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Livestock, Dairy, and Poultry Outlook

Mildred M. Haley, coordinator

Broiler Prices Strengthen

NOTE: Due to uncertainties as to the length of bans on trade in ruminants and ruminant products because of the discovery of BSE in the United States and Canada, forecasts for 2006 and 2007 assume a continuation of policies currently in place among U.S. trading partners. The suspension of beef imports by Japan is considered to be temporary pending the resolution of importer concerns. U.S. beef exports to South Korea are not forecast pending implementation of import regulations by South Korea.

Poultry: Broiler production for 2006 and 2007 are unchanged from last month. Production in the second quarter of 2006 is estimated at 9.1 billion pounds, up 1.9 percent from a year earlier. The slow down in broiler meat production has begun to lower cold storage holdings and has put upward pressure on broiler prices. Prices for whole hen turkeys remained strong in May at 71 cents per pound, up 6 percent from a year earlier and over 7 percent higher than in May 2004.

Poultry Trade: U.S. broiler and turkey exports were lower in April, compared with April 2005. U.S. broiler shipments for April 2006 totaled 441 million pounds, down 6 percent from April 2005, largely due to lower shipments to Russia. U.S. turkey exports totaled 35 million pounds, down 29 percent from April 2005 due to lower shipments to Mexico. Next year, U.S. broiler exports are expected to increase almost 2 percent, while U.S. turkey exports are expected to increase almost 4 percent.

Cattle/Beef: Second-quarter commercial beef production is expected to be 6.65 billion pounds, an increase of more than 7 percent over the same period

Contents

[Poultry](#)
[Poultry Trade](#)
[Cattle/Beef](#)
[Dairy](#)
[Hogs/Pork](#)
[Adjustments in Brazil's
Broiler Industry](#)
[Contacts and Links](#)

Tables at a Glance

[Red Meat and Poultry
Economic Indicators](#)
[Dairy](#)

Web Sites

[Animal Production and
Marketing Issues](#)
[Cattle](#)
[Dairy](#)
[Hogs](#)
[Poultry and Eggs](#)
[WASDE](#)

Tables will be released on
June 27, 2006

The next newsletter
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last year. For 2006, production is expected to be 26.1 billion pounds, almost 6 percent more than in 2005. Prices for 1,100-1,300 pound Choice steers are expected to average between \$80-\$81 per hundredweight (cwt) for the secondquarter, and between \$81-\$84 for the year. Retail beef prices will likely average in the high \$3.90s per pound this year, down from \$4.09 per pound in 2005. Consumers' per capita beef consumption, at 66.9 pounds, increased more than 2 percent over 2005.

Dairy: Production of milk is set to rise in both 2006 and 2007. However, the expansion rate in production is expected to be well below the rates of 2004 and 2005 as the industry slowly adjusts supplies to underlying demand. The price outlook for milk and most products is downward in 2006 with a slight recovery expected in 2007 based on a modest increase in demand for dairy products. Prices both this year and next will generally be well below those of 2004 and 2005.

Hogs/Pork: Commercial pork production is expected to be 5.1 billion pounds in the second quarter and 21.3 billion pounds for 2006, increases of 1 percent and 2.8 percent, over year-earlier periods, respectively. Pork exports continue to provide demand support, with April exports almost 2 percent above April 2005, and cumulated (January-April) exports at 1.026 billion pounds, 16 percent above the same period last year. Prices of live equivalent 51-52 percent lean hogs are expected to average between \$46 and \$47 per cwt for the second quarter, almost 11 percent below a year ago, while 2006 prices will likely average between \$43 and \$44, 13 percent below 2005. Retail pork prices are expected to average in the high \$2.70s per pound this year, almost 2 percent lower than 2005. Per capita 2006 pork consumption is expected to be 49.9 pounds, slightly lower than last year.

Special Section: Lower international demand for poultry has resulted in lower poultry prices in Brazil. Despite higher increased domestic poultry consumption, the industry has imposed strong measures to reduce production.

April Broiler Production Down, Prices Strengthen

Total broiler meat production in April was 2.82 billion pounds, down 1.3 percent from April 2005. The major reason for the decline in production was that April 2006 had one less slaughter day than last year. One less slaughter day resulted in 2.9 percent fewer birds being slaughtered compared with April 2005. The reduction in the number of birds slaughtered was partially offset by a 1.7-percent increase in average live weights. Broiler meat production is expected to be higher in May, as May 2006 has an additional slaughter day compared with a year ago. However, with a lower number of chicks being placed for growout, the total number of birds for slaughter is expected to be below May 2005 on an adjusted basis. The reduced number of birds being slaughtered is again expected to be partially offset by higher average live weights.

The pattern of a smaller number of broilers going to slaughter is expected to continue into the third quarter with production estimated at 9.1 billion pounds, up only 1.9 percent from the previous year. Average weight gains in the third quarter are expected to increase from last year, more than offsetting the decline. Over the last 5 weeks, (May 6 to June 3) the number of chicks being placed for growout weekly has averaged just over 174 million, down 2.4 percent from the same period in 2005.

Over the last several weeks prices for most broiler products have strengthened, as production growth has slowed and cold storage levels have started to decline from earlier record levels. In May, the 12-City wholesale price for whole broilers averaged 59.6 cents per pound, up slightly from the previous month, after declining in 6 out of the previous 7 months. Prices for broiler parts have strengthened to an even greater extent. In May, prices for boneless/skinless breast meat in the Northeast market averaged \$1.12 per pound, an increase of over 15 cents per pound from the previous month and the highest price since October 2005. Even with the increases in May, however, prices for boneless/skinless breast meat were still 19 percent lower than in May 2005. A continuation of breast meat price increases are likely, as early-June prices had already increased to around \$1.25 per pound. Prices for other broiler parts have followed the same path as breast meat, with prices increasing strongly in May, but still lower than the same period in 2005. As with breast meat, prices for most broiler parts have continued to strengthen in early June and are expected to move up through most of the third quarter.

Turkey Production Falls in April, but Are Expected Higher in the Second Quarter

Turkey meat production in April was 435 million pounds, down 2.5 percent from a year earlier. The decline in production was the result of a small (less than 1 percent) decrease in the number of turkeys slaughtered (April 2006 had one less slaughter day than April 2005) and a 1.8-percent decrease in the average liveweight of birds at slaughter. With the small decrease in the number of birds slaughtered in April, May's production is expected to be considerably higher than a year earlier, as May 2006 has an additional slaughter day. As in April, the average liveweight of turkeys slaughtered in May is expected to be slightly lower than a year earlier, slightly offsetting the expected increase in birds slaughtered. Turkey meat

production in the third quarter of 2006 is estimated at 1.41 billion pounds, up 2.5 percent from the previous year.

With turkey meat production expected to be only about 2 percent higher in the first half of 2006 compared with a year ago, wholesale prices for most turkey products remained strong. May prices of Eastern region whole hen turkeys were 71.3 cents per pound, an increase of about 5 percent from May 2005. Over the first 5 months of 2006, whole turkey prices have been between 1 and almost 6 percent higher than the same period last year. Prices have not been as strong for turkey parts however. May prices for most turkey parts are about even-to-somewhat lower than a year ago. Much of the downward pressure on turkey prices has come from the very low prices over the last 6 months in the broiler industry. As broiler prices rise, turkey parts prices are also expected to gradually strengthen.

Broiler Exports Are Down in April

Broiler exports in April were 441 million pounds, down 6 percent from April 2005. The decline is largely due to lower shipments to Russia, the largest U.S. market broiler market. Exports to Russia totaled 96 million pounds, down 44 percent from a year ago. Although April shipments to the next four largest markets were larger than April 2005, their combined increase was not large enough to offset Russia's year-over-year reduction in U.S broiler meat imports.

For 2006, broiler exports are expected to be 5.5 billion pounds, almost 7 percent above 2005. Next year, exports will likely reach 5.6 billion pounds, or about 1.7 percent above 2006. Factors assumed to be driving exports both this year and in 2007 include competitive prices of U.S. broiler meat, relative to other exporting countries, as well as relative to prices of other animal proteins. Also, strong economic growth in such key importing countries as Russia, Hong Kong\China, and Mexico is expected to support consumer demand for U.S. broiler meat. High energy prices clearly boosts economic growth in both Mexico and Russia, in particular.

Turkey Exports Are Down in April

Turkey exports totaled 35 million pounds in April, down 29 percent from April 2005. The decline is attributable to what appears to be Mexico's substitution of attractively priced U.S. broiler meat in place of U.S. turkey. For 2006, turkey exports are expected to be 574 million pounds, an increase of almost 1 percent over last year. U.S. turkey exports for 2007 are expected to be 595 million pounds, more than 3.5 percent above export expectations for this year.

Pasture and Range Conditions Increasingly a Concern

Pasture and range conditions are increasingly a concern. Except for a few good rains in the eastern Plains and Corn Belt, the United States, especially the Southwest, remains extremely dry. The corn crop is mostly (95 percent) in fair to excellent condition for this time of year and is slightly better than last year at the same time. While May 1st hay stocks are the lowest in the last 3 years, hay use over the December 1, 2005-to-May 1, 2006, period was actually lower than the previous two winters. This was largely due to a fairly mild, open winter.

Feeder cattle prices have improved a couple of dollars per hundred pounds over the last few weeks because of the improved summer pasture prospects brought about by recent rains over the eastern portion of the Southern High Plains and because of the low supplies of feeder cattle outside feedlots. Mexico announced that it will now accept certain bone-in products. Cow prices continue at \$50 to \$54 per cwt, although slaughter continued above a year earlier.

Cattle-on-feed inventories on May 1, 2006, were the largest inventories for the series, which began in 1996. Placements were down 2 percent from April 2005, but 2 percent above April 2004. April 2006 marketings, the lowest since 1996 when the current series began, were below levels for both 2005 and 2004. Reports of cattle feeders losing over \$150 per head have surfaced. Commercial cattle slaughter was 2 percent higher than April 2005 slaughter, and average federally inspected dressed weights were 18 pounds heavier than April 2005 weights. Heifers made up 30.7 percent of the January-April 2006 federally inspected slaughter mix, down from 2005's 31.7 percent, which supports the notion that greater numbers of replacement heifers are being retained.

Beef production was 5 percent above April 2005 production. The premium for Choice beef over Select beef is now above \$20 per hundred pounds, cutout value. Retail prices for April 2006 moved up slightly from March 2006 and have been above \$4 per pound since November 2005. The April 2006 spread between fed cattle prices and retail prices widened seasonally and is the widest it has been since August 2005. At the same time, the byproduct allowance has declined to its lowest level in several years. Cold storage stocks are down from a month earlier, but up from a year ago (2005).

Beef production is expected to rise over 7 percent above a year ago this spring quarter and to be near 6 percent larger this summer. Fed prices are expected to average \$80-\$81 this spring, down from the first quarter average of \$89.24 per cwt, a record for first quarters. Year-to-year production increases will moderate in the fourth quarter as the large fall/winter placements are marketed. Prices are expected to rise from the upper \$70s this summer to the low- to mid-\$80s this fall. Year-to-year production increases will moderate in 2007, and prices are expected to average near the mid-\$80s. Further progress on opening export markets would add support to prices, although export growth back to 2003 levels is expected to be slow and face competition.

Low Dairy Profitability Likely Taking the Wind Out of Expansionary Sails

Milk production for 2006 is projected at 181.9 billion pounds, an increase of 2.8 percent from 2005. June's forecast is reduced slightly from May's. Expected higher grain prices, hot dry weather in the West and sharply lower milk prices in 2006 compared with last year have likely pressured producer returns. The milk feed price ratio is at its lowest level in 3 years. The low profitability ratio may be taking the wind out of the expansion. However, replacement heifer prices, reported by NASS in April, are unchanged from a year earlier which suggests that significant demand for replacements persists. Moreover, dairy slaughter numbers do not indicate liquidation is yet underway. Milk production in 2007 is forecast higher at 183.1 billion pounds. While cow population will be lower in 2007 than in 2006, higher output per animal will lead production higher.

The 2006 production increase is a result of higher cow populations and higher milk per cow. Production per cow was above 5,000 pounds in the first quarter of 2006 and is expected to climb slightly to 5,130 for the April-June quarter before declining to 4,900 by yearend. The result is the higher overall production estimate for 2006 compared with 2005.

Butter production is declining seasonally, but is still above last year's level. Butter stocks are approaching seasonal highs and are above those for corresponding periods in 2004 and 2005. Prices have declined sharply in the second quarter from last quarter, as well as year over year. Lower prices should help maintain demand while building stocks hold down prices. The average butter price is expected to be \$1.155-\$1.225 per pound in 2006 compared with \$1.541 in 2005. The average butter prices in 2007 could recover slightly to \$1.215-\$1.345 as higher stocks are worked off and production grows more slowly.

A similar scenario is developing for cheese. Prices for Cheddar have declined in the second quarter, compared with both to the first quarter and the same quarter last year. A robust macroeconomic situation, low unemployment, and high levels of consumer disposable income spark meals-away-from-home demand and cheese use. Lower prices are helping to maintain demand, while rising stocks are holding down prices. The May NASS *Cold Storage* report placed end of April cheese stocks at 815 million pounds, up from 799 million a month earlier and above the 781 million pounds in April 2005. The build up in stocks contributes to the lower price forecast for cheese in 2006. The average 2006 Cheddar price is expected to be \$1.215-\$1.255 per pound compared with \$1.49 per pound in 2005. Like butter, cheese prices could stage a modest recovery in 2007. The average cheese price is expected to be \$1.295-\$1.395 per pound.

Demand for nonfat dry milk (NDM) is steady, but inventories are high and rising. However, prices have slipped in the second quarter to 83 cents per pound. For the balance of 2006, prices are projected to hold steady, leaving the 2006 average price forecast at 84-88 cents per pound. Prices in 2007 are forecast to be lower, ranging between 81.5-88.5 cents per pound. After averaging 27.8 cents per pound in 2005, average whey price is expected to average 27-29 cents per pound in 2006 and between 24-27 cents per pound in 2007.

The overall weakness in dairy product prices will translate into lower prices in 2006 for all milk, Class III, and Class IV milk. The 2006 price forecast for all milk is \$12.40-\$12.80 per cwt, a decline from \$15.14 last year. Forecast higher demand for dairy products in 2007 with only slight increases in supplies suggest a higher all milk price forecast in 2007 to \$12.85-\$13.85 per cwt. Average Class III price will be \$11.40-\$11.60 per cwt for the 2006 season, off from \$14.05 last year. In 2007, Class III price should recover to \$11.90-\$12.90 per cwt. Similarly, average Class IV milk prices will fall to \$10.45-\$10.95 per cwt in 2006 from \$12.87 in 2005. Class IV prices should stage a recovery in 2007 to an average \$10.45-\$11.55 per cwt.

Heavier Average Dressed Weights Expected To Nudge Second-Quarter Pork Production Higher

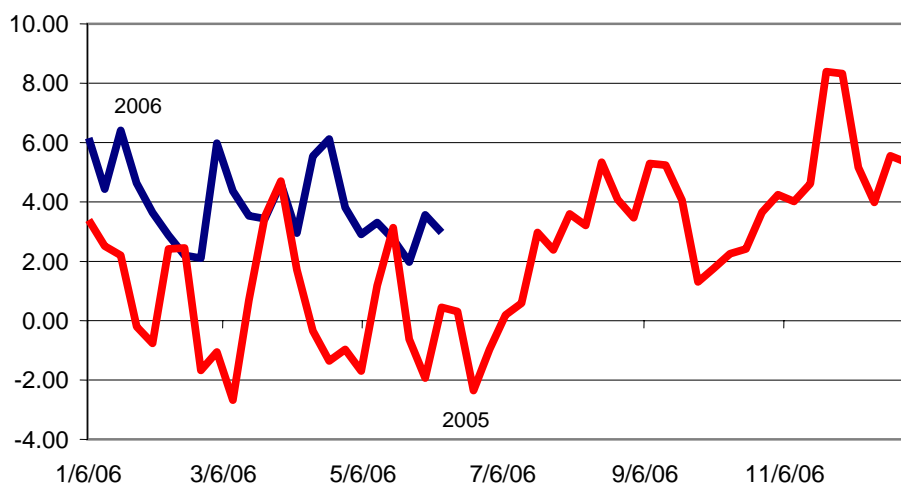
The U.S. pork sector is expected to produce 5.075 billion pounds of pork in the second quarter, an increase of 25 million pounds above last month's estimate of quarterly production. The increase is due to higher expected average dressed weights for the quarter--202 pounds--1 pound above a year ago. Estimated production for the second quarter is slightly more than 1 percent above the same period last year. For 2006, production is expected to be 21.3 billion pounds, or almost 3 percent above 2005. The production forecast for 2007--21.7 billion pounds--is unchanged from last month.

Prices for live equivalent 51-52 percent hogs were \$41.45 per cwt in April and \$49.00 per cwt in May, pointing to an average second-quarter hog price of \$46-\$47 per cwt. Although second-quarter hog prices are expected to be almost 11 percent below second-quarter 2005, ERS estimated returns for a farrow-to-finish operation in the North Central States currently show break-even costs in the high \$30 per cwt, suggesting that most U.S. hog producers continue to operate in the black.

On the pork processor side, the story runs parallel to hog production; that is, while April-May wholesale prices--as indicated by the USDA estimated pork carcass cutout--ran about 12 percent below a year ago, the difference between the April-May 2006 average cutout and the average 51-52 percent hog price for the same period, continues to be positive, and above a year ago, suggesting that packer\processors also have favorable margins.

Estimated packer\processor margin*

\$/cwt.



*Estimated packer\processor margin = Weekly average base lean hog carcass slaughter cost (51-52% lean) - Weekly USDA estimated pork carcass cutout.

Source: USDA\AMS, National Daily Base Lean Hog Slaughter Cost (LM_HG213), *Weekly National Carlot Meat Report*.

Exports Continue To Buttress Pork Demand

Clearly, a healthy share of demand strength so far this year is due to export demand. In fact, two of the strongest components of the April-May cutout turned out to be cuts for which there are typically strong foreign demand, namely butts and hams. (Bellies are the only other component of the cutout trading at above year-earlier levels so far in the second quarter, and they typically derive much of their strength from domestic demand which is seasonally strong in the summer months.) April export data released on June 9 show an increase of almost 2 percent over April 2005, with cumulative 2006 exports of 1.026 billion pounds running more than 16 percent above the same 4-month period in 2005.

Although Japan's imports, through April, are almost 10 percent below the same period last year, Japan remains the single largest importer of U.S. pork products. Japan's 34 percent share of U.S. pork exports, together with export shares of Mexico (21 percent), South Korea (11 percent), and Canada (10 percent), account for 76 percent of January-April 2006 U.S. pork exports.

On the expectation that U.S. pork prices and the exchange rate of the U.S. dollar will remain competitive relative to other pork exporting countries, the 2006 and 2007 forecasts for total U.S. pork exports were each increased; exports in 2006 are expected to be 3.1 billion pounds, more than 15 percent above 2005. Exports next year are expected to be 3.2 billion pounds, more than 5 percent above 2006. Given current production and export forecasts, exports will comprise more than 14 percent of production this year and almost 15 percent in 2007. As a point of reference, in 2000, exports accounted for about 7 percent of total U.S. pork production.

Pork Import Forecasts Increased

April imports were 79.5 million pounds, more than 3 percent above April 2005. For the first 4 months of 2006, imports totaled 339 million pounds, 5.4 percent above the same period last year. Due to larger-than-expected January-March imports, the import forecast for 2006 was raised to 1.089 billion pounds, from 1.015 billion pounds. The import forecast for 2007 was raised 70 million pounds, to 1.11 billion pounds. Since 1990, the U.S. pork imports have ranged from 4 percent to 6 percent of U.S. pork disappearance. The new import forecasts for 2006 and 2007 imply that the United States will import about 5.6 percent of pork disappearance in both years. By comparison, Japan imported more than 51 percent of its pork disappearance last year.

Second-Quarter 2006 Retail Pork Prices Expected To Be Lower

Second-quarter retail pork prices are expected to average in the high \$2.70s per pound, almost 3 percent below the same period last year. For 2006, retail pork prices are expected to also average in the high \$2.70s per pound, slightly lower than last year, in part, because of plentiful supplies of pork and competing meats. Lower retail pork prices could also reflect the greater degree of grocery shopping selectivity that some consumers display, when higher costs of energy and borrowing claim a larger portion of disposable incomes.

Farm-to-Retail Spread Likely To Be Wider Than Last Year

Although prices for both retail pork and hogs are expected to be lower both this year and in 2007, the difference--the “spread”--between hog prices and retail pork prices will likely increase. This means that 2006 and 2007 gross returns to “middlemen” (packer\processors, wholesalers, etc.) will probably be higher than in 2005. It is also likely that larger spreads are a partial reflection of the higher costs--energy, borrowing, health care, etc.--of doing business.

USDA will release the *Quarterly Hogs and Pigs* report on June 30, 2006 (<http://usda.mannlib.cornell.edu/reports/nassr/livestock/php-bb/>).

Adjustments in Brazil's Broiler Industry

Brazil's Broiler Industry Makes Short-Term Supply Adjustments in Response to Lower International Poultry Demand

Brazil is the world's largest broiler meat exporter and the world's third largest broiler meat producer, after the United States and China. In the past few years, the Brazilian broiler industry benefited from strong export market demand as consumers around the world, reacting to outbreaks of Bovine Spongiform Encephalopathy (BSE) in the United States and Canada in 2003-2004 and Foot and Mouth Disease (FMD) in Europe and South America in 2001-2002, substituted chicken meat in place of red meats.

The outbreaks of avian influenza (AI) in late 2003 in Southeast Asia resulted in accelerated foreign demand for Brazilian poultry products which was met by a quick increase in production and expanded exports of competitively priced chicken meat. Since 2003, Brazil's broiler exports have increased by nearly 20 percent per year and have added 41 new market destinations. In 2005, Brazil accounted for 56 percent of the major importing markets, compared with a share of 30 percent 5 years earlier (FAS/USDA).

Brazilian broiler meat exports during January-May 2006 totaled 1.05 million tons, representing a 6-percent decline over the same period last year. This decline can be attributed to AI concerns, increased price competitiveness of U.S. broiler exports, and reduced imports by Russia. Brazilian broiler meat exports included 1.0 million tons of fresh/frozen chicken meat products (a 7-percent decrease over a year earlier), and 46,200 tons of processed (cooked) products (representing a 62-percent increase over the same period in 2005), indicating that the reductions in shipments of fresh/frozen products have been partially offset by increases in cooked products (table 1) (Secretaria de Comércio Exterior, SECEX data).

At the beginning of 2006, the lower foreign demand for Brazilian chicken meat combined with the appreciation of Brazil's currency, the *real*, to reduce the profitability of exports. The *real* appreciated 17.6 percent for the first quarter of 2006 compared with a year earlier, making Brazilian poultry products more expensive in terms of other countries' currency. Additionally, the rapid escalation of chicken production in Brazil (a 10-percent annual growth since 1998) resulted in 235,100 tons of additional chicken meat for the first quarter of 2006, compared with the same period in 2005 (Apinco). This situation led the industry to initially market domestic poultry meat otherwise exported.

Brazil's domestic broiler consumption is significant, as 71 percent of total production is consumed in the domestic market. Domestic consumption of poultry meat in Brazil has experienced rapid growth in recent years, 7 percent annual growth since 1998, and per capita chicken meat consumption in Brazil for 2006 is forecast at 37.9 kilograms, compared with 46.5 kilograms in the United States (FAS/USDA).

Lower retail prices for whole chickens compared with beef and pork led to higher domestic consumption levels, a 13-percent increase in the first quarter of 2006 compared with the same period last year (Apinco). However, the capacity of the domestic poultry market to absorb increased supplies has not been sufficient to

prevent domestic prices from falling significantly. Producer poultry prices have declined to their lowest levels since 2001, significantly reducing industry profitability.

Lower broiler prices (fig. 1) have induced the Brazilian broiler industry to implement several short-term production reduction strategies, including holding up new sector investment, reducing the housing of chicks (i.e. not re-populating existing houses, and reducing imports of eggs for hatching and breeding chicks), and temporarily closing chicken houses that receive day-old chicks for grow out. In some regions, poultry producers have discarded fertilized eggs.

Consequently, the monthly housing of slaughter chicks was reduced to 333 million birds in April 2006, representing a 10-percent reduction compared with last year. The industry expects to further reduce the chicks placed by an estimated 9 percent by yearend compared with the levels in 2005 (AviSite June 2006 and Instituto FNP May 2006). The Brazilian Government announced the allocation of a US\$150 million credit line for the storage of chicken (and pork meat) to assist the industries to weather the current market conditions (Safra & Mercado, May 2006).

Brazil Remains Largest World Exporter of Broilers

Since 1998 Brazil broiler exports have grown about 24 percent per year. Exports accelerated in 2004 when products from major competitors--Thailand, China, and the United States--were barred from major importing countries due to AI--high pathogenic and low pathogenic--related concerns. Brazil became the world's largest poultry meat exporter in 2004, both in volume and value.

In 2005, Brazilian poultry exports were comprised of frozen chicken parts (57 percent), whole frozen chickens (35 percent), prepared chicken meat (5 percent), and other poultry meat (3 percent). Brazil is beginning to focus on higher value broiler products such as broiler parts. Major Brazilian markets for fresh/chilled/frozen poultry meat last year included Japan, Middle Eastern countries, the EU-25, and Russia. Unlike the red meats (beef and pork), Brazil's poultry meat exports are accepted by some premium markets, such as Japan and Korea. The United States and Canada, however, still bar imports of Brazil's fresh, chilled, and frozen poultry meat because of disease concerns, Exotic Newcastle Disease, in particular. Major markets for Brazilian processed poultry meat so far in 2006 are the EU-25 and the Middle Eastern countries (GTIS data).

by Constanza Valdes, email cvaldes@ers.usda.gov, 202-694-5234.

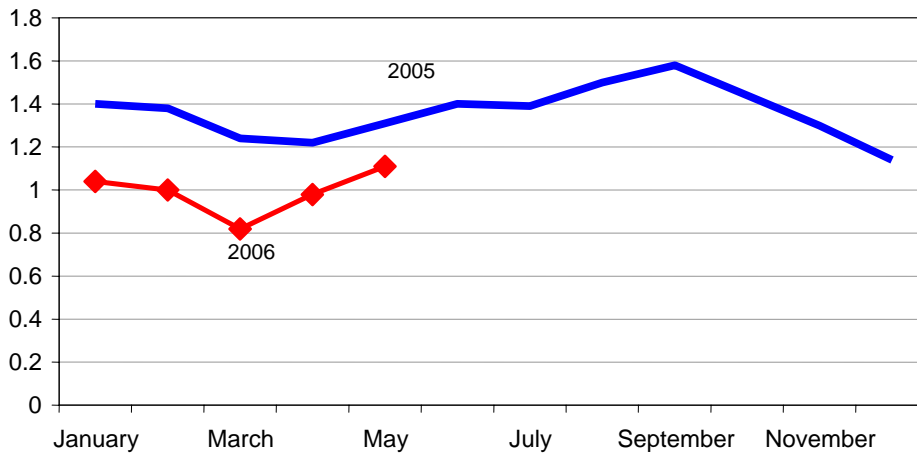
Table 1.--Brazil broiler meat exports in 2005-06

	Fresh/Frozen Broiler Meat		Percent Change	Processed Broiler Meat		Percent Change
	2005	2006	2006/05	2005	2006	2006/05
	1,000 tons			1,000 tons		
January	182.5	206.6	13.2	5.1	7.2	41.2
February	210.7	190.3	-9.7	4.9	8.6	75.5
March	225.4	213.3	-5.4	6.5	12.2	87.7
April	227.0	202.8	-10.7	5.9	8.8	49.2
May	233.0	187.0	-19.7	6.1	9.4	54.1
June	237.5			7.0		
July	254.8			6.7		
August	255.7			9.7		
September	247.7			7.3		
October	250.4			9.6		
November	200.2			6.4		
December	237.0			8.6		

SOURCE:Ministério do Desenvolvimento, Indústria e Comércio Exterior (SECEX) and ABEF.

Broiler producer prices

Reals/kg



SOURCE: AviSite: Cotações Médias do Frango. Average prices received by growers for live birds in the São Paulo market.

Contacts and Links

Contact Information

Mildred M. Haley (coordinator)	(202) 694-5176	mhaley@ers.usda.gov
David J. Harvey (poultry)	(202) 694-5177	djharvey@ers.usda.gov
Ron Gustafson (cattle)	(202) 694-5174	ronaldg@ers.usda.gov
Monte Vandever (beef trade)	(202) 694-5158	montev@ers.usda.gov
Keithly Jones (sheep and goats)	(202) 694-5172	kjones@ers.usda.gov
Mildred M. Haley (hogs/pork)	(202) 694-5176	mhaley@ers.usda.gov
Roger Hoskin (dairy)	(202) 694-5148	rhoskin@ers.usda.gov
LaVerne Williams (statistics)	(202) 694-5190	lwilliam@ers.usda.gov
Laverne Creek (web publishing)	(202) 694-5191	lmcreek@ers.usda.gov
Christopher Davis (poultry trade)	(202) 694-5167	chrisdavis@ers.usda.gov
Fawzi Taha (eggs)	(202) 694-5178	ftaha@ers.usda.gov

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Recent Report

Did the Mandatory Requirement Aid the Market? Impact of the Livestock Mandatory Reporting Act, <http://www.ers.usda.gov/Publications/LDP/Sep05/ldpm13501/> compares the mandatory price reporting system developed by USDA's Agricultural Marketing Service in 2001 with the previous voluntary reporting system. The trend toward formula purchases has slowed since mandatory price reporting was implemented, and market forces have likely contributed to an increase in the volume of cattle moving under negotiated purchases.

Market Integration of the North American Animal Products Complex, <http://www.ers.usda.gov/Publications/ldp/may05/ldpm13101/> The beef, pork, and poultry industries of Mexico, Canada, and the United States have tended to become more economically integrated over the past two decades. Sanitary barriers, which are designed to protect people and animals from diseases, are some of the most significant barriers to fuller integration of meat and animal markets.

Related Websites

Animal Production and Marketing Issues, <http://www.ers.usda.gov/briefing/AnimalProducts/>
Cattle, <http://www.ers.usda.gov/briefing/cattle/>
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Poultry and Eggs, <http://www.ers.usda.gov/briefing/poultry/>
WASDE, <http://usda.mannlib.cornell.edu/reports/waobr/wasde-bb/>

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Red meat and poultry forecasts

	2003	2004	2005				2006					2007		
	Annual	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	Annual
Production, million lb														
Beef	26,238	24,548	5,725	6,189	6,560	6,209	24,683	6,078	6,650	6,950	6,375	26,053	6,330	26,755
Pork	19,945	20,509	5,138	5,021	5,000	5,525	20,684	5,321	5,075	5,200	5,675	21,271	5,375	21,740
Lamb and mutton	199	195	49	46	44	48	187	49	49	48	52	198	52	205
Broilers	32,749	34,063	8,588	8,934	8,939	8,904	35,365	8,937	9,100	9,100	9,050	36,187	9,075	36,825
Turkeys	5,650	5,454	1,328	1,397	1,375	1,405	5,504	1,354	1,425	1,410	1,445	5,634	1,375	5,730
Total red meat & poultry	85,476	85,441	20,991	21,764	22,088	22,254	87,097	21,902	22,466	22,881	22,772	90,021	22,371	91,939
Table eggs, mil. doz.	6,225	6,365	1,588	1,583	1,596	1,644	6,411	1,612	1,630	1,635	1,665	6,542	1,625	6,630
Per capita consumption, retail lb 1/														
Beef	64.9	66.1	15.6	16.8	17.0	16.0	65.5	15.8	17.2	17.8	16.1	66.9	15.9	66.9
Pork	51.8	51.3	12.3	12.1	12.3	13.3	50.0	12.3	12	12.4	13.2	49.9	12.5	50.4
Lamb and mutton	1.2	1.1	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	1.1
Broilers	81.6	84.3	21.3	21.7	21.6	21.2	85.8	21.8	22.1	21.9	21.5	87.4	21.9	87.9
Turkeys	17.4	17.1	3.6	3.9	4.2	5.1	16.7	3.5	3.8	3.9	5.3	16.5	3.6	16.7
Total red meat & poultry	218.9	221.4	53.6	55.2	55.7	56.4	220.9	54.2	55.8	56.7	56.9	223.6	54.5	224.7
Eggs, number	254.7	257.2	63.4	63.0	63.5	65.0	255.1	63.9	64.5	64.7	65.6	258.6	63.9	260.3
Market prices														
Choice steers, Neb., \$/cwt	84.69	84.75	89.09	87.96	81.79	90.27	87.28	89.24	80-81	76-80	80-86	81-84	82-88	81-87
Feeder steers, Ok City, \$/cwt	89.85	104.76	104.05	113.36	111.50	114.84	110.94	106.80	101-102	96-100	95-101	100-103	101-107	98-104
Boning utility cows, S. Falls, \$/cwt	46.62	52.35	54.18	59.17	55.34	49.75	54.36	48.89	50-51	50-52	49-53	50-51	49-53	49-52
Choice slaughter lambs, San Angelo, \$/cwt	91.98	96.69	106.10	98.60	92.90	94.44	97.76	77.03	65-66	68-72	72-78	71-74	79-85	78-84
Barrows & gilts, N. base, i.e. \$/cwt	39.45	52.51	51.92	52.09	50.51	45.67	50.05	42.63	46-47	44-46	38-42	43-44	37-41	39-42
Broilers, 12 City, cents/lb	62.00	74.10	71.90	72.60	72.10	66.70	70.80	62.70	60-61	63-67	60-66	62-64	63-69	64-69
Turkeys, Eastern, cents/lb	62.10	69.70	65.90	67.70	76.50	83.60	73.40	67.30	71-72	75-79	77-83	73-75	62-68	68-74
Eggs, New York, cents/doz.	87.90	82.20	64.50	55.90	66.60	75.00	65.50	71.4	63-64	65-69	75-81	69-71	70-76	71-77
U.S. trade, million lb														
Beef & veal exports	2,518	461	130	189	150	220	689	223	240	245	280	988	320	1,345
Beef & veal imports	3,006	3,679	831	1,065	906	797	3,599	843	915	890	810	3,458	770	3,340
Lamb and mutton imports	168	181	41	52	39	48	180	53	50	40	44	187	51	184
Pork exports	1,717	2,179	630	699	629	702	2,660	770	795	710	795	3,070	775	3,235
Pork imports	1,185	1,099	245	245	257	277	1,024	259	260	280	290	1,089	265	1,110
Live swine imports	7,438	8,505	1,894	1,951	2,157	2,189	8,191	2,133	2,200	2,300	2,300	8,933	2,300	9,400
Broiler exports	4,920	4,768	1,199	1,347	1,315	1,286	5,147	1,338	1,325	1,390	1,450	5,503	1,350	5,595
Turkey exports	484	443	126	147	147	149	569	119	145	150	160	574	135	595

1/ Per capita meat and egg consumption data are revised, incorporating a new population series from the Commerce Department's Bureau of Economic Analysis based on the 2000 Census.

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

For further information, contact: Mildred Haley, (202) 694-5176, mhaley@ers.usda.gov

Economic Indicator Forecasts

	2005					2006					2007	
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	Annual
GDP, chain wtd (bil. 2000 dol.)	10,999	11,092	11,193	11,234	11,135	11,381	11,449	11,534	11,651	11,518	11,734	11,863
CPI-U, annual rate (pct.)	2.4	4.2	5.1	3.2	3.7	2.0	3.4	2.6	2.4	2.6	2.3	2.4
Unemployment (pct.)	5.3	5.1	5.0	4.9	5.1	4.8	4.7	4.7	4.8	4.7	4.8	4.8
Interest (pct.)												
3-month Treasury bill	2.5	2.9	3.4	3.8	3.2	4.4	4.8	5.0	5.0	4.8	5.0	4.8
10-year Treasury bond yield	4.3	4.2	4.2	4.5	4.3	4.6	5.1	5.2	5.3	5.1	5.3	5.2

Source: Survey of Professional Forecasters, Philadelphia Federal Reserve Bank, May 2006.
 For further information, contact: Roger Hoskin 202 694 5148, rhoskin@ers.usda.gov

Dairy Forecasts

	2005					2006					2007	
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	Annual
Milk cows (thous.)	9,002	9,041	9,060	9,060	9,041	9,093	9,130	9,125	9,120	9,115	9,115	9,030
Milk per cow (pounds)	4,816	5,069	4,871	4,821	19,577	5,006	5,130	4,915	4,900	19,950	5,075	20,275
Milk production (bil. pounds)	43.4	45.8	44.1	43.7	177.0	45.5	46.8	44.8	44.7	181.9	46.3	183.1
Farm use	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	1.0
Milk marketings	43.1	45.6	43.9	43.4	175.9	45.3	46.6	44.6	44.4	180.8	46.0	182.1
Milkfat (bil. pounds milk equiv.)												
Milk marketings	43.1	45.6	43.9	43.4	175.9	45.3	46.6	44.6	44.4	180.9	46.0	182.1
Beginning commercial stocks	7.2	9.5	11.3	9.6	7.2	8.0	10.9	12.0	10.0	8.0	8.2	8.2
Imports	1.3	1.1	1.1	1.2	4.6	1.1	1.1	1.1	1.2	4.4	1.3	5.1
Total supply	51.6	56.1	56.2	54.2	187.7	54.4	58.6	57.6	55.6	193.3	55.5	195.4
Ending commercial stocks	9.5	11.3	9.6	8.0	8.0	10.9	12.0	10.0	8.2	8.2	10.4	7.9
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	42.1	44.9	46.6	46.2	179.7	43.5	46.5	47.6	47.4	185.0	45.1	187.5
Skim solids (bil. pounds milk equiv.)												
Milk marketings	43.1	45.6	43.9	43.4	175.9	45.3	46.6	44.6	44.4	180.9	46.0	182.1
Beginning commercial stocks	8.2	8.5	9.7	8.9	8.2	9.0	9.6	10.1	9.0	9.0	9.0	9.0
Imports	1.2	1.0	1.2	1.2	4.5	1.1	1.2	1.1	1.3	4.7	1.2	5.7
Total supply	52.4	55.1	54.7	53.5	188.6	55.3	57.3	55.8	54.7	194.5	56.3	196.8
Ending commercial stocks	8.5	9.7	8.9	9.0	9.0	9.6	10.1	9.0	9.0	9.0	8.6	8.8
Net removals	-0.4	-0.3	-0.2	0.0	-1.0	0.0	0.8	0.2	0.2	1.3	1.2	2.3
Commercial use	44.4	45.8	46.1	44.5	180.7	45.7	46.4	46.6	45.5	184.2	48.5	185.7
Milk prices (dol./cwt) 1/												
All milk	15.67	14.77	14.97	15.17	15.14	13.53	11.80	11.95	12.40	12.40	12.20	12.85
							-12.00	-12.45	13.20	12.80	13.20	-13.85
Class III	14.31	14.10	14.08	13.69	14.05	12.23	10.80	11.15	11.05	11.30	11.05	11.90
							11.00	-11.65	11.85	11.70	-12.05	-12.90
Class IV	12.64	12.38	13.45	13.03	12.87	11.33	10.20	10.05	10.10	10.45	10.15	10.45
							10.50	10.85	11.00	10.95	11.25	-11.55
Product prices (dol./pound) 2/												
Cheddar cheese	1.531	1.507	1.481	1.431	1.488	1.272	1.160	1.210	1.220	1.215	1.220	1.295
							-1.170	-1.260	-1.300	-1.255	-1.320	-1.395
Dry whey	0.249	0.263	0.287	0.314	0.278	0.345	0.280	0.250	0.240	0.270	0.230	0.240
							-0.300	-0.280	-0.270	0.290	-0.260	-0.270
Butter	1.570	1.459	1.646	1.487	1.541	1.247	1.125	1.150	1.160	1.155	1.160	1.215
							-1.240	-1.220	-1.220	-1.225	-1.290	-1.345
Nonfat dry milk	0.899	0.924	0.957	0.984	0.941	0.905	0.835	0.830	0.822	0.840	0.810	0.815
							-0.855	-0.087	-0.885	-0.880	-0.880	-0.885

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