

Livestock

Changes in the U.S. meat complex continue to reflect the effects of the high grain prices of the 1995/96 crop year. Although grain prices have since fallen, they remain relatively high and harvested forage supplies are tight. Both the poultry and pork sectors are expanding in response to lower grain prices. However, the beef sector is expected to continue contracting over the next 3 years, reflecting producers' response to poor returns and the longer biological lags inherent in beef production. Over the baseline, lower feed prices than in 1995/96 and replenishment of forage supplies should moderate production costs in the meat sector. Continued low inflation, domestic demand strength from slow but steady income growth, and gains in export sales are expected to contribute to producer returns that encourage higher red meat and poultry output. However, as feed costs increase beyond 2000, beef and poultry production gains slow towards the end of the baseline. Pork production declines in the middle of the baseline but begins expanding again in the last few years.

Decreases in real prices of meats combined with increases in real disposable income allow consumers to purchase more total meat with a smaller proportion of disposable income, continuing a long-term trend. Consumption gains exceed population growth with per capita meat consumption reaching nearly 229 pounds (retail weight) by 2007. The meats will vie for domestic market share through product development, advertising, and promotion. Poultry gains a larger proportion of both total meat consumption and total meat expenditures, reflecting its lower production costs and prices relative to other meats. On a retail weight basis, total poultry consumption is expected to exceed total red meat consumption in 2004.

Total egg production expands slightly in the baseline in part to support larger broiler production. Per capita consumption of shell eggs is declining more slowly and total egg use per person has risen due to growing use in processed foods. Real egg prices continue to fall.

Although milk-feed price ratios could become less favorable, dairy productivity gains continue into the next decade, pushing milk output per cow higher and real cost lower. Milk production will grow despite slowly declining cow numbers throughout the period. Real milk prices will fall.

Beef

Lower feeder cattle prices due to record grain prices in 1995/96 were compounded by poor forage supplies in 1996 through the summer of 1997. Low returns to the cow-calf sector, large beef cow slaughter in 1997, and the length of the biological lag is likely to prevent herd expansion before the turn of the century. Returns above cash costs per cow were near break-even in 1997 and could turn positive starting in 1998, but this is not expected to be sufficient to encourage large expansion. The cattle herd builds from a cyclical low of 97 million head in 2000, reaching about 102 million head by 2007. Shifts toward larger-framed cattle and heavier slaughter weights partly offset the need for expanding cattle inventories to previous levels.

Beef production declines over the next few years, reflecting sector adjustments to low cow-calf returns. From 2000 to 2005, production gradually rises but less than gains in population. Coupled with larger exports and declining imports after 2001, per capita beef consumption drops

just over 7 pounds, retail weight, from 1997 to 2007. The beef production mix continues to shift toward a larger proportion of fed beef as nearly all steers and heifers are feedlot fed. Calf slaughter returns to relatively low levels as a larger proportion of the herd is placed on feed.

Feeder cattle remain on grass longer and will be marketed at heavier weights as grains remain relatively expensive. Cattle will remain in feedlots for 120 to 140 days to Select or Choice grade, with dressed slaughter weights growing slowly during the baseline. Heavier placement weights coupled with less finish required to reach Choice grade will hold down feed grain use and feed fed per pound of fed beef produced. The strongest prices will be received for cattle that grade Choice or higher for the growing export and domestic hotel-restaurant markets.

Adequate land resources will remain available to the cattle and crop sectors into the next decade. In addition, the 1996 Farm Act further expands the forage base by allowing haying and grazing at any time on land enrolled in production flexibility contracts. Conservation Reserve Program acreage will remain over 30 million acres. Grazing and haying on CRP acreage will continue to be allowed under restricted conditions during emergencies such as drought and floods. This increased availability of forage for the reduced cattle sector, combined with a shift toward cow-calf-yearling operations, allows flexibility in the use of forage and the marketing of feeder cattle. In the event of poor forage conditions, for example, feeder cattle can be marketed early, allowing the cow herd to be maintained.

Veal production falls through 2007. A larger share of veal production will come from higher valued formula fed calves marketed at heavier weights. Declining dairy cow numbers will reduce the supply of dairy calves. High stocker and feeder cattle prices will encourage more of these dairy calves to move into feedlot channels rather than being slaughtered as young calves.

The emergence of the United States as a long-term net beef exporter will be delayed until early in the next decade as the cattle inventory is reestablished and weak demand in the Pacific Rim recovers. Adjustments in world beef trade will continue as market access is opened under the GATT agreement, but long-term growth in meat demand in the Pacific Rim may be slower than previously thought. The United States remains the primary source of high quality fed beef for export, and will see exports of high quality steaks and roasts continue to increase, primarily to Pacific Rim nations. Australia and perhaps New Zealand will also increase exports to Pacific Rim nations, although their beef will be lower quality, grass-fed beef with limited amounts of grain-fed beef. However, the United States will remain an important market for Oceania, especially while the beef cow inventory remains low.

U.S. emphasis on fed beef production and the smaller cattle inventory will result in marginal beef import growth for processing beef. Most processing beef will be used in higher valued hamburger as large supplies of low priced, processing quality poultry and pork are used in lower valued manufactured products.

Pork

The pork sector will continue to transform into a more vertically coordinated industry. Larger, more efficient pork producers will market a greater percentage of the hogs over the next 10 years. These larger operations are able to spread fixed costs across more animals and purchase grain in large quantities, resulting in greater efficiency. Breeding inventories are low relative to pork production and will likely fall further as the number of pigs per litter increases.

Pork production grows slowly from 17 billion pounds in 1997 to nearly 20 billion pounds by 2007, with 9 percent and 6 percent jumps in 1998 and 1999 as larger producers expand following an exodus of smaller producers in 1995/96 due to high grain prices. The large production increases drive returns to near break-even in 1999 and 2000, causing the cycle to turn in 2001, before production begins to increase again in 2004. However, the lack of any supply or demand shocks in the baseline, combined with the more vertically coordinated industry structure, dampens the hog cycle. Pork production growth remains slow through the remainder of the baseline as higher grain prices and competition from beef and poultry moderate returns.

Per capita pork consumption on a retail basis rises from 48 pounds in 1997 to a cyclical peak near 54 pounds per person in 1999-2000 before dropping off to about 49 pounds in 2007. Nominal hog prices slowly rise from 1999 through 2007.

The United States becomes an increasingly important net pork exporter. Exports will continue to expand while pork imports decline modestly. Pork exports will be boosted in the near-term due to Taiwan's foot and mouth disease problems. Longer term gains in pork exports reflect in part environmental constraints in a number of competitor countries (including Taiwan) that limit their production growth. The major growth markets for U.S. pork exports will remain Pacific Rim nations and Mexico. Yearly trade variations will depend upon major foreign suppliers such as Canada and Denmark, as well as exchange rate fluctuations.

Poultry and Eggs

Poultry production expands as broiler meats gain an increasing share of total meat consumption. Poultry meat will be less expensive than other meats so consumers can purchase more poultry meat per dollar. Poultry firms will continue aggressive market development and promote poultry's image of providing lean, convenient products. Further processed products including those seasoned, marinated, and packaged with other food products are recent trends. Production gains for turkeys reflect projected growth in the further-processed market and exports.

Poultry production gains accelerate in the next few years from a recent slowdown caused by high feed costs in 1995/96. Then increases in production slow again as broiler producers respond to more moderate net returns when real feed costs flatten beyond 2000. Poultry meat prices in the baseline decline in real terms.

The broiler and turkey industries have kept the cost of production from increasing at the full rate of inflation through technological advancements and improved production management practices,

including taking advantage of economies of size through increasing vertical integration. While some further technological improvements and continued vertical integration occur during the baseline, they will not affect production costs as significantly as in the past 10 years.

Turkey production will expand slowly with per capita consumption stabilizing. Low returns in recent years have slowed product development and larger pork production will provide more competition in the marketplace.

Continued competition in world poultry meat markets holds U.S. poultry exports to moderate gains. Increases are expected in exports of broiler parts, especially for dark meat, as U.S. real prices decline.

Table egg producers expand production slowly through the baseline in response to low industry net returns. A larger expansion in total U.S. egg production reflects increased broiler hatching egg production to accommodate broiler sector expansion.

Shell egg consumption per person falls more slowly than the long-term historical declining trend of 1 to 3 eggs a year. Per capita consumption of total eggs increases throughout the baseline. Processed egg products are an increasing part of the egg market as ingredients in many prepared foods. As consumers opt for more convenience foods, consumption of egg products will continue to increase, as negative egg attributes are less noticeable in processed products.

Wholesale egg prices trend upward, with increases less than the inflation rate. A competitive market with little product differentiation will result in supplies that keep prices near the cost of production.

U.S. egg exports are fairly constant over the baseline as many countries will likely continue to experience surpluses of eggs. World import demand will remain relatively static as domestic production will generally meet increased domestic demands in most countries.

Dairy

Milk production is expected to grow slowly, but supply shifts are projected to be much more modest than during the 1980s and early 1990s. Alfalfa hay prices will be higher than in the past, and milk-feed price ratios will run at levels normally associated with below-trend growth in milk per cow. Feed conditions will tend to slow growth in milk per cow and deter individual herd expansions. However, milk production will continue to expand in the West as well as on large operations in the North. Although pressures for larger output may not be as strong as in the past, they are expected to still outweigh weaknesses in milk production.

Slipping real milk prices are likely to continue to push weaker farms (and some of their land) out of dairying. Intensive grazing may prolong the existence of some operations, particularly in areas of marginal land. However, these techniques are not expected to make very many of the currently marginal operations viable into the next generation.

Dairy Program Changes

The 1996 Farm Act modified dairy programs by phasing out the price support purchase program, and consolidating and reforming Federal milk marketing orders.

Dairy support prices are phased down through 1999, and the price support purchase program ends on December 31, 1999. Starting January 1, 2000, a recourse loan program, in which loans must be repaid with interest, is implemented for butter, nonfat dry milk, and cheddar cheese at loan rates equivalent to \$9.90 per hundredweight for milk to assist processors in the management of dairy product inventories.

The Act requires that Federal milk marketing orders be reformed and consolidated from the current 32 orders into 10-14 orders, reserving one order for California. This will expand the size of marketing order areas, and could have local price impacts by raising prices received by some farmers while reducing prices for others. In addition, a broad number of reforms may be considered under expedited administrative procedures.

Milk cow numbers are projected to decline about 1 percent a year or slightly less. Meanwhile, milk per cow will grow about 1.5 to 2 percent annually. Although generally rising, milk production will be vulnerable to declines in years with feed price increases, demand reductions, or other negative shocks.

Real price declines, economic growth, and population increases are expected to trigger slow expansion in commercial use of dairy products. Sales of cheese and dairy ingredients for processed foods are expected to continue to expand, while fluid milk sales are stagnant.

The price support purchase program is not expected to have much effect during the remainder of its scheduled life (1998 and 1999). The Dairy Export Incentive Program (DEIP) will continue to support dairy prices, but DEIP amounts are tightly controlled by WTO limits. Government price support programs will have much less impact on dairy markets than in the past.

International market prices are expected to run generally below domestic prices. Commercial exports will be limited to a variety of niche markets, such as nearby markets, value-added products where raw material costs are less important, or where U.S. products have particular appeal (ice cream and mozzarella cheese, for example). Infrequently, commercial exports of sizable quantities of butter or nonfat dry milk probably will occur. Commercial exports probably will not be a major factor in domestic milk prices.

Farm milk prices are expected to rise by less than the rate of general inflation. These prices will slow milk production enough to allow domestic sales to keep pace. Retail prices also are expected to trail prices of other products. Prices may be considerably more volatile than they generally have been in the past because of the delicate balance between expansion in both production and use.

Table 21. Per capita meat consumption, retail and boneless weight

Item	Units	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Retail weight:													
Total beef	Pounds	67.7	67.0	65.5	61.2	59.4	60.0	61.0	61.0	60.5	60.2	60.0	59.7
Total veal	Pounds	1.2	1.0	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.6
Total pork	Pounds	49.1	48.1	51.7	54.0	53.9	52.7	51.6	50.7	50.2	49.8	49.5	49.3
Lamb and mutton	Pounds	1.1	1.1	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9
Total red meat	Pounds	119.1	117.1	119.1	117.0	115.1	114.5	114.2	113.3	112.3	111.5	111.0	110.4
Broilers	Pounds	71.6	74.0	78.3	82.3	85.2	88.0	90.3	91.9	93.8	95.6	97.6	99.5
Other chicken	Pounds	0.9	0.5	0.6	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Turkeys	Pounds	18.5	18.1	19.0	18.9	18.9	19.1	19.2	19.1	19.0	18.9	18.7	18.7
Total poultry	Pounds	90.9	92.6	97.9	101.5	104.4	107.4	109.7	111.2	113.1	114.8	116.6	118.5
Red meat & poultry	Pounds	210.0	209.8	217.0	218.5	219.5	221.9	224.0	224.5	225.3	226.3	227.6	228.9
Boneless weight:													
Total beef	Pounds	64.6	63.9	62.5	58.4	56.7	57.3	58.1	58.1	57.7	57.4	57.2	57.0
Total veal	Pounds	1.0	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5
Total pork	Pounds	46.1	45.1	48.6	50.7	50.7	49.5	48.5	47.6	47.1	46.8	46.5	46.3
Lamb & mutton	Pounds	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6
Total red meat	Pounds	112.5	110.7	112.6	110.5	108.7	108.1	107.9	107.0	106.1	105.4	104.9	104.4
Broilers	Pounds	50.1	51.8	54.8	57.6	59.6	61.6	63.2	64.3	65.6	66.9	68.3	69.6
Other chicken	Pounds	0.6	0.3	0.4	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Turkeys	Pounds	14.6	14.3	15.0	14.9	15.0	15.1	15.1	15.1	15.0	14.9	14.8	14.8
Total poultry	Pounds	65.2	66.4	70.2	72.7	74.7	76.9	78.5	79.5	80.8	82.0	83.3	84.6
Red meat and poultry	Pounds	177.7	177.1	182.7	183.2	183.5	185.0	186.4	186.6	186.9	187.4	188.2	188.9

Table 22. Consumer expenditures for meats

Item	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Beef, dollars per person	191.54	188.93	190.72	190.39	189.78	190.36	191.83	194.24	196.27	197.86	199.58	200.91
Percent of income	0.91	0.86	0.83	0.79	0.75	0.72	0.69	0.66	0.64	0.61	0.59	0.57
Percent of meat expenditures	44.84	43.80	42.73	41.46	40.71	40.57	40.53	40.35	40.04	39.71	39.42	39.08
Pork, dollars per person	108.57	111.48	116.90	118.33	118.69	118.53	118.53	119.03	119.58	119.97	120.37	120.46
Percent of income	0.51	0.51	0.51	0.49	0.47	0.45	0.42	0.41	0.39	0.37	0.36	0.34
Percent of meat expenditures	25.41	25.84	26.19	25.76	25.46	25.26	25.04	24.73	24.39	24.08	23.78	23.43
Broilers, dollars per person	107.83	111.83	118.65	129.44	135.94	138.83	141.81	147.02	153.15	159.09	164.97	171.18
Percent of income	0.51	0.51	0.52	0.54	0.54	0.52	0.51	0.50	0.50	0.49	0.49	0.48
Percent of meat expenditures	25.24	25.92	26.58	28.18	29.16	29.59	29.96	30.54	31.24	31.93	32.59	33.30
Turkeys, dollars per person	19.27	19.13	20.08	21.11	21.80	21.52	21.12	21.12	21.25	21.32	21.32	21.54
Percent of income	0.09	0.09	0.09	0.09	0.09	0.08	0.08	0.07	0.07	0.07	0.06	0.06
Percent of meat expenditures	4.51	4.43	4.50	4.60	4.68	4.59	4.46	4.39	4.33	4.28	4.21	4.19
Total meat, dollars per person	427.20	431.37	446.35	459.27	466.21	469.24	473.28	481.41	490.24	498.24	506.24	514.09
Percent of income	2.02	1.96	1.94	1.91	1.84	1.76	1.69	1.64	1.59	1.55	1.50	1.45

Table 23. Beef baseline

Item	Units	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Beginning stocks	Mil. lbs.	519	377	400	350	400	410	425	450	475	475	475	475
Commercial production	Mil. lbs.	25,419	25,313	24,750	23,658	23,231	23,732	24,401	24,712	24,778	24,955	25,172	25,364
Change	Percent	1.2	-0.4	-2.2	-4.4	-1.8	2.2	2.8	1.3	0.3	0.7	0.9	0.8
Farm production	Mil. lbs.	106	106	106	106	106	106	106	106	106	106	106	106
Total production	Mil. lbs.	25,525	25,419	24,856	23,764	23,337	23,838	24,507	24,818	24,884	25,061	25,278	25,470
Imports	Mil. lbs.	2,073	2,387	2,680	2,440	2,437	2,441	2,439	2,435	2,422	2,412	2,392	2,374
Total supply	Mil. lbs.	28,117	28,183	27,936	26,554	26,174	26,689	27,371	27,703	27,781	27,948	28,145	28,319
Exports	Mil. lbs.	1,877	1,978	2,095	2,119	2,232	2,283	2,366	2,452	2,522	2,602	2,682	2,764
Ending stocks	Mil. lbs.	377	400	350	400	410	425	450	475	475	475	475	475
Total consumption	Mil. lbs.	25,863	25,805	25,491	24,035	23,532	23,981	24,555	24,776	24,784	24,871	24,988	25,080
Per capita, carcass weight	Pounds	97.4	96.4	94.3	88.1	85.5	86.4	87.7	87.7	87.1	86.6	86.3	85.9
Per capita, retail weight	Pounds	67.7	67.0	65.5	61.2	59.4	60.0	61.0	61.0	60.5	60.2	60.0	59.7
Change	Percent	0.3	-1.0	-2.2	-6.6	-3.0	1.1	1.5	0.0	-0.7	-0.6	-0.3	-0.5
Prices:													
Beef cattle, farm	\$/cwt	59.30	63.55	69.38	75.01	75.99	75.81	76.33	77.68	79.10	80.59	81.98	83.28
Calves, farm	\$/cwt	58.74	63.14	67.00	70.75	70.20	72.76	73.70	76.51	78.53	79.72	81.21	83.07
Choice steers, Nebraska	\$/cwt	65.21	66.67	73.50	79.46	80.51	80.31	80.86	82.29	83.79	85.38	86.85	88.22
Deflated price	\$/cwt	41.54	41.46	44.44	46.63	45.74	44.18	43.06	42.48	41.98	41.51	40.99	40.34
Yearl. steers, Okla. City	\$/cwt	61.08	75.94	79.50	92.07	91.56	84.76	85.63	88.19	90.04	91.12	92.48	94.18
Deflated price	\$/cwt	38.90	47.23	48.07	54.03	52.02	46.62	45.59	45.53	45.11	44.30	43.65	43.06
Retail: Beef and veal	1982-84=100	134.5	137.0	142.0	151.7	155.8	154.7	153.6	155.5	158.2	160.4	162.4	164.2
Retail: Other meats	1982-84=100	144.0	147.0	149.0	159.2	163.5	162.3	161.1	163.2	166.0	168.3	170.4	172.3
ERS retail beef	\$/lb.	2.82	2.82	2.91	3.11	3.19	3.17	3.15	3.19	3.24	3.29	3.33	3.37
Costs and returns, cow-calf enterprise:													
Variable expenses	\$/cow	201.64	219.24	215.54	205.74	208.74	216.40	223.85	229.26	235.65	242.42	248.01	252.60
Fixed expenses	\$/cow	114.41	116.84	118.07	120.24	122.99	125.76	127.38	130.25	133.45	136.79	140.47	143.27
Total cash expenses	\$/cow	316.05	336.08	333.61	325.97	331.73	342.16	351.23	359.51	369.10	379.21	388.47	395.88
Returns above cash costs	\$/cow	-43.85	0.01	16.05	76.63	74.45	42.37	43.52	52.99	58.01	59.13	62.51	69.43
Cattle inventory	1,000 head	103,487	101,209	98,526	96,802	96,714	98,517	100,061	100,639	100,928	101,316	101,734	102,040
Beef cow inventory	1,000 head	35,261	34,291	33,835	32,703	32,910	33,755	34,531	34,835	35,059	35,313	35,574	35,794

Table 24. Pork baseline

Item	Units	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Beginning stocks	Mil. lbs.	396	366	400	380	380	380	380	380	380	380	400	400
Commercial production	Mil. lbs.	17,085	17,029	18,500	19,559	19,793	19,590	19,453	19,384	19,444	19,583	19,735	19,906
Change	Percent	-4.1	-0.3	8.6	5.7	1.2	-1.0	-0.7	-0.4	0.3	0.7	0.8	0.9
Farm production	Mil. lbs.	32	32	32	32	32	32	32	32	32	32	32	32
Total production	Mil. lbs.	17,117	17,061	18,532	19,591	19,825	19,622	19,485	19,416	19,476	19,615	19,767	19,938
Imports	Mil. lbs.	618	620	615	608	600	591	582	573	564	556	547	538
Total supply	Mil. lbs.	18,131	18,047	19,547	20,579	20,805	20,593	20,447	20,369	20,420	20,551	20,714	20,876
Exports	Mil. lbs.	951	1,064	1,150	1,221	1,296	1,373	1,455	1,543	1,636	1,733	1,839	1,949
Ending stocks	Mil. lbs.	366	400	380	380	380	380	380	380	380	400	400	400
Total consumption	Mil. lbs.	16,814	16,583	18,017	18,978	19,129	18,840	18,612	18,446	18,404	18,418	18,475	18,527
Per capita, carcass weight	Pounds	63.3	61.9	66.7	69.6	69.5	67.9	66.5	65.3	64.6	64.2	63.8	63.5
Per capita, retail weight	Pounds	49.1	48.1	51.7	54.0	53.9	52.7	51.6	50.7	50.2	49.8	49.5	49.3
Change	Percent	-6.3	-2.2	7.6	4.4	-0.1	-2.4	-2.1	-1.7	-1.0	-0.8	-0.5	-0.5
Prices:													
Hogs, farm	\$/cwt	53.34	52.38	47.36	42.29	42.34	44.36	46.22	48.06	49.22	49.95	50.51	50.86
Iowa, So. Minn. market	\$/cwt	53.39	51.98	47.00	42.19	42.24	44.26	46.12	47.96	49.12	49.85	50.41	50.76
Deflated price	\$/cwt	34.01	32.33	28.42	24.76	24.00	24.35	24.56	24.76	24.61	24.23	23.79	23.21
Retail: pork	1982-84=100	148.2	155.0	151.0	146.4	147.0	150.4	153.5	156.9	159.3	161.0	162.4	163.4
ERS retail pork	\$/lb.	2.21	2.32	2.26	2.19	2.20	2.25	2.30	2.35	2.38	2.41	2.43	2.45
Costs and returns, farrow to finish:													
Variable expenses	\$/cwt	42.52	41.22	38.19	36.60	36.54	38.12	39.59	40.35	41.46	42.66	43.37	43.71
Fixed expenses	\$/cwt	4.91	4.99	5.15	5.09	5.07	5.05	4.99	4.98	4.98	4.99	5.04	5.05
Total cash expenses	\$/cwt	47.43	46.20	43.34	41.69	41.61	43.17	44.59	45.33	46.44	47.65	48.41	48.76
Returns above cash costs	\$/cwt	5.96	5.78	3.66	0.50	0.63	1.09	1.53	2.62	2.68	2.20	2.00	2.00
Hog inventory,													
Dec. 1, previous year	1,000 head	60,540	58,200	60,250	64,775	65,983	65,350	64,923	64,706	64,893	65,329	65,803	66,338

Table 25. Young chicken baseline

Item	Units	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Beginning stocks	Mil. lbs.	560	641	625	750	800	850	900	950	1000	1050	1100	1150
F.I. slaughter	Mil. lbs.	26,336	27,281	29,200	30,810	32,208	33,529	34,719	35,862	37,016	38,175	39,338	40,517
Change	Percent	5.3	3.6	7.0	5.5	4.5	4.1	3.5	3.3	3.2	3.1	3.0	3.0
Production	Mil. lbs.	26,124	27,199	28,953	30,562	31,949	33,259	34,440	35,574	36,718	37,867	39,021	40,191
Total supply	Mil. lbs.	26,684	27,840	29,578	31,312	32,749	34,109	35,340	36,524	37,718	38,917	40,121	41,341
Change	Percent	5.5	4.3	6.2	5.9	4.6	4.2	3.6	3.3	3.3	3.2	3.1	3.0
Exports	Mil. lbs.	4,420	4,655	4,750	4,986	5,229	5,426	5,636	6,003	6,290	6,583	6,824	7,110
Ending stocks	Mil. lbs.	641	625	750	800	850	900	950	1,000	1,050	1,100	1,150	1,200
Consumption	Mil. lbs.	21,623	22,560	24,078	25,526	26,670	27,783	28,754	29,520	30,378	31,234	32,147	33,031
Per capita, carcass weight	Pounds	81.4	84.2	89.1	93.6	96.9	100.1	102.7	104.5	106.7	108.8	111.0	113.2
Per capita, retail weight	Pounds	71.6	74.0	78.3	82.3	85.2	88.0	90.3	91.9	93.8	95.6	97.6	99.5
Change	Percent	2.8	3.4	5.8	5.1	3.5	3.3	2.6	1.8	2.1	2.0	2.0	2.0
Prices:													
Broilers, farm	Cents/lb.	38.5	38.0	38.0	36.8	37.1	36.3	35.9	36.8	37.6	38.5	39.2	40.1
12-city market price	Cents/lb.	61.2	59.5	59.5	61.3	61.8	60.4	59.8	61.3	62.7	64.2	65.4	66.8
Deflated wholesale price	Cents/lb.	39.0	37.0	36.0	36.0	35.1	33.2	31.9	31.6	31.4	31.2	30.9	30.5
Change	Percent	5.4	-5.1	-2.8	0.1	-2.4	-5.4	-4.2	-0.7	-0.6	-0.8	-1.0	-1.0
Composite retail broiler price	Cents/lb.	150.7	151.1	151.5	157.3	159.6	157.8	157.1	160.1	163.3	166.4	169.1	172.0
Costs and returns:													
Total costs	Cents/lb.	55.86	53.00	52.50	50.70	50.96	53.40	55.72	57.07	58.89	60.83	62.12	62.91
Net returns	Cents/lb.	5.36	6.50	7.00	10.64	10.87	7.04	4.13	4.20	3.84	3.33	3.28	3.89

Table 26. Turkey baseline

Item	Units	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Beginning stocks	Mil. lbs.	271	328	350	325	320	320	320	320	320	320	320	320
F.I. slaughter	Mil. lbs.	5,466	5,475	5,725	5,866	5,957	6,085	6,167	6,209	6,249	6,290	6,327	6,366
Change	Percent	6.6	0.2	4.6	2.5	1.6	2.1	1.3	0.7	0.6	0.7	0.6	0.6
Production	Mil. lbs.	5,401	5,444	5,680	5,796	5,887	6,013	6,094	6,136	6,176	6,216	6,253	6,291
Total supply	Mil. lbs.	5,672	5,772	6,030	6,121	6,207	6,333	6,414	6,456	6,496	6,536	6,573	6,611
Change	Percent	6.6	1.8	4.5	1.5	1.4	2.0	1.3	0.7	0.6	0.6	0.6	0.6
Exports	Mil. lbs.	438	567	575	650	675	700	725	750	775	800	825	850
Ending stocks	Mil. lbs.	328	350	325	320	320	320	320	320	320	320	320	300
Consumption	Mil. lbs.	4,906	4,855	5,130	5,151	5,212	5,313	5,369	5,386	5,401	5,416	5,428	5,461
Per capita	Pounds	18.5	18.1	19.0	18.9	18.9	19.1	19.2	19.1	19.0	18.9	18.7	18.7
Change	Percent	3.3	-1.9	4.7	-0.5	0.3	1.1	0.2	-0.5	-0.5	-0.6	-0.6	-0.2
Prices:													
Turkey, farm	Cents/lb.	43.5	41.1	39.9	40.7	42.0	41.0	40.2	40.4	40.8	41.2	41.5	42.0
Hen turkey (whsle.) East	Cents/lb.	66.5	66.6	64.3	67.9	70.0	68.3	66.9	67.3	68.1	68.7	69.1	70.0
Deflated hen turkey	Cents/lb.	42.4	41.4	38.9	39.9	39.8	37.6	35.6	34.7	34.1	33.4	32.6	32.0
Retail frozen turkey	Cents/lb.	104.3	105.5	105.8	111.7	115.1	112.4	110.1	110.7	112.0	113.0	113.7	115.1
Retail: poultry	1982-84=100	152.4	156.1	159.0	168.7	174.6	175.2	176.9	182.8	189.1	195.3	201.1	207.4
Costs and returns:													
Total costs	Cents/lb.	72.86	68.50	65.50	65.23	66.76	68.33	68.16	67.41	67.66	67.71	67.26	67.01
Net returns	Cents/lb.	-6.36	-1.90	-1.20	2.68	3.21	0.00	-1.22	-0.12	0.41	0.98	1.86	2.97

Table 27. Egg baseline

Item	Units	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Beginning stocks	Mil. doz.	11	9	10	10	14	15	15	15	15	15	15	15
Production	Mil. doz.	6,358	6,438	6,580	6,695	6,809	6,918	7,022	7,127	7,234	7,342	7,453	7,564
Change	Percent	2.3	1.3	2.2	1.8	1.7	1.6	1.5	1.5	1.5	1.5	1.5	1.5
Imports	Mil. doz.	5	5	4	5	5	5	5	5	5	5	5	5
Total supply	Mil. doz.	6,375	6,452	6,594	6,710	6,828	6,938	7,042	7,147	7,254	7,362	7,473	7,584
Change	Percent	2.2	1.2	2.2	1.8	1.8	1.6	1.5	1.5	1.5	1.5	1.5	1.5
Hatching use	Mil. doz.	865	896	940	992	1,037	1,079	1,118	1,154	1,192	1,229	1,266	1,304
Exports	Mil. doz.	253	220	255	260	265	270	275	280	285	290	295	300
Ending stocks	Mil. doz.	9	10	10	14	15	15	15	15	15	15	15	15
Consumption	Mil. doz.	5,248	5,326	5,389	5,444	5,511	5,574	5,634	5,698	5,762	5,829	5,896	5,965
Per capita	Number	237.1	238.6	239.2	239.6	240.3	240.9	241.5	242.1	242.9	243.6	244.4	245.2
Change	Percent	0.6	0.6	0.3	0.1	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.3
Prices:													
Eggs, farm	Cents/doz.	76.0	68.4	64.2	65.8	67.0	67.8	68.6	69.4	70.1	70.8	71.4	72.2
New York, Grade A large	Cents/doz.	88.2	79.9	75.0	76.1	77.4	78.4	79.3	80.2	81.0	81.8	82.6	83.5
Deflated wholesale prices	Cents/doz.	56.2	49.7	45.3	44.7	44.0	43.1	42.3	41.4	40.6	39.8	39.0	38.2
Retail, Grade A, large	Cents/doz.	111	106	104	104	105	106	107	109	110	111	112	113
Retail: Eggs	1982-84=100	142.1	140.0	140.0	140.6	143.8	146.5	149.0	151.6	154.0	156.3	158.7	161.3
Costs and returns:													
Total costs	Cents/doz.	78.00	76.10	71.07	68.63	68.98	72.29	75.42	77.25	79.71	82.34	84.09	85.16
Net returns	Cents/doz.	10.20	3.80	3.93	7.47	8.42	6.11	3.88	2.95	1.29	-0.54	-1.49	-1.66

Table 28. Dairy baseline

Item	Units	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Production data:													
Milk production	Bil. lbs.	156.5	157.0	157.9	159.7	161.2	163.1	164.6	166.9	168.5	170.5	172.5	174.9
Number of cows	1,000	9,267	9,175	9,090	9,015	8,945	8,900	8,825	8,770	8,720	8,670	8,615	8,555
Milk per cow	Pounds	16,883	17,120	17,375	17,720	18,020	18,325	18,650	19,030	19,320	19,665	20,020	20,440
Commercial use:													
Milkfat basis	Bil. lbs.	156.3	158.0	159.3	161.0	162.5	164.2	165.8	168.1	169.8	171.8	173.9	175.9
Skim solids	Bil. lbs.	154.5	157.5	158.7	160.5	162.0	164.1	165.5	168.0	169.5	171.7	173.6	175.8
Net removals:													
Milkfat basis	Bil. lbs.	0.8	1.0	0.7	0.8	0.9	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Skim solids	Bil. lbs.	2.7	3.2	2.0	1.9	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Prices:													
Basic Formula Price	\$/cwt	11.88	11.90	12.50	12.60	13.10	13.00	13.40	13.65	13.90	14.15	14.40	14.65
All milk	\$/cwt	13.60	13.15	13.60	13.70	14.20	14.10	14.50	14.75	15.00	15.25	15.50	15.75
Costs and returns:													
Ration value	\$/cwt	8.83	8.54	8.20	8.20	8.55	8.90	9.10	9.35	9.65	9.80	9.90	10.05
Returns above													
concentrate costs	\$/cwt	9.94	9.56	10.16	10.26	10.61	10.36	10.68	10.82	10.95	11.13	11.34	11.53
Milk-feed ratio	ratio	1.54	1.54	1.66	1.67	1.66	1.58	1.59	1.58	1.55	1.56	1.57	1.57