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# Livestock, Dairy, and Poultry Outlook

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## Ample Supplies of Pork and Poultry Moderate Prices

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Tables will be released  
on Oct 30, 2012

The next newsletter  
release is Nov16, 2012

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Approved by the  
World Agricultural  
Outlook Board.

**Beef/Cattle:** Prices for all categories of live cattle declined recently from early September highs, although prices for lightweight steers have remained relatively stronger as a result of their anticipated potential to help offset the expected scarcity of placement-weight feeder cattle in 2013. Recent pressure on most feeder-cattle prices stemmed partly from high feed prices and weak retail beef demand, which have limited the ability of packers to push higher cattle costs up the chain in the face of ample supplies of pork and poultry.

**Beef/Cattle Trade:** North American cattle inventories tightened, altering the U.S. cattle import mix. Total U.S. cattle imports are forecast 8 percent lower for 2013. The United States is expected to maintain a net beef export margin in 2012, but is expected to become a net beef importer in 2013.

**Pork/Hogs:** The September NASS *Hogs and Pigs* report indicates that the breeding herd inventory was 5.79 million, down slightly from last year. Farrowing intentions for September-November and December-February are also below last-year levels, indicating there will be slightly less U.S. pork in 2013 than in 2012. Imports of live hogs from Canada next year are forecast to be 3 percent lower than 2012 due to higher hog prices and a stronger Canadian dollar, as well as a Canadian hog industry that is facing similar feed constraints to those in the United States. August pork exports were 3 percent below last year's levels, primarily because of weaker demand from Asian markets such as Japan, China, South Korea, and Hong Kong.

**Poultry:** Broiler meat production in July and August was slightly lower than expected, mostly due to a lower number of birds slaughtered, and the production forecast for third-quarter 2012 was decreased by 25 million pounds to 9.28 billion pounds. The production forecast for fourth-quarter 2012 was also lowered by 25 million pounds to 8.98 billion pounds. At the end of August, cold storage holdings of turkey products totaled 555 million pounds, 5 percent higher than holdings in August 2011. Increases in turkey stocks over the last several months were due primarily to seasonally larger holdings of

whole birds. At the end of August, cold storage holdings of whole birds were 327 million pounds, up 12 percent from a year earlier. Table egg production had positive growth throughout the first 8 months of 2012. This trend is expected to continue through the remainder of the third quarter and into the fourth quarter, leading to a 45-million-dozen increase in the production forecast for 2012. Production in 2013 was increased by 100 million dozen, raising the total to 6.6 billion dozen.

**Poultry Trade:** August broiler shipments were down from a year ago, while turkey shipments set a new record. Broiler shipments totaled 648 million pounds, a 6.5-percent decrease from August 2011. Turkey shipments totaled 77.2 million pounds, a 25-percent increase from a year earlier.

**Dairy:** Slight downward revisions in expected feed prices in 2012/13, along with continued strong demand--especially domestically--has firmed milk and dairy product price forecasts and apparently slowed the rate of herd contraction.

### *Cattle Markets in Stall Mode*

Reports of aflatoxins in harvested corn appear to be inconsistent. Several States were granted permission to blend affected grain, subject to final-use requirements. Blended aflatoxin corn will affect feed efficiency in all livestock species, especially hogs and poultry. However, discounts for such corn could help offset efficiency losses. Advanced ethanol production technologies are reducing the energy content of distillers' grains and other co-products, lowering the energy feeding value of these co-products, particularly for hogs and poultry. The large forecast crops in Brazil and Argentina, combined with reduced availability of energy from feed grains and ethanol co-products in the United States, is expected to lead to increased feed-grain imports to partly help meet U.S. feed-energy needs.

Precipitation in some wheat-growing areas of the Southern Plains has encouraged farmers there to plant wheat. Regardless of the slightly improved near-term outlook for dryland wheat pasture in some areas, it is irrigated land in the Central and Southern Plains that will still provide the greatest potential for limited winter wheat pasture that will likely be in great demand.

Light-weight steer calf prices are steady to higher relative to heavier feeder cattle. This price relationship reflects expectations for wheat pasture and higher feeder cattle prices in 2013 to affect prices for the lighter weight feeder calves and reflects effects of current negative cattle feeding margins on prices for the heavier weight feeder cattle. Prices for all classes of feeder cattle are expected to gain strength in 2013 as reduced cattle inventories lead to reduced feeder cattle supplies and increased demand for feedlot placements and replacement heifers. Retention of replacement heifers will further reduce feeder cattle supplies as decisions to begin increasing cow inventories are made. However, it is likely that beef-cow herd expansion will be limited until feed grain supplies increase and prices decline to levels that will allow at least the anticipation of positive margins for cattle feeders, packers, and retailers.

After some improvement to near-breakeven levels, cattle-feeding margins are expected to retreat as feeding costs increase in response to the tight U.S. corn supplies and as prices for near-term placement-weight feeder-cattle hold steady.

Cow prices recently slipped, as federally inspected cow and bull slaughter has increased from a weekly average of total estimated daily federally inspected slaughter of 20-22 percent in the last 2-3 weeks. This proportion of federally inspected cow and bull slaughter is slightly below the 23-24 percent share of total commercial slaughter in September-October 2011. The increased cow-and-bull share of total slaughter and its associated adverse price effect is largely a seasonal phenomenon, but it is likely also affected by the apparent reduced retail demand for beef in general.

Five-day moving average wholesale cutout values declined in late September but were holding in the \$190-\$192 range. Expectations through the end of 2012 are for little improvement in cutout values given abundant pork supplies and relatively lower pork and poultry prices at the wholesale and retail levels. Beef packers have

reduced weekly federally inspected slaughter levels from corresponding levels in 2011 to provide support for near-term cutout values. Monthly retail Choice beef prices--\$4.94 in September, down slightly from August--also appear to have reached a resistance level with consumers. The monthly retail All-fresh beef price for September was also down from August. Monthly prices seem unlikely to move much higher than 2012 levels already achieved for the remainder of the year, largely due to pork and poultry supply and price effects.

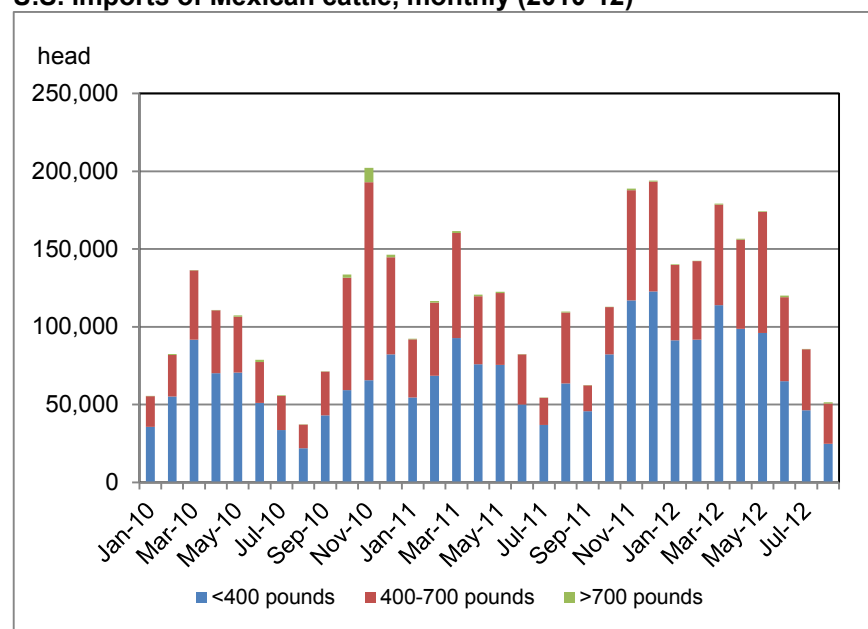
## Beef/Cattle Trade

### *As North American Cattle Inventories Tighten, U.S. Cattle Import Mix Is Altered*

U.S. cattle imports for 2012 are forecast at 2.175 million head. Weekly reports from USDA's Agricultural Marketing Service (AMS) show cattle imports from Mexico through September at a level 19 percent higher than that of a year ago. However, imports in mid-July 2012 were over 32 percent higher than in the same period in 2011, and this import share has since declined in each consecutive week. The magnitude in the fall runup of cattle imports from Mexico will have the greatest bearing on the yearly import level shakeout. A movement toward lighter weights of imported animals may suggest the extent to which exportable Mexican cattle inventories have been depleted after higher consecutive yearly U.S. import levels since 2008 (through August, annual imports of cattle from Mexico less than 400 pounds were up 21 percent from last year).

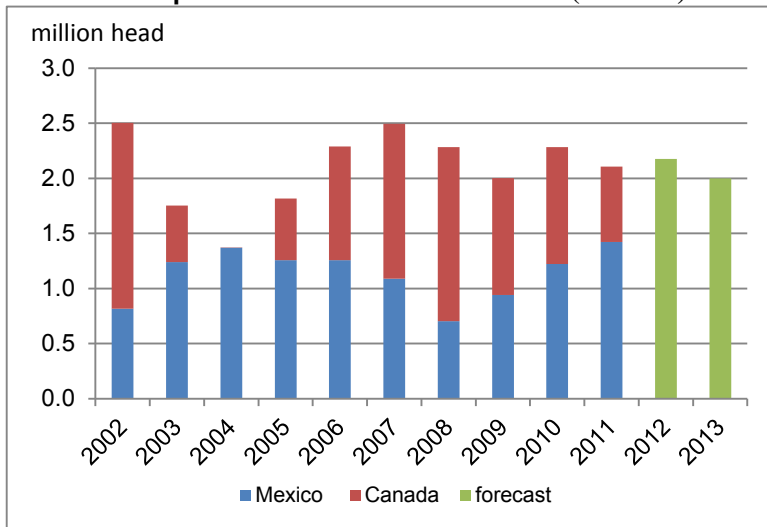
According to AMS weekly reports, U.S. imports of Canadian cattle are 3 percent higher through mid-September, year-over-year. Feeder cattle account for most of the increase in U.S. imports from Canada in 2012 (+64 percent through mid-September). Slaughter cow imports are moderately higher (+7 percent), but steer and heifer imports are 13 percent below year-ago levels. Total U.S. cattle imports for 2013 are forecast at 2 million head, or 8 percent lower year-over-year, as North American cattle inventories are expected to be further reduced.

#### **U.S. imports of Mexican cattle, monthly (2010-12)**



Source: USDA, ERS Livestock & Meat International Trade Data, <http://www.ers.usda.gov/data-products/livestock-meat-international-trade-data.aspx>

### U.S. cattle imports from Mexico and Canada (2002-13)



Source: USDA, ERS Livestock & Meat International Trade Data <http://www.ers.usda.gov/data-products/livestock-meat-international-trade-data.aspx>

### *The United States To Maintain a Net Export Margin in 2012, but Not in 2013*

U.S. beef imports for 2012 are forecast at 2.36 billion pounds. While imports for the year are expected to be 15 percent above year-earlier levels, they have not been as robust as expected, from Canada in particular. Through August, U.S. beef imports from Australia and New Zealand were 52 and 6 percent above those of a year ago, respectively; but imports from Canada were 9 percent below year-earlier levels. Since 2008, Canada has been the highest volume beef exporter to the United States. U.S. beef imports from Uruguay and Mexico have been stronger this year at 47 and 48 percent above those of a year ago, respectively. Third-quarter import levels are estimated at 590 million pounds and imports in the fourth quarter are forecast at 515 million pounds, or 8 and 13 percent higher than those of a year ago, respectively. Growth in U.S. beef imports is also expected to continue into 2013, forecast at 2.62 billion pounds, or 11 percent higher than in 2012.

Through August 2012, U.S. beef exports remained lower year-over-year to most major trading partners, including Canada, Mexico, and South Korea. U.S. exports to Japan were marginally (+3 percent) above those of a year ago. Vietnam and Hong Kong are among the few countries to which exports have increased through August, by 34 and 9 percent, respectively. U.S. beef exports to Egypt have held fairly steady and are fractionally above year-earlier levels. U.S. beef exports for the third quarter are estimated at 670 million pounds and forecast at 625 million pounds in the fourth quarter, as the United States is expected to maintain a net export margin. However, as exports are forecast at 2.45 billion pounds in 2013 and imports are expected to increase, the United States is expected to again become a net importer.

### *Lower Farrowing Intentions Are Expected To Dampen Pork Production in 2013*

The Quarterly *Hogs and Pigs* report, released by USDA's National Agricultural Statistics Service (NASS) on September 28, reported the all hogs and pigs inventory at 67.5 million head, slightly larger than the count in September 2011. As of September 1, the U.S. market hog inventory was 61.7 million head, up slightly from the same inventory date last year. However, the breeding herd inventory as of the same date was down slightly from last year to 5.79 million.

The greatest annual inventory change came from the number of market hogs, 180 pounds and over, which was up 4.5 percent from last year. This increase was reflected in the growth in hog slaughter at the end of September, particularly in stronger Saturday kills (table 1). Typically Saturdays account for only a very small proportion of the total weekly slaughter, but in September 2012, several Saturday kills were over 10 percent of the total weekly kill. As such, third-quarter U.S. pork production in 2012 was expected to be 5.635 billion pounds. As a result, total U.S. commercial pork production for 2012 was forecast slightly higher from last month at 23.297 billion pounds.

The NASS report also showed a June-August litter rate of 10.13 pigs per litter (ppl), 1 percent above the rate a year ago, with a pig crop of 29,286 thousand head. September-November 2012 farrowing intentions were lowered to 2.85 million, almost 2.7 percent lower than in 2011, and the December-February 2013 farrowing intentions were 2.821 million, 1.5 percent lower than in 2012. Both of these revisions further reflect the intention of hog farmers to slightly scale back production (fig. 3).

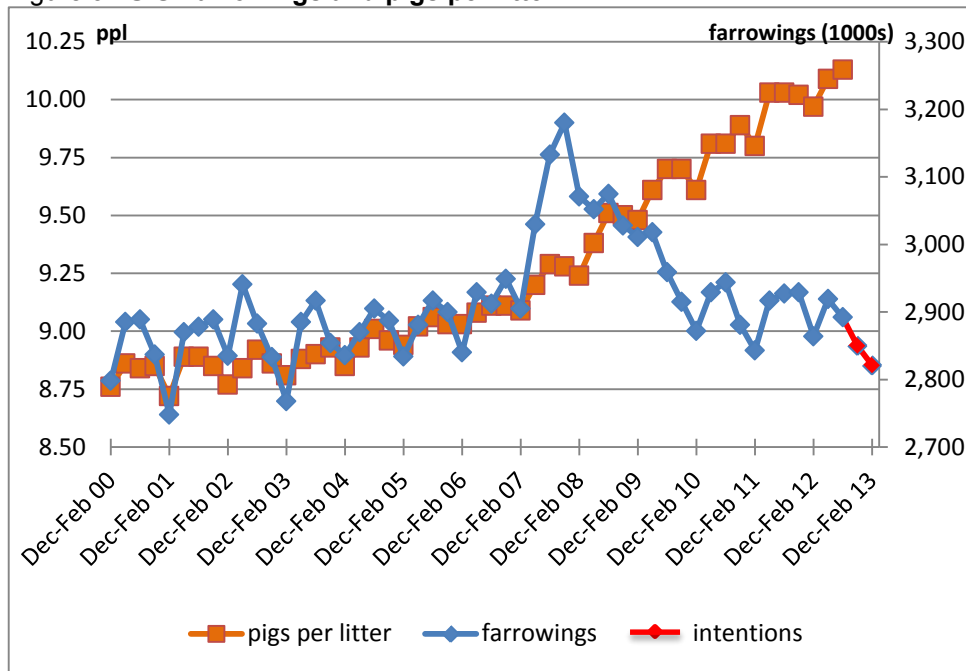
This reduction in farrowings and breeding stock reflects what most observers have identified already: the effects of the summer 2012 drought on the U.S. feed crop have led to farmers' intentions to reduce hog production in 2013 and thus to require fewer farrowings. While 2013 feeding margins have recovered somewhat since September, margins still remain narrow relative to expectations earlier in 2012. Hog farmers have thus decided to farrow fewer sows in 2013 than in 2012. While the number of pigs per litter is expected to continue to grow in 2013, the reduction in farrowings will more than offset the efficiency gains in sow litters, and the 2013 pig crop is expected to be lower than the 2012 pig crop. Commercial pork production is expected to be almost 23 billion pounds, which is still 1.3 percent below the annual production level in 2012. This increase is expected despite downward revisions of live hog imports in 2013.

**Table 1. Third quarter Saturday slaughter of hogs in United States**

Date	2011	Date	2012	Y-o-Y change
07/02/11	2,771			
07/09/11	52,435	07/07/12	80,927	28,492
07/16/11	24,091	07/14/12	694	-23,397
07/23/11	3,208	07/21/12	1,498	-1,710
07/30/11	3,031	07/28/12	12,205	9,174
08/06/11	31,765	08/04/12	5,927	-25,838
08/13/11	26,945	08/11/12	38,471	11,526
08/20/11	2,339	08/18/12	81,010	78,671
08/27/11	62,909	08/25/12	148,129	85,220
09/03/11	50,070	09/01/12	138,196	88,126
09/10/11	307,452	09/08/12	325,924	18,472
09/17/11	176,158	09/15/12	261,235	85,077
09/24/11	182,560	09/22/12	238,060	55,500
		09/29/12	175,517	
<b>Total</b>	<b>925,734</b>		<b>1,507,793</b>	<b>582,059</b>

Source: USDA, AMS SJ\_LS711 Actual Slaughter Under Federal Inspection report.

**Figure 3. U.S. farrowings and pigs per litter**



Source: USDA, NASS Quarterly Hogs and Pigs report

### ***U.S. imports of swine down slightly in 2013***

Although hog prices are forecast higher in 2013, a relatively strong Canadian dollar and a Canadian hog industry that is expected to contract because it is facing similar feed constraints to those in the United States will put downward pressure on U.S. live hog imports in 2013. Forecasts of annual U.S. live hog imports were revised downward to 5.53 million head in 2013, 3 percent lower than expected in 2012.



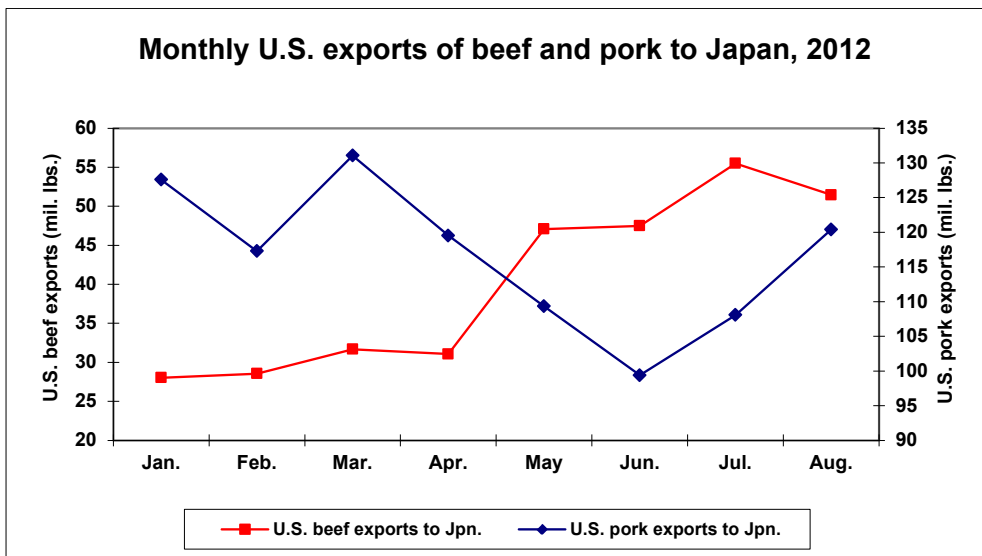
## Lower Shipments to Asia Trim August Exports

U.S. pork exports in August were 420 million pounds, more than 3 percent below those of a year ago. The August 2012 data suggest that a generalized slowdown in shipments to Asia largely account for the year-over-year export reduction. U.S. pork shipments to Japan, China, South Korea, and Hong Kong in August 2012 were all lower than in August 2011 (see table). Lower economic growth in China, Hong Kong, and South Korea could account for some of the slowdown in demand for U.S. pork. Diminished incidence of swine diseases in China and South Korea may also contribute to slower demand for imported pork. While Japan's economy is growing faster this year than it did in 2011—economic growth tends to spur demand for animal protein—increasing Japanese imports of U.S. beef may help explain lower demand for U.S. pork.

U.S. pork exports to 10 largest foreign markets: August and Jan.-Aug 2012, 2011

		August 2012	August 2011	Change	Jan.-Aug. 2012	Jan.-Aug. 2011	Change
		(million lbs.)	(million lbs.)	(2012/2011)	(million lbs.)	(million lbs.)	(2012/2011)
				percent			percent
	World	420	433	-3.1	3,563	3,268	9.0
1	Japan	120	125	-3.9	933	982	-5.0
2	Mexico	100	85	17.5	752	668	12.6
3	Canada	51	44	15.2	372	314	18.3
4	China	50	66	-23.5	469	266	76.2
5	Australia	16	12	35.0	138	137	0.3
6	Russia	16	22	-29.7	188	123	52.5
7	South Korea	13	27	-50.5	264	348	-24.3
8	Philippines	10	8	16.5	64	73	-13.1
9	Hong Kong	8	13	-41.2	93	81	14.3
10	Colombia	5	3	62.5	28	15	86.0

Source: <http://www.ers.usda.gov/data-products/livestock-meat-international-data.aspx>



Source: ERS/USDA

### *Broiler Meat Production Down Slightly in August*

U.S. broiler meat production in August totaled 3.3 billion pounds, down 0.4 percent from August 2011. The decline was attributed to a fall in the number of birds slaughtered. The August 2012 slaughter, at 760 million, was down 0.9 percent from August 2011. However, the average liveweight at slaughter rose to 5.81 pounds, up 0.5 percent, which resulted in total liveweight at slaughter in August at 4.4 billion pounds, a decline of 0.4 percent from the previous year. Total broiler meat production has been boosted by heavier average weights through 6 of the first 8 months of 2012, and the year-to-date average weight has been 5.82 pounds, slightly higher (0.6 percent) than during the same period in 2011.

Broiler meat production in July and August was slightly lower than expected and the production forecast for third-quarter 2012 was decreased by 25 million pounds to 9.28 billion pounds, a decline of 2.8 percent from third-quarter 2011.

The most recent 5-week average for the number of chicks being placed for growout is slightly higher (up 0.7 percent) from the average for the same period in the previous year. This small growth led to the broiler meat production forecast for fourth-quarter 2012 being lowered to 8.98 billion pounds, 1.3 percent higher than in fourth-quarter 2011. Average liveweight at slaughter in fourth-quarter 2012 is expected to be only slightly higher than that of a year earlier. Since approximately the beginning of August, the number of chicks placed had gradually been drawing closer to the level of the previous year, and in the last several weeks it has moved higher. In fourth-quarter 2012, the number of chicks placed for growout is expected to gradually move higher than in the same period a year earlier. Broiler slaughter in fourth-quarter 2012 is expected to be based for the most part on the number of chicks placed for growout through the beginning of November.

U.S. broiler meat production for 2013 is expected to total 36.4 billion pounds, up 60 million pounds from the September estimate and just under 1 percent lower than the revised 2012 estimate. The upward revision for 2013 is the result of a slightly lower forecast for feed prices. While broiler integrators are expected to lower production in 2013, the amount and duration of the decrease will depend on improvements in the domestic economy, competing protein prices, and export demand.

At the end of August, cold storage holdings of broiler meat products totaled 624 million pounds, down by just over 5 percent from the previous year. The change stemmed from changes in holdings of a number of product categories, with several rising from the previous year but even more declining. The largest factor in the decline was a 25-percent reduction in the amount of breast meat held in cold storage from the amount held in August 2011. Stock levels of whole birds, thighs, thigh meat, and wings also declined. While these reductions drove the total lower, they were partially countered by increases in holdings of leg meat products such as drumsticks, leg quarters, and legs. Cold storage holdings of undifferentiated broiler products, which are lumped together in the Other category, also increased. At the end of August, the weight reported for this category was 298 million pounds, up 2.5 percent from that of a year earlier. Products in this category accounted for 48 percent of all broiler meat cold storage holdings.

The generally lower stock levels have placed upward price pressure on most broiler products. In the Northeastern U.S. market, the September wholesale price for boneless/skinless breast meat averaged \$1.40 per pound, up 7 percent from a year earlier, and the price for breast meat with ribs was 16 percent higher. Lower stocks of wings have meant very strong prices for whole wings, averaging \$1.89 per pound in September, up 80 cents (73 percent) from the 2011 level. However, higher stocks of leg quarters were reflected in a small decline in price. Prices for bulk leg quarters were \$0.52 per pound in September, down 2 percent from the previous year. With meat production and ending stock levels both expected to be up slightly in fourth-quarter 2012 compared with a year earlier, prices for many broiler products are expected to face some downward pressure, the extent of which is expected to depend on beef and pork prices and economic conditions.

### ***Turkey Meat Production Higher, Parts Prices Lower***

U.S. turkey meat production in August 2012 was 530 million pounds, up 5.7 percent from a year earlier. The number of turkeys slaughtered (22.9 million) was 3.8 percent higher than a year earlier, and the average liveweight at slaughter (28.9 pounds), was 1.3 percent higher.

Year-over-year turkey production increased through the first half of 2012, and continued growth is expected in the second half of the year. However, the most recent turkey hatchery data point to a possible change in this pattern. In August, the number of net poult placements for growout totaled 23.5 million birds, down 1.7 percent from the previous year. This is the first monthly year-over-year decline in 2012. Also the number of turkey eggs in incubators at the beginning of September totaled 26.3 million, down 6.3 percent from a year earlier.

At the end of August, cold storage holdings of turkey products totaled 555 million pounds, 5 percent higher than the previous year. Compared with 2011, strong growth in production during the first 8 months of 2012 has led to a buildup of stocks. Overall turkey stocks were above those of the previous year for 14 of the last 15 months. Increases in turkey stocks over the last several months were due primarily to seasonally larger holdings of whole birds. At the end of August 2012, cold storage holdings of whole birds totaled 327 million pounds, up 12 percent from August 2011, but cold storage holdings of turkey parts totaled 228 million pounds, 3.6 percent lower than the amount of the previous year.

With turkey meat production growth for third-quarter 2012 expected at 3.7 percent and with an additional 3.7-percent increase in production expected for fourth-quarter 2012, ending stocks for 2012 are expected to be 250 million pounds, up strongly (18 percent) from 2011. However, with production expected to be lower in 2013 and stock levels are expected to decline and remain lower than the previous year through 2013.

Higher stock levels for whole turkeys have not yet placed downward pressure on whole bird prices. The average price for whole hen turkeys (National price 8-16 lbs.) was \$1.09 per pound in third-quarter 2012, about 2 cents more per pound than a year earlier (up 2 percent). The wholesale price in fourth-quarter 2012 is forecast at \$1.10 - \$1.14 per pound, about even with the \$1.12 per pound average of fourth-quarter 2011. However, even with falling cold storage holdings, prices for many turkey parts have generally been lower than those in the previous year over the last several months. In August, prices for turkey wings (v-cut) were \$0.45 per pound,

down 45 percent from a year earlier; turkey drumsticks averaged \$1.58 per pound, down 32 percent. Also, boneless/skinless breasts were \$1.72 per pound, a year-over-year decline of 27 percent.

### ***Table Egg Production Higher, Hatching Eggs Down***

In August, U.S. table egg production was 563 million dozen, 1.7 percent higher than in the previous year. The gain was due to increases in both the size of the table egg flock and the number of eggs produced per laying hen. In August, the number of hens in the table egg laying flock was 282 million, up 1 percent from a year earlier. During the first 8 months of 2012, table egg production totaled 4.4 billion dozen, an increase of 1.1 percent over that in the same period in 2011. Table egg production increased throughout the first 8 months of 2012. This trend is expected to continue through the remainder of the third quarter and into the fourth quarter and has led to an increase of 45 million dozen in the production forecast for 2012. With relatively high prices expected into the first half of 2013, the decline in production is likely to be more moderate; thus, expected shell egg production for 2013 is increased by 100 million dozen. This would bring the 2013 total to 6.6 billion dozen, 1.1 percent lower than the forecast total in 2012.

Over the first 8 months of 2012, the number of hatching eggs produced totaled 694 million dozen, down 3.8 percent from the same period in 2011. The decline in hatching egg production has been concentrated in lower numbers of broiler-type eggs produced. Production of broiler-type hatching eggs is expected to fall through the rest of third-quarter 2012 but increase slightly in the fourth quarter.

In September, wholesale prices for a dozen large eggs in the New York market averaged \$1.35, up 16 percent from the price a year earlier. In early October, weekly prices declined somewhat to approximately \$1.17 per dozen. Prices in fourth quarter 2012 are expected to strengthen seasonally and average \$1.32-\$1.38 per dozen.

### ***Egg Exports Total 23.9 Million Dozen in August***

Total U.S. egg exports (shell eggs and egg products) were the equivalent of 23.9 million dozen in August, down 1 percent from the previous year. Most of the decline was due to smaller exports to major markets such as Canada, Hong Kong, South Korea, and Japan. This reduction was partially offset by higher exports to Mexico and a number of European countries.

Egg production in Mexico has been heavily affected by an outbreak of Avian Influenza in Jalisco, its chief egg producing State. A large number of laying hens were destroyed and available supplies were greatly reduced. U.S. shipments of shell eggs for consumption to Mexico totaled 760,000 dozen in August 2012, up from only 23,000 dozen in August 2011. U.S. shell egg exports to Mexico in August also included over 500,000 dozen hatching eggs. Shell egg exports for consumption to Mexico are expected to continue to be well above year-earlier levels for the next several months, as it will take some time for Mexican producers to rebuild their flocks to the previous levels.

## Poultry Trade

### ***Broiler Shipments Are Down in August***

In August 2011, U.S. broiler shipments totaled 693.3 million pounds, the largest shipments on record. August 2012 broiler shipments totaled 648 million pounds, a 6.5-percent decrease from the previous year. The decline in broiler shipments is attributed to weak sales in broiler markets like Angola, Hong Kong, and Georgia, which were particularly strong in August 2011. These three countries accounted for 24 percent of total U.S. broiler exports in August 2011 and slightly less than 10 percent in August 2012.

Shipments to Mexico, Cuba, Canada, and Taiwan rose in August 2012. Shipments to Mexico reached an all-time high at 114.7 million pounds. Imports of U.S. broilers by Cuba, Canada, and Taiwan increased 54, 33, and 77 percent, respectively, in August 2012. These increases, however, were not enough to offset the reduction in U.S. broiler meat exported to other major destinations.

### ***Turkey Shipments Set New Record in August***

In August 2012, U.S. turkey shipments set a new record at 77.6 million pounds. Turkey shipments in August 2012 increased 26 percent from August 2011 and were 8 percent higher than the previous record of 71.8 million pounds shipped in October 2008. A total of 77.2 million pounds of turkey meat were exported. Mexico and China are the largest turkey markets and accounted for 65 percent of all turkey meat exported by the United States in August 2012. Canada, Taiwan, and the Philippines were also leading importers of U.S. turkey meat. Shipments to the Philippines and Taiwan increased over 400 percent from a year ago. Turkey exports to Canada rose 62 percent in August 2012.

### *Milk Prices Are Forecast Higher and the Pace of Herd Contraction Slows*

U.S. corn prices for 2012/13 were reduced slightly in October to \$7.10-\$8.50 per bushel, while production was lowered only slightly from September estimates. Soybean meal prices for 2012/13 were also forecast lower this month at \$470-\$500 per ton. Lower forecast grain and soymeal prices in 2013, along with anticipated lower alfalfa prices, will lower the feed ration price, supporting a higher milk-feed price ratio in 2013 than in 2012.

The September Milk Production report indicated that producers were culling at a slower pace than earlier projected. An improving feed outlook along with higher milk prices may have reduced the urgency to reduce herd size. The October forecast places the dairy cow herd at 9,225 thousand head in the current year and 9,125 thousand head in 2013. The residual effects of last summer's heat and pressure from high feed prices suggest a small reduction from September's forecast of annual output per cow to 21,635 pounds this year, with a slight increase expected next year to 21,880 pounds. An improved feed price outlook and an uptick in milk prices are the basis for the forecast. Milk production in 2012 is forecast at 199.6 billion pounds, a reduction from September's forecast. Forecast production in 2013 was raised in October to 199.7 billion pounds based on the higher forecast yield per cow and a slower decline in cow numbers compared with earlier 2013 forecasts.

Milk equivalent imports on both a fats and skims-solids basis were increased in this month's forecast for both 2012 and 2013. On a fats basis, imports in 2012 were raised to 3.8 billion pounds due to increased imports of butterfat. Imports in 2013 were raised to 3.8 billion pounds based on improved demand and higher prices. On a skims-solids basis, imports were raised to 5.9 billion pounds in 2012 and to 5.4 billion pounds in 2013. Milk protein concentrate imports rose sharply from June to July, and imports are expected to remain relatively strong into 2013.

Milk equivalent exports for 2012 on a fats basis were lowered in October from last month to 9.6 billion pounds, while 2013 fats basis exports are unchanged at 8.9 billion pounds. Butter exports remain lackluster and higher forecast prices may limit any upturn. Current year exports on a skims-solids basis were increased from September to 33.5 billion pounds. Nonfat dry milk (NDM) exports declined month-over-month in both June and July, but were countered by strong export performances in whey protein concentrates and lactose. Milk equivalent exports on a skims-solids basis for 2013 were unchanged from last month at 32.5 billion pounds.

Ending stocks on a fats basis were unchanged for 2012 and lowered slightly for next year. On a skims-solids basis, ending stocks were tightened slightly for both 2012 and 2013. NDM stocks at the end of August were at their lowest level for the month since 2006 and the forecast 2012 skims-solids basis ending stocks were reduced. With tighter carryin stocks and stronger demand expected in 2013, the ending stock forecast for 2013 was also lowered.

Dairy product prices for both 2012 and 2013 were raised this month as milk supplies are tightening this year and demand is expected to remain firm into next year. Cheese prices were increased to \$1.725-\$1.735 per pound for 2012 and to

\$1.735-\$1.825 per pound for 2013. Butter price forecasts were raised to \$1.615-\$1.645 per pound and to \$1.625-\$1.745 per pound for 2012 and 2013, respectively. NDM prices are forecast at \$1.310-\$1.330 per pound in 2012 and \$1.390-\$1.460 per pound in 2013, both increases from September. Whey prices are projected at 58.5-59.5 cents per pound this year and 58.5-61.5 cents per pound next year.

The higher product prices result in higher expected milk prices. The Class III price was boosted to \$17.55-\$17.65 per cwt for this year and to \$17.75-\$18.65 per cwt next year. The Class IV price is forecast at \$16.00-\$16.20 per cwt for 2012 and to \$16.75-\$17.75 per cwt for 2013. The all milk price is projected at \$18.50-\$18.60 per cwt in 2012 and \$19.00-\$19.90 per cwt in 2013.

## Contacts and Links

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Livestock and Meat Trade Data, <http://www.ers.usda.gov/data-products/livestock-meat-domestic-data.aspx>, 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

Livestock, Dairy, and Poultry Outlook, <http://www.ers.usda.gov/publications/ldpm-livestock,-dairy,-and-poultry-outlook.aspx>  
Animal Production and Marketing Issues, <http://www.ers.usda.gov/topics/animal-products/animal-production-marketing-issues.aspx>  
Cattle, <http://www.ers.usda.gov/topics/animal-products/cattle-beef.aspx>  
Dairy, <http://www.ers.usda.gov/topics/animal-products/dairy.aspx>  
Hogs, <http://www.ers.usda.gov/topics/animal-products/hogs-pork.aspx>  
Poultry and Eggs, <http://www.ers.usda.gov/topics/animal-products/poultry-eggs.aspx>  
WASDE, <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194>

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U.S. red meat and poultry forecasts

	2010					2011					2012					2013				
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual	
<b>Production, million lb</b>																				
Beef	6,248	6,546	6,768	6,741	26,305	6,410	6,559	6,736	6,490	26,195	6,283	6,475	6,575	<b>6,260</b>	<b>25,593</b>	<b>6,150</b>	<b>6,330</b>	<b>6,220</b>	<b>24,630</b>	
Pork	5,607	5,302	5,401	6,126	22,437	5,719	5,370	5,484	6,186	22,758	5,858	5,519	5,635	<b>6,285</b>	<b>23,297</b>	<b>5,850</b>	<b>5,460</b>	<b>5,560</b>	<b>23,000</b>	
Lamb and mutton	43	40	39	42	164	36	40	36	37	149	39	39	40	<b>38</b>	<b>156</b>	<b>38</b>	<b>36</b>	<b>35</b>	<b>145</b>	
Broilers	8,733	9,198	9,496	9,484	36,910	9,290	9,509	9,542	8,860	37,201	9,090	9,377	9,275	<b>8,975</b>	<b>36,717</b>	<b>8,970</b>	<b>9,035</b>	<b>9,135</b>	<b>36,415</b>	
Turkeys	1,340	1,383	1,415	1,506	5,644	1,402	1,471	1,423	1,495	5,791	1,446	1,505	1,475	<b>1,550</b>	<b>5,976</b>	<b>1,390</b>	<b>1,450</b>	<b>1,410</b>	<b>5,790</b>	
Total red meat & poultry	22,122	22,626	23,291	24,058	92,097	23,011	23,113	23,396	23,225	92,745	22,868	23,083	23,169	<b>23,267</b>	<b>92,387</b>	<b>22,552</b>	<b>22,475</b>	<b>22,529</b>	<b>90,628</b>	
Table eggs, mil. doz.	1,610	1,626	1,645	1,666	6,547	1,624	1,634	1,646	1,686	6,590	1,653	1,642	1,665	<b>1,700</b>	<b>6,660</b>	<b>1,625</b>	<b>1,640</b>	<b>1,645</b>	<b>6,585</b>	
<b>Per capita disappearance, retail lb 2/</b>																				
Beef	14.6	15.1	15.3	14.6	59.6	14.1	14.6	14.7	14.0	57.3	14.0	14.7	<b>14.5</b>	<b>13.8</b>	<b>57.0</b>	<b>13.9</b>	<b>14.1</b>	<b>13.8</b>	<b>55.1</b>	
Pork	11.8	11.4	11.7	12.8	47.8	11.4	11.1	11.0	12.2	45.7	11.1	10.9	<b>11.4</b>	<b>12.5</b>	<b>46.0</b>	<b>11.6</b>	<b>10.8</b>	<b>11.1</b>	<b>45.2</b>	
Lamb and mutton	0.2	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.8	0.2	0.2	<b>0.2</b>	<b>0.2</b>	<b>0.8</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.8</b>	
Broilers	20.1	20.5	21.4	20.4	82.4	21.5	21.5	20.8	19.1	82.9	20.1	20.4	<b>20.2</b>	<b>19.6</b>	<b>80.2</b>	<b>19.7</b>	<b>19.7</b>	<b>19.7</b>	<b>79.1</b>	
Turkeys	3.5	3.6	4.1	5.2	16.4	3.5	3.5	4.0	5.0	16.1	3.5	3.6	<b>4.1</b>	<b>5.2</b>	<b>16.4</b>	<b>3.5</b>	<b>3.6</b>	<b>3.7</b>	<b>16.0</b>	
Total red meat & poultry	50.7	51.2	53.3	53.7	208.9	51.3	51.3	51.0	51.0	204.6	49.3	50.3	<b>50.9</b>	<b>51.7</b>	<b>202.2</b>	<b>49.3</b>	<b>48.8</b>	<b>48.9</b>	<b>198.0</b>	
Eggs, number	61.5	61.4	62.2	62.8	247.9	61.1	61.3	62.2	63.1	247.6	62.1	60.8	<b>62.0</b>	<b>63.0</b>	<b>247.9</b>	<b>60.6</b>	<b>60.9</b>	<b>61.1</b>	<b>244.4</b>	
<b>Market prices</b>																				
Choice steers, 5-area Direct, \$/cwt	89.44	96.33	95.47	100.28	95.38	110.07	112.79	114.05	121.99	114.73	125.29	121.91	119.69	<b>119-123</b>	<b>121.72</b>	<b>118-126</b>	<b>120-130</b>	<b>125-135</b>	<b>122-132</b>	
Feeder steers, Ok City, \$/cwt	98.73	112.65	112.29	113.55	109.31	127.20	131.09	134.74	141.93	133.74	152.81	150.05	139.31	<b>138-142</b>	<b>145.54</b>	<b>138-146</b>	<b>138-148</b>	<b>144-154</b>	<b>143-153</b>	
Cutter Cows, National L.E., \$/cwt	51.79	58.79	58.90	54.93	56.10	68.66	74.88	66.11	63.54	68.30	76.57	83.51	76.94	<b>77-79</b>	<b>78.76</b>	<b>77-81</b>	<b>79-84</b>	<b>79-84</b>	<b>78-83</b>	
Choice slaughter lambs, San Angelo, \$/cwt	103.87	106.17	115.57	141.62	116.81	174.66	157.99	161.13	148.61	160.60	145.33	127.08	89.28	<b>103-108</b>	<b>117</b>	<b>106-114</b>	<b>100-110</b>	<b>100-110</b>	<b>102-112</b>	
Barrows & gilts, N. base, l.e. \$/cwt	50.41	59.60	60.13	50.11	55.06	59.94	68.80	71.06	64.66	66.11	61.68	61.79	61.43	<b>58-60</b>	<b>60.98</b>	<b>60-64</b>	<b>65-71</b>	<b>65-71</b>	<b>62-67</b>	
Broilers, 12 City, cents/lb	82.20	85.00	84.50	80.00	82.90	77.90	82.60	78.80	76.80	79.00	87.20	85.9	82.7	<b>79-83</b>	<b>84.2</b>	<b>83-89</b>	<b>86-94</b>	<b>85-93</b>	<b>85-91</b>	
Turkeys, Eastern, cents/lb	75.60	84.40	97.90	103.70	90.40	90.20	99.90	106.40	111.60	102.00	100.70	106.9	108.5	<b>110-114</b>	<b>107</b>	<b>98-106</b>	<b>101-109</b>	<b>104-112</b>	<b>102-110</b>	
Eggs, New York, cents/doz.	126.00	82.80	93.10	123.20	106.30	105.80	106.60	117.70	131.20	115.30	108.70	99.7	131.9	<b>132-138</b>	<b>118.8</b>	<b>119-127</b>	<b>106-114</b>	<b>104-112</b>	<b>112-121</b>	
<b>U.S. trade, million lb</b>																				
Beef & veal exports	478	585	590	646	2,299	633	702	766	683	2,785	558	625	<b>670</b>	<b>625</b>	<b>2,478</b>	<b>595</b>	<b>650</b>	<b>630</b>	<b>2,450</b>	
Beef & veal imports	573	690	598	436	2,297	461	593	548	454	2,057	582	669	<b>590</b>	<b>515</b>	<b>2,356</b>	<b>640</b>	<b>695</b>	<b>670</b>	<b>2,620</b>	
Lamb and mutton imports	47	46	31	42	166	49	48	31	34	162	37	38	<b>30</b>	<b>46</b>	<b>151</b>	<b>45</b>	<b>40</b>	<b>35</b>	<b>165</b>	
Pork exports	1,046	1,081	951	1,146	4,224	1,248	1,200	1,261	1,481	5,189	1,444	1,302	<b>1,250</b>	<b>1,350</b>	<b>5,346</b>	<b>1,345</b>	<b>1,325</b>	<b>1,260</b>	<b>5,390</b>	
Pork imports	199	204	237	219	859	201	195	194	213	803	207	191	<b>200</b>	<b>210</b>	<b>808</b>	<b>205</b>	<b>195</b>	<b>200</b>	<b>800</b>	
Broiler exports	1,469	1,699	1,643	1,954	6,765	1,527	1,588	1,978	1,879	6,971	1,737	1,791	<b>1,800</b>	<b>1,750</b>	<b>7,078</b>	<b>1,700</b>	<b>1,675</b>	<b>1,800</b>	<b>6,950</b>	
Turkey exports	114	136	158	174	582	159	171	173	199	703	181	185	<b>190</b>	<b>185</b>	<b>741</b>	<b>170</b>	<b>170</b>	<b>175</b>	<b>690</b>	
Live swine imports (thousand head)	1,446	1,408	1,479	1,416	5,749	1,452	1,429	1,407	1,508	5,795	1,441	1,444	<b>1,370</b>	<b>1,445</b>	<b>5,700</b>	<b>1,375</b>	<b>1,350</b>	<b>1,350</b>	<b>5,530</b>	

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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## Dairy Forecasts

	2011			2012					2013			
	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Milk cows (thous.)	9,200	9,216	9,194	9,254	9,257	9,215	9,180	9,225	9,145	9,135	9,125	9,125
Milk per cow (pounds)	5,292	5,279	21,346	5,513	5,562	5,280	5,280	21,635	5,430	5,610	5,425	21,880
<b>Milk production (bil. pounds)</b>	48.7	48.7	196.2	51.0	51.5	48.7	48.5	199.6	49.7	51.2	49.5	199.7
Farm use	0.2	0.2	1.0	0.2	0.2	0.2	0.2	1.0	0.2	0.2	0.2	1.0
Milk marketings	48.4	48.4	195.3	50.8	51.2	48.4	48.2	198.6	49.4	51.0	49.3	198.7
<b>Milkfat (bil. pounds milk equiv.)</b>												
Milk marketings	48.4	48.4	195.3	50.8	51.2	48.4	48.2	198.6	49.4	51.0	49.3	198.7
Beginning commercial stocks	13.2	12.3	10.8	10.9	13.3	14.3	12.7	10.9	10.5	12.6	14.6	10.5
Imports	0.8	1.2	3.5	0.9	0.9	0.9	1.1	3.8	0.9	0.9	0.9	3.8
Total supply	62.4	62.0	209.6	62.5	65.4	63.7	62.0	213.4	60.8	64.5	64.8	213.0
Commercial exports	2.2	2.1	9.4	2.2	2.8	2.4	2.2	9.6	2.2	2.3	2.3	8.9
Ending commercial stocks	12.3	10.9	10.9	13.3	14.3	12.7	10.5	10.5	12.6	14.6	13.5	10.9
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	47.9	49.0	189.2	47.1	48.3	48.6	49.3	193.3	46.0	47.6	49.0	193.2
<b>Skim solids (bil. pounds milk equiv.)</b>												
Milk marketings	48.4	48.4	195.3	50.8	51.2	48.4	48.2	198.6	49.4	51.0	49.3	198.7
Beginning commercial stocks	12.7	12.2	12.2	11.8	12.5	12.2	11.4	11.8	11.4	11.5	12.0	11.4
Imports	1.3	1.4	5.3	1.4	1.4	1.5	1.6	5.9	1.4	1.3	1.3	5.4
Total supply	62.4	62.0	212.7	64.0	65.2	62.1	61.2	216.3	62.2	63.8	62.6	215.5
Commercial exports	8.3	8.2	32.5	8.3	9.0	8.3	7.9	33.5	8.1	8.2	8.2	32.5
Ending commercial stocks	12.2	11.8	11.8	12.5	12.2	11.4	11.4	11.4	11.5	12.0	11.9	11.5
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	41.9	42.0	168.3	43.2	44.0	42.4	41.9	171.4	42.5	43.6	42.4	171.4
<b>Milk prices (dol./cwt) 1/</b>												
All milk	21.67	20.07	20.14	17.97	16.40	18.03	21.65	18.50	20.50	18.85	18.25	19.00
							-22.05	-18.60	-21.20	-19.85	-19.25	-19.90
Class III	20.71	18.62	18.37	16.28	15.53	17.80	20.70	17.55	19.15	17.85	17.30	17.75
							-21.10	-17.65	-19.85	-18.85	-18.30	-18.65
Class IV	20.00	17.72	19.04	15.94	13.86	15.87	18.45	16.00	17.50	16.50	16.45	16.75
							-18.95	-16.20	-18.30	-17.60	-17.55	-17.75
<b>Product prices (dol./pound) 2/</b>												
Cheddar cheese	2.041	1.799	1.825	1.559	1.547	1.773	2.015	1.725	1.865	1.750	1.690	1.735
							-2.055	-1.735	-1.935	-1.850	-1.790	-1.825
Dry whey	0.570	0.636	0.533	0.646	0.544	0.541	0.610	0.585	0.595	0.575	0.585	0.585
							-0.630	-0.595	-0.625	-0.605	-0.615	-0.615
Butter	2.030	1.728	1.950	1.499	1.409	1.684	1.890	1.615	1.750	1.635	1.555	1.625
							-1.960	-1.645	-1.850	-1.765	-1.685	-1.745
Nonfat dry milk	1.578	1.461	1.506	1.368	1.170	1.269	1.460	1.310	1.420	1.365	1.395	1.390
							-1.500	-1.330	-1.480	-1.435	-1.465	-1.460

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](http://www.ams.usda.gov/dyfmoms/mib/fedordprc_dscrp.htm)

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