.55 per bushel last year, are forecast sharply higher in the 2010/11 crop year; the U.S. Department of Agriculture has recently lowered corn production and ending-stock forecasts. Prices are expected to average \$4.60 to \$5.40 per bushel in 2010/11. In contrast, soybean meal prices are not expected to differ much in 2010/11 from last year. The soybean meal price is forecast at \$290 to \$330 per ton this year compared with \$311 the last crop year. The expected higher corn price will push the benchmark 16-percent protein mixed-dairy ration over \$8 per hundredweight (cwt) in 2011, up from about \$7.30 per cwt in 2010. Although milk prices in 2011 are forecast to remain near this year's level, higher feed prices are expected to squeeze producer margins, impacting the size of the dairy herd in 2011. The U.S. dairy herd is expected to advance to 9,155 million cows next year, up about 0.4 percent from the 2010 projected average. However, during the year, incentives to expand the herd will diminish. Milk per cow is also expected to advance, rising to 21,405 pounds, up 1.3 percent from this year's expected output per cow. Growth in milk per cow is expected to slow as higher feed prices take hold. The result for the year will be nearly a 1.7-percent rise in milk production in 2011 to 196 billion pounds.

Domestic demand for dairy products, cheese especially, has been firm through 2010, and demand is expected to remain strong into 2011, at least in the first half of the year. Domestic commercial use on a milk-equivalent fats basis is projected to finish 2010 at 1.4 percent above last year and forecast to rise another 1.6 percent in 2011. On a skims-solids basis, domestic commercial use is expected to finish 2010 nearly 1 percent below 2009. However, commercial use is forecast to snap back in 2011, rising nearly 2.5 percent above 2010. The relative strength of commercial use on a fats basis is a result of strong cheese demand moving much of the added milk production to cheese production this year. Meanwhile, butter production has lagged last year's levels every month until August when butter production edged ahead of year-earlier production. Butter production is likely to recover into next year due to additional milk production and favorable prices.

Milk-equivalent dairy imports are projected down in 2010 to 4.1 billion pounds, fats basis, and to 4.5 billion pounds, skims-solids basis. Next year, the trend continues, as imports are likely to fall to 4.0 billion pounds, fats basis, and 4.3 billion pounds, skims-solids basis. Higher export totals are expected in 2010: 6.6 billion pounds, fats basis, up from 4.1 billion last year, and 29.3 billion pounds, skims-solids basis, up from 22.4 billion pounds in 2009. However, exports are forecast down in 2011. Exports are projected to decline to 5.4 billion pounds on a fats basis and 28.3 billion pounds on a skims-solids basis. A gap between U.S. and international prices still favors U.S. exports and discourages imports in 2010. Next year, exports may be pressured by increased production in other exporting countries and several trade issues.

Relatively strong demand for dairy products in both 2010 and 2011 should be countered by continued rising milk production to keep milk prices near current levels into 2011. Cheese prices are expected to average \$1.550 to \$1.560 per pound this year. Continued firm cheese demand could strengthen prices somewhat further in 2011. Next year, cheese prices are expected to average \$1.540 to \$1.630 per pound. Butter prices are expected to moderate in 2011, as increased milk production should make more milk available for butter and powder production. The butter price is expected to average \$1.720 to \$1.750 per pound this year and \$1.505 to \$1.625 per pound in 2011. Nonfat dry milk (NDM) prices are forecast higher in 2011, as domestic demand improves and exports remain firm. NDM prices are expected to average \$1.155 to \$1.175 per pound in 2010, with a slightly higher average prices of \$1.175 to \$1.245 per pound next year. Whey prices are projected to average 36.5 to 37.5 cents per pound this year and to remain virtually unchanged next year at 35.5 to 38.5 cents per pound.

All milk prices are expected to average \$16.45 to \$16.55 per cwt in 2010 and remain about the same next year, averaging \$16.00 to \$16.90 per cwt in 2011. Class III milk prices are expected to average \$14.65 to \$14.75 per cwt in 2010 and climb slightly to \$14.50 to \$15.40 per cwt next year. Class IV prices could drop a bit, averaging \$15.10 to \$15.30 this year and \$14.35 to \$15.35 per cwt next year.

## Contacts and Links

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### Data Products

Meat Price Spreads, <http://www.ers.usda.gov/Data/MeatPriceSpreads/>, 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/MeatTrade/>, 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/ldp/>  
Animal Production and Marketing Issues, <http://www.ers.usda.gov/briefing/AnimalProducts/>  
Cattle, <http://www.ers.usda.gov/briefing/cattle/>  
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WASDE, <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194>

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U.S. red meat and poultry forecasts

	2004			2005			2006			2007 1/					2008					2009					2010					2011				
	Annual	Annual	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	I	II	III	Annual			
<b>Production, million lb</b>																																		
Beef	24,548	24,683	6,082	6,724	6,834	6,513	26,153	6,237	6,649	6,802	6,733	26,421	6,372	6,899	6,908	6,382	26,561	6,248	6,602	6,689	6,424	25,963	6,251	6,549	6,760	<b>6,270</b>	<b>2,5830</b>	<b>6,165</b>	<b>6,300</b>	<b>6,490</b>	<b>2,5235</b>			
Pork	20,511	20,685	5,335	5,008	5,087	5,625	21,055	5,396	5,128	5,256	6,163	21,943	6,024	5,593	5,632	6,098	23,347	5,811	5,488	5,698	5,996	22,993	5,607	5,301	5,380	<b>5,850</b>	<b>2,2138</b>	<b>5,580</b>	<b>5,340</b>	<b>5,530</b>	<b>2,2475</b>			
Lamb and mutton	195	187	49	47	42	47	185	49	44	42	48	183	46	43	42	43	174	42	42	42	45	171	43	40	38	<b>41</b>	<b>1,62</b>	<b>42</b>	<b>39</b>	<b>39</b>	<b>1,61</b>			
Broilers	34,063	35,365	8,814	8,980	8,870	8,835	35,500	8,625	9,085	9,131	9,285	36,126	9,145	9,439	9,457	8,865	36,906	8,573	8,939	9,172	8,827	35,511	8,732	9,198	9,400	<b>9,100</b>	<b>3,6430</b>	<b>8,975</b>	<b>9,300</b>	<b>9,525</b>	<b>3,7075</b>			
Turkeys	5,454	5,504	1,351	1,435	1,419	1,476	5,682	1,413	1,482	1,488	1,575	5,958	1,536	1,560	1,568	1,582	6,246	1,385	1,420	1,417	1,441	5,663	1,340	1,383	1,400	<b>1,425</b>	<b>5,548</b>	<b>1,375</b>	<b>1,375</b>	<b>1,390</b>	<b>5,560</b>			
Total red meat & poultry	85,442	87,097	21,792	22,362	22,413	22,656	89,224	21,874	22,552	22,876	23,962	91,264	23,292	23,717	23,791	23,137	93,937	22,148	22,561	23,091	22,819	90,618	22,124	22,628	23,146	<b>22,846</b>	<b>90,774</b>	<b>22,285</b>	<b>22,511</b>	<b>23,137</b>	<b>91,137</b>			
Table eggs, mil. doz.	6,365	6,413	1,617	1,617	1,632	1,656	6,522	1,598	1,593	1,602	1,642	6,435	1,587	1,577	1,599	1,640	6,403	1,597	1,603	1,614	1,661	6,475	1,603	1,620	1,640	<b>1,700</b>	<b>6,563</b>	<b>1,620</b>	<b>1,620</b>	<b>1,630</b>	<b>6,550</b>			
<b>Per capita disappearance, retail lb 2/</b>																																		
Beef	66.1	65.6	15.8	16.9	16.9	16.3	65.8	15.9	16.6	16.4	16.2	65.2	15.6	16.3	15.8	15.1	62.8	15.3	15.7	15.6	14.7	61.2	14.6	15.1	<b>15.3</b>	<b>14.0</b>	<b>59.1</b>	<b>14.2</b>	<b>14.5</b>	<b>14.7</b>	<b>57.5</b>			
Pork	51.4	50.0	12.4	11.9	11.9	13.1	49.4	12.3	12.2	12.3	14.0	50.8	12.6	11.6	12.0	13.3	49.5	12.5	12.0	12.5	13.0	50.1	11.8	11.4	<b>11.2</b>	<b>12.1</b>	<b>46.5</b>	<b>11.5</b>	<b>11.3</b>	<b>11.4</b>	<b>46.4</b>			
Lamb and mutton	1.1	1.1	0.3	0.2	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.2	0.3	1.0	0.3	0.2	0.2	0.3	1.0	0.2	0.2	<b>0.2</b>	<b>0.2</b>	<b>0.9</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.9</b>			
Broilers	84.4	85.8	21.7	22.1	21.9	20.9	86.5	21.2	21.6	21.4	21.2	85.4	21.3	21.4	21.1	19.7	83.5	19.3	20.1	20.6	19.6	79.6	20.0	20.5	<b>21.2</b>	<b>20.3</b>	<b>82.0</b>	<b>20.0</b>	<b>21.4</b>	<b>20.4</b>	<b>82.8</b>			
Turkeys	17.1	16.7	3.5	3.9	4.3	5.2	16.9	3.8	4.1	4.2	5.5	17.5	4.0	4.1	4.3	5.3	17.6	3.7	3.9	4.0	5.3	16.9	3.5	3.6	<b>4.0</b>	<b>5.0</b>	<b>16.1</b>	<b>3.5</b>	<b>3.7</b>	<b>4.9</b>	<b>15.8</b>			
Total red meat & poultry	221.6	221.0	54.1	55.5	55.6	56.1	221.3	53.9	55.1	54.9	57.6	221.6	54.1	54.2	53.8	54.0	216.1	51.4	52.4	53.4	53.3	210.5	50.6	51.2	<b>52.4</b>	<b>52.1</b>	<b>206.3</b>	<b>49.8</b>	<b>51.0</b>	<b>51.9</b>	<b>205.1</b>			
Eggs, number	257.3	255.8	64.1	63.7	63.9	64.7	257.8	62.2	61.7	62.4	63.8	250.1	61.8	61.3	62.0	63.8	248.9	62.0	61.5	61.4	62.9	247.7	61.1	61.1	<b>62.2</b>	<b>64.1</b>	<b>248.5</b>	<b>61.1</b>	<b>61.0</b>	<b>61.0</b>	<b>246.6</b>			
<b>Market prices</b>																																		
Choice steers, 5-area Direct, \$/cwt	84.75	87.28	89.24	80.39	85.40	86.61	85.41	90.61	93.45	91.36	91.85	91.82	89.59	92.82	98.45	88.22	92.27	84.48	84.48	83.05	83.29	83.25	89.44	96.33	95.47	<b>93.97</b>	<b>93.95</b>	<b>94.100</b>	<b>96.104</b>	<b>94.102</b>	<b>95.102</b>			
Feeder steers, Ok City, \$/cwt	104.76	110.94	106.23	104.08	115.17	103.22	107.18	99.53	108.87	115.64	108.88	108.23	99.88	106.60	110.81	94.62	102.98	92.84	98.64	99.40	93.67	96.14	98.73	112.65	112	<b>108-112</b>	<b>109-110</b>	<b>100-106</b>	<b>104-112</b>	<b>102-110</b>	<b>103-109</b>			
Cutter Cows, National L.E., \$/cwt	52.35	54.36	48.89	47.79	49.28	44.29	47.56	51.04	53.96	54.07	49.40	52.12	53.88	57.30	61.78	46.70	54.92	45.42	48.57	46.44	43.56	46.00	51.79	58.79	Feb-00	<b>56-58</b>	<b>56-58</b>	<b>55-59</b>	<b>57-61</b>	<b>56-60</b>	<b>55-60</b>			
Choice slaughter lambs, San Angelo, \$/cwt	96.69	97.76	77.03	66.56	81.10	84.53	77.31	82.59	82.23	87.33	87.55	84.93	86.23	79.62	88.83	88.95	85.91	90.14	91.44	88.35	90.47	90.10	103.87	106.32	116	<b>112-116</b>	<b>108-111</b>	<b>110-106</b>	<b>110-106</b>	<b>108-114</b>	<b>108-106</b>			
Barrows & gilts, N. base, L.E. \$/cwt	52.51	50.05	42.63	48.45	51.83	46.13	47.26	46.04	52.55	50.33	39.43	47.09	39.64	52.51	57.27	41.92	47.84	42.11	42.74	38.90	41.20	41.24	50.41	59.6	60.13	<b>53-55</b>	<b>55-56</b>	<b>54-58</b>	<b>56-60</b>	<b>57-61</b>	<b>54-59</b>			
Broilers, 12 City, cents/lb	74.10	70.80	62.7	61.0	67.8	65.9	64.4	75.00	80.30	79.20	71.10	76.40	78.10	80.60	80.60	79.40	79.70	79.70	81.90	76.80	72.10	77.60	82.2	85	84.5	<b>80-84</b>	<b>83-85</b>	<b>82-88</b>	<b>84-90</b>	<b>84-90</b>	<b>83-89</b>			
Turkeys, Eastern, cents/lb	69.70	73.40	67.3	71.3	79.4	89.8	77.0	69.70	77.90	89.90	90.80	82.10	77.40	88.90	96.50	87.30	87.50	73.80	79.10	81.40	83.80	79.50	75.6	84.4	97.9	<b>100-104</b>	<b>88-90</b>	<b>80-86</b>	<b>83-89</b>	<b>90-98</b>	<b>87-93</b>			
Eggs, New York, cents/doz.	82.20	65.50	71.4	62.7	64.0	89.0	71.8	105.3	92.0	119.1	141.0	114.4	158.8	117.30	114.50	122.60	128.30	109.70	89.70	94.80	117.70	103.00	126	82.8	93.1	<b>100-104</b>	<b>101-103</b>	<b>101-109</b>	<b>86-94</b>	<b>88-96</b>	<b>95-103</b>			
1																																		
<b>U.S. trade, million lb</b>																																		
Beef & veal exports	460	697	215	315	307	308	1,145	269	363	424	375	1,431	360	471	609	448	1,888	384	471	496	518	1,869	478	585	<b>615</b>	<b>605</b>	<b>2,263</b>	<b>515</b>	<b>575</b>	<b>570</b>	<b>2,210</b>			
Beef & veal imports	3,679	3,599	843	790	730	722	3,085	770	884	774	624	3,052	637	661	584	655	2,537	704	751	623	550	2,628	573	690	<b>645</b>	<b>575</b>	<b>2,483</b>	<b>610</b>	<b>685</b>	<b>655</b>	<b>2,540</b>			
Lamb and mutton imports	181	180	53	44	41	52	190	56	44	44	59	202	52	48	38	47	185	51	46	28	46	171	47	46	<b>35</b>	<b>49</b>	<b>177</b>	<b>52</b>	<b>46</b>	<b>39</b>	<b>186</b>			
Pork exports	2,181	2,666	767	763	654	811	2,995	792	685	703	959	3,138	1,106	1,387	1,126	1,049	4,668	1,033	952	1,016	1,125	4,126	1,047	1,081	<b>1,110</b>	<b>1,230</b>	<b>4,468</b>	<b>1,120</b>	<b>1,110</b>	<b>1,165</b>	<b>4,675</b>			
Pork imports	1,099	1,024	259	237	239	254	989	239	256	240	232	968	217	205	191	218	831	205	196	210	223	834	199	204	<b>215</b>	<b>230</b>	<b>848</b>	<b>210</b>	<b>210</b>	<b>220</b>	<b>875</b>			
Broiler exports	4,783	5,203	1,270	1,297	1,234	1,404	5,205	1,275	1,393	1,493	1,610	5,771	1,507	1,787	1,912	1,756	6,962	1,753	1,655	1,719	1,708	6,835	1,488	1,683	<b>1,650</b>	<b>1,650</b>	<b>6,471</b>	<b>1,625</b>	<b>1,625</b>	<b>1,675</b>	<b>1,725</b>			
Turkey exports	442	570	119	125	152	150	547	124	135	148	146	553	148	160	186	182	676	117	122	152	144	535	114	136	<b>150</b>	<b>145</b>	<b>545</b>	<b>125</b>	<b>130</b>	<b>145</b>	<b>550</b>			
Live swine imports (thousand head)	8,506	8,191	2,133	2,088	2,204	2,338	8,763	2,302	2,370	2,464	2,869	10,005	2,915	2,149	2,201	2,083	9,348	1,761	1,614	1,518	1,472	6,365	1,446	1,408	<b>1,450</b>	<b>1,450</b>	<b>5,754</b>	<b>1,475</b>	<b>1,475</b>	<b>5,900</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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## Dairy Forecasts

	2009			2010					2011		
	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Milk cows (thous.)	9,155	9,090	9,201	9,091	9,112	9,140	9,150	9,123	9,160	9,165	9,156
Milk per cow (pounds)	5,111	5,090	20,576	5,209	5,460	5,250	5,210	21,128	5,310	5,505	21,405
<b>Milk production (bil. pounds)</b>	46.8	46.3	189.3	47.4	49.7	48.0	47.7	192.8	48.6	50.5	196.0
Farm use	0.3	0.3	1.0	0.2	0.2	0.2	0.2	1.0	0.2	0.2	1.0
Milk marketings	46.5	46.0	188.3	47.1	49.5	47.7	47.4	191.8	48.4	50.2	195.0
<b>Milkfat (bil. pounds milk equiv.)</b>											
Milk marketings	46.5	46.0	188.3	47.1	49.5	47.7	47.4	191.8	48.4	50.2	195.0
Beginning commercial stocks	14.5	13.7	10.1	11.3	13.0	13.4	11.9	11.3	10.0	12.0	10.0
Imports	1.3	1.3	5.6	1.2	1.0	0.9	1.0	4.1	1.2	0.9	4.0
Total supply	62.3	61.0	204.0	59.7	63.5	62.0	60.3	207.2	60.0	63.1	209.0
Commercial exports	0.9	1.0	4.1	1.3	2.1	1.9	1.3	6.6	1.4	1.4	5.4
Ending commercial stocks	13.7	11.3	11.3	13.0	13.4	11.9	10.0	10.0	12.0	13.6	10.2
Net removals	0.1	0.6	0.7	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0
Commercial use	47.6	47.9	187.7	45.1	48.0	48.2	49.0	190.3	46.2	48.1	193.4
<b>Skim solids (bil. pounds milk equiv.)</b>											
Milk marketings	46.5	46.0	188.3	47.1	49.5	47.7	47.4	191.8	48.4	50.2	195.0
Beginning commercial stocks	12.4	11.5	10.9	11.3	11.8	12.5	11.7	11.3	11.5	11.1	11.5
Imports	1.2	1.4	5.5	1.2	1.2	1.0	1.2	4.5	1.2	1.0	4.3
Total supply	60.2	58.9	204.7	59.6	62.5	61.3	60.3	207.6	61.1	62.3	210.8
Commercial exports	5.4	6.1	22.4	6.2	8.8	7.4	7.0	29.3	7.0	7.1	28.3
Ending commercial stocks	11.5	11.3	11.3	11.8	12.5	11.7	11.5	11.5	11.1	12.1	11.2
Net removals	0.6	0.4	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	42.9	41.3	168.7	41.8	41.2	42.2	41.8	167.1	43.0	43.1	171.3
<b>Milk prices (dol./cwt) 1/</b>											
All milk	12.13	15.40	12.84	15.60	15.07	16.67	18.45	16.45	16.60	15.55	16.00
							-18.85	-16.55	-17.30	-16.55	-16.90
Class III	11.09	13.96	11.36	13.85	13.31	15.06	16.45	14.65	14.70	14.40	14.50
							-16.85	-14.75	-15.40	-15.40	-15.40
Class IV	10.56	13.37	10.89	13.22	14.82	16.04	16.55	15.10	14.95	14.10	14.35
							-17.05	-15.30	-15.75	-15.20	-15.35
<b>Product prices (dol./pound) 2/</b>											
Cheddar cheese	1.248	1.508	1.296	1.471	1.419	1.587	1.720	1.550	1.550	1.535	1.540
							-1.760	-1.560	-1.620	-1.635	-1.630
Dry whey	0.294	0.344	0.258	0.386	0.366	0.362	0.355	0.365	0.355	0.355	0.355
							-0.375	-0.375	-0.385	-0.385	-0.385
Butter	1.194	1.350	1.209	1.387	1.551	1.915	2.060	1.720	1.750	1.485	1.505
							-2.130	-1.750	-1.850	-1.615	-1.625
Nonfat dry milk	0.892	1.142	0.922	1.107	1.212	1.174	1.150	1.155	1.120	1.155	1.175
							-1.190	-1.175	-1.180	-1.225	-1.245

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/dyfm0s/mib/fedordprc\\_dscrp.htm](http://www.ams.usda.gov/dyfm0s/mib/fedordprc_dscrp.htm)

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

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