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Livestock, Dairy, and Poultry Outlook

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Fourth-Quarter Pork Production Accelerates

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Tables will be released
on December 27, 2007

The next newsletter
release is Jan. 18, 2007

Approved by the
World Agricultural
Outlook Board.

Hogs/pork: The USDA forecast for fourth-quarter pork production was revised to reflect larger-than-expected slaughter in November and December. Fourth-quarter commercial pork production is expected to be 6.1 billion pounds, almost 8 percent higher than a year ago. USDA releases the *Quarterly Hogs and Pigs* report on December 27, 2007.

Cattle/beef: Total commercial cow slaughter continues heavy and, along with heavy calf slaughter, could lead to reduced supplies of feeder cattle and the potential for reduced beef supplies in 2008 and 2009. Feeder cattle prices are declining because of a lack of wheat pasture this winter and the negative profit picture for cattle feeding. Retail beef prices are above last year's because total net supplies are below 2006 levels.

Dairy: Expected higher feed prices in 2008 could dampen milk production expansion. Meanwhile, firm domestic and export demand for all major products except whey should keep prices from falling precipitously.

Poultry/eggs: Broilers - strong exports have partially countered increasing production, and stocks have remained below year-earlier levels. Continued large gains in chick placements are expected to translate to higher broiler meat production, especially compared with last year's declines. This will eventually begin to place downward pressure on most broiler prices. Turkey - higher production through October held whole turkey prices to somewhat lower levels than the previous year and has boosted cold storage holdings above those for the same period in 2006. Prices for whole birds are expected to decline seasonally in December and into the first half of January 2008, but not as much as in 2006. Eggs - wholesale prices at the beginning of December were at record levels, on a nominal basis. With a smaller number of hens in the table egg flock and lower production expected in the fourth quarter, prices are expected to remain strong through the end of 2007 and into 2008. October broiler exports increased above a year ago, while turkey exports were year-over-year lower. Broiler exports totaled 589 million pounds, an increase of 35 percent. Turkey exports totaled 53.5 million pounds, a decline of 1 percent from a year ago.

Aquaculture: Grower sales of catfish are expected to decline in 2007 for the third consecutive year. In past years the lower sales have been offset by higher prices, but after being strong through the first half of 2007, farm prices have fallen markedly. Grower estimates of inventories in ponds in mid-2007 showed declines in almost all categories, despite relatively strong farm prices in 2006 and the first half of 2007. The lower inventories point strongly towards continued lower sales in the remainder of 2007 and into 2008. Over the first 10 months of 2007, the amount of processed catfish sold was down 12 percent and the average price was basically unchanged.

Fourth-Quarter Pork Production Accelerates

The USDA forecast for fourth-quarter 2007 pork production was increased 75 million pounds from last month's production forecast. The revised estimate places fourth-quarter U.S. commercial pork production at 6.1 billion pounds, almost 8 percent higher than a year ago. The higher pork production estimate reflects higher-than-previously-forecast numbers of slaughter-ready hogs delivered to U.S. hog processing plants in November and December. New insights into hog and pig numbers will be provided by USDA's *Quarterly Hogs and Pigs* report, scheduled for release on December 27, 2007.

(<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1086>)

Large fourth-quarter hog supplies have driven hog prices to annual lows, which is typical for the annual pork production cycle. Prices of live equivalent 51-52 percent hogs likely achieved annual lows in November, at \$36.95 per cwt, and are expected to range between \$38 and \$39 per cwt for the quarter. With current hog production break-even costs in the high \$40 per cwt region, many hog producers are operating in the red, likely for the first time since early 2004.

Solid Pork Demand Moving Larger-Than-Expected Pork Supplies

Available information on wholesale prices and cold stocks suggests that the larger-than-expected pork supplies are being marketed to domestic and foreign consumers, rather than accumulating as cold stocks. October 31 cold stocks information for pork shows only a small year-over-year increase of less than 2 percent. Most of the increase is due to higher ham stocks, which may be attributable, in part, to seasonal factors, as well as to lower sales to Mexico.

Estimated Federally Inspected weekly pork supplies for the 8 weeks up to December 1, which averaged about 8 percent higher than a year ago, appear to have pressured wholesale prices lower, but by less than in comparable periods in the recent past. The USDA Estimated Pork Carcass Cutout for October and November 2007 averaged almost 11 percent below the same period last year. The only other period in the recent past when October-November production increases were comparable to 2007 was in 1998, when a 10-percent increase in production was associated with a 31-percent drop in wholesale prices.

The fact that pork prices have not fallen as sharply as they did in 1998 is likely attributable, in part, to the contribution made by export markets in expanding demand for U.S. pork. USDA forecasts fourth-quarter 2007 pork exports at 860 million pounds, almost triple the volume of exports in the same period 9 years ago. Thus, 2 months into the fourth quarter of 2007, it appears that robust demand factors are helping to move large volumes of pork through the supply chain to foreign and domestic consumers. Indeed, on the export side, attractive U.S. pork prices and the low-valued U.S. dollar are drawing significant quantities of U.S. pork into foreign markets. And on the domestic side—which accounts for about 86 percent of annual pork disappearance—year-over-year higher wholesale beef and chicken prices are likely helping to market seasonally large supplies of pork to domestic consumers.

Pork Exports On A Tear

U.S. pork exports for October—the first month of what is typically the strongest quarter in the calendar year for exports—were more than 31 percent greater than October 2006. This strong export showing for October pushed cumulative exports for 2007 to 2.5 billion pounds, almost 3 percent above the same period a year ago. Japan, China\Hong Kong, Mexico, Russia, and Canada were the top 5 most important destination markets in October. Together, this country set accounted for more than 81 percent of October exports. Factors that increase incentives for foreign purchase of U.S. pork products include seasonally lower U.S. pork prices, together with currently low foreign exchange values of the U.S. dollar.

Heavy Cow And Calf Slaughter Could Affect January 1 Inventories

Total commercial cow slaughter continues heavy—beef cow slaughter in the Southern States and all cow slaughter in the Eastern Corn Belt and Central Appalachian States is heavier than last year, based on weekly data through Thanksgiving week 2007. Recent precipitation in the Southeastern and Southwestern States could blunt this apparent liquidation mindset to the extent that cool season pastures can get enough of a boost to make a difference in forage and supplemental feed needs for the cow herd through the winter. Dairy cow slaughter has been high much of this fall, despite milk prices about half-again higher than 2006 prices. However, high hay, corn, and protein costs have taken the luster off the high milk prices, and some cows may be going to slaughter to make way for dairy replacement heifer inventories, which are thought to be at herd-building levels. The dairy replacement heifer inventory was one of the few categories that increased over 2006 inventories in the July Cattle inventory report.

In 2006, beef cows were going to slaughter at a rate of about 18 percent over 2005 beef cow slaughter, and dairy slaughter was at about 4 percent above 2005 slaughter. In 2007, the rate of beef and dairy cow slaughter were closer to even, with cumulative annual beef cow slaughter through October 2007 about 7 percent above cumulative beef cow slaughter through October 2006, and dairy cow slaughter just under 8 percent. For 2007, total cumulative commercial cow slaughter through October 2007 is 7 percent ahead of cumulative slaughter through October 2006 and is 19 percent ahead of slaughter for the same period in 2005.

Some analysts suggest the cattle cycle has gone the way of the hog and dairy cow cycles. Based on total beef and dairy cow inventories, some analysts have suggested that the cattle cycle has returned to its liquidation phase. Cow inventories have increased a maximum of less than half of 1 percent since the low 41.851-million-cow inventory on January 1, 2004, and cattle and calf inventories have increased by just over 2 percent from January 1, 2004 to January 1, 2007.

This 2-percent increase in total cattle and calf inventories is about half of the (4-percent) increase observed from the low cattle and calf inventory on January 1, 1979 to the peak January 1, 1982 inventory for the cattle cycle of the 1980s. That peak was followed by 8 years of liquidation, reaching a low January 1, 1990. Total cumulative calf slaughter is also well ahead of slaughter for the same periods in 2005 and 2006. This level of calf slaughter is likely to make inroads into January 1, 2008's total cattle and calf inventory, which is scheduled to be released February 1, 2008 in the National Agricultural and Statistics Service's *Cattle* report. Low cattle inventories could lead to reduced supplies of feeder cattle and the potential for reduced beef supplies in 2008 and 2009.

Feeder cattle prices are declining for a number of possible reasons, the foremost of which is lack of wheat pasture this winter. Wheat pasture is lacking because of the current high prices for wheat and concerns that, in its current suboptimal state, wheat might not stand up to grazing pressure this winter. Another reason for declining feeder cattle prices is the profit picture for cattle feeding—currently negative, as it has been beginning in June 2007.

However, a quick glance at live cattle futures over the last several months shows a number of instances where cattle feeders could have hedged fed cattle at \$1 per pound or better into Spring 2008. To the extent that such hedging took place, at least some cattle feeders may be better off than a first glance would indicate.

Packers do not have the same venues for hedging commodity beef. Cutout values for Choice beef have increased since Thanksgiving, but this recovery is by fits and starts, leaving beef packers walking on the negative side of a thin line between maintaining market share in the face of pressure from newcomer JBS and, so far, unsuccessful attempts to either raise beef prices or reduce cattle prices.

The apparent strength in fed cattle prices into mid-December 2007 suggests that market-ready cattle are in relatively short supply. However, points that do not necessarily support that view include: (1) the continually heavy dressed weights and numbers of fed cattle slaughtered, (2) a relatively high share of Choice-grading fed cattle in the fed cattle mix, (3) the November 1, 2007 number of cattle that have been on feed for more than 120 days (indicative of heavy supplies of market-ready cattle on the front burner, so to speak) compared to previous Novembers, except for last year's record (since 1996), and (4) the low price for the 50-percent lean trim from fed cattle that is mixed with leaner trim from culled cows and bulls and imported processing beef.

Retail Choice beef prices at this point in 2007, which are relatively high by some views, remain well above 2006 prices for the same months. Cumulative beef exports are higher through October this year than through October last year and expected to be well above 2006, while cumulative imported beef is slightly ahead of 2006 imports. Cumulative beef production is slightly ahead of last year's cumulative production for the same period. As net a result, per capita domestic disappearance is expected to be down slightly from last year and, if nothing else changes, means consumers will face higher prices this year than last.

Higher Feed Prices Dampen Milk Production Expansion in 2008; That and Firm Demand Will Keep Prices from Dropping Steeply

Sharply higher feed costs projected for 2008, especially for soybean meal, will cut into dairy producer profits. Offsetting higher feed costs are moderating prices for alfalfa hay and relatively high prices for milk. The milk-feed price ratio will be lower in 2008 compared with this year, and will likely slow the pace of expansion. The December *Milk Production* report showed November production still increasing at above the long-term average rate. Both cow numbers and production per cow are well above year-earlier levels and sharply above those in the first half of 2007. These fundamentals should boost milk production in 2008 by about 1.1 percent. Forecast 2008 production is 190.5 billion pounds.

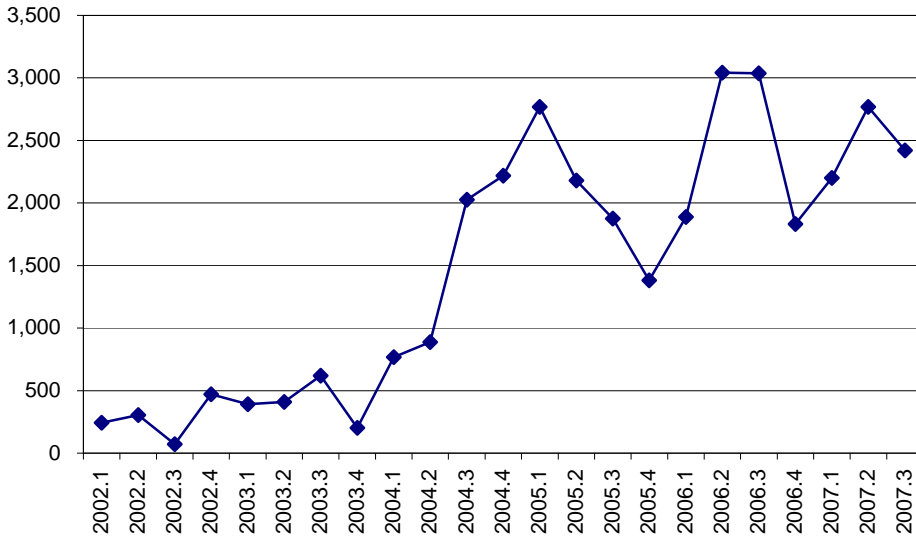
October output of butter, total cheese, and nonfat dry milk (NDM) continues to outpace year-earlier levels by 9.1 percent, 1.6 percent and 41.4 percent respectively, according to the November *Dairy Products* report. Cheddar cheese prices remain at near-record levels of over \$2 a pound. The Foreign Agricultural Service reports 10-month imports of quota cheese are lagging the same period in 2006 by 3 percent. However, the *Dairy Market News* reports that export interest may be building. For butter, the October drawdown in stocks set a record for that month, and commercial disappearance through September was 5.6 percent above year-earlier levels. World butter prices are above U.S. prices and could help boost export interest. Export potential for both cheese and butter, combined with firm domestic demand, will likely support prices for both products into the first half of 2008. Cheese prices could soften later in 2008.

The NASS cheese price is expected to average from \$1.735 to \$1.745 per pound in 2007 and from \$1.640 to \$1.720 per pound in 2008. The butter price will likely follow a similar pattern, averaging from \$1.330 to \$1.360 per pound in 2007 and slipping to \$1.205 to \$1.315 per pound in 2008. NDM prices soared in the second half of 2007, which will push the 2007 average price to the range of \$1.705 to \$1.725 per pound. In 2008, prices should decline somewhat to average from \$1.645 to \$1.705 per pound. Ample U.S. production and large stocks could pressure prices later in 2008. However, global supplies remain tight. Whey prices have fallen precipitously in the second half of 2007 and will likely average from 59.5 to 60.5 cents a pound this year, based mostly on earlier highs. Next year, prices will be closer to current prices and average from 43.0 to 46.0 cents a pound. Weaker export prospects in late 2007 and into 2008 will keep whey prices below early 2007 peaks.

While milk prices should be lower in 2008 than in 2007—a steep drop is not forecast. The Class IV average price is forecast to range from \$17.40 to \$18.30 per cwt in 2008, down from \$18.30 to \$18.50 per cwt in 2007. The Class III price is expected to average \$16.15 to \$16.95 per cwt in 2008, compared with \$18.00 to \$18.10 per cwt in 2007. The all milk price will average from \$18.00 to \$18.80 per cwt in 2008, down slightly from the \$19.05 to \$19.15 per cwt expected in 2007.

U.S. dairy net exports (skim basis)

Million pounds



Broiler Meat Production Up 5 Percent in October

Broiler meat production totaled 3.4 billion pounds in October, up 5.4 percent from the previous year, but slightly lower than anticipated, considering that October 2007 had an additional slaughter day compared with October 2006. Over the first 10 months of 2007, broiler meat production has totaled 30 billion pounds, about 0.3 percent lower than for the same period in 2006. The increased meat production in October was the result of both an increase in the number of birds slaughtered, up 4.6 percent, and a small increase in the average live weight of birds at slaughter, up 0.5 percent to 5.61 pounds. So far in 2007, the average live weight at slaughter for broilers has been 5.49 pounds, also 0.5 percent higher than in the same period in 2006. The increase in production in October coupled with strong chick placements this fall, led to an increased estimate for broiler meat production of 9.18 billion pounds, up 50 million pounds.

Although there continues to be some growth in average bird weights, it is the recent surge in chicks being placed for growout that points toward significant growth in the amount of broiler meat that will be produced near the end of fourth-quarter 2007 and into first-quarter 2008. Over the last 5 weeks (Nov. 10 to Dec. 8, 2007), the number of chicks placed for growout has averaged 4.7 percent higher than during the same period in 2006. However, a comparison with the previous year tends to overstate the growth in the number of birds being placed for growout as chick placements at this point in 2006 were declining. If the comparison is made to the same period in 2005, the increase is only 1.7 percent.

Cold storage holdings of total broiler products at the end of third-quarter 2007 were revised slightly upwards, to 626 million pounds. This is only marginally higher than at the end of the second quarter and down 11 percent from the third-quarter 2006 level of 699 million pounds. With the exception of whole birds, stocks of most broiler products are significantly lower than in the previous year. Stocks of leg quarters were 66 million pounds at the end of September, down 17 percent, and stocks of thighs and thigh meat were 22 percent lower than a year earlier at 19 million pounds. Expectations of stronger fourth-quarter broiler meat production and slightly slower exports are expected to lead to a broiler stock expansion to 675 million pounds by the end of the fourth quarter, a level that is still 9 percent lower than a year earlier.

In fourth-quarter 2007, the domestic broiler industry is expected to face larger production, slightly declining foreign demand, and increasing stocks. These factors are expected to combine to place downward pressure on prices. For most of 2007, prices for broiler products have been above year-earlier levels, as production was down in the first half of the year. In the fourth quarter of 2007, broiler prices are expected to remain well above year-earlier levels, but to be trending downward. By the middle of first-quarter 2008, prices are expected to be close to their year-earlier levels. In November, prices for whole birds averaged 71.7 cents per pound, 9 percent higher than a year earlier. Prices in the Northeast market for boneless/skinless breast meat and leg quarters were 124.5 and 42 cents per pound, up 31 and 44 percent from 2006, respectively, but down considerably from earlier in 2007.

October Turkey Meat Production Up 7 Percent

Turkey meat production in October was reported at 579 million pounds, up 7 percent from October 2006. The increase is the result of a 5.5-percent increase in the number of birds being slaughtered and an increase in the average live weight of turkeys at slaughter of 1.1 percent to 27.7 pounds. With the increase in October, turkey meat production over the first 10 months of 2007 has totaled 4.95 billion pounds, 4.1 percent higher than in the same period in 2006 and 8 percent higher than in the first 10 months of 2005.

Despite the growth in turkey meat production, a combination of a strong export market and higher demand kept turkey cold storage holdings (especially for whole birds) below a year earlier through the first half of 2007. However, during the third quarter, overall turkey stocks began to expand and prices for turkeys and turkey products started to move closer to their year-earlier levels. Cold storage stocks of whole turkeys and turkey products at the end of third-quarter 2007 have been revised upward to 505 million pounds, 9 percent higher than the previous year. Most of the higher stocks were in the form of whole birds, as turkey-part stocks were only up 1 percent. Cold storage holdings declined seasonally in October to 412 million pounds, only 2 percent above the previous year. With turkey production expected to be higher in fourth-quarter 2007, cold storage holdings are expected to remain above year-earlier levels at the end of the fourth quarter and into 2008.

Prices for turkeys and most turkey products were moving in the opposite direction from broiler products prices. Prices for whole hens in the Eastern market averaged 94.7 cents per pound in November, down 5 percent from the previous year. Aside from January, whole turkey prices in 2007 had been above year-earlier levels until the last 2 months. Even with slightly lower prices, whole-bird prices are expected to average slightly higher in fourth-quarter 2007 than the previous year. Barring an extreme price drop in December, the annual average price for whole turkeys in 2007 will mark the fourth consecutive year that whole bird prices have increased. Prices for a number of turkey parts have also been strong, with prices for boneless/skinless breast meat averaging \$2.57 per pound in October, up 14 percent from a year earlier. Prices in October were also higher for drumsticks, up 48 percent. However, there can be considerable difference in the price changes from year to year, depending on whether the parts are coming from toms or hens, with stock levels for whole toms having grown faster than those for hens.

Over the first 10 months of 2007, the number of turkey poults placed for growout has totaled 260 million, up 4 percent from the same period in 2006. This is expected to result in continued growth in turkey meat supplies for the rest of 2007 and into the first half of 2008.

Egg Production Continues Lower, Prices High

The table-egg laying flock in October was estimated at 283 million hens, lower by 1.9 percent than at the same time in 2006. For almost all of 2007, the monthly number of hens in the table-egg laying flock has been smaller than in the same month of the previous year, and overall the flock size has averaged 1.5 percent lower.

This trend is expected to continue through the end of 2007 as the flock size at the beginning of November was 284 million birds, down 1.7 percent from the beginning of the previous November. The number of birds in the table-egg flock is expected to gradually expand in first-quarter 2008 as producers respond to the strong prices for table eggs over the last several months.

Table-egg production in October was reported at 547 million dozen, down 0.5 percent from the previous year. Table-egg production for fourth-quarter 2007 is now estimated at 1.645 billion dozen, which would be a slight decline from the previous year. If realized, this would be the fourth consecutive quarter with declining table-egg production.

Although production of table eggs has been lower, production of eggs for hatching has been increasing in response to broiler producers' needs for greater chick production. Hatching-egg production is expected to total 280 million dozen in fourth-quarter 2007, up 4.5 percent from the previous year and the fourth consecutive quarter with higher production on a year-over-year basis.

The lower production of table eggs has resulted in very strong prices over the last several months. In the third quarter of 2007, wholesale prices in the New York market averaged \$1.19 per dozen, a 29-percent jump from the previous quarter and 86 percent higher than third-quarter 2006. Prices in the New York market declined slightly to \$1.14 per dozen in October, but then rose sharply to average \$1.49 in November. With these high prices, table eggs are now expected to average between \$1.34 and \$1.37 per dozen in the fourth quarter of 2007. This is the highest quarterly nominal average price for eggs over the last 47 years (wholesale price per dozen in the New York market).

Broiler Shipments Continue Strong in October

Broiler exports for the month of October totaled 589 million pounds, up 35 percent from a year ago. The principal reason for the boost in broiler shipments was a strong demand that stemmed mainly from a weakening U.S. dollar. Because of the U.S. declining dollar value, some foreign consumers have not been responsive to increases in August and September leg-quarter prices in 2007. In August 2007, the average leg-quarter price for the Northeastern market was almost 28 percent higher than the average price reported in August 2006. September average leg-quarter price for 2007 was 41 percent higher than the price reported in the same month of 2006. Broiler shipments for October were among the highest recorded in several years. One explanation for the surge in broiler shipments is that the declines in the value of the U.S. dollar exceeded the increase in leg-quarter prices, causing the purchasing power of some foreign consumers to increase. Increases in incomes driven by higher oil revenues may be supporting purchases by oil exporting countries such as Russia and Mideast countries.

Broiler shipments for the fourth quarter were increased by 50 million pounds due to a strong demand for broiler meat, raising expected total shipments for the fourth quarter to 1.450 billion pounds. Positive growth in broiler production is expected throughout the fourth quarter, which is likely to put downward pressure on leg-quarter prices.

Turkey Shipments Fall in October

Turkey exports totaled 53.5 million pounds in October, down 1 percent from a year ago. Mexico, Canada, and Russia were the largest foreign destinations for U.S. turkey in October. In comparison with October 2006, shipments to Mexico and Canada dropped 8 and 15 percent in October 2007, respectively, while shipments to Russia rose by 8 percent during the same period. While turkey shipments for the fourth quarter are expected to reach 155 million pounds, total turkey shipment for 2007 is on course to becoming one of the largest shipments recorded in recent years.

Aquaculture

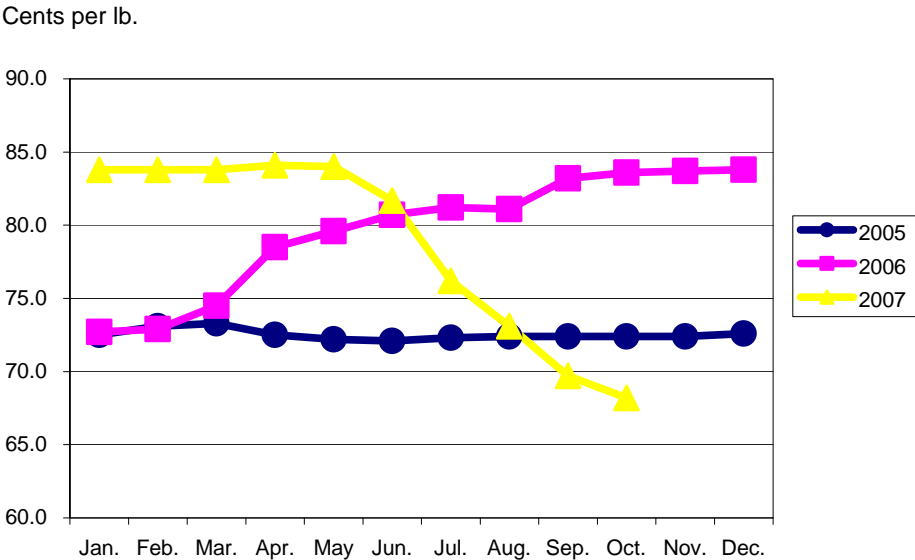
Catfish Farm Sales Down 13 Percent Though October

Catfish sales by farmers to processors are expected to decrease considerably in 2007 to between 495 and 505 million pounds. Based on grower estimates of their inventories at the beginning of July, grower sales are expected to continue lower through the rest of 2007 and into 2008, compared with sales from a year earlier. However, going into 2008, grower sales are expected to be much closer to year-earlier levels than they have been in 2007.

Farm Prices Decline

In both 2005 and 2006, farm sales of catfish to processors were lower than in previous years, but higher per pound prices more than offset the quantity declines. This is not expected to be the case in 2007. Over the first 10 months of 2007, the quantity of farm sales, at 417 million pounds, was down 13 percent from the same period in 2006, and farm prices have averaged 78.8 cents per pound. This is about the same as the previous year, but the average price is expected to decline over the next 2 months as prices have been falling. After averaging 79.6 cents per pound in 2006, farm prices were even stronger through the first half of 2007, averaging 83.5 cents per pound. However, over the last 4 months the farm price for live catfish has declined sharply from 81.7 cents per pound in July to 68.2 cents per pound in October.

Catfish farm prices



Catfish Feed Deliveries Rise

As of July 1, the number of water acres to be used in the second half of 2007 was estimated to be down by 3 percent, and the number of fish that growers reported they had in inventory was down in almost all categories. However, the feed delivery reports tend to point in a different direction. Over the first 10 months of 2007, feed deliveries for food-size fish totaled 788 thousand tons, 12 percent above those for the same period in 2006. With the exception of January and April, monthly feed deliveries have been well above year-earlier levels. The reports for deliveries of fingerlings and broodfish feed would seem to be more in line with the inventory level reported by growers as of July 1. Through October these feed deliveries were down about 17 percent, at 39.5 thousand tons.

Processor Sales Down

Processor sales of catfish products have followed basically the same pattern as those for farm-level sales. Sales of catfish products reached a peak in 2003 at 319 million pounds, and have fallen in 2004, 2005, and 2006 and will most likely decline in 2007. Again like farm sales, in the past when the volume of sales has declined, the weighted average price of catfish products has risen, offsetting the decline in quantity. However in 2007, it is expected that both the quantity and average price for processor sales of catfish will be lower. Over the first 10 months of 2007, the quantity of processor sales is down 12 percent compared with the same period in 2006 and the average price, while up 0.7 percent, has been declining in recent months.

Processor Inventories Also Down

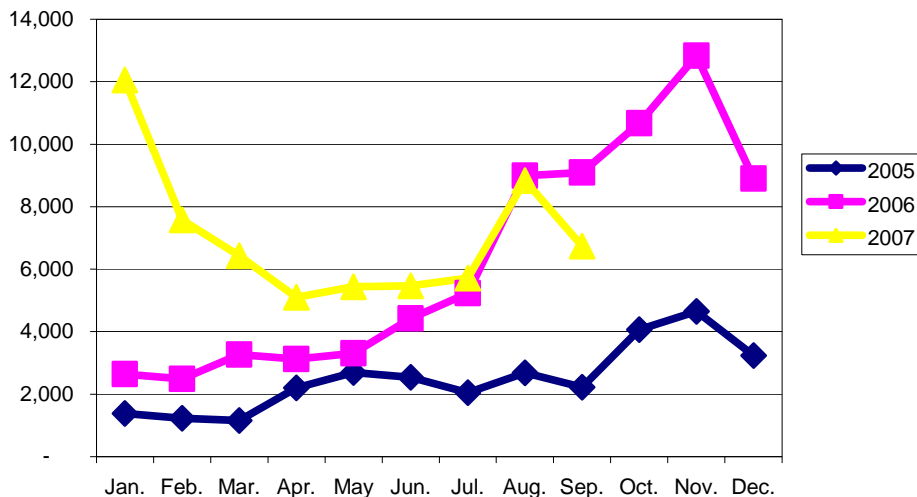
Although farm and processor prices were relatively strong through the first half of 2007, processors had started the year with record high levels of products at 18.7 million pounds. Inventories continued to run considerably higher than the previous year until September. By then, the combination of a large jump in imports and the higher inventory levels had begun to pressure prices downward at both the farm and processor levels. The lower prices have had an effect on inventories, with processors reporting a total inventory of products at the end of October of 12.7 million pounds, down 16 percent when compared with the same period in 2006. If processor inventories remain below year-earlier levels for the rest of 2007, it may allow for some upward movement in prices in the peak demand period in the first quarter of 2008.

Catfish Imports Again Higher

Imports of frozen catfish, or fish that can be substituted for catfish, have risen strongly again thus far in 2007. The import estimates reported in the *NASS Catfish Processing* report totaled 63.4 million pounds over the first 9 months of 2007, up 49 percent from the same period in 2006. However, catfish imports have dropped below their year-earlier levels over the last 2 months. In part, the slowing of imports may be a response to declining prices in the U.S. The imported products in this report include *Ictalurus spp.*, *Pangasius spp.*, and catfish of the order *Siluriformes*. The majority of the imports so far in 2007 have been *Pangasius spp.* products. Almost all of these imported products are frozen fillets. The total level of imports compares with 88.5 million pounds of frozen catfish fillets sold by domestic processors in the first 10 months of 2007. In addition to imports of catfish or similar products, there is likely to be some substitution of tilapia products for catfish products, and tilapia imports have increased in 2007, as they have almost continually over the last decade.

Catfish imports

Thousand lbs.



Outlook Mixed

The overall outlook for catfish producers and processors for the remainder of 2007 and into 2008 is mixed. On the positive side, imports over the last 2 months have dropped considerably, and processor inventories are finally below year-earlier levels. If these two trends continue, there may be some room for upward price movements in the first part of 2008. Also, with the dollar relatively weak against a number of other currencies, imported fish products will be relatively more expensive. On a less positive note, catfish growers and processors face a number of issues, familiar to all of the livestock industry. Both corn and soybean meal prices are expected to be considerably higher in 2008, so feed costs are expected to go up. In addition, both growers and processors will be faced with higher energy prices. Other major factors that will impact the overall demand for catfish will be imports of competing seafood products and the general health of the domestic economy and its impact on restaurant sales.



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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	6,660	26,345	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	6,050	21,829	5,510	5,360	5,435	22,230
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	35,876	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	22,851	23,612	90,760	22,231	22,974	23,318	91,851
Table eggs, mil. doz.	6,365	6,411	1,611	1,610	1,624	1,649	6,494	1,592	1,586	1,596	1,645	6,419	1,605	1,610	1,635	6,520
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	16.4	16.4	65.3	15.6	16.2	16.4	63.6
Pork	51.3	49.9	12.3	11.9	11.9	13.1	49.3	12.3	12.2	12.2	13.9	50.7	12.5	12.4	12.7	51.0
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	0.2	1.1
Broilers	84.2	85.6	21.8	22.5	21.9	20.7	86.9	21.0	21.4	21.3	21.5	85.4	20.9	21.9	22.0	86.7
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	54.8	57.8	221.1	53.3	55.2	56.0	221.1
Eggs, number	256.9	255.3	63.9	63.5	63.8	64.5	255.7	61.7	61.2	62.0	64.2	249.2	62.3	62.1	63.1	251.6
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	92-93	91.98	89-93	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	108-109	108.08	109-113	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	49-50	52.14	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	87-88	84.91	88-92	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	38-39	46.86	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	70-71	76.3	70-74	72-78	73-79	71-76
Turkeys, Eastern, cents/lb	69.70	73.40	67.3	71.3	79.4	89.8	77.0	69.7	77.9	89.9	91-92	82.3	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	134-137	113	107-113	94-102	87-95	95-102
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	750	3,178	825	875	845	3,380
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	1,450	5,611	1,350	1,400	1,425	5,615
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	2,585	9,721	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	11,631	11,675	11,559	11,737	11,803	11,883	11,848
CPI-U, annual rate (pct.)	2.0	3.4	2.9	-2.2	2.0	3.8	6.0	1.9	3.0	3.6	2.9	2.4	2.3	2.5
Unemployment (pct.)	4.8	4.7	4.7	4.5	4.6	4.5	4.5	4.6	4.7	4.6	4.8	4.9	5.0	4.9
Interest (pct.)														
3-month Treasury bill	4.4	4.8	4.9	4.9	4.7	5.0	4.7	4.3	4.0	4.5	3.9	3.9	3.9	4.0
10-year Treasury bond yield	4.6	5.1	4.9	4.6	4.8	4.7	4.9	4.7	4.5	4.7	4.5	4.6	4.7	4.6

Source: Survey of Professional Forecasters, Philadelphia Federal Reserve Bank, November 2007.

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“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	5,037	5,000	20,271	5,200	5,310	5,090	20,670
Milk production (bil. pounds)	44.7	44.6	181.8	46.0	47.4	46.1	45.9	185.4	47.8	49.0	47.0	190.5
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	45.6	184.3	47.6	48.7	46.7	189.4
Milkfat (bil. pounds milk equiv.)												
Milk marketings	44.4	44.3	180.7	45.7	47.1	45.8	45.6	184.3	47.6	48.7	46.7	189.4
Beginning commercial stocks	13.5	11.6	8.0	9.5	11.9	13.6	12.3	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	59.4	198.6	58.5	62.2	61.9	204.0
Ending commercial stocks	11.6	9.5	9.5	11.9	13.6	12.3	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	48.2	49.5	188.7	46.1	48.0	49.9	194.7
Skim solids (bil. pounds milk equiv.)												
Milk marketings	44.4	44.3	180.7	45.7	47.1	45.8	45.6	184.3	47.6	48.7	46.7	189.4
Beginning commercial stocks	10.2	9.1	9.0	9.1	9.7	10.1	9.5	9.1	9.5	10.0	10.4	9.5
Imports	1.1	1.4	4.8	1.0	1.1	1.1	1.3	4.5	1.0	1.1	1.1	4.4
Total supply	55.7	54.8	194.4	55.8	58.0	57.0	56.5	197.9	58.0	59.8	58.1	203.3
Ending commercial stocks	9.1	9.1	9.1	9.7	10.1	9.5	9.5	9.5	10.0	10.4	9.8	9.3
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	47.5	47.0	188.4	48.0	49.4	48.3	194.0
Milk prices (dol./cwt) 1/												
All milk	12.23	13.90	12.90	15.00	18.27	21.67	21.45	19.05	20.05	18.00	16.80	18.00
							-21.65	-19.15	-20.55	-18.80	-17.80	-18.80
Class III	11.42	12.88	11.89	14.28	17.95	20.43	19.39	18.00	18.58	16.34	14.76	16.15
							-19.59	-18.10	-19.08	-17.14	-15.76	-16.95
Class IV	10.65	11.97	11.06	12.98	18.45	21.71	20.30	18.30	18.63	17.48	16.73	17.40
							-20.60	-18.50	-19.23	-18.38	-17.83	-18.30
Product prices (dol./pound) 2/												
Cheddar cheese	1.217	1.316	1.247	1.352	1.627	1.978	1.986	1.735	1.908	1.660	1.500	1.640
							-2.006	-1.745	-1.958	-1.740	-1.600	-1.720
Dry whey	0.289	0.381	0.329	0.592	0.766	0.610	0.421	0.595	0.408	0.438	0.428	0.430
							-0.441	-0.605	-0.438	-0.468	-0.458	-0.460
Butter	1.210	1.267	1.219	1.227	1.421	1.428	1.279	1.330	1.223	1.175	1.215	1.205
							-1.319	-1.360	-1.303	-1.285	-1.345	-1.315
Nonfat dry milk	0.852	0.986	0.893	1.182	1.668	2.043	1.949	1.705	1.780	1.670	1.565	1.645
							-1.969	-1.725	-1.820	-1.730	-1.635	-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/dyfmoms/mib/fedordprc_dscrp.htm

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

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