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Chinese Commitment To Purchase Fourth-Quarter Pork Boosts U.S. Export Forecast

Contents

Tables at a Glance

Web Sites

Tables will be released on September 25, 2007

The next newsletter release is October 22, 2007

Approved by the World Agricultural Outlook Board.

Pork/hogs: The fourth quarter pork export forecast was raised by 60 million pounds, following an announcement by a major U.S. packer of a sales agreement with China, to take place by December 2007. Total U.S. pork exports in 2007 are expected to be 2.97 billion pounds, about 0.8 percent lower than in 2006. U.S. pork exports next year are expected to be almost 3.1 billion pounds, or 3.8 percent above 2007. July 2007 exports to China and Hong Kong, combined, offset year-over-year declines in shipments to major U.S. foreign pork markets. Second-half production is expected to be about 11.1 billion pounds, about 3.4 percent above a year earlier, with live equivalent prices of 51-52 percent lean hogs expected to average between $50 and $51 per cwt in the third quarter, and $45 and $47 per hundredweight (cwt) in the fourth quarter. Commercial pork production next year is expected to be about 22.1 billion pounds, about 100 million pounds larger than forecast last month. The increased production forecast largely reflects revised expectations for U.S. swine imports from Canada, both in the second half of 2007 and in 2008.

Beef/cattle: Weather is still the dominant feature in the cattle/beef industry landscape. Some precipitation fell in the Southwest, Southeast, and Corn Belt, providing some relief for grain and hay crops and pastures. However, hay and other supplemental feeding continues in these areas, and beef cows continue to be sold as a result.

Dairy: Domestic demand for dairy products, especially cheese, combined with global demand and tight world supplies, will keep milk and dairy product prices high this year and next. The upturn in milk production will moderate 2008 prices somewhat compared with 2007.

Poultry: Broiler meat production continues to slowly expand. The slow expansion and strengthening exports have allowed prices for most broiler products to remain considerably higher than in the previous year. The generally higher prices are expected to continue through the second half of 2007 and into 2008. Although turkey production and stocks of whole birds have been above a year earlier, prices for whole turkeys are expected to remain higher than the previous year through the third quarter. With a small laying flock and a strong export market, egg prices are expected to range from $1.14 to $1.15 per dozen at the wholesale level in the third quarter and to continue higher than the previous year in the fourth quarter.

Pork/hogs

Chinese Commitment To Purchase Fourth-Quarter Pork Boosts U.S. Export Forecast

Total U.S. pork exports in 2007 are expected to be 2.97 billion pounds, about 0.8 percent lower than in 2006. The fourth quarter pork export forecast was raised by 60 million pounds, following an announcement by a major U.S. packer of a sales agreement with China, to take place by the end of December 2007. Small increases to first- and second-quarter export forecasts for 2008 are also attributable to continued Chinese efforts to offset domestic supply shortfalls. U.S. pork exports next year are expected to be almost 3.1 billion pounds, or 3.8 percent above 2007.

July Exports Up Year-Over-Year

U.S. pork exporters shipped almost 221 million pounds of pork in July, a quantity more than 2 percent above exports in July 2006. July exports were notable because larger year-over-year shipments to China and Hong Kong, combined, more than offset declines in year-over-year lower shipments to major U.S. export markets in Japan, Mexico, and South Korea. The table below shows that the 4.6 million-pound increase in total pork exports compared with July 2006 (line no. 1) is largely attributable to the 18.8 million pound increase of exports to China and Hong Kong (line no. 4), which more than compensated for the 15.6-million-pound decline of exports to Japan, Mexico, and South Korea (line no. 8).

U.S. pork exports, July 2007 and July 2006: Major countries and regions

Line no.		July 2007 (1000 lbs.)	July 2006 (1000 lbs.)	Difference (July 2007-July 2006)
1	Total U.S. pork exports	220,755	216,137	4,618
2	China	18,843	6,254	12,589
3	Hong Kong	8,240	2,005	6,235
4	Total China + Hong Kong	27,083	8,259	18,824
5	Japan	79,752	81,545	-1,793
6	Mexico	33,776	44,863	-11,087
7	South Korea	11,905	14,605	-2,700
8	Total Japan + Mexico + S. Korea	125,433	141,013	-15,580
9	Canada	28,266	25,972	2,294
10	Russia	14,230	13,250	980
11	Cen. & S. America	5,934	5,498	436
12	EU-27	3,994	2,550	1,444
13	Other	9,003	8,789	214
14	Total CN + RUS + C&S Am + EU-27 + Other	61,427	56,059	5,368
15	Caribbean	4,503	6,472	-1,969
16	Taiwan	2,309	4,334	-2,025
17	Total Car. + Taiwan	6,812	10,806	-3,994
18	Total July 2007, July 2006	220,755	216,137	4,618

Larger Live Imports and Heavier Average Dressed Weights Expected To Push Pork Production Up in 2008

The situation and outlook for second-half U.S. commercial pork production is largely unchanged from last month. Second-half production is expected to be about 11.1 billion pounds, about 3.4 percent above a year earlier, with live equivalent prices of 51-52 percent lean hogs expected to average between $50 and $51 per cwt in the third quarter, and $45 and $47 per cwt in the fourth quarter. Second-half price estimates are slightly lower than for the same period last year.

Commercial pork production next year is expected to be about 22.1 billion pounds, about 100 million pounds larger than forecast last month. The increased production forecast largely reflects revised expectations for U.S. swine imports from Canada, both in the second half of 2007 and in 2008. Second-half 2007 imports of Canadian swine are expected to increase to 4.925 million head, an increase of more than 8 percent from the 4.543 million head imported in same period last year.

Roughly 70 percent of second-half 2007 imports are expected to be finishing animals. Finishing animals imported in the second half of 2007 will be slaughter-ready in the first half of 2008.

In total, U.S. swine imports are expected to reach 9.6 million head this year, almost 10 percent above last year. Larger swine imports are due to continued turmoil in the Canadian slaughter industry. Uncertainty created by lower packer prices in Alberta and plant closings in Saskatchewan and Manitoba is likely to persist through this year, before moderating next year.

U.S. imports of Canadian swine in 2008 are expected to be 9.7 million head, uniformly increasing at a year-over-year rate of about 1 percent in each quarter. Larger numbers of finishing animals expected to be imported in the first half of 2008 will be slaughter-ready in the second half, contributing to increases in second-half U.S. pork production.

Average dressed weights are also expected to increase slightly next year, contributing to pork production increases. Average dressed weights in each quarter of 2008 are expected to increase by about 1 pound. Expected dressed weight increases are attributable to slightly lower corn prices next year and continued strong packer demand for hogs.

Beef/cattle

Weather and Trade Are Keys

Weather remains the dominant feature of the cattle/beef industry landscape. Scattered rains fell over the last few weeks in parts of the Southwest, Southeast, and Corn Belt, providing some relief for grain and hay crops and pastures in those areas. However, hay and other supplemental feeding continues in these areas, and beef cows continue to be sold because harvested forages and other supplements are relatively scarce and priced accordingly.

Beef cow slaughter has been below 2006 levels since early July and is currently above the 5-year average, based on weekly data. Along with beef cow sales and despite negative changes in weekly year-over-year data in 5 out of the last 9 weeks (through September 1), calf slaughter for the first 2 months of the third quarter continues at a pace 1 percent above July and August 2006 slaughter. The pace could increase again during the fourth quarter if the Southeast continues to be dry, but widespread precipitation could lead to reduced slaughter if cool season pastures developed in time for cows with fall calves and supplemental feeding were forestalled.

Fed cattle prices have been holding steady in the mid-$90 per cwt range and could continue to hold there for the next several weeks. However, at some point, the placements of heavier feeder cattle, which will be on feed for shorter periods before reaching market weight, and the still relatively large inventories of cattle that have been on feed for more than 120 days could begin to exert downward pressure on the prices of fed cattle as they go to market.

Several major packers have announced plans to reduce cattle slaughter, a signal that recent farm-to-wholesale price spreads are unattractive. Given that the grilling season is essentially over for the year, steady-to-higher fed cattle prices, combined with declining quarterly retail prices (e.g., July-August 2007's almost 3-percent decline from second-quarter 2007, despite a 1.6 cents higher August 2007 retail price), will not be favorable for packers.

Third-Quarter Beef Export Forecast Increased

The third quarter 2007 U.S. beef export forecast was increased 10 million pounds, to 370 million pounds, after second-quarter exports came higher than expected, at 363 million pounds. Exports in July—164.8 million pounds—increased 59 percent compared with July 2006, due to increased shipments to Japan and South Korea. An interruption in exports to South Korea because of banned bone materials found in some shipments likely dropped exports considerably in August, but this data will not be available until October 11. However, with a resumption of exports to Korea and continuing signs that U.S. beef is regaining wide accessibility into the Japanese market, export growth should increase in both of the major Asian markets. Total beef exports in 2007 are expected to be 1.39 billion pounds, almost 22 percent greater than last year. The forecast for 2008 is more than 21 percent above expected beef exports for this year.

Expected Higher U.S. Cow Slaughter Likely To Lower Second-Half 2007 Beef Imports

Second-quarter U.S. beef imports were more than 884 million pounds, an increase of 12 percent from second-quarter of 2006. Imports from Uruguay increased substantially, as did imports from two of the largest foreign suppliers of beef: Australia and New Zealand. USDA forecasts for the third and fourth quarters of 2007 were lowered because of anticipation that above-average U.S. cow slaughter will limit imports. The third-quarter import estimate was lowered by 5 million pounds to 815 million pounds, and the fourth-quarter forecast was reduced by 10 million pounds to 775 million pounds. Total U.S. beef imports for 2007 are expected to be 3.2 billion pounds, over 5 percent higher than last year.

More Canadian Cattle Imported in August

The 2007 U.S. cattle import forecast remains unchanged at 2.2 million head, with USDA/Agricultural Marketing Service reporting nearly 153,000 head entering the United States in August. USDA/Agricultural Marketing Service data for August indicate that over 91,000 Canadian cattle crossed the border, 56 percent more than in August 2006. However, adequate precipitation in Mexico has allowed ranchers to keep more of their cattle on pasture and has kept imports of Mexican cattle below last year's levels.

Dairy

Milk Production Begins Upturn in Response to Prices

Milk production in 2007 is projected to increase 1.7 percent over 2006, reaching 184.9 billion pounds, and to rise by 2.6 percent in 2008 to 189.7 billion pounds. The August *Milk Production* report indicated a strong 3.4-percent year-over-year increase in U.S. milk production following a revised 3.8 percent year-over-year increase in July. A month-by-month comparison of 2007 with 2006 prior to July shows increases of less than 2 percent per month but the July and August data clearly represented a break with trend and the typical seasonal pattern in which production declines through the summer into the fall. Substantial increases were registered in California (4.9 percent), Idaho (4.5 percent), and Texas (4.1 percent). Several upper mid-Western states also reported strong gains: Michigan (9.7 percent), Minnesota (5.0 percent), Ohio (4.1 percent) and Wisconsin (4.5 percent). In all of these cases, the increased production is a result of both increased cow numbers and increased production per animal. High prices for both dairy cows and replacements indicate strong demand for animals and herd expansion. While not all areas of the country reported production increases, producers are responding to high market prices for milk. Higher feed prices have not been a deterrent to herd expansion. However, high feed prices and tight alfalfa supplies could limit production growth per cow in 2008.

The September *Dairy Products* report indicated the July production of all cheese was 2.6 percent above a year ago and that nonfat dry milk (NDM) and skim milk powder (SMP) were up nearly 17 percent year-over-year, but total dry whey was essentially unchanged. Butter production year-to-date was hewing a pattern close to that seen in 2006 until a breakout in July, when production rose nearly 22 percent above July 2006 and was 6 percent above June production at a time when production typically declines seasonally. While domestic demand remains strong, with the exception of whey, it is international demand that likely is keeping and prices high. Both domestic demand and cheese exports, especially to Mexico and Asia, pushed prices to near record levels.

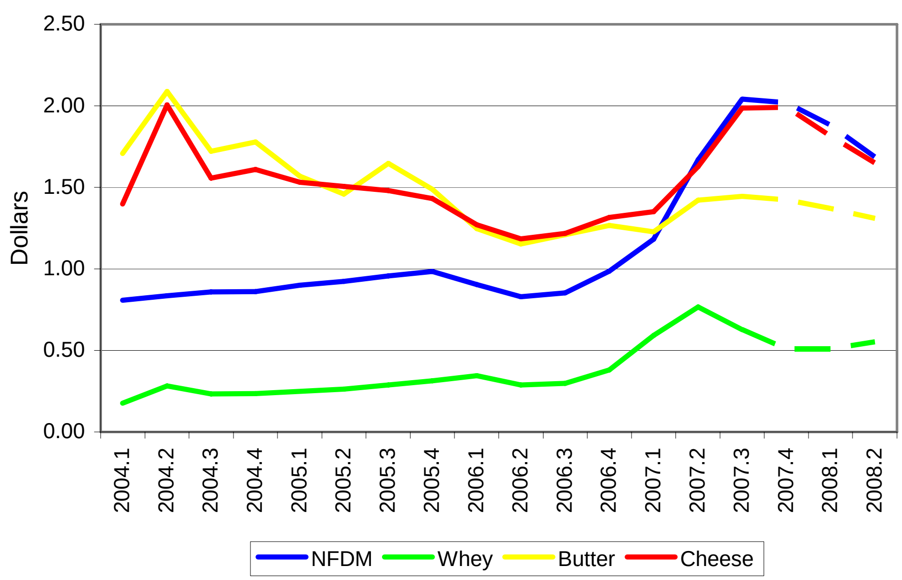
Globally, milk supplies remain tight relative to demand. Rising real incomes in Asia, especially in China, have boosted demand for NDM and other dry milk products. Meanwhile, supplies are growing at a glacial pace. European Union milk production has risen at an average of 0.8 percent per year over the last 8 years. A major shift of EU milk use to cheese for both domestic consumption and export has virtually eliminated dry milk stocks in those countries. Recovery from drought in Australia is expected to be slow, as depleted feed reserves and historically low water supplies will constrain production growth--even if rainfall returns to normal patterns.

Product demand will keep prices high for the balance of 2007 and into 2008. Although a modest decline in prices appears underway, dairy product prices will likely remain above those of recent years (see figure). The cheese price is expected to average $1.730 to $1.750 per pound in 2007 and $1.600 to $1.700 in 2008. Butter is expected to average $1.360 to $1.400 per pound this year and drop to $1.290 to $1.420 a pound next year. The NDM price is projected to average $1.720 to $1.740 per pound this year and to decline slightly in 2008 to average $1.635 to $1.705 a pound.

The whey price has declined from its second-quarter peak, but is still expected to average 61.5 to 63.5 cents per pound in 2007. A further decline is forecast in 2008 to an average 53.0 to 56.0 cents. Whey prices are following the pattern of the other major dairy products, but will remain well above historic levels.

Demand for dairy products will keep milk prices high both this year and next. The Class IV price is projected to average $18.50 to $18.80 per cwt in 2007 and decline slightly to $17.65 to $18.75 in 2008. Likewise, the Class III price is expected to average $18.10 to $18.30 per cwt this year and soften to $16.35 to $17.35 per cwt next year. The all milk price will average $19.20 to $19.40 per cwt in 2007. A decline to between $18.30 and $19.30 per cwt is expected in 2008.

Dairy product prices



Source: Prices:USDA/NASS, Forecast:USDA/WAOB.

Poultry

Third-Quarter Broiler Meat Production Up Slightly

The U.S. broiler meat production estimate for third-quarter 2005 is 9.05 billion pounds, up 1.9 percent from third-quarter 2006. Most of the increase is expected to come from a higher number of birds slaughtered, as average weights at slaughter are expected to increase only modestly. High prices for most broiler products over the last 3 to 4 months has led broiler companies to expand the number of eggs placed in incubators and the number of chicks placed for growout. However, through July year-to-date broiler meat production is still below the previous year. One factor in the lower broiler meat production so far this year has been the lower average amount of meat yield per bird.

Broiler meat production in July was 3.04 billion pounds, up 6.3 percent from a year earlier. However much of this gain is due to 1 additional slaughter day in 2007, compared with 2006. The number of birds slaughtered in July was 756 million, 5.5 percent higher than the previous year, while the average live weight at slaughter was 5.47 pounds, up 1.7 percent from July 2006.

For the week ending September 8, the National Agricultural Statistics Service estimated that 177 million broiler chicks were placed for growout. This is a 1.7-percent increase from a year earlier and continues a pattern seen over the last several months of higher numbers of chicks being placed for growout. Strong prices for almost all broiler products are expected to exert some pressure to continue or increase the pace of chick placements in the future, as long as feed costs remain relatively stable.

Stock levels for broiler products continue to be below those of the previous year. Ending stocks for the second quarter were revised downward to 622 million pounds, which is about 150 million pounds less than at the end of June 2006. Stocks for most products were lower, but one of the major factors in the overall decline was a 38-percent decline in cold storage holding of leg quarters. Stocks at the end of July were slightly higher at 639 million pounds, but this is still down 11 percent from the same period in 2006.

Lower year-to-date broiler meat production and gains in exports, have lowered stocks and kept prices for most broiler products well above a year earlier. The 12-City wholesale price for whole birds averaged about 79 cents a pound in August, down slightly from July, but still 15 percent higher than in August 2006. Prices for almost all broiler products were higher in August, with most being at least 20 percent above the previous year.

Turkey Production Up 10 Percent in July

Turkey meat production in July was about 505 million pounds, up 10.1 percent from a year earlier. The increase was mostly the result of 1 additional slaughter day increasing the number of birds being slaughtered, as the average weight rose modestly. In July the number of turkeys slaughtered was 22.6 million, an increase of 8.5 percent from July 2006. The average live weight at slaughter was 28.2 pounds, up about 1.5 percent from a year earlier.

Over the first half of 2007, U.S. turkey meat production totaled 2.88 billion pounds, up 3.2 percent from the same period in 2006. The forecast for the third quarter of 2007 is for meat production of 1.47 billion pounds, an increase of 46 million pounds (3.2 percent) from a year earlier.

Although turkey meat production has been higher in the first half of 2007 and turkey exports have increased only modestly, overall turkey stocks are down slightly from a year earlier. Ending stocks for the first half of 2007 were revised slightly to 448 million pounds, down about 50 million pounds from the same point in 2006 and down considerably from second-quarter ending stocks in recent years.

Turkey stocks at the beginning of August were 502 million pounds, down 1.9 percent from a year earlier, but there is a wide difference in the stocks situation between whole birds and turkey meat parts. Stocks of whole turkeys at the beginning of August were 269 million pounds, 9 percent higher than at the beginning of August 2006, reflecting strong production, especially in July. Stocks of turkey parts at the beginning of August were 233 million pounds, 12 percent lower than the previous year. This decrease is probably the result of an increase in turkey exports in the last several months.

The increase in cold storage holdings for whole birds has not placed any downward pressure on whole-bird prices. In August, the average price for whole hen turkeys in the Eastern market was 89.7 cents per pound, up 14 percent from the previous year. Prices for whole hens in the third quarter are forecast to average between 88 to 89 cents per pound (up about 8 cents per pound from the same period in 2006). Prices in the fourth quarter are forecast to be between 90 and 94 cents per pound, up somewhat from the almost 90 cents per pound they averaged in fourth-quarter 2006.

Egg Prices Climbing in Third Quarter

In July, table egg production was reported at 536 million dozen, down 1.7 percent from a year earlier. This is the eighth consecutive month that table egg production has declined on a year-over-year basis. Most of the reduction in table egg production has come from a reduced number of birds in the table egg production flock. In July, the overall number of laying birds was 339 million, with about 280 of those birds in the table egg production flock. The remaining birds produce eggs for hatching. The 280 million birds in the table egg flock is 1.4 percent lower than in July 2006, and the table egg flock numbers have been continuously below the previous year (on a year-over-year basis) since December 2006.

An additional factor pushing egg prices higher has been the strong export market for shell eggs and egg products. With the major exception of Canada, total egg and egg product exports have been higher to most countries. Over the first 7 months of 2007, egg and egg product exports have totaled 149 million dozen, up 43 percent from the same period in the previous year. The three major areas where exports have increased significantly are the EU-27, the Hong Kong/China market, and Mexico. Shipments to the EU-27 have totaled 29.7 million dozen so far in 2007, up over 250 percent from the same period in 2006. The exports to the EU-27 have been split between shell egg exports and egg products. However, our shell egg exports to the EU-27 are likely going into the EU breaking-egg market.

The increased EU-27 demand has been fueled to some extent by the appreciation of the Euro versus the U.S. dollar.

Lower production and strong export markets have put strong upward pressure on prices. Wholesale shell eggs for consumption in the New York market in the third quarter of 2007 are expected to average between $1.14 and $1.15 per dozen, up from only 64 cents per dozen in third-quarter 2006. Egg prices are expected to remain strong in fourth-quarter 2007, with the average forecast between $1.02 and $1.08 per dozen, an increase of between 13 and 19 cents per dozen from the previous year.

Contacts and Links

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Data Products

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

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

Related Websites

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/
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http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194

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U.S. red meat and poultry forecasts

	2004	2005	2006					2007 1/					2008		
	Annual	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Production, million lb															
Beef	24,548	24,683	6,082	6,724	6,834	6,513	26,153	6,235	6,649	**6,820**	**6,300**	**26,004**	**6,215**	**6,700**	**26,115**
Pork	20,509	20,685	5,335	5,008	5,087	5,625	21,055	5,396	5,128	**5,200**	**5,875**	**21,599**	**5,475**	**5,325**	**22,075**
Lamb and mutton	195	187	49	47	42	47	185	49	44	**42**	**46**	**181**	**48**	**44**	**179**
Broilers	34,063	35,365	8,938	9,130	8,884	8,801	35,752	8,574	9,021	**9,050**	**9,050**	**35,695**	**8,850**	**9,250**	**36,525**
Turkeys	5,454	5,504	1,355	1,440	1,419	1,473	5,686	1,410	1,473	**1,465**	**1,500**	**5,848**	**1,425**	**1,490**	**5,875**
Total red meat & poultry	85,441	87,097	21,920	22,516	22,428	22,619	89,483	21,819	22,478	**22,731**	**22,922**	**89,950**	**22,172**	**22,976**	**91,414**
Table eggs, mil. doz.	6,365	6,411	1,611	1,610	1,624	1,649	6,494	1,592	1,586	**1,600**	**1,650**	**6,428**	**1,610**	**1,610**	**6,535**
Per capita disappearance, retail lb 2/															
Beef	66.0	65.4	15.8	16.8	16.8	16.2	65.7	15.9	16.6	**16.9**	**15.5**	**64.9**	**15.5**	**16.4**	**63.7**
Pork	51.3	49.9	12.3	11.9	11.9	13.1	49.3	12.3	12.2	**12.4**	**13.4**	**50.3**	**12.5**	**12.4**	**50.9**
Lamb and mutton	1.1	1.1	0.3	0.3	0.2	0.3	1.1	0.3	0.3	**0.2**	**0.3**	**1.1**	**0.3**	**0.3**	**1.1**
Broilers	84.2	85.6	21.8	22.5	21.9	20.7	86.9	21.0	21.4	**21.7**	**21.3**	**85.4**	**20.8**	**21.9**	**86.0**
Turkeys	17.0	16.7	3.5	3.9	4.3	5.2	16.9	3.8	4.0	**4.3**	**5.1**	**17.2**	**3.6**	**4.0**	**16.9**
Total red meat & poultry	221.4	220.5	54.1	55.8	55.6	55.9	221.4	53.6	54.8	**55.9**	**55.9**	**220.3**	**53.2**	**55.4**	**220.1**
Eggs, number	256.9	255.3	63.9	63.5	63.8	64.5	255.7	61.7	61.2	**62.5**	**64.1**	**249.6**	**62.5**	**62.1**	**252.2**
Market prices															
Choice steers, Neb., $/cwt	84.75	87.28	89.24	80.39	85.40	86.61	85.41	90.61	93.45	**91-92**	**90-94**	**91-93**	**88-96**	**89-97**	**87-94**
Feeder steers, Ok City, $/cwt	104.76	110.94	106.23	104.08	115.17	103.22	107.18	99.32	108.87	**114-115**	**111-115**	**108-110**	**107-115**	**109-117**	**105-112**
Boning utility cows, S. Falls, $/cwt	52.35	54.36	48.89	47.79	49.28	44.29	47.56	51.04	53.96	**52-53**	**49-51**	**51-52**	**46-54**	**47-55**	**47-54**
Choice slaughter lambs, San Angelo, $/cwt	96.69	97.76	77.03	66.56	81.10	84.53	77.31	82.59	82.23	**85-86**	**82-86**	**83-85**	**82-90**	**81-89**	**83-90**
Barrows & gilts, Nat'l Base Cost $/cwt	52.51	50.05	42.63	48.45	51.83	46.13	47.26	46.04	52.55	**50-51**	**45-47**	**48-49**	**45-49**	**47-51**	**46-50**
Broilers, 12 City, cents/lb	74.10	70.80	62.7	61.0	67.8	65.9	64.4	75.0	80.3	**80-81**	**74-78**	**77-79**	**73-79**	**74-80**	**73-79**
Turkeys, Eastern, cents/lb	69.70	73.40	67.3	71.3	79.4	89.8	77.0	69.7	77.9	**88-89**	**90-94**	**81-83**	**71-77**	**73-79**	**75-81**
Eggs, New York, cents/doz.	82.20	65.50	71.4	62.7	64.0	89.0	71.8	105.3	92.0	**114-115**	**102-108**	**103-105**	**95-103**	**83-89**	**89-97**
U.S. trade, million lb															
Beef & veal exports	460	698	223	315	307	308	1,153	269	363	**370**	**390**	**1,392**	**370**	**410**	**1,695**
Beef & veal imports	3,679	3,599	843	789	731	722	3,085	770	884	**815**	**775**	**3,244**	**810**	**860**	**3,320**
Lamb and mutton imports	180	180	53	44	41	52	190	56	44	**42**	**50**	**192**	**57**	**51**	**198**
Pork exports	2,181	2,665	770	763	653	811	2,997	792	685	**635**	**860**	**2,972**	**780**	**785**	**3,085**
Pork imports	1,099	1,024	259	237	239	254	989	239	256	**255**	**265**	**1,015**	**245**	**250**	**1,025**
Broiler exports	4,784	5,203	1,338	1,298	1,224	1,412	5,272	1,275	1,393	**1,300**	**1,400**	**5,368**	**1,350**	**1,355**	**5,515**
Turkey exports	442	570	119	125	152	149	546	124	135	**140**	**155**	**554**	**135**	**150**	**605**
Live swine imports (thousand head)	8,506	8,192	2,133	2,087	2,205	2,338	8,763	2,302	2,370	**2,425**	**2,500**	**9,597**	**2,325**	**2,400**	**9,700**

1/ Forecasts are in **bold**.

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

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

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Economic Indicator Forecasts

	2006					2007					2008		
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
GDP, chain wtd (bil. 2000 dol.)	11,381	11,385	11,433	11,542	11,319	11,549	11,508	11,579	11,656	11,539	11,733	11,818	11,864
CPI-U, annual rate (pct.)	2.0	3.4	2.9	-2.2	2.0	3.8	6.0	2.6	2.0	3.6	2.3	2.4	2.2
Unemployment (pct.)	4.8	4.7	4.7	4.5	4.6	4.5	4.5	4.6	4.7	4.6	4.7	4.7	4.7
Interest (pct.)													
3-month Treasury bill	4.4	4.8	4.9	4.9	4.7	5.0	4.7	4.8	4.9	4.9	4.9	4.8	4.8
10-year Treasury bond yield	4.6	5.1	4.9	4.6	4.8	4.7	4.9	4.9	5.0	4.8	5.0	4.9	5.1

Source: Survey of Professional Forecasters, Philadelphia Federal Reserve Bank, August 2007.
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Published in Livestock, Dairy, and Poultry Outlook, http://www.ers.usda.gov/publications/ldp

Dairy Forecasts

	2006					2007					2008		
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Milk cows (thous.)	9,092	9,128	9,113	9,115	9,112	9,130	9,129	9,160	9,170	9,147	9,190	9,205	9,205
Milk per cow (pounds)	5,010	5,141	4,906	4,894	19,951	5,039	5,197	5,000	4,980	20,216	5,180	5,290	20,610
Milk production (bil. pounds)	45.5	46.9	44.7	44.6	181.8	46.0	47.4	45.8	45.7	184.9	47.6	48.7	189.7
Farm use	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	1.1
Milk marketings	45.3	46.6	44.4	44.3	180.7	45.7	47.2	45.5	45.4	183.8	47.3	48.4	188.6
Milkfat (bil. pounds milk equiv.)													
Milk marketings	45.3	46.6	44.4	44.3	180.7	45.7	47.2	45.5	45.4	183.8	47.3	48.4	188.6
Beginning commercial stocks	8.0	11.5	13.5	11.6	8.0	9.5	11.9	13.6	11.8	9.5	9.5	12.2	9.5
Imports	1.1	1.2	1.1	1.5	5.0	1.1	1.2	1.1	1.5	4.9	1.1	1.2	4.8
Total supply	54.4	59.3	59.1	57.5	193.6	56.3	60.2	60.3	58.7	198.2	57.9	61.8	202.9
Ending commercial stocks	11.5	13.5	11.6	9.5	9.5	11.9	13.6	11.8	9.5	9.5	12.2	14.0	9.1
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	0.0
Commercial use	42.9	45.8	47.4	48.0	184.1	44.4	46.6	48.5	49.2	188.7	45.7	47.8	193.8
Skim solids (bil. pounds milk equiv.)													
Milk marketings	45.3	46.6	44.4	44.3	180.7	45.7	47.2	45.5	45.4	183.8	47.3	48.4	188.6
Beginning commercial stocks	9.0	9.7	10.2	9.1	9.0	9.1	9.7	10.1	9.5	9.1	9.0	9.5	9.0
Imports	1.1	1.1	1.1	1.4	4.8	1.0	1.1	1.1	1.4	4.6	1.0	1.1	4.6
Total supply	55.3	57.5	55.7	54.8	194.4	55.8	58.0	56.7	56.3	197.5	57.3	59.0	202.2
Ending commercial stocks	9.7	10.2	9.1	9.1	9.1	9.7	10.1	9.5	9.0	9.0	9.5	10.0	9.0
Net removals	0.0	0.7	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	45.6	46.6	46.7	45.7	184.5	46.1	47.9	47.2	47.3	188.5	47.8	49.0	193.2
Milk prices (dol./cwt) 1/													
All milk	13.50	11.97	12.23	13.90	12.90	15.00	18.27	21.80	21.85	19.20	20.25	18.30	18.30
								-22.00	-22.35	-19.40	-21.15	-19.30	-19.30
Class III	12.23	11.02	11.42	12.88	11.89	14.28	17.95	20.52	19.70	18.10	17.78	16.38	16.35
								-20.72	-20.20	-18.30	-18.68	-17.38	-17.35
Class IV	11.33	10.30	10.65	11.97	11.06	12.98	18.45	21.61	21.19	18.50	19.56	17.57	17.65
								-21.91	-21.79	-18.80	-20.56	-18.67	-18.75
Product prices (dol./pound) 2/													
Cheddar cheese	1.272	1.184	1.217	1.316	1.247	1.352	1.627	1.977	1.965	1.730	1.768	1.600	1.600
								-1.997	-2.015	-1.750	-1.858	-1.700	-1.700
Dry whey	0.345	0.289	0.289	0.381	0.329	0.592	0.766	0.618	0.495	0.615	0.495	0.538	0.530
								-0.638	-0.525	-0.635	-0.525	-0.568	-0.560
Butter	1.247	1.153	1.210	1.267	1.219	1.227	1.421	1.425	1.383	1.360	1.310	1.245	1.290
								-1.465	-1.463	-1.400	-1.430	-1.375	-1.420
Nonfat dry milk	0.905	0.829	0.852	0.986	0.893	1.182	1.668	2.031	2.000	1.720	1.845	1.648	1.635
								-2.051	-2.040	-1.740	-1.915	-1.718	-1.705

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