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Livestock, Dairy, and Poultry Outlook

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Discovery of BSE Alters Trade Outlook

Note: The recent discovery of bovine spongiform encephalopathy (BSE) in a dairy cow in the State of Washington has caused importers to either ban or restrict beef imports from the United States. Trade forecasts and analysis in this report reflect actions by importing countries as of January 11. Due to the uncertainties associated with these bans, it is assumed that these restrictions will remain in place until the importing countries announce a policy change. Subsequent issues of this report will reflect announced changes.

The 2004 beef export forecast is reduced by more than 90 percent (2.4 billion pounds), as it is currently assumed that Canada will remain the only major importing country accepting beef from the United States. However, Canada has placed a restriction requiring that the imported beef be boneless and from animals less than 30 months of age. With beef production in place due to the biological cycle of cattle, the additional supply must be priced in the domestic market. Choice steer prices in 2004 are expected to average \$72-\$78 per hundred weight (cwt), compared with an estimated \$85 in 2003 and \$67 in 2002. The January 30 **Cattle** report will provide additional information concerning prospects for beef production in 2004.

The December **Quarterly Hogs and Pigs** report indicated hog inventories and first-half farrowing intentions were larger than earlier expected. In addition, some upward revisions were made to 2003 inventories and farrowings previously reported. The December report provides further evidence that the industrialized U.S. pork sector has attained a "steady-state" with respect to production.

Pork production in 2004 is expected to be slightly more than 20 billion pounds, an increase of less than 1 percent over 2003. Hog prices will likely average about \$37-\$40 per cwt. The depreciating dollar will push pork exports higher and slow imports in 2004. Some foreign markets currently closed to U.S. beef will likely substitute some U.S. pork products, providing additional support to U.S. pork exports.

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The next release is
January 27, 2004

Approved by the
World Agricultural
Outlook Board.

The 2004 poultry meat trade outlook is stronger than in 2003. Shipments to Russia are expected to be more stable than in the past, with a designated amount of overall poultry import quantity. With the U.S. economy expanding strongly, the Mexican economy is also expected to strengthen, and to generate higher demand for both broiler and turkey products in 2004. Additional factors boosting poultry exports are the weakness of the U.S. dollar against a number of currencies and the restrictions on exports of U.S. beef products.

BSE Cow Creates Uncertainty, Swells Domestic Beef Supplies

Confirmation of a single dairy cow in Washington State on December 23 with bovine spongiform encephalopathy (BSE) has resulted in a whirlwind of activity in the beef sector, including importers either banning or restricting the importation of beef and cattle from the United States. The dairy cow was born in Canada prior to the 1997 Canadian and U.S. ban on feeding meat protein to ruminants, and was imported into Washington State in 2001. The Department has set up a web site to monitor the BSE situation: <http://www.usda.gov/BSE/>, which includes the ERS site on U.S. Beef Industry Statistics.

In recent years, the United States has exported 9 to 10 percent of commercial beef production, with Japan, South Korea, Mexico, and Canada the destination for about 90 percent of U.S. exports. The market with Canada remains open, but has been restricted to boneless product from cattle under 30 months of age. This is the same restriction the United States placed on beef imports from Canada in August. The United States is in negotiations with our major trading partners to resume export trade. This report reflects actions announced by importing countries as of January 11. Due to the uncertainties as to the length of the bans, it is assumed that these restrictions will remain in place until such time as importing countries announce a change in policy. Subsequent forecasts will reflect any announced changes. The January 1 *Cattle on Feed* and *Cattle* inventories will be released on January 16 and January 30, respectively. The present forecasts will be updated in the *World Agricultural Supply and Demand Estimates* on February 10 and in the *Cattle/Beef* quarterly which will be released on February 17 in the *Livestock, Dairy, and Poultry Outlook*.

Market Seeks Stability Following October Peak

Beef supplies became progressively tighter throughout 2003, and markets were forced to adjust to these tight supplies by rationing product. Production for the year was down about 3 percent, with fourth-quarter production down 12 percent.

Beef prices rose through mid-October and some end users may have been priced out of the market. Sharply higher prices encouraged cattle feeders to market cattle ahead of schedule—at lighter weights and with fewer cattle grading Choice and Prime. In the fourth quarter, prices and fed cattle marketings began to seek a balance as some end users dropped out of the market and fed cattle marketings slowed to get more cattle into the higher grades. Monthly fed cattle prices peaked in October at \$105.50 per cwt, up nearly 62 percent from a year earlier, but had declined to the low \$90s by December just before the discovery of the cow with BSE. Prices fell to the mid-\$70s in early January, in very thin post-holiday trading. Similarly, monthly light Choice boxed beef prices peaked in October at \$176.06 per cwt, up 58 percent from a year earlier, and declined to near \$155 in December. Prices dropped to the upper \$120s in early January before rising to near \$140 in mid-January. In January 2003, Nebraska Direct steer and light Choice boxed beef prices averaged \$77.18 and \$128.59 per cwt, respectively.

The market is now in the process of making essentially overnight adjustments away from very tight supplies of high quality beef to a sharp increase in high quality beef supplies as product destined for export must be utilized domestically. This surplus could grow to 2.4 billion pounds if most major export markets remain closed for the entire year. Just as high prices help ration product in a tight market, lower prices are the means of attracting users to absorb sharply larger supplies of beef, particularly higher quality export beef. Fortunately for the market these large supplies are occurring at a time when the meat pipeline is drawn down. Over the holidays slaughter levels decline, and much of the marketing infrastructure operates at a much-reduced level as attention turns to spending time with family. Over the first couple of weeks in January, the wholesale/retail pipeline is replenished. This time a large supply of beef is being reallocated to the domestic market, and lower prices are encouraging the return of end users that could not compete last fall and dropped out or at least pulled back because of record prices.

Export Beef Absorbed in Domestic Market

An estimated 80 to 90 million pounds of beef were either in transit or already in dock in export countries when the BSE finding was announced and the ultimate use of this beef is uncertain. More important is the reallocation of approximately 2.4 billion pounds of beef to the domestic market that otherwise would be exported in 2004. The Canadian market is the only major export market that remains open and is likely to import near the levels of recent years, although trade will be limited to boneless under 30 months of age. But Canada, which exports about 50 percent of its production, has had to absorb a much larger proportion of beef than the task faced by the U.S. market as a result of its BSE discovery. Canadian consumers have supported the cattle sector through increased beef consumption at very attractive prices after the first BSE cow was discovered in Canada on May 20. The BSE cow discovered in the United States has raised uncertainties on the level of beef/cattle prices necessary to encourage increased consumption to clear the market in both countries. Like in Canada, U.S. beef stocks will rise initially as the market adjusts and consumption will have to rise sharply to absorb the additional supplies until export markets are re-established. Through early January the U.S. beef markets appear to be fairly well supported.

Through November Japan remained our largest export market with nearly 37 percent of exports; Mexico was second with nearly 24 percent of exports, South Korea third with 23 percent, and Canada fourth with 9 percent. The remaining countries received nearly 8 percent of exports. Japanese imports from the United States rose nearly 23 percent from the depressed levels of a year earlier when BSE in Japan held down consumption. Exports to Mexico, South Korea, and Canada were down modestly from a year earlier.

Record Red Meat and Poultry Consumption Likely

While slaughter levels remained below year-earlier levels through mid-January, steer and heifer dressed slaughter weights in early 2004 were over 30 pounds below a year earlier. However, cattle on

feed inventories on December 1 were 4 percent above a year earlier and unless slaughter levels pick up, weights will begin to exceed the weather-stressed weights of a year earlier fairly quickly.

Beef production is expected to fall about 3 percent in 2003 and is expected to decline about 3 percent this year, reflecting the inventory reductions since 1996, but also reflecting continued poor forage conditions in many areas and uncertain prospects for 2004 spring and summer grazing conditions. In late 2003, approximately 38 percent of the beef cow inventory were within an area experiencing a moderate or more intense drought. Even with improved forage conditions decisions by producers to begin herd expansion will depend a lot on the reaction of the market and consumers to the present situation. The January 1 *Cattle* report will provide an indication of producer intentions to retain heifers for herd expansion. Cow slaughter in 2003 was over 5 percent above a year earlier and the largest since 1997.

Supplies of beef expected to be available for domestic consumption are likely to rise over 2 percent above the 2002 record, given sharply reduced exports. However, population gains result in per capita beef supplies rising to about 67.8 pounds per capita in 2004, up only slightly from 67.6 pounds in 2002, but up nearly 3.5 pounds from 2003. Encouraged by tight beef supplies and record beef prices in 2003, poultry and hog supplies remain large, and total red meat and poultry consumption is expected to be a record-large 221.7 pounds, up from 220.5 in 2002 and 218.0 in 2003.

Beef Demand Remained Very Strong in 2003, But Prices To Be Tested in 2004

Fed cattle prices averaged \$67 per cwt in 2002, but rose to near \$85 in 2003. This year prices are expected to average \$72 to \$78 per cwt, but consumer reaction to large supplies of high quality beef at very favorable values is uncertain. Similarly the demand for feeder cattle is very uncertain, particularly given the uncertain forage conditions and stocker cattle demand. Demand for Mexican stocker/feeder cattle was very strong in 2003 as U.S. supplies remained tight and prices rose strongly.

Through November, feeder cattle imports from Mexico were up 54 percent from a year earlier. The strength in the domestic market and return to normal trading patterns will be important determinants of feeder cattle prices this year. Prices for 750-800 pound feeder cattle averaged \$80 per cwt in 2002, but rose to near \$90 in 2003. Prices in mid-January averaged in the mid-\$80s, and are expected to average in the low- to mid-\$80s in 2004.

Since the discovery of BSE in December prices for boning Utility cows have held together much better than fed cattle prices, with prices averaging only a couple dollars below December's \$48 average. So far domestic demand for processing beef seems to have held up well, and prices in the former export markets are up sharply now that U.S. exports have been banned. Consequently, the market appears to be concerned about supplies of lean processing beef, particularly since more fed beef trimmings will be available as export quality beef is forced onto the domestic market. If beef cow slaughter drops off this spring as the grazing season begins, the demand for processing beef may become intense. This tightening could intensify further if more beef from Australia and New Zealand is pulled into Asian markets. However, nearly all of this beef is grass fed and does not substitute very well for high quality U. S. and Canadian fed beef. Consequently the market for our cow beef as well as processing beef imports will likely remain fairly strong in the United States.

Byproduct values remain well above year-earlier levels, but have declined from recent highs as variety meat exports have also been banned. The major byproduct value derives from the hide, and hides can still be exported. Consequently, although demand for variety meats in the U.S. market is weak to nonexistent, the hide export market remains strong as world economies continue to improve and demand for leather grows.

Record Retail Beef Prices To Recede

Prices for Choice beef at retail remained near record levels in December, averaging \$4.24 a pound, down from the November record of \$4.32 a pound, but up nearly 26 percent from a year earlier. The wholesale-retail spread narrowed as fed cattle prices shot up in late summer-early fall, but widened rapidly in November and December as price increases were passed through to consumers. With cattle and boxed beef prices now down sharply from the October highs and spreads even wider, retail prices in January are expected to decline further as larger quantities of export quality beef reclaim market share. Consumers should find relatively attractive prices over the next few months, particularly until at least some of the export markets are reopened.

U.S. Beef in the World Markets

Since the late 1990s, the United States has been the world's largest beef exporter, by value of product, and the second largest exporter by volume. *Structure of the Global Markets for Meat* explores the structure of the meat trade and reasons for U.S. success in it, such as large differences among countries in preferences for various cuts of meat. The top markets for U.S. beef have been Japan, South Korea, and Mexico. Together, they took over 80 percent of U.S. beef exports in the first 11 months of 2003, and averaged an 80-percent share for the previous decade as well, when U.S. beef exports averaged \$2.5 billion per year. These three markets, plus Russia, accounted for 86 percent of the U.S. exports of beef variety meats (or offals), in January-October of 2003, and dominated the trade in the previous decade, when exports averaged \$570 million per year.

Beef consumers in Japan, South Korea, and Mexico are heavily dependent on U.S. beef. In 2002, U.S. beef imports represented over 40 percent of South Korea's beef supply, a proportion that has been rising rapidly since 1998. In Japan, the share of total beef supply contributed by U.S. beef averaged about 30 percent, during 1998-2002. About 16 percent of Mexico's 2002 beef consumption came from U.S. exports. The United States exports boneless, grain fed beef to these and other markets. Japan and South Korea are major destinations for certain products, such as the short rib, short plate, liver, and tongue. Because of quality and price factors, and due to disease restrictions, Japan and South Korea have limited their beef imports to a relatively small pool of countries. Australia's beef herd is recovering from effects of a major drought, and Australia and New Zealand specialize in supplying grass fed beef that has characteristics and uses different from grain fed beef. It will be difficult to replace the beef supplied by the United States.

Quarterly Report Indicates More Pigs, More Sows Farrowing

The December *Quarterly Hogs and Pigs* report showed that for most of 2003, the United States had more hogs, and a greater number of sows farrowing than previous reports indicated. Hog inventories for March, June, and September were revised upward by an average of less than 1 percent. The March-May farrowings were increased by about 2 percent, helping to explain the larger than expected slaughter in the recently concluded fourth quarter of 2003.

Several aspects of the December report point to larger pork supplies in 2004. The beginning inventory estimate for the marketing year--December 1 inventory of all hogs and pigs--was larger than expected. Moreover, this estimate stood out among the last three--revised--quarters of 2003 as the only one above a year earlier.

The December report also suggests that some quarterly farrowing numbers may be larger than earlier expected. The actual farrowings for the September-November pig crop--to be slaughtered next spring--was increased to 1 percent above 2002. The second reporting of farrowing intentions for December-February--to be slaughtered next summer--was increased to 1 percent above a year earlier, also.

2004 Pork Production Set

If producers follow through on their stated breeding intentions, and based on expectations for litter rates and imports from Canada, it is likely that more than 101 million hogs will be slaughtered in 2004. The largest slaughter on record--101.5 million head in 1999--produced 19.3 billion pounds of pork. If slaughter expectations are met this year, pork production should exceed 20 billion pounds because of higher expected weights. Both anticipated hog slaughter and pork production for the year will be less than 1 percent above 2003.

Hog Prices Steady, Retail Pork Prices Slightly Lower in 2004

Hog prices (National Base Cost, 51-52 percent Lean, Live equivalent) are expected to average \$37-\$40 per cwt in 2004, more than 2 percent below 2003. Strong beef demand--despite BSE-induced closure of major U.S. beef export markets--is expected to provide some support to pork and hog prices again this year. Additional price support is anticipated from strong foreign demand for U.S. pork products as partial substitutes for U.S. beef. Retail pork prices will likely decline less than 1 percent from 2003 prices, in order to remain competitive with expected lower retail beef prices. For 2004 retail pork prices are expected to average \$2.65 per pound.

U.S. Pork Trade Affected by Depreciated Dollar in 2004

The lower valued U.S. dollar is affecting U.S. pork trade, both exports and imports. Because the lower valued U.S. dollar makes U.S. pork products relatively cheaper than pork products of competing countries (i.e. Denmark and Canada) in foreign markets, U.S. pork exports are likely to increase more than 3 percent, to about 1.8 billion pounds in 2004. Part of the expected increase is also attributable to increased foreign demand for U.S. pork products in some Asian countries imposing temporary bans on importation of U.S. beef products due to the recent identification of a BSE-infected cow in the State of Washington.

U.S. demand for imported pork products also appears to be affected by the depreciated U.S. dollar. Pork products imported into the United States tend to be more expensive when the U.S. dollar depreciates against foreign currencies. Currencies against which the U.S. dollar has depreciated include the Canadian dollar and the Danish krone, currencies of the countries that account for more than 80 percent of U.S. pork imports. Consequently, U.S. pork imports are still expected to increase, but by less than previously forecast. The United States is expected to import about 1.3 billion pounds of pork in 2004, an increase of more than 7 percent over 2003.

Poultry Trade Outlook Stronger

The outlook for poultry meat trade in 2004 is stronger than in 2003. Early in 2003 there were a number of uncertainties stemming from new trade policies that were going into effect with Russia and Mexico. At the beginning of 2004, many of the trade policy questions with these two countries (our two largest markets) have been resolved. With a designated amount of overall poultry import quantity, shipments to Russia are expected to be more stable than in the past. With the U.S. economy expanding strongly, the Mexican economy is also expected to strengthen, resulting in a higher demand for both broiler and turkey products in 2004. Additional factors boosting poultry exports are the restrictions on exports of U.S. beef products and the weakness of the U.S. dollar against a number of currencies. While it is uncertain as to the extent that foreign consumers will substitute poultry for beef, the absence of the two largest high-quality beef exporters (U.S. and Canada) on the world markets is expected to be a positive factor for the poultry industry. The weakness of the dollar against some currencies is also expected to be a positive for poultry exports by making them relatively less expensive and more cost competitive with other major poultry-exporting countries.

U.S. broiler exports in November 2003 were 466 million pounds, up 7 percent from the previous year. This leaves exports over the first 11 months of 2003 at 4.6 billion pounds, up 2 percent from a year ago. As usual, leg quarter exports to Russia made up the largest single portion of the shipments. In November, shipments of leg quarters to Russia totaled 126 million pounds, 39 percent of all leg quarter exports and 27 percent of all broiler exports, on a quantity basis.

Broiler Production Expected Higher in 2004

Weekly broiler hatchery reports continue to show increases in both the numbers of eggs being placed in hatcheries and the number of broiler chicks being placed for growout. During the fourth quarter of 2003, (10/4 – 12/27), the number of eggs being placed per week in hatcheries averaged 200 million, up 2.3 percent from the same period a year

earlier. The number of broiler chicks placed for growout per week averaged 161 million, 2.6 percent higher than a year earlier. With stronger prices for almost all broiler products and expected strength in the export market, this pattern of higher egg and chick placement is expected to continue into the first quarter of 2004. Coupled with continued gains in average weight at slaughter, this expansion implies that broiler production during the first 6 months of 2004 could reach 16.5 billion pounds, up 3.4 percent from the same period in 2003. Partially offsetting the positive demand factors of a growing economy and a strong export market will be the effects of an increase in beef products in the U.S. market as products normally exported are forced into the domestic market.

Broiler production in November was 2.42 billion pounds, a decrease of 1.6 percent from a year earlier. However, this is due chiefly to one less slaughter day in November 2003 than the previous year. Slaughter in December is expected to be up a couple of percents from the previous year's level.

Broiler stocks declined in November, totaling 580 million pounds at the end of the month. This is 16-million-pounds lower than the previous month and 27-percent lower than at the same time in 2002. Strong exports and lower stock levels have led to continued increases for most broiler prices. The December 12-city average for whole broilers was 65.7 cents a pound, up 20 percent from the previous year. The wholesale composite price for whole broilers and broiler parts was 70.5 cents a pound in December, 39 percent higher than in December 2002. Movements in domestic broiler prices during the first quarter of 2004 will depend heavily on the extent discovery of BSE leads consumers to substitute poultry products for beef.

Turkey Production Down in November

In December, the price for whole hen turkeys in the Eastern market averaged 69.3 cents a pound, about 3 percent higher than the previous year. Wholesale prices for whole birds and parts are expected to remain relatively stable over the next several months, as turkey stocks (whole birds and parts) are still higher (up 5.7 percent) than the previous year. In November, turkey production fell by 6.5

percent due to a combination of a smaller number of birds slaughtered and a slightly lower average weight. From September through November, the number of poults being placed for growout was down almost 5 percent from a year earlier.

In November, U.S. turkey exports totaled 45 million pounds, up 28 percent from the previous

year. With this surge in exports, turkey shipments over the first 11 months of 2003 are 19 percent higher than the previous year. While exports to Mexico were down strongly at the beginning of 2003, their strengthening over the last several months is the prime reason for the increase in shipments. Partially offsetting these increases have been weak exports to both Hong Kong and Russia.

Dairy Markets Muddled

Dairy markets have been a bit confused in recent weeks as traders attempted to sort out the effects of continued declines in supplies of milk for manufacturing, a pickup in dairy product demand, declining commercial stocks, and possible changes in cull cow prices and cheeseburger demand due to the discovery of a BSE case in the United States. Additional uncertainty was generated by the relatively sharp transition from market strength late in the holiday season to the ensuing seasonal weakness, a pattern not seen in a number of years. The basic supply-demand balance appears to have tightened in recent months, largely because of better demand than anticipated. Even so, recent price strength probably heralds postponed seasonal declines rather than a major change in price prospects.

Chicago Mercantile Exchange prices for block Cheddar cheese fell 6 cents per pound (4 cents for barrels) by Christmas but have been fractionally higher since then. Butter prices showed more dramatic swings, rising through mid-December, dropping more than 20 cents per pound by Christmas, and then regaining more than half the earlier drop in early January.

Recent economic improvements apparently are helping dairy product demand. Restaurant sales strengthened as 2003 drew to a close, increasing use of butter and cheese, although restaurant demand remained considerably less favorable than before the late 2001-2002 collapse. In addition,

retail butter sales reportedly were fairly brisk even though specials were somewhat limited. Moderate recovery in dairy demand likely will be sustained in 2004.

Milk used in manufactured dairy products was below a year earlier during most of 2003 and declines continued through at least November. Although butter bore the brunt of the reduced supplies, output of most cheeses also was below a year earlier in November. Although manufacturing supplies rose seasonally after Christmas, dairy product output probably stayed below a year earlier in December. Significant increases from a year earlier in milk for manufacturing are not expected during the first half of 2004.

Reactions by consumers, foreign beef buyers, and regulatory agencies to the discovery of a BSE-infected cow in Washington might influence both milk production and use of some dairy products in a number of subtle ways. However, the effects of the BSE case on the dairy industry are projected to be relatively minor, and some may be offsetting.

Late December-early January prices served the key function of allocating still-limited supplies of butter and cheese between those users whose pipeline stocks were greatly depleted and those who can wait several weeks to rebuild. Once pipelines are back to workable levels, butter and cheese prices probably will weaken seasonally. However, both butter and cheese prices are projected to run significantly higher than during the first half of 2003.

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Related Article

The recent discovery of bovine spongiform encephalopathy (BSE) <http://www.ers.usda.gov/features/BSE/index.htm> in a dairy cow in the State of Washington has caused importers to either ban or restrict beef imports from the United States.

Data

Retail Price Reporting for Meat

<http://www.ers.usda.gov/Data/Meatscanner/> A new ERS database contains monthly average retail prices for selected cuts of red meat and poultry, based on electronic supermarket scanner data. While not based on a random sample, the raw data underlying the database are from supermarkets across the United States that account for approximately 20 percent of U.S. supermarket sales. [Leland Southard](#), (202) 694-5187.

Web Sites

Animal Production and Marketing Issues, <http://www.ers.usda.gov/briefing/AnimalProducts/>

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Red meat and poultry forecasts

	2001		2002		2003				2004			
	Annual	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Production, million lb												
Beef	26,107	6,783	27,090	6,287	6,907	7,078	5,965	26,237	6,150	6,550	6,700	25,400
Pork	19,138	5,255	19,664	4,889	4,734	4,795	5,500	19,918	4,925	4,900	4,925	20,050
Lamb and mutton	223	56	219	49	50	48	51	198	49	48	47	194
Broilers	31,266	7,936	32,240	7,770	8,238	8,454	8,175	32,637	8,040	8,515	8,665	33,610
Turkeys	5,562	1,482	5,713	1,379	1,438	1,407	1,450	5,674	1,355	1,415	1,430	5,680
Total red meat & poultry	83,006	21,700	85,669	20,550	21,546	21,954	21,307	85,357	20,684	21,599	21,942	85,611
Table eggs, mil. doz.	6,077	1,573	6,184	1,511	1,514	1,546	1,590	6,161	1,525	1,520	1,550	6,170
Per capita consumption, retail lb 1/												
Beef	66.2	16.6	67.6	16.2	16.9	16.8	14.5	64.4	16.2	17.8	17.9	67.8
Pork	50.2	13.8	51.5	12.6	12.5	12.5	14.2	51.8	12.5	12.7	12.8	51.6
Lamb and mutton	1.1	0.3	1.2	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	1.1
Broilers	76.6	19.9	80.5	19.6	20.6	21.3	19.9	81.4	19.6	20.9	21.2	82.0
Turkeys	17.5	5.9	17.7	3.6	3.9	4.6	5.5	17.6	3.6	3.8	4.2	17.3
Total red meat & poultry	213.6	57.0	220.5	52.7	54.6	55.9	54.7	217.9	52.6	56.0	56.8	221.7
Eggs, number	252.6	64.6	253.6	61.9	62.3	63.1	64.9	252.2	61.9	61.7	62.8	250.0
Market prices												
Choice steers, Neb., \$/cwt	72.71	69.10	67.04	77.82	78.49	83.07	99.38	84.69	75-79	72-78	69-75	72-78
Feeder steers, Ok City, \$/cwt	88.20	83.08	80.04	78.48	82.49	94.90	103.50	89.84	80-84	80-86	81-87	80.5-86.5
Boning utility cows, S. Falls, \$/cwt	44.39	35.39	39.23	40.53	46.52	49.84	50.00	46.72	45-47	47-49	45-49	45.5-48.5
Choice slaughter lambs, San Angelo, \$/cwt	72.04	82.02	72.31	91.92	93.71	89.48	93.00	92.03	88-94	88-94	87-93	87.5-93.5
Barrows & gilts, N. base, l.e. \$/cwt	45.81	31.34	34.92	35.38	42.64	42.90	36.89	39.45	37-39	39-41	38-42	37-40
Broilers, 12 City, cents/lb	59.10	53.70	55.60	60.30	59.60	63.40	64.60	62.00	61-63	62-66	63-69	62-66
Turkeys, Eastern, cents/lb	66.30	68.20	64.50	61.10	60.60	59.10	67-68	62.10	59-63	60-64	61-67	61-66
Eggs, New York, cents/doz.	67.20	75.50	67.10	77.20	73.90	89.90	112.30	88.40	93-97	82-88	86-94	88-94
U.S. trade, million lb												
Beef & veal exports	2,269	612	2,447	585	678	681	640	2,584	50	60	60	220
Beef & veal imports	3,164	708	3,218	810	741	619	690	2,860	835	950	905	3,430
Lamb and mutton imports	146	38	162	40	44	35	40	159	43	41	39	163
Pork exports	1,560	414	1,611	413	438	406	450	1,707	425	450	420	1,765
Pork imports	951	299	1,070	289	301	298	340	1,228	320	340	350	1,375
Broiler exports	5,555	1,220	4,807	1,200	1,166	1,182	1,340	4,888	1,240	1,265	1,300	5,105
Turkey exports	487	102	439	103	114	130	140	487	125	125	125	510

1/ Per capita meat and egg consumption data are revised, incorporating a new population series from the Commerce Department's Bureau of Economic Analysis based on the 2000 Census.

Economic Indicator Forecasts 1/

	2002		2003					2004				
	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
GDP, chain wtd (bil. 1996 dol.)	9,503	9,440	9,556	9,608	9,797	9,894	9,718	9,999	10,085	10,177	10,272	10,136
CPI-U, annual rate (pct.)	2.4	2.2	3.9	0.6	2.3	2.2	2.2	2.1	2.0	2.2	2.2	2.1
Unemployment (pct.)	5.9	5.8	5.8	6.2	6.1	6.0	6.0	5.9	5.8	5.8	5.6	5.8
Interest (pct.)												
3-month Treasury bill	1.3	1.6	1.2	1.0	1.0	1.0	1.0	1.0	1.1	1.3	1.5	1.3
10-year Treasury bond yield	4.0	4.6	3.9	3.6	4.2	4.4	4.0	4.5	4.6	4.8	4.9	4.8

1/ Source: Survey of Professional Forecasters, Philadelphia Federal Reserve Bank, November 2003.

Dairy Forecasts

DAIRY FORECASTS

	2002		2003					2004				
	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thous.)	9,148	9,141	9,154	9,114	9,066	9,010	9,085	8,970	8,945	8,920	8,890	8,935
Milk per cow (pounds)	4,543	18,573	4,691	4,814	4,582	4,595	18,680	4,820	4,930	4,695	4,725	19,185
Milk production (bil. pounds)	41.6	169.8	42.9	43.9	41.5	41.4	169.8	43.2	44.1	41.9	42.0	171.2
Commercial use (bil. pounds)												
milkfat basis	43.9	170.5	41.2	43.0	44.7	44.8	173.7	42.4	44.1	45.3	45.0	176.8
skim solids basis	41.2	163.6	40.0	41.2	42.0	41.9	165.1	41.1	42.3	43.3	43.1	169.8
Net removals (bil. pounds)												
milkfat basis	0.1	0.3	0.4	0.6	0.2	0.0	1.2	0.0	0.0	0.1	0.1	0.3
skim solids basis	1.4	9.8	3.1	3.2	1.5	0.9	8.7	2.0	2.1	1.2	0.4	5.7
Prices (dol./cwt)												
All milk 1/	11.97	12.11	11.37	11.07	13.20	14.40	12.51	12.40	11.15	11.50	12.70	11.95
								-12.80	-11.85	-12.50	-13.70	-12.75
Class III	10.10	10.42	9.52	9.62	13.29	13.24	11.42	10.75	10.15	10.60	11.25	10.65
								-11.15	-10.85	-11.60	-12.25	-11.45
Class IV	10.52	10.81	9.89	9.74	10.05	10.33	10.00	10.10	9.75	10.00	10.30	10.00
								-10.60	-10.55	-11.10	-11.40	-10.90

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