

Livestock, Dairy, and Poultry Outlook

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Moisture Levels the Key Variable for Cattle Sector

NOTE: Due to uncertainties as to the length of bans on trade in ruminants and ruminant products because of the discovery of BSE in the United States and Canada, forecasts for 2006 and 2007 assume a continuation of policies currently in place among U.S. trading partners. The suspension of beef imports by Japan is considered to be temporary pending the resolution of importer concerns. U.S. beef exports to South Korea are not forecast pending implementation of import regulations by South Korea.

Cattle/Beef: Recent rains in the Plains and Southeast and tight feeder cattle supplies have affected feeder cattle prices positively, which could imply continued cattle feeding losses through summer and fall. Feeder cattle are in short supply as more feeder cattle were forced into feedlots due to dry conditions last fall and this past spring, which forced more cattle into feedlots. Increased cow slaughter and reduced shipments from Uruguay have reduced imports of beef into the United States.

Dairy: Year-to-date disappearance for most dairy products is ahead of that for 2005. However, climbing production is resulting in higher stock levels and much lower prices. Lower milk and dairy product prices will remain until production slackens to meet demand. Slower growth in production is not expected until late 2006.

Hogs/Pork: The *Quarterly Hogs and Pigs* report released by the U.S. Department of Agriculture on June 30, 2006, showed swine inventories to be largely unchanged from a year ago. Projected second-quarter pork

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Tables will be released on July 31, 2006

The next newsletter release is August 17, 2006

Approved by the World Agricultural Outlook Board.

production is 0.4 percent below the second quarter last year. The large year-over-year increase in May was not sufficient to compensate for lower production in April and June. The second quarter price of 51-52 percent lean live equivalent hogs was \$48.45 per hundredweight (cwt), 7 percent below a year ago, but June's price, at \$54.90 per cwt, was 10 percent above June 2005, due largely to a lower-than-expected June slaughter. A range of \$47 and \$49 per cwt is expected for third-quarter 51-52 percent lean live equivalent hogs, about 5 percent below a year ago. May pork exports, at 270 million pounds, were 11 percent above May 2005. So far in 2006, U.S. pork exports are running at more than 15 percent above the same period last year.

Poultry: In response to earlier low prices, broiler processors have lowered the number of chicks being placed for growout. Due to this slowdown, the production estimates for the third and fourth quarters have been reduced. Production in the second half of 2006 is now expected to be only slightly higher than the previous year. As production growth slows, broiler prices are expected to gradually strengthen.

Poultry Trade: U.S. broiler and turkey exports were down in May compared with last year. U.S. broiler shipments for May 2006 totaled 442 million pounds, down 9 percent from May 2005 due to lower shipments to Russia and increasing leg-quarter prices. U.S. turkey shipments totaled 42 million pounds, down 13 percent from May 2005 due to low shipments to Mexico.

Recent Rains Bolster Markets

Weather in the Central United States will be the key to prices for cattle this summer and fall. Half of the U.S. beef cow herd is located in the Plains and Western Corn Belt between the Rocky Mountains and the eastern boundaries of the tier of States just east of the Mississippi River. Despite recent rains, which boosted feeder cattle prices, pasture and range conditions in this area are well below conditions that existed last year and well below average. In addition, the first USDA planting intentions report significantly reduced corn acreage for 2006, but was offset to some extent by the June 30 *Acreage* report issued a couple of weeks ago. Soybean acreage was also reduced slightly, going instead into corn acreage. This should be good news for corn stocks and cattle feeders, as it will moderate corn price rises from increasing ethanol demand.

The mid-year *Cattle* report that will be released July 21 will signal the state of the current cattle inventory expansion, particularly with respect to replacement heifer inventories, the beef cow herd, and inventories of feeder cattle outside feedlots. The premature movement of cattle into feedlots last fall through this spring will require extended feeding periods before these cattle will reach market weights and grades and has resulted in significantly higher inventories of lighter cattle on feed for more than 120 days. June 1 inventories of these cattle on feed more than 120 days were the highest and represented the highest proportion, 31 percent, of cattle on feed since this series began in June 1996. Prices for these feedlot cattle are expected to experience negative pressure when they go to market this summer and fall. These early feedlot entrants have drawn down inventories of feeder cattle outside feedlots. These low inventories have helped support feeder cattle prices, despite significant losses to cattle feeders and abnormally dry pasture and range conditions.

The cow/calf/feeder sector received a boost from rains over the last few weeks in the Plains and Southeast, but conditions remain very poor with dry conditions moving into the Southeast and Northern Great Plains. Oklahoma City feeder cattle prices increased more than 7 percent over the last of June and first of July. Feeder cattle prices continue to receive underlying support from the fact that feeder cattle supplies outside feedlots remain relatively low. Second-quarter cow prices are down 19 percent from a year earlier due to concerns about dry conditions and a nearly 16 percent rise in cow slaughter. However, weekly cow slaughter for the last several weeks has been higher than year-earlier levels by over 10 percent. In addition to moderating cow prices, this increased cow slaughter has resulted in reduced beef imports into the United States. Lower U.S. import levels have also been observed due to Uruguay's shift toward supplying other markets. U.S. exports to Japan and South Korea have not yet resumed.

The *Cattle on Feed* report released on June 23, 2006, was relatively positive (May placements down by 14 percent, May marketings up by 9 percent, both numbers outside ranges for industry expectations), but by itself, will not be enough to counter the negative forces in the market. Adjusted for the extra slaughter day in May 2006 compared with May 2005, the increase in marketings from 1,000-head-plus feedlots was just under 4 percent, a fact that likely had a mitigating effect on price responses to the June *Cattle on Feed* report.

The quarterly *Cattle on Feed* report that will be released July 21 could show relatively higher proportions of heifers on feed, representing replacement heifers that went to feedlots instead of being retained for breeding because of the dry pasture and range conditions. The positive feeder cattle price impacts from recent rains could result in continued losses for cattle feeders through the summer and into fall. Price pressure on fed cattle will increase as the relatively large number of cattle on feed that were placed at relatively lighter weights and should be marketed over the next few months begin to be marketed.

Dressed cattle weights are increasing seasonally, and slaughter is increasing, which, in view of the already relatively abundant supplies of beef and competing meats (total meat supplies up 4 percent in the first half of 2006), could adversely affect wholesale and retail beef prices. Choice fed cattle supplies are also increasing somewhat, which could work to narrow the spread between Choice and Select beef cutout values. The recent \$22 to \$23 spread between Choice and Select beef cutout values is the widest it has been since October-November 2003. At that time, supplies of fed cattle, particularly Choice cattle, were tight due to the May 2003 ban on beef and cattle imports from Canada, and the Choice-Select spread reached an average of \$27 per cwt.

However, lower cold storage stocks of pork and poultry are expected to have a positive influence on demand for beef. These reduced stocks are expected to have a positive effect on retail prices for pork and poultry, which will likely have some spillover benefit for beef prices, but these positive effects are expected to be mitigated somewhat by the increased supplies. Packer spreads are already increasing while retail spreads are declining, with retail prices remaining relatively steady near \$4.00 per pound.

Milk Production Continues To Run Ahead of Demand, Prices Are Lower

The July estimate for 2006 milk production was raised slightly to 182.1 billion pounds. The change was a result of a bump up in both cow numbers and output per cow to 9.14 million head and 5,140 pounds, respectively, for the second quarter of this year. There was no change in USDA projections for the balance of 2006 and no change in 2007 forecasts. While the monthly culling rate in 2006 has generally lagged 2004 and 2005, the rate inched ahead in May, suggesting that lower prices may be affecting production decisions. A clearer indication of producer decisions on milk cow replacement for the balance of 2006 will become available later in July with the *Cattle* report.

Cumulative production of major manufactured dairy products through May is ahead of year-earlier levels: all cheese 2.8 percent, butter 13.1 percent, nonfat dry milk (NDM) 16.1 percent, and dry whey 7.3 percent. With the exception of reduced-fat milk, cumulative sales through May of fluid products is even or lags 2005 production levels. The June *Cold Storage* report placed butter stocks 29 percent above year-earlier levels. Butter stocks have been expanding at a near record pace on record year-to-date (through May) production. However, butter disappearance has exceeded year-earlier levels by 11 percent. Cheese stocks are only 2 percent above a year earlier. April-June prices for both products are well below those for the corresponding period in 2005. The higher-than-average stock in cheese is not as severe as that with butter. As stocks of American style cheese were about equal to last year, cheese prices could stage a modest recovery in the second half of 2006 to average \$1.21-\$1.25 per pound. Butter prices are unlikely to rebound from their current lows, and the 2006 price should average \$1.15-\$1.22 per pound for the year. The season average projected price for butter reflects a comparatively strong January-March price of \$1.25 per pound. Butter prices for the remainder of 2006 are unlikely to recover much from the April-June \$1.15 per pound low.

NDM prices are expected to average 84-87 cents per pound in 2006. Despite attractive prices and healthy foreign demand, buyers appear to have immediate needs met. Dry whey is the only major product bucking the trend. Prices for 2006 are expected to average 29-32 cents per pound, which represents a sizeable increase, from 28 cents per pound in 2005. The projected average price for Class III milk is \$11.40-\$11.70 per cwt, up slightly from June's projection. However, the Class IV price is expected to average \$10.45-\$10.85 per cwt, down from June's estimate. The all milk price for 2006 is expected to average \$12.50-\$12.80 per cwt.

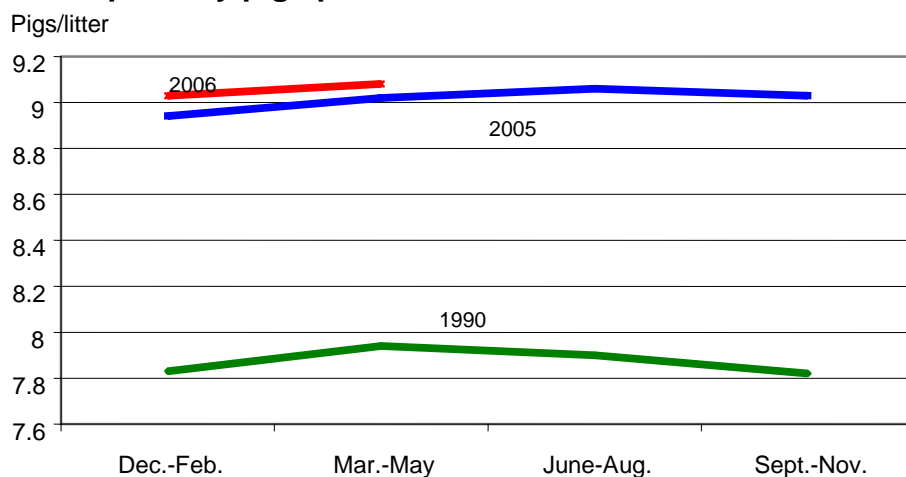
Quarterly Hogs and Pigs Indicates Modest Increases Across the Board

The *Quarterly Hogs and Pigs* report released by USDA on June 30 (<http://usda.mannlib.cornell.edu/reports/nassr/livestock/php-bb/2006/>) showed swine inventories to be largely unchanged from a year ago. The June 1 inventory of all hogs and pigs was just slightly larger--195,000 head--than June 1, 2005. The market hogs and pigs by weight groups were slightly more interesting, in that the 180-pound-and-over category came in at 2 percent below last year. Thus, the *Hogs and Pigs* inventory partially explains the June slaughter, which turned out to be lower than expected. On June 1, 2006, the under-60-pound weight group was 1 percent larger than June 1 of last year, and largely in line with USDA expectations for fourth-quarter pork production.

The small increase in the June 1 inventory of breeding animals--at 1 percent above June 1, 2005--represented the fifth increase in as many quarters. The modest increases that the industry has seen in the last year--despite more than 2 years of above-breakeven hog prices--reflects the current structure of the U.S. pork industry. High costs of entry and expansion--permitting, construction, regulation, etc.--likely dampens the rate of investment in sow operations, and create incentives to increase hog production through other means. Such "other means" include increased efficiencies of the existing breeding herd, and development of the finishing stage of hog production, via imports of Canadian feeder pigs.

The June report showed that the industry is continuing to extract greater efficiencies from the breeding herd. Pigs per litter for the March-May pig crop were 9.08, 1 percent over the same period in 2005. The figure below shows the dramatic increases in litter rates that have taken place since 1990. The June report indicates that the average U.S. litter produced 1.14 more pigs in the March-May pig crop in 2006, compared with 1990.

U.S. quarterly pigs per litter



Source: USDA/NASS, *Quarterly Hogs and Pigs* reports.

The June report also indicated farrowing intentions for the balance of 2006. Second intentions for June-August were just slightly larger than June-August 2005. First intentions for September-November came in at 1 percent over the same period last year. Second-half 2006 farrowing intentions, coupled with higher weights and increased live imports from Canada, point to first-half 2007 pork production of 10.6 billion pounds, almost 3 percent above first-half production this year. Total commercial pork production of 21.8 billion pounds is anticipated in 2007, about 2.8 percent above expected 2006 production of 21.2 billion pounds.

Second-Quarter Pork Production Lower Than A Year Ago

Second-quarter estimated pork production, at 5 billion pounds, came in at slightly below--0.4 percent--second-quarter 2005. The sharp year-over-year increase in May--7.1 percent--reflects the extra slaughter day, and was not enough to compensate for year-over-year lower production in April and June. Lower production in June was at least partially responsible for the spike in June hog prices. The 51-52 percent lean, live equivalent hog price was \$54.90 per cwt, 10 percent above June 2005. June was the first month in 2006 in which hog prices exceeded those of a year ago, illustrating the sensitivity of prices to even small, but unanticipated changes in hog supplies. Economists use the term "price inelastic" to describe the demand for live hogs; meaning that the change in quantity of hogs demanded in response to hog price changes is quite small. Prices of demand-inelastic commodities however, tend to be very sensitive to quantity changes, and June was a month where the quantity of hogs supplied by producers was smaller than expected, and hog prices spiked in response. The USDA estimated pork carcass cutout--an indicator of wholesale prices--for the weeks of June 9-June 20 averaged \$77.75 per cwt, almost 14 percent above a year ago. It is likely that pork product demand factors also contributed to higher June hog prices.

May Pork Exports Energized by Mexico and Russia

U.S. pork exports in May were almost 270 million pounds, 11 percent above May 2005. In the first 5 months of 2006, the U.S. pork industry has shipped almost 1.3 billion pounds of pork to foreign markets, about 15 percent more than the same period last year. Russia and Mexico appear to have been the countries driving exports in May. Russia's May imports of U.S. pork were 178 percent greater than a year ago. Mexico took 39 percent more U.S. pork in May than a year ago, thus resuming the torrid pace of year-over-year increases seen in the first 3 months of 2006.

Japan Pork Exports Lower So Far in 2006

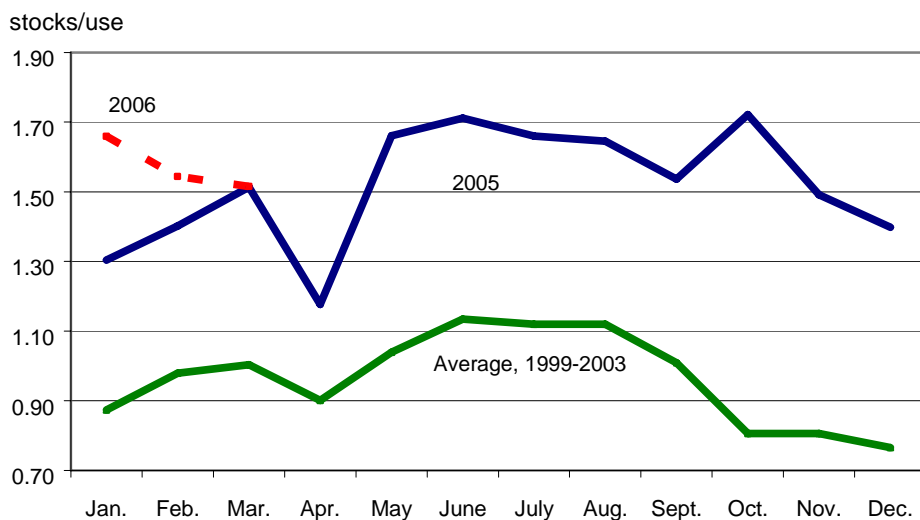
Japan is by far the world's largest importer of fresh and frozen pork products. Japan is also--by far--the largest importer of U.S. pork. Last year, Japan imported over one billion pounds of U.S. pork, accounting for 39 percent of total U.S. pork exports. By comparison, the next largest U.S. customer, Mexico, imported slightly more than half the volume of Japan.

Japan is often termed a "mature pork market," meaning that large year-over-year increases in pork imports, of the caliber witnessed in the 1980s, are no longer typical. However, since 1990, Japan's year-over-year pork imports have declined

just four times, a likely result of Japan's import policies. (For information about Japan's pork import policies, see "Pork Policy in Japan", by Obara, Dyck, and Stout, <http://www.ers.usda.gov/publications/ldp/mar03/ldpm10501/>).

This year, Japan's pork imports are expected to decline by more than 10 percent, to 1.2 million tons. (<http://www.fas.usda.gov/dlp/circular/2006/06-03LP/toc.htm>) Through May, Japan's total imports of fresh, chilled, and frozen pork cuts were down 22 percent (see table). Part of the reason for this year's decline is likely attributable to the sharp increase in Japan's pork imports that took place in 2004, the year when Avian Influenza (AI) and Bovine Spongiform Encephalopathy (BSE) were factors in Asian animal protein markets. In 2004 Japan imported about 1.3 million tons of pork, almost 15 percent more than in 2003. Imports increased 2.8 percent last year as well. Higher pork imports in 2004 and 2005, coupled with resumption of cooked poultry product imports, are reflected in Japan's pork stocks-to-use ratio. For 1999-2003, prior to trade disruptions, Japan's monthly pork stocks-to-use ratio averaged 0.96. Last year, the ratio averaged 1.52. Through March, Japan's average stock-to-use ratio has averaged 1.57, although the figure below suggests that lower imports this year may be helping to reduce the stocks-to-use ratio.

Japan pork: Stocks-to-use ratios, 2005, 2006, 5-yr. avg.



Source: Agriculture & Livestock Industries Corporation, Monthly Statistics report.

The table labeled, “Japanese imports of fresh, chilled and frozen pork, Jan.-May 2005 and 2006” shows the year-over-year changes in Japan’s pork imports, together with the distribution between fresh and frozen imports from major exporting countries. The data show clearly that frozen imports have taken the biggest “hit” so far this year. Total Japanese imports of frozen pork are off by 31 percent in the first 5 months of 2006. Japan’s imports of pork from Denmark, whose exports to Japan are limited largely by transport costs to frozen pork, show a reduction of 29 percent.

The trade data show that Japan’s fresh pork imports have largely escaped the lower volumes sustained on the frozen side. This is probably because fresh pork has a limited shelf-life, whose retail/restaurant supplies must be refreshed continually. The data indicate that Japan’s imports of fresh pork products have increased 21 percent in the first 5 months of 2006. Japanese imports of fresh pork from the United States, Canada, and Mexico have each increased, while overall, total imports from the United States and Canada have declined, dragged down by lower frozen shipments.

Japan imports of fresh, chilled, and frozen pork, Jan.-May 2005 and 2006

	Fresh, chilled, and frozen pork*	Frozen**	Fresh, chilled***
	MT	MT	MT
Japan imports			
2006	309,926	219,948	89,270
2005	395,612	320,727	73,999
Percent change	-22	-31	21
Japan imports from the United States			
2006	103,364	39,787	63,401
2005	133,036	79,473	53,311
Percent change	-22	-50	19
Japan imports from Canada			
2006	64,336	43,579	20,589
2005	95,621	80,063	15,392
Percent change	-33	-46	34
Japan imports from Denmark			
2006	75,513	75,412	86
2005	105,991	105,906	85
Percent change	-29	-29	1
Japan imports from Mexico			
2006	16,311	11,615	4,491
2005	13,477	9,043	4,101
Percent change	21	28	10

* HS 0203 Meat of swine (pork), fresh, chilled, or frozen

** HS 020329 Frozen cuts boneless

***HS 020319 Fresh cuts boneless

Source: Global Trade Atlas.

Increases in Live Canadian Swine Imports Continue in May

U.S. imports of live swine from Canada increased 4 percent in May, compared with May of last year. So far this year U.S. swine finishers and packers have imported almost 3.5 million head of swine, almost 11 percent more than in the same period last year. seventy percent of January-May swine imports were young animals--ranging from early weaned pigs weighing around 10 pounds, to feeder pigs weighing 55 pounds--to be fed and slaughtered in the United States. Twenty-eight percent were slaughter-ready animals. Last year 68 percent of imports were young animals and 31 percent were slaughter-ready.

For 2006, swine imports are forecast at slightly more than 8.8 million head, with second-quarter imports of 2.1 million head anticipated, increasing to 2.3 million head in both the third and fourth quarters.

Broiler Meat Production Estimates for Third and Fourth Quarters Decreased

U.S. broiler meat production was up 4.1 percent in first-quarter 2006, and the estimate for the second quarter is 9.1 billion pounds, a 1.9-percent increase from last year. With the current pace of chicks being placed for growout being below a year earlier for the last several months, and a reduction in the number of replacement pullets being placed in the hatching flock, the production estimates for the third and fourth quarters of 2006 were lowered by 100 million pounds each. This makes the production total for the second half of 2006 at just under 18 billion pounds, which would be less than 1 percent higher than in the second half of 2005. The production estimate for 2007 was also reduced a total of 250 million pounds to 36.6 billion pounds, 1.6 percent higher than in 2005.

Over the last 5 weeks (June 10 to July 8) the average weekly number of chicks being placed for growout was 174 million, down 2.1 percent from the same period in 2005. Chicks being placed for growout at the beginning of July would likely be going to slaughter in the second half of August.

Broiler meat production in May totaled 3.2 billion pounds, up 6 percent from a year earlier. A large portion of this increase was due to May 2006 having one more slaughter day than May 2005. The increase in meat production was due to a combination of a larger number of birds slaughtered (up 4 percent) and an increase in the average weight of those birds at slaughter (up 2 percent). Preliminary data point towards only a small increase in total broiler meat production in June, as an increase in the average weight at slaughter is expected to just offset a decline in the number of birds being slaughtered.

With growth in broiler production expected to slow in the second half of 2006, prices for most broiler products are projected to gradually strengthen compared with the first half of 2006. Prices for whole birds have averaged 61.9 cents per pound over the first half of 2006. This is about 14 percent lower than in the same period in 2005, which was down 5 percent from the first half of 2004. However, whole bird prices have been rising in the last several weeks, and the average price for June was 64.4 cents per pound, the highest this year, but still 11 percent below the price in June 2005. Prices for many other broiler parts have also increased, but like whole birds, prices for most broiler parts are still lower than a year earlier.

With a forecasted increase in broiler meat production of less than 2 percent in the second quarter and a strong export demand, the estimate for 2006 ending stocks was lowered. The estimate for the yearend ending stocks is now 750 million pounds, down 50 million pounds from the previous estimate.

Turkey Production Rises in May

Domestic turkey production totaled 495 million pounds in May, up 7 percent from the previous year. Again a large proportion of the production increase stemmed from May having an additional slaughter day compared with a year earlier. The number of turkeys slaughtered was up 6 percent and the average weight at slaughter was 28.6 pounds, up 1 percent from the previous year. Even with the increase in

May, turkey meat production for the first 5 months has increased only 2 percent from the same period in 2005. All that increase has come from an increase in the number of birds slaughtered, as the average weights over the first 5 months of 2006 are about even with the same period in the previous year.

Turkey meat production in the second half of 2006 is estimated at 2.85 billion pounds, up 2.7 percent from second-half 2005. The most recent turkey hatchery report showed that the number of poults being placed for growout in June was 6.1 percent higher than the previous year. Over the first half of 2006, the total number of poults placed for growout was 147 million, up 7 percent from the same period in 2005.

Relatively small increases in turkey meat production, along with lower ending stock levels, have meant that whole turkey prices have remained slightly higher than year-earlier levels. Prices for whole turkeys averaged 71.3 cents per pound in the second quarter, up about 5 percent from the previous year. With only a small increase in production expected for second-half 2006, whole bird prices are expected to remain somewhat higher than those of a year earlier through the third quarter, but are expected to fall below their year-earlier level in the fourth quarter. Prices for other turkey products have not increased much due to some weakness in the export market. The export market for turkey products is expected to strengthen somewhat as broiler prices continue to increase.

At the end of May cold storage holdings of turkey products totaled 466 million pounds, about the same as the previous year. However, there was a large difference in the cold storage holdings for whole turkeys and turkey parts. Cold storage holdings for whole turkeys totaled 218 million pounds, down 10 percent from the same period in 2005. For turkey parts, cold storage holdings totaled 248 million pounds, up 11 percent from the same period in 2005.

Broiler Exports Are Down in May

May broiler exports were 442 million pounds, down 9 percent from May 2005, although above May averages for recent years. The primary reasons for the decline in U.S. broiler exports were lower shipments to Russia, as there were early-month trader concerns about Russia's new import permit regime. Russia is the largest U.S. broiler export market, but shipments to its ports fluctuate greatly in size from month-to-month.

Lower May broiler exports may also be partially explained by increases in leg-quarter prices. Leg-quarter prices rose from April to May by 9.6 cents, an increase of 58 percent. U.S. broiler shipments to Hong Kong/China, the Caribbean, and Mexico declined by a total of 46 million pounds from April to May, which indicate that these countries may be reducing imports in response to price increases.

Turkey Exports Continue To Decline

Turkey exports totaled 42 million pounds in May 2006, down almost 13 percent from a year ago. Although below last year, May exports increased from April, maintaining Mexico's strong demand for low-priced animal protein products. Rising leg-quarter prices relative to turkey prices are likely the driving force behind Mexico's substitution of turkey meat for broiler meat.

Contacts and Links

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- 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.

Recent Report

Did the Mandatory Requirement Aid the Market? Impact of the Livestock Mandatory Reporting Act, <http://www.ers.usda.gov/Publications/LDP/Sep05/ldpm13501/> compares the mandatory price reporting system developed by USDA's Agricultural Marketing Service in 2001 with the previous voluntary reporting system. The trend toward formula purchases has slowed since mandatory price reporting was implemented, and market forces have likely contributed to an increase in the volume of cattle moving under negotiated purchases.

Market Integration of the North American Animal Products Complex, <http://www.ers.usda.gov/Publications/ldp/may05/ldpm13101/> The beef, pork, and poultry industries of Mexico, Canada, and the United States have tended to become more economically integrated over the past two decades. Sanitary barriers, which are designed to protect people and animals from diseases, are some of the most significant barriers to fuller integration of meat and animal markets.

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/reports/waobr/wasde-bb/>

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Red meat and poultry forecasts

	2003	2004	2005	2006						2007				
	Annual	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	Annual
Production, million lb														
Beef	26,238	24,548	5,725	6,189	6,560	6,209	24,683	6,078	6,700	7,025	6,300	26,103	6,330	26,755
Pork	19,945	20,509	5,138	5,021	5,000	5,525	20,684	5,321	5,000	5,200	5,650	21,171	5,375	21,760
Lamb and mutton	199	195	49	46	44	48	187	49	48	48	52	197	52	205
Broilers	32,749	34,063	8,588	8,934	8,939	8,904	35,365	8,937	9,100	9,000	8,950	35,987	9,000	36,575
Turkeys	5,650	5,454	1,328	1,397	1,375	1,405	5,504	1,354	1,425	1,410	1,445	5,634	1,375	5,730
Total red meat & poultry	85,476	85,441	20,991	21,764	22,088	22,254	87,097	21,902	22,440	22,851	22,567	89,760	22,296	91,699
Table eggs, mil. doz.	6,225	6,365	1,588	1,583	1,596	1,644	6,411	1,612	1,615	1,635	1,665	6,527	1,625	6,630
Per capita consumption, retail lb 1/														
Beef	64.9	66.1	15.6	16.8	17.0	16.0	65.5	15.8	17.1	17.9	15.7	66.5	15.8	66.8
Pork	51.8	51.3	12.3	12.1	12.3	13.3	50.0	12.3	11.8	12.4	13.2	49.6	12.5	50.5
Lamb and mutton	1.2	1.1	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	1.1
Broilers	81.6	84.3	21.3	21.7	21.6	21.2	85.8	21.8	22.4	21.6	21.1	87.0	21.5	87.0
Turkeys	17.4	17.1	3.6	3.9	4.2	5.1	16.7	3.5	3.9	3.9	5.3	16.6	3.6	16.7
Total red meat & poultry	218.9	221.4	53.6	55.2	55.7	56.4	220.9	54.2	55.8	56.5	56	222.5	54.1	223.8
Eggs, number	254.7	257.2	63.4	63.0	63.5	65.0	255.1	63.9	63.8	64.9	65.8	258.4	64.1	261.1
Market prices														
Choice steers, Neb., \$/cwt	84.69	84.75	89.09	87.96	81.79	90.27	87.28	89.24	80.39	76-80	80-86	82-84	82-88	81-87
Feeder steers, Ok City, \$/cwt	89.85	104.76	104.05	113.36	111.50	114.84	110.94	106.80	104.08	103-107	100-106	104-106	101-107	98-104
Boning utility cows, S. Falls, \$/cwt	46.62	52.35	54.18	59.17	55.34	49.75	54.36	48.89	47.79	47-49	50-52	48-50	49-53	48-51
Choice slaughter lambs, San Angelo, \$/cwt	91.98	96.69	106.10	98.60	92.90	94.44	97.76	77.03	66.56	68-72	72-78	71-73	79-85	78-84
Barrows & gilts, N. base, l.e. \$/cwt	39.45	52.51	51.92	52.09	50.51	45.67	50.05	42.63	48.45	47-49	40-42	44-46	37-41	39-42
Broilers, 12 City, cents/lb	62.00	74.10	71.90	72.60	72.10	66.70	70.80	62.70	61	66-68	63-67	63-65	64-70	65-70
Turkeys, Eastern, cents/lb	62.10	69.70	65.90	67.70	76.50	83.60	73.40	67.30	71.3	75-79	77-83	73-75	62-68	68-74
Eggs, New York, cents/doz.	87.90	82.20	64.50	55.90	66.60	75.00	65.50	71.4	62.7	66-68	75-81	69-71	70-76	71-77
U.S. trade, million lb														
Beef & veal exports	2,518	461	130	189	150	220	689	223	255	255	290	1,023	330	1,385
Beef & veal imports	3,006	3,679	831	1,065	906	797	3,599	843	825	835	755	3,258	770	3,340
Lamb and mutton imports	168	181	41	52	39	48	180	53	46	40	44	183	51	184
Pork exports	1,717	2,179	630	699	629	702	2,660	770	795	710	795	3,070	775	3,235
Pork imports	1,185	1,099	245	245	257	277	1,024	259	260	280	290	1,089	265	1,110
Live swine imports	7,438	8,505	1,894	1,951	2,157	2,189	8,191	2,133	2,100	2,300	2,300	8,833	2,300	9,400
Broiler exports	4,920	4,768	1,199	1,347	1,315	1,286	5,147	1,338	1,325	1,390	1,450	5,503	1,350	5,595
Turkey exports	484	443	126	147	147	149	569	119	125	150	160	554	135	595

1/ Per capita meat and egg consumption data are revised, incorporating a new population series from the Commerce Department's Bureau of Economic Analysis based on the 2000 Census.

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

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

Economic Indicator Forecasts

	2005					2006					2007	
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	Annual
GDP, chain wtd (bil. 2000 dol.)	10,999	11,092	11,193	11,234	11,135	11,381	11,449	11,534	11,651	11,518	11,734	11,863
CPI-U, annual rate (pct.)	2.4	4.2	5.1	3.2	3.7	2.0	3.4	2.6	2.4	2.6	2.3	2.4
Unemployment (pct.)	5.3	5.1	5.0	4.9	5.1	4.8	4.7	4.7	4.8	4.7	4.8	4.8
Interest (pct.)												
3-month Treasury bill	2.5	2.9	3.4	3.8	3.2	4.4	4.8	5.0	5.0	4.8	5.0	4.8
10-year Treasury bond yield	4.3	4.2	4.2	4.5	4.3	4.6	5.1	5.2	5.3	5.1	5.3	5.2

Source: Survey of Professional Forecasters, Philadelphia Federal Reserve Bank, May 2006.
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Dairy Forecasts

	2005					2006					2007	
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	Annual
Milk cows (thous.)	9,002	9,041	9,060	9,060	9,041	9,093	9,120	9,125	9,120	9,120	9,115	9,030
Milk per cow (pounds)	4,816	5,069	4,871	4,821	19,577	5,009	5,140	4,915	4,900	19,965	5,075	20,275
Milk production (bil. pounds)	43.4	45.8	44.1	43.7	177.0	45.5	47.0	44.8	44.7	182.1	46.3	183.1
Farm use	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	1.0
Milk marketings	43.1	45.6	43.9	43.4	175.9	45.3	46.7	44.6	44.4	181.0	46.0	182.1
Milkfat (bil. pounds milk equiv.)												
Milk marketings	43.1	45.6	43.9	43.4	175.9	45.3	46.7	44.6	44.4	181.0	46.0	182.1
Beginning commercial stocks	7.2	9.5	11.3	9.6	7.2	8.0	10.9	12.0	10.0	8.0	8.2	8.2
Imports	1.3	1.1	1.1	1.2	4.6	1.1	1.1	1.1	1.2	4.4	1.3	5.1
Total supply	51.6	56.1	56.2	54.2	187.7	54.4	58.6	57.6	55.6	193.4	55.5	195.4
Ending commercial stocks	9.5	11.3	9.6	8.0	8.0	10.9	12.0	10.0	8.2	8.2	10.4	7.9
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
Commercial use	42.1	44.9	46.6	46.2	179.7	43.5	46.6	47.6	47.4	185.2	45.1	187.5
Skim solids (bil. pounds milk equiv.)												
Milk marketings	43.1	45.6	43.9	43.4	175.9	45.3	46.7	44.6	44.4	181.0	46.0	182.1
Beginning commercial stocks	8.2	8.5	9.7	8.9	8.2	9.0	9.5	10.1	9.0	9.0	9.0	9.0
Imports	1.2	1.0	1.2	1.2	4.5	1.2	1.2	1.2	1.3	4.7	1.2	5.7
Total supply	52.4	55.1	54.0	53.5	188.6	55.3	57.4	55.8	54.7	194.6	56.3	196.8
Ending commercial stocks	8.5	9.7	8.9	9.0	9.0	9.5	10.1	9.0	9.0	9.0	8.6	8.8
Net removals	-0.4	-0.3	-0.2	0.0	-1.0	0.0	0.7	0.2	0.2	1.2	1.2	2.3
Commercial use	44.3	45.8	46.1	44.5	180.6	45.8	46.5	46.6	45.5	184.4	46.5	185.7
Milk prices (dol./cwt) 1/												
All milk	15.67	14.77	14.97	15.17	15.14	13.53	12.07	11.90	12.50	12.50	12.35	12.85
								-12.30	-13.20	-13.20	-13.35	-13.85
Class III	14.31	14.10	14.08	13.69	14.05	12.23	11.02	11.05	11.35	11.40	11.25	11.95
								-11.45	-12.05	-11.70	-12.25	-12.95
Class IV	12.64	12.38	13.45	13.03	12.87	11.33	10.30	10.15	10.20	10.45	10.15	10.45
								-10.65	-11.00	-10.85	-11.25	-11.55
Product prices (dol./pound) 2/												
Cheddar cheese	1.531	1.507	1.481	1.431	1.488	1.272	1.184	1.190	12.150	12.150	1.220	1.295
								-1.230	-12.850	-12.450	-1.320	-1.395
Dry whey	0.249	0.263	0.287	0.314	0.278	0.345	0.289	0.273	0.282	0.295	0.248	0.245
								-0.293	-0.312	-0.315	-0.278	-0.275
Butter	1.570	1.459	1.646	1.487	1.541	1.247	1.153	1.118	1.133	1.150	1.158	1.215
								-1.188	-1.233	1.215	-1.258	-1.345
Nonfat dry milk	0.899	0.924	0.957	0.984	0.941	0.905	0.831	0.820	0.822	0.840	0.810	0.815
								-0.860	-0.882	-0.870	-0.880	-0.885

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/dyfmos/mib/fedordprc_dscrp.htm

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

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