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Livestock, Dairy, and Poultry Outlook

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New Year, Same Drought, and Continued Negative Impacts on Cattle Sector

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Tables will be released
on Jan 29, 2013

The next newsletter
release is Feb 14, 2013

Approved by the
World Agricultural
Outlook Board.

Beef/Cattle: As the drought continues, potential for more cow liquidation increases and prospects for herd rebuilding deteriorate. Drought-affected pastures could result in further placements of lightweight feeder cattle in feedlots and further reduce the supply of heavy feeder cattle for placement. Negative packer margins and record high retail beef prices could dampen rising fed cattle prices.

Beef/Cattle Trade U.S. beef exports through November were nearly 12 percent lower, while imports increased over the same period by over 8 percent.

Pork/Hogs: The December Quarterly Hogs and Pigs report indicated a stable to slightly higher inventory of breeding animals, despite higher feed costs. Litter rates for the fourth quarter of 2012 achieved a record high of 10.15 pigs per litter. Slightly higher pork production is forecast for 2013: almost 23.3 billion pounds, up 0.16 percent from 2012. November U.S. pork exports were 7.5 percent lower than a year ago. Year-over-year lower shipments to Japan and China accounted for much of the reduction.

Poultry: Broiler meat production totaled 3.0 billion pounds in November, up 3.4 percent from the previous year. The broiler production forecast for 2013 was increased to 36.8 billion pounds, up about 350 million pounds from the previous estimate and fractionally lower than in 2012. Total turkey cold storage holdings were 258 million pounds at the end of November, an increase of 33 percent from a year earlier. The higher stocks in November, plus higher meat production expected in 2013, brought on an increase in ending stocks in 2013. Ending stocks estimates for each quarter were increased by 20 million pounds. With prices continuing strong, although lower than earlier in the fourth quarter, table egg producers are expected to continue to expand output. The table egg production forecast was increased in three of the four quarters in 2013. The revised total for 2013 is 6.7 billion dozen eggs, about 1 percent higher than in 2012.

Poultry Trade: Broiler, turkey, and egg shipments were up from a year ago. Broiler exports in November totaled 630.6 million pounds, an increase of 4 percent, while turkey exports totaled 77 million pounds, a 12-percent increase from a year ago. Egg exports totaled 24.1 million dozen in November 2012, an increase of 12.1 percent from last November.

Dairy: Cow numbers were increased fractionally from last month's forecast, raising the 2013 production estimate. Prices for cheese and butter were lowered given weaker demand prospects. Milk prices were reduced as lower forecast cheese and butter prices more than offset higher nonfat dry milk and whey prices.

Cow Liquidation at Rates not Seen Since Mid-1980s

Annual 2012 commercial cow slaughter is expected to be below slaughter in 2011. This level of slaughter would represent 16.8 percent of the January 1, 2012 total cow inventory and is near the 17.1 percent for 2011, both of which exceed the 16.2 percent for 2010—and, more significantly, the 16.3 percent for 1996, when a summer drought and a spike in corn prices set off an extended period of cow-herd liquidation. Prior to the 1996 liquidation rate, the highest rates of cow slaughter since 1980 occurred in 1984 (17.8 percent of January 1 cow inventory) and 1986 (17.7 percent). For most of 2012, dairy cows accounted for a larger proportion of slaughter, although drought throughout the year also motivated a steady stream of beef cows going to slaughter. Unlike the last several years when beef cows represented unusually large shares, dairy cow slaughter during at least the last part of 2012 was atypically high, largely due to the effects of high feed costs and other factors on profit margins.

One possible offset to the effects of high levels of commercial cow slaughter on the breeding herd is the potential for heifers to be retained to replace the cows going to slaughter. Heifers, being generally smaller and less expensive to feed than cows, and ideally having better genetics than the cows they replace, should produce bigger, better calves (although there can be some offsets related to heifer calving and rebreeding). The heifer share of total commercial steer and heifer slaughter has declined from 37.1 percent through November 2011 to about 36.4 percent through November 2012. On an annual basis from 2007 through 2011, the share had been running between 37 percent (2011) and 37.7 percent (2007). Lower shares imply more heifers are being retained for cow-herd replacements. The National Agricultural Statistics Service Cattle report to be released on February 1 will provide information about heifer retention, along with changes in cow inventories.

The prevalence of drought-reduced pastures over most of the central United States was thought to be a key factor affecting retention of feeder cattle for growth to heavier weights. Consistent with this logic, placements of the lightest (under 600 pounds) feeder cattle in feedlots in 2011 and recently in 2012 have been above historical levels.

Although consistent with the dogma of placing heavy cattle when feed prices are high—as has been the case for 2012 and will likely continue to be through the current corn-crop year, the continued placement of heavy feeder cattle in feedlots of 1,000 head or more has been surprising. While not as large as that of third-quarter 2008-10, the over-800-pound share of total placements during the third quarter of 2012 was well above historical levels. The share of total placements of heavy cattle during October-November 2012, 24.7 percent of total placements, was above the next highest October-November placement shares (in 2009) and above the 10-year average. The placements of both the lightest and heaviest feeder cattle during the last half of 2012 has led to a distribution of placements of feeder cattle in feedlots of 1,000 head or more that is more heavily weighted at both ends—more bimodal—than is typical. The number of feeder cattle on small grains pastures in the Southern Plains States—which will give some indication of the potential for heavy weight

feeder cattle placements in March—will be among the information in the NASS Cattle report released February 1.

Dressed Weights Positive for Beef Production

Commercial beef production in 2012 was likely down just over 1 percent from production in 2011. Despite slaughter that was down almost 4 percent, commercial dressed weights have averaged almost 18 pounds per carcass heavier than in 2011. Federally inspected steer weights through November 2012 averaged 17 pounds per carcass above same-period 2011 weights, and average dressed weights for federally inspected heifers and cows were 18 pounds and 12 pounds heavier year over year. This increase in steer and heifer weights may in part be a function of the growing use of ractopamine and other beta-agonists in cattle feeding. Cow weights are likely higher for two reasons: (1) more dairy cows—which are generally heavier—have been in the cow slaughter mix, and (2) as producers continue to cull cows, they are likely culling better (potentially heavier) cows than they were a year or 2 ago.

A number of factors are potentially affecting cattle and beef markets adversely—e.g., record-high retail Choice and All-fresh beef prices in November, concerns about consumers' disposable income, prospects for higher pork production, adequate supplies of poultry, and the near-term prospects for continuing negative beef-packer margins. It is difficult to see how fed cattle prices can go much higher except at the expense of a significant reduction in slaughter numbers. December 2012 retail Choice and All-fresh beef prices, at \$5.12 and \$4.77, were already below November 2012 prices.

Beef/Cattle Trade

U.S. Beef Export Levels Expected To Remain Steady in 2013

Through November, U.S. beef exports were 12 percent below year-earlier levels, with reductions to date due, in part, to both decreased domestic supply and higher prices. Much of the reduction in U.S. exports has been to North American trading partners and to some major Asian trading partners, mainly South Korea. Exports to Canada and Mexico were 8 and 27 percent lower than those a year earlier, respectively, and exports to South Korea were 22 percent lower, while exports to Japan through November were only fractionally below year-earlier levels. Through November, U.S. beef exports to Vietnam and Hong Kong have maintained momentum this year, 4 and 17 percent higher year-over-year, respectively. U.S. beef export totals for 2012 are expected to be 2.484 billion pounds, or 11 percent below year-earlier levels. Exports for 2013 are expected to be about 1 percent lower, at 2.45 billion pounds. Strong foreign demand amid a continuing contraction in the U.S. cattle herd is expected to tighten U.S. beef consumption even further.

U.S. Beef Imports Expected To Grow due to Tightened Domestic Beef Supply

U.S. beef imports through November were 8 percent higher than a year ago, aided by increased supplies from Oceania. Imports were higher year-over-year from Australia, New Zealand, Mexico, and some South American countries. Beef imports from Australia and New Zealand were 46 and 7 percent higher, year-over-year. Imports from Mexico were 56 percent higher, and those from Uruguay and Brazil also increased. However, imports from Canada and some Central American countries have decreased. Beef imports from Canada were 20 percent lower through November, not surprising given Canada's contraction in cattle herd numbers. Yearly imports for 2012 are expected to total 2.232 billion pounds, nearly 9 percent higher than a year ago. Import levels are also expected to grow further in 2013 to 2.565 billion pounds—a nearly 15-percent increase

December Hogs and Pigs Report: Breeding Inventory Slightly Higher than a Year Ago; Fourth-Quarter Litter Rate Up Strongly.

The Quarterly Hogs and Pigs report released by USDA on December 28th told pork industry observers two important things about the direction of hog production in 2013: first, that U.S. breeding inventories have not declined, despite very high feed costs; and secondly, that U.S. litter rates have not yet topped out. Relatively strong fourth-quarter 2012 litter rate gains could well extend into 2013.

The report estimated the December 1st inventory of all hogs and pigs to be down fractionally from a year earlier: -0.02 percent. The inventory of market animals declined slightly (-0.04 percent). However, the inventory of breeding animals was slightly higher than a year earlier by 15,000 head. In the current market environment of high feed costs, the breeding herd could have been expected to decline; the fact that it did not suggests that pork producers are assuming that high feed costs are temporary, and that pork demand in 2013 will continue strong. Even in light of USDA's Grain Stocks report, released on January 11, hog producers' apparent assumptions are supported by calculated spreads between live hog prices and feed costs based on USDA price forecasts for 2013. These calculations show a negative spread in the first quarter of 2013, followed by positive spreads for the remaining three quarters of the year. Spreads calculated with current futures market prices show positive quarterly spreads between lean hog prices and feed costs for all quarters of 2013 and for the first two quarters of 2014. It is likely that the stable to slightly higher December inventory of breeding animals reflects producer expectations for lower feed costs—from higher expected 2013 corn production in particular—and for higher average hog prices in 2013, bolstered by declining beef production.

Litter rates for the September-November (fourth) quarter were record-high: 10.15 pigs per litter (ppl). While causal factors are difficult to pinpoint, increases in litter rates likely derive from continued producer adoption of improved genetics, animal handling technology, and enhanced barn management practices. What all this likely means, is that producers are more willing to save pigs that would have died in the past.

A question frequently asked is: How high can litter rates go? Another is: Are U.S. rates reaching their maximum? Given that genetics, technology, and management practices are continually changing, it is probably safe to say that litter rates have not topped out. Even with the current technology and management—which is largely transferable among countries—litter rates in other countries are ahead of those in the United States. Canadian litter rates, in particular, show that there is still room for growth in the United States.

The figure below shows recent quarterly litter rates of the United States and Canada. For the period 2006-2012, the average litter rate for the United States was 9.59 ppl. For Canada, between 2006 and the second quarter of 2012, the average litter rate was 10.02 ppl, a difference of less than half a pig. Part of the difference may be attributable to more favorable climatic conditions, and the ability to space operations at greater distances than in the United States (as in the prairie provinces—Manitoba, in particular, where litter rates have been +11 ppl since early

2011). Differences in labor markets, work rules, and management practices might also account for some of the productivity difference.

Given producer farrowing intentions indicated in the December report, together with expectations for continued growth in pigs per litter, slightly higher pork production is forecast in 2013. Stronger litter rates are expected to more than offset any year-over-year farrowing reductions. A small increase in the 2013 pig crop will most likely lead to slightly higher slaughter, which is expected to more than offset small reductions in year-over-year estimates for average dressed weights. U.S. pork production in 2013 is thus expected to be minimally higher than in 2012: almost 23.3 billion pounds, up less than 1 percent from 2012.

November Exports Lower than a Year Ago

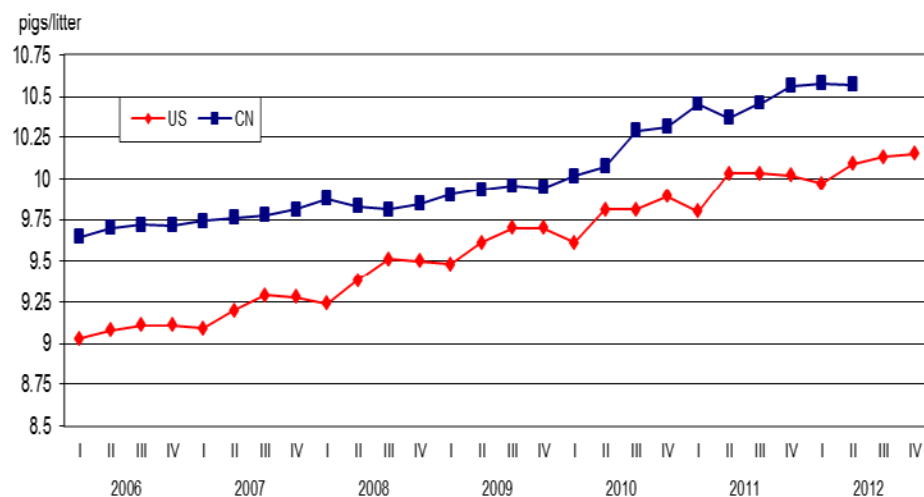
Almost 467 million pounds of U.S. pork were exported in November, a quantity 7.5 percent below November 2011. A table of the 10 largest foreign destinations for U.S. pork products for the January-November 2012 period is listed below. As the table suggests, lower shipments to Japan and China in November largely account for the year-over-year decline. With respect to Japan, Japanese Government data indicates that imports of pork and beef from all sources were lower in November. Part of the reason for lower red meat imports was likely the sharp depreciation of the Japanese yen that began in October.

When exchange rates depreciate, imported goods tend to become more expensive in local currency terms. Analysis from Oxford Economics notes that the Japanese economy had slipped back into recession in the third quarter of 2012 and is expected to grow at a rate of less than 1 percent in 2013.

Ten largest foreign destinations for U.S. exported pork, November 2012, and Cumulative Volumes

		2012	2011	Percent	2012	2011	Percent	2012	2011
		November	November	Change	Cumulative	Cumulative	Change	Export	Export
		Exports	Exports		Exports	Exports		Share	Share
		Million lbs.	Million lbs.	(2012/2011)	Million lbs.	Million lbs.	(2012/2011)	%	%
	World	467	505	-7.5	4,957	4,696	5.6		
1	Japan	109	121	-10	1280	1355	-6	26	29
2	Mexico	101	93	8	1059	922	15	21	20
3	China\H.K.	56	136	-59	723	709	2	15	15
4	Canada	57	48	19	536	456	18	11	10
5	S.Korea	42	30	41	370	417	-11	7	9
6	Russia	27	15	75	274	186	47	6	4
7	Australia	16	13	18	183	174	5	4	4
8	Philippines	8	6	21	93	98	-5	2	2
9	Honduras	5	6	-25	50	52	-3	1	1
10	Colombia	6	5	11	46	27	68	1	1

U.S., Canada quarterly litter rates, 2006-2012*



Source: USDA/NASS: <http://usda.mannlib.com/ell/MannUsda/viewDocumentInfo.do?documentID=1086>.

Statistics Canada. Hog Statistics. *(This quarterly publication was discontinued after the August 2012 release; semi-annual publication to resume in February 2013).

November Broiler Production Up 3 Percent

Broiler meat production totaled 3.0 billion pounds in November, up 3.4 percent from the previous year. Over the first 11 months of 2012, broiler meat production reached 34.2 billion pounds, only 0.5 percent lower than during the same period in 2011. The November increase in broiler meat production was due to both an increase in the number of birds slaughtered and their average weight. Total broiler slaughter was 674 million birds, an increase of 1.2 percent from November 2011. The average weight at slaughter was also higher, rising to 5.95 pounds, an increase of 2.2 percent from a year earlier. Even with the November increase in average weights, the average weight over the first 11 months of 2012 was 5.85, up less than 1 percent from the previous year. In 2011, average weights rose 1.8 percent from a year earlier.

With growing hatchery production and anticipated higher weights, the broiler meat production forecast for 2013 was increased to 36.8 billion pounds, an increase of about 350 million pounds from the previous estimate and fractionally lower than in 2012. The increase will be heavily dependent on more normal crop and grain growing conditions resulting in steady or slightly declining prices for broiler feeds.

The number of chicks placed for growout over the last 5 weeks has been 0.6 percent higher than during the same period a year earlier. On a monthly basis, the number of chicks placed for growout in November was 693 million, down 1.3 percent from a year earlier. The number of chicks placed has been lower than the previous year in 10 of the first 11 months of 2012.

Broiler Stocks Rise in November

At the end of November broiler stocks were 649 million pounds, up 4.8 percent from the same time in 2011. Broiler stocks were lower than the previous year during the first 10 months of 2012, but higher production in the fourth quarter has resulted in growing cold storage holdings. Changes in cold storage holdings for individual broiler products varied widely. Holdings for whole birds were down sharply, 29 percent lower than a year earlier. Holdings were also lower for items like breast meat, thighs, thigh meat, and drumsticks. These declines in cold storage holdings were more than offset by higher stocks of leg quarters (up 18 percent), legs (up 59 percent), and a strong increase in wing stocks to 74.8 million pounds (56 percent higher).

With stronger broiler meat production expected in fourth-quarter 2012 and into 2013, the forecasts for ending stocks were increased. For 2012, they were increased to 650 million pounds (up 25 million pounds) and the estimate for first-quarter 2013 was also increased by 25 million pounds to 575 million.

Broiler Prices Generally Higher

Even with higher production expected in fourth-quarter 2012, on a year-over-year basis, wholesale prices for many broiler parts in December were higher than a year earlier. Many of the price changes reflect ending stocks changes described earlier, but there are some strong exceptions. With stocks down sharply, prices of whole

birds in December averaged \$0.98 cents per pound, up 21 percent from a year earlier. This same relationship can be seen for breast meat products, where stocks were down and prices for boneless/skinless breasts rose. One large exception was for wings: Wing stocks at the end of November were 56 percent higher than the previous year, but prices in December averaged \$1.90 per pound, 26 percent above where they were in 2011. In the past, wholesale wing prices have gradually strengthened in the fall, peaked in late January or early February, and then declined. In 2012, wing prices remained strong all year, ranging from \$1.76 to \$1.91 per pound. With higher stock levels to start 2013, but somewhat lower production expected in the first half of the year, support is expected for higher broiler prices, especially with lower production also expected for beef products.

Turkey Production Rises Slightly in November

Turkey meat production in November totaled 515 million pounds, up only 0.8 percent from the previous year. Over the first 11 months of 2012, turkey production totaled 5.5 billion pounds, 3.6 percent above the same period in 2011. Turkey production in fourth-quarter 2012 is estimated at 1.55 billion pounds, an increase of 3.7 percent from the same period in 2011. With relatively higher turkey hatchery numbers, the estimates of turkey meat production for 2013 were also increased. The total for 2013 is now forecast at 6 billion pounds, which would be up fractionally (0.3 percent) from the 2012 estimate of 5.98 billion pounds.

In November the number of turkeys slaughtered was 22.2 million, down 3 percent from the previous year. However, the average live weight rose to 28.9 pounds per bird, a gain of 3.3 percent from November 2011. On a year to date basis over the first 11 months of 2012, the number of turkeys slaughtered totaled 232 million, or 2 percent higher than the same period in 2011. The average weight through November was also higher at 29.8 pounds, a gain of 1.4 percent over the same period the previous year.

Turkey Stocks Reach 258 Million Pounds

Total turkey cold storage holdings were 258 million pounds at the end of November, an increase of 33 percent from a year earlier. The gains were from higher cold storage holdings of both whole birds and turkey products. Whole bird cold storage holdings totaled 75 million pounds, an increase of 52 percent from a year earlier. The higher stock levels are expected to place some downward pressure on whole turkey prices, although prices traditionally decline after the Thanksgiving holiday. Stocks of turkey products also increased in November to 183 million pounds, 26 percent higher than a year earlier. Stocks increased in almost all categories, but the largest increase was for breast meat, which rose to 49 million pounds, 64 percent higher than in November 2011. The higher stocks in November, plus higher meat production expected in 2013, resulted in an increase in ending stocks in 2013. Ending stocks in each quarter were increased by 20 million pounds.

Turkey Prices Lower

Wholesale whole bird prices averaged \$0.99 per pound in December, down 7 percent from the previous year, not a particularly sharp decline considering the

strong increase in cold storage holdings. Prices for whole birds had peaked in September at \$1.11, and in October prices dropped lower than in the same period the previous year, the first time this had happened in 2012.

Prices for boneless/skinless breast meat were \$1.83 per pound in November, down 30 percent from the previous year and a reflection of the large increase in breast meat stocks. Prices for many other turkey products also declined, with prices for turkey wings declining the most, dropping to \$0.45 per pound or 52 percent lower than the previous year.

Egg Production Higher

Table egg production showed a strong increase in November to 571 million dozen, up 3.7 percent from the previous year, as good prices during most of the fall likely encouraged producers to expand production. The increase in production was a combination of more hens in the table egg flock (up 2.8 percent) and a slightly higher average rate of lay (up 0.9 percent to 23.4 eggs per month). With continued strong prices, although lower than earlier in the fourth quarter, producers are expected to continue to expand output and the table egg production forecast was raised for three of the four quarters in 2013. The revised total for 2013 is 6.7 billion dozen, about 1 percent higher than in 2012.

While table egg production has expanded, production of hatching eggs continues lower than the previous year. Production of broiler-type eggs for hatching totaled 78 million dozen, down 1 percent from a year earlier. Lower broiler production in the first three quarters of 2012 has reduced the demand for broiler-type hatching eggs. Over the first 11 months of 2012, production of these eggs was lower than in the same the month the previous year. However with broiler production strengthening in 2013, the total hatching egg estimate was increased to 1.04 billion dozen, up just over 1 percent.

Eggs Prices Lower in December

Egg prices averaged \$1.32 per dozen in December, down from \$1.35 per dozen in November and down about 9 percent from the previous year, but still historically strong. Prices in fourth-quarter 2012 averaged \$1.29 per dozen, only slightly lower than for fourth-quarter 2011. With a slightly stronger economy and the Easter holiday coming at the end of the first-quarter in 2013, prices are expected to remain relatively strong through the end of March and average \$1.21 to \$1.25 per dozen for the first quarter. This is considerably higher than first-quarter 2012, when prices averaged just under \$1.09 per dozen.

Broiler Shipments Remained Strong in November

Broiler shipments in November 2012 rose from a year earlier, totaling 630.6 million pounds and exceeding the previous November shipments by 4 percent. The primary reason for this increase was strong demand from Mexico, Angola, and Cuba, three of the U.S. top five markets. As exports remained low, Mexico continued its dominance as the leading broiler market for the U.S. In November 2012, the U.S. exported 111.9 million pounds of broiler meat to Mexico, a 39.5-percent increase from last November. Among the reasons for the growth in exports to Mexico are improvement in the economy and competitive U.S. leg quarter prices.

Angola is another market that contributed notably to November's increase in broiler shipments. Over 57.2 million pounds of broiler meat were shipped to Angola in November, the second largest amount on record for that country and over 156 percent more than in November 2012. In addition to Mexico and Angola, broiler shipments to Cuba were also strong, increasing by almost 12.2 million pounds in November 2012 from a year ago.

Turkey Shipments Continue Strong in November

Turkey shipments totaled 77 million pounds in November 2012, up 12 percent from a year ago. The chief source of increased turkey shipments is strong demand for turkey parts. Mexico remains the largest market for the U.S. turkey, accounting for over 50 percent of total U.S. turkey exports. However, shipments to other markets such as China, Canada, and the Philippines were up strongly in November 2012 compared with a year ago. China imported over 8.2 million pounds of turkey meat in November 2012, a 61-percent increase from last year, while exports to Canada and the Philippines increased 30 and 129 percent, respectively, from a year ago.

Egg and Products Shipments Up in November

Egg exports in November 2012 were up 12.1 percent from a year ago. A total of 24.1 million dozen eggs were shipped. November's increase in total egg shipments is partly due to Mexico's strong dependence on the U.S. to supply the eggs lost in the June 2012 Avian Influenza outbreak that occurred at two layer farms in Jalisco and the poultry that were depopulated in the State of Aguascalientes.

Approximately 1.7 million dozen more eggs and products were shipped to Mexico in November 2012 than a year earlier—accounting for 64 percent of the total increase in U.S. exports in November 2012. Shipments to Hong Kong and the United Arab Emirates were also up 10.3 and 250 percent, respectively, from last November.

2013 Milk Production Inches Upward from Earlier Forecasts; Milk Prices Slip

Corn price forecasts were unchanged in the January World Agricultural Supply and Demand Estimates after being lowered in December. Corn prices for 2012/13 are forecast at \$6.80-\$8.00 per bushel. However, soybean meal prices were lowered slightly in the January forecast to \$430 - \$460 per ton. According to the December Agricultural Prices report, the December price for alfalfa hay was \$217 per ton, changing little from November's reported price but still above year-earlier prices. Until the end of December, weekly dairy cow slaughter has been above year-earlier levels and the 3-year average since early in 2012, yet dairy cow numbers for much of 2012 remained above 2011. Along with steady replacement heifer prices, this high slaughter rate suggests some herd freshening among producers. Expectations of moderating feed prices, down from last summer's drought-induced highs, led to slightly higher 2013 forecast dairy cow numbers in January. The dairy herd is expected to average 9,135 million head for 2013. Yield per cow is forecast at 21,880 pounds per cow, unchanged from December. Production for 2013 is projected at 199.9 billion pounds, up slightly from last month based on the higher expected cow numbers.

Imports for 2013, on a fats basis, were raised to 4 billion pounds based on higher expected cheese and butterfat imports. Imports on a skims-solids basis were unchanged from December at 5.4 billion pounds. Exports were raised on both a fats and skims-solids basis, to 9.0 billion pounds and 33.6 billion pounds, respectively. Fats basis exports were raised on stronger expected cheese sales, while the skims-solids export forecast increase is based on expected strong demand for nonfat dry milk (NDM) and whey.

Ending stocks for 2013 were raised to 11.3 billion pounds on a fats basis and to 11.7 billion pounds on a skims-solids basis. The increased stocks forecast is based on the higher forecast 2013 milk production and slightly less robust demand.

Prices for cheese and butter were lowered this month based on current price weakness and apparent slow demand. Meanwhile, prices for NDM and whey were raised based on current price strength and expected strong export demand for dry products. The 2013 cheese price was lowered from December to \$1.710-\$1.790 per pound, and butter prices were lowered from December to \$1.535-\$1.645 per pound. The NDM price is forecast at \$1.455-\$1.515 per pound, up from last month. The whey price is expected to be 61.0-64.0 cents per pound this year. The Class III milk price was reduced to \$17.65-\$18.45 per cwt this month as the lower forecast cheese price countered the higher expected whey price. Similarly, the Class IV price was lowered this month to \$16.90-\$17.80 per cwt as weaker butter prices more than offset the higher expected NDM price. The all milk price was reduced to \$18.85-\$19.65 per cwt.



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Data Products

Meat Price Spreads, <http://www.ers.usda.gov/data-products/meat-price-spreads.aspx>, 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-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>
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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	IV	Annual
Production, million lb																				
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	6,584	6,575	25,917	6,170	6,330	6,300	6,005	24,805
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	5,631	6,240	23,248	5,725	5,515	5,675	6,370	23,285
Lamb and mutton	43	40	39	42	164	36	40	36	37	149	39	39	39	39	156	38	38	37	38	151
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	9,372	9,100	36,939	9,000	9,200	9,300	9,300	36,800
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	1,480	1,550	5,981	1,450	1,500	1,475	1,575	6,000
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	23,272	23,659	92,882	22,530	22,747	22,951	23,444	91,672
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	1,668	1,715	6,678	1,675	1,660	1,675	1,725	6,735
Per capita disappearance, retail lb 2/																				
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	14.5	14.2	57.4	13.9	14.1	13.9	13.4	55.4
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	11.2	12.4	45.6	11.1	10.9	11.4	12.3	45.6
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	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.9
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	20.3	19.6	80.3	19.8	20.1	20.1	20.0	80.1
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	4.1	5.0	16.1	3.7	3.8	3.8	5.2	16.6
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	50.6	51.8	202.1	49.1	49.5	49.9	51.6	200.2
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	61.9	63.2	248.0	62.5	61.6	62.1	63.7	250.0
Market prices																				
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	120.91	119.69	125.54	122.86	124-130	124-132	125-135	127-137	125-134
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	143.40	146.39	140-146	140-148	144-154	149-159	143-152
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	73.81	77.71	76-78	79-83	78-84	77-81	77-82
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	89.84	112.88	97-103	90-100	90-100	95-105	93-102
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	58.63	60.88	61-63	65-69	64-70	55-59	61-65
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	87.40	85.1	82	92.1	86.6	95-99	90-96	87-95	87-95	90-96
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	106.1	105.6	96-100	98-106	102-110	104-112	100-107
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	129.4	117.4	121-125	104-112	101-109	118-128	111-119
U.S. trade, million lb																				
Beef & veal exports	478	585	590	646	2,299	633	702	766	683	2,785	558	625	651	650	2,484	595	650	630	575	2,450
Beef & veal imports	573	690	598	436	2,297	461	593	548	454	2,057	582	669	516	465	2,232	625	680	655	605	2,565
Lamb and mutton imports	47	46	31	42	166	49	48	31	34	162	37	38	38	41	154	45	40	35	45	165
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	1,252	1,500	5,498	1,400	1,325	1,260	1,500	5,485
Pork imports	199	204	237	219	859	201	195	194	213	803	207	191	198	210	806	205	195	200	200	800
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	1,867	1,800	7,195	1,725	1,700	1,825	1,800	7,050
Turkey exports	114	136	158	174	582	159	171	173	199	703	181	185	216	210	792	180	180	185	185	730
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	1,387	1,445	5,717	1,375	1,350	1,350	1,455	5,530

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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1/15/2013

Dairy Forecasts

	2011		2012					2013				
	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thous.)	9,216	9,194	9,254	9,257	9,215	9,185	9,230	9,155	9,145	9,130	9,115	9,135
Milk per cow (pounds)	5,279	21,346	5,513	5,562	5,285	5,315	21,675	5,430	5,610	5,425	5,415	21,880
Milk production (bil. pounds)	48.7	196.2	51.0	51.5	48.7	48.8	200.0	49.7	51.3	49.5	49.4	199.9
Farm use	0.2	1.0	0.2	0.2	0.2	0.2	1.0	0.2	0.2	0.2	0.2	1.0
Milk marketings	48.4	195.3	50.8	51.2	48.5	48.6	199.0	49.5	51.1	49.3	49.1	198.9
Milkfat (bil. pounds milk equiv.)												
Milk marketings	48.4	195.3	50.8	51.2	48.5	48.6	199.0	49.5	51.1	49.3	49.1	198.9
Beginning commercial stocks	12.3	10.8	10.9	13.3	14.3	12.8	10.9	10.8	12.6	14.6	13.7	10.8
Imports	1.2	3.5	0.9	0.9	1.0	1.3	4.0	1.0	1.0	0.9	1.1	4.0
Total supply	62.0	209.6	62.5	65.4	63.8	62.7	214.0	61.2	64.6	64.8	63.9	213.7
Commercial exports	2.1	9.4	2.2	2.8	2.0	1.9	8.9	2.1	2.3	2.4	2.2	9.0
Ending commercial stocks	10.9	10.9	13.3	14.3	12.8	10.8	10.8	12.6	14.6	13.7	11.3	11.3
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	49.0	189.2	47.1	48.3	48.9	50.0	194.3	46.5	47.7	48.7	50.4	193.4
Skim solids (bil. pounds milk equiv.)												
Milk marketings	48.4	195.3	50.8	51.2	48.5	48.6	199.0	49.5	51.1	49.3	49.1	198.9
Beginning commercial stocks	12.2	12.2	11.8	12.5	12.2	11.3	11.8	11.1	11.6	12.2	12.0	11.1
Imports	1.4	5.3	1.4	1.4	1.5	1.4	5.7	1.4	1.3	1.3	1.4	5.4
Total supply	62.0	212.7	64.0	65.2	62.1	61.3	216.6	61.9	64.0	62.8	62.5	215.4
Commercial exports	8.2	32.5	8.3	9.0	8.4	8.0	33.7	8.2	8.6	8.5	8.4	33.6
Ending commercial stocks	11.8	11.8	12.5	12.2	11.3	11.1	11.1	11.6	12.2	12.0	11.7	11.7
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	42.0	168.3	43.2	44.0	42.4	42.2	171.7	42.1	43.2	42.3	42.5	170.1
Milk prices (dol./cwt) 1/												
All milk	20.07	20.14	17.97	16.40	18.20	21.53	18.53	19.30	18.75	18.60	18.90	18.85
								-19.70	-19.45	-19.60	-19.90	-19.65
Class III	18.62	18.37	16.28	15.53	17.80	20.17	17.44	17.90	17.70	17.60	17.45	17.65
								-18.30	-18.40	-18.60	-18.45	-18.45
Class IV	17.72	19.04	15.94	13.86	15.87	18.34	16.01	17.05	17.10	16.85	16.65	16.90
								-17.55	-17.90	-17.95	-17.75	-17.80
Product prices (dol./pound) 2/												
Cheddar cheese	1.799	1.825	1.559	1.547	1.773	1.952	1.708	1.725	1.715	1.710	1.700	1.710
								-1.765	-1.785	-1.810	-1.800	-1.790
Dry whey	0.636	0.533	0.646	0.544	0.541	0.643	0.594	0.635	0.615	0.605	0.595	0.610
								-0.655	-0.645	-0.635	-0.625	-0.640
Butter	1.728	1.950	1.499	1.409	1.684	1.785	1.594	1.470	1.550	1.565	1.565	1.535
								-1.540	-1.650	-1.695	-1.695	-1.645
Nonfat dry milk	1.461	1.506	1.368	1.170	1.269	1.505	1.328	1.500	1.470	1.440	1.415	1.455
								-1.540	-1.530	-1.510	-1.485	-1.515

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/dyfm0s/mib/fedordprc_dscrp.htm

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

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