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Outlook

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Livestock, Dairy, and Poultry Outlook

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Red Meat Exports Boosted by Demand in Asia

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Tables will be released on Dec 27, 2011

The next newsletter release is Jan. 19, 2012

Approved by the World Agricultural Outlook Board

Beef/Cattle: Disproportionally large cow slaughter has kept average dressed weights lower during most of 2011 than if steers had constituted half or more of beef slaughter, as they typically do. Packer margins and high feed and feeder cattle prices are exerting downward pressure on fed cattle prices.

Beef/Cattle Trade: U.S. beef exports are expected to increase by 21 percent in 2011. Although U.S. domestic beef supplies will be 5 percent lower in 2012, exports should remain strong and stay about even with levels exported this year. As tight global beef supplies will continue into next year, U.S. beef imports are expected to increase only moderately into 2012.

Pork/Hogs: October pork exports were more than 42 percent greater than a year ago, propelled primarily by very strong Asian demand (ie, Japan, China, and South Korea). Strong export growth is expected to continue through the fourth quarter, before tailing-off in 2012. Total U.S. pork exports are expected to be 5.1 billion pounds, both this year, and in 2012.

Poultry: Sharply lower broiler chick placements and slower growth in bird weights have lowered the fourth-quarter 2011 broiler meat production estimate by 25 million pounds to 9.0 billion pounds and resulted in decreased estimates for the first and second quarters of 2012. The lower production is expected to gradually lower stocks. Turkey production was basically unchanged in October as slightly higher bird numbers were offset by lower bird weights. Cold storage holdings for whole turkeys continued below those of a year earlier, putting upward pressure on prices.

Poultry Trade: Broiler and turkey shipments rose in October. Broiler exports totaled 689.7 million pounds, a 2.5-percent increase from a year ago. Turkey exports totaled 59.2 million pounds, an increase of 20.7- percent from October 2010.

Sheep/Lamb: The sheep industry, buoyed by strong prices and an industry policy to grow the inventory, may be poised to see its first inventory increase since 2006. Consistently high Choice Slaughter lamb prices at San Angelo coupled with reductions in production and live trade may be signaling increased retention.

Dairy: An improved feed price outlook is balanced by lower milk prices in 2012. Production in 2012 is forecast to rise slightly based on higher milk output per cow. Exports are likely to decline next year compared with 2011, contributing further to the lower milk price outlook.

Beef/Cattle

Large Cow Slaughter Holding Average Dressed Weights Lower

Thus far in 2011, federally inspected cow slaughter has been large relative to the January 1, 2011 cow inventory, surpassing last year's cow slaughter for the same period, which was also atypically large for its January 1 inventory. Year-to-date (through November 26, 2011), cumulative weekly federally inspected cow slaughter in 2011 was 4.3 percent greater than for the same period in 2010. For beef cows, year-to-date slaughter in 2011 was 14 percent above the same period in 2009, while dairy cow slaughter was only 2 percent above 2009 slaughter. Because cows generally have lower dressed weights than steers, heifers, or bulls, these atypically large proportions of cow slaughter have resulted in lower average dressed weights for all cattle than trend lines and typical steer and heifer dressed weights and proportions of total slaughter would indicate.

Beginning with December 2009 prices for 750-800 pound Medium and Large No. 1 Oklahoma City feeder cattle prices that were 4 percent above 2008 prices, feeder cattle prices have exhibited year-over-year increases every month. Increasingly scarce supplies of feeder cattle, especially heavier, older yearlings, make it likely that feeder cattle prices will continue high for the next 2 or 3 years until calf crops begin increasing year-over-year. Additional longer term support for feeder cattle prices will come as the expected lower corn and feed prices materialize in 2012-13.

March was the only month in 2011 that did not have higher year-over-year placements of feeder cattle under 600 pounds. This has resulted in an atypical inversion of price premiums between Central and Southern Plains fed cattle prices (See Cattle Sector Production Practices and Regional Price Differences, http://www.ers.usda.gov/Publications/LDP/2011/04Apr/LDPM2021/). January, July, and September are the only months in 2011 (through November) in which Texas-Oklahoma fed steer prices (35-65 percent Choice) were higher than Nebraska fed steer prices (65-80 percent Choice)..

Despite the high fed cattle prices, profit margins have stayed at breakeven levels or lower, in some cases much lower. In addition, cattle feeders continue to place expensive feeder cattle in anticipation of higher fed cattle prices in 2012, when supplies of fed cattle are expected to become scarce. However, fed cattle supplies will likely continue at or near current levels until sometime during the first half of 2012 because of the large numbers of lightweight feeder cattle that were placed on feed during the last half of 2011. These fed cattle will likely be marketed during the first half of 2012.

Packer margins are negative at a time when they typically recover. Negative margins have driven packers to reduce slaughter numbers somewhat and have dampened their willingness to continue to pay the record and near-record-high prices for fed cattle.

Beef/Cattle Trade

Foreign Demand for U.S. Beef To Remain Strong into 2012

U.S. beef exports for 2011 continue to remain robust. Twenty-one-percent growth is expected this year as beef exports are forecast at 2.78 billion pounds. Key factors supporting the strong export market in 2011 are: (1) increased demand for U.S. beef as disposable incomes of foreign consumers increase, (2) a worldwide multi-year decline in total cattle inventories and beef production, (3) an increased number of foreign countries purchasing U.S. beef, and (4) a favorable exchange rate (with a relatively weaker U.S. dollar making U.S. product more attractively priced in global markets).

Through October, the largest increases in U.S. beef exports have come from South Korea (+45 percent), Japan (+31 percent), and Canada (+33 percent). Along with Mexico (+1 percent), these countries are the largest importers of U.S. beef, totaling almost two-thirds of the total U.S. beef exported through October 2011. Notably, export totals to Hong Kong (+41 percent), Egypt (+23 percent), and Russia (+85 percent) have also posted strong growth increases. Through October, the seven countries listed above imported just over 80 percent of total U.S. beef exports.
In 2012, with U.S. beef production expected to be down 5 percent, total exportable supplies will be squeezed. The strength seen in the export market, however, is expected to continue into next year, including growth in Asian markets. Although there will be a tighter U.S. supply, beef exports are expected to be about even with this year's levels.

2012 Beef Imports to the United States Expected To Show Only Modest Recovery

U.S. beef imports for 2011 are expected to be 11 percent below year-earlier levels, at 2.05 billion pounds. Through October, imports from traditional major suppliers are down. Imports from Australia and Canada are down 25 and 22 percent through October. These two countries have historically been beef suppliers to the United States, and, combined in the last 10 years, have averaged over 60 percent of total U.S. beef imports in the last 10 years. Imports from New Zealand (-3 percent), Brazil (-53 percent), and Uruguay (-11 percent) are also lower year-over-year, while imports from Mexico (+49 percent) and Central America (+29 percent) through October are higher. The increase in federally-inspected plants in that country, as well as increased grain-fed beef production, are increasing the supply of higher-quality, exportable beef. Tight global beef supplies, however, will continue into 2012 when U.S. beef imports are expected to increase by 2 percent to 2.09 billion pounds.

Pork/Hogs

Fourth-Quarter Pork Export Forecast Increased On Strong Asian Demand

The U.S. pork industry is expected to ship 1.4 billion pounds of pork products to foreign destinations in the fourth quarter of this year, an increase of more than 22 percent over the same period in 2010. Sales are expected to be strong to Asia, where demand for U.S. pork is expected to increase year-over-year due to a combination of factors, including continued low-exchange values of the U.S. dollar and government efforts to moderate consumer pork price increases brought about, in part, by recent outbreaks of various swine diseases. With larger fourth-quarter exports, total exports for 2011 are expected to reach slightly more than 5.1 billion pounds, an increase of 21 percent over exports in 2010.

Export growth next year is expected to tail-off as Asian pork production increases, and consumer food price inflation abates. Total U.S. pork exports in 2012 are expected to be about the same as this year, 5.1 billion pounds.

Pork products available to the domestic U.S. market, evaluated in terms of retail weight per capita quantities, are likely to be year-over-year larger next year for the first time since 2009. With higher domestic availability, the average 2012 price of live-equivalent 51-52 percent lean hogs should decline about 1.6 percent, averaging $63-$68 per cwt, compared with $66.32 in 2011. Further declines in hog prices are likely to be checked by expected lower 2012 poultry production (-1.8 percent, year-over-year) and sharply lower 2012 beef production (-4.6 percent, year-over-year). Substitution effects from higher retail prices for poultry and beef prices should keep 2012 retail pork prices in the high $3.40s per pound.

Shipments to Asia Continue To Lift U.S. Pork Export Volumes

U.S. pork exports in October were over 482 million pounds, more than 42 percent above October 2010 shipments. Similar to patterns set early in 2011, 80 percent of October exports went to five countries: Japan (+37.8 percent year-over-year), China (almost 4 times greater than a year ago), Mexico (+.3 percent year-over-year), Canada (+27.4 percent year-over-year), and South Korea (+64.5 percent year-over-year).

U.S. pork imports in October were 69 million pounds, 11 percent less than a year earlier. As has become the norm, almost 12 percent of October imports were of Danish origin, and 77 percent came from Canada. Imports from Denmark were almost 15 percent ahead of a year ago, while shipments from Canada were off by more than 14 percent. Live swine imports from Canada in October were almost 498,000 head, 9 percent above a year ago. All categories of finishing animals (segregated early-weaned pigs and feeder pigs) were up strongly, while slaughter hog imports declined 9 percent compared with October 2010.

USDA will release the Quarterly Hogs and Pigs Report on December 23. The report will contain December 1 hog and pig inventories, as well as fourth-quarter (September-November) farrowing, pig crop, and litter rate information. Additionally, the report will detail producers' second set of farrowing intentions for the first quarter of the new year (December-February (2012)), and the first set of producers' farrowing intentions for the second quarter (March-May) of 2012.

Poultry

Broiler Meat Production in October Falls by 3 Percent

Broiler meat production, which has fallen in 3 of the last 4 months, totaled 3.1 billion pounds in October, down 3 percent from the previous year. Total broiler meat production during the first 10 months of 2011 was 31.4 billion pounds, 2.6 percent higher than in the same period a year earlier. In October, the number of birds slaughtered fell to 700 million, down 3.2 percent from the previous year, as integrators have been reducing the number of chicks placed for growout over the last several months. The lower number of birds slaughtered was partially offset by an increase in the average live weight of birds at slaughter, up fractionally to 5.94 pounds. Average broiler weights at slaughter are expected to continue higher in November and December, but the rate of growth is expected to be much slower than it was over the first three- quarters of 2011. With these expected changes, the estimate for fourth-quarter 2011 broiler meat production was decreased 25 million pounds to 8.98 billion pounds, 5.4 percent below the previous year. This lowers the annual forecast for broiler meat production in 2011 to 37.3 billion pounds, an increase of 1 percent from 2010. The broiler meat production projections for first- and- second-quarter 2012 were each reduced by 100 three quarters of 2012. The revised forecasts in the first two quarters are down 5.3 and 4.2 percent on a year-over-year basis, and the revised total broiler meat production for 2012 is now 36.5 billion pounds, down 2.1 percent from 2011.

With relatively high corn prices forecast for the remainder of 2011 and into 2012, and with relatively weak prices for most breast meat products, broiler integrators are expected to scale back production through much of 2012. The number of chicks being placed for growout continues to be well below that of the previous year. Over the last 5 weeks, (November 5 to December 3), chick placements have averaged 154 million, down 6.6 percent from the same period in 2010. Chick placements are expected to remain below year-earlier levels through the first half of 2012 and gradually pull even with and then exceed year-earlier levels in the second half of 2012.

Cold storage holdings of broiler products at the end of third-quarter 2011 were revised downward slightly to 639 million pounds, down 6 percent from the previous year. With strong declines in broiler meat production expected in fourth-quarter 2011 and the first two quarters of 2012, ending stocks are expected to remain below year-earlier level through third-quarter 2012.

Broiler stocks at the end of October totaled 667 million pounds. This is an increase of around 28 million pounds from September, but still about 5 percent lower than the previous year. Stocks for most broiler products continue to be well below their year- earlier levels, with the exception of breast meat products. With lower year-over-year production expected and resulting lower stocks levels, broiler product prices are expected to get some upward pressure.

Prices for almost all broiler products were higher in November than the previous year. The lone exception was whole broilers, which are still considerably lower (down 6 percent). Strong exports continue to place upward pressure on leg quarter prices (up 31 percent) and other leg meat products such as boneless/skinless thighs (up 27 percent) and whole thighs (up 44 percent).

The forecast lower boiler production levels through the first half of 2012 are expected to gradually place upward price pressure on almost all broiler products. Whole bird prices are expected to be at $0.77-$0.78 per pound in fourth-quarter 2011, down 3 percent from the previous year. However, prices in 2012 are expected to increase and be above year-earlier levels throughout the year.

October Turkey Production Even with Year Earlier Output

Turkey meat production in October totaled 525 million pounds, almost identical to production a year earlier. Although the total meat production was unchanged, the number of turkeys slaughtered rose by 0.5 percent to 23.3 million. The increase in the number of birds slaughtered was offset by a slight decline in the average weight at slaughter from a year earlier to 28.3 pounds.

The fractional growth in turkey meat production in October contrasts to the strong expansion in production over the first half of 2011, when production was up 5.5 percent compared with the same period in 2010. Over the first 10 months of 2011, turkey meat production has been 3.4 percent higher. The second half of 2011 is expected to be a sharp contrast as production was only 0.5 percent higher in the third quarter, and the fourth-quarter production forecast is 1.5 billion, only 0.3 percent above the previous year.

With little growth in production and turkeys being taken out of storage in preparation for the Thanksgiving holiday, stocks of all turkey products fell by over 100 million pounds between the end of September and the end of October. Total turkey stocks were 407 million pounds at the end of October, down almost 1 percent (0.7) from the previous year. This is a significant change from stocks at the end of September that were 7.6 percent higher than the previous year.

Declines in stocks of whole birds accounted for 69 percent of the decline in total turkey product stocks from September to October. Whole turkey stock levels always decline at this point in the year, but stocks of whole birds fell by almost 71 million pounds, dropping the level for whole birds to 209 million pounds, almost 14 percent lower than the previous year. Whole bird stocks at the end of September were only 2.6 percent lower than the previous year. The decline in stocks of turkey products was much less (down 32 million pounds), and stocks of turkey products at the end of October were 199 million pounds, 18 percent higher than in October 2010.

With the steep October decline, the estimate of ending stocks for 2011 was lowered to 205 million pounds, down 10 million pounds from the previous estimate but still 7 percent higher than a year earlier. The stock estimate for first-quarter 2012 was lowered by 15 million pounds to 325 million. However, the estimates for the second and third quarters were both increased to 500 million pounds. Anticipating a strong drawdown in stocks during in the holiday period in 2012, ending stocks for 2012 were reduced by 10 million pounds to 200 million.

During the first 11 months of 2011, the national price for whole hens has been higher than the previous year on a year-over-year basis. Prices for November were $1.14 per pound, up 7 percent from a year earlier and 38 percent higher than the 2009 price. Prices are expected to decline seasonally in December but remain well above a year earlier, and the average for fourth-quarter 2011 is forecast at $1.10-$1.11 per pound, an increase of over 6 percent from fourth-quarter 2010. Lower stocks of whole birds during most of 2011 have placed upward pressure on prices. Even with higher production, low stock levels at the start of 2012 are expected to pressure prices higher and whole hen turkey prices are expected to average $0.90-$0.94 per pound in first-quarter 2012, an increase of approximately 2 percent from the previous year. However, production gains in 2012 are expected to gradually reduce prices, with hen prices in the second and third-quarters lower than the previous year.

Over the first 10 months of 2011, turkey poults placed for growout totaled 232 million, an increase of 0.9 percent from the same period last year. The small increase would indicate that turkey production in the first half of 2012 is likely to be close to or slightly higher than in 2011. Given the strong wholesale prices for whole birds and most turkey products in the second half of 2011, turkey producers would normally be more heavily expanding production, but forecasts for continued high feed prices and a weak domestic economy through 2012 are likely contributing to producer resistance to expand.

Table Egg Production Continues Higher

The table egg laying flock in October was estimated at 282 million hens, 0.9 percent above the previous year. Changes in the table egg flock numbers on a year-over-year basis have generally been lower in 2011. The flock size was higher in only 3 of the first 10 months, although table egg production has been higher throughout the year. The table egg flock is expected to remain higher than the previous year through the remainder of 2011, but only slightly. At the beginning of November the estimate of the number of birds in the table egg flock was down, but the decrease was less than 1 percent. With expected higher feed prices and continuing economic uncertainties, egg producers are not expected to have much of an incentive to expand production in 2012.

Even with table egg production higher throughout the first 10 months of 2011, total production has been 5.5 billion dozen, only marginally higher (0.8 percent) than the same period in 2010. In October, production was 562 million dozen, an increase of 1.9 percent from the previous year. Fourth-quarter 2011 table egg production is estimated at 1.69 billion dozen, or about 1.1 percent higher than the previous year. Even with the higher forecast, table egg prices are expected to remain strong through the end of the year. The fourth-quarter 2011 wholesale price for one dozen Grade A eggs in the New York market is forecast to average $1.27 to $1.28, up about 10 cents per dozen from third-quarter 2011 and about 4 percent higher than a year earlier.

Hatching egg production has been lower than the previous year through the first 10 months of 2011. Over the first half of 2011, hatching egg production was down by relatively small amounts per month, but since July the declines have been much sharper, averaging around 3 percent per month. Although there have been some declines in the number of egg-type eggs produced, the majority of the decline has come from a lower number of broiler-type eggs. The decrease in the production of broiler-type eggs is expected to continue through the first half of 2012 or until broiler integrators begin to expand production.

Total Egg Exports Fall in October

Monthly exports of eggs and egg products had been mostly higher in 2011 on a year-over-year basis through September, but fell in October to the equivalent of 22.4 million dozen eggs, 13.3 percent below a year earlier. The exports were down to Canada, Hong Kong, and Germany and a number of smaller markets, but were partially offset by higher shipments to Japan and Mexico. Exports of both shell eggs and egg products declined in October, with shipments of shell eggs at 11.5 million (down 12 percent) and shipments of egg products at the equivalent of 10.9 million dozen (down 12 percent). The October shipments were likely impacted by strengthening U.S. prices. Domestic shell egg prices have continued to strengthen in November and into December. Over the first 10 months of 2011, total egg shipments were 232 million dozen, up 6.7 percent from the same period in 2010.

Poultry Trade

Broiler Shipments Remain Strong in October

October broiler shipments were up from a year ago. Broiler meat shipped in October 2011 totaled 689.7 million pounds, a 2.5- percent increase from the same period in 2010, although last October shipments in 2010 were at the highest monthly volume recorded that year. There are several notable differences in trade flows between 2011 and 2010. Shipments to Russia in October 2010 totaled 211 million pounds, which accounted for 31.5- percent of the U.S. broiler exports for that month. In October 2011, Russia imported only 64.4 million pounds, a 69.5- percent reduction. One reason for this big change is that imports were high in 2010 as the U.S. re-entered the Russia's market following resolution of trade restrictions.

Another market that made a considerable difference in 2011 October broiler shipments was Hong Kong. Broiler shipments to Hong Kong totaled 55.7 million pounds in October 2011, a 45-percent increase from last October. In October 2010, shipments to Angola totaled only 14.4 million pounds. However, 12 months later these shipments rose to 60.5 million pounds, a 320-percent increase from a year ago. Secondary markets also imported more broiler meat in October 2011, offsetting lower shipments to Russia.

Turkey Shipments Rose in October

Turkey shipments totaled 59.2 million pounds in October, up 20.7- percent from a year ago. Shipments to the largest U.S. market, Mexico, totaled 31.4 million pounds, accounting for 53 percent of total turkey exports. Exports to China, the second largest U.S. turkey market, rose considerably in October, from 3.2 million pounds in October 2010 to 5.2 million pounds in October 2011. Sizable turkey shipments also went to the Philippines, for an increase of over 1 million pounds from a year earlier. Through October, turkey exports are up 23- percent in 2011.

Sheep/Lamb

Sheep Industry Buoyed by Strong Prices and Industry Policy

The sheep industry, with strong prices and an industry policy to grow the inventory, may be poised in 2012 to see its first inventory increase since 2006. A number of factors points to this. The 2011 live auction slaughter lamb prices at San Angelo, Texas have consistently remained above 2010 levels. Choice Slaughter lamb prices at San Angelo have remained in a fairly narrow range, between $155-$175 per cwt for the entire year. Though fourth-quarter Choice prices are forecast at the bottom of that range at $155-$156 per cwt, continued high prices could trigger a higher than normal rate of lamb retention as producers engage in herd rebuilding in anticipation of even higher prices.

At the beginning of the year the industry launched a "let's grow program" designed to encourage producers to increase their flocks. Indications are that this policy may be working, as producers appear to be holding on to their animals for longer periods. For the first three quarters of 2011, less than 54,000 head of live sheep (mainly older ewes) were exported, a decline of 58 percent from the same period last year. In 2010, the number of live sheep exports exceeded 150,000 head. Live exports for 2011 are expected to be significantly lower than in previous years.

Signs of increased retention can also be seen in the sharp drop in production. Although sheep inventory was about 2 percent lower on January 1, 2011, compared with the previous year, with similar percentage declines in both the breeding inventory and market lambs, lamb and mutton production has been down 8 percent in the first three quarters of 2011 compared with the previous year and is forecast to be down around 9 percent for 2011. Through October 2011, the number of sheep slaughtered was 11 percent lower than in the same period last year. Fourth-quarter 2011 commercial production of lamb and mutton is forecast at 37 million pounds. This is about 13 percent below the fourth quarter of 2010. Typically, distinct seasonal increases begin in the fourth quarter, but in November less than 12 million pounds of lamb and mutton were produced and December is expected to be below 2010. It is likely that high prices and increased retention could be contributing to the low production levels in 2010.

Lamb and Mutton Trade Still Vibrant

Despite fairly strong Australian and New Zealand currencies relative to the U.S. dollar and a slow economic recovery during 2011, imports have been relatively strong, continuing to offset tight domestic supplies. For the first 10 months of 2011, lamb and mutton imports were 140 million pounds, up 6 percent from the same period last year. Imports for October 2011, though typically lower than most other months, were 16 percent above the same period last year. Fourth-quarter 2011 imports are forecast at 43 million pounds, 2 percent above the same period last year. Import increases are expected for the rest of 2011, as continued tight domestic supplies are expected to persist.

Lamb and mutton exports have shown strength and are forecast at 18 million pounds for 2011, up 12 percent from 2010. October exports were 1.6 million pounds, 80 percent higher than last year. Fourth-quarter 2011 exports are forecast at 4 million pounds, up 33 percent above the same period in 2010.

Dairy

Higher Domestic Milk Production and Stronger Competition in Export Markets Will Lower Milk Prices in 2012

The December corn price forecast for 2011/12 is $5.90 to $6.90 a bushel. This adjustment represents a lowering of 30 cents a bushel on each end of the price range from last month. Although the 2011/12 use numbers were changed only slightly, prices received by farmers are reported to be below cash market bids, reflecting deliveries of grain that were forward-priced earlier in 2011. Also, declines in futures prices since November have tempered the price outlook for the coming months. Soybean meal prices have also been lowered, the December forecast being $280 to $310 a ton in 2011/12. Lower forecast production is balanced by lower expected domestic use. The preliminary November price for alfalfa hay was reported in the Agricultural Prices report at $198 a ton, a slight decline from October's reported $206 a ton but still well above year-earlier prices. With a return to more normal weather conditions next year, alfalfa hay prices should moderate in 2012. The preliminary milk-feed price ratio for November was estimated at 1.80, virtually unchanged from October but well below the 2.23 a year earlier.

Cow numbers were virtually unchanged from the November forecast at 9,200 thousand head for 2011 and remain at 9,190 thousand head in 2012. Dairy cow slaughter for the January to October 2011 period is about 4 percent above slaughter for the corresponding period of 2010 according to the November Livestock Slaughter report, and replacement heifer prices are steady. This suggests no major liquidation is in the offing, but cow numbers are expected to decline slightly next year. Output per cow continues to rise, and lower expected feed prices are the basis for the increase in the December projected output per cow to 21,315 pounds this year and 21,610 pounds next year. Slightly more milk is forecast in December than in November, both this year and next. Production is forecast at 196.1 billion pounds this year, rising to 198.5 billion pounds in 2012.

Fat-basis milk equivalent dairy import forecasts in 2011 were raised this month to 3.3 billion pounds, based on slightly higher imports of butterfat and food preparations. In 2012, fat-basis imports are forecast at 3.2 billion pounds, unchanged from the November forecast but down from 2011. Skim-solid basis import forecasts were left unchanged from last month at 5.3 billion pounds. In 2012, skim-solid basis imports are forecast to fall slightly to 5.2 billion pounds.

Milk equivalent fat-basis exports were raised slightly this month to 9.3 billion pounds. The export total was raised due to higher than expected milk and cream shipments. Next year, fat basis exports are forecast at 8.6 billion pounds, unchanged from last month. This year's skim-solid basis exports are forecast at 33.6 billion pounds, up from November due to stronger skim milk powder exports. Next year, the forecast is unchanged from last month at 31.9 billion pounds. Increased global production will likely present stronger competition for U.S. exporters of skim powder products.

Commercial domestic use is projected at 188.8 billion pounds fat basis for 2011 and 191.9 billion pounds in 2012. Commercial domestic use on a skim-solid basis is forecast to reach 166.9 billion pounds this year, a decline from November's forecast, but an increase from 2010. Next year, skim-solid domestic use is forecast to rise from 2011 to 171 billion pounds, an increase from November expectations and a 2.5 percent rise above 2011 expected totals.

Cheese prices are forecast to average $1.820 to $1.830 a pound in 2011, unchanged from November's forecast, but are projected lower in 2012 at $1.675 to $1.755 a pound. Domestic use of cheese was lower in the third quarter of 2011 compared with 2010, and both domestic and Oceania prices have recently declined sharply, supporting the lowered price forecast. Recent weakness in butter prices has led to a lowering of 2011 butter prices from November projections to $1.935 to $1.965 a pound in the December forecast. Stronger global competition in 2012 is expected to moderate butter prices even further in 2012. Butter prices are forecast at $1.605 to $1.715 a pound next year. Higher global production will similarly affect NDM prices. NDM prices are projected at $1.495 to $1.515 a pound this year, a slight downward revision from last month. Next year, prices are expected to drop more significantly to $1.360 to $1.420. The outlier is whey. Exports have been brisk in 2011 and are likely to continue strong in 2012. Whey prices are forecast at 52.5 to 53.5 cents a pound in 2011, unchanged from last month. Next year, prices are expected to rise from 2011 to 53.5 to 56.5 cents a pound, a substantial upward revision from November.

Milk prices will be lower next year based on lower product prices. Class III prices are expected to be $16.90 to $17.70 per cwt next year, down from an expected $18.30 to $18.40 per cwt in 2011. Lower cheese prices will probably overcome the relative strength in whey prices, lowering the Class III price. The Class IV price is also expected to be lower in 2012 at $16.35 to $17.25 per cwt, a decline from $18.95 to $19.15 per cwt in 2011. The 2012 all milk price is forecast at $18.10 to $18.90 per cwt, down from $20.05 to 20.15 per cwt in 2011.

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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

Livestock, Dairy, and Poultry Outlook, http://www.ers.usda.gov/Publications/ldp/
Animal Production and Marketing Issues,
http://www.ers.usda.gov/briefing/AnimalProducts/
Cattle, http://www.ers.usda.gov/briefing/cattle/
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U.S. red meat and poultry forecasts

	2010					2011					2012			
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Production, million lb														
Beef	6,248	6,547	6,768	6,741	26,304	6,411	6,559	6,737	**6,470**	**26,177**	**6,195**	**6,295**	**6,420**	**24,960**
Pork	5,607	5,301	5,401	6,126	22,437	5,720	5,371	5,483	**6,160**	**22,734**	**5,780**	**5,480**	**5,590**	**23,115**
Lamb and mutton	43	40	39	42	164	36	40	36	**37**	**149**	**39**	**37**	**35**	**149**
Broilers	8,732	9,198	9,496	9,484	36,911	9,291	9,501	9,526	**8,975**	**37,293**	**8,800**	**9,100**	**9,300**	**36,500**
Turkeys	1,339	1,383	1,415	1,506	5,643	1,402	1,471	1,423	**1,510**	**5,806**	**1,400**	**1,475**	**1,450**	**5,845**
Total red meat & poultry	22,057	22,535	23,194	24,059	92,097	23,014	23,106	23,381	**23,320**	**92,821**	**22,371**	**22,547**	**22,961**	**91,210**
Table eggs, mil. doz.	1,611	1,627	1,645	1,667	6,550	1,627	1,639	1,651	**1,685**	**6,602**	**1,620**	**1,640**	**1,650**	**6,595**
Per capita disappearance, retail lb 2/														
Beef	14.6	15.1	15.3	14.6	59.6	14.1	14.5	**14.5**	**14.4**	**57.6**	**13.4**	**13.6**	**13.8**	**54.1**
Pork	11.8	11.4	11.7	12.8	47.7	11.4	11.1	**11.1**	**12.4**	**45.9**	**11.4**	**11.0**	**11.3**	**46.2**
Lamb and mutton	0.2	0.2	0.2	0.2	0.9	0.2	0.2	**0.2**	**0.2**	**0.9**	**0.2**	**0.2**	**0.2**	**0.9**
Broilers	20.1	20.5	21.4	20.3	82.3	21.5	21.4	**20.8**	**19.5**	**83.2**	**19.8**	**20.2**	**20.3**	**80.4**
Turkeys	3.5	3.6	4.1	5.1	16.4	3.5	3.5	**4.0**	**5.2**	**16.2**	**3.5**	**3.8**	**3.9**	**16.4**
Total red meat & poultry	50.7	51.2	53.2	53.6	208.7	51.2	51.2	**51.0**	**52.1**	**205.5**	**48.8**	**49.2**	**50.0**	**199.7**
Eggs, number	61.4	61.3	62.0	62.7	247.3	60.9	61.2	**62.1**	**62.8**	**247.1**	**60.8**	**60.1**	**61.7**	**246.5**
Market prices														
Choice steers, 5-area Direct, $/cwt	89.44	96.33	95.47	100.28	95.38	110.07	112.79	114.05	**122-123**	**114.85**	**118-124**	**118-128**	**120-130**	**120-128**
Feeder steers, Ok City, $/cwt	98.73	112.65	112.29	114	109.31	127.20	131.09	134.74	**134-138**	**132.26**	**137-143**	**136-146**	**136-146**	**137-145**
Cutter Cows, National L.E., $/cwt	51.79	58.79	58.90	54.93	56.1	68.66	74.88	66.11	**60-64**	**67.91**	**69-73**	**72-78**	**71-77**	**71-76**
Choice slaughter lambs, San Angelo, $/cwt	103.87	106.17	115.57	141.62	116.81	174.66	157.99	161.13	**163-167**	**164.70**	**156-164**	**150-160**	**150-160**	**153-162**
Barrows & gilts, N. base, l.e. $/cwt	50.41	59.60	60.13	50.11	55.06	59.94	68.80	71.06	**65-66**	**66.32**	**63-67**	**65-71**	**66-72**	**62-67**
Broilers, 12 City, cents/lb	82.2	85	84.5	80	82.9	77.9	82.6	78.8	**77-78**	**79.2**	**79-83**	**80-86**	**82-88**	**80-86**
Turkeys, Eastern, cents/lb	75.6	84.4	97.9	103.7	90.4	90.2	99.9	106.4	**110-111**	**101.7**	**90-94**	**93-101**	**98-106**	**95-103**
Eggs, New York, cents/doz.	126	82.8	93.1	123.2	106.3	105.8	106.6	117.7	**127-128**	**114.4**	**109-115**	**91-99**	**96-104**	**102-109**
U.S. trade, million lb														
Beef & veal exports	478	585	590	646	2,299	633	702	**765**	**665**	**2,765**	**695**	**735**	**700**	**2,775**
Beef & veal imports	573	690	598	436	2,297	461	593	**515**	**460**	**2,029**	**500**	**565**	**535**	**2,090**
Lamb and mutton imports	47	46	31	42	166	50	48	**33**	**43**	**174**	**47**	**45**	**40**	**178**
Pork exports	1,046	1,081	951	1,146	4,224	1,247	1,204	**1,225**	**1,300**	**4,976**	**1,270**	**1,300**	**1,210**	**5,090**
Pork imports	199	204	237	219	859	201	195	**210**	**220**	**836**	**195**	**190**	**210**	**815**
Broiler exports	1,469	1,699	1,643	1,954	6,765	1,530	1,584	**1,950**	**1,800**	**6,864**	**1,650**	**1,700**	**1,750**	**6,900**
Turkey exports	114	136	158	174	582	160	171	**160**	**165**	**656**	**150**	**150**	**155**	**620**
Live swine imports (thousand head)	1,446	1,408	1,479	1,416	5,749	1,452	1,429	**1,400**	**1,435**	**5,716**	**1,460**	**1,430**	**1,400**	**5,725**

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

	2010 III	2010 IV	2010 Annual	2011 I	2011 II	2011 III	2011 IV	2011 Annual	2012 I	2012 II	2012 III	2012 Annual
Milk cows (thous.)	9,126	9,130	9,117	9,165	9,198	9,209	9,220	9,200	9,215	9,200	9,170	9,185
Milk per cow (pounds)	5,267	5,208	21,149	5,283	5,483	5,290	5,260	21,315	5,395	5,540	5,345	21,610
Milk production (bil. pounds)	48.1	47.5	192.8	48.4	50.4	48.7	48.5	196.1	49.7	51.0	49.0	198.5
Farm use	0.3	0.3	1.0	0.2	0.2	0.2	0.2	1.0	0.2	0.2	0.2	1.0
Milk marketings	47.8	47.3	191.8	48.2	50.2	48.5	48.3	195.1	49.5	50.7	48.8	197.6
Milkfat (bil. pounds milk equiv.)												
Milk marketings	47.8	47.3	191.8	48.2	50.2	48.5	48.3	195.1	49.5	50.7	48.8	197.6
Beginning commercial stocks	13.5	12.2	11.3	10.9	12.1	13.4	12.4	10.9	11.2	13.0	14.6	11.2
Imports	1.0	0.9	4.1	0.8	0.7	0.8	1.0	3.3	0.8	0.7	0.7	3.2
Total supply	62.3	60.4	207.2	59.9	63.0	62.6	61.7	209.3	61.5	64.5	64.1	212.0
Commercial exports	2.4	2.2	8.3	2.5	2.7	2.2	1.9	9.3	2.0	2.2	2.2	8.6
Ending commercial stocks	12.2	10.9	10.9	12.1	13.4	12.4	11.2	11.2	13.0	14.6	13.6	11.5
Net removals	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	47.7	47.3	187.8	45.3	47.0	48.0	48.5	188.8	46.5	47.7	48.3	191.9
Skim solids (bil. pounds milk equiv.)												
Milk marketings	47.8	47.3	191.8	48.2	50.2	48.5	48.3	195.1	49.5	50.7	48.8	197.6
Beginning commercial stocks	12.7	12.5	11.3	12.3	11.9	12.9	12.3	12.3	12.2	12.3	12.9	12.2
Imports	1.3	1.3	4.8	1.3	1.2	1.3	1.5	5.3	1.3	1.3	1.2	5.2
Total supply	61.7	61.0	208.0	61.7	63.3	62.7	62.1	212.7	63.0	64.3	62.9	214.9
Commercial exports	8.4	8.7	32.1	8.4	8.4	8.6	8.2	33.6	7.9	8.1	8.0	31.9
Ending commercial stocks	12.5	12.3	12.3	11.9	12.9	12.3	12.2	12.2	12.3	12.9	12.3	12.1
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	40.9	40.0	164.0	41.5	42.0	41.7	41.7	166.9	42.8	43.4	42.6	171.0
Milk prices (dol./cwt) 1/												
All milk	16.80	17.70	16.29	18.73	20.13	21.67	19.70-19.90	20.05-20.15	18.85-19.35	17.45-18.25	17.90-18.90	18.10-18.90
Class III	15.06	15.40	14.41	16.63	17.50	20.71	18.50-18.70	18.30-18.40	17.45-17.95	16.25-17.05	17.25-18.25	16.90-17.70
Class IV	16.04	16.29	15.09	18.08	20.37	20.00	17.50-17.80	18.95-19.15	16.45-17.05	16.30-17.20	16.35-17.45	16.35-17.25
Product prices (dol./pound) 2/												
Cheddar cheese	1.587	1.614	1.523	1.708	1.751	2.041	1.785-1.805	1.820-1.830	1.690-1.740	1.605-1.685	1.710-1.810	1.675-1.755
Dry whey	0.362	0.373	0.372	0.425	0.499	0.570	0.623-0.643	0.525-0.535	0.600-0.630	0.535-0.565	0.535-0.565	0.535-0.565
Butter	1.915	1.955	1.702	1.990	2.052	2.030	1.710-1.750	1.935-1.965	1.585-1.665	1.615-1.725	1.615-1.745	1.605-1.715
Nonfat dry milk	1.174	1.183	1.169	1.373	1.611	1.578	1.445-1.465	1.495-1.515	1.380-1.420	1.350-1.410	1.355-1.425	1.360-1.420

1/ Simple averages of monthly prices. May not match reported annual averages.
2/ Simple averages of monthly prices calculated by the Agricultural Marketing Service for use in class price formulas. 'Based on weekly "Dairy Product Prices", National Agricultural Statistics Service. Details may be found at http://www.ams.usda.gov/dyfmos/mib/fedordprc_dscrp.htm

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