



United States
Department
of Agriculture

LDP-M-166

April 17, 2008



A Report from the Economic Research Service

www.ers.usda.gov

Livestock, Dairy, and Poultry Outlook

Mildred M. Haley, coordinator

Quarterly Hogs and Pigs Report Makes Important Revisions

Contents

[Pork/hogs](#)
[Cattle/beef trade](#)
[Dairy](#)
[Lamb/sheep](#)
[Poultry](#)
[Aquaculture](#)
[Contacts and Links](#)

Tables at a Glance

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

Web Sites

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

Tables will be released
on April 29, 2008

The next newsletter
release is May 16, 2008

Approved by the
World Agricultural
Outlook Board.

Pork/hogs: The *Quarterly Hogs and Pigs* report released March 28 set out revisions to inventories, farrowings, and litter rates, which go a long way toward explaining recent significant year-over-year slaughter increases. Farrowing intentions published in the report suggest production slowdowns for late this year and into 2009. U.S. commercial pork production in 2008 is expected to be 23.5 billion pounds, a year-over-year increase of 7.3 percent. Prices for 51-52 percent live equivalent lean hogs are expected to range between \$42 and \$44 in the second quarter and between \$40 and \$42 for the year. With production costs estimated to be in the low \$50 range, many hog operations presently lose between \$25 and \$35 for each farrow-to-finish hog produced and sold. Large pork supplies appear to be containing retail and wholesale pork prices increases, which in turn, likely buttress both domestic and foreign pork demand. Pork exports in February were 391 million pounds, almost 57 percent above a year ago.

Cattle/beef trade: Beef imports are expected to fall for the fourth straight year. Exports will continue to expand, but at a more moderate pace than previous years. Live cattle imports and exports are both projected to increase in 2008.

Dairy: Feed prices are higher thus far in 2008 and are expected to remain so for the rest of 2008. Milk production will continue to rise slightly this year, as exports buoy demand and price declines from 2007 are moderate.

Lamb/sheep: Lamb demand exhibits some seasonality and is highest during the religious holidays. However, a protracted holiday season, coupled with a slight dip in demand for high-end meats, dampened the customary seasonal spike. As a result, the expected production increases in the weeks leading up to the holiday season did not materialize. Production for the first quarter 2008 was 6 percent lower than for the same period last year. Choice Slaughter lamb prices at San Angelo have not seen significant increases despite lower supplies. Lamb and mutton imports are expected to remain strong and to continue to offset production shortfalls.

Poultry: U.S. broiler meat production is forecast to total 36.9 billion pounds in 2008, a 2.1-percent increase from 2007. Broiler exports are expected to expand to 6 billion pounds, which would be the second consecutive year of record exports. Broiler production has been strong over the first 2 months of 2008, but production is expected to slow in the second half of the year as producers reduce production due to rising feed and energy costs. Turkey production during January and February was 1.05 billion pounds, up 13 percent from the same period in 2007. Even with this increase, prices for whole turkeys were 82 cents per pound in March, up 15 percent from the previous year.

Aquaculture: Catfish sales by growers to processors are expected to decline again in 2008, marking the fourth consecutive year of declining sales. Grower estimates of catfish in inventory at the beginning of 2008 showed declines in almost all categories, despite relatively strong prices through much of 2007. The lower inventories point strongly toward lower sales of foodsize fish to processors in 2008. The quantity of processed catfish sales fell by 11.1 percent in 2007, and while prices were relatively strong through the first half of 2007, they fell during the second half of the year.

Quarterly Hogs and Pigs Report Makes Important Revisions

USDA released two reports in late March that together provide information necessary to project where the U.S. pork industry might be heading in a market environment dominated by record-high feed costs. The *Quarterly Hogs and Pigs* report released March 28 set out revisions to inventories, farrowings, and litter rates, which, taken together, go a long way toward explaining recent significant year-over-year slaughter increases. Farrowing intentions published in the report suggest production slowdowns may be ahead for late this year and into 2009. The *Prospective Plantings* report released March 31 indicates that producers intend to plant 8 percent fewer acres to corn this year compared with a year ago. Larger hog numbers and lower corn supplies point to lower hog prices, higher production costs, and bigger per head losses for the balance of 2008.

The large year-over-year increases in hog slaughter that prompted revisions to litter rates, farrowing numbers, and inventories in the March *Quarterly Hogs and Pigs* report are largely attributed to the efficacy of recently developed circo-virus vaccines. In particular, the report increased summer and fall litter rates from 9.24 pigs per litter, to 9.27 and 9.26, respectively. Summer 2007 farrowings were revised upwards by 4 percent (121,000 sows). Fall 2007 farrowings were revised upwards by 2.3 percent (70,000 sows). The March report also increased September 1, 2007 and December 1, 2007 inventories of all hogs and pigs by 2.2 percent (1.4 million head), and 2.85 percent (1.85 million head), respectively.

Upward revisions to September inventories and to summer 2007 farrowings and litter rates help to explain large year-over-year slaughter increases in the first quarter of 2008. Upward revisions to December inventories, and to fall farrowings and litter rates, point to increased winter and spring 2008 pork production. Accordingly, USDA added 250 million pounds of pork to the production forecast for the first half of 2008. First-half production is expected to be 11.7 billion pounds, almost 11 percent higher than the same period last year.

Farrowings reported for the winter 2008 quarter indicate that year-over-year larger pork production is expected to continue, at least into the summer of 2008. The March report indicated that winter 2008 farrowings were 2.5 percent larger than producer intentions stated in December, and 5 percent above the same period in 2007. The litter rate for winter 2008 was 9.21 pigs per litter, which, when compared with the winter 2007 rate of 9.09, illustrates the impressive leaps that the industry is capable of taking when it is not struggling with disease problems. Based on the December-February pig crop reported in *Quarterly Hogs and Pigs*, USDA raised third-quarter pork production by 145 million pounds. Third-quarter pork production is expected to be 5.7 billion pounds, almost 9 percent above third-quarter 2007.

Farrowing intentions stated in the March report for the spring and summer quarters indicate that higher feed costs and negative producer returns are likely influencing producers' breeding decisions. Producers' farrowing intentions for the spring quarter are up only 0.5 percent from a year ago, while intentions for the summer quarter are down over 2 percent.

These breeding intentions may be an early indicator of where record-high feed costs and negative producer returns will take hog production in the United States.

Muted-to-lower farrowing intentions for spring and summer 2008 are perhaps an indication of higher sow slaughter rates, which, in turn, could stem from negative producer returns. Estimated federally inspected (FI) sow slaughter through March 29, 2008 is up about 5.9 percent compared with same period a year ago. A larger year-over-year increase results—6.9 percent—when imported Canadian sows are subtracted from the estimate of FI sow slaughter. Increased sow slaughter suggests that U.S. hog producers are responding to the difficult market environment by culling sows.

U.S. commercial pork production in 2008 is expected to be 23.5 billion pounds, a year-over-year increase of 7.3 percent. Prices for 51-52 percent live equivalent lean hogs are expected to range between \$42 and \$44 in the second quarter, and between \$40 and \$42 for the year. With production costs estimated to be in the low \$50 range, many hog operations are presently losing between \$25 and \$35 for each farrow-to-finish hog produced and sold.

Large Pork Supplies Likely Keeping Down Wholesale and Retail Price Increases

Large pork supplies appear to be restraining retail and wholesale pork price increases, likely buttressing both domestic and foreign pork demand. Large year-over-year production increases also contribute to recent increases in pork cold stocks. USDA reported March 1 stocks of pork in cold storage that were 25 percent above year-earlier levels and 6 percent greater than month-earlier levels. Accumulating stocks of pork provide additional evidence that, right now, pork supplies in the United States are plentiful.

Wholesale pork prices—as indicated by the USDA Estimated Pork Carcass Cutout—in March finished more than 13 percent lower than a year ago. Retail pork prices in March were \$2.83 per pound, up by less than 1 percent from a year ago. First-quarter prices were \$2.84 per pound, up 1 percent from a year ago. It is likely that large pork supplies are moderating retail price increases. Pork exports in February were 391 million pounds, almost 57 percent above a year ago, suggesting that a low-valued U.S. dollar and attractive U.S. pork prices continue to drive foreign demand for U.S. pork products upwards.

Beef Imports Expected To Fall in 2008

U.S. beef imports are expected to be 2.93 billion pounds in 2008, a 4-percent decline from 2007. Both foreign and domestic factors will play a role in the lower import numbers. Domestic cow slaughter is expected to remain relatively high in 2008, meaning high domestic supplies of processing beef and lowered demand for foreign beef. A weak U.S. dollar and opportunities for traditional foreign suppliers in other global markets, particularly Europe, Russia, and China, has made exporting beef to the U.S. less attractive.

U.S. beef exports are expected to be 1.515 billion pounds in 2008, a 6-percent increase from 2007. Despite the weak dollar, countries that rapidly expanded beef imports from the United States last year, such as Japan and Canada, have not continued to expand at the same rate so far this year. According to the USDA's Export Sales Reports, exports have remained strong in the first quarter for Mexico and historically smaller markets, in particular Vietnam.

Live Cattle Trade Increasing for Both Imports and Exports

Live cattle imports into the United States continue to be high, with 2.65 million head projected to cross the border in 2008, a 6-percent increase from 2007. Feeder cattle imports from Canada continue to be above the previous year's levels, according to AMS weekly reports, while Canadian slaughter cows and bulls continue to enter the United States at fairly constant levels after being prohibited until November 19, 2007. Dry conditions in Mexico may lead to difficult grazing conditions and increased exports to the United States. However, weekly reports do not indicate weather-related increases in imports yet.

Live cattle exports from the United States are also expected to increase considerably in 2008, a result of more cattle entering Mexico due to regulations implemented at the end of last year in that country regarding importation of dairy cattle. The 2008 forecast for live cattle exports is 90,000 head, almost a 40-percent increase from 2007.

Milk Production in 2008 Is Expected To Rise Despite Soaring Feed Prices

Feed prices are expected to climb higher in 2008, as 8 percent fewer acres of corn are forecast to be planted, and soybean acreage is expected to jump 18 percent. Of importance to the dairy industry are higher prices for alfalfa hay. According to the March *Prospective Plantings* report, producers intend to harvest 2 percent fewer total hay acres in 2008. The rising ingredient prices could push the benchmark 16-percent-mixed-ration price up 33 percent from 2007, which in 2007 was up 34 percent from 2006. Despite this, the milk herd size is expected to continue to increase slightly in 2008. Milk production is projected at 190.0 billion pounds in 2008 as output per cow climbs less than 1 percent on a per day basis 2007. This year-over-year increase is the smallest in about 3 years

Production has not buckled under high feed prices because herds are continuing to expand in response to last year's favorable returns. Milk prices have been declining and demand for dairy products remains relatively strong. Commercial use in 2008 is expected to exceed that of 2007 in each of the four quarters and average 3 percent above 2007. Domestic demand appears steady as consumers adjusted to substantially higher prices in 2007. Cheese and butter prices are expected to be higher in 2008.

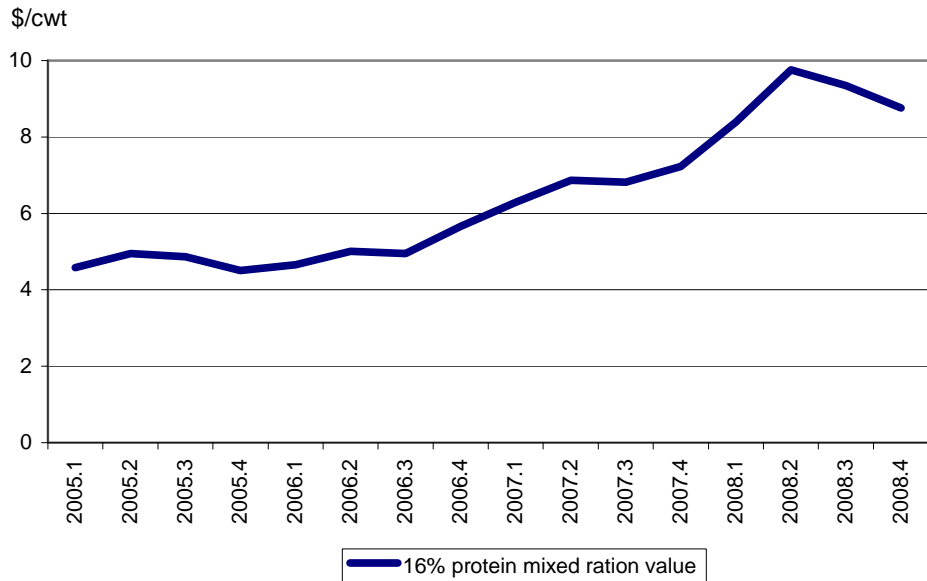
Exports have helped boost demand. While dry products have traded briskly in recent years, now cheese and butter are being exported in larger quantities. In the fourth quarter of 2007, butter exports ranged at between 14 and 16 percent of total production. February butter and butter product exports also exceed 11 percent of production. For the most recent 2 years, butter exports have been between 2 and 4 percent of total production. Likewise, cheese exports in 2007 have exceeded those of recent years and reached nearly 3 percent of total production in January 2008. These higher export trends are expected to continue in 2008. While the European Union increased milk production quotas by 2 percent in April 2008, most of any increased production will likely be directed to internal demand. Although Australia appears to be recovering from drought, production this season is still expected to be below last year. Robust global demand for dairy products and limited supplies in the rest of the world provide a basis for strong U.S. export sales for the remainder of 2008.

Stocks on a milk-equivalent fat basis were higher in 2007 than in recent years and are expected to climb slightly by the end of 2008 to 10.5 billion pounds. Likewise, stocks on a skim-solids basis will likely climb slightly to 10.0 billion pounds by year end. These stocks do not appear burdensome and falling interest rates lower the cost of holding stocks

Prices for cheese and butter are expected to be higher in 2008. Cheese could be substantially higher as supplies remain tight. Cheese prices are expected to average between \$1.775 and \$1.825 per pound in 2008, above \$1.738 per pound in 2007. Although butter supplies appear ample, availability could tighten later in the year, firming prices, especially if exports maintain their recent pace. Butter price is projected to average \$1.310 to \$1.390 per pound this year, compared with 2007's average of \$1.344 per pound. Declines are expected for nonfat dry milk (NDM) and whey.

NDM prices are expected to average \$1.360 to \$1.400 per pound and whey prices 27.5 to 30.5 cents per pound in 2008. In 2007, average prices for these products were \$1.708 and 60.0 cents per pound, respectively. Despite firm product demand, slightly higher production is forecast to tip milk prices lower. The Class III price is expected to average \$16.55 to \$17.05 per cwt in 2008 and will average above the Class IV price this year in contrast to last year's situation. The Class IV price is expected to average \$15.35 to \$15.95 per cwt. The all milk prices will be lower in 2008, averaging \$17.65 to \$18.15 per cwt.

USDA benchmark feed price soars



Dampened Seasonal Spike in Lamb and Mutton Production Leading Up to Religious Holidays

First-quarter 2008 commercial lamb and mutton production is estimated to have totaled 46 million pounds, 6 percent lower than the same period in 2007. Much of the decline in production could be attributed to the protracted religious holidays of Easter and Passover. The Easter holiday came early this year, during the third full week of March, while Passover occurs during the third full week of April. The surge in seasonal demand has spread over a much longer period, dampening the typical seasonal spike that is synonymous with these holidays. As a result, the expected production increases in the weeks leading up to the holiday season did not materialize. Second-quarter 2008 commercial production is expected at 44 million pounds, equaling the same period last year.

Slaughter Lamb Prices Steady

Choice Slaughter lamb prices at San Angelo have not seen significant increases despite lower supplies. First-quarter 2008 prices were \$86.23 per cwt, \$3.64 per cwt above the same period in 2007 but slightly below the last quarter of 2007, despite relatively tight supplies and the anticipated increased demand in preparation for the holidays. Prices are expected to remain relatively stable in the upper \$80 range per cwt for the rest of the year. Although demand is expected to be lower in the coming quarters, tight supplies will cause prices to remain fairly stable.

Imports To Remain Strong, While Exports Remain Steady

Imports of lamb and mutton will remain at record levels, continuing to offset production declines. Despite the fairly strong Australian and New Zealand currencies relative to the U.S. Dollar, lamb and mutton imports from these countries will remain fairly strong in 2008. Although their strong currencies relative to the U.S. dollar make it more expensive for U.S. firms to import lamb and mutton, these imports have been found to be fairly nonresponsive to price changes. The imports in 2007 came in at a record 202 million pounds, 6 percent above the same period in 2006. First-quarter 2008 imports are expected to be around 55 million pounds, around 1 percent below the same period in 2007, due to the weak U.S. dollar and more unfavorable economic conditions.

In 2007, exports of lamb and mutton were down from their 2006 record highs. For 2007, exports came in at 10 million pounds, 48 percent below the same period in 2006. In 2008, exports are expected to decline slightly. First-quarter 2008 exports are expected at 2 million pounds, a 42-percent decline from the same period in 2007.

Broiler Production Revised Slightly

The forecasts for broiler meat production were revised downward slightly in the second, third, and fourth quarters of 2008. The downward revisions were 25 million pounds in the second quarter and 100 million pounds in the third and fourth quarters. The new forecast for 2008 is 36.9 billion pounds, up 2.1 percent from 2007. On a quarterly basis the growth in production on a year-over-year basis falls off rapidly after the first quarter, leading to a forecast of a decline in production in fourth-quarter 2008. Production in first-quarter 2008 is estimated at 9.08 billion pounds, up 5.2 percent from the previous year. Throughout 2008, much of the increase in production is expected to come from increases in average bird weights. Over the last several months, much of the increase in broiler production has been from heavier birds, which has pushed up average weights. Higher average weights are expected to continue through the rest of 2008, albeit at perhaps a lower rate of growth.

Over the first 2 months of 2008, broiler meat production totaled 6.1 billion pounds, up 7.4 percent from the same period in 2007. The increase in meat production in the first 2 months has come from growth in both the number of birds being slaughtered, up 5.3 percent, and an increase in the average liveweight at slaughter to 5.56 pounds, up 1.6 percent.

Over the last 5 weeks (March 8 to April 5), the number of chicks placed for growout has averaged approximately 180.3 million per week, up 2.6 percent from the previous year. In addition, over the last 3 weeks the number of eggs placed in incubators has been about even with the same period a year earlier, pointing toward a decline in the number of chicks that will be placed in the coming weeks. Broiler meat production in second-quarter 2008 is forecast at 9.38 billion pounds, up 3.2 percent from the previous year, but a considerably slower growth rate than in first-quarter 2008.

The estimate for broiler cold storage holdings at the end of first-quarter 2008 was reduced to 750 million pounds, 26 percent higher than the previous year, but down 25 million pounds from the previous estimate. The reduction comes chiefly as the result of continued strength in broiler exports, with expected reductions in the growth of broiler production in March. At the end of February, cold storage holdings were higher for almost all broiler products, with stocks of dark meat products being much higher compared with a year earlier. Products such as leg quarters, drumsticks, and thighs were all at least 50 percent above their year-earlier levels. However, cold storage holdings of thigh meat were down 15 percent from the previous year. Ending broiler stock estimates were also lowered for the second, third, and fourth quarters of 2008 due to recent declines in the growth in broiler hatchery numbers, which is expected to lead to lower production, especially in the second half of 2008.

In first-quarter 2008, the 12-City price for whole broilers averaged 78.1 cents per pound, up 4 percent from the previous year, which was in turn about 20 percent higher than the price in first-quarter 2006. Prices for other broiler products in first-quarter 2008 were mixed, with prices for most leg meat products up and prices for breast meat products somewhat lower than in first-quarter 2007.

The strong export market, composed mostly of leg quarters, has helped to bolster the prices for leg meat products. With a relatively weak economy slowing demand domestically and a weak dollar making U.S. exports more competitive, the price spread between leg meat products and breast meat products is expected to narrow in the coming months.

Turkey Production Up Strongly

U.S. turkey meat production is now estimated at 6.2 billion pounds in 2008, up 3.5 percent from the previous year. Like broilers, most of the increase in turkey meat production is expected to come in the first half of the year, with growth slowing rapidly in the second half. The higher meat production is expected to come chiefly from a higher number of birds being slaughtered, as average weights are expected to be up only slightly. Over the first 2 months of 2008, turkey meat production totaled 1.05 billion pounds, up 13 percent from the same period in 2007. During January and February, the number of turkeys slaughtered was up 9.8 percent and the average live bird weights were 30 pounds, up 2.7 percent from same time in 2007.

At the end of February 2008, cold storage holdings of turkey products totaled 411 million pounds, up 32 percent from the previous year. The increase includes larger holdings of whole birds, which were up 7 percent from the previous year to 156 million pounds. However, most of the growth came in holdings of other turkey products, which totaled 255 million pounds, an increase of 53 percent from the end of February 2007.

Prices for whole turkeys have continued to remain strong through first-quarter 2008, although they have declined seasonally from the very high prices they reached in fourth-quarter 2007. Prices for whole hens in the Eastern market averaged 77.4 cents per pound in first-quarter 2008, up 11 percent from first-quarter 2007 and 15 percent higher than in first-quarter 2006. While turkey production is forecast higher in 2008 and cold storage estimates have increased strongly, whole turkey prices in 2008 are expected to average above year-earlier levels.

Eggs Prices Increase 58 Percent in First Quarter

The wholesale price for one dozen large eggs in the New York region averaged \$1.59 in first-quarter 2008, up 51 percent from first-quarter 2007. With the Easter holiday in late March this year, egg prices are expected to decline seasonally in the second quarter. Currently, egg prices in the New York market are expected to average \$1.27 - \$1.33 per dozen in second-quarter 2008. While this is quite a decline from the first quarter, it is still 41 percent higher than in the same period in 2007.

Over the first 2 months of 2008, table egg production was 1.05 billion dozen, up 0.5 percent from the previous year. The high prices for eggs over the last two quarters is expected to gradually result in higher table egg production, and the forecast for 2008 table egg production was increased by 20 million dozen. The total for 2008 is now expected to be 6.49-billion dozen, a 1-percent increase from the previous year. Growth in broiler meat production is expected to slow in second-half 2008, and the production of hatching eggs is expected to follow a similar pattern.

Overall production of hatching eggs is forecast at 1.12 billion dozen in 2008, up 0.7 percent from 2007, but by the third quarter production is expected to be fractionally lower than the previous year.

Growth in Broiler Shipments Continue in February

Broiler exports for the month of February totaled 507 million pounds, up about 12 percent from a year ago. After a record-breaking year of broiler shipments in 2007, the purchasing power of foreign currency continues to resonate in the U.S. marketplace in 2008. U.S. broiler meat remains a highly desirable product in countries such as Russia, other member of the Commonwealth Independent States, China, and Mexico, where American broiler meat is purchased at bargain prices by some importers due to favorable exchange rates.

For the first quarter of 2008, broiler shipments are expected to reach 1.4 billion pounds. Exports for 2008 are forecast at a record high of 6 billion pounds, 4 percent above 2007.

Turkey Shipments Hold Strong in February

Turkey exports totaled 49 million pounds in February 2008, up about 27 percent from a year ago. The growth in turkey shipments recorded for February 2008 was fueled primarily by increased purchasing power exercised by foreign countries in U.S. markets. Mexico, China, Russia, and Canada are the largest U.S. markets and are responsible for about 84 percent of the increase in broiler shipments in February 2008. Turkey shipments in the first quarter of 2008 are expected to total 135 million pounds, almost 9 percent higher than first-quarter shipments in 2007.

Catfish Sales Expected To Decline in 2008

Catfish sales by farmers to processors are expected to decrease again in 2008 to between 470 and 480 million pounds. Based on grower estimates of catfish in their ponds at the start of 2008, growers' sales are expected to be lower throughout most of the year. However, in the second half of the year, with falling production, grower prices are expected to gain some strength and be higher than a year earlier.

Sales by catfish growers in 2007 of all products totaled \$445 million, down 8 percent from the previous year. Sales were lower for almost all categories. Sales of foodsize fish totaled \$408 million, down over 10 percent from the previous year. Sales were lower in most States, with the decline in Mississippi accounting for most of the drop. There were some exceptions, as sales of foodsize fish had double digit increases in both California and Texas, but both these States are relatively minor producers. Sales of fingerlings and fry (small fish weighing less than 60 pounds per thousand or measuring less than 6 inches in length) fell to \$20 million, down 6 percent from 2006. However, the number of fingerlings and fry that were sold was down 15 percent, and as a result the average price for these fish was higher.

While sales of foodsize fish were lower, sales of broodfish and stockers both increased. Broodfish sales, while relatively minor at only \$770,000, were 14 percent higher than in 2006. The increase in stocker sales was even stronger, with total stocker sales reaching \$15.1 million in 2007, an increase of 119 percent from the previous year. While sales of stockers by most individual States was not reported due to disclosure rules, sales in Mississippi rose by over 195 percent to \$13.3 million.

Sales of foodsize fish by farmers directly to processors are reported in the monthly *Catfish Processing* report. These sales in 2007 totaled 496 million pounds, down 12.3 percent from 2006 and the fourth consecutive yearly decline in sales. The peak in sales was in 2003 at 661 million pounds. Monthly sales volumes from catfish growers to processors were below those of 2006 throughout the year.

Over the last couple of years, the declines in the volume of farmers' sales have been partially offset by rising farm-level prices. However in 2007, farm prices averaged 76.7 cents per pound, down about 3 cents per pound from 2006. Farm prices during the first half of 2007 were higher than a year earlier on a year-over-year basis, but declined strongly in the second half of 2007. With lower farm prices and lower sales on a poundage basis, the total gross returns to farmers for sales to processors were \$380 million in 2007, a decrease of 15.5 percent from the previous year.

Processor sales of catfish products have followed basically the same pattern as those for grower sales of catfish to processors. Sales of catfish products reached a peak in 2003 at 319 million pounds and have fallen in the last 4 consecutive years. Again like farm sales, in past years, while the volume of sales has declined, the weighted average price for catfish products has risen. However, in 2007 the average price for catfish products was \$2.44 per pound, 1.5 percent lower than in 2006. With a decline in volume and the decrease in price, the gross sales return to catfish processors was \$616 million in 2007, down 12.5 percent from \$704 million in 2006.

In 2008, sales volume is expected to again decline, but prices are expected to strengthen in the second half of the year as a smaller amount of fish is expected to be available for processing.

Grower sales of catfish over the first half of 2008 are expected to be influenced by a number of factors. First, the water acreage available for growing catfish is expected to be lower. Second, grower estimates of inventory levels of foodsize fish, stockers, and fingerlings were all down. Third, catfish growers, like other animal producers, are faced with large increases in both corn and soybean meal prices. Fourth, imports of frozen catfish fillets and products from fish that can be substituted for catfish are likely to continue to increase. There is a wide range of products, and catfish sales are likely being impacted by the large increases in imports of products like tilapia fillets.

Catfish Feed Deliveries Increase in 2007

In 2007, feed deliveries for foodsize fish totaled 818,000 tons, up over 12 percent from a year earlier. This is puzzling, considering that growers sales of foodsize fish declined by almost 40 million pounds in 2007. It would be expected that feed deliveries would be closely tied to the total weight of fish produced, so a strong increase in feed deliveries would be paired with an increase in the poundage of foodsize fish sold. All of the major catfish producing states (Mississippi, Alabama, Arkansas, and Louisiana) reported gains in feed deliveries for foodsize fish in 2007. However, deliveries of feed for fingerlings and broodfish were consistently lower throughout 2007 and totaled only 40,450 tons, down 16 percent from 2006. This seems more in line with the lower sales of fingerlings in 2008.

Catfish Inventories Down

Grower estimates of catfish inventories held in ponds at the beginning of 2008 showed declines in most categories. The lower inventories point toward lower sales of foodsize fish to processors in 2008. With a weaker domestic economy and higher grain prices, catfish producers are expected to be pressured on both the price and production cost sides.

Growers estimated they had around 294 million foodsize fish in their ponds at the beginning of 2008, which was down 6.1 percent from the previous year. Due to their dominant position in the industry, the 5.5-percent decline in foodsize fish held by growers in Mississippi made up the bulk of the national decline. However, there were some increases, with inventories of foodsize fish held by growers in Texas rising by 89 percent from a year earlier. With the smaller inventory of foodsize fish, growers will have less fish available during the first 3-4 months of 2008. This may help to lower inventories of processed catfish held in cold storage and provide some price strength after the end of Lent, which is traditionally the strongest sales period for processors.

The January 1, 2008, inventory estimate for stockers showed only a small decrease (0.9 percent) from a year earlier. The total for all stockers was approximately 570 million fish, down just over 5 million from the previous year.

Stocker inventory estimates are divided into two subgroups, and estimates of large stockers were 271 million fish, down 3.5 percent, while grower estimates of small stocker inventories were up 1.6 percent to 299 million. Most of the increase was from higher inventories in Arkansas, up 27.1 percent. These were partially offset by declines in a number of other States.

The inventory estimate for fingerlings was down 7.3 percent compared with the previous year. Again, most of the decline was in Mississippi, but the inventory estimate was much lower in Arkansas. With the inventory of both stockers and fingerlings down at the start of 2008, the number of fish available for sales to processors in the second half of 2008 is expected to be lower. While this may provide some price strength at the farm level, rising feed costs are expected to more than offset any increase.

Pond Acreage Down Again

The NASS *Catfish Production* report indicated that growers would have around 125,400 acres of ponds in catfish production during first-half 2008, down over 8,000 acres from 2007 and the sixth consecutive annual decrease. Estimated pond acreage for first-half 2008 is lower for foodsize fish, fingerlings, and broodfish. The decline in pond acreage devoted to foodsize fish was pretty consistent across the States, with only Texas showing an anticipated increase. In addition to these declines, the total amount of pond acreage that growers indicated was expected to be renovated or was being constructed was lower than the previous year.

Imports Increase Again

Imports of frozen catfish or closely related fish rose again in 2007. The import estimates reported by NASS in the *Catfish Processing* report, totaling 85 million pounds, are up 13 percent from the previous year. Most of these imports are of frozen fillets. These imports directly compete with the 104 million pounds of frozen catfish fillets sold by domestic processors. In 2007, the quantity of domestically produced frozen catfish fillets declined by 12 percent and the average price was basically flat at \$2.92 per pound. In 2008, the growth in imports of catfish substitutes is expected to moderate somewhat as a weak dollar makes imports less price competitive.

The overall outlook for catfish producers and processors in 2008 is mixed. With lower beginning inventories at the grower level, catfish supplies are expected to remain tight, especially in the second half of the year, which is expected to provide some support to farm prices. However, margins for catfish growers will be pressured by much higher feed and energy costs. On the processing side, a weaker domestic economy is expected to slow restaurant sales. One offsetting factor is the weakness of the dollar against many foreign currencies, making imported products relatively more expensive.

Contacts and Links

Contact Information

Mildred M. Haley (coordinator)	(202) 694-5176	mhaley@ers.usda.gov
David J. Harvey (poultry)	(202) 694-5177	djharvey@ers.usda.gov
Ken Mathews (cattle)	(202) 694-5183	kmathews@ers.usda.gov
Michael McConnell (beef trade)	(202) 694-5158	mmcconnell@ers.usda.gov
Keithly Jones (sheep and goats)	(202) 694-5172	kjones@ers.usda.gov
Mildred M. Haley (hogs/pork)	(202) 694-5176	mhaley@ers.usda.gov
Roger Hoskin (dairy)	(202) 694-5148	rhoskin@ers.usda.gov
David Johnson (web publishing)	(202) 694-5222	davidj@ers.usda.gov
Christopher Davis (poultry trade)	(202) 694-5167	chrisdavis@ers.usda.gov
Fawzi Taha (eggs)	(202) 694-5178	ftaha@ers.usda.gov

Subscription Information

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

E-mail Notification

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

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

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

Data Products

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

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

Related Websites

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

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

U.S. red meat and poultry forecasts

	2004	2005	2006	2007 1/						2008							
	Annual	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	6,385	6,765	6,945	6,485	26,580
Pork	20,509	20,685	5,335	5,008	5,087	5,625	21,055	5,396	5,128	5,256	6,163	21,943	6,025	5,640	5,720	6,150	23,535
Lamb and mutton	195	187	49	47	42	47	185	49	44	42	48	183	46	44	42	44	176
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	9,075	9,375	9,250	9,200	36,900
Turkeys	5,454	5,504	1,355	1,435	1,419	1,476	5,682	1,413	1,482	1,488	1,575	5,958	1,525	1,550	1,530	1,560	6,165
Total red meat & poultry	85,441	87,097	21,793	22,363	22,414	22,657	89,227	21,875	22,552	22,877	23,962	91,266	23,219	23,544	23,653	23,607	94,023
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	1,600	1,605	1,625	1,660	6,490
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	15.8	16.5	16.6	15.6	64.6
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	13.2	12.8	13.1	13.5	52.6
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	1.1
Broilers	84.4	85.8	22	22.5	21.9	20.8	87.2	21.2	21.6	21.4	21.2	85.4	21.4	22.1	21.6	21.2	86.3
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	4.3	4.4	5.3	18.0
Total red meat & poultry	221.6	220.9	54.4	55.9	55.7	56	222.0	53.9	55.1	54.9	57.6	221.6	55.1	56.5	56.3	56.4	224.2
Eggs, number	257.3	255.7	64.1	63.7	63.9	64.6	256.2	62.2	61.7	62.4	63.8	250.1	62.1	62.0	62.8	64.0	250.9
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	89-93	88-94	85-93	88-92
Feeder steers, Ok City, \$/cwt	104.76	110.94	106.23	104.08	115.17	103.22	107.18	99.32	108.87	115.63	108.88	108.18	100.20	103-107	99-105	99-107	100-105
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	54.07	53-55	49-53	48-52	51-53
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	86-90	85-91	86-94	86-90
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	42-44	41-45	36-40	40-42
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	78.1	77-81	78-84	78-84	78-82
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	77.4	82-86	85-91	88-96	83-87
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	127-133	106-114	110-120	125-132
U.S. trade, million lb																	
Beef & veal exports	460	697	215	315	307	308	1,145	269	363	424	375	1,431	355	375	395	390	1,515
Beef & veal imports	3,679	3,599	843	790	730	722	3,085	770	884	774	624	3,052	670	780	750	730	2,930
Lamb and mutton imports	181	180	53	44	41	52	190	56	44	44	59	202	55	50	44	51	200
Pork exports	2,181	2,666	767	763	654	811	2,995	792	685	703	959	3,138	950	870	815	1,100	3,735
Pork imports	1,099	1,024	259	237	239	254	989	239	256	240	232	968	220	225	235	245	925
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	1,400	1,475	1,525	1,600	6,000
Turkey exports	442	570	119	125	152	150	547	124	135	148	146	553	135	150	160	160	605
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	2,925	2,825	2,500	2,600	10,850

1/ Forecasts are in **bold**.

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

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

For further information, contact: Mildred Haley, (202) 694-5176, mhaley@ers.usda.gov

Dairy Forecasts

	2007					2008				
	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thous.)	9,138	9,138	9,159	9,198	9,158	9,250	9,275	9,280	9,260	9,266
Milk per cow (pounds)	5,040	5,189	5,034	5,003	20,267	5,150	5,260	5,050	5,040	20,500
Milk production (bil. pounds)	46.1	47.4	46.1	46.0	185.6	47.6	48.8	46.9	46.7	190.0
Farm use	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.1
Milk marketings	45.8	47.1	45.8	45.7	184.5	47.4	48.5	46.6	46.4	188.8
Milkfat (bil. pounds milk equiv.)										
Milk marketings	45.8	47.1	45.8	45.7	184.5	47.4	48.5	46.6	46.4	188.8
Beginning commercial stocks	9.5	12.0	13.8	12.5	9.5	10.4	13.0	14.9	13.1	10.4
Imports	1.1	1.2	1.0	1.3	4.6	1.1	1.1	1.1	1.4	4.6
Total supply	56.4	60.4	60.6	59.5	198.6	58.8	62.6	62.6	60.8	203.8
Ending commercial stocks	12.0	13.8	12.5	10.4	10.4	13.0	14.9	13.1	10.5	10.5
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	44.3	46.6	48.1	49.2	188.3	45.8	47.7	49.5	50.3	193.3
Skim solids (bil. pounds milk equiv.)										
Milk marketings	45.8	47.1	45.8	45.7	184.5	47.4	48.5	46.6	46.4	188.8
Beginning commercial stocks	9.1	9.9	10.3	9.7	9.1	9.9	10.1	10.8	10.0	9.9
Imports	1.0	1.1	1.1	1.3	4.4	1.0	1.1	1.1	1.3	4.4
Total supply	55.9	58.1	57.2	56.7	198.0	58.2	59.7	58.4	57.7	203.1
Ending commercial stocks	9.9	10.3	9.7	9.9	9.9	10.1	10.8	10.0	10.0	10.0
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	46.0	47.9	47.5	46.8	188.1	48.1	48.9	48.4	47.7	193.1
Milk prices (dol./cwt) 1/										
All milk	15.00	18.27	21.67	21.60	19.13	19.30	17.25	16.60	17.45	17.65
							-17.65	-17.30	-18.45	-18.15
Class III	14.28	17.95	20.43	19.51	18.04	18.12	15.42	15.75	15.86	16.55
							-15.82	-16.45	-16.86	-17.05
Class IV	12.98	18.45	21.71	20.29	18.36	15.04	14.57	15.46	16.37	15.35
							-15.07	-16.26	-17.47	-15.95
Product prices (dol./pound) 2/										
Cheddar cheese	1.352	1.627	1.978	1.995	1.738	1.933	1.780	1.695	1.690	1.775
							-1.820	-1.765	-1.790	-1.825
Dry whey	0.592	0.766	0.610	0.435	0.600	0.305	0.250	0.265	0.295	0.275
							-0.270	-0.295	-0.325	-0.305
Butter	1.227	1.421	1.428	1.301	1.344	1.230	1.315	1.370	1.335	1.310
							-1.385	-1.470	-1.465	-1.390
Nonfat dry milk	1.182	1.668	2.043	1.940	1.708	1.364	1.260	1.337	1.465	1.360
							-1.300	-1.397	-1.535	-1.400

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.

For further information, contact: Roger Hoskin 202 694 5148, rhoskin@ers.usda.gov

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