

**Livestock, Dairy, & Poultry****Meat & Poultry Production  
To Continue Record-Setting Pace**

Red meat and poultry production in 2001 is forecast at around 83 billion pounds, up less than 1 percent from this year's expected record. Increased poultry output and a turnaround in pork production, bolstered by profitability and relatively low corn and soybean prices, will more than offset a modest decline in beef production. Due to poor returns in recent years, beef producers have reduced breeding herds.

Although red meat and poultry supplies are record large, the robust economy is fueling demand and maintaining prices. Hog prices in 2001 are expected to average in the mid-\$40's, about the same as in 2000, and broiler and turkey prices are expected to decline only slightly. Prices for both fed and feeder cattle are expected to post modest gains as supplies continue to decline.

Beef production is expected to decline 4-5 percent in 2001 as producers begin to retain heifers for the breeding herd rather than placing them on feed. Also, due to the declining cattle inventory, steer and cow slaughter will continue to decline.

Heifer slaughter has remained large in early 2000, and many of the heifers that might have been bred this spring and summer to calve and enter the breeding herd have already been placed on feed. These additional heifers on feed are keeping beef production near the record reached last year.

Cattle inventories have been declining since 1996. Continuing decline in the breeding herd has resulted in what will likely be the smallest calf crop since at least the early 1990's in 2000, and the 2001 calf crop is likely to drop even further, possibly to the lowest since the early 1950's.

Cattle prices, in the face of large supplies of competing meats at relatively low prices, have rebounded from the lows reached in the mid-1990's. The robust U.S. economy underlies the current strength in meat demand, which has shored up prices despite large supplies. With expectations of higher prices, especially for cattle that will grade Choice, increased heifer retention for breeding following this year's calf crop is expected

in 2001 provided adequate forage is available. The retention will further reduce an already much lower feeder cattle supply, which was 8 percent below a year ago on April 1. The feeder cattle supply is expected to continue to decline over the next couple of years until herd expansion begins.

Fed-cattle prices are expected to average in the lower \$70's per cwt in 2001, up from near \$70 this year. Lower feeder cattle supplies are boosting feeder cattle prices at a faster rate. Feeder cattle prices are expected to average in the high \$80's per cwt in 2001, up about \$3 after a \$9 gain in 2000 and the highest price since the early 1990's. Retail beef prices are expected to rise only 1-3 percent in the face of large competing meat supplies.

Pork production in 2001 is forecast to be less than 1 percent above the 18.8 billion pounds expected this year. With greatly improved returns—hog prices have risen to about \$50 per cwt from the high \$30's earlier this year—producers are expected to begin an expansion phase in late 2000.

Poor returns from fall 1997 to spring 2000 have prompted producers to reduce the number kept for breeding. The March *Hogs and Pigs* report indicates that the number of animals kept for breeding was down 5 percent from the same period a year ago. Also, producers indicated inten-

**U.S. Livestock and Poultry Products—Market Outlook**

		Beginning stocks	Production	Imports	Total supply	Exports	Ending stocks	Consumption Total	Per capita	Primary market price
		Million lbs.						Lbs.	\$/cwt	
Beef	2000	411	26,359	3,015	29,785	2,400	365	27,020	68.6	68-71
	2001	365	25,206	3,050	28,621	2,345	365	25,911	65.3	70-76
Pork	2000	488	18,804	945	20,237	1,200	500	18,537	52.2	44-46
	2001	500	18,880	915	20,295	1,200	500	18,595	51.9	43-47
Broilers	2000	796	30,701	4	31,501	4,950	890	25,661	80.0	55-57
	2001	890	32,165	4	33,059	5,000	880	27,179	84.0	53-58
Turkeys	2000	254	5,341	0	5,595	400	250	4,945	17.9	68-71
	2001	250	5,380	1	5,631	410	275	4,945	17.8	65-71
Eggs*	2000	7.6	7,067.0	4.0	7,078.6	160.0	5.0	5,941.2	258.6	60-62
	2001	5.0	7,170.0	5.0	7,180.0	170.0	5.0	5,990.0	258.6	56-60

Based on May 12, 2000 *World Agricultural Supply and Demand Estimates*.

\*Total consumption does not include eggs used for hatching.

See appendix tables 10 and 11 for complete definition of terms.

Economic Research Service, USDA

## Briefs

tions to reduce the number of sows farrowing during March-August by 3 percent from actual farrowings a year earlier. Pigs farrowed during this period reach slaughter weight in late 2000 and early 2001.

Hog prices are expected to average in the mid-\$40's per cwt in 2001, about the same as this year and up over 30 percent from 1999. Competing meat supplies will continue to be large. In addition, some uncertainty remains about the continuing demand boost from the robust economy. If Federal Reserve actions cool the economy, meat demand will likely slow somewhat.

Retail pork prices are expected to climb 1-2 percent in 2001, following an expected rise of 5-6 percent in 2000. The projected rises follow 2 years of declining prices.

**Poultry** output is expected to remain strong in 2001, with increases forecast for broilers, turkeys, and eggs. Net returns for processors in all three sectors are relatively attractive in 2000, although prices for soybean meal—a major component of poultry feed—are above year-earlier levels. Returns will likely be dampened in 2001 as poultry prices decline somewhat.

**Broiler** production is expected to rise about 5 percent in 2001, near the 5-year average. Wholesale broiler prices are expected to decline slightly but average in the mid-50-cent-per-pound range. The export market remains the key to broiler prices. In recent years, robust export growth was dampened by economic problems in Asia and Russia. Economic conditions appear to be improving in those

countries, and as broiler exports edge higher, prices will likely hold in the mid-50-cent range.

**Turkey** production is expected to increase about 1 percent in 2001, with prices expected to average slightly lower. Turkey processor returns were quite high in 1999, as soybean meal prices plummeted. But rising meal prices and slightly lower turkey prices have eroded returns in 2000.

**AO**

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## Specialty Crops

### Stone Fruit Supplies Likely to Rise in 2000

Favorable spring weather has led to what will likely be a strong crop of California stone fruits (peaches, nectarines, and plums) in 2000. California's stone fruit orchards—which account for most of U.S. stone fruit production—have received above-average rainfall, especially in February, the wettest on record with rainfall more than double the normal amount. Breaks in the rainfall, combined with good winds, allowed the blooms and orchard grounds to dry. Hence, fungicide application was not disrupted and blooms remained undamaged by the wet weather. Warm and sunny spring days during March allowed growers to work orchards with minimal disruption.

Winter 1999/2000 was milder than a year ago. In order for stone fruit trees to achieve dormancy during winter, they must have a sufficient number of chill hours (when the temperature remains below 45 degrees Fahrenheit). Trees that go through a full dormant stage usually produce strong fruit that is less susceptible to pests and diseases, less prone to bruising, and capable of a longer shelf life. According to the California Tree Fruit Agreement—a grower-funded organization that promotes fresh-market stone fruit—chill hours during the 1999/2000

winter totaled 897 compared with 1,331 chill hours the previous year, but still sufficient for the trees to achieve dormancy.

Timing of this season's California stone fruit development is ahead of normal compared with last season's late starts. Early varieties of nectarines, Mayglo in particular, were in full bloom by February 7, followed by Red Beaut plums on February 13. By late February, orchards were in full bloom, indicating a full crop for the year, and by the end of March, stone fruit trees were leafing out. Sunny weather toward the end of April has enabled growers to harvest some early-variety peaches and nectarines.

Favorable spring weather in California will lead to an increase in peach production. USDA forecasts total production of peaches in California (both freestone and cling varieties) to increase by 5 percent to 1.9 billion pounds in 2000. Total peach production was 1.8 billion pounds in 1999 and 1.7 billion in 1998.

Figures from the California Tree Fruit Agreement indicate that packout (number of 25-pound boxes harvested) of California stone fruit will be greater this year than last. Packout of peaches—both yellow- and

whiteflesh varieties—is projected to rise by 2 percent over last year. Packouts of nectarines and plums are projected up by 4 percent and 5 percent from 1999.

Peaches account for over 80 percent of combined U.S. production of the three stone fruits. South Carolina and Georgia follow California's 73-percent share of peach production at a far distance, averaging about 6 and 5 percent of the U.S. total over the last 5 years. In 1999, a favorable growing season brought production in the two states to 160 and 110 million pounds, respectively. By the end of April 2000, 82 percent of South Carolina's peach crop and 79 percent of Georgia's peach crop appeared to be in good or excellent condition.

Grower prices for plums and nectarines were down in 1999 following recovery in production from 1998's heavy winter rains and spring hailstorms. Grower prices for peaches remained relatively stable. According to the Bureau of Labor Statistics, 1999 summer retail prices for peaches averaged 2 percent below 1998 but 11 percent above the average of the last 5 years (1994-98). During 2000, prices for fresh-market stone fruit will likely be about average, given increased supplies and good quality from this year's California harvest. **AO**

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