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Livestock, Dairy, and Poultry Outlook

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Continued Contraction in Cow Herd Implies Decreased Beef Production Beyond 2010

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Tables will be released
on Mar 2, 2010

The next newsletter
release is Mar 19, 2010

Approved by the
World Agricultural
Outlook Board

Beef/Cattle: Another year of liquidation leaves the national cow herd at low levels not seen since 1951. This, combined with total replacement heifer inventories at levels virtually unchanged from 2009 levels, sets the stage for a potential reduction in beef production in 2010 and beyond. However, lower forecast corn prices could lead to more placements of feeder cattle in feedlots, possibly at lighter weights than might otherwise be the case. If enough feeder cattle are pulled forward, both slaughter and beef production could be higher than previously anticipated. The implied longer feeding periods resulting from lighter placement weights could mitigate to some extent any increases in slaughter, though without necessarily resulting in decreased beef production, which is a function of both placement levels and dressed weights.

Poultry: Broiler meat production in 2009 was 35.5 billion pounds, down 3.8 percent from the previous year. The outlook for 2010 is for very gradual increases in production during the first three quarters of the year, with stronger growth in the fourth quarter, as economic conditions slowly improve. Turkey meat production in 2010 is forecast at 5.58 billion pounds, down 1.6 percent from 2009. In response to lower whole bird prices, at the end of 2008 and the first half of 2009, the number of poult placed was down throughout 2009. Table egg production is expected to increase very slightly in 2010, reaching 6.5 billion dozen.

Pork/Hogs: Lower pork production, current stock levels, and expected acceleration of U.S. pork exports are together likely to sustain hog prices at above break-even levels for most producers this year. U.S. 2010 commercial pork production is expected to be 2.1 percent below last year, with average 2010 hog prices averaging at \$46 and \$49 per cwt, almost 16 percent above 2009.

Sheep/Lamb: The U.S. sheep and lamb inventory declined for a fourth straight year in 2009. The January 1, 2010 inventory of sheep and lambs was 5.63 million head, down nearly 2 percent from January 2009. The number of replacement lambs was up 1.3 percent, the first increase since 2006, and an indication that producers could be looking to expand inventory. The 4-percent reduction in the number of market sheep and lambs on January 1 and the small lamb crop in 2009 should tighten slaughter this year. Lamb prices are expected to firm this year as production tightens.

Dairy: Milk production is forecast to decline slightly as yields increase but herd size contracts. A recovering export forecast will strengthen demand, raising prices. Domestic commercial use is expected to rise as economic recovery takes hold.

Increased Retention of Breeding Heifers May Not Translate into Herd Expansion

USDA's National Agricultural Statistics Service released its *Cattle* inventory report on January 29. Changes in inventories of replacement heifers were mixed, but were net up only 1/10th of 1 percent. Both beef and dairy replacement heifers expected to calve in 2010 were up 1 percent, but total inventories of replacement heifers were down 2 percent for beef, while up just over 2 percent for dairy. A clearer picture is seen from the numbers: Beef cow numbers declined by 336,000 from January 1, 2009 to January 1, 2010, and only 18,000 more beef heifers are expected to calve this year than calved in 2009. Dairy cow inventories declined by 252,000 cows, while dairy replacement heifers expected to calve in 2010 increased by 32,000 head compared with the 2009 estimates. The slight increase in all replacement heifers expected to calve is not expected to significantly increase total cow inventories by January 1, 2011.

The decrease in cow inventories and the relatively minor uptick in replacement heifer inventories were not as extensive as had been expected, and so were perceived by industry analysts as somewhat bearish for the longer term. This bearish tone implies negative pressure on future cow-calf profit margins, which also reduces the likelihood of an increase in January 1, 2011 cow inventories. The 2009 calf crop was over 200,000 calves larger than previously expected. The upward revision in the January 1, 2009 cow inventory means that the 2010 calf crop is also likely to be slightly higher than previously expected and will slightly mitigate the potential for reduced beef production in 2011.

Daily federally inspected cow slaughter continued heavy through January (ranging around 20 percent cows in the slaughter mix). However, the share of cows in the slaughter mix was lower as of February 6, perhaps indicative of a beginning decline in cow slaughter. Normal culling during 2010, based on the reduced January 1, 2010 cow inventories and given the relatively high slaughter rates in 2008-09, imply reduced commercial cow slaughter for 2010 compared with last year. However, it is difficult to see how beef cow slaughter could continue into 2010 at the same rate as in 2009, even if imports of Canadian cows for slaughter continue at or near year-earlier rates—weekly year-to-date imports of Canadian cows were 39 percent above comparable year-earlier levels through February 6. In addition, feeder cattle prices and margins do not provide much incentive for beef cow-calf producers to expand, or perhaps even to maintain cow herd levels. Likewise, dairy producers will undoubtedly take a further look at culling marginal cows, given the increase in inventories of dairy heifers expected to calve in 2010 and the implied pressure on milk prices.

January 1, 2010, supplies of feeder cattle outside feedlots—consisting of steers and heifers over 500 pounds and calves under 500 pounds, minus cattle on feed—are essentially unchanged from January 1, 2009. Cattle on feed were down by 214,000 head, the steers-over-500-pounds inventory was down by 329,000 head, other heifers over 500 pounds were up by 79,000 head, and calves under 500 pounds were up by only 1,000 head. These changes amount to a net 463,000 fewer head either already on feed or available for feeding in 2010 compared with 2009, a further

indication of beef production likely being reduced in 2010. However, there are some caveats.

With virtually no alternative other than beef production, steers over 500 pounds and the steer half of the calves under 500 pounds will eventually enter feedlots. Heifers, on the other hand, are a bit of a wild card. Some could be retained as replacement heifers, or some of the heifers reported as intended for replacements could still go to feedlots. The final heifer decisions will depend on producer responses to feeding margins, feeder calf prices, summer pasture conditions, and some other factors. For example, increased feeding margins could pull some replacement heifers into feedlots as a means of increasing incomes in 2010. Higher feeder calf prices, especially for heifers, could cause producers to respond in one of two ways: They could retain some heifers in the “other” category for breeding in anticipation of future profits, or they could place some heifers (currently categorized as replacements) on feed in anticipation of short-term profits. A dry year could also send more heifers to feedlots rather than retaining them for any purpose.

Inventories of cattle grazing on small grain pasture in Kansas, Oklahoma, and Texas on January 1, 2010 were 16 percent above the January 1, 2009 estimate. Because of recent precipitation in the Southern Plains, these cattle are more likely to remain on winter pasture until mid-March. To the extent that these cattle do actually remain on wheat pasture until at least mid March, higher year-over-year net placements in mid-March 2010, when they finally are removed from winter pastures, are possible. This will increase the potential marketings from feedlots during late summer-early fall and ensuing beef production.

Cattle Feeding Margins Near Breakeven

Contributing to the potential for increased placement of feeder cattle in feedlots mid- to late-March and April is the current outlook for positive cattle feeding margins based on the recent run-up in futures prices (April futures in the \$90-\$93/cwt range) against costs in the mid-to-upper \$80 range (High Plains Cattle Feeding Simulator). Feeder cattle could also be placed at heavier weights mid-March through April because favorable pasture conditions—until the recent spate of snowstorms—induced good weight gains. Despite reasonably good wheat pasture conditions, recent weeks of harsh winter weather could mitigate placement at heavier weights, especially if the harsh weather continues.

The *Cattle on Feed* report released February 19 indicated almost 3 percent fewer total cattle placed on feed than in January 2009. This year-over-year decline in placements (a 2-percent decline in net placements) likely represents a redistribution of placements rather than an actual decline. This, combined with the year-over-year decline in January 2010 600-699-pound placements, is indicative of the effects dwindling wheat pasture this time last year had on placements in January 2009.

Marketings of fed cattle are expected to continue to be relatively “current” for the foreseeable future. Marketings will likely be somewhat higher in first-quarter 2010 than would otherwise be the case because of high placement levels in third-quarter 2009, and, since placements were skewed toward the heavy-weight end, could lead to more cattle being slaughtered in the first rather than the second quarter of 2010. On the other hand, the recent winter storms likely slowed gains somewhat and could

lead to some redistribution of marketings into the future. The larger placements of potentially heavier-than-typical wheat pasture cattle will begin going to market during the third quarter. There could also be some graze-out cattle because of the decline in wheat prices and quality over the last few years, which could also result in feedlot placements of heavier-than-typical feeder cattle in mid- to late May because cattle on graze-out wheat tend to gain well relative to cattle in other backgrounding programs.

The extra 200,000+ calves added to the 2009 estimated calf crop will likely translate into slightly higher steer and heifer slaughter than previously anticipated. Most of these extra calves will be marketed from feedlots in 2010. As a result, total 2010 commercial cattle slaughter could be higher than previously estimated by the net of decreased expected commercial cow slaughter and increased expected commercial steer and heifer slaughter. However, total commercial beef production will depend on average dressed weights, which are expected to be lower in 2010 than 2009.

While wholesale prices of competing pork and poultry are again increasing, the seasonal decline in wholesale beef prices that began a few weeks ago were disrupted primarily by the series of winter storms that passed through cattle feeding areas, leading to temporary disruptions in supplies of cattle to packers. Retail Choice beef prices declined 3 percent in January 2010, year-over-year, and declined 2 percent from December 2009.

Broiler Production Forecast at 35.9 Billion Pounds in 2010

The outlook for broiler production in 2010 is for small production increases during the first three quarters of the year, capped off by a stronger fourth-quarter increase. The slow growth in production in 2010 is not expected to translate into higher prices in the first half of the year as expected lower export volumes will direct more of production to the domestic market. The estimate for broiler meat production in 2010 is 35.9 billion pounds, up 1.2 percent from 2009. In 2010, the broiler industry is expected to face gradually increasing domestic demand, brought on by slowly improving economic conditions and lower unemployment toward the end of the year.

Broiler meat production in fourth-quarter 2009 totaled 8.8 billion pounds, down 0.7 percent from fourth-quarter 2008. The decrease was due to a lower number of broilers being slaughtered (down 2.2 percent), as average liveweight at slaughter rose by 1 percent. The average liveweight per bird at slaughter in fourth-quarter 2009 was a record 5.66 pounds.

After declining in October, U.S. broiler meat production increased in the last 2 months of 2009. In December, production was reported at 2.95 billion pounds, up 0.6 percent from the previous year. The number of birds slaughtered fell by 1.4 percent, but it was more than offset by a 1.6-percent increase in the average liveweight at slaughter to 5.66 pounds.

Broiler meat in cold storage at the end of January 2010 totaled 607 million pounds, down 10 percent from the previous year. With slowly growing production in 2010 and falling exports, ending stocks are expected to be higher in all four quarters of 2010, to but remain below 2008 levels. The decrease in cold storage holdings at the end of January was the result of falling levels of stocks for a number of broiler products. One exception was thigh meat, which rose sharply (up 63 percent) to 23 million pounds. The reduction in cold storage holdings has been reflected in gradually strengthening prices for most broiler products.

In January 2010, prices for boneless/skinless breast meat averaged \$1.27 per pound in the Northeast market, up 1.0 percent from the previous year and over 7 cents per pound higher than in December 2009. Breast meat prices are expected to benefit from gradually improving economic conditions, especially if restaurant sales begin to improve. Leg quarter prices also rose, averaging 37 cents per pound in January 2010 compared with 35 cents per pound the previous year. Leg quarter prices were strong during the first half of 2009 as production declines and a strong export market placed upward pressure on prices. The forecast declines in exports in 2010 are likely to place some downward pressure on leg quarter prices, but they will be partially countered by small gains in production and relatively low stock levels at the beginning of the year.

Broiler Exports Fall to 6.84 Billion Pounds in 2009

Overall broiler exports declined to 6.84 billion pounds in 2009, a decrease of 2 percent from the previous year. While shipments were lower to a number of countries, a major portion of the decline was due to the 11-percent drop in

shipments to Russia that resulted from a reduction in the total tariff-rate quota, with the percentage allocated to the United States remaining relatively steady with prior years. Another major portion of the decline was a 51-percent decline in exports to the Ukraine. The reduced shipments to Russia and the Ukraine were partially offset by strong growth in exports to Mexico and a small increase in shipments to the combined China/Hong Kong market. Although shipments to Cuba in 2009 only increased 1 percent from the previous year, it was the fourth largest market for U.S. broiler products.

In 2010, broiler exports are forecast at 5.83 billion pounds, 15 percent lower than in 2009 and down 16 percent from 2008. Much of the expected decline is due to trade issues with both Russia and China, which would reduce access to these markets (our two largest). Lower shipments to these markets are expected to be partially offset by gains in other countries that are expected to be helped by a relatively weak dollar.

Turkey Meat Production Forecast Lowered for 2010

Turkey meat production in 2010 is forecast to total 5.58 billion pounds, down 1.6 percent from 2009. The production decrease follows a year with strong decreases in production and relatively weak wholesale prices for whole turkeys. The largest declines in production are expected to come in the first half of 2010, with year-over-year production increases expected in the third and fourth quarters. The lower meat production is expected to result chiefly from a smaller number of birds slaughtered, as average liveweights at slaughter are expected to remain relatively close to year-earlier levels. Turkey producers, like other livestock producers, faced a very uncertain market in the second half of 2008 and throughout 2009 in terms of declining domestic demand, and as a result the number of poult placed for growout was significantly lower in 2009.

Turkeys slaughtered in 2009 numbered 246 million birds, down 9.4 percent from the previous year, and meat production fell by 9.3 percent to 5.7 billion pounds. The lower number of turkeys slaughtered was the chief reason for the decline, as the annual average liveweight for turkey at slaughter in 2009 was 28.9 pounds, down only marginally from the previous year.

Turkey meat production in fourth-quarter 2009 was 1.44 billion pounds, down 8.9 percent from the previous year. This was a continuation of the strong declines in production seen in the first three quarters of 2009. As with the annual data, a sharply lower number of birds slaughtered (67.3 million) was the chief cause of the decline. The liveweight of turkeys going to slaughter in the fourth quarter of 2009 was 28.6 pounds, down less than 1 percent from the previous year.

With the strong decreases in turkey meat production during 2009, cold storage holdings for whole turkeys and turkey parts have fallen to levels well below the previous year. At the end of January 2010, turkey stocks totaled 300 million pounds, down 33 percent from a year earlier. Stocks of whole birds declined the most, totaling only 110 million pounds at the end of January, down 43 percent from the previous year. Stocks of other turkey meat products have also decreased strongly, falling to 190 million pounds, a 25-percent decrease from the previous year. With turkey production in the first half of 2010 again expected to decline

from the previous year, turkey ending stocks are expected to remain below year-earlier levels through the first three quarters of 2010, but to move slightly higher in the fourth quarter as production begins to gradually expand.

Prices for whole hens in the Eastern market averaged approximately 77 cents per pound in January 2010, an increase of 7 percent from January 2009 and up about 7 cents per pound from December 2009. With lower production during the first half of 2010 and much lower beginning stocks of whole birds and other turkey meat, hen prices in the Eastern market are expected to average higher than the previous year through all four quarters of 2010.

Turkey Exports Fall by 21 Percent in 2009

Exports of turkey products totaled 534 million pounds in 2009, down 21 percent from the previous year. Shipments to the four largest markets, Mexico, China, Russia, and Canada, dropped significantly. The two markets with the largest gains were the Dominican Republic and Cuba, but these gains there were very small compared with the overall declines.

In 2010 turkey exports are forecast to expand slightly to 545 million, up 2 percent. Much of the growth is expected to come in Mexico, our largest market, as its economy gradually recovers. Trade with a number of other markets is also expected to be boosted by improved economic conditions.

Table Egg Production at 6.5 Billion Dozen in 2010

Table egg production is expected to increase very slightly in 2010, reaching 6.5 billion dozen, marginally higher than the 6.47 billion dozen produced in 2009. The increase in production is expected to come in the first three quarters of the year, with fourth-quarter production expected to be virtually the same as the previous year. Hatching egg production for 2010 is forecast at 1.07 billion dozen, up 1 percent from 2009, reflecting higher demand as broiler production gradually increases.

Table egg production reached 1.66 billion dozen in fourth-quarter 2009, giving a total for the year of 6.47 billion dozen, up 1 percent from the previous year. Table egg production was higher in most months of 2009, and the higher table egg production raised total egg production above year-earlier levels in the last three quarters of 2009, offsetting falling production of hatching eggs. The decline in hatching eggs was due to lower production of meat-type bird eggs for broiler production. The number of birds in the broiler-breeder flock in 2009 was below the previous year during the first 11 months.

With small increases in egg production and a relatively strong export market, domestic table egg prices began to strengthen towards the end of 2009 after being well below the previous year's prices during the first three quarters. The average wholesale price for a dozen large eggs was \$1.18 in fourth-quarter 2009, down 4 percent from the same period in 2008, but prices in November and December were down less than 1 percent from a year earlier. In January, table egg prices continued to strengthen, averaging near \$1.30 per dozen. With little growth forecast in

production, table egg prices in 2010 are expected to remain well above 2009 throughout the year.

Egg Exports Rise to 242 Million Dozen

After falling by 18 percent to 206 million dozen in 2008 as a result of strong domestic prices, total egg exports increased by 17 percent in 2009 to 242 million dozen. With the exception of Japan, shipments of eggs and egg products rose strongly in four (Canada, Hong Kong, Mexico, and Germany) of the top five markets.

With only a small increase in production expected in 2010, egg prices are forecast to average higher in 2010. This, in turn, is expected to reduce exports to 220 million dozen, a decline of 9 percent. Some of the decline may come from lower demand for egg products from the EU-27 countries.

Pork/Hogs

First-Quarter Pork Disappearance Forecast Lower Than a Year Ago; Hog Prices Increase

USDA lowered its first-half 2010 pork production forecast by 115 million pounds to 11 billion pounds, from 11.1 billion pounds last month. Over half of the reduction came out of the first-quarter production estimate. First-quarter 2010 pork production forecast was lowered to 5.6 billion pounds, based on lower-than-expected slaughter numbers and lighter dressed weights in January. When lower first-quarter production (-3.1 percent) combines with reduced cold stocks and anticipated first-quarter increases in exports (+6.5 percent), pork quantity available for domestic consumption—typically referred to as ‘disappearance’—will likely be about 6 percent below a year ago. Lower quantities of pork available for domestic consumption set the stage for higher prices of wholesale pork and live hogs. USDA forecasts the average first-quarter price of live equivalent 51-52 percent lean hogs at \$47-\$49 per cwt, about 14 percent greater than a year earlier. For 2010, the average hog price is expected at \$46-\$49 per cwt. Given forecast hog prices and corn and soybean meal price forecasts reported in USDA’s February WASDE, most hog producers will likely more than break even in 2010.

December pork export data closed out 2009 at a total of 4.1 billion pounds, 11.6 percent below 2008, but more than 31 percent ahead of 2007. Of the top five export markets last year—Japan (-3.8 percent), Mexico (+33.4 percent), Canada (-3.6 percent), Hong Kong (-39.7 percent), and Russia (-32.6 percent)—only Mexico was year-over-year higher. Larger exports forecast for 2010 are premised on continued strong demand in Mexico for U.S. pork products. Key risk variables for 2010 center on Russia and the EU. Continuing trade disputes with Russia raise concerns due to its status as a major export destination for U.S. pork. Currency instability in Europe will likely affect the exchange rate of the U.S. dollar, and thus the price of U.S. pork in foreign markets. First-quarter pork exports are expected to be 1.1 billion pounds, 6.5 percent above the same period in 2009. For the year, exports are expected to be 4.5 billion pounds, 8.4 percent above 2009.

Total U.S. pork imports in 2009 were slightly larger—+0.02 percent—than imports in 2008. Shipments from Canada increased 5.2 percent, while imports from other important exporters to the United States—Denmark, Poland, and Mexico—were all lower last year. Pork imports in 2010 are expected to be 7 percent above last year. Most imports will likely come from Canada, and will come in to ‘plug’ holes created by lower pork production in the United States.

U.S. imports of live swine declined almost 32 percent last year, with breeding animals, slaughter hogs, and feeder pigs all down by more than 50 percent. Segregated early-weaned pig imports were down “only” 23 percent last year. Persistent negative producer returns continued to bring about breeding herd reductions in Canada last year. However, recent elevated hog prices in the United States suggest that imports could stabilize this year.

Sheep/Lamb

Adapted from the *Outlook for Livestock and Poultry in 2010* speech Presented Friday, February 19, 2010 at the Agricultural Outlook Forum 2010.

The U.S. sheep and lamb inventory declined for a fourth straight year in 2009. The January 1, 2010 inventory of sheep and lambs was 5.63 million head, down nearly 2 percent from January 2009. The total breeding inventory was down 1.3 percent and the lamb crop in 2009 was fractionally lower than the previous year. The number of replacement lambs was up 1.3 percent, the first increase since 2006, and an indication that producers could be looking to expand inventory. Commercial lamb and mutton production is forecast at 172 million pounds in 2010, less than a percent higher than 2009 due to expected higher weights. Production in 2009 declined almost 2 percent. The 4-percent reduction in the number of market sheep and lambs on January 1 and the small lamb crop in 2009 should tighten slaughter this year.

Lamb and mutton imports for 2010 are forecast at 187 million pounds, 10 percent higher than 2009. Imports in 2009 declined 7 percent to 171 million pounds, with shipments from Australia slightly lower and shipments from New Zealand down nearly 20 percent because both countries are still rebuilding herds reduced by drought conditions. Economic weakness likely hurt imports as a large portion of lamb is consumed away from home, and these sales were negatively impacted by the weak economy. Expected tight domestic production this year should result in increased imports as the economy improves. U.S. lamb and mutton exports increased 4 million pounds to 16 million in 2009, largely due to increased shipments to Mexico. U.S. exports for 2010 are forecast unchanged at 16 million pounds.

Lamb prices are expected to firm this year as production tightens. The San Angelo Choice slaughter lamb price is forecast to average in the \$89 to \$95 per cwt range for 2010. This would be about a 2-percent increase from 2009's average price of \$90.10 per cwt.

Dairy Herd Continues To Contract in 2010; Production Declines Slightly, but Lower Feed Prices Improve Producer Profitability

The U.S. milk supply is forecast to decline slightly in 2010 as a continued response to low prices last year. The size of the U.S. dairy herd is expected to decline from an average of 9,200 thousand head in 2009 to an average of 9,015 thousand head this year. A higher-than-expected January 1 dairy replacement heifer estimate suggests that the decline in herd size will be more gradual than earlier forecast. Milk per cow is forecast to increase 1.8 percent this year, to 20,950 pounds from 20,576 pounds last year.

Feed prices will decline this year as the price of corn is expected to average \$3.45 to \$3.95 per bushel in the 2009/10 marketing year and soybean meal is forecast to average \$270 to \$320 per ton. These forecast prices represent substantial declines from \$4.20 per bushel for corn and \$336 per ton for soybean meal posted for 2008/09. The decline in feed prices will result in higher milk-feed price ratios in 2010. While the improved producer profit outlook is unlikely to launch an expansion, it could limit the rate of decline this year.

Year-ending stocks in 2009 were about 12 percent higher on a milk equivalent fat basis than at the end of 2008, mostly due to especially high cheese stocks. On a milk equivalent skim-solid basis, stocks were about 3 percent higher at the end of 2009 compared with 2008. The higher stock levels will limit price increases, at least through the first half of 2010, until they are drawn down.

USDA forecasts dairy product exports to rise substantially in 2010 compared with 2009's depressed levels. Exports are projected to increase from 4.0 to 4.8 billion pounds on a milk equivalent fat basis and from 22.7 to 25.7 billion pounds on a milk equivalent skim-solid basis. Several factors combine to limit exports below 2008 levels. While Australian production is expected to fall 1 percent because of drought and high feed prices, production in New Zealand and the European Union (EU) is expected to increase slightly. Also of concern is the ultimate disposition of EU intervention stocks, which stood at 168.4 million pounds of butter and 571.7 million pounds of nonfat dry milk (NDM) as of mid-December 2009. The economic recovery, although underway, is likely to be sluggish in the more advanced countries. The recovery is expected to be more vigorous in the developing countries. A stronger trade-weighted dollar, especially with respect to the Euro, could also limit exports. Domestic commercial use, on a skim-solid basis, is forecast to increase to 168.3 billion pounds in 2010 from 166.4 billion in 2009 and to rise to 188.8 billion pounds from 186.2 billion on a fat basis. Commercial use rose in 2009, mostly due to low prices, but the commercial use forecast this year will hinge more on the strength of economic recovery in light of higher expected prices.

Cheese prices are forecast higher in 2010, at \$1.575 to \$1.645 per pound. Likewise, butter prices will strengthen in 2010 averaging \$1.395 to \$1.495 per pound. Prices for dry products will also rise this year. NDM prices are forecast to average \$1.175 to \$1.235 per pound and whey to average 37.5 to 40.5 cents per pound in 2010.

Based on product price forecasts, milk prices will rise in 2010 from those of 2009. The Class IV price is expected to be \$13.95 to \$14.75 per cwt, and the Class III price is projected to average \$14.90 to \$15.60 per cwt. The all milk price is expected to be \$16.20 to 16.90 per cwt in 2010.

Contacts and Links

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Data Products

Meat Price Spreads, <http://www.ers.usda.gov/Data/MeatPriceSpreads/>, provides monthly average price values, and the differences among those values, at the farm, wholesale, and retail stages of the production and marketing chain for selected cuts of beef, pork, and broilers. In addition, retail prices are provided for beef and pork cuts, turkey, whole chickens, eggs, and dairy products.

Livestock and Meat Trade Data, <http://www.ers.usda.gov/Data/MeatTrade/>, contains monthly and annual data for the past 1-2 years for imports and exports of live cattle and hogs, beef and veal, lamb and mutton, pork, broiler meat, turkey meat, and shell eggs. The tables report physical quantities, not dollar values or unit prices. Breakdowns by major trading countries are included.

Related Websites

Livestock, Dairy, and Poultry Outlook, <http://www.ers.usda.gov/Publications/ldp/>
Animal Production and Marketing Issues, <http://www.ers.usda.gov/briefing/AnimalProducts/>
Cattle, <http://www.ers.usda.gov/briefing/cattle/>
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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	IV	Annual		
Production, million lb																													
Beef	24,548	24,683	6,082	6,724	6,834	6,513	26,153	6,237	6,649	6,802	6,733	26,421	6,372	6,899	6,908	6,382	26,561	6,248	6,602	6,689	6,424	25,963	6,185	6,490	6,660	6,315	25,650		
Pork	20,511	20,685	5,335	5,008	5,087	5,625	21,055	5,396	5,128	5,256	6,163	21,943	6,024	5,593	5,632	6,098	23,347	5,811	5,488	5,698	5,996	22,993	5,630	5,440	5,500	5,990	22,520		
Lamb and mutton	195	187	49	47	42	47	185	49	44	42	48	183	46	43	42	43	174	42	42	42	45	171	44	42	42	44	172		
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	8,600	8,975	9,250	8,806	35,489	8,600	8,975	9,250	9,075	35,900		
Turkeys	5,454	5,504	1,351	1,435	1,419	1,476	5,682	1,413	1,482	1,488	1,575	5,958	1,536	1,560	1,568	1,582	6,246	1,385	1,420	1,417	1,441	5,663	1,300	1,375	1,425	1,475	5,575		
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	23,187	22,866	90,918	21,913	22,445	23,041	23,059	90,458		
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	1,660	6,466	1,600	1,610	1,625	1,660	6,495		
Per capita disappearance, retail lb 2/																													
Beef	66.1	65.6	15.8	16.9	16.9	16.3	65.8	15.9	16.6	16.4	16.2	65.2	15.6	16.3	15.8	15.1	62.8	15.3	15.7	15.6	14.8	61.3	14.6	15.3	15.4	14.7	59.9		
Pork	51.4	50.0	12.4	11.9	11.9	13.1	49.4	12.3	12.2	12.3	14.0	50.8	12.6	11.6	12.0	13.3	49.5	12.5	12.0	12.5	12.9	50.0	11.8	11.7	11.4	12.4	47.3		
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	0.2	0.3	1.0	0.3	0.2	0.2	0.3	1.0		
Broilers	84.4	85.8	21.7	22.1	21.9	20.9	86.5	21.2	21.6	21.4	21.2	85.4	21.3	21.4	21.1	19.7	83.5	19.3	20.1	20.6	19.6	79.7	19.6	20.7	21.3	20.5	82.1		
Turkeys	17.1	16.7	3.5	3.9	4.3	5.2	16.9	3.8	4.1	4.2	5.5	17.5	4.0	4.1	4.3	5.3	17.6	3.7	3.9	4.0	5.3	17.0	3.3	3.7	3.8	5.0	15.9		
Total red meat & poultry	221.6	221.0	54.1	55.5	55.6	56.1	221.3	53.9	55.1	54.9	57.6	221.6	54.1	54.2	53.8	54.0	216.1	51.4	52.4	53.4	53.3	210.5	49.9	52.1	52.6	53.2	207.9		
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	61.9	61.4	61.4	63.0	247.6	61.1	61.3	61.7	62.9	246.9		
Market prices																													
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	82.43	82.68	82-84	85-91	86-94	88-96	85-91		
Feeder steers, Ok City, \$/cwt	104.76	110.94	106.23	104.08	115.17	103.22	107.18	99.53	108.87	115.64	108.88	108.23	99.88	106.60	110.81	94.62	102.98	92.84	98.64	99.40	93.67	96.14	96-98	95-101	99-107	101-109	98-104		
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	44.43	46.96	46-48	47-51	49-53	51-57	48-52		
Choice slaughter lambs, San Angelo, \$/cwt	96.69	97.76	77.03	66.56	81.10	84.53	77.31	82.59	82.23	87.33	87.55	84.93	86.23	79.62	88.83	88.95	85.91	90.14	91.44	88.35	90.47	90.10	91-93	88-94	86-94	89-97	89-95		
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	41.20	41.24	47-49	46-48	49-53	43-47	46-49		
Broilers, 12 City, cents/lb	74.10	70.80	62.7	61.0	67.8	65.9	64.4	75.00	80.30	79.20	71.10	76.40	78.10	80.60	80.60	79.40	79.70	79.70	81.90	76.80	72.10	77.60	77-81	75-82	77-83	74-80	76-81		
Turkeys, Eastern, cents/lb	69.70	73.40	67.3	71.3	79.4	89.8	77.0	69.70	77.90	89.90	90.80	82.10	77.40	88.90	96.50	87.30	87.50	73.80	79.10	81.40	83.80	79.50	75-77	80-84	81-87	84-90	80-85		
Eggs, New York, cents/doz.	82.20	65.50	71.4	62.7	64.0	89.0	71.8	105.3	92.0	119.1	141.0	114.4	158.8	117.30	114.50	122.60	128.30	109.70	89.70	94.80	117.70	103.00	115-119	107-113	96-104	115-125	108-115		
U.S. trade, million lb																													
Beef & veal exports	460	697	215	315	307	308	1,145	269	363	424	375	1,431	360	471	609	448	1,888	384	471	496	520	1,971	470	530	510	2,040			
Beef & veal imports	3,679	3,599	843	790	730	722	3,085	770	884	774	624	3,052	637	661	584	655	2,537	704	751	623	565	2,643	660	745	705	2,775			
Lamb and mutton imports	181	180	53	44	41	52	190	56	44	44	59	202	52	48	38	47	185	51	46	28	45	170	52	47	39	49	187		
Pork exports	2,181	2,666	767	763	654	811	2,995	792	685	703	959	3,138	1,106	1,387	1,126	1,049	4,668	1,033	952	1,016	1,150	4,151	1,100	1,040	1,130	4,500			
Pork imports	1,099	1,024	259	237	239	254	989	239	256	240	232	968	217	205	191	218	831	205	196	210	230	841	225	215	220	900			
Broiler exports	4,783	5,203	1,270	1,297	1,234	1,404	5,205	1,275	1,393	1,493	1,610	5,771	1,507	1,787	1,912	1,756	6,962	1,753	1,655	1,719	1,675	6,802	1,400	1,425	1,450	5,825			
Turkey exports	442	570	119	125	152	150	547	124	135	148	146	553	148	160	186	182	676	117	122	152	145	536	120	125	145	545			
Live swine imports (thousand head)	8,506	8,191	2,133	2,088	2,204	2,338	8,763	2,302	2,370	2,464	2,869	10,005	2,915	2,149	2,201	2,083	9,348	1,761	1,614	1,518	1,500	6,393	1,425	1,425	1,425	5,700			

1/ Forecasts are in bold.

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

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

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Dairy Forecasts

	2008		2009					2010				
	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thous.)	9,330	9,315	9,295	9,260	9,159	9,087	9,200	9,060	9,030	8,995	8,975	9,015
Milk per cow (pounds)	5,008	20,396	5,096	5,278	5,108	5,089	20,570	5,200	5,385	5,195	5,170	20,950
Milk production (bil. pounds)	46.7	190.0	47.4	48.9	46.8	46.2	189.3	47.1	48.6	46.7	46.4	188.9
Farm use	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.1
Milk marketings	46.5	188.9	47.1	48.6	46.5	46.0	188.2	46.8	48.4	46.5	46.1	187.8
Milkfat (bil. pounds milk equiv.)												
Milk marketings	46.5	188.9	47.1	48.6	46.5	46.0	188.2	46.8	48.4	46.5	46.1	187.8
Beginning commercial stocks	11.5	10.4	10.0	12.6	14.4	13.6	10.0	11.3	12.6	13.5	11.7	11.3
Imports	1.5	3.9	0.9	1.0	1.0	1.1	4.1	1.0	1.0	1.0	1.2	4.1
Total supply	59.5	203.2	58.1	62.3	62.0	60.7	202.3	59.1	61.9	60.9	59.0	203.2
Commercial exports	1.5	8.7	1.0	1.1	0.8	1.1	4.0	1.3	1.3	1.2	1.2	4.8
Ending commercial stocks	10.0	10.0	12.6	14.4	13.6	11.3	11.3	12.6	13.5	11.7	9.1	9.1
Net removals	0.0	0.0	0.1	-0.1	0.1	0.5	0.6	0.3	0.1	0.0	0.0	0.4
Commercial use	47.9	184.4	44.3	46.9	47.4	47.7	186.2	44.9	47.1	48.1	48.8	188.8
Skim solids (bil. pounds milk equiv.)												
Milk marketings	46.5	188.9	47.1	48.6	46.5	46.0	188.2	46.8	48.4	46.5	46.1	187.8
Beginning commercial stocks	10.4	9.9	10.9	11.4	12.3	11.4	10.9	11.2	10.7	11.8	10.7	11.2
Imports	1.2	3.7	0.9	0.9	0.9	1.0	3.6	1.0	1.0	0.9	1.1	3.9
Total supply	58.0	202.6	58.9	60.9	59.7	58.4	202.7	59.0	60.0	59.2	57.9	202.9
Commercial exports	5.5	26.6	5.1	5.8	5.5	6.4	22.7	6.3	6.3	6.6	6.6	25.7
Ending commercial stocks	10.9	10.9	11.4	12.3	11.4	11.2	11.2	10.7	11.8	10.7	9.8	9.8
Net removals	1.3	1.3	1.1	0.7	0.6	0.4	2.9	0.0	-0.3	-0.3	0.0	-0.6
Commercial use	40.4	163.8	41.2	42.1	42.5	40.7	166.4	42.4	42.1	42.2	41.5	168.3
Milk prices (dol./cwt) 1/												
All milk	16.80	18.29	12.23	11.60	12.07	15.33	12.81	15.65	15.60	16.25	17.20	16.20
								-15.95	-16.20	-17.15	-18.20	-16.90
Class III	15.95	17.44	10.18	10.20	11.09	13.96	11.36	14.08	14.64	15.31	15.65	14.90
								-14.38	-15.24	-16.21	-16.65	-15.60
Class IV	12.07	14.65	9.56	10.06	10.56	13.37	10.89	13.26	13.52	14.33	14.64	13.95
								-13.66	-14.22	-15.33	-15.74	-14.75
Product prices (dol./pound) 2/												
Cheddar cheese	1.804	1.895	1.236	1.193	1.249	1.508	1.297	1.494	1.550	1.615	1.650	1.575
								-1.524	-1.610	-1.705	-1.750	1.645
Dry whey	0.186	0.250	0.164	0.232	0.294	0.344	0.259	0.379	0.375	0.375	0.375	0.375
								-0.399	-0.405	-0.405	-0.405	-0.405
Butter	1.527	1.436	1.097	1.197	1.194	1.351	1.210	1.317	1.358	1.463	1.458	1.395
								-1.377	-1.448	-1.583	-1.588	-1.495
Nonfat dry milk	0.904	1.226	0.823	0.833	0.892	1.142	0.922	1.139	1.148	1.192	1.238	1.175
								-1.169	-1.198	-1.262	-1.308	-1.235

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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