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Livestock, Dairy, and Poultry Outlook

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Turkey Production Rises

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on Nov 27, 2007

The next newsletter
release is Dec 19, 2007

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World Agricultural
Outlook Board.

Poultry: Turkey production rose 4.9 percent in third-quarter 2007 and whole-bird stocks rose. The higher stock levels held down seasonal price increases for wholesale whole birds, but prices for whole hens in the Eastern market in fourth-quarter 2007 are expected to average slightly higher than the previous year. Broiler production in fourth-quarter 2007 is forecast at 9.125 billion pounds, 3.7 percent higher than in the previous year. Higher broiler and pork production, combined with no increase in broiler exports, is expected to place downward pressure on broiler prices in fourth-quarter 2007. The broiler meat production estimate for 2008 was increased by 325 million pounds due to continued increases in chick placements and higher slaughter weights.

Cattle/Beef: The cattle and beef sectors are responding to downward pressures, partly seasonal, but also in response to more abundant, lower priced competing meats. These price declines, along with high feed prices and the growing prospect of reduced winter wheat pasture, are also affecting feeder cattle prices. Any price changes will be influenced by changes in U.S. beef trade status.

Dairy: Milk production continues its above-average rise into 2008. Production and stocks of butter and nonfat dry milk have risen in response to higher prices, although stocks have been building. Exports remain strong in the face of tight global supplies and a weak dollar and are expected to limit price declines for the balance of 2007 and into 2008.

Sheep/Lamb: In third-quarter 2007, commercial production of lamb and mutton totaled 42 million pounds, equaling the third quarter of 2006. However, fourth-quarter 2007 commercial production is expected to be about 2 percent above the same period last year. This expectation is largely due to the typical fourth-quarter production increase to accommodate the seasonal demand, along with a forecast decline in fourth-quarter imports brought on by the devalued U.S. currency.

Hogs/Pork: Larger-than-expected hog slaughter numbers in October prompted USDA to add 75 million pounds of pork to the fourth-quarter 2007 pork production estimate. For 2007, total U.S. pork production is expected to be 21.8 billion pounds, 3.3 percent above a year ago. U.S. hog prices through first-quarter 2008 are expected to fall well below current break-even prices.

Turkey Production Rises

U.S. turkey production in third-quarter 2007 was 1.49 billion pounds, up 4.9 percent from a year earlier. The increase in production was the result of a higher number of birds slaughtered (up 3.2 percent) and an increase in the average liveweight at slaughter to 27.9 pounds. Turkey meat production in fourth-quarter 2007 is forecast at 1.52 billion pounds, 3.2 percent higher than during the same period in 2006. Turkey meat production for 2008 is forecast at 5.94 billion pounds, up only slightly from 2007, in anticipation of the strong increases in broiler production and due to the build up of turkey stocks in the third and fourth quarters of 2007.

With higher third-quarter meat production and a decline in third-quarter exports, compared with a year earlier, ending stocks for the third quarter rose to 499 million pounds, up 7 percent from third-quarter 2006. Cold storage holdings of whole turkeys at the end of September were estimated at 266 million pounds, up 14 percent from a year earlier. Cold storage holdings of turkey parts, at 232 million pounds, were also higher, but this was an increase of less than 1 percent from the previous year.

Even with the strong increase in production in the third quarter and higher stocks, prices for whole turkeys were considerably higher in the third quarter and are expected to average 2 percent higher in the fourth quarter. Prices for whole hens in the Eastern market averaged 89.9 cents per pound in the third quarter, up more than 11 cents per pound from a year earlier. Prices in fourth-quarter 2007 are expected to average between 91 and 93 cents per pound, up about 2 percent from the previous year, although weekly prices are not expected to match last year's peak of just over a dollar per pound.

Fourth-Quarter 2007 Broiler Meat Production Forecast Higher

Broiler meat production in fourth-quarter 2007 is forecast at 9.125 billion pounds, 3.7 percent higher than a year earlier. The higher fourth-quarter 2007 production is expected to be driven by both a higher number of birds slaughtered and higher average weights. U.S. broiler production in third-quarter 2007 was 9.105 billion pounds, up 2.5 percent over the same period in 2006. The third-quarter increase in broiler meat production was the first since the second quarter of 2006. In third-quarter 2007, both the number of birds slaughtered (up 1.9 percent) and the average liveweight (up 0.9 percent) were higher than a year earlier.

With generally higher prices for most broiler products in 2007, processors have increased the number of chicks placed for growout. With the expected expansion in the number of broilers, the forecast for 2008 broiler meat production was increased to 36.85 billion pounds, or 325 million pounds over the earlier estimate. On a percentage basis, the growth is expected to be stronger in the first half of 2008, due to the declines in production in first-half 2007. The increase in production, combined with somewhat higher exports, is expected to put domestic 2008 per capita broiler consumption at 86.8 pounds, just below the 87.1 pounds estimated for 2006.

The weekly broiler hatchery report showed that over the last 5 weeks (Oct. 13 through Nov. 10), the number of broiler chicks placed for growout averaged 3.8 percent higher than in the same period in 2006. The 5-week moving average has grown considerably over the last 6 to 8 weeks. In addition, the hatchery data on eggs being set in incubators over the last 3 weeks points toward chick placements in the coming weeks that will continue to be well above the previous year.

Third-Quarter Broiler Ending Stocks Down

In spite of increasing broiler meat production, cold storage holdings for broiler products were estimated at 624 million pounds at the end of third-quarter 2007, down 11 percent from the same period in 2006 and 17 percent lower than at the end of third-quarter 2005. Most of the decline in cold storage holdings comes from lower holdings of leg meat products. At the end of the third quarter, leg quarter holdings were down 31 percent, leg stocks were 46 percent lower, and holdings of thigh meat were down 19 percent.

Cold storage holdings of whole broilers at the end of third-quarter 2007 were 20 million pounds, up 23 percent from the previous year. This increase in cold storage holdings of whole broilers has not yet impacted prices, as whole-bird prices in third-quarter 2007 were up over 11 cents per pound from the same period in 2006.

Even with a decline in cold storage holdings of parts, prices for most poultry products have fallen over the last several months, but remain well above year-earlier levels. Boneless/skinless breast meat prices in the Northeast market were \$1.31 per pound in October, down \$0.39 per pound from this year's peak in May. Even with this decline, boneless/skinless breast meat prices were still 27 percent higher than in October 2006. Prices for leg meat products have also declined over the last 2 to 3 months, but not as much as breast meat, and they are also considerably higher than a year earlier. Prices for leg quarters and thighs in the Northeast market were \$0.45 and \$0.59 per pound in October, up 54 and 61 percent from a year earlier. With production expected to be higher in fourth-quarter 2007 and in 2008, prices for broiler products are expected to remain under pressure through most of the period.

Egg Prices Continue at High Level

Wholesale egg prices in the New York market averaged \$1.30 per dozen in September, 93 percent above a year earlier. After dropping slightly in the first few weeks of October, egg prices ended the month in the mid \$1.20's per dozen. Nationally, retail prices have also risen, but not quite as steeply as wholesale prices. U.S. retail prices averaged \$1.83 per dozen in September, an increase of 45 percent from a year earlier.

Wholesale egg prices in fourth-quarter 2007 are forecast to average between \$1.18 and \$1.22 per dozen, slightly higher than in the third quarter and about \$0.30 per dozen higher than the previous year. Egg prices in 2008 are forecast to average between \$0.90 and \$0.96 per dozen, as gradually expanding production and lower exports put some downward pressure on prices.

Third-quarter 2007 table egg production was 1.596 billion dozen, down 1.7 percent from a year earlier. This is the third quarter in a row where table egg production has been down on a year-over-year basis. With the number of birds in the table egg flock continuing to be smaller on a year-over-year basis, the table egg production forecast for 2008 was reduced to 6.5 billion dozen, a 1.1-percent increase from 2007, but a reduction from earlier expectations. On the other hand, hatching egg production totaled 281 million dozen, up 11 million dozen (4 percent) from third-quarter 2006. With a larger number of hens in the hatchery flock and a higher number of broiler-type eggs being set in incubators, the forecast for hatchery egg production in fourth-quarter 2007 was increased to 280 million dozen, and the forecast for 2008 was raised by 20 million to 1.13 billion dozen, 2 percent higher than the previous year.

The average number of layers in the table egg flock during every month in 2007 has been below the year-earlier level. During third-quarter 2007, the average size of the table egg flock was 280 million birds, a 1.5-percent reduction from the same period in 2006. The opposite has held true for the hatching egg flock, which for most of 2007 has averaged larger than the previous year. The hatching egg flock is expected to remain larger than the previous year through most of 2008, primarily due to the demands of expanding broiler production.

Third-quarter 2007 egg and egg product exports totaled 58.6 million dozen, up 12.5 percent from third-quarter 2006. Much of the increase in exports in the third quarter was due to higher shipments to Hong Kong, Japan, and China. Shipments to these countries were at least 20 percent higher than the previous year. Over the first three quarters of 2007, total egg and egg product exports have been 190 million dozen, with a value of \$221 million, an increase of 35 percent in quantity and 31 percent in value.

Broiler Exports Continue Strong in September

After receiving a boost from one of the highest monthly totals ever in June, U.S. broiler exports have been on the rise. September shipments totaled 499 million pounds, a 35-percent increase from the same period in 2006. With a strong finish in September, broiler exports in the third quarter of 2007 are (1.493 billion pounds) up 20 percent from a year earlier. Broiler shipments in the first 3 quarters of 2007 totaled 4.181 billion pounds, while shipments for the same period in 2006 totaled 3.801 billion pounds.

The rise in broiler exports in September was due primarily to larger shipments to Russia, China, Angola, and the Caribbean Islands compared with 2006. Shipments to Russia, the largest market for U.S. broilers, totaled 158 million pounds (up 46 percent), while shipments to Hong Kong/China, the second-largest U.S. market, totaled 73 million pounds, 74 percent higher than the shipments in September 2006. Exports to Angola were 22 million pounds, compared with almost 17 million pounds in September 2006. The Caribbean Islands have been receiving larger shipments of broiler meat from the U.S. as well. September shipments to the Caribbean Islands totaled 27 million pounds, 23 percent higher than in the previous year.

Outside of these thriving markets, broiler shipments to other markets, such as the Baltic countries and South Korea, have plummeted and experienced sporadic increases and decreases in broiler shipments over the last year. Shipments to the Baltic countries totaled 30 million pounds in September 2006, and dropped to 14 million pounds this September, a 53 percent decline. Similarly, exports to South Korea totaled 4 million pounds in September 2007, a 61-percent decrease in shipments from the previous year.

The value of broiler shipments has been on the rise in 2007. Reasons for this boost in total value are due to relatively high broiler meat prices and higher export volumes. Despite relative strength in leg-quarter prices, a weaker dollar and robust economic growth in many importing countries is likely helping support exports. In the first 3 quarters of 2007, the value of broiler exports reached \$1.95 billion, a 47-percent increase from the same period in 2006.

Broiler shipments in the fourth quarter of 2007 are expected to reach 1.4 billion pounds, similar to exports in the same period in 2006. Because broiler meat prices are higher than they were last year and are expected to remain so in the fourth quarter, no changes in broiler exports are anticipated.

Turkey Exports Up Slightly

Turkey exports in September were 50 million pounds, up 2 percent from the same period in 2006. Mexico continues to be the largest market for U.S. turkey exports, with shipments that totaled 25 million pounds, a 4-percent drop from a year ago. Shipments to Russia, the U.S.'s second-largest market, have also fallen about a half-million pounds from the same period in 2006, while shipments to Canada increased by 44 percent during the same period. Shipments to China, the Caribbean, and a number of smaller markets helped make up the difference.

Turkey shipments during the first 9 months of 2007 totaled 407 million pounds, a 3-percent drop from the previous year. The value of turkey exports was much higher than 2006, mainly due to high prices. Turkey shipments in the fourth quarter are estimated at 155 million pounds, a 3-percent increase from 2006.

Cow Slaughter Above Year Earlier

Weekly total federally inspected cow slaughter continues at rates above year-earlier rates. By itself, this slaughter rate does not appear too unusual, especially in the context of inadequate precipitation in the Southeast United States. Producers there are facing the prospect of overwintering cows on inadequate pastures and of increased prices for scarce harvested forages and other supplemental feeds. However, in the context of a relatively small total cow inventory, and following on the heels of last year's (2006) weekly slaughter that ranged around 15 percent above 2005 weekly slaughter rates for the same 6-to-9-week period, current slaughter rates imply a potential reduction in total cow inventories. The extent to which inventories may have declined will become known with the January 1, 2008 *Cattle* inventory estimates.

Calf slaughter weights have remained at relatively low levels, although the rate of calf slaughter has declined. The combination of corn prices, generally well above last year's prices, lower year-over-year prices for fed cattle and the beef complex in general, and an apparent decline in wheat pasture available for fall and winter grazing, are exerting downward pressure on feeder cattle prices.

Although still almost \$5 per cwt above their June 2007 lows, fed cattle prices appear to be slipping from their favorable position relative to wholesale beef cutout values. Other signs of potential downward price pressure are the rapid rise in the percentage of cattle grading Choice or better, record dressed weights, the slightly more rapid decline in the price of 50-percent lean trim vs. fresh 90-percent lean trim, and the relatively large number (the largest for October since 1996) of cattle that have been in feedlots for more than 120 days.

Wholesale beef prices have declined significantly since their April 2007 highs, twice as much as fed cattle prices have declined over the same period, implying heavy declines in packer revenues. Retail beef prices also appear to be responding to downward pressure from more abundant supplies and lower prices for competing meats.

Policy and Exchange Rate Affect Cattle and Beef Trade

The United States imported 1.6 million head of cattle through the third quarter of 2007 according to recently released trade statistics. Cattle imports into the United States in the third quarter were almost 11 percent higher than the same period last year. Cattle imports to the United States are projected to be about 2.6 million head in 2008, up 8 percent from this year's projection of 2.4 million, due primarily to increased imports expected from Canada.

Weekly reports show that about three times as many feeder cattle have entered the United States from Canada since the end of August compared with the past 2 years. Increased feed costs in Canada and the Canadian dollar's appreciation against the U.S. dollar encourage producers to sell feeder cattle rather than finish them. With higher feed costs and the strong Canadian dollar expected in 2008, feeder cattle should continue to come from Canada at high levels. The new U.S. Minimum Risk Region policy is scheduled to be implemented on November 19, 2007, allowing

age-verified Canadian cattle over 30 months of age born after March 1, 1999 to cross the border into the United States. The new policy will further increase the number of cattle imported, in particular slaughter cows. Expansion of the U.S. dairy herd could lead to replacement dairy heifer increases as well.

Mexico has had good grazing conditions for much of this year, the result of 2 years with adequate precipitation levels. As producers have kept cattle on grass, imports from Mexico have been below last year's levels since the summer. Producers are expected to take advantage of the good grazing by expanding the herd size, which will limit imports of Mexican cattle into the United States in 2008.

Beef imports appear to be affected by a depreciating dollar. In particular imports from Australia, New Zealand, Canada, and Uruguay — the top four countries providing U.S. imports — trailed off at the end of the third quarter as the U.S. dollar depreciated substantially. Imports from Canada to the United States are anticipated to increase in 2008. The new import regulations regarding Canadian beef from animals over 30 months of age should increase Canadian cow beef imported into the United States. Some of this gain will be offset by decreases in imports of Canadian fed beef into the United States due to increasing feed costs, a strengthening Canadian dollar, and labor concerns for the Canadian meatpacking industry in the western provinces, the same conditions that are behind more Canadian cattle coming into the United States. Severe drought in Australia continues to induce substantial liquidation of their cow herd. If weather conditions in 2008 return to normal, Australian beef exports to the United States may decline as they rebuild their herd. Third-quarter beef imports were 774 million pounds, up 6 percent from last year.

United States exports for the third quarter of 2007 were 424 million pounds, 38 percent above the same period last year. Increased exports to Japan and Canada exceeded the decline in exports to Mexico. A weak U.S. dollar is expected to continue encouraging beef exports in 2008. Lower forecasts reflect the suspension of exports to South Korea pending successful negotiation of new import protocols. Next year's export levels are expected to increase as U.S. beef continues to regain markets lost due to BSE in 2003.

Higher Feed Prices Begin To Curtail Production Expansion, Inventories of Butter and Whey Build, and Exports Remain Strong, Providing Support for Prices

U.S. milk production rose 3.5 percent in October from September's robust increase, according to the November 16th *Milk Production* report. Increases in both U.S. cow numbers and production per cow were reported. Higher feed prices, relatively tight supplies of quality alfalfa hay, along with other non-feed inputs, are pushing up costs. In order to maintain expansion, milk prices must remain high. However, inventories of butter and nonfat dry milk (NDM) are above last year, and higher retail prices have softened fluid milk sales.

Dairy cow slaughter in the third quarter averaged about the same as 2006 but increased in October. The milk-feed price ratio, while still showing a profitable situation, likely will retreat in 2008 from its estimated third-quarter high of 3.17. Cow prices remain high, implying continued strong demand for cows, but producers may be using this situation to retire older, less productive animals to reduce costs and gird for somewhat lower milk prices in 2008. However, higher forecast feed prices may exacerbate the cost squeeze and slow the production expansion. USDA is projecting 2007 milk production at 185.3 billion pounds and at 190.1 billion pounds in 2008.

Commercial use of dairy products continued upward in 2007 and is expected to rise again in 2008. Exports are figuring more prominently in overall commercial use. Cheese production in September trailed that of September 2006. Total cheese stocks have been behind year-earlier levels since June. Cheese demand has been strong, and this has firmed cheese prices, especially in the fourth quarter. Increased milk production and less fluid use should make more milk available for cheese production. As a result, cheese prices are forecast to decline into 2008. The cheese price is expected to average in the range of \$1.715 to \$1.725 per pound in 2007 and decline to \$1.605 to \$1.695 per pound next year. Limited imports and relatively strong demand should keep prices from dropping precipitously.

Third-quarter butter production was 17 percent ahead of third-quarter 2006. Although stocks declined slightly in September compared with August, they remain 27 percent above September 2006. Butter prices are forecast to average in the \$1.330 to \$1.360 per pound range in 2007 and the \$1.190 to \$1.310 per pound range next year as supplies remain large. World butter prices are above current U.S. prices, and butter exports have been on an upward trajectory throughout most of 2007, except for June. The small month-over-month drawdown in stocks suggests that manufacturers are working off inventories.

Nonfat dry milk (NDM) remains in short supply globally, and thus prices for now remain strong. NDM prices are projected to average in the \$1.720 to \$1.740 per pound range in 2007 and to decline to average in the range of \$1.645 to \$1.715 per pound in 2008. It is in this sector that higher production to date and next year should ease tight supplies, in both the domestic and export markets.

Dry whey prices rose high enough in 2007 that price-sensitive users cut back on purchases. It appears that prices in the 40-cent-a-pound range will increase whey demand as a feedstuff. Greater availability of whey should keep prices in that range for most of 2008. Whey prices are forecast to average 59.0 to 60.0 cents a pound in 2007 and 43.0 to 46.0 cents a pound in 2008.

The forecast decline in dairy product prices will translate into lower milk prices in 2008. Although higher than in recent years, prices should begin to decline from 2007 highs. The Class IV price is projected to average in the \$18.45 to \$18.65 per cwt range in 2007 and to decline to average in the range of \$17.35 to \$18.35 in 2008. Likewise, the Class III price is expected to average from \$17.80 to \$17.90 per cwt this year and to soften to from \$15.75 to \$16.65 per cwt next year. The all milk price will average from \$18.95 to \$19.05 per cwt in 2007, with a decline to between \$17.70 and \$18.60 per cwt expected in 2008.

Sheep/Lamb

Third-Quarter Lamb and Mutton Production Steady; Fourth-Quarter Projected To Increase

In third-quarter 2007, commercial production of lamb and mutton totaled 42 million pounds, equaling the third quarter of 2006. A total of 643,000 head of sheep and lambs was slaughtered during this period, 5,800 less than in third-quarter 2006. Both lamb supply and demand are usually lowest during the third quarter each year. Fourth-quarter 2007 commercial production is expected to increase to around 48 million pounds, about 2 percent above the same period last year. This expected increase is largely due to the typical fourth-quarter production increase to accommodate the seasonal demand, along with lower fourth-quarter imports. Fourth-quarter production has consistently exceeded third-quarter production for the past two decades, and only first-quarter production has sometimes exceeded that of the fourth quarter during these years.

Imports of lamb and mutton continued to increase at a fairly rapid pace in the third quarter, but the strengthening of Australian currency relative to the U.S. dollar will likely slow imports for the fourth quarter. Third-quarter 2007 lamb and mutton imports came in at 44 million pounds, nearly 6 percent above the same period last year. Strong third-quarter imports were fueled mainly by increased production in Australia, brought about by continued herd liquidation.

However, as the U.S. dollar continues to depreciate in value relative to the New Zealand and Australian currencies, the change in the exchange rate will likely have two effects on U.S. lamb and mutton trade. It will increase the relative price of imported products, making it more expensive for U.S. importers to purchase lamb from Australia and New Zealand, and it is expected, therefore, that the depreciation of the U.S. dollar will lead to a decrease in the quantity of lamb and mutton imported by the United States. Since imported and domestic lamb and mutton are very close substitutes, the decrease in imports is expected to lead to an increase in U.S. lamb and mutton production for the ensuing quarters. Fourth-quarter 2007 lamb and mutton imports are forecast at around 50 million pounds, about 4 percent below the same period last year.

Slaughter lamb prices have shown modest increases so far in 2007. Third-quarter Choice slaughter lamb prices at San Angelo averaged \$87.33 per cwt in 2007, up \$6.23 from the same period last year. However, continued price increases are expected to be fairly modest, as expected production increases will likely dampen the rate of increase.

However, the fourth quarter 2007 Choice slaughter lamb price at San Angelo is forecast at about \$81-\$91 per cwt, buoyed by seasonal increases in demand.

Large October Slaughter Kicks Up Fourth-Quarter Production, Takes Prices Lower

Larger-than-expected hog slaughter numbers in October prompted USDA to add 75 million pounds of pork to the fourth-quarter 2007 pork production estimate. The estimated federally inspected hog slaughter in October, at 10.6 million head, was almost 11 percent above October 2006. Fourth-quarter pork production is expected to be 5.975 billion pounds, more than 6 percent higher than a year ago. Part of the year-over-year increase in slaughter numbers was due to the additional slaughter day in October this year. But the stronger slaughter numbers are also likely attributable to three additional factors: first, to a large spring pig crop; second, to lower mortality rates from swine diseases that afflicted U.S. herds until recent introduction of effective vaccines; and finally, to increased numbers of imported swine from Canada, due to reduced profitability prospects all along the Canadian pork supply chain.

For 2007, total U.S. pork production is expected to be 21.8 billion pounds, 3.3 percent above a year ago. Next year, higher feed prices will likely limit year-over-year increases in average dressed weights. Average dressed weights both this year and next are expected to be about 201 pounds. Total pork production in 2008 is expected to be 22.3 billion pounds, 2.3 percent higher than this year.

Fourth-quarter prices for 51-52 percent lean live equivalent hogs are expected to range between \$38 and \$40 per cwt, almost 16 percent below the fourth quarter of last year. First-quarter 2008 prices will likely range between \$40 and \$42 per cwt compared with \$46.04 per cwt a year earlier. U.S. hog prices through first-quarter 2008 are thus expected to fall well below current break-even prices in the high \$40s per cwt, calculated for representative farrow-to-finish operations in Iowa.

http://www.econ.iastate.edu/faculty/lawrence/Lawrence_website/livestockreturns.htm

September Pork Exports Higher on Strong Shipments to Asia

The U.S. pork industry shipped 241 million pounds of pork to foreign markets in September, 9 percent more than in September 2006. The year-over-year increase in September export numbers marks the third consecutive month of increases, following a 5-month string of lower exports earlier this year. The addition of September exports to those for July and August completes the third quarter, and pushes the quarterly total volume to 703 million pounds, 8 percent greater than the same period last year. The strong third quarter pulls total U.S. exports for 2007 to date just about even—0.21 percent below—with same-period exports last year. Going into the third quarter, 2007 pork exports lagged first-half 2006 quarter by almost 4 percent.

Exports to China and Hong Kong Help Offset Lower Shipments to Other Important Destinations

The table below shows how increased September exports to China and Hong Kong (line 8) provided an important counterweight to offset lower shipments to Mexico and South Korea, in particular (line 18). In September 2007, China and Hong Kong together imported 21.2 million pounds more U.S. pork than a year ago.

This increase was crucial in offsetting lower shipments to Mexico, South Korea, the E.U.-27, and Taiwan, whose imports of U.S. pork together fell 24.5 million pounds below those of September 2006. September is the third consecutive month this year in which shipments to China and Hong Kong have played an important role in helping to push U.S. exports ahead of year-ago volumes.

U.S. pork exports, September 2007 and September 2006: major countries and regions

Line no.		September 2007 (1000 lbs.)	September 2006 (1000 lbs.)	Difference (Sept. 2007- Sept. 2006) (1000 lbs.)	Percent Change (Sept. 2007/ Sept. 2006)
1	Total U.S. pork exports	240,619	220,051	20,568	9
2	Japan	79,155	74,730	4,426	6
3	Canada	36,023	31,684	4,339	14
4	Russia	20,074	11,573	8,502	73
5	Total Japan + Canada + Russia	135,253	117,986	17,266	
6	China	21,685	9,553	12,132	127
7	Hong Kong	15,221	6,152	9,068	147
8	Total China + Hong Kong	36,905	15,705	21,200	
9	Cen. & S. America	5,363	4,761	602	13
10	Australia	5,207	3,791	1,417	37
11	Caribbean	3,876	3,496	381	11
12	Other	7,461	3,275	4,187	128
13	Total C. & S. Am. + Austr. + Caribb. + Other	21,908	15,322	6,586	
14	Mexico	29,557	44,164	-14,607	-33
15	South Korea	11,308	15,645	-4,337	-28
16	EU-27	4,323	7,319	-2,997	-41
17	Taiwan	1,366	3,909	-2,544	-65
18	Total Mex. + S. Korea + EU-27 + Taiwan	46,554	71,038	-24,484	
19	Sum (5) + (8) + (13)+ (18)	240,619	220,051	20,568	9

The second table (below) shows September 2007 exports, by destination country, sorted in descending order on the basis of export volumes, and provides some perspective on the first three quarters of 2007 pork exports. In the case of Mexico, it is worth noting that in September Mexico was the third biggest importer of U.S. pork products—although this volume was 33 percent lower (column 4) than a year earlier. On a cumulative basis (column 5), Mexico remains the second-largest importer of U.S. pork, but at a volume almost 30 percent lower than in the first three quarters of 2006 (cols. 5-7). Mexico's share of U.S. exports in 2007, to date, is 15 percent (col. 8), considerably lower than the 21 percent of the same period last year. China and Hong Kong together account for 10 percent of U.S. pork exports so far this year, up from 8 percent in the same period of 2006. South Korea accounts for 1 percentage point less than a year ago—8 percent so far this year, versus 9 percent for quarters one to three last year. South Korea's cumulative imports of U.S. pork are more than 7 percent below last year, but Korea remains the fourth-largest foreign market for U.S. pork products.

So far this year, Canada has gained 1 percentage point in export share. Increased cumulative 2007 imports of U.S. pork—up by more than 6 percent (col. 7) — suggest that the strong Canadian dollar is creating an incentive for Canada to buy U.S. products.

U.S. pork exports for major countries and regions: September 2007, September 2006, cumulative volumes and export shares

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Sept. 2007 (1000 lbs.)	Sept. 2006 (1000 lbs.)	Percent Change (Sept. 2007/ Sept. 2006)	Cumulative 2007 U.S. Pork Exports Jan.- Sept.	Cumulative 2006 U.S. Pork Exports Jan.- Sept.	Percent Change (Sept. 2007/ Sept. 2006)	Share of 2007 U.S. Exports (%)	Share of 2006 U.S. Exports (%)
Total Exports	240,619	220,051	9	2,179,463	2,184,154	-0.21		
Japan	79,155	74,730	6	801,386	740,086	8.28	37	34
Canada	36,023	31,684	14	254,856	239,489	6.42	12	11
Mexico	29,557	44,164	-33	318,199	452,670	-29.71	15	21
China	21,685	9,553	127	142,960	78,436	82.26	7	4
Russia	20,074	11,573	73	146,182	155,438	-5.95	7	7
Hong Kong	15,221	6,152	147	67,634	31,581	114.16	3	1
South Korea	11,308	15,645	-28	181,764	196,403	-7.45	8	9
Other	7,461	3,275	128	46,031	35,660	29.08	2	2
Gen. & S. America	5,363	4,761	13	57,414	48,968	17.25	3	2
Australia	5,207	3,791	37	59,167	46,682	26.75	3	2
EU-27	4,323	7,319	-41	38,652	61,772	-37.43	2	3
Caribbean	3,876	3,496	11	35,979	48,108	-25.21	2	2
Taiwan	1,366	3,909	-65	29,237	48,861	-40.16	1	2

Lower Valued U.S. Dollar Likely To Fuel Exports Next Year

For 2007, higher second-half exports are expected to more than compensate for lower exports in the second quarter. Total exports this year are expected to reach 3 billion pounds, or about 1 percent above 2006. Next year, total exports are expected to be about 3.2 billion pounds, more than 5 percent above exports forecast for this year. In 2008, plentiful pork supplies, coupled with likely continuation of a lower valued U.S. dollar, are expected to enhance the competitiveness of U.S. pork in foreign markets. The lower valued dollar will likely enable U.S. products to gain market share, particularly in Asia, at the expense of competing exporters whose products are priced in higher valued currencies, particularly Canada and Denmark.



Forecasts • Trends • Policies

Energizing Rural America in the Global Marketplace

February 21-22, 2008

**Crystal Gateway Marriott Hotel
Arlington, Virginia**

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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/>
WASDE, <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	III	Annual
Production, million lb																
Beef	24,548	24,683	6,082	6,724	6,834	6,513	26,153	6,235	6,649	6,801	6,450	26,135	6,210	6,610	6,835	26,000
Pork	20,509	20,685	5,335	5,008	5,087	5,625	21,055	5,396	5,128	5,255	5,975	21,754	5,510	5,360	5,435	22,265
Lamb and mutton	195	187	49	47	42	47	185	49	44	42	48	183	50	44	42	181
Broilers	34,063	35,365	8,938	9,130	8,884	8,801	35,752	8,574	9,021	9,105	9,125	35,825	8,875	9,300	9,350	36,850
Turkeys	5,454	5,504	1,355	1,440	1,419	1,473	5,686	1,410	1,473	1,489	1,520	5,892	1,430	1,495	1,490	5,940
Total red meat & poultry	85,441	87,097	21,920	22,516	22,428	22,619	89,483	21,819	22,478	22,850	23,277	90,424	22,231	22,974	23,318	91,886
Table eggs, mil. doz.	6,365	6,411	1,611	1,610	1,624	1,649	6,494	1,592	1,586	1,596	1,650	6,424	1,600	1,605	1,630	6,495
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	16.5	16.0	65.0	15.6	16.2	16.4	63.7
Pork	51.3	49.9	12.3	11.9	11.9	13.1	49.3	12.3	12.2	12.3	13.7	50.5	12.5	112.4	12.7	51.1
Lamb and mutton	1.1	1.1	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.2	1.1
Broilers	84.2	85.6	21.8	22.5	21.9	20.7	86.9	21.0	21.4	21.6	21.5	85.4	20.9	22.0	22.1	86.8
Turkeys	17.0	16.7	3.5	3.9	4.3	5.2	16.9	3.8	4.0	4.2	5.3	17.3	3.7	4.0	4.3	17.2
Total red meat & poultry	221.4	220.5	54.1	55.8	55.6	55.9	221.4	53.6	54.8	55.2	57.2	220.9	53.3	55.3	56.1	221.4
Eggs, number	256.9	255.3	63.9	63.5	63.8	64.5	255.7	61.7	61.2	62.2	64.1	249.3	62.1	61.9	62.9	250.6
Market prices																
Choice steers, Neb., \$/cwt	84.75	87.28	89.24	80.39	85.40	86.61	85.41	90.61	93.45	91.36	90-92	91.61	88-94	88-96	86-94	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	115.63	108-110	108.21	108-114	103-111	102-110	103-110
Boning utility cows, S. Falls, \$/cwt	52.35	54.36	48.89	47.79	49.28	44.29	47.56	51.04	53.96	54.07	48-50	52.02	48-50	48-50	47-51	46-53
Choice slaughter lambs, San Angelo, \$/cwt	96.69	97.76	77.03	66.56	81.10	84.53	77.31	82.59	82.23	87.33	89-91	85.54	87-93	88-96	86-94	88-95
Barrows & gilts, N. base, i.e. \$/cwt	52.51	50.05	42.63	48.45	51.83	46.13	47.26	46.04	52.55	50.34	38-40	46.98	40-42	45-49	47-51	44-47
Broilers, 12 City, cents/lb	74.10	70.80	62.7	61.0	67.8	65.9	64.4	75.0	80.3	79.2	69-71	76.1	72-76	74-80	74-80	72-78
Turkeys, Eastern, cents/lb	69.70	73.40	67.3	71.3	79.4	89.8	77.0	69.7	77.9	89.9	91-93	82.4	72-76	73-79	76-82	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	119.1	118-122	109.1	96-102	83-89	87-95	90-96
U.S. trade, million lb																
Beef & veal exports	460	698	223	315	307	308	1,153	269	363	424	380	1,436	380	415	460	1,710
Beef & veal imports	3,679	3,599	843	789	731	722	3,085	770	884	774	790	3,218	835	885	855	3,420
Lamb and mutton imports	180	180	53	44	41	52	190	56	44	44	50	194	55	51	43	196
Pork exports	2,181	2,665	770	763	653	811	2,997	792	685	703	860	3,040	800	805	700	3,180
Pork imports	1,099	1,024	259	237	239	254	989	239	256	240	265	1,000	245	250	260	1,025
Broiler exports	4,784	5,203	1,338	1,298	1,224	1,412	5,272	1,275	1,393	1,493	1,400	5,561	1,350	1,380	1,410	5,565
Turkey exports	442	570	119	125	152	149	546	124	135	148	155	562	135	150	160	605
Live swine imports (thousand head)	8,506	8,192	2,133	2,087	2,205	2,338	8,763	2,302	2,370	2,464	2,500	9,636	2,325	2,400	2,500	9,750

^{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	III	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	11,896	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	2.3	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	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	4.9	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	5.1	5.1	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>

“Economic Indicator Forecasts” will no longer be published in Livestock, Dairy, and Poultry Outlook as of January 2008. A wider range of agricultural and food sector indicators are available five times a year from ERS’s *AmberWaves* magazine. See <http://www.ers.usda.gov/AmberWaves/November07/Indicators/indicators.htm>. Macroeconomic forecasts are available from the *Survey of Professional Forecasters* on the Federal Reserve Bank of Philadelphia web site, <http://www.philadelphiafed.org/econ/spf/index.html>.

Dairy Forecasts

	2006			2007					2008			
	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Milk cows (thous.)	9,113	9,115	9,112	9,130	9,129	9,157	9,175	9,148	9,200	9,220	9,225	9,216
Milk per cow (pounds)	4,906	4,894	19,951	5,039	5,195	5,036	4,990	20,260	5,185	5,290	5,080	20,625
Milk production (bil. pounds)	44.7	44.6	181.8	46.0	47.4	46.1	45.8	185.3	47.7	48.8	46.9	190.1
Farm use	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.3	1.1
Milk marketings	44.4	44.3	180.7	45.7	47.1	45.8	45.5	184.2	47.4	48.5	46.6	188.9
Milkfat (bil. pounds milk equiv.)												
Milk marketings	44.4	44.3	180.7	45.7	47.1	45.8	45.5	184.2	47.4	48.5	46.6	188.9
Beginning commercial stocks	13.5	11.6	8.0	9.5	11.9	13.6	12.6	9.5	9.9	12.4	14.2	9.9
Imports	1.1	1.5	5.0	1.1	1.2	1.1	1.5	4.8	1.1	1.1	1.1	4.7
Total supply	59.1	57.5	193.6	56.3	60.2	60.5	59.5	198.5	58.4	62.0	61.9	203.6
Ending commercial stocks	11.6	9.5	9.5	11.9	13.6	12.6	9.9	9.9	12.4	14.2	12.0	9.3
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	47.4	48.0	184.1	44.4	46.6	48.0	49.6	188.6	46.0	47.8	49.9	194.3
Skim solids (bil. pounds milk equiv.)												
Milk marketings	44.4	44.3	180.7	45.7	47.1	45.8	45.5	184.2	47.4	48.5	46.6	188.9
Beginning commercial stocks	10.2	9.1	9.0	9.1	9.7	10.1	9.7	9.1	9.3	9.8	10.2	9.3
Imports	1.1	1.4	4.8	1.0	1.1	1.0	1.3	4.4	1.0	1.1	1.1	4.4
Total supply	55.7	54.8	194.4	55.8	58.0	57.0	56.5	197.7	57.7	59.4	57.9	202.7
Ending commercial stocks	9.1	9.1	9.1	9.7	10.1	9.7	9.3	9.3	9.8	10.2	9.7	9.2
Net removals	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	46.7	45.7	184.5	46.1	47.8	47.2	47.2	188.4	47.9	49.2	48.1	193.5
Milk prices (dol./cwt) 1/												
All milk	12.23	13.90	12.90	15.00	18.27	21.67	20.95	18.95	19.80	17.65	16.60	17.70
							-21.25	-19.05	-20.40	-18.55	-17.60	-18.60
Class III	11.42	12.88	11.89	14.28	17.95	20.43	18.56	17.80	17.27	15.81	15.05	15.75
							-18.86	-17.90	-17.87	-16.71	-16.05	-16.65
Class IV	10.65	11.97	11.06	12.98	18.45	21.71	21.08	18.45	19.41	17.23	16.30	17.35
							-21.58	-18.65	-20.11	-18.23	-17.40	-18.35
Product prices (dol./pound) 2/												
Cheddar cheese	1.217	1.316	1.247	1.352	1.627	1.978	1.909	1.715	1.780	1.605	1.530	1.605
							-1.939	-1.725	-1.840	-1.695	-1.630	-1.695
Dry whey	0.289	0.381	0.329	0.592	0.766	0.610	0.406	0.590	0.398	0.438	0.428	0.430
							-0.426	-0.600	-0.428	-0.468	-0.458	-0.460
Butter	1.210	1.267	1.219	1.227	1.421	1.428	1.265	1.330	1.198	1.157	1.215	1.190
							-1.325	-1.360	-1.288	-1.277	-1.345	-1.310
Nonfat dry milk	0.852	0.986	0.893	1.182	1.668	2.043	2.012	1.720	1.882	1.648	1.515	1.645
							-2.042	-1.740	-1.932	-1.718	-1.585	-1.715

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/dyfmom/mib/fedordprc_dscrp.htm

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

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