

Livestock

Relatively low grain and soybean meal prices will continue to influence the U.S. livestock industry for the near term, with moderate increases in feed costs later in the projections. At the same time, most farm-level and retail prices in the livestock industry are projected to increase over the baseline period. The beef and pork sectors are expected to benefit from relatively low feed costs along with increased farm-level and retail prices and expand their production. However, poor forage conditions in recent years, biological lags, and lags in input decisions will delay beef expansion during the first half of the baseline period. Poultry production continues to rise through the projections but at a slowing rate due to the maturity of the sector.

The trend towards larger and more commercialized livestock and dairy systems will continue throughout the baseline period, although environmental issues constrain growth. Vertical coordination (alliances) will increase in the beef sector as strong demand for higher quality beef continues. The transformation to a more vertically coordinated pork sector will continue, with the larger, more efficient pork producers increasing their market share. The restructuring of the Canadian and U.S. pork sectors will continue the development of an integrated North American pork industry. Efficiency gains in poultry production will slow from the rapid gains of the past 25 years. Over the projections period, strengthening milk-feed price ratios, improved management, and dairy productivity gains will push milk output per cow higher and real costs lower.

In the aggregate, per capita meat consumption will increase slowly over the baseline. Small reductions in per capita consumption will be seen for beef and pork. Per capita consumption will continue to rise in the relatively lower priced poultry sector, particularly in broilers, although gains will slow in the latter half of the projections. On a retail weight basis, therefore, total poultry consumption is projected to gain market share of total meat consumption.

Both table egg production and hatching egg production will show slight expansions during the baseline. Hatching egg production, mainly a result of expanding broiler production, is expected to increase at a slightly faster rate than overall egg production. Per capita consumption of eggs is expected to increase during the forecast period, fueled mainly by increases in processed egg products. Wholesale egg prices are expected to increase during the baseline period.

Milk production grows through the baseline despite declining cow numbers as milk output per cow continues to increase. Productivity gains in the sector will reflect the continued structural shift to larger-sized operations in the sector--many traditional dairy farms, particularly smaller operations, will experience income stress and will exit the industry. Domestic dairy demand is expected to show slow growth. Farm milk prices are expected to increase at less than the general inflation rate.

Beef

Beef cattle inventories have continued to be held down by poor forage conditions over the past several years even as cattle returns have improved. With the exception of the Corn Belt, most

major cattle producing areas were hit with severe drought in 2000 and 2001. Weather took an unusually heavy toll on the beef sector in 2001 as the most severe winter since 1992/93 resulted in poor feedlot performance and sharply reduced slaughter weights. In the second half of the year, feedlot performance improved and there was another round of record slaughter weights. Although grain prices were favorable for cattle feeders and feeder cattle prices strengthened, the drought and poor forage supplies through 2001 extended the liquidation phase of the cattle cycle that began in 1995/96. Large beef cow slaughter in 1996-1998 reflected adjustments to low cow-calf returns during that period. Extended drought in 1999 and 2000 resulted in record heifer slaughter and, combined with the length of the biological lag, held down the beef cow herd expansion. Beef cow slaughter rose 11 percent during 2001 due to the severe winter followed by drought, further forestalling expansion. Additionally, more heifers were placed in feedlots rather than retained for calving.

The cattle herd builds from a cyclical low near 96 million head in 2003-2004 to about 104 million head by the end of the baseline. The last cattle cycle was 9 years in duration; the present cycle is in its thirteenth year, with two more liquidation years likely. The next cycle is likely to expand slowly as herd adjustments continue and will likely not peak during the baseline. Shifts toward larger-framed, higher-grading cattle result in heavier slaughter weights, partly offsetting the need for expanding cattle inventories to previous levels. With additional incentives to produce higher grading cattle, structural adjustment in herd genetics likely will increase over the cycle.

Drawing from a smaller inventory, beef production declines through 2004 as heifers are retained for the breeding herd. Beef output then increases only gradually through the rest of the baseline. Coupled with larger exports and generally declining imports, annual per capita beef consumption moderates toward 62 to 63 pounds (retail weight) from the cyclical liquidation peak of 69 pounds in 2000. The beef production mix continues to shift toward a larger proportion of higher-quality, hotel-restaurant and export-market products as nearly all steers and heifers are fed in feedlots. Calf slaughter will continue at relatively low levels as most are placed on feed.

Feeder cattle will remain on grass longer and will be marketed at heavier weights as inventories increase and feeder cattle supplies begin to rise. Cattle will remain in feedlots for 120 to 140 days to grade Select or low Choice. However, an increasing proportion of cattle will be fed somewhat longer to higher grades with dressed slaughter weights growing slowly during the baseline. Weights will be moderated to some extent as cow slaughter rises toward the end of the period. Heavier placement weights 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. The price spread between Choice and Select beef is likely to remain wide.

Adequate land resources will remain available to the cattle and crop sectors during the next 10 years. 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 potential availability of forage, 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 throughout the period. A larger share of veal production will come from higher-valued, formula-fed calves marketed at heavier weights. Declining dairy cow numbers 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 United States becomes a net beef exporter near the end of the baseline. Beef exports will rise from about 8 to 9 percent of production, reaching 10 to 11 percent. The United States remains the primary source of high-quality fed beef for export, including exports for the hotel-restaurant trade. High-quality beef exports continue to increase through the baseline, primarily to Pacific Rim nations. Australia and New Zealand will also increase exports to Pacific Rim nations, although their beef will be mostly lower quality, grass-fed beef. However, the United States will remain an important market for Oceania, especially early in the projections as U.S. herd expansion keeps beef cow slaughter low. U.S. emphasis on fed beef production will result in relatively high imports of processing beef. Most processing beef will be used in relatively higher-valued hamburger as large supplies of low priced processing-quality poultry and pork are used in lower valued manufactured products.

Pork

Over the next decade, the U.S. pork sector will continue to be characterized by vertical coordination that restructured the industry in the 1990s. Such vertical linkages will continue to develop at accelerating rates between fewer, larger hog producers and pork processors to produce timely, case-ready, processor-differentiated pork products bearing characteristics desired by domestic and foreign consumers.

Restructuring of pork industries in both Canada and the United States will continue to extend across national borders, furthering the development of an integrated North American pork industry. The Canadian industry is likely to specialize further in the production of feeder pigs for export to the United States, allowing the U.S. industry to utilize its relative advantage in hog-finishing in Corn Belt States with the abundance of corn and in hog slaughtering through lower U.S. labor costs.

The assumed absence in the baseline of significant supply or demand shocks during the projections period, combined with a more coordinated/integrated industrial structure and existing environmental constraints on expansion of large operations, serves to dampen the amplitude of the U.S. hog cycle. Consequently, U.S. pork production is projected to increase throughout the baseline period, albeit at a rate that averages only 0.7 percent annually over the 10-year forecast period. By 2011, production is expected to be about 20.2 billion pounds. U.S. per capita pork consumption on a retail-weight basis varies in a narrow range of 50 to 52 pounds per person, with nominal hog prices (national base, live equivalent) increasing slowly.

The United States is an important net pork exporter, although projected gains in the baseline are largely dependent on the outcome of competition with Canada in Asian markets as well as in Mexico. Moreover, Mexico is likely to become important U.S. competitor as the decade proceeds. Longer-term gains in pork exports by the United States and its competitors will be determined by relative costs of pork production and environmental regulation. Such costs tend to be lower in countries with small, but growing pork industries, such as Mexico. Prospects for long-term growth markets for U.S. pork exports remain focused on Pacific Rim nations. Both U.S. pork imports and exports grow moderately over the forecast period. It is likely that the EU will account for a declining share of U.S. imports, supplying frozen ribs during barbecue season, while Canada's share of the U.S. fresh and frozen import market increases year around.

Poultry and Eggs

During the baseline period, overall per capita poultry meat consumption is expected to grow at the expense of beef and pork consumption. Most of the gain in poultry consumption is expected to come from broilers as per capita turkey consumption is forecast to only increase slightly in the first half of the baseline and taper by the end of the baseline. The gain in poultry consumption is expected to come primarily from the relative price advantage poultry has compared to beef and pork products.

To successfully deal with the higher levels of production, poultry processing companies are expected to target both domestic and foreign markets. The focus in foreign markets is expected to be on high volumes of undifferentiated or low-value products. However, processors will constantly be looking to introduce higher valued parts or processed products. The domestic market focus is likely to be on developing partly or fully prepared products for both at-home use and restaurants. The emphasis for turkey processors is expected to be on the food service market and exports of turkey meat.

Production increases for poultry and eggs through the baseline period are expected to gradually slow to rates slightly above the rate of population increase. Poultry export markets are expected to continue to expand, but at a slower rate due to both the current general sluggishness in the world economy and the competitiveness of poultry exports from other countries.

Domestic per capita broiler consumption was flat between 1999 and 2001, but is projected to resume growth over the next decade, although at a slower pace than during the past 2 decades. Nonetheless, per capita broiler consumption increases to 84 pounds (retail-weight basis) by 2011, with broiler products gaining market share as per capita consumption of beef and pork decline.

After large increases in both 2000 and 2001, broiler export growth is expected to slow in 2002 and the following years, due to slower growth in personal incomes in the major importing countries and the strength of the dollar against many major currencies. In the longer term, domestic processors will also be faced with strong competition from other major broiler exporting countries, particularly Brazil. Exports to Asia are projected to expand through the baseline period, even with growing competition in most markets. While Russian imports are also expected to increase, the rate of growth is likely to be considerably lower than in the last several years.

Table egg production is forecast to expand between 1.3 and 1.5 percent per year during the baseline period, leaving per capita consumption to increase slightly each year. Production of hatching eggs for the laying and broiler breeder flocks is expected to increase at a slightly faster rate than overall egg production as broiler production continues to expand.

Per capita egg consumption is forecast to increase to about 277 eggs a year by the end of the baseline period. This is an increase of about 17 eggs from the estimate for 2001 and is a continuation of a trend, although at a slower rate, that saw per capita egg consumption growing by 20 eggs per person per year from 1997 to 2001. Processed egg products are forecast to be an increasing part of the egg market, in part due to fast food establishments expanding breakfast items which often incorporate egg products.

Wholesale shell egg prices are forecast to increase slowly during the baseline period, but remain basically flat after 2002 on a real basis.

Dairy

Structural changes are expected to dominate milk production during coming years. Dairy farms are split into two rather distinct groups: traditional operations and large operations organized along industrial lines with labor divided into highly specialized tasks. The industrialized farms have been increasing in number and size at a fairly rapid rate, while many of the traditional farms have struggled to generate enough income for family living expenses.

Relatively high milk prices during most of 1996-2001 provided substantial cash reserves for families looking to expand or construct industrial-style dairy farms. Expansion by such units has been pronounced in western regions. However, development also has been brisk in certain parts of the Northeast and the Midwest. Long-run development of such farms will provide much of the upward trend in milk production.

Traditional dairy farms, particularly those with fewer than 75 cows, will remain under income stress, despite recent higher returns and direct Government support payments for milk and grain. These farmers will be faced with the choice of expanding, reducing their cost structures, or leaving dairying. Most of these farms will eventually exit the industry, continuing a long-term trend.

Better management, greater genetic potential, and inexpensive concentrate feeds will result in continued strong growth in milk per cow. However, the trend may not quite match the rate that similar milk-feed price ratios would have generated in the past. Producers today do not have as much flexibility to boost milk per cow with heavier grain feeding because of past increases in the starch content of rations and changes in feeding practices. In addition, differences between the milk per cow levels of expanding and exiting producers may be narrower than in the past.

A number of emerging or intensifying factors might affect changes in milk production. The size of the western dairy industry is expected to strain western alfalfa hay supplies to a greater extent than in the past. This may have implications for both farm expansion and milk per cow. On the

other hand, current tightness in replacement heifer supplies probably will ease as some management practices are adjusted in response to high heifer prices.

The process of building a new dairy farm or (to a lesser extent) expanding an existing unit is likely to become slower and more difficult. Environmental requirements have become much more stringent for all regions and sizes. In addition, rural and exurban neighbors have become much more aggressive about challenging large, particularly clusters of such, dairy farms on the basis of potential impacts on factors related to quality of life.

Domestic dairy demand is expected to grow slowly. Demand for cheese is projected to rise, although percentage increases in use may not be as large as those of the past. Cheese sales will benefit from the likely increased away-from-home eating and prepared foods. These trends will also help butter demand. Per capita consumption of fluid milk is projected to shrink slowly. Use of skim solids in processed foods will recover eventually as lower prices and demand for high quality products encourage use. In total, commercial use of dairy products is projected to rise slightly faster than the increase in population. But, slight declines in real prices probably will be needed in most years for commercial use to keep pace with production increases.

At some stage, the market for cheese is likely to begin maturing. Little or no growth in cheese sales would mark a major change in overall dairy product demand because of the very large share of the total that cheese now represents. However, there are yet to be any signs that such maturing has begun. Also, accelerated growth in the Hispanic American population should be generally positive for dairy demand.

This year's relatively strong international prices for nonfat dry milk are expected to ease slightly during the next couple of years, as European supplies become more available again. However, prices in the longer term are expected to trend upward as demand grows in Asia and Latin America. Demand growth in international butter markets is expected to be less than for milk powders, with prices rising only very slowly.

The United States is not projected to export substantial amounts of dairy products without subsidy, and levels of subsidized exports will be quite limited by WTO commitments. The gap between domestic and international prices probably will rule out sizable commercial exports except for brief periods. Even so, exports of whey products probably will grow, and niche markets may well continue to be developed successfully. Imports probably will be largely limited to amounts within TRQ's, as periods when over-TRQ imports are profitable are expected to be limited.

Farm milk prices are expected to be lower during the current and following marketing years because of rapid recovery in milk production and a somewhat soft economy. Prices are then expected to increase for a few years until a projected longer-run balance is reached. In general, long-run prices are expected to rise slightly less than the general rate of inflation. The price support program has been extended through May 2002.

Table 22. Per capita meat consumption, retail and boneless weight

Item	Units	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Retail weight:													
Total beef	Pounds	69.4	68.1	65.7	64.2	63.4	63.6	63.1	62.7	62.2	62.2	62.2	62.6
Total veal	Pounds	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4
Total pork	Pounds	52.5	50.9	51.6	52.1	52.2	52.0	51.6	51.3	50.9	50.6	50.3	49.9
Lamb and mutton	Pounds	1.1	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0
Total red meat	Pounds	123.7	120.9	119.0	117.9	117.2	117.2	116.3	115.5	114.7	114.2	114.0	113.9
Broilers	Pounds	77.9	76.9	77.6	77.9	78.6	79.7	80.8	81.7	82.3	82.9	83.3	83.6
Other chicken	Pounds	1.1	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.6	1.6	1.6
Turkeys	Pounds	17.8	17.8	18.2	18.6	18.9	19.1	19.3	19.4	19.5	19.6	19.6	19.6
Total poultry	Pounds	96.7	96.2	97.3	97.9	98.9	100.3	101.7	102.7	103.4	104.1	104.6	104.8
Red meat & poultry	Pounds	220.4	217.0	216.3	215.9	216.1	217.5	218.0	218.2	218.1	218.3	218.6	218.7
Boneless weight:													
Total beef	Pounds	65.7	64.5	62.2	60.8	60.0	60.3	59.7	59.3	58.9	58.9	58.9	59.3
Total veal	Pounds	0.6	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3	0.3
Total pork	Pounds	49.3	47.8	48.4	48.9	49.0	48.8	48.5	48.2	47.8	47.5	47.3	46.9
Lamb & mutton	Pounds	0.8	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7
Total red meat	Pounds	116.4	113.8	112.0	111.0	110.3	110.3	109.5	108.7	107.9	107.5	107.3	107.2
Broilers	Pounds	55.1	54.4	54.9	55.1	55.6	56.4	57.2	57.8	58.2	58.7	59.0	59.2
Other chicken	Pounds	0.7	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0
Turkeys	Pounds	14.0	14.0	14.4	14.7	14.9	15.1	15.3	15.3	15.4	15.5	15.5	15.5
Total poultry	Pounds	69.8	69.4	70.2	70.7	71.4	72.4	73.4	74.1	74.6	75.1	75.5	75.6
Red meat and poultry	Pounds	186.2	183.1	182.2	181.7	181.7	182.8	182.9	182.8	182.6	182.7	182.8	182.9

Table 23. Consumer expenditures for meats

Item	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Beef, dollars per person	212.97	229.53	223.90	219.91	221.82	222.49	224.01	226.22	228.46	230.80	232.98	235.67
Percent of income	0.83	0.86	0.82	0.77	0.74	0.71	0.68	0.66	0.64	0.61	0.59	0.57
Percent of meat expenditures	43.67	45.30	44.40	43.72	43.57	43.35	43.13	42.98	42.82	42.74	42.68	42.70
Pork, dollars per person	135.41	136.45	138.16	138.35	139.54	139.63	140.56	141.50	142.41	143.08	143.57	143.94
Percent of income	0.53	0.51	0.51	0.48	0.47	0.45	0.43	0.41	0.40	0.38	0.37	0.35
Percent of meat expenditures	27.77	26.93	27.40	27.50	27.41	27.21	27.06	26.88	26.69	26.50	26.30	26.08
Broilers, dollars per person	121.00	121.28	123.39	125.70	128.36	131.90	135.54	139.23	143.17	146.67	149.96	153.01
Percent of income	0.47	0.46	0.45	0.44	0.43	0.42	0.41	0.41	0.40	0.39	0.38	0.37
Percent of meat expenditures	24.81	23.94	24.47	24.99	25.21	25.70	26.10	26.45	26.83	27.16	27.47	27.72
Turkeys, dollars per person	18.30	19.38	18.84	19.09	19.35	19.18	19.28	19.39	19.49	19.49	19.43	19.32
Percent of income	0.07	0.07	0.07	0.07	0.06	0.06	0.06	0.06	0.05	0.05	0.05	0.05
Percent of meat expenditures	3.75	3.83	3.74	3.79	3.80	3.74	3.71	3.68	3.65	3.61	3.56	3.50
Total meat, dollars per person	487.67	506.65	504.29	503.05	509.08	513.20	519.39	526.34	533.54	540.04	545.94	551.94
Percent of income	1.91	1.91	1.85	1.76	1.70	1.64	1.58	1.53	1.49	1.44	1.39	1.35

Table 24. Beef baseline

Item	Units	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Beginning stocks	Mil. lbs.	411	525	480	385	385	385	385	385	385	385	385	385
Commercial production	Mil. lbs.	26,777	26,048	25,325	24,959	24,829	25,152	25,450	25,732	25,962	26,336	26,799	27,307
Change from previous year	Percent	1.5	-2.7	-2.8	-1.4	-0.5	1.3	1.2	1.1	0.9	1.4	1.8	1.9
Farm production	Mil. lbs.	111	106	106	106	106	106	106	106	106	106	106	106
Total production	Mil. lbs.	26,888	26,154	25,431	25,065	24,935	25,258	25,556	25,838	26,068	26,442	26,905	27,413
Imports	Mil. lbs.	3,032	3,089	3,125	3,300	3,400	3,500	3,300	3,100	3,000	2,900	2,800	2,700
Total supply	Mil. lbs.	30,331	29,768	29,036	28,750	28,720	29,143	29,241	29,323	29,453	29,727	30,090	30,498
Exports	Mil. lbs.	2,516	2,248	2,340	2,425	2,525	2,625	2,725	2,800	2,875	2,975	3,075	3,125
Ending stocks	Mil. lbs.	525	480	385	385	385	385	385	385	385	385	385	385
Total consumption	Mil. lbs.	27,290	27,040	26,311	25,940	25,810	26,133	26,131	26,138	26,193	26,367	26,630	26,988
Per capita, carcass weight	Pounds	99.1	97.3	93.8	91.7	90.5	90.9	90.1	89.5	88.9	88.8	88.9	89.4
Per capita, retail weight	Pounds	69.4	68.1	65.7	64.2	63.4	63.6	63.1	62.7	62.2	62.2	62.2	62.6
Change from previous year	Percent	0.4	-1.8	-3.6	-2.2	-1.3	0.4	-0.9	-0.7	-0.7	-0.1	0.1	0.6

Prices:

Beef cattle, farm	\$/cwt	68.37	71.63	76.48	76.63	78.10	78.74	80.40	82.04	83.82	85.19	86.40	87.43
Calves, farm	\$/cwt	105.67	107.53	110.11	103.72	101.99	103.06	103.69	105.93	107.38	108.09	108.20	109.16
Choice steers, Nebraska	\$/cwt	69.65	73.37	78.25	78.40	79.91	80.56	82.26	83.94	85.76	87.17	88.40	89.46
Deflated price	\$/cwt	40.45	41.36	43.21	42.29	41.99	41.27	41.07	40.85	40.68	40.30	39.84	39.29
Yearling steers, Okla. City	\$/cwt	86.17	88.86	91.00	85.72	84.29	85.17	85.69	87.55	88.74	89.33	89.42	90.22
Deflated price	\$/cwt	50.04	50.09	50.25	46.23	44.29	43.63	42.78	42.60	42.10	41.30	40.30	39.62
Retail: Beef and veal	1982-84=100	148.1	160.5	164.5	165.3	168.9	168.7	171.3	174.2	177.1	179.1	180.6	181.7
Retail: Other meats	1982-84=100	152.0	155.9	159.0	159.7	163.3	163.0	165.6	168.4	171.2	173.1	174.6	175.6
ERS retail beef	\$/lb.	3.07	3.37	3.41	3.43	3.50	3.50	3.55	3.61	3.67	3.71	3.74	3.77

Costs and returns, cow-calf enterprise:

Variable expenses	\$/cow	194.98	201.57	210.12	213.99	219.30	224.20	230.16	235.24	242.55	248.10	255.25	259.77
Fixed expenses	\$/cow	121.92	124.71	120.98	120.42	129.02	135.23	138.12	141.19	144.45	147.84	151.38	154.95
Total cash expenses	\$/cow	316.90	326.29	331.09	334.40	348.32	359.43	368.28	376.43	387.00	395.94	406.62	414.71
Returns above cash costs	\$/cow	72.20	82.14	95.41	74.64	61.26	59.23	58.97	65.87	67.55	68.02	64.36	66.69
Cattle inventory	1,000 head	98,198	97,309	96,551	95,847	95,875	96,811	97,762	98,715	99,716	101,127	102,696	104,363
Beef cow inventory	1,000 head	33,569	33,400	33,110	33,029	32,946	33,597	34,181	34,786	35,460	36,250	37,091	37,950
Total cow inventory	1,000 head	42,759	42,603	42,175	42,019	41,856	42,427	42,941	43,466	44,070	44,790	45,551	46,340

Table 25. Pork baseline

Item	Units	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Beginning stocks	Mil. lbs.	489	477	450	500	500	500	500	500	500	500	500	500
Commercial production	Mil. lbs.	18,928	18,809	19,125	19,446	19,665	19,775	19,836	19,884	19,967	20,039	20,124	20,183
Change from previous year	Percent	-1.8	-0.6	1.7	1.7	1.1	0.6	0.3	0.2	0.4	0.4	0.4	0.3
Farm production	Mil. lbs.	24	30	30	30	30	30	30	30	30	30	30	30
Total production	Mil. lbs.	18,952	18,839	19,155	19,476	19,695	19,805	19,866	19,914	19,997	20,069	20,154	20,213
Imports	Mil. lbs.	967	915	960	985	1,010	1,030	1,050	1,070	1,085	1,100	1,110	1,120
Total supply	Mil. lbs.	20,408	20,231	20,565	20,961	21,205	21,335	21,416	21,484	21,582	21,669	21,764	21,833
Exports	Mil. lbs.	1,305	1,541	1,430	1,475	1,525	1,575	1,625	1,675	1,750	1,800	1,850	1,925
Ending stocks	Mil. lbs.	477	450	500	500	500	500	500	500	500	500	500	500
Total consumption	Mil. lbs.	18,626	18,240	18,635	18,986	19,180	19,260	19,291	19,309	19,332	19,369	19,414	19,408
Per capita, carcass weight	Pounds	67.6	65.6	66.4	67.1	67.2	67.0	66.5	66.1	65.6	65.2	64.8	64.3
Per capita, retail weight	Pounds	52.5	50.9	51.6	52.1	52.2	52.0	51.6	51.3	50.9	50.6	50.3	49.9
Change from previous year	Percent	-2.6	-3.0	1.3	1.0	0.2	-0.4	-0.6	-0.7	-0.7	-0.6	-0.6	-0.8

Prices:

Hogs, farm	\$/cwt	42.86	45.40	42.76	42.74	42.79	43.01	43.79	44.66	45.44	46.12	46.69	47.42
National base, live equivalent	\$/cwt	44.70	47.23	44.50	45.47	45.52	45.76	46.59	47.51	48.34	49.07	49.67	50.45
Deflated price	\$/cwt	25.96	26.62	24.57	24.52	23.92	23.44	23.26	23.12	22.93	22.69	22.38	22.16
Retail: pork	1982-84=100	156.5	162.2	163.3	161.9	163.0	163.7	165.9	168.1	170.4	172.3	173.9	175.8
ERS retail pork	\$/lb.	2.58	2.68	2.68	2.66	2.67	2.69	2.72	2.76	2.80	2.83	2.85	2.88

Costs and returns, farrow to finish:

Variable expenses	\$/cwt	29.39	28.61	29.05	28.86	29.21	29.49	30.12	30.49	31.50	31.92	32.82	32.87
Fixed expenses	\$/cwt	5.26	5.25	5.04	4.99	5.32	5.56	5.67	5.78	5.90	6.02	6.16	6.31
Total cash expenses	\$/cwt	34.65	33.86	34.09	33.84	34.54	35.05	35.79	36.27	37.40	37.94	38.99	39.18
Returns above cash costs	\$/cwt	10.05	13.37	10.41	11.62	10.98	10.70	10.80	11.24	10.94	11.13	10.68	11.27

Hog inventory,

Dec. 1, previous year	1,000 head	59,342	59,138	59,400	60,332	60,969	61,289	61,464	61,603	61,846	62,053	62,301	62,473
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Table 26. Young chicken baseline

Item	Units	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Beginning stocks	Mil. lbs.	796	798	675	740	740	740	740	740	740	740	740	740
Federally inspected slaughter	Mil. lbs.	30,495	30,998	31,800	32,167	32,731	33,443	34,188	34,886	35,469	36,008	36,494	36,927
Change from previous year	Percent	2.5	1.6	2.6	1.2	1.8	2.2	2.2	2.0	1.7	1.5	1.3	1.2
Production	Mil. lbs.	30,209	30,673	31,460	31,823	32,381	33,086	33,822	34,513	35,089	35,623	36,104	36,532
Total supply	Mil. lbs.	31,011	31,479	32,143	32,571	33,129	33,834	34,570	35,261	35,837	36,371	36,852	37,280
Change from previous year	Percent	2.7	1.5	2.1	1.3	1.7	2.1	2.2	2.0	1.6	1.5	1.3	1.2
Exports	Mil. lbs.	5,548	6,193	6,350	6,464	6,590	6,715	6,881	7,048	7,191	7,293	7,403	7,509
Ending stocks	Mil. lbs.	798	675	740	740	740	740	740	740	740	740	740	740
Consumption	Mil. lbs.	24,665	24,611	25,053	25,367	25,800	26,379	26,950	27,473	27,906	28,338	28,709	29,031
Per capita, carcass weight	Pounds	89.6	88.5	89.3	89.6	90.4	91.7	93.0	94.0	94.7	95.4	95.9	96.2
Per capita, retail weight	Pounds	77.9	76.9	77.6	77.9	78.6	79.7	80.8	81.7	82.3	82.9	83.3	83.6
Change from previous year	Percent	0.0	-1.2	0.9	0.3	0.9	1.4	1.4	1.1	0.7	0.7	0.5	0.3
Prices:													
Broilers, farm	Cents/lb.	34.3	39.8	40.4	41.0	41.7	42.2	42.5	42.9	43.5	43.9	44.2	44.5
12-city market price	Cents/lb.	56.2	59.0	60.3	61.2	62.3	63.0	63.4	64.0	64.9	65.5	66.0	66.5
Deflated wholesale price	Cents/lb.	32.6	33.3	33.3	33.0	32.7	32.3	31.7	31.1	30.8	30.3	29.7	29.2
Change from previous year	Percent	-6.4	1.9	0.1	-0.9	-0.8	-1.4	-2.0	-1.6	-1.1	-1.7	-1.7	-1.9
Composite retail broiler price	Cents/lb.	155.4	157.7	159.0	161.4	163.4	165.5	167.7	170.4	174.0	176.9	179.9	183.0
Costs and returns:													
Total costs	Cents/lb.	45.99	45.57	47.04	47.51	48.85	49.57	50.83	51.66	53.46	54.33	55.93	56.24
Net returns	Cents/lb.	10.21	13.43	13.26	13.68	13.43	13.45	12.57	12.33	11.48	11.15	10.08	10.22

Table 27. Turkey baseline

Item	Units	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Beginning stocks	Mil. lbs.	254	241	250	275	275	275	275	275	275	275	275	275
Federally inspected slaughter	Mil. lbs.	5,402	5,510	5,700	5,837	5,976	6,109	6,214	6,308	6,395	6,470	6,537	6,589
Change from previous year	Percent	2.0	2.0	3.4	2.4	2.4	2.2	1.7	1.5	1.4	1.2	1.0	0.8
Production	Mil. lbs.	5,333	5,439	5,625	5,760	5,898	6,028	6,132	6,225	6,311	6,385	6,451	6,502
Total supply	Mil. lbs.	5,588	5,681	5,876	6,036	6,174	6,304	6,408	6,501	6,587	6,661	6,727	6,778
Change from previous year	Percent	1.0	1.7	3.4	2.7	2.3	2.1	1.7	1.4	1.3	1.1	1.0	0.8
Exports	Mil. lbs.	458	492	495	505	514	525	536	549	560	569	578	584
Ending stocks	Mil. lbs.	241	250	275	275	275	275	275	275	275	275	275	275
Consumption	Mil. lbs.	4,889	4,939	5,106	5,257	5,385	5,505	5,598	5,677	5,752	5,817	5,874	5,919
Per capita	Pounds	17.8	17.8	18.2	18.6	18.9	19.1	19.3	19.4	19.5	19.6	19.6	19.6
Change from previous year	Percent	-1.1	0.1	2.5	2.0	1.6	1.4	0.9	0.6	0.5	0.3	0.2	0.0
Prices:													
Turkey, farm	Cents/lb.	41.5	39.2	40.1	40.7	40.6	39.7	39.5	39.5	39.5	39.4	39.2	39.0
Hen turkey (whsle.) East	Cents/lb.	70.5	66.7	68.3	67.8	67.7	66.1	65.9	65.9	65.9	65.7	65.4	65.0
Deflated hen turkey	Cents/lb.	40.9	37.6	37.7	36.6	35.6	33.9	32.9	32.0	31.3	30.4	29.5	28.5
Retail frozen turkey	Cents/lb.	103.1	109.1	103.5	102.8	102.5	100.2	99.9	99.8	99.8	99.5	99.0	98.5
Retail: poultry	1982-84=100	159.8	163.9	165.8	167.6	169.2	170.2	171.8	174.1	177.0	179.2	181.5	183.8
Costs and returns:													
Total costs	Cents/lb.	57.91	57.99	58.63	58.84	59.58	60.24	61.00	61.54	62.57	63.11	64.03	64.27
Net returns	Cents/lb.	12.59	8.71	9.67	8.97	8.09	5.89	4.90	4.32	3.31	2.56	1.33	0.73

Table 28. Egg baseline

Item	Units	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Beginning stocks	Mil. doz.	8	11	13	12	11	10	10	10	10	10	10	10
Production	Mil. doz.	7,035	7,151	7,270	7,379	7,490	7,602	7,716	7,824	7,934	8,037	8,141	8,247
Change from previous year	Percent	1.8	1.6	1.7	1.5	1.5	1.5	1.5	1.4	1.4	1.3	1.3	1.3
Imports	Mil. doz.	8	9	8	8	8	8	8	8	8	8	8	8
Total supply	Mil. doz.	7,051	7,172	7,291	7,399	7,509	7,620	7,734	7,842	7,952	8,055	8,159	8,265
Change from previous year	Percent	1.8	1.7	1.7	1.5	1.5	1.5	1.5	1.4	1.4	1.3	1.3	1.3
Hatching use	Mil. doz.	940	952	975	986	1,000	1,016	1,032	1,045	1,057	1,068	1,077	1,086
Exports	Mil. doz.	172	175	165	170	175	180	185	190	195	200	205	210
Ending stocks	Mil. doz.	11	13	12	11	10	10	10	10	10	10	10	10
Consumption	Mil. doz.	5,928	6,031	6,139	6,232	6,323	6,414	6,507	6,597	6,690	6,777	6,867	6,959
Per capita	Number	258.3	260.3	262.6	264.3	266.0	267.6	269.4	270.9	272.5	273.8	275.2	276.7
Change from previous year	Percent	1.0	0.8	0.9	0.6	0.6	0.6	0.7	0.6	0.6	0.5	0.5	0.5
Prices:													
Eggs, farm	Cents/doz.	63.8	62.9	61.3	63.2	64.6	66.0	67.9	69.8	71.6	73.9	76.3	78.1
New York, Grade A large	Cents/doz.	68.9	68.9	66.0	68.0	69.5	71.0	73.0	75.0	77.0	79.5	82.0	84.0
Deflated wholesale prices	Cents/doz.	40.0	38.8	36.4	36.7	36.5	36.4	36.4	36.5	36.5	36.8	37.0	36.9
Retail, Grade A, large	Cents/doz.	91	93	91	92	94	96	98	100	103	106	109	112
Retail: Eggs	1982-84=100	131.9	137.0	138.0	141.1	144.9	148.8	153.6	158.5	163.4	169.2	175.2	180.1
Costs and returns:													
Total costs	Cents/doz.	62.03	61.46	63.44	64.08	65.89	67.53	69.92	71.76	74.95	76.87	79.84	81.00
Net returns	Cents/doz.	6.87	7.44	2.56	3.92	3.61	3.47	3.08	3.24	2.05	2.63	2.16	3.00

Table 29. Dairy baseline

Item	Units	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Production data:													
Number of cows	1,000	9,149	9,080	9,015	8,920	8,865	8,805	8,740	8,685	8,620	8,560	8,495	8,430
Milk per cow	Pounds	18,065	18,600	19,050	19,495	19,855	20,255	20,670	21,145	21,500	21,945	22,365	22,840
Milk production	Bil. lbs.	165.3	168.9	171.7	173.9	176.0	178.3	180.7	183.6	185.3	187.8	190.0	192.5
Commercial use:													
Milkfat basis	Bil. lbs.	169.3	172.9	173.8	176.2	178.3	180.9	183.2	186.3	188.0	190.6	192.7	195.3
Skim solids	Bil. lbs.	163.5	169.1	173.8	175.8	177.9	180.2	182.6	185.8	187.4	189.9	192.3	194.7
Net removals:													
Milkfat basis	Bil. lbs.	0.3	0.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Skim solids	Bil. lbs.	6.3	2.6	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Prices:													
All milk	\$/cwt	14.48	13.40	13.45	13.80	14.10	14.55	14.70	14.95	15.40	15.50	15.95	16.15
Manufactured milk value ¹	\$/cwt	12.85	11.95	12.25	12.65	12.85	13.30	13.40	13.65	14.05	14.15	14.55	14.75
Retail, all dairy products	1982-84=100	164.7	171.0	174.5	178.5	183.0	188.0	192.0	196.0	201.5	205.5	210.5	215.5
Costs and returns:													
Ration value	\$/cwt	7.14	7.35	7.30	7.45	7.60	7.75	7.90	8.15	8.30	8.55	8.60	8.70
Returns above concentrate costs	\$/cwt	11.52	10.35	10.42	10.71	10.95	11.33	11.42	11.57	11.96	11.95	12.38	12.54
Milk-feed ratio	ratio	2.03	1.82	1.84	1.85	1.86	1.88	1.86	1.83	1.86	1.81	1.85	1.86

1/ Estimated value of milk used in manufactured products.