



United States  
Department  
of Agriculture

LDP-M-185

Nov 17, 2009



A Report from the Economic Research Service

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

# Livestock, Dairy, and Poultry Outlook

**Kathryn Quanbeck**  
[kquanbeck@ers.usda.gov](mailto:kquanbeck@ers.usda.gov)  
**Rachel J. Patton**  
[rpatton@ers.usda.gov](mailto:rpatton@ers.usda.gov)

## Volatility in Cattle and Beef Prices Expected To Continue Well into 2010

### Contents

[Beef/Cattle](#)  
[Beef/Cattle Trade](#)  
[Dairy](#)  
[Poultry](#)  
[Pork/Hogs](#)  
[Contacts and Links](#)

### Tables at a Glance

[Red Meat and Poultry](#)  
[Dairy Forecasts](#)

### Web Sites

[Animal Production and  
Marketing Issues](#)  
[Cattle](#)  
[Dairy](#)  
[Hogs](#)  
[Poultry and Eggs](#)  
[WASDE](#)

-----  
Tables will be released  
on Nov 24, 2009

The next newsletter  
release is Dec 17, 2009

-----  
Approved by the  
World Agricultural  
Outlook Board

**Beef/Cattle:** Placements of cattle on feed, cool-season pasture conditions, and other factors imply volatility in beef production and, likely, prices for cattle and beef well into 2010.

**Beef/Cattle Trade:** Live cattle imports have been lower in 2009 due to weak U.S. prices for feeder and fed cattle. Imports from Mexico have been above last year's exceptionally low levels, but well below historical figures. Imports from Canada are well below last year, as the price spread between the U.S. and Canadian markets has diminished the incentive for Canadian producers to market in the United States. Beef exports are expected to decrease 3 percent in 2009, but strong sales to Asian countries have helped totals. Beef imports are estimated to be 7 percent higher this year.

**Dairy:** Rising world demand for dairy products and lower than expected milk production, both internationally and in the United States, lead to tightening stocks and rising milk prices for the remainder of 2009 and into 2010.

**Poultry:** Broiler production in fourth-quarter 2009 is forecast at 8.95 billion pounds, up only 1 percent from the previous year, but the first year-over-year increase in production after four consecutive quarterly declines. Broiler meat production is expected to increase only slightly in 2010, as the positive impact of generally lower prices for corn and soybean meal are expected to be partially offset by little growth in real disposable income and continued high unemployment. Turkey production in fourth-quarter 2009 is expected to total 1.48 billion pounds, down 6.8 percent from the previous year. Production in 2010 is forecast at 5.73 billion pounds, up 0.5 percent from 2009. Wholesale prices for whole hen turkeys in the Eastern market in fourth-quarter 2009 are expected to be 81-83 cents per pound, down 5 to 7 percent from 2008.

**Pork/Hogs:** USDA raised fourth-quarter prices of live equivalent 51-52 percent hogs to \$36-\$38 per hundredweight (cwt), on tightening supplies of animals from a lower spring pig crop and sharply lower imports of live Canadian swine. Third-quarter U.S. exports were 1.02 billion pounds, 10 percent below the same period a year ago. Imports increased 10 percent compared with the same period last year, and imports of live Canadian hogs and pigs—off more than 31 percent—continued to trend downward as sector contraction in Canada continued.

### *Placements, Inventories, Crop Progress, and Buyouts Give Conflicting Signals*

According to the November 10, 2009 National Agricultural Statistics Service *Crop Progress* report, winter wheat seeding and emergence rates are several points behind year-earlier status, but, with dry weather, are rapidly catching up in most areas, and general crop conditions are still considered to be excellent relative to normal conditions. However, wheat pasture in some areas could be behind historical averages, which could lead to delayed turnout of stocker cattle, or to no turnout in some cases. Prices for feeder cattle are in line with projected cattle feeding costs and recently observed fed-cattle futures prices. However, the oft-observed price support from cool-season pasture demand, especially wheat pasture, has been notably missing from both cash and feeder cattle futures prices, despite the favorable fall, but may reflect the late emergence and behind-average growth in some areas of the Southern Plains.

A third round of Cooperatives Working together (CWT) dairy herd buyouts was announced on October 1, 2009. According to the CWT, 175,153 cows were removed from herds in the first 2 retirements of 2009 and an additional 26,000 cows were included in bids accepted in the most recent round.

Given the stress from recent milk prices that are below production costs, some herds which went into the CWT retirements might have been liquidated even without the buyout program. In addition, according to the Animal and Plant Health Inspection Service surveys, as recently as 2007, 36 percent of cows are “permanently removed from dairy herds...in a 12-month period.” Thus, although the CWT did increase cow slaughter, it is likely that a higher than normal percentage of cows would have gone to slaughter even in the absence of the CWT. As a result, the additional slaughter of dairy cows removed or expected to be removed due to the CWT programs is not likely to offset reduced beef cow slaughter in 2009, and will likely leave 2009 total commercial cow slaughter even with or slightly below 2008 slaughter. Cumulative commercial cow slaughter through the end of third-quarter 2009 was half-a-percent below slaughter for the same period 2008.

According to the Agricultural Marketing Service *Estimated Weekly Meat Production Under Federal Inspection* for the 7-week period ending November 14, 2009, federally inspected calf slaughter declined by 6 percent compared with the same period in 2008. However, due to increases in dressed weights of calves since mid-September, veal production for the same period was down by just over 1 percent. Veal in cold storage at the beginning of October 2009 was almost 12 percent above the year-earlier storage level. However, October 1 cold storage was down 19 percent from the September 1 high of 10.9 million pounds, the highest since 1986.

Estimates released October 16 in National Agricultural Statistics Service's *Cattle on Feed* report have several implications for both near-term and longer term beef production. First, at 2.341 million head, net placements of cattle in feedlots during September 2009 were large by recent standards. Since September 2000 this total has only been exceeded by 2.361 million head in September 2007 and 2.411 million head in September 2003.

Placements for the third quarter of 2009, at 6.364 million head, were 6 percent above the 2008 level and almost 4 percent above the 5-year (2004-08) average of 6.17 million head. September 2009 total placements still consisted of a high proportion of heavier animals. Placements of 800-pound-plus cattle were 35.8 percent of total placements, only slightly smaller than September 2008's 38.6 percent, and well above the 2004-08 average of 30.6 percent.

Placements of 800-pound-plus feeder cattle for both the second and third quarters of 2009 made up a third of total placements (31.2 and 34.7 percent). These placements of heavy feeder cattle imply either that steer and heifer slaughter over the next two quarters could remain somewhat burdensome relative to demand and/or that dressed weights could continue to be heavier year-over-year through the first half of 2010. However, these quarterly placement numbers include the second lowest May and June net placements since the series began in 1996, and, despite the burdensome outlook for the whole quarter, could lead to some supply relief—and some measure of price support—during November and/or December. Anticipated year-over-year reductions in imports of market-ready fed cattle from Canada into 2010 could also contribute to reduced near-term slaughter and offset some domestically sourced slaughter during the first half of 2010.

Second, the inventory of cattle on feed October 1, 2009 was 5 percent above the October 1, 2008 inventory level. This level of feeder cattle placement left feeder cattle supplies outside feedlots on October 1, 2009 at 2 percent below the October 1, 2008 level and the lowest October 1 supply of feeder cattle outside feedlots since the current series began in 1996. Reduced supplies of feeder cattle will likely lead to reduced placements in the months to come and the potential for reduced year-over-year beef production for at least part of 2010.

Finally, concerning the proportion of heifers, the 38.5-percent of steers and heifers on feed, large by observed proportions for the last 7-8 years, further indicates a lack of potential for any near-term cow inventory expansion. This is reinforced by the recent announcement of a third 2009 CWT program dairy cow-herd buyout of an additional 26,000 head.

Cattle feeders enjoyed a recent seasonal uptick in fed cattle prices during late October and early November 2009. This price dynamic is often only a brief seasonal respite for cattle feeders because holiday-related turkey and ham demand begins increasing in November, generally at the expense of beef. At the same time, packers have reduced slaughter. While cattle prices often decline into winter, bottoming in January or February, much uncertainty exists at present. This uncertainty is due to the conflicting effects from the unusually large proportions of heavy-weight feeder cattle placements in the second and third quarters of 2009, the low level of net placements during the second quarter of 2009, and follow-through effects on retail demand as a result of the economic downturn and deepening unemployment.

### ***Soft U.S. Prices for Live Cattle Lead to Lower Imports***

The United States is expected to import 1.9 million head of cattle in 2009, the lowest import total since BSE-related bans on Canadian cattle were in place in 2005. Imports from Canada and Mexico have been below recent year-to-date averages. Low prices for feeder and fed cattle, caused by lower demand for beef, and unfavorable currency exchange rates have diminished the incentive for foreign cattle producers to market their livestock in the United States. Imports are expected to increase in 2010 to 2.1 million head, as improved U.S. prices should encourage the shipment of Mexican and Canadian cattle to the United States for further feeding or slaughter.

Mexican cattle imported into the United States are almost all cattle that have been fed on pasture and are being sold for further feeding, either in backgrounding operations or feedlots, in the United States. While year-to-date figures are above last year's exceptionally low import levels, they are well below the 5-year historical average. Recent pasture conditions in Mexico have been mixed. Some areas near the Texas border have been experiencing the same dry conditions that have occurred in Southern Texas, while other areas further west and south have had better precipitation. Imports from Mexico have been lagging behind historical levels as feeder cattle prices in the Southern Plains remain low, partially as a result of drought conditions in Southern Texas.

Imports of Canadian cattle have also been dramatically lower year-to-date. According to AMS weekly reports, year-to-date feeder cattle imports have been down over 50 percent and slaughter steers and heifers nearly 20 percent. Price differentials between U.S. and Canadian cattle markets have been lower than in 2008 and 2007, adjusted for the exchange rate. Both U.S. and Canadian cattle prices have been lower than last year in U.S. dollar terms. However, with a lower price premium than is typical in the United States for Canadian producers, there is less incentive for Canadian cattle producers to market animals in the United States.

### ***Strong Sales to Asian Markets Help Boost Total Beef Exports***

Total U.S. beef exports are expected to be 1.825 billion pounds in 2009, a 3-percent decline from last year. Despite the expected decline, stronger than previously expected year-to-date increases in sales to Japan, Vietnam, and Hong Kong, as well as steady monthly increases to South Korea, have offset some of the losses in sales to the United States' two largest foreign customers, Canada and Mexico. With the U.S. dollar continuing to weaken against the currencies of major beef-importing country currencies, U.S. beef should be more competitively priced against Australian and New Zealand beef than earlier this year. U.S. exports are expected to increase almost 6 percent next year to 1.925 billion pounds, as foreign demand picks up with macroeconomic conditions that are expected to improve through 2010.

The United States is expected to import 2.72 billion pounds of beef in 2009, a 7-percent year-over-year increase. However, a weaker U.S. dollar makes foreign beef relatively more expensive in the United States, dampening the recent demand for imported beef. In particular, imports of Australian beef, which increased dramatically in the spring when the U.S. dollar was at its strongest, have tapered back in the third and fourth quarters of this year. In 2010, the United States is expected to import 2.795 billion pounds, a 3-percent increase from 2009 forecasts.

### ***Rebounding Global Demand Combines with Lower Milk Production To Boost Prices in 2010***

Dairy cow numbers are expected to continue to decline throughout 2010. The U.S. dairy cow herd is expected to average about 2 percent smaller in 2010 than 2009; this contraction comes on the heels of an expected 3-percent herd reduction in 2009 compared with 2008. Year-over-year milk per cow is expected to move toward trend level increases as a result of a gradually improving milk-feed price ratio. Corn prices fell in 2008/09 to average \$4.06 a bushel and are expected to moderate further to average \$3.25-\$3.85 a bushel in 2009/10. Soybean meal prices averaged \$331 a ton in 2008/09, but are forecast to decline this year to average \$250-\$310 a ton. Alfalfa prices are expected to decline in 2009 from 2008 and will likely remain moderate next year. The decline in feed prices combined with higher milk prices will improve the milk-feed profitability ratio, but not to a level that signals expansion. The improving returns outlook show support for rising yields per cow over the course of 2010, raising production per cow to 20,950 next year after increasing to a projected 20,570 in 2009. On balance, however, there will be less milk next year as production is forecast at 187.7 billion pounds, an 0.8-percent slide from the expected 189.1 billion pound production in 2009. Production in 2009 is forecast to decline from 2008 and will be the first decline since 2001.

Rebounding global demand is contributing to the improved price outlook. World demand, especially for butter and powder products, is improving the export outlook on both a fats and skims-solids basis. Total milk equivalent export on a fats basis is forecast to recover to 4.8 billion pounds in 2010 after contracting to 4 billion pounds in 2008; the climb is based mostly on improved butter and butter oil exports. On a skims-solids basis, exports are forecast to reach 25.5 billion pounds next year, a strong rebound from the 2009 projected 22.0 billion pound total. For comparison, skim-solids exports were 26.6 billion pounds in 2008, a year of high milk prices.

An improved outlook for economic recovery in the rest of the world, especially in Asia, combined with lower-than-forecast milk production from Oceania, form the basis for the robust export forecast. The European Union (EU) has ceased purchases of dairy products for intervention in light of increased demand both internally and externally, but the EU has not released product that is in intervention. In the United States, net removals will become negative as dairy products, especially nonfat dry milk (NDM), move out of Government warehouses. Domestic commercial use is forecast to increase only slightly in 2010 on a fats basis and to remain virtually unchanged next year on a skims-solids basis.

Stocks for cheese, butter, and NDM remain above year-earlier levels, according to the latest *Cold Storage* report. In fact, stocks for cheese have been above both 2007 and 2008 levels all year. Despite high stocks, prices continue to strengthen, especially for butter and NDM. The improved demand outlook and the prospect of less milk next year will tighten stocks over the course of 2010, strengthening prices across the board. On a milk equivalent basis, ending stocks on both a fats and skims basis are projected to fall to their lowest since 2005 on a fats basis and 2004 on a skim-solids basis.

Prices are forecast higher next year for all major dairy products. Forecasts for season average prices call for prices to climb for all dairy products. The cheese price is expected to rise in 2010, but not by as much. Cheese prices are expected to average \$1.285 to \$1.295 per pound this year and \$1.600 to \$1.690 per pound in 2010. Butter prices should average \$1.200 to \$1.230 per pound in 2009, rising to average \$1.430 to \$1.550 next year. NDM prices are expected to average between 90.5 to 92.5 cents per pound and climb to \$1.195 to \$1.265 per pound in 2009. Whey prices, which declined sharply in 2008, are expected to average 25.0 to 26.0 cents per pound this year and rise to 34.0 to 37.0 cents in 2010. Rising product prices will have their expected impact on milk prices. Class III milk, which is expected to average \$11.20 to \$11.30 per cwt in 2009, is forecast to jump to \$14.95 to \$15.85 per cwt in 2010. Class IV milk prices are forecast to rise from an average \$10.75 to \$10.95 per cwt in 2009 to \$14.20 to \$15.20 per cwt in 2010. The all milk price, which is expected to average \$12.60 to 12.70 per cwt in 2009, is forecast to climb to \$16.05 to 16.95 per cwt in 2010.

### ***Broiler Meat Production Forecast To Increase in Fourth Quarter***

Fourth-quarter 2009 broiler meat production is forecast at 8.95 billion pounds, 1 percent higher than a year earlier and the first year-over-year increase in the last five quarters. The higher production in fourth-quarter 2009 is expected to be driven by a small increase in the number of birds slaughtered and a slight increase in average live weights. Production in third-quarter 2009 was 9.17 billion pounds, 3 percent below the same period in 2008. This decrease was almost entirely the result of a smaller number of birds being slaughtered, as the average weights were almost identical to the previous year.

Broiler meat production is expected to increase slightly in 2010 as the expansion incentives from generally lower prices for corn and soybean meal are expected to be mostly offset by little growth in real disposable income and continued high unemployment. Broiler meat production in 2010 is forecast at 36.1 billion pounds, 1.3 percent higher than in 2009.

The most recent weekly hatchery report showed that over the last 5 weeks (Oct. 10 through Nov. 7), the number of chicks placed for growout averaged 1.8 percent lower than in the same period in 2008. This 5-week moving average has moved much closer to the previous year's level over the last several months, going from over 3 percent below a year earlier to now less than 2 percent below. Any short-term expansion in the number of chicks placed will be limited by the fact that the number of eggs placed in incubators continues to be lower than the previous year. In addition, the number of meat-type hens in the hatching flock is still below year-earlier levels.

### ***Third-Quarter Ending Stocks Lower***

With lower broiler meat production in third-quarter 2009 and continued relatively strong exports, ending cold storage holdings of broiler products totaled 615 million pounds, down 16 percent from the previous year and 17 million pounds lower than the previous quarter. Most of the decrease in cold storage holdings is the result of smaller stocks of leg meat products. At the end of third-quarter 2009, leg quarter holdings totaled 48 million pounds, down 57 percent from high levels seen the previous year. Stocks were also lower for breast meat and drumsticks, but the decreases for these items were partially offset by large holdings of thighs and thigh meat. Even with higher broiler meat production forecast for 2010, overall stocks of broiler products are expected to be only slightly higher.

Cold storage holdings of whole broilers at the end of third-quarter 2009 were 23 million pounds, down 11 percent from the previous year. This decrease in stocks has not led to higher prices, as whole bird prices in third-quarter 2009 were 77 cents per pound, down 5 percent from a year earlier.

Prices for most poultry products have been under pressure over the last several months, with uncertainties about the export market and continued weakness in the domestic economic outlook. Boneless/skinless breast meat prices in the Northeast market declined to \$1.13 per pound in October, down almost 35 cents from this year's peak in May. Even with this decline, the October price is still 4 percent higher than the previous year. October 2009 leg-quarter prices averaged 32 cents per pound, down 38 percent from last year when exports were at record levels. Unfavorable economic conditions in many countries and uncertainty about the future size of various export markets have combined to place downward pressure on leg-quarter prices, our major export product, despite smaller stocks. Falling leg-quarter prices have depressed the prices of other leg meat products, with prices for thighs and drumsticks down sharply from a year ago.

### ***Third Quarter Broiler Exports Reach 1.72 Billion Pounds***

Broiler exports in September totaled 580 million pounds. This is down considerably from the previous year, but roughly similar to exports in July and August. Given the decline in leg quarter prices, exports had been expected to be lower in September. Much of the strength of exports in September was due to continued strong shipments to Mexico and the combined China/Hong Kong market.

During third-quarter 2009, broiler shipments totaled 1.719 billion pounds, down 11 percent from last year's record exports, but up 64 million pounds from second-quarter 2009 and stronger than originally expected.

### ***Turkey Production Rises***

U.S. turkey production in third-quarter 2009 was 1.42 billion pounds, down 9.7 percent from a year earlier. The lower production was the result of a smaller number of birds slaughtered (down 10.1 percent), as the average liveweight of turkeys at slaughter was 28.4 pounds, up slightly from the previous year. Turkey meat production in fourth-quarter 2009 is forecast at 1.48 billion pounds, again considerably lower (6.7 percent) than a year earlier. With poult placements continuing to be lower than the previous year, the turkey meat production estimate for 2010 was lowered by 100 million pounds to 5.73 billion. This is still slightly higher than in 2009, with the increase expected to come in the second half of the year.

With lower turkey meat production in 2009, stocks of turkey products (whole birds and parts) have been gradually moving closer to their 2008 levels. By the end of September overall turkey cold storage holdings were 615 million pounds, down 1 percent from the previous year. However, cold storage holdings of whole turkeys at the end of September were reported at 362 million pounds, still up 8 percent from a year earlier. The decline in turkey cold storage holdings was due to lower stocks of turkey parts. At 253 million pounds, stocks of turkey parts at the end of September were down 12 percent from the previous year.

Even with sharply lower third-quarter production and gradually decreasing levels of whole bird stocks, prices for whole turkeys at the wholesale level averaged only 81 cents per pound in the third quarter and were down 16 percent compared with a year earlier. Whole turkey prices are expected to average 81 to 83 cents per pound in fourth-quarter 2009, down about 5 cents per pound from fourth-quarter 2008. With slightly higher production expected in 2010, wholesale whole bird prices are expected to average 77 to 83 cents per pound.

### ***Turkey Exports Down Again in September***

Turkey exports totaled 49 million pounds in September 2009, down 23 percent from the previous year. Shipments have been lower on a year-over-year basis throughout 2009. Turkey exports have been lower to almost all major markets, with lower shipments to Mexico (down 26 percent) having the largest impact on the market. However, exports seem to be trending upward with shipments in third-quarter 2009 totaling 152 million pounds, much higher than in either the first or second quarters of 2009.

### ***Egg Production Continues Higher***

Table egg production in third-quarter 2009 was just over 1.6 billion dozen, almost 1 percent higher than a year earlier. On a year-over-year basis, after falling in all four quarters of 2007 and 2008, table egg production has risen in the first three quarters of 2009 and is expected to increase slightly in fourth-quarter 2009. Table egg production is expected to again be higher in 2010, although the increase is forecast to be less than 1 percent.

Hatching egg production in third-quarter 2009 was 266 million dozen, down 10 million dozen from third-quarter 2008, a decline of 3.6 percent. Hatching egg production is also expected to be lower in fourth-quarter 2009. The reduction is due to lower demand for broiler chicks. However, production is expected to show a slight positive growth starting in first-quarter 2010 as the broiler industry very slowly begins to expand. Overall hatching egg production in 2010 is expected to total 1.07 billion dozen, an increase of slightly over 1 percent from 2009.

Wholesale table egg prices in third-quarter 2009 averaged 95 cents per dozen, down 17 percent from the previous year. Seasonally higher demand in fourth-quarter 2009 is expected to boost the average price per dozen by around 10 cents to \$1.03 - \$1.07.

With only a small increase in table egg production expected in 2010, egg prices are forecast to average \$0.99 - \$1.07 per dozen, up around 3 percent from a year earlier. Prices in 2010 are forecast to be down slightly in the first quarter, but to be higher through the remaining three quarters.

### *Egg Exports Continue Higher*

With lower prices through most of 2009, exports of eggs and egg products have remained stronger than a year earlier. Shipments in third-quarter 2009 totaled 69.3 million dozen on a shell egg equivalent basis, 31 percent higher than the previous year. As with turkey product exports, third-quarter egg exports were up considerably from the first two quarters of 2009. Much of the growth in exports has come from trade in North America with shipments to Canada and Mexico up 31 and 20 percent, respectively, through the first 9 months of 2009. Higher shipments to the China/ Hong Kong market were also a factor in the stronger exports, rising by 31 percent over the first 9 months of 2009.

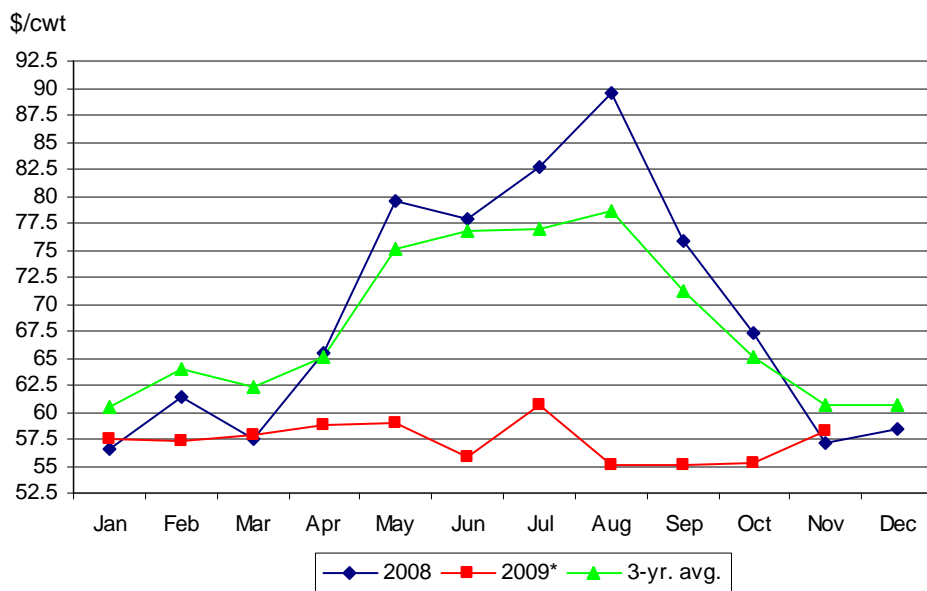
## Pork/Hogs

### *Modest Upturn in Hog Prices, Wholesale Pork Prices*

A slightly smaller 2009 spring pig crop and continued sharply lower live imports of Canadian swine are likely causing fourth-quarter hog prices to strengthen at a time of year when prices typically achieve their annual lows. October hog prices typically drop-off substantially from September's, but this year the October price of live equivalent 51-52 percent lean hogs was \$37.65 per cwt, slightly higher than the September price. Moreover, hog prices finished the second week of November at \$39.99 per cwt. Accordingly, USDA raised the fourth-quarter estimate of 51-52 percent live equivalent lean hogs to \$36-\$38 per cwt, up from \$34 to \$36 per cwt.

Wholesale pork prices also appear to be showing signs of life in early November, after months of virtual flatlining. The figure below shows that wholesale prices typically decline from September through November, before leveling out in December. As with hog prices, early November wholesale pork prices are moving contra-seasonally. Led by higher wholesale ham prices—likely reflecting Christmas and export demand, and just slightly higher September 30 cold stocks—the USDA carcass cutout averaged \$58.31 per cwt in the first 2 weeks of November, moving past October's average of \$55.23 per cwt. Prices of butts and picnics also helped to push wholesale prices above earlier autumn levels, perhaps also a reflection of year-over-year lower cold stocks at the end of September, and increased export demand. Bellies and trim are also moving higher than earlier in the season.

**Monthly wholesale pork carcass cutout values, 2008 and 2009\***



\* Through November 13, 2009.

Source: USDA, Agricultural Marketing Service.

While somewhat stronger fall prices for hogs and wholesale pork are good news in a year where sector optimism has been all but absent, sub-\$40 live hog prices still fall substantially below most producers' breakeven thresholds. Futures markets for corn and soybean meal currently suggest that for the balance of this year, and well into 2010, producers need hog prices of \$50+ per cwt to breakeven on feed costs alone. Producer returns calculations from Iowa State University, [http://www.econ.iastate.edu/faculty/lawrence/Lawrence\\_website/livestockreturns.htm](http://www.econ.iastate.edu/faculty/lawrence/Lawrence_website/livestockreturns.htm), indicate that hog producers lost \$36.41 per head in October. Some combination of lower supplies of hogs and pork and increased domestic and foreign demand for pork products is necessary for renewed sector profitability.

### ***Third-Quarter Exports Off by 10 Percent***

Third quarter U.S. pork exports, at 1.02 billion pounds, were 10 percent lower than the same period last year. The current global recession is likely the primary factor behind slower exports. In most major U.S. markets abroad, lower incomes, and higher unemployment translate into less demand for U.S. pork. It is interesting to note, however, that despite the negative tone of exports so far this year, several foreign markets are bucking the tide: Australia, Taiwan, the Philippines, and the Dominican Republic are among the top-10 U.S. pork importing countries in the third quarter.

#### **U.S. pork exports: ten largest markets for third quarter 2009**

Country	Export volume	Export volume	Percent change
	(million lbs.)	(million lbs.)	
	Third qtr. 2009	Third qtr. 2008	
World	1,016	1,126	-10
1 Japan	300	341	-12
2 Mexico	243	177	37
3 Canada	106	113	-6
4 Russia	92	129	-29
5 China/Hong Kong	88	140	-37
6 S. Korea	40	62	-35
7 Australia	30	18	67
8 Taiwan	24	18	30
9 Philippines	16	15	7
10 Dom. Republic	10	6	65

Source: USDA, Economic Research Service.

### ***Pork Imports Higher than a Year Ago; Live Imports Off by more than 30 Percent***

Third-quarter U.S. pork imports of 210 million pounds were 10 percent higher than third-quarter 2008. Imports from the two largest foreign sellers—Canada and Denmark—were both year-over-year larger. Imports from Canada were 14 percent above a year ago, while Danish imports were 5 percent above third quarter 2008. Imports, particularly from Canada, may be benefiting from lower U.S. pork production. Imports of live swine from Canada, on the other hand, were off by more than 31 percent in the third quarter, compared with third-quarter 2008. Ongoing pork sector contraction in Canada makes fewer animals available for export. Negative returns from swine finishing in the United States, along with labeling issues confronting U.S. packers, serve as disincentives to import live Canadian swine.



# **Sustainable Agriculture: The Key to Health & Prosperity**

**February 18-19, 2010**

**Crystal Gateway Marriott Hotel  
Arlington, Virginia**

**For registration and other details:  
[www.usda.gov/oce/forum/](http://www.usda.gov/oce/forum/)**

## Contacts and Links

### Contact Information

Rachel J. Patton (coordinator, and beef, veal)	(202) 694-5187	<a href="mailto:rpatton@ers.usda.gov">rpatton@ers.usda.gov</a>
Kathryn Quanbeck (coordinator and dairy)	(202) 694-5154	<a href="mailto:kquanbeck@ers.usda.gov">kquanbeck@ers.usda.gov</a>
Mildred M. Haley (hogs/pork)	(202) 694-5176	<a href="mailto:mhaley@ers.usda.gov">mhaley@ers.usda.gov</a>
David J. Harvey (poultry, eggs)	(202) 694-5177	<a href="mailto:djharvey@ers.usda.gov">djharvey@ers.usda.gov</a>
Roger Hoskin (dairy)	(202) 694-5148	<a href="mailto:rhoskin@ers.usda.gov">rhoskin@ers.usda.gov</a>
Keithly Jones (sheep and goats)	(202) 694-5172	<a href="mailto:kjones@ers.usda.gov">kjones@ers.usda.gov</a>
Ken Mathews (cattle)	(202) 694-5183	<a href="mailto:kmathews@ers.usda.gov">kmathews@ers.usda.gov</a>
Michael McConnell (beef trade)	(202) 694-5158	<a href="mailto:mmcconnell@ers.usda.gov">mmcconnell@ers.usda.gov</a>
David Johnson (web publishing)	(202) 694-5222	<a href="mailto:davidj@ers.usda.gov">davidj@ers.usda.gov</a>

### Subscription Information

Subscribe to ERS e-mail notification service at <http://www.ers.usda.gov/updates/> to receive timely notification of newsletter availability. Printed copies can be purchased from the USDA Order Desk by calling 1-800-999-6779 (specify the issue number or series SUB-LDPM-4042)

### E-mail Notification

Readers of ERS outlook reports have two ways they can receive an e-mail notice about release of reports and associated data.

- Receive timely notification (soon after the report is posted on the web) via USDA's Economics, Statistics and Market Information System (which is housed at Cornell University's Mann Library). Go to <http://usda.mannlib.cornell.edu/MannUsda/aboutEmailService.do> and follow the instructions to receive e-mail notices about ERS, Agricultural Marketing Service, National Agricultural Statistics Service, and World Agricultural Outlook Board products.

- Receive weekly notification (on Friday afternoon) via the ERS website. Go to <http://www.ers.usda.gov/Updates/> and follow the instructions to receive notices about ERS outlook reports, Amber Waves magazine, and other reports and data products on specific topics. ERS also offers RSS (really simple syndication) feeds for all ERS products. Go to <http://www.ers.usda.gov/rss/> to get started.

### 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

Animal Production and Marketing Issues, <http://www.ers.usda.gov/briefing/AnimalProducts/>  
Cattle, <http://www.ers.usda.gov/briefing/cattle/>  
Dairy, <http://www.ers.usda.gov/briefing/dairy/>  
Hogs, <http://www.ers.usda.gov/briefing/hogs/>  
Poultry and Eggs, <http://www.ers.usda.gov/briefing/poultry/>  
WASDE, <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194>

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and, where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

U.S. red meat and poultry forecasts

	2004		2005				2006				2007 1/				2008				2009				2010					
	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	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	<b>6,335</b>	<b>25,874</b>	<b>6,160</b>	<b>6,570</b>	<b>6,540</b>	<b>25,510</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	<b>6,055</b>	<b>23,052</b>	<b>5,685</b>	<b>5,340</b>	<b>5,440</b>	<b>22,435</b>		
Lamb and mutton	195	187	49	47	42	47	185	49	44	42	48	183	46	43	42	43	174	42	42	42	<b>42</b>	<b>168</b>	<b>42</b>	<b>40</b>	<b>40</b>	<b>163</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	8,574	8,937	9,171	<b>8,950</b>	<b>35,632</b>	<b>8,675</b>	<b>9,025</b>	<b>9,300</b>	<b>36,100</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	1,430	<b>1,500</b>	<b>5,735</b>	<b>1,395</b>	<b>1,440</b>	<b>1,460</b>	<b>5,825</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	22,213	22,652	23,174	<b>22,936</b>	<b>90,975</b>	<b>22,040</b>	<b>22,592</b>	<b>22,898</b>	<b>90,605</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	1,594	1,600	1,612	<b>1,645</b>	<b>6,451</b>	<b>1,600</b>	<b>1,610</b>	<b>1,625</b>	<b>6,495</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	<b>15.6</b>	<b>14.8</b>	<b>61.3</b>	<b>14.7</b>	<b>15.6</b>	<b>15.2</b>	<b>60.0</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	<b>12.6</b>	<b>12.7</b>	<b>49.9</b>	<b>12.1</b>	<b>11.2</b>	<b>11.5</b>	<b>47.1</b>		
Lamb and mutton	1.1	1.1	0.3	0.3	0.2	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	<b>0.2</b>	<b>0.2</b>	<b>1.0</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>1.0</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	<b>20.8</b>	<b>20.2</b>	<b>80.4</b>	<b>19.6</b>	<b>20.5</b>	<b>21.1</b>	<b>81.5</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	<b>4.0</b>	<b>5.0</b>	<b>16.7</b>	<b>3.6</b>	<b>3.9</b>	<b>3.9</b>	<b>16.6</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	51.5	52.4	<b>53.6</b>	<b>53.3</b>	<b>210.9</b>	<b>50.7</b>	<b>51.8</b>	<b>52.3</b>	<b>207.8</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	61.4	<b>61.8</b>	<b>62.7</b>	<b>248.0</b>	<b>61.5</b>	<b>61.4</b>	<b>61.7</b>	<b>247.3</b>		
<b>Market prices</b>																												
Choice steers, Neb., \$/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	80.98	84.53	82.78	<b>84-86</b>	<b>83.32</b>	<b>83-89</b>	<b>87-95</b>	<b>89-97</b>	<b>87-94</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	92.83	98.63	99.40	<b>96-98</b>	<b>96.97</b>	<b>97-103</b>	<b>98-106</b>	<b>102-108</b>	<b>100-108</b>		
Boning utility cows, S. Falls, \$/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	46.42	49.46	47.51	<b>46-48</b>	<b>47.60</b>	<b>48-52</b>	<b>49-53</b>	<b>51-57</b>	<b>50-54</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	88.50	<b>89-93</b>	<b>90.27</b>	<b>90-96</b>	<b>88-93</b>	<b>88-93</b>	<b>90-94</b>		
Barrows & gilts, N. base, I.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	<b>36-38</b>	<b>40.19</b>	<b>39-41</b>	<b>43-47</b>	<b>47-51</b>	<b>43-46</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	<b>71-73</b>	<b>77.60</b>	<b>74-78</b>	<b>75-81</b>	<b>77-83</b>	<b>75-81</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	<b>81-83</b>	<b>79.10</b>	<b>72-76</b>	<b>77-83</b>	<b>82-88</b>	<b>77-83</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	<b>103-107</b>	<b>99.80</b>	<b>102-108</b>	<b>97-105</b>	<b>96-104</b>	<b>99-107</b>		
<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	<b>500</b>	<b>470</b>	<b>1,825</b>	<b>435</b>	<b>505</b>	<b>505</b>	<b>1,925</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	<b>640</b>	<b>625</b>	<b>2,720</b>	<b>680</b>	<b>745</b>	<b>705</b>	<b>2,795</b>		
Lamb and mutton imports	181	180	53	44	41	52	190	56	44	44	59	202	52	48	38	47	185	51	46	<b>33</b>	<b>45</b>	<b>175</b>	<b>52</b>	<b>44</b>	<b>39</b>	<b>184</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	<b>975</b>	<b>1,175</b>	<b>4,135</b>	<b>1,050</b>	<b>1,100</b>	<b>1,100</b>	<b>4,450</b>		
Pork imports	1,099	1,024	259	237	239	254	989	239	256	240	232	968	217	205	191	218	831	205	196	<b>200</b>	<b>220</b>	<b>821</b>	<b>215</b>	<b>205</b>	<b>210</b>	<b>860</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	<b>1,675</b>	<b>1,600</b>	<b>6,683</b>	<b>1,550</b>	<b>1,550</b>	<b>1,575</b>	<b>6,300</b>		
Turkey exports	442	570	119	125	152	150	547	124	135	148	146	553	148	160	186	182	676	117	122	<b>150</b>	<b>145</b>	<b>534</b>	<b>120</b>	<b>125</b>	<b>145</b>	<b>545</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	<b>1,600</b>	<b>1,500</b>	<b>6,475</b>	<b>1,400</b>	<b>1,400</b>	<b>1,400</b>	<b>5,600</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.

For further information, contact: Richard Stillman, (202) 694-5265, [stillman@ers.usda.gov](mailto:stillman@ers.usda.gov)

## Dairy Forecasts

	2008			2009					2010			
	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Milk cows (thous.)	9,330	9,330	9,315	9,295	9,260	9,159	9,065	9,195	8,990	8,970	8,950	8,959
Milk per cow (pounds)	5,025	5,008	20,396	5,096	5,278	5,105	5,090	20,569	5,200	5,385	5,190	20,950
<b>Milk production (bil. pounds)</b>	46.9	46.7	190.0	47.4	48.9	46.8	46.1	189.1	46.7	48.3	46.5	187.7
Farm use	0.3	0.3	1.2	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.3	1.2
Milk marketings	46.6	46.4	188.8	47.1	48.6	46.5	45.8	188.0	46.5	48.0	46.2	186.5
<b>Milkfat (bil. pounds milk equiv.)</b>												
Milk marketings	46.6	46.4	188.8	47.1	48.6	46.5	45.8	188.0	46.5	48.0	46.2	186.5
Beginning commercial stocks	13.6	11.5	10.4	10.0	12.5	14.3	13.6	10.0	10.7	12.2	12.7	10.7
Imports	0.7	1.5	3.9	0.9	1.0	1.1	1.4	4.4	1.0	1.0	1.0	4.2
Total supply	60.9	59.5	203.1	58.1	62.1	61.9	60.8	202.4	58.1	61.2	59.8	201.4
Commercial exports	2.4	1.5	8.7	1.0	1.1	0.9	1.0	4.0	1.3	1.3	1.2	4.8
Ending commercial stocks	11.5	10.0	10.0	12.5	14.3	13.6	10.7	10.7	12.2	12.7	11.0	8.5
Net removals	0.0	0.0	0.0	0.1	-0.1	0.1	0.5	0.6	0.2	0.1	0.0	0.3
Commercial use	47.0	47.9	184.3	44.4	46.8	47.1	48.6	186.9	44.4	47.1	47.7	187.7
<b>Skim solids (bil. pounds milk equiv.)</b>												
Milk marketings	46.6	46.4	188.8	47.1	48.6	46.5	45.8	188.0	46.5	48.0	46.2	186.5
Beginning commercial stocks	10.8	10.4	9.9	10.9	11.2	12.2	11.3	10.9	10.7	10.2	10.1	10.7
Imports	0.8	1.2	3.7	0.9	0.9	0.9	1.3	4.0	1.0	1.0	0.9	4.0
Total supply	58.1	58.0	202.5	58.8	60.7	59.5	58.5	202.8	58.1	59.1	57.2	201.2
Commercial exports	6.9	5.5	26.6	5.1	5.6	5.6	5.7	22.0	6.2	6.2	6.6	25.5
Ending commercial stocks	10.4	10.9	10.9	11.2	12.2	11.3	10.7	10.7	10.2	10.1	9.1	8.7
Net removals	0.0	1.3	1.3	1.1	1.0	0.5	0.4	2.9	0.0	-0.3	-0.3	-0.6
Commercial use	40.8	40.4	163.7	41.4	42.0	42.5	42.0	167.8	42.0	43.1	41.9	168.0
<b>Milk prices (dol./cwt) 1/</b>												
All milk	18.63	16.80	18.29	12.23	11.60	12.07	14.55	12.60	15.60	15.60	16.15	16.05
							-14.85	-12.70	-16.20	-16.50	-17.15	-16.95
Class III	17.28	15.95	17.44	10.18	10.20	11.09	13.40	11.20	14.22	14.63	15.26	14.95
							-13.70	-11.30	-14.82	-15.53	-16.26	-15.85
Class IV	16.23	12.07	14.65	9.56	10.06	10.56	13.00	10.75	14.01	13.88	14.41	14.20
							-13.40	-10.95	-14.71	-14.88	-15.51	-15.20
<b>Product prices (dol./pound) 2/</b>												
Cheddar cheese	1.869	1.804	1.895	1.236	1.193	1.249	1.459	1.285	1.530	1.572	1.627	1.600
							-1.489	-1.295	-1.590	-1.662	-1.727	-1.690
Dry whey	0.243	0.186	0.250	0.164	0.232	0.294	0.319	0.250	0.335	0.335	0.345	0.340
							-0.339	-0.260	-0.365	-0.365	-0.375	-0.370
Butter	1.575	1.527	1.436	1.097	1.197	1.194	1.345	1.200	1.378	1.390	1.482	1.430
							-1.405	-1.230	-1.468	-1.510	-1.612	-1.550
Nonfat dry milk	1.334	0.904	1.226	0.823	0.833	0.892	1.094	0.905	1.195	1.175	1.195	1.195
							-1.124	-0.925	-1.245	-1.245	-1.265	-1.265

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

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

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

For further information, contact: Roger Hoskin 202 694 5148, [rhoskin@ers.usda.gov](mailto:rhoskin@ers.usda.gov)

Published in Livestock, Dairy, and Poultry Outlook, <http://www.ers.usda.gov/publications/ldp>