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Livestock, Dairy, and Poultry Outlook

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Turkey Production Higher in Third Quarter

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The next newsletter release is Dec. 16, 2014

Approved by the World Agricultural Outlook Board.

Poultry: U.S. turkey meat production in third-quarter 2014 was 1.48 billion pounds, 2.6 percent higher than a year earlier. This is a turnaround for turkey meat production as production had been lower on a year-over-year basis for the last five consecutive quarters. Fourth-quarter 2014 broiler meat production is forecast at 9.75 billion pounds, 2.2 percent higher than a year earlier. The increase in production in fourth-quarter 2014 is expected to be driven by a higher number of birds slaughtered and an increase in average liveweight. Even with higher broiler meat production in third-quarter 2014, cold storage holdings of broiler products totaled 582 million pounds at the end of third-quarter 2014, down 11 percent from the previous year. Table egg production in third-quarter 2014 was 1.8 billion dozen, up 3 percent from the same period in 2013. On a year-over-year basis, table egg production has risen consistently throughout the first 9 months of 2014.

Poultry Trade: Broiler, turkey, and egg and egg product shipments in September were up from a year ago, with the largest gains seen in the egg and egg product market. Broiler shipments totaled 613.8 million pounds in September 2014, an increase of 1.5 percent from a year earlier. Turkey shipments increased 3.6 percent from a year ago, totaling 68.5 million pounds, while egg and egg product exports totaled 33.9 million dozen in September 2014, a 19.2-percent increase from the previous September.

Recent Livestock, Dairy and Poultry Special Articles

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

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

Beef/Cattle: In 2014, summer and fall precipitation improved pasture conditions and crop yields in many areas of the United States, providing cattle producers with opportunities to feed cattle longer and hold heifers to begin expanding cow inventories. The rains have also contributed to fewer cows and heifers in the slaughter mix, leading to proportionally more steers in the slaughter mix and heavier dressed weights for all cattle. As a result, declines in total beef production do not fully reflect declines in cattle slaughter.

Beef/Cattle Trade: U.S. cattle imports were up 14 percent through September 2014 due to higher shipments from both Canada and Mexico. Beef imports continued higher through September, including a 58-percent year-over-year increase from Australia. Despite declining U.S. beef production this year, U.S. beef exports were marginally higher through the third quarter.

Pork/Hogs: Hogs are being marketed at somewhat lower than expected weights, suggesting that there may currently be less slack in the pork supply chain from Porcine Epidemic Diarrhea (PEDv). Even so, fourth-quarter pork production is expected to be almost 5 percent below a year ago. Hog prices are likely to average \$68-\$70 per hundredweight (cwt). September pork exports were more than 13 percent below a year earlier, with shipments to Japan, in particular, contributing to the decline. High U.S pork prices and an appreciating U.S dollar are the likely culprits for reduced September shipments abroad.

Dairy: After a record-setting increase in milk and dairy product prices, prices declined in October—especially the butter price. Exports fell substantially from August to September. Export projections are reduced for the fourth quarter of 2014 and for 2015. Prices for cheese, butter, and nonfat dry milk in 2015 are expected to be lower than projected last month. With relatively low feed prices, conditions continue to encourage expansion in milk production, although at a lesser rate than previously forecast.

Turkey Production Higher in Third Quarter

U.S. turkey meat production in third-quarter 2014 was 1.5 billion pounds, 2.6 percent higher than a year earlier. This is a turnaround for turkey meat production as production had been lower on a year-over-year basis for the last five consecutive quarters. The gain in turkey production in third-quarter 2014 was due to both a higher number of turkeys slaughtered and an increase in the average liveweight per bird at slaughter. The number of turkeys slaughtered in third-quarter 2014 was 61.1 million, up 1.5 percent from a year earlier. Adding to this increase was a gain in the average liveweight at slaughter to 30.2 pounds per bird, 1.2 percent higher than in third-quarter 2013. This was also a turnaround for weights as the quarterly average live weights in the first two quarters of 2014 were below those of the previous year.

Turkey meat production in fourth-quarter 2014 is expected to total 1.5 billion pounds, which would be 5.6 percent higher than in fourth-quarter 2013. This increase is expected to come from both a larger number of turkeys slaughtered and from a continued gain in the average liveweight per bird at slaughter.

Turkey meat production in 2015 is forecast at 5.9 billion pounds, which would be an increase of 3.2 percent from the previous year. The driving factors for the increase are expected to be lower overall feed costs and continued strong prices for whole and turkey parts in the domestic and export markets. The domestic market is expected to benefit from higher prices for beef. Another factor is that turkey stocks at the beginning of 2015 are expected to be lower than the previous year. The expected continued growth in the domestic economy and gradually falling unemployment rates are also assumed to have a positive impact on turkey demand.

Even with higher turkey meat production during third quarter 2014, overall turkey stocks remained well below the previous year. Cold storage holdings of turkey products at the end of September were 485 million pounds, down 10 percent from a year earlier. The lower overall cold storage levels for turkey products extended to most of the categories reported in the cold storage report. Stocks of whole birds at the end of September totaled 297 million pounds, down 9 percent from a year earlier. This overall figure hides a wide difference in the cold storage levels for whole toms and whole hens.

At the end of September, stocks of whole toms were estimated at 142 million pounds, down 24 percent from a year earlier, while stocks of whole hens were estimated at 155 million pounds, 13 percent higher than at the end of September 2013. This could influence whole turkey and turkey parts prices going forward as a higher proportion of toms are cut up for turkey parts and a larger proportion of hens are sold as whole birds. Stocks of turkey parts totaled 187 million pounds at the end of the third quarter, down 13 percent from the same time in 2013.

Overall turkey cold storage holdings at the end of 2014 are forecast at 215 million pounds, 10 million pounds lower than the previous estimate and down about 9 percent from ending stocks in 2013. In 2015, quarterly overall turkey cold storage holdings are expected to be higher throughout the year, boosted chiefly by higher production.

Higher cold storage holding of whole hens would normally place some downward pressure on whole bird prices. However, prices for whole frozen hen turkeys at the wholesale level averaged \$1.16 per pound in October, up from \$1.07 per pound the previous year (up 9 percent). Whole frozen hen prices are expected to average \$1.12-\$1.16 per pound in fourth-quarter 2014, up about 9 cents from a year earlier. With the exception of the first quarter, quarterly price forecasts for frozen whole hens in 2015 are expected to be down slightly as higher production and higher stock levels for whole hens combine to place downward pressure on prices.

Prices for turkey parts are mixed, even though lower stocks of whole toms would normally place upward pressure on prices as a high percentage of toms are cut up for parts. This seems to be holding for most turkey parts, with prices in September significantly higher than a year earlier for drumsticks, wings, boneless/skinless breasts, and thighs. Prices are especially strong for boneless/skinless breasts, with prices in September averaging \$4.00 per pound, more than double the price of a year earlier. There are two exceptions to the generally higher prices. First, prices for breasts in September were \$1.26, down slightly (1 percent) from a year earlier. Second, prices for mechanically separated meat fell to only \$0.30 per pound, 27 percent lower than in September 2013 and down from \$.47 per pound in July. Cold storage holdings of this product were only 2 percent higher at the end of September than the previous year, and stocks at the end of September were significantly lower than at the end of July.

Broiler Production Expected Higher in Fourth Quarter

Fourth-quarter 2014 broiler meat production is forecast at 9.75 billion pounds, 2.2 percent higher than a year earlier. The increase in production in fourth-quarter 2014 is expected to be driven by a higher number of birds slaughtered and an increase in average liveweight. Preliminary slaughter numbers over the last several weeks show increased broiler slaughter and higher average liveweights, and hatchery data points toward a continuation of this trend.

Broiler meat production in third-quarter 2014 was 9.8 billion pounds, up 1.5 percent from the same period in 2013. The increase was the result of an increase of 5.4 percent of the number of broilers slaughtered in September to 732 billion birds. In addition, average liveweight at slaughter was 5.99 pounds, 0.7 percent higher than in 2013. The September increase in the average weight per bird was considerably smaller than in the previous months. Over the first half of 2014, the average growth of bird weights was 1.6 percent higher than the previous year and in 2013 average weights were 1.2 percent higher than in 2012.

Broiler meat production in 2015 is expected to total 39.6 billion pounds, an increase of 3 percent from 2014. This forecast is an increase of 70 million pounds from the previous forecast. In 2015, the increase in broiler meat production is expected to come mainly from a higher number of birds being slaughtered, but average bird liveweights are also expected to be higher than in 2014. Broiler integrators are expected to expand production due to the combination of declines in the prices for corn and soybean meal and expected growth in the domestic economy. Broiler producers will also gain somewhat from expected strong prices in 2015 for most beef products.

The most recent weekly broiler hatchery report shows continued growth in the number of chicks being placed for growout compared with the previous year. Over the last 5 weeks (Oct. 11 through Nov. 7), the number of eggs set in incubators for hatching averaged 197 million, 2.8 percent higher than in the same period in 2013. Over this period, the number of chicks placed for growout has averaged 162 million, 3.3 percent higher than during the same period in the previous year.

Third-Quarter Ending Stocks Lower

Higher broiler meat production in third-quarter 2014 compared with the previous year was mostly offset by gains in exports. This left cold storage holdings of broiler products at 582 million pounds at the end of third-quarter 2014, down 69 million pounds (10.5 percent) from the previous year and only 40 million pounds higher than second-quarter 2014 ending stocks. Cold storage of a number of broiler parts varied markedly from the previous year: stock levels of whole birds, leg quarters, wings, and “other broiler products” were sharply lower, while cold storage holdings of breast meat and many leg meat categories were higher. Cold storage holdings of whole birds had the largest decrease, with stocks at the end of September only 11.1 million pounds, a 52.3-percent decline from the previous year. Stocks of leg quarters at the end of September were 118.6 million pounds, 23 percent lower than the previous year. Stocks of wings were down 32 percent from the previous year, down almost 29 million pounds. Partially offsetting these decreases were increases in the cold storage holdings for breast meat (up 27 percent), and several leg meat products (legs, thighs, and thigh meat). The total for stocks of these three leg meat categories was 37 million pounds, up 28 percent from the previous year. Overall stocks of broiler meat products are expected to increase to 610 million pounds by the end of 2014, chiefly due to the anticipated strong year-over-year gain in production in fourth-quarter 2014. In 2015, cold storage holdings are expected to remain larger than a year earlier throughout the year as higher broiler production adds to storage levels.

Prices for Broiler Products Mixed

Stronger overall broiler meat production, especially over the last quarter, has added to stocks, although they are still below those of the previous year. While some broiler prices seemed to be directly influenced by the changes in cold storage, other prices seemingly have not. In October, prices for whole birds were just under \$1.07 per pound, up 18.5 percent from a year earlier. This is in line with the fact that whole bird stocks at the end of the third quarter were down strongly from a year earlier. Another example is leg quarter prices which were \$0.46 per pound, up 3 percent from the previous October. This is a relatively small response given that stock levels at the end September were 23 percent lower than the previous year. The third example is wing prices. In October, wing prices averaged \$1.87 per pound, a rise of 27 percent from the previous year, driven by a 32-percent decline in stocks. Over the preceding 5 months, prices for wings had been moving higher, from \$1.37 per pound in May to the \$1.87 price for October. Expanding broiler meat production is expected to place some downward pressure on overall broiler prices, but price movements for individual broiler parts are expected to also be influenced by stock levels and seasonal demand patterns.

Egg Production Higher

Table egg production in third-quarter 2014 was 1.8 billion dozen, up 3.0 percent from the same period in 2013. On a year-over-year basis, table egg production has been consistently higher throughout the first 9 months of 2014. During September, the number of table egg layers in production totaled 302 million birds, an increase of 2.1 percent from September 2013. This increase in hen numbers more than made up for a small decline in the rate of lay per 100 hens. A combination of strong prices and lower feed costs is expected to provide an incentive to producers to continue to expand production, and table egg production is expected to be above the previous year's level in fourth-quarter 2014 and throughout 2015. Overall table egg production in 2015 is expected to total 7.3 billion dozen, up 2.2 percent from 2014.

Hatching egg production in third-quarter 2014 was 272 million dozen, up 1.1 percent from the same period in 2013. This comes after a decrease in hatching egg production in second-quarter 2014 on a year-over-year basis. Production is expected to again be higher than the previous year in fourth quarter 2014, primarily due to expansion in the production of hatching eggs for the broiler industry. Hatching egg production is expected to total 275 million dozen eggs in fourth-quarter 2014, an increase of 3.8 percent from the previous year. In some recent weeks, the number of broiler eggs going into incubators has been 4 percent higher than the previous year. Hatching production growth is forecast to continue to expand in 2015, driven by higher broiler production. However, the growth is expected to moderate somewhat, and total production is expected to be 1.1 billion dozen eggs, about 3 percent higher than in 2014.

Wholesale table egg prices in third-quarter 2014 averaged \$1.29 per dozen (Grade A large in the New York market), higher by about 10 cents a dozen or 8.7 percent than a year earlier. The normal seasonal increase in demand in fourth-quarter 2014 is expected to keep prices at relatively high levels, averaging \$1.40 - \$1.44 per dozen. These prices would be down somewhat from the \$1.43 per dozen that table eggs averaged in fourth-quarter 2013. With additional growth in production forecast in 2015, the yearly average price for 2015 is expected to be \$1.23 to \$1.33 per dozen, down about 6.5 percent from the expected average for 2014.

U.S. Broiler Shipments Up in September

Broiler shipments in September 2014 increased 1.5 percent from a year earlier, totaling 613.8 million pounds. Top export partners in September included Mexico, Angola, Canada, Cuba, and China, with Mexico leading with 129.7 million pounds shipped in September. The second highest U.S. export market was Angola, with 42.3 million pounds shipped, followed by Canada with 32.5 million pounds. Cuba and China finished fourth and fifth, with exports totaling 24.9 and 24.3 million pounds, respectively. Destinations with significant quantity increases in U.S. broiler shipments in September 2014 included Mexico, The United Arab Emirates, and Angola, all with year-over-year increases greater than 10 million pounds. The increase for Mexico was 23.7 million pounds, 22.4 percent over last year. The United Arab Emirates increase in shipments was 96.0 percent over last September, with 11.1 million pounds more shipped in September 2014. There were significant drops in shipments to Russia and Lithuania (to which exports were 13.9 million pounds less than in September last year). Russia's ban on poultry imports resulted in 50.4 million pounds less in shipments than last September's total.

In August, the Russian Government announced a 1-year ban on agricultural product imports from several countries, including the United States. While it is less of a destination than in prior years, Russia was still a large destination for U.S. broiler exports. On a year-to-date basis through June, 7.5 percent of U.S. broiler shipments had been sent to Russia. The USDA forecast assumes the ban will remain in place for one year. Russia's September drop in shipments of 50.4 million pounds was countered by large increases for multiple Asian, Former Soviet Union, Middle Eastern, and Sub-Saharan African markets. The most significant changes occurred in Middle Eastern markets like the United Arab Emirates, Saudi Arabia, and Kuwait. All three nations had larger than 100 percent year-over-year growth in August and September, as compared to negative year-over-year growth rates over January through July.

It has been anticipated that a share of the product that would have gone to Russia will continue to be partly absorbed by other markets, especially if the additional supply leads to downward pressure on leg quarter prices, but the scale of the absorption thus far has been greater than expected. Over the period of the ban, net trade has only declined by 7.6 million pounds compared to the same period last year. With 92.9 million fewer pounds of broiler meat shipped to Russia compared with August and September in 2013, 91.8 percent of that decline was countered by gains in other markets. The USDA forecasts 7.319 billion pounds of broiler exports for 2014, a 50-million-pound increase from September's forecast. The USDA forecasts 7.400 billion pounds of broiler exports for 2015, a 35-million-pound increase from September's forecast.

Turkey Shipments Rose in September

Turkey shipments totaled 68.5 million pounds in September 2014, an increase of 3.6 percent from a year ago. The United States shipped 42.2 million pounds of turkey meat to Mexico in September 2014, an increase of 11.8 percent from a year earlier, amounting to 61.6 percent of all shipments. Shipments to the Dominican Republic increased from 519 thousand pounds last year to 1.8 million pounds this

September, a 239.2-percent increase. The current forecast for turkey exports is 799 million pounds for 2014 and 820 million pounds for 2015.

Egg and Egg Product Shipments Increased in September

Egg and egg product shipments in September 2014 were up 19.2 percent from a year ago. On a shell egg basis, a total of 33.9 million dozen eggs and egg products were shipped. Canada was the largest destination in September for U.S. egg and egg products, with U.S. shipments totaling 9.8 million dozen, an increase of 27.4 percent. Despite an increase of 18.6 percent in shipments since last September, Mexico fell to the second largest destination for these products, with 9.5 million dozen eggs and product equivalent shipped in September 2014. The 2014 forecast for egg and egg product exports is 361.6 million dozen. The 2015 forecast is 355 million dozen, a 15 million dozen increase from September's forecast.

Lower Feeding Costs Help Support Heavier Weights

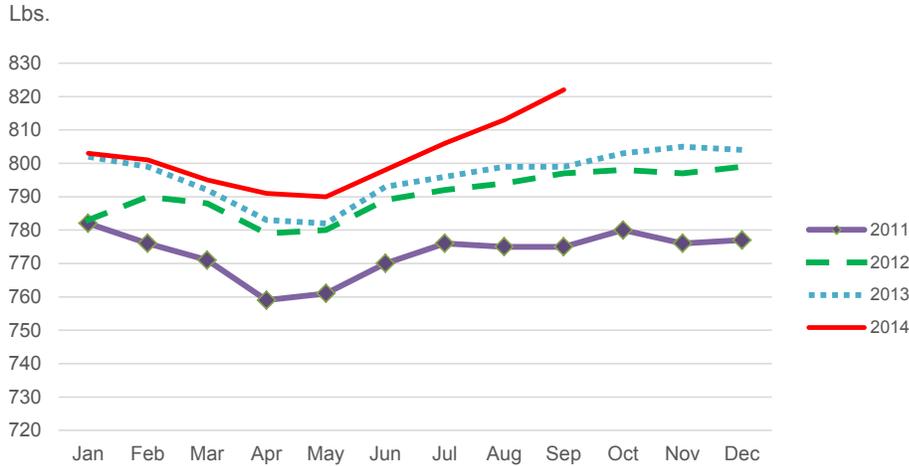
With rain reaching most of cattle country, drought-impacted cattle and pasture areas of the United States have improved substantially compared with this time last year. This year, producers face improved winter grazing conditions compared with past years. According to The National Agricultural Statistics Service's (NASS) *Crop Progress and Condition* Report, soil moisture levels in North Texas, for example, indicate promising conditions for winter wheat (http://www.nass.usda.gov/Statistics_by_State/Texas/Publications/Crop_Progress_&_Condition/txcw4314.pdf). The Northern Plains and Rockies are expecting early snowfalls with near average or below average temperatures. At the same time, California and the Southwestern United States remain in a serious drought.

Not only have the weather conditions given relief to most cattle-producing areas, but a record-breaking corn harvest is apparent. As a result, this year's harvest has lowered corn and soybean meal prices, and producers have the option to keep cattle on feed and/or pasture for longer periods of time. The *Cattle on Feed* Report, released October 2014, showed the second lowest placements for the month of September since the recorded series began in 1996. However, placement weights are up, likely a result of improved pasture conditions making it possible to keep cattle on pasture longer.

Further, feeder cattle prices have been trending upward into \$220-plus per cwt territory, contributing to a clouded horizon for cattle feeders, who could face costs of owning and feeding cattle valued at \$170 per cwt or more later this year and into 2015. While recent record fed cattle prices reached the \$170 per cwt level, fed-cattle prices have begun showing signs of weakening.

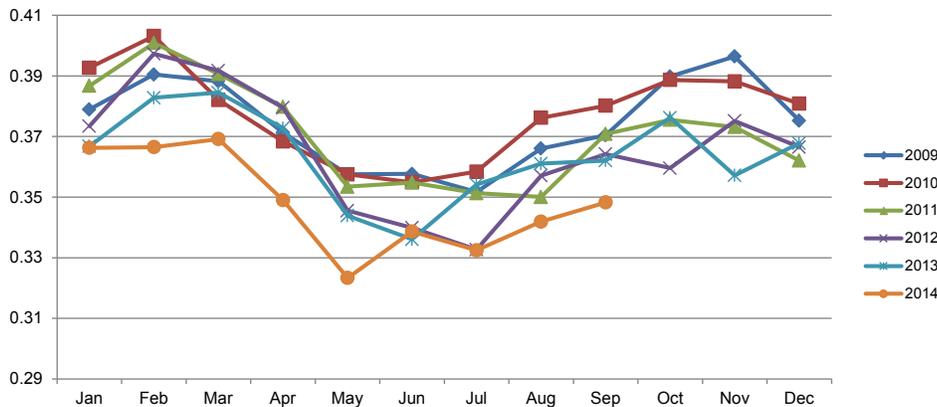
The *Cattle on Feed* Report also revealed a 3 percent drop in heifer and heifer calves and a 1-percent increase in steers and steer calves in feedlots of 1,000 head or more on October 2014 compared with this time last year. These data may indicate that some producers are interested in herd expansion by keeping heifers back for breeding purposes (foregoing very high returns by not sending them to the feedlot now). According to the *Livestock Slaughter* report released October 2014, there were slightly fewer cattle being slaughtered even though September 2014 contained 1 more weekday than September 2013. For 2014, beef production is forecast to drop slightly compared with last year, which is consistent with the even tighter 2014 cattle inventory. With heifers contributing a smaller proportion of total slaughter (see fig.), an increasing proportion of steers in feedlots than in the past, combined with longer feeding periods for both steers and heifers, is resulting in heavier average weights of all animals coming out of feedlots. The reductions in feed costs, available feedlot capacity, and high cattle prices, have caused average dressed weights of all cattle slaughtered to exceed 800 lbs. partially offsetting decreased cattle slaughter numbers.

Average Dressed Weights for U.S. Slaughter Cattle (Federally Inspected)



Source: Compiled by USDA, Economic Research Service from NASS Livestock Slaughter data

Heifer proportion of total slaughter is declining, year over year.



Source: Compiled by USDA, Economic Research Service from NASS Livestock Slaughter data

As with cattle, veal calf slaughter has slowed (with cumulative weekly slaughter down 23 percent through the week ending November 1 compared with the same period in 2013), and live weights have increased roughly 50 pounds from last year. Calf slaughter has declined in part as a result of the extremely high value calves have as feeder calves. The higher than average live weights are likely due to both lower feed prices and to keeping calves on feed longer. Also as with cattle, the increased weight of veal calves has offset the decline in calf slaughter to the extent that veal production is down by only 13 percent. The 2014 market for calves (carcass-hide off) has trended higher, reaching \$550+/cwt at the beginning of November (Agricultural Marketing Service, <http://www.ams.usda.gov/mnreports/lswveal.pdf>).

The third-quarter 2014 five-area price of steers averaged \$158.49/cwt and is expected to average \$163-\$167 in the fourth quarter. Packers are still feeling the pinch from these prices, making it difficult to see much profit at any time in the

near future. Third-quarter 2014 composite prices for retail choice beef climbed to \$6.15/lb., boosted by September's record \$6.26 per lb., while the third quarter All-Fresh averaged \$5.76/lb., both new record quarterly averages.

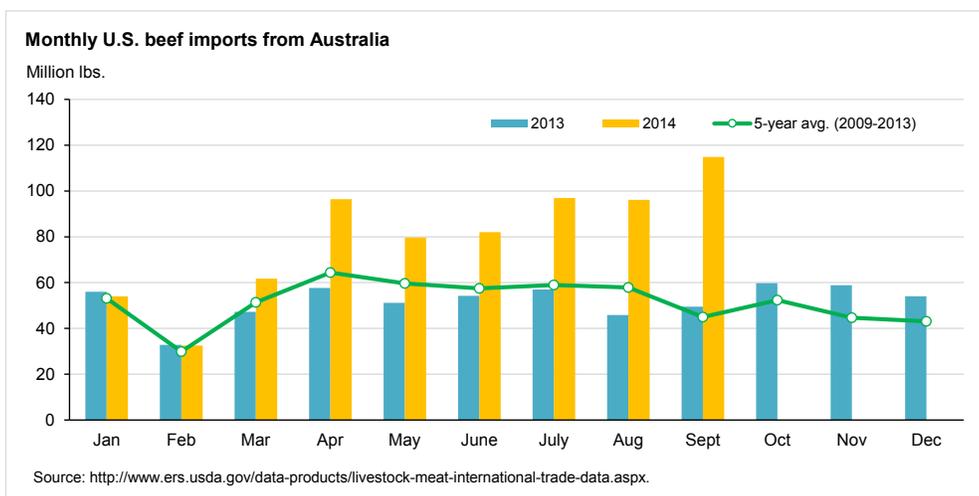
Beef/Cattle Trade

U.S. Cattle Imports Higher Through September

U.S. cattle imports during the typically slow third quarter were 34 percent higher than last year. Combined with higher imports during the first half of the year, cumulative-year imports were up 17 percent from Mexico and 12 percent from Canada. Record-high feeder cattle prices continue to draw cattle from north and south of the border despite historically low inventories in both Canada and Mexico. AMS reported prices of weekly cattle imports from Mexico were almost 50 percent higher than last year during the first three quarters of this year. AMS reported prices for Alberta feeder cattle were about 35 to 40 percent higher during the same period. Imports of Canadian feeder cattle were up 30 percent through September and have fueled much of the increase in overall shipments from Canada. Cattle for immediate slaughter, which accounted for 61 percent of total imports from Canada in 2013, were up only 3 percent. The forecast for U.S. cattle imports in 2014 was raised 50 thousand head to 2.250 million, 11 percent higher than 2013. Imports are expected to remain stable in 2015, unchanged at 2.250 million head. Economic conditions are not expected to drastically change in 2015; demand for cattle is expected to remain robust, but growth in imports will be challenged by already tight cattle stocks in Canada and Mexico.

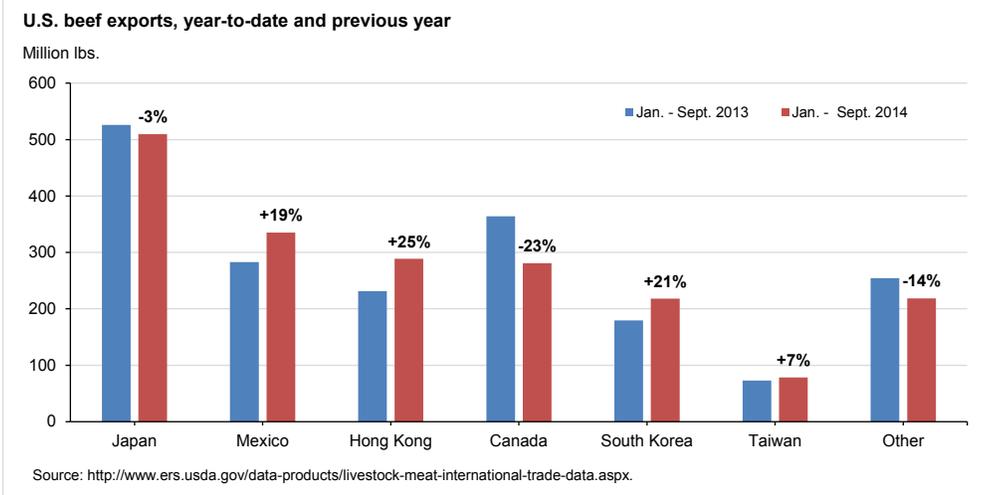
Beef Imports Rise from Australia, Exports Strong to Asia

U.S. beef imports were up strongly during the third quarter of 2014, totaling 764 million pounds—48 percent higher than the third quarter of 2013. Imports have accelerated as demand for processing beef has risen. The price of frozen 90-percent chemical lean beef was about 24 percent higher during the first three quarters, increasing demand for less expensive imported processing beef. Cumulative-year imports through September were up 23 percent from a year earlier, and shipments were up from nearly all sources. Imports rose significantly from Australia (+58 percent), Canada (+12 percent), New Zealand (+12 percent), and Mexico (+19 percent). Australia remains the top source for U.S. beef imports, accounting for 34 percent of all imported beef this year. Monthly shipments have been well above the 5-year average since the spring, including a total of 115 million pounds in September (see fig.).



The forecast for U.S. beef imports in 2014 was raised to 2.823 billion pounds. While stronger demand was anticipated this year due to declining domestic cow and bull slaughter, higher U.S. imports have been made possible by a 10-percent increase in Australian beef production through September. With over half of its annual production exported, the country’s exports of beef have risen 17 percent. The majority of the increase has been in shipments to the United States, while shipments have been lower to China and Japan, the other major buyers of Australian beef. U.S. demand for imported processing beef is expected to remain robust through the end of the year, and weekly Customs data indicate that shipments have remained elevated through at least the first week of November. The forecast for U.S. beef imports in 2015 is 2.700 billion pounds, 4 percent lower than 2014 as beef supplies among U.S. suppliers are likely to be lower.

U.S. beef exports were up 1 percent from last year through September 2014. While exports during the first half of the year were up 5 percent from the same period a year earlier, third-quarter exports were 5 percent lower than last year. Exports have remained robust to Hong Kong (+57 million pounds), Mexico (+53 million pounds), and South Korea (+39 million pounds) (see fig.). Japan remains the largest buyer of U.S. beef, but shipments were down 3 percent from last year. Japan is the world’s second largest beef importer after the United States but has marginally lower imports of beef this year due to the country’s sluggish economic growth and higher global beef prices. Canada has also reduced its purchases of beef this year amid higher prices and a weaker exchange rate with the U.S. dollar. While Canada has increased its purchases of Australian beef, overall Canadian imports were down 9 percent through September. The forecast for U.S. beef exports in 2014 is 2.599 billion pounds. Exports are expected to fall 3 percent in 2015 to 2.525 billion pounds as lower U.S. beef production will constrain exports.

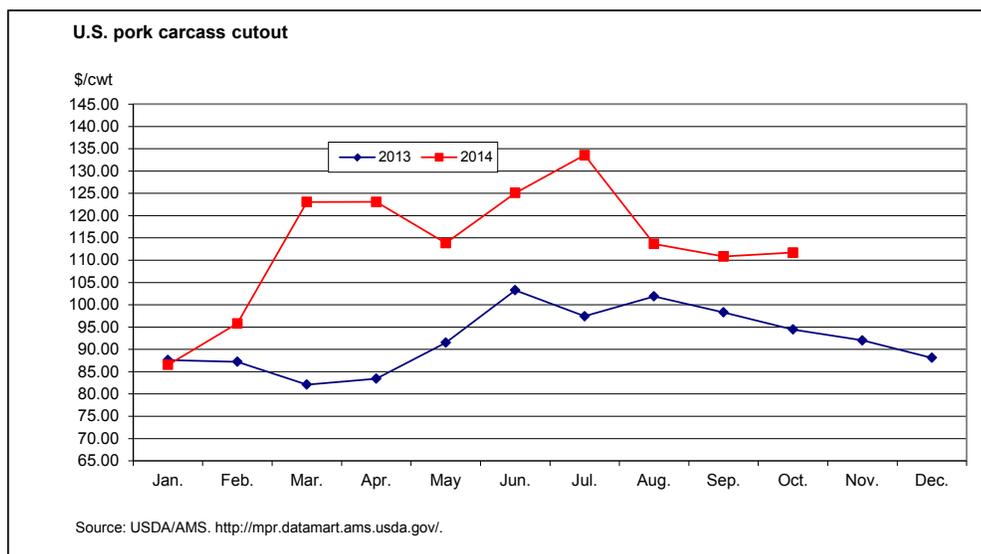


Pork Supply Chain Tightening-Up

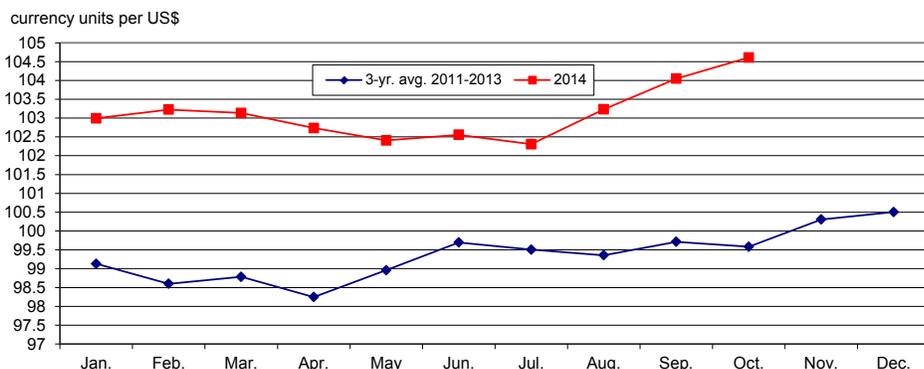
USDA lowered its fourth-quarter pork production forecast by about 100 million pounds due to expectations of lower growth in hog weights. Although weights typically increase in the fourth quarter, a decline in the PEDv accession rate during the spring likely increased the availability of hogs for marketing in the fourth quarter. Even though the March-May pig crop was more than 5 percent lower than a year earlier, the reported spring incidence of PEDv was lower than during the winter months. Relatively more pigs from higher spring survival rates are likely leaving less slack in the supply chain. Increased numbers of animals leaving nursery barns means that animals are pushed through finishing facilities faster, limiting weight gains relative to the spring and summer quarters. Fourth-quarter commercial pork production is expected to be almost 6 billion pounds, 5 percent below a year ago. Average prices of live equivalent 51-52 percent hogs will likely average \$68-\$70 per cwt, almost 13 percent above a year ago.

September Pork Exports Down

U.S. pork exports in September were 342.7 million pounds, more than 13 percent below a year ago. For the third quarter, exports totaled about 1.1 billion pounds, almost 10 percent below the same period in 2013. While September shipments to both NAFTA partners—Mexico and Canada—and to South Korea were year-over-year higher, exports to most other important buyers of U.S. pork—China, Hong Kong, Taiwan, Japan, and Australia—were each significantly lower than a year ago. For most foreign buyers of U.S. pork, high late-summer prices (fig. 1), and an appreciating U.S. dollar exchange rate (fig. 2) were likely sufficient reasons to shop elsewhere (Europe and Brazil) for foreign pork in September.



Nominal broad dollar index: January - October 2014 and three-year average, 2011-2013



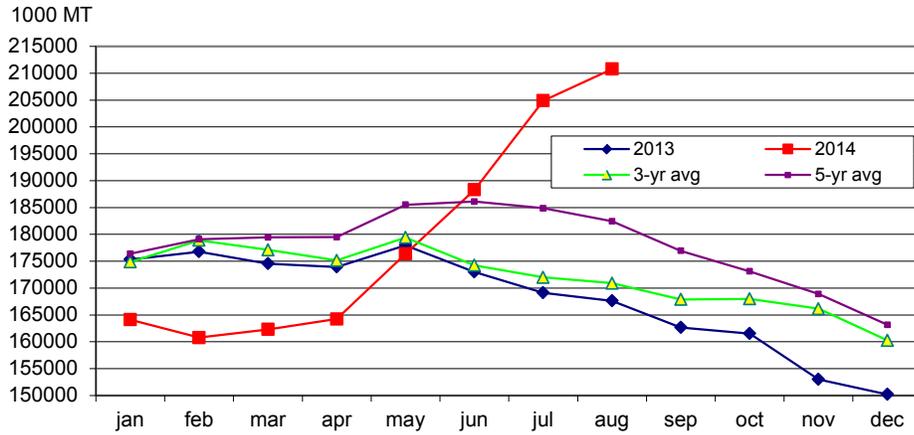
Source: Board of Governors of the Federal Reserve System. <http://www.federalreserve.gov/releases/H10/Summary/>.

September exports to Japan were particularly notable in that U.S. shipments of 82.1 million pounds (-21.1 percent year over year) were the lowest since December, 2007. Lower Japanese demand for U.S. pork in September may be explainable in the context of Japanese pork stocks levels. The figure below shows that Japanese pork stocks accumulation accelerated in May and continued at least through August, the latest available data point. Higher Japanese stocks may have been a risk-aversion response to expectations of PEDv-reduced pork supplies in the United States, Japan’s most important foreign pork supplier. Japan may have begun reducing imports from important sources—the U.S., Europe, and Canada—in the late summer to begin bringing stocks back to more historic levels as the seasonal PEDv threat to pork supplies in the United States abated.

High U.S. Pork Prices Draw in Imports

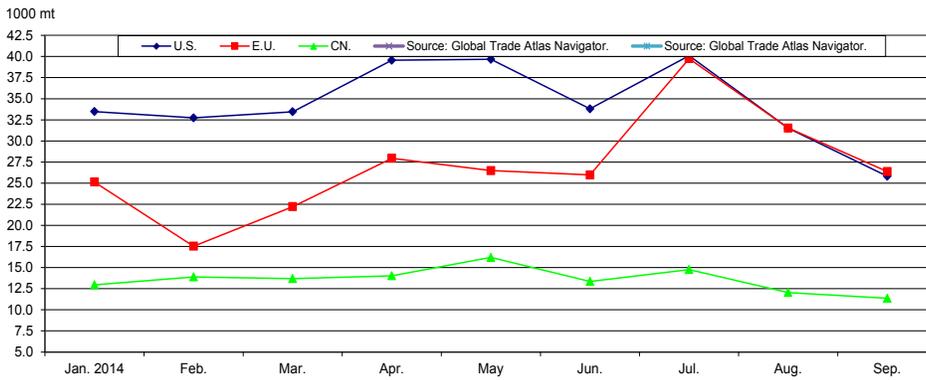
Pork imports in September were almost 94 million pounds, nearly 23 percent higher than a year ago. For the third quarter, imports totaled 255.7 million pounds, almost 12 percent above the same period in 2013. As is typical, imports from Canada in September accounted for the highest share of U.S. imports (77 percent), with the balance coming mainly from the European Union member states. Higher U.S. pork prices from PEDv-diminished supplies, together with stronger late-summer U.S. currency values in relation to both Canadian and European currencies, likely made foreign pork products attractive to U.S. importers. The U.S. is expected to import about 265 million pounds of pork products in the fourth quarter of 2014, almost 14 percent above the same quarter a year ago.

Japan: Monthly pork ending stocks, 2013-August 2014



Source: USDA\AMS. www.ams.usda.gov/mnreports/WA_LS682.txt.

Japan: Pork imports from the United States, European Union, and Canada, Jan. - Sep. 2014



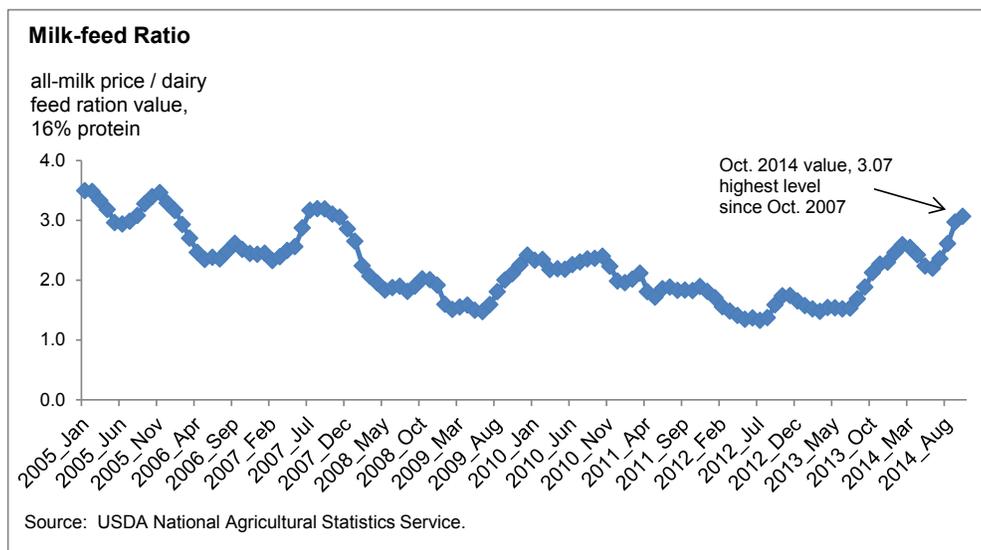
Source: Global Trade Atlas Navigator.

Dairy Prices Decline in October After a Record-Setting Increase

The October all milk price of \$25.30 per cwt was second only to the record-high September price of \$25.70 per hundredweight (cwt). The October USDA benchmark 16-percent dairy-feed ration was \$8.25 per cwt of feed, the lowest since November 2010.¹ The milk-feed ratio of 3.07 for October 2014 was at its highest level since October 2007. However, from September to October, dairy product prices and Federal order minimum milk prices declined. As buyers felt more comfortable with supplies ahead of the holidays, the national weekly butter price as reported by USDA Agricultural Marketing Service (AMS) fell more than a dollar in 4 weeks, from a record high of \$3.01 per pound for the week ending October 4 to \$1.99 per pound for the week ending November 1.

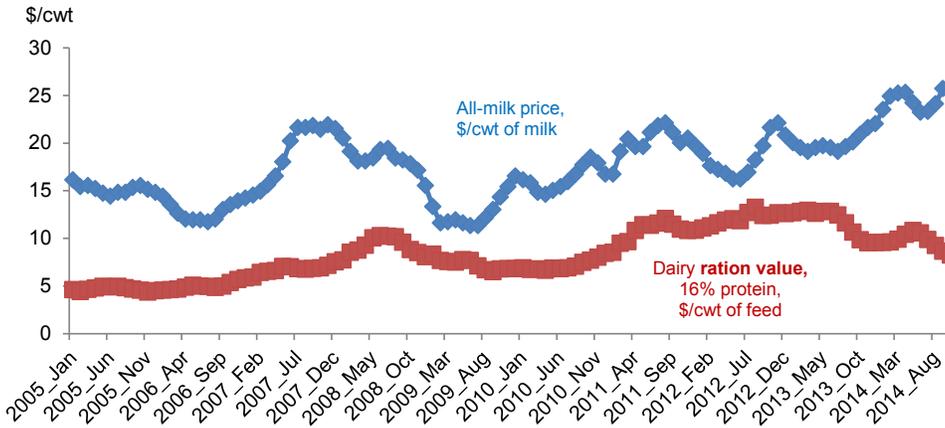
Low Dairy Prices Abroad and Recent Impacts to U.S. Dairy Trade

Although U.S. dairy product prices have declined, they are still significantly higher than export prices of competitors. For example, for the week ending November 1, the AMS butter price was \$1.99 per pound while the Oceania export price ranged from \$1.10 to \$1.45 per pound for the 2 weeks ending November 7. Several factors are contributing to relatively low dairy prices abroad. New Zealand and the European Union (EU) have both experienced robust growth in milk production. For the January through August period, New Zealand experienced 14-percent year-over-year growth, while the growth for the EU was 5 percent over the same period (Dairy Companies Association of New Zealand and Eurostat). A reduction in dairy import demand from China has played a role as China's imports of milk powder have fallen from a peak of 159,034 metric tons in January 2014 to 25,518 metric tons in September. EU export prices have declined since Russia announced a 1-year ban on agricultural product imports from several countries in August.



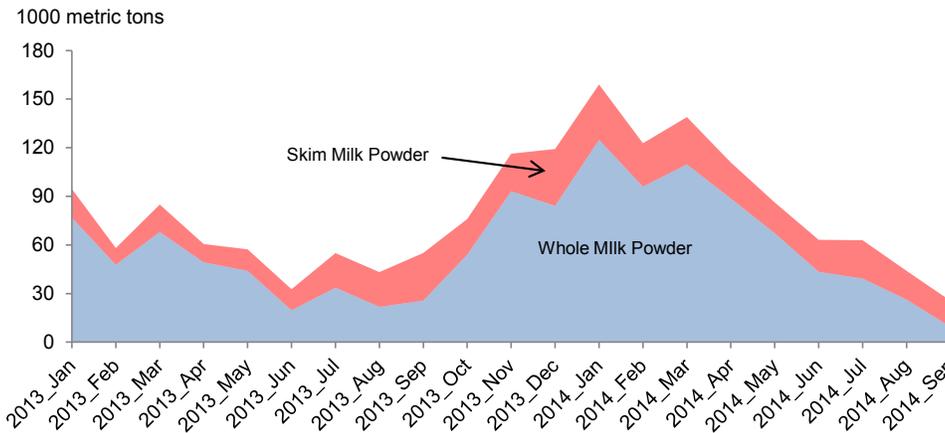
¹ USDA's 16-percent dairy feed ration is based on the composite U.S. average prices of 51-percent corn, 8-percent soybeans, and 41-percent alfalfa hay.

All-milk Price and Dairy Ration Value



Source: USDA National Agricultural Statistics Service.

China Milk Powder Imports from the World



Source: Global Trade Atlas.

The large differences between U.S. domestic prices and foreign export prices have influenced the U.S. dairy trade. On a milk-fat milk-equivalent basis, exports for the third quarter were 23.1 percent less year-over-year. On a skim-solids basis, the year-over-year decrease was 10.1 percent. Notably, from August to September, monthly exports fell 29.4 percent for nonfat dry milk and skim milk powder.

While exports have decreased, year-over-year imports have increased. Third-quarter imports on a milk-fat basis were 1.1 billion pounds, about 0.3 billion pounds higher on a year-over-year basis but slightly lower than projected last month. On a skim-solids basis, imports for the third quarter were 1.5 billion pounds, 0.4 billion pounds higher on a year-over-year basis and 0.1 billion pounds more than projected last month. Notably, from August to September, monthly imports rose 26.1 percent for milk protein concentrate (40-90 percent protein) and 42.5 percent for milk albumin.

U.S. Milk Production Continued To Climb in the Third Quarter of 2014

U.S. milk production during the third quarter totaled 51.1 billion pounds, up 3.5 percent from the third quarter last year and slightly higher than projected last month. Milk cow numbers for the quarter were lower than expected, while milk per cow for the quarter was higher than expected. Of the 23 Selected States reported monthly by USDA National Agricultural Statistics Service, all had September year-over-year gains in milk production with the exception of Illinois, which had a decline of 0.7 percent. Despite persistent drought conditions, milk production for California continues to grow, with September milk production 2.9 percent above last year.

Higher Domestic Use and Lower Stocks than Projected in the Third Quarter of 2014

Strength in domestic demand contributed to the high prices of milk and dairy products during the third quarter of 2014. On a milk-fat milk-equivalent basis, domestic commercial disappearance for the third quarter was 50.4 billion pounds, 2.9 percent higher than the third quarter of 2013. On a skim-solids basis, domestic commercial disappearance for the third quarter was 44.0 billion pounds, 5.7 percent higher than the third quarter of 2013.

September ending stocks were lower than projected last month by 0.3 billion pounds on a milk-fat basis and 0.6 billion pounds on a skim-solids basis. After reaching a record high of 250 million pounds at the end of July, manufacturers' nonfat dry milk stocks decreased to 243 million pounds in August and then fell to 171 million pounds in September. Although the fall in NDM stocks for September was relatively large, the ending stock level was 17.9 percent above the previous-year level.

Projections for the Remainder of 2014 and 2015

Reflecting recent data, for the fourth quarter of 2014, there are offsetting adjustments from last month's forecast in cow numbers (down 20-thousand head) and milk per cow (up 15 pounds), leaving milk production for the quarter unchanged at 51.2 billion pounds. The annual milk production projection for 2014 is increased 0.1 billion pounds to 206.2 billion pounds, reflecting higher milk per cow in the third quarter. Milk prices relative to feed prices are expected to continue to encourage expansion of milk production in 2015, though at a lesser rate than forecast last month. The corn price projection for 2014/15 is raised to \$3.20-\$3.80 per bushel, and the soybean meal price is unchanged at \$330-\$370 per short ton. Milk production for 2015 is projected at 212.3 billion pounds, 0.4 billion pounds less than last month's projection.

With recent declines in exports and the persistent gap between domestic and international export prices, export projections for the fourth quarter of 2014 have been lowered by 0.2 billion pounds on a milk-fat basis and 0.9 billion pounds on a skim-solids basis. Export forecasts for 2015 have been lowered significantly, to 11.0 billion pounds (0.4 billion pounds less) on a milk-fat basis and 37.4 billion pounds (1.2 billion pounds less) on a skim solids basis. This reduction primarily reflects expected weaker exports for the first half of 2015. Year-over-year, exports are forecast to decline 10.6 percent on a milk-fat basis and 2.5 percent on a skim-

solids basis. Exports in the second half of 2015 are expected to exceed the first half as global demand reflects an end of Russia's import ban and the gap between U.S. and foreign export prices narrows.

With recent increases in imports on a skim-solids milk-equivalent basis, projections for 2014 fourth-quarter imports have been raised by 0.1 billion pounds over last month's forecast. Following lower than projected imports on a milk-fat basis for the third quarter, imports for the fourth quarter of 2014 have been lowered by 0.1 billion pounds. For 2015, annual imports on a milk-fat basis are unchanged at 3.8 billion pounds but are increased by 0.2 billion pounds to 5.4 billion pounds on a skim-solids basis.

Strength in domestic use is expected to continue into the fourth quarter of 2014, especially on a skim-solids milk-equivalent basis. Fourth-quarter 2014 projections for domestic commercial disappearance are higher than forecast last month by 0.1 billion pounds on a milk-fat basis and 1.0 billion pounds on a skim-solids basis. With greater commercial use expected, stocks are projected at lower levels. Year-end stocks for 2014 projections have been lowered 0.2 billion pounds on a milk-fat basis and 0.6 billion pounds on a skim-solids basis. Projected domestic use for 2015 reflects a combination of tighter supplies and weaker exports of some products. Domestic commercial disappearance on a milk-fat basis has been lowered from last month's forecast to 202.6 billion pounds but raised on a skim-solids basis to 178.6 billion pounds. Year-over-year, the percentage increase is projected to be 2.4 percent on a milk-fat basis and 3.7 percent on a skim-solids basis.

With the fall in the butter price throughout October, the butter price forecast for the fourth quarter of 2014 is \$2.110 to \$2.170 per pound. The forecast for the fourth-quarter cheese price has been raised to \$2.125 - \$2.155 per pound, the nonfat dry milk price forecast has been raised to \$1.405 - \$1.435 per pound, and the fourth-quarter dry whey price is lowered to 62.0 - 64.0 cents per pound. The Class III price for the quarter is raised to \$21.90 - \$22.20 per cwt. With the lower butter price, the Class IV price for the fourth quarter is lowered to \$18.90 - \$19.30 per cwt, and the range for the all-milk price forecast is reduced to \$23.55 - \$23.85 per cwt. For the 2014 annual projection, the all-milk price is \$24.15 - \$24.25 per cwt.

With lower export forecasts, 2015 prices for milk and dairy products have been lowered from last month's forecast. Of the major dairy products, the nonfat dry milk price is most dependent upon the export market. The nonfat dry milk price projection has been reduced through the entire year, with an annual forecast of \$1.410 - \$1.480 per pound. Cheese and butter prices have been reduced for the first half of the year, resulting in annual projections of \$1.690 - \$1.780 per pound and \$1.660 - \$1.780 per pound, respectively. The dry whey price forecast is unchanged from last month at 56.0 - 59.0 cents per pound. The Class III price forecast is lowered to \$17.15 - \$18.05 per cwt, and the Class IV price is lowered to \$17.05 - \$18.05 per cwt. Next year's all milk price forecast is lowered to \$18.85 - \$19.75 per cwt.

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Related Websites

Livestock, Dairy, and Poultry Outlook, <http://www.ers.usda.gov/publications/ldpm-livestock,-dairy,-and-poultry-outlook.aspx>
Animal Production and Marketing Issues, <http://www.ers.usda.gov/topics/animal-products/animal-production-marketing-issues.aspx>
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U.S. red meat and poultry forecasts

	2011					2012					2013					2014					2015					
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual		
Production, million lb																										
Beef	6,410	6,559	6,736	6,490	26,195	6,282	6,473	6,586	6,572	25,913	6,175	6,513	6,609	6,423	25,720	5,868	6,183	6,178	6,230	24,459	5,575	6,170	6,000	23,665		
Pork	5,719	5,370	5,484	6,186	22,758	5,858	5,519	5,631	6,244	23,253	5,775	5,516	5,622	6,274	23,187	5,785	5,504	5,423	5,950	22,662	5,840	5,685	5,805	23,620		
Lamb and mutton	36	40	36	37	149	39	39	39	40	156	38	41	40	38	156	37	43	38	37	154	38	37	36	147		
Broilers	9,290	9,509	9,542	8,861	37,202	9,089	9,381	9,372	9,198	37,039	9,144	9,466	9,683	9,537	37,830	9,283	9,618	9,833	9,750	38,484	9,550	9,970	10,130	39,630		
Turkeys	1,402	1,471	1,423	1,495	5,791	1,446	1,505	1,480	1,537	5,967	1,459	1,486	1,440	1,420	5,805	1,332	1,429	1,478	1,500	5,739	1,400	1,475	1,525	5,925		
Total red meat & poultry	23,011	23,114	23,395	23,226	92,746	22,865	23,084	23,274	23,739	92,963	22,743	23,183	23,563	23,844	93,333	22,455	22,935	23,107	23,618	92,115	22,552	23,498	23,663	93,622		
Table eggs, mil. doz.	1,631	1,641	1,665	1,715	6,652	1,684	1,680	1,707	1,771	6,842	1,711	1,724	1,750	1,798	6,983	1,746	1,776	1,802	1,840	7,164	1,800	1,815	1,830	7,320		
Per capita disappearance, retail lb 1/																										
Beef	14.1	14.5	14.7	14.0	57.3	14.0	14.7	14.5	14.2	57.4	13.7	14.5	14.3	13.9	56.3	13.1	14.0	13.7	13.8	54.1	12.4	13.7	13.1	52.2		
Pork	11.4	11.1	11.0	12.2	45.7	11.1	10.9	11.2	12.7	45.9	11.5	11.3	11.4	12.7	46.8	11.3	11.0	11.1	11.9	45.3	11.3	11.4	11.5	46.6		
Lamb and mutton	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.8	0.3	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.90		
Broilers	21.5	21.4	20.8	19.1	82.9	20.1	20.4	20.3	19.7	80.4	20.1	20.3	21.0	20.5	81.9	20.2	20.9	21.2	21.1	83.4	20.7	21.6	21.6	85.3		
Turkeys	3.5	3.5	4.0	5.0	16.1	3.5	3.6	4.1	4.9	16.0	3.7	3.6	4.0	4.8	16.0	3.4	3.5	3.9	4.9	15.7	3.3	3.5	4.2	15.8		
Total red meat & poultry	51.2	51.3	51.0	51.0	204.6	49.3	50.3	50.7	52.0	202.3	49.5	50.3	51.3	52.4	203.6	48.7	50.0	50.5	52.2	201.4	48.3	50.7	51	202.2		
Eggs, number	61.3	61.5	62.8	64.3	250.0	63.3	62.3	63.3	65.4	254.3	63.5	62.6	63.9	65.1	255.2	63.8	64.6	65.4	67.2	261.0	65.6	66	66.3	265.9		
Market prices																										
Choice steers, 5-area Direct, \$/cwt	110.07	112.79	114.05	121.99	114.73	125.29	120.91	119.69	125.54	122.86	125.52	124.95	122.30	130.77	125.89	146.34	147.82	158.49	163-167	154.41	155-165	154-166	153-165	154-165		
Feeder steers, Ok City, \$/cwt	127.20	131.09	134.74	141.93	133.74	152.81	150.05	139.31	143.40	146.39	141.36	133.10	152.08	161.69	147.06	167.49	188.64	220.90	231-235	202.51	222-232	224-236	217-229	221-232		
Cutter Cows, National L.E., \$/cwt	68.66	74.88	66.11	63.54	68.30	76.57	83.51	76.94	73.81	77.71	77.87	77.46	78.36	76.55	77.56	89.12	98.57	111.27	108-112	102.24	103-113	107-119	104-116	104-115		
Choice slaughter lambs, San Angelo, \$/cwt	174.66	157.99	161.13	148.61	160.60	145.33	127.08	89.28	89.85	112.89	107.53	91.72	94.26	150.97	111.12	166.69	148.99	156.02	154-158	156.93	150-160	154-166	154-166	152-163		
Barrows & gilts, N. base, L.E. \$/cwt	59.94	68.80	71.06	64.66	66.11	61.68	61.79	61.43	58.63	60.88	59.03	65.46	70.59	61.11	64.05	68.69	85.40	83.30	68-70	76.60	64-68	66-72	65-71	63-68		
Broilers, 12 City, cents/lb	80.20	83.00	78.20	78.00	79.90	87.40	85.1	82.0	92.1	86.6	103.5	108.6	93.90	92.80	99.70	98.4	113.70	104.60	102-106	105.20	102-108	102-110	99-107	100-108		
Turkeys, Eastern, cents/lb	90.20	99.90	106.40	111.60	102.00	100.70	106.9	108.5	106.1	105.6	96.0	97.7	99.9	105.40	99.80	100.7	105.60	110.20	112-116	107.60	99-105	100-108	104-112	103-110		
Eggs, New York, cents/doz.	105.80	106.60	117.70	131.20	115.30	108.70	99.7	131.9	129.4	117.4	126.9	109.9	119.0	143.00	124.70	142.7	134.60	129.30	140-144	137.20	132-140	116-126	112-122	123-133		
U.S. trade, million lb																										
Beef & veal exports	633	702	766	683	2,785	558	624	650	620	2,452	557	637	716	680	2,590	583	667	679	670	2,599	575	650	675	2,525		
Beef & veal imports	461	593	548	454	2,057	582	669	516	453	2,220	590	629	515	516	2,250	596	768	764	695	2,823	645	725	725	2,700		
Lamb and mutton imports	49	48	31	34	162	38	36	38	41	154	49	44	36	44	173	46	49	45	40	180	47	42	37	166		
Pork exports	1,248	1,208	1,260	1,481	5,196	1,442	1,301	1,251	1,386	5,380	1,219	1,226	1,206	1,342	4,992	1,345	1,281	1,090	1,350	5,066	1,300	1,275	1,250	5,250		
Pork imports	201	195	194	213	803	207	191	198	205	802	208	210	229	233	880	212	240	256	265	973	230	230	220	900		
Broiler exports	1,526	1,598	1,976	1,877	6,978	1,734	1,791	1,864	1,886	7,274	1,752	1,865	1,855	1,874	7,345	1,831	1,829	1,860	1,800	7,319	1,775	1,800	1,950	7,400		
Turkey exports	159	171	173	199	703	180	184	216	217	797	179	182	197	201	759	163	188	222	225	799	195	200	210	820		
Live swine imports (thousand head)	1,452	1,429	1,407	1,508	5,795	1,445	1,444	1,387	1,380	5,656	1,326	1,300	1,255	1,075	4,957	1,196	1,216	1,265	1,235	4,912	1,200	1,200	1,200	4,800		

Note: Forecasts are in bold.

1/ Per capita meat and egg disappearance data are calculated using the Resident Population Plus Armed Forces Overseas series from the Census Bureau of the Department of Commerce.

Source: World Agricultural Supply and Demand Estimates and Supporting Materials.

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Updated 11/17/2014

Dairy Forecasts

	2013		2014					2015				
	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thous.) 1/	9,201	9,221	9,214	9,253	9,268	9,280	9,255	9,300	9,320	9,335	9,345	9,325
Milk per cow (pounds)	5,355	21,822	5,540	5,713	5,517	5,515	22,285	5,670	5,840	5,630	5,630	22,770
Milk production (bil. pounds)	49.3	201.2	51.0	52.9	51.1	51.2	206.2	52.7	54.4	52.6	52.6	212.3
Farm use	0.2	1.0	0.2	0.2	0.2	0.2	1.0	0.2	0.2	0.2	0.2	1.0
Milk marketings	49.0	200.2	50.8	52.6	50.9	50.9	205.2	52.5	54.2	52.3	52.4	211.3
Milkfat (bil. pounds milk equiv.)												
Milk marketings	49.0	200.2	50.8	52.6	50.9	50.9	205.2	52.5	54.2	52.3	52.4	211.3
Beginning commercial stocks	14.3	12.2	11.2	12.8	13.3	12.1	11.2	10.5	13.0	14.4	13.6	10.5
Imports	0.9	3.7	0.8	0.8	1.1	1.4	4.2	0.9	0.9	0.9	1.1	3.8
Total supply	64.2	216.2	62.8	66.2	65.3	64.4	220.6	63.9	68.1	67.6	67.1	225.7
Commercial exports	3.4	12.4	3.9	3.5	2.8	2.1	12.3	2.3	2.6	3.2	3.0	11.0
Ending commercial stocks	11.2	11.2	12.8	13.3	12.1	10.5	10.5	13.0	14.4	13.6	12.1	12.1
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic commercial use	49.6	192.6	46.2	49.4	50.4	51.8	197.8	48.6	51.1	50.8	52.0	202.6
Skim solids (bil. pounds milk equiv.)												
Milk marketings	49.0	200.2	50.8	52.6	50.9	50.9	205.2	52.5	54.2	52.3	52.4	211.3
Beginning commercial stocks	12.4	12.4	11.6	12.7	13.3	12.3	11.6	12.0	13.2	14.5	13.5	12.0
Imports	1.5	5.3	1.4	1.2	1.5	1.7	5.8	1.3	1.3	1.3	1.5	5.4
Total supply	62.9	217.9	63.9	66.5	65.6	64.9	222.6	65.8	68.7	68.1	67.3	228.8
Commercial exports	9.3	38.5	9.8	11.0	9.3	8.2	38.3	8.7	9.2	10.0	9.5	37.4
Ending commercial stocks	11.6	11.6	12.7	13.3	12.3	12.0	12.0	13.2	14.5	13.5	12.8	12.8
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic commercial use	42.0	167.7	41.4	42.3	44.0	44.6	172.3	43.9	45.1	44.6	45.0	178.6
Milk prices (dol./cwt) 2/												
All milk	21.50	20.05	24.53	24.23	24.37	23.55	24.15	20.60	17.65	18.10	19.15	18.85
						-23.85	-24.25	-21.20	-18.55	-19.10	-20.15	-19.75
Class III	18.67	17.99	22.61	22.75	22.82	21.90	22.50	17.45	16.65	17.30	17.30	17.15
						-22.20	-22.60	-18.05	-17.55	-18.30	-18.30	-18.05
Class IV	20.74	19.05	23.10	23.04	23.42	18.90	22.05	16.45	16.35	17.45	18.05	17.05
						-19.30	-22.25	-17.15	-17.35	-18.55	-19.15	-18.05
Product prices (dol./pound) 3/												
Cheddar cheese	1.847	1.768	2.213	2.187	2.168	2.125	2.170	1.720	1.635	1.700	1.700	1.690
						-2.155	-2.180	-1.780	-1.725	-1.800	-1.800	-1.780
Dry whey	0.576	0.590	0.630	0.677	0.683	0.620	0.650	0.545	0.555	0.565	0.565	0.560
						-0.640	-0.660	-0.575	-0.585	-0.595	-0.595	-0.590
Butter	1.566	1.545	1.779	2.053	2.574	2.110	2.120	1.790	1.630	1.645	1.585	1.660
						-2.170	-2.150	-1.880	-1.750	-1.775	-1.715	-1.780
Nonfat dry milk	1.893	1.707	2.067	1.920	1.707	1.405	1.770	1.275	1.345	1.465	1.565	1.410
						-1.435	-1.790	-1.325	-1.415	-1.535	-1.635	-1.480

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

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

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