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# Livestock, Dairy, and Poultry Outlook

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## Red Meat Exports Booming

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Tables will be released  
on June 28, 2011

The next newsletter  
release is July 18, 2011

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Approved by the  
World Agricultural  
Outlook Board

**Beef/Cattle Trade:** U.S. beef exports for 2011 are forecast at 2.59 billion pounds—nearly 13 percent higher than 2010. U.S. beef imports are expected to decline nearly 5 percent in 2011 to 2.19 billion pounds. The United States is expected to have a wider net export margin this year than last year. The U.S. net export margin should narrow again in 2012, as beef exports for 2012 are forecast at 2.52 billion pounds and imports at 2.48 billion pounds.

**Pork/Hogs:** Pork exports for 2011 were revised upward to 4.872 billion pounds, up almost 15.3 percent over 2010, due mostly to a greater than expected demand in the first quarter of 2011 from Asian markets like South Korea and China. Tighter than anticipated corn supplies are expected to translate to higher feed costs for producers for the rest of 2011 and into 2012, decreasing the expected dressed weights of hogs. Lighter weights are expected to marginally lower commercial production to 22,615 million pounds in 2011 and 22,910 million pounds in 2012.

**Poultry:** Broiler meat production is expected to total 9.33 billion pounds in second-quarter 2011, up 1.4 percent from a year earlier, but production is expected to be lower in the second half of 2011. Stocks are up from the previous year, but are expected to decline in the second half of the year. Price changes for broiler products in 2011 have been mixed, with breast meat prices down and most leg meat prices higher. Turkey meat production is expected to grow through the first three quarters of 2011, but decline in the fourth quarter.

**Poultry Trade:** Broiler shipments in April 2011 declined, while turkey shipments rose from a year earlier. Broiler shipments totaled 497 million pounds, a 7.6-percent decrease from April 2010 shipments. Turkey shipments totaled 52.8 million pounds, a 23-percent increase from last year.

**Lamb/Mutton:** Choice slaughter lamb prices at San Angelo are expected to remain strong due to the continued tight supplies, but with the seasonal demand of the religious holidays over, prices are expected to ease slightly from their record first-quarter levels.

**Dairy:** Milk production is forecast to continue to rise. This year, continued herd expansion is aiding production. However, next year's forecast production increase will come from higher production per cow; herd size is expected to contract fractionally. This year's export forecasts are revised upward based on year-to-date results. Exports are expected to rise next year as well, helping support milk and dairy product prices, but prices are expected to decline modestly next year as milk production increases.

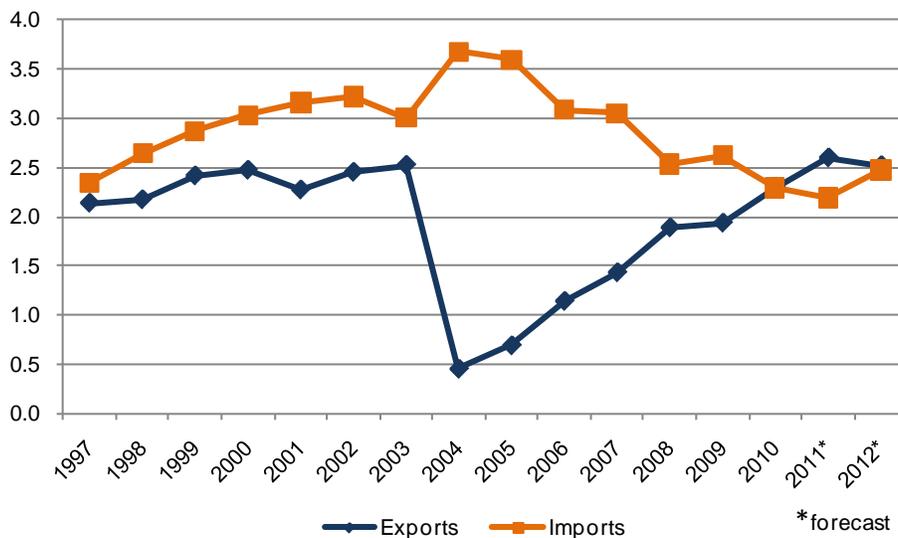
## Beef/Cattle Trade

### *The United States Net Export Margin for Beef To Widen in 2011*

With U.S. beef exports forecast at 2.59 billion pounds this year, the United States will not only export quantities of beef that surpass 2003 levels (pre-BSE), but should have a wider net export margin. U.S. beef exports in 2003 were 2.52 billion pounds. Although the United States has not completely recovered the export share held in the Japanese and South Korean markets pre-BSE, other Asian export markets for U.S. beef, including Taiwan, Vietnam, and Hong Kong, have emerged to conjointly hold an increased share of the U.S. beef export market. Beginning in 2010, other countries such as Egypt and Russia have also been more prominent markets for U.S. beef. Last year the United States had regained 38 and 47 percent of the beef quantities shipped to Japan and South Korea in 2003, and export growth is still expected to continue in the Japanese and South Korean markets into 2012. In value terms, U.S. beef exports had already surpassed 2003 levels in 2010.

#### U.S. beef exports and imports

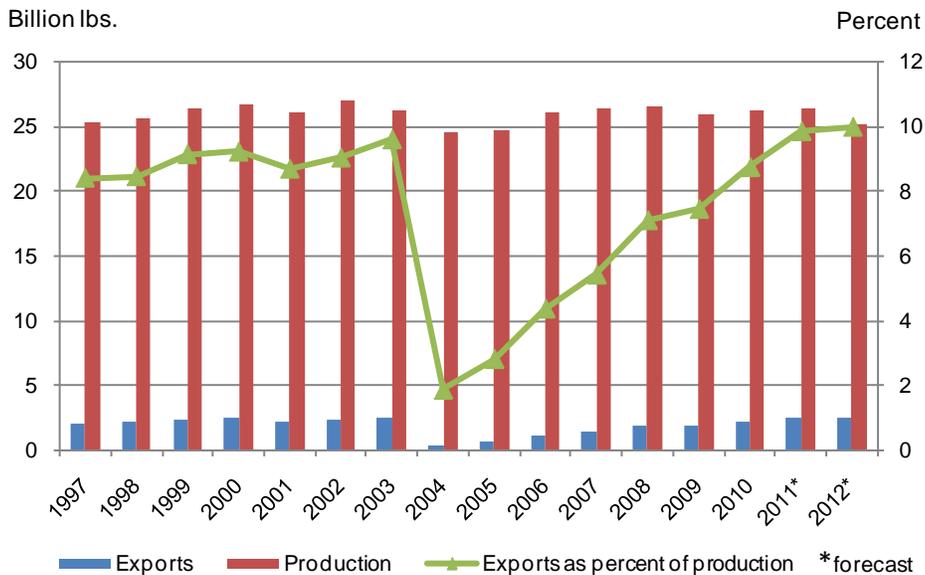
Billion lbs.



Source: USDA, ERS.

As a percent of production, U.S. exports are expected to surpass levels set in previous years. In 2011, U.S. domestic production is forecast at nearly 26.3 billion pounds. Even at higher year-over-year production levels in 2011, U.S. beef exports are expected to be about 9.9 percent of production this year. U.S. beef exports are forecast at 2.52 billion pounds in 2012. The export percentage of production is expected to grow next year to 10.1 percent as domestic production also decreases to 25 billion pounds, or the lowest level since 2005. The last year exports as a percent of production were near the levels forecast for 2011 and 2012 was 2003, when 9.6 percent of U.S.-produced beef was exported.

### U.S. beef production and exports



Source: USDA, ERS.

### ***Beef Imports Not Immune to Declines in the U.S. Dollar Value***

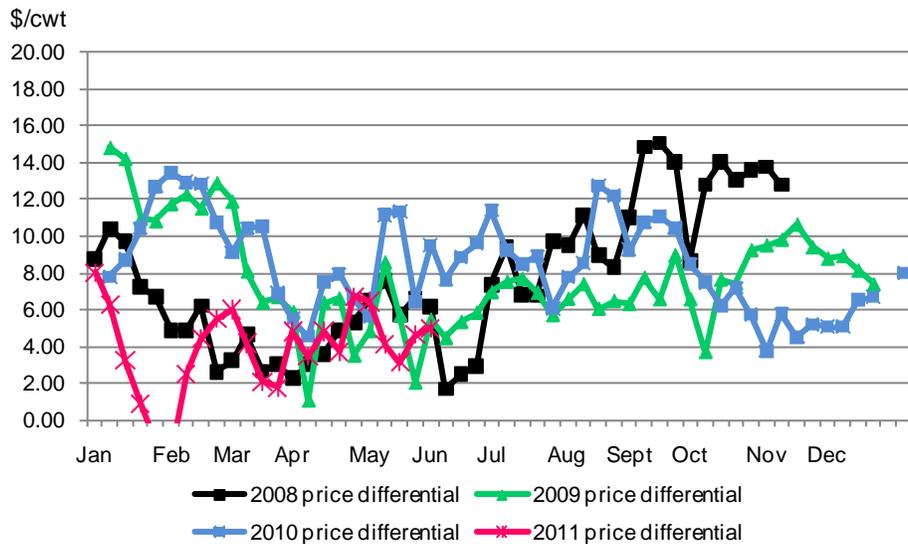
U.S. beef imports for 2011 are forecast at 2.18 billion pounds, about 5 percent below year-earlier levels. Second-quarter imports are forecast at 570 million pounds, or 17 percent below the second quarter of last year. U.S. beef imports have been impeded by the declining dollar value. The U.S. dollar has been on a marked downtrend since May 2010, but last month it hit a new low of .91 AUD/USD against the Australian dollar, and in June it has thus far posted a further low against the New Zealand dollar of 1.22 NZD/USD. Beef imports from Australia and New Zealand through April were 24 and 7 percent below 2010 levels. Total third-quarter imports are forecast at 595 million pounds, or nearly even with year-earlier levels, and fourth-quarter imports are forecast to be 27 percent higher. Beef imports are expected to increase next year to 2.48 billion pounds — or 13 percent higher year-over-year — largely as more product is shipped from Oceania.

### ***Drought in Mexico Pulls Cattle North; Canadian Cattle Imports 40 Percent Lower***

Drought conditions in Mexico have increased the incentive for many producers to export cattle to the United States. The principal forage-producing states of Mexico are facing extreme drought conditions that could endanger animals, particularly if critical rainfall is not received in June and July—the rainy season for major cattle and forage-producing states in Mexico. Given feeder cattle demand in the United States, these lightweight cattle have largely been placed directly into feedlots during the past few months—atypically, as they normally would have grazed forage in the United States before being placed. Large portions of Texas and New Mexico, however, are also experiencing drought conditions. Monthly cattle imports from Mexico through April were 28 percent higher than year-earlier levels according to U.S. Census data. These higher imports have been maintained in recent weeks, as weekly AMS data reports through the first week of June also show cattle imports from Mexico 27 percent higher year-over-year. Weather conditions in Mexico in the summer months will determine the degree of seasonal spike in cattle imports this fall.

Monthly Canadian cattle imports through April were 38 percent below year-earlier levels. Weekly AMS reports show year-over-year Canadian cattle imports declining further into June—nearly 40 percent lower. Thus far in the year, the U.S.-Canadian slaughter cattle price differential has remained well below levels posted in the last 3 years. In April, this differential only began to cross into the range posted in 2009; since May, it has averaged \$3.80/cwt lower than 2010 levels.

**U.S.-Canada slaughter steer price differential (5-area, all grades vs. Alberta, mostly select 1-2)**



Source: USDA, AMS.

### ***Higher Feed Prices Expected To Pressure Hog Weights***

Tight feed supplies are expected to put upward pressure on feed prices through the 2011/12 crop year. Producers may see their profitability slip because of high corn and soybean meal prices. It is expected that these high costs likely will encourage producers to remain as current as possible in marketing their animals to limit the time on feed. As a result, forecast average hog weights for 2011 and 2012 were reduced from May.

Given the reduction in hog weights, the forecast for pork production was reduced slightly for both 2011 and 2012. Commercial pork production estimates for 2011 were reduced by 10 million pounds from May to 22.615 billion pounds, and the forecast for 2012 was lowered by 40 million pounds to 22.91 billion pounds.

### ***Strong Pork Exports Continue in April***

April U.S. pork exports were over 421 million pounds, up about 19.5 percent from year earlier. Second-quarter pork exports are forecast to be almost 1.27 billion pounds, up about 17 percent from the same period a year ago. Annual U.S. pork exports for 2011 were revised upward from May forecasts to 4.872 billion pounds, about 15.3 percent higher than a year ago and are expected to account for 21.5 percent of U.S. commercial pork production.

Larger than expected pork exports are due mostly to the continued low U.S. dollar exchange value vis-à-vis the rest of the world, coupled with Foot and Mouth Disease issues in South Korea and a lack of Asian production capacity to meet demand. Year to date, the five largest destinations of U.S. pork exports continue to be Japan, Mexico, South Korea, Canada, and China. The year-over-year pork export growth in April was due mainly to increases in sales to South Korea, China, and Russia.

April U.S. imports of pork were more than 68 million pounds, up 5.8 percent from a year ago. Second -quarter imports are expected to be 220 million pounds. Year-over-year, April imports from Canada, Denmark, and Italy were higher, while imports from Poland and Mexico were lower. Canada accounted for 76.5 percent of U.S. imports versus 78.7 percent in April 2010.

Live swine imports were 437,000 head in April, down 12.5 percent from last year. Annual live hog imports to the U.S. were revised down slightly to 5,842,000 head. Live swine exports totaled 1,846 head for April, 112 percent higher than a year ago.

### *Broiler Meat Production Down 2 Percent in April*

Total broiler meat production in April 2011 was 2.97 billion pounds, a decrease of 2.3 percent from the previous year. A considerable share of the decline can be attributed to 1 less slaughter day in April 2011. Broiler meat production on a year-over-year basis rose in 3 of the first 4 months in 2011. Processors reported slaughtering 686 million broilers in April 2011, a decrease of 4 percent from the previous year. Partially offsetting this was an increase in the average liveweight at slaughter of those broilers to 5.76 pounds, up 1.4 percent from a year earlier. In addition to the increase in the average liveweight, there was an increase in the average meat yield per bird to 4.33 pounds, a 1.8-percent increase from a year earlier.

With a combination of continued sluggishness of the domestic economy and forecast higher prices for both corn and soybean meal, the broiler meat production estimates for fourth-quarter 2011 and for 2012 were revised downward from the previous month's estimate. The meat production estimate for fourth-quarter 2011 was lowered by 25 million pounds to 9.4 billion pounds. The estimate for first-quarter 2012 was also lowered by 25 million pounds, to 9.36 billion pounds, and the total for 2012 was reduced by 100 million pounds to 38.0 billion pounds.

The number of broiler chicks being placed for growout continues to be only slightly higher than the previous year. Over the last 5 weeks (May 7 to June 4, 2011), the average number of chicks placed per week was 173 million, up only 0.6 percent from the same period in 2010. The slow growth in chick placements -- combined with ongoing reductions in the number of eggs placed in incubators, down 1.8 percent over the last 5 weeks -- is expected to translate into slightly lower broiler meat production in third-quarter 2011. The broiler meat production forecast for third-quarter 2011 is 9.43 billion pounds, down less than 1 percent from the previous year.

Broiler stocks as of the end of April 2011 totaled 707 million pounds, up 16 percent from the previous year and up 46 million pounds (7 percent) from the previous month. Ending stocks for first-quarter 2011 were revised slightly upward, by 1 million pounds, to 661 million pounds, 11 percent higher than a year earlier. Strong gains in production in first-quarter 2011 and a generally sluggish domestic economy have contributed to growing stocks, a situation that is expected to change somewhat in the coming months as gains in production slow and then become negative. The forecasts for ending stocks for the second and third quarters of 2011 were increased. The estimate for second-quarter ending stocks was raised by 45 million pounds to 675 million pounds, and the forecast for ending stocks in the third quarter was increased by 5 million pounds to 650 million pounds.

Since the beginning of 2011, broiler stocks have declined by 66 million pounds. The largest change was a 21-percent drop in the amount of broiler meat in the "other" category, which is the largest single category. Stocks of a number of leg meat products, such as legs, thighs, and thigh meat, have declined since the beginning of 2011, but stocks of drumsticks and leg quarters have increased.

With the downward revisions in broiler meat production, the ending stocks estimate for first-quarter 2012 was reduced to 650 million pounds. The ending stocks estimate for 2012 was lowered to 700 million pounds.

Over the last several months, prices for a number of broiler products have been moving in different directions. Prices of boneless/skinless (B/S) breast meat in the Northeast market, at \$1.31 per pound, were also lower, falling 21 percent from May 2010. However, prices have risen for a number of leg meat products. Prices for leg quarters averaged 49.6 cents per pound in May, up 30 percent from a year earlier. Boneless/skinless thigh meat prices in May also were higher than the previous year, climbing 43 percent to \$1.35 per pound. The May price for B/S thigh meat was 3.7 cents per pound higher than for B/S breast meat. This is a significant change from 2010, when B/S breast meat averaged \$1.65 per pound, 71 cents per pound higher than B/S thigh meat, which averaged \$0.94 per pound.

### ***Turkey Production Slightly Higher in April***

Turkey meat production in April was 456 million pounds, up fractionally from a year earlier. As with broilers, the driving factor in the increase has been higher bird weights. In April the number of birds slaughtered was 19.1 million, down about 0.5 percent from the previous year. This was offset by a 1-percent increase in the average weight at slaughter to 30 pounds. Again, the small increase in turkey meat production in April was in part due to 1 less slaughter day in April 2011 than in the previous year.

Turkey hatchery data shows that the number of eggs in incubators was higher than a year earlier the last 2 months in 2010 and the first 3 months of 2011. Given these increases, the estimate for turkey meat production in second-quarter 2011 was increased by 10 million pounds to 1.43 billion, 3.43 percent higher than the previous year. However, in April and May, the number of eggs in incubators has been lower by 3.8 and 3.6 percent, respectively. With hatchery numbers beginning to decline and grain prices forecast higher, the fourth-quarter 2011 forecast of turkey meat production was lowered to 1.46 billion, down 10 million from the earlier projection. The forecast for first-quarter 2012 was reduced to 1.4 billion pounds, and the total for 2012 was lowered to 5.78 billion pounds.

Although turkey meat production was 4.7 percent higher than a year earlier in first-quarter 2011, cold storage holdings of turkey products were below those of a year earlier. At the end of April, turkey stocks totaled 364 million pounds, down 14 percent from April 2010. Stocks of whole birds, 181 million pounds, accounted for approximately half of the total and were also down 14 percent from a year earlier. However, there was a strong difference between stocks of toms and hens from the previous year. Stocks of toms were 83 million pounds, down 26 percent, while stocks of hens were 98 million pounds, down less than 1 percent. Partially offsetting the lower whole bird stocks were gains in cold storage holdings of mechanically deboned meat (MDM), up 22 percent from a year earlier.

With lower stocks and production, and strong exports, prices for whole birds remain considerably higher than a year earlier. In May, prices for frozen whole hens averaged \$1.00 per pound and prices for frozen whole toms averaged \$1.02 per pound, up 21 and 24 percent, respectively from last year.

In May, the weekly average wholesale price for turkey breasts was approximately \$1.30 per pound, up from about \$1.19 per pound in May 2010. Weekly average drumstick prices were also considerably higher, averaging around \$0.81 per pound, compared with \$0.74 per pound a year earlier (up 9 percent). Prices on a year-over-year basis have also moved higher for turkey wings and B/S breast meat.

### ***Egg Production Slightly Higher in April, 2012 Production Estimates Lowered***

During January to April 2011, the number of hens in the U.S. table egg flock was slightly higher than during the same period in 2010. In April, the flock was estimated at 283 million birds, up fractionally from the previous year. That small increase in the size of the table flock, augmented by an increase in the rate of lay for table egg birds in April, resulted in a 1.0 percent increase in the number of table eggs produced in April to 546 million dozen.

While the production estimates for the second half of 2011 were raised slightly, the 2012 production estimates for both table egg and hatching eggs were lowered. The estimate for table egg production in 2012 was lowered by 20 million dozen to 6.54 billion and the estimate for hatching eggs was reduced by 8 million dozen to 1.0 billion dozen. The changes for the table egg market are brought about chiefly by the increases in grain prices, and the reduction in hatching egg production is mostly the result of an anticipated decline in broiler meat production.

During April through early June, wholesale egg prices increased leading up to the Easter holiday and then declined. The seasonal decline this year has not been as large as in previous years. Prices in the New York market were \$1.20 per dozen in April, since Easter was late in the month. While weekly prices declined during May, the monthly average was \$0.99 per dozen, up over 20 cents from the previous year. In early June weekly prices were still about \$0.98 per dozen. The expected price for second-quarter 2011 is \$1.04-\$1.05 per dozen. Wholesale egg prices are expected to weaken slightly in the third quarter, but then to strengthen seasonally to \$1.08-\$1.16 in fourth-quarter 2011.

### ***Egg and Egg Product Exports Continue High in April***

The relatively low value of the dollar against a number of other currencies helped to push egg and egg product exports in April to 24.7 million dozen, a 21-percent increase from a year earlier. Over the first 4 months of 2011, egg exports have totaled 91.8 million dozen, up 18 percent from the same period in 2010. While shipments have been higher to a wide variety of countries, the largest gains have been to Japan and Hong Kong. The increase in shipments to Japan (up 33 percent) has made it the largest market for U.S. egg products over the first 4 months of 2011. Hong Kong has traditionally been a major market for U.S. egg products, and part of the growth in shipments (up 48 percent) so far in 2011 may be due to a decline in direct shipments to China.

Total exports of eggs and egg products are forecast at 65 million dozen in second-quarter 2011 after reaching 67 million in the first quarter. While the volume of egg and egg product exports has risen by 18 percent over the first 4 months of 2011, the value of shipments has also risen 18 percent, boosted by a 31-percent increase in the value of hatching eggs.

### ***Broiler Shipments Fell in April***

April broiler shipments started off slow in second-quarter 2011. Broiler shipments for April 2011 totaled 497 million pounds, 7.6-percent fewer than in April 2010. One reason for the decline in broiler shipments is likely the rise in leg-quarter prices. Compared with April 2010, leg-quarter prices averaged about 30 percent higher; concurrently, unit values for broiler exports were 25 percent higher.

Shipments to major broiler importing countries such as Mexico, Cuba, Hong Kong, Angola, and China all dropped in April 2011. Mexico, the top U.S. broiler destination for 2011, imported more than 12 million pounds less this April, while Cuba imported almost 35 million pounds less than it did a year ago. Shipments to Russia in April 2011 continued their pace of the last 2 months. With a large portion of Russia's quota left to be filled for the year, it is expected that shipments to Russia will increase at some point during the last three quarters of 2011.

### ***Turkey Shipments Rose in April***

April turkey meat shipments increased 23 percent from a year ago. A total of 52.8 million pounds of turkey meat were shipped in April. Over 55 percent of U.S. turkey shipments went to Mexico, and 13 percent went to China. Although domestic wholesale turkey prices have been strong, ranging from \$0.97 and \$1.01 per pound, higher turkey exports are expected throughout 2011. Other major destinations for U.S. turkey such as Hong Kong, the Dominican Republic, and Canada are also up and have contributed to the U.S. expansion in turkey shipments. Of these three countries, Hong Kong had the largest increase in shipments from last year. Turkey shipments to Hong Kong rose 45 percent, while shipments to the Dominican Republic and Canada increased 14 and 18 percent, respectively.

### *Lamb and Mutton Prices Remain Strong, but May Ease Slightly*

Choice slaughter lamb prices at San Angelo are expected to remain strong due to the continued tight supplies. However, prices are expected to ease slightly from record first-quarter levels. As the strength due to the religious holidays has ended, lamb demand has diminished somewhat. Second-quarter prices are expected to drop around \$18 from first-quarter highs and are expected to average \$146-\$147 per cwt.

Second-quarter 2011 U.S. lamb and mutton production is showing signs of rebounding from first-quarter 2011 lows. Production for April 2011 was 14.3 million pounds, almost 11 percent above the previous year levels. Second-quarter 2011 lamb and mutton production is forecast at 40 million pounds, equaling the same period in 2010. However, as attempts at herd rebuilding continue, production is expected to be below 2010 levels for the rest of 2011. Dry weather conditions in the Southwestern United States could influence both retention and production patterns for the rest of the year.

According to the National Climatic Data Center, Texas and some parts of the Southwest have seen above-average temperatures and below-average rainfall for several months this year, partially caused by a strong La Niña in the tropical Pacific Ocean. Unusually dry conditions have triggered an earlier than normal start to the fire season in parts of Texas and the Southwest. Drought conditions in these areas may have an impact on producers' decisions to retain and/or maintain sheep herds. The San Angelo, Texas sheep auction reports a larger than normal volume of lighter weight lambs in recent weeks, which may be an indication that drought/fire-affected producers are engaging in premature sales. This could be reflected in lower production levels, due largely to lower weights. Typically, summer months are culling season for sheep producers, and drier than normal conditions could result in less retention and higher than normal cull rates.

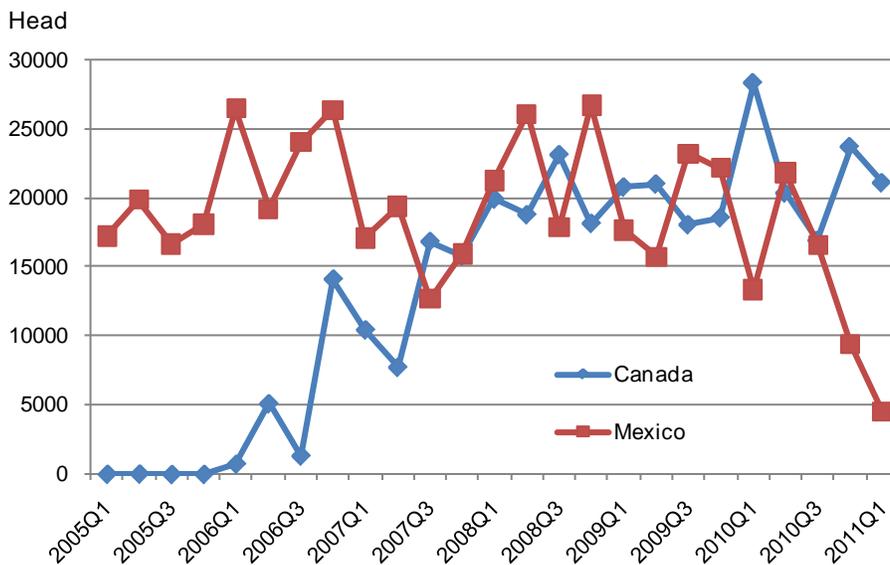
### *U.S. Exports More Live Sheep to Canada than to Mexico*

First-quarter 2011 U.S. live sheep exports were down 25 percent over the same period in 2010. Strikingly, live sheep exports to Mexico declined 66 percent over the period. Although Canada has also seen a decline in year-over-year first-quarter live sheep imports from the United States, the country has seen an increasing trend in live sheep from the United States since 2005. The increased U.S. live sheep exports to Canada may be due in part to strength of the Canadian currency relative to the U.S. dollar, as well as to the overall increasing trend in Canadian lamb and mutton demand. However, the recent disparity between U.S. live sheep exports to Canada and Mexico remains a topic of interest. In April 2011, Canada received 6,784 head of sheep from the U.S., while Mexico received only 1,643 head.

Lamb and mutton imports remain strong . First-quarter 2011 imports totaled 50 million pounds, 6 percent above the first-quarter 2010 levels. Imports in April came in at 18 million pounds, and despite the very strong Australian currency relative to that of the United States, Australia accounted for 62 percent of total US imports. Second-quarter 2011 imports are expected to be around 44 million pounds, about 4 percent below second-quarter 2010, as overall lamb and mutton demand is expected to wane over the summer months.

First-quarter 2011 exports totaled 4 million pounds, 33 percent below those of the same period in 2010. However, exports for April were very strong, totaling 2.5 million pounds. Sales to export partners celebrating the Easter and Passover Holidays likely propelled the April exports. Exports for the remainder of the quarter are expected to be light, with second-quarter 2011 exports forecast at 4 million pounds.

**Quarterly U.S. live sheep exports to Canada and Mexico, 2005-2011**



Since 2005, live sheep exports to Canada have been increasing, while live exports to Mexico show a declining trend.

Source: Foreign Agricultural Trade Statistic, Foreign Agricultural Service, USDA.

### ***Feed Price Forecasts Continue To Be Revised Upward, but Strong Demand Keeps Dairy Production and Milk Prices High***

High feed prices will continue to affect the livestock sector, and dairy in particular, for the balance of 2011 and into 2012. The season-average corn price is forecast at \$5.20 to \$5.50 a bushel for 2010/2011 and \$6.00 to \$7.00 a bushel in 2011/12. This forecast is an increase from last month's projections. Wetness has delayed planting in major parts of the United States and may ultimately curtail planted acreage from earlier indicated intentions. Soybean meal price forecasts were also raised this month to \$350 a ton for 2010/11 and to \$375 to \$405 a ton in 2011/12. Hay prices are up sharply and reflect concerns about supplies in the face of disappointing weather patterns in many parts of the country. The price of other feedstuffs may affect hay prices more this year than in the recent past.

The feed price outlook is expected to impact dairy herd size both this year and next. Although cow numbers are projected to rise in 2011, the year-over-year rise of 0.7 percent to 9.18 million head is small and follows herd reductions in 2009 and 2010. In 2012, herd size is forecast to dip fractionally to 9.16 million head as higher feed prices impact producer returns. Milk yield per cow is expected to climb to 21,305 pounds in 2011 and is the smallest year-over-year increase in a number of years. Next year, yield per cow is forecast at 21,685 pounds, about the same rate as 2011 on a per day basis. High feed prices will act to limit productivity gains, while herd freshening, which likely has been underway for the last year or so, will ultimately increase output per cow. Milk production is projected at 195.5 billion pounds this year, and--despite an overall decline in herd size--will climb to 198.5 billion pounds in 2012, based on the expected increase in output per cow and the added leap-year milking day.

Dairy imports are forecast at 3.4 billion pounds, milk equivalent fats basis, in 2011. This forecast is a slight upward revision from last month, but continues the long-term downward trend that has been underway since mid-decade. The upward revision is based on higher expected imports of cheese and milk proteins. Milk equivalent imports on a skims-solids basis are projected at 5.0 billion pounds, also exceeding 2010 totals. For 2012, milk equivalent imports are forecast at 3.2 billion pounds on a fats basis; this represents a slight upward adjustment from last month's forecast, but still below 2011 forecasts. Imports on a skims-solids basis are expected to fall to 4.5 billion pounds for the year.

Milk equivalent exports continue to show resiliency and are expected to total 8.1 billion pounds on a fats basis for the current year, a slight upward revision from last month, although still below 2010's totals. On a skims-solids basis, exports are projected at 32.0 billion pounds, revised up slightly from last month and maintaining 2010 export levels. Next year, exports are forecast to climb to 8.7 billion pounds and 32.3 billion pounds on a fats and skims-solids basis, respectively. A weak dollar and continued robust global dairy demand, especially for cheese, underpin the forecasts. U.S. prices are expected to remain below world prices, a favorable situation for exports.

Domestic commercial use is forecast to rise both this year and next on both a fats and skims-solids basis. First-quarter 2011 commercial disappearance for the major dairy products showed increases from first-quarter 2010 disappearance. Continued—albeit slow—economic growth will likely uphold the advance in domestic commercial use. Domestic commercial use is forecast to total 189.6 billion pounds this year and 191.9 billion pounds next year, fats basis, and 167.8 billion pounds in 2011, rising to 170.0 billion pounds next year on a skims-solids basis.

Product price projections were increased from May. Cheese prices were increased based on continued strong domestic and export demand and are forecast at \$1.755 to \$1.795 a pound in 2011 and \$1.660 to \$1.760 a pound in 2012. Butter prices are projected at \$1.915 to \$1.985 a pound this year and \$1.610 to \$1.740 next year. Higher butter production this year relative to last has not translated into higher butter stocks at a time when inventories have historically increased. The tight stock situation could support continued high butter prices for the remainder of the year. The nonfat dry milk (NDM) price is expected to be \$1.505 to \$1.545 a pound in 2011 and \$1.375 to \$1.445 next year. NDM exports continue apace, supporting the high price. Exports are also contributing to stronger prices for whey, which is forecast at 46.5 to 48.5 cents a pound this year and 41.0 to 44.0 cents a pound next year.

Continued strong product prices underpin the higher expected milk prices both this year and next. The Class IV price is projected at \$18.95 to \$19.45 per cwt and \$16.50 to \$17.60 per cwt in 2011 and 2012, respectively. Similarly, the Class III price is forecast at \$17.40 to \$17.80 this year and \$16.00 to \$17.00 per cwt in 2012. The all milk price forecast is \$19.65 to \$20.05 per cwt in 2011 and \$17.75 to \$18.75 cwt in 2012.

## Contacts and Links

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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/>  
Dairy, <http://www.ers.usda.gov/briefing/dairy/>  
Hogs, <http://www.ers.usda.gov/briefing/hogs/>  
Poultry and Eggs, <http://www.ers.usda.gov/briefing/poultry/>  
WASDE, <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194>

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## Dairy Forecasts

|  | 2010  |       |       |       |        | 2011  |        |        |        |        | 2012   |        |
|--|-------|-------|-------|-------|--------|-------|--------|--------|--------|--------|--------|--------|
|  | I     | II    | III   | IV    | Annual | I     | II     | III    | IV     | Annual | I      | Annual |
| Milk cows (thous.)                           | 9,093 | 9,119 | 9,126 | 9,130 | 9,117  | 9,164 | 9,185  | 9,185  | 9,180  | 9,179  | 9,170  | 9,160  |
| Milk per cow (pounds)                        | 5,212 | 5,462 | 5,267 | 5,208 | 21,149 | 5,284 | 5,490  | 5,280  | 5,250  | 21,305 | 5,410  | 21,665 |
| <b>Milk production (bil. pounds)</b>         | 47.4  | 49.8  | 48.1  | 47.5  | 192.8  | 48.4  | 50.4   | 48.5   | 48.2   | 195.5  | 49.6   | 198.5  |
| Farm use                                     | 0.2   | 0.2   | 0.3   | 0.3   | 1.0    | 0.2   | 0.2    | 0.2    | 0.2    | 1.0    | 0.2    | 1.0    |
| Milk marketings                              | 47.1  | 49.6  | 47.8  | 47.3  | 191.8  | 48.2  | 50.2   | 48.3   | 48.0   | 194.6  | 49.4   | 197.5  |
| <b>Milkfat (bil. pounds milk equiv.)</b>     |       |       |       |       |        |       |        |        |        |        |        |        |
| Milk marketings                              | 47.1  | 49.6  | 47.8  | 47.3  | 191.8  | 48.2  | 50.2   | 48.3   | 48.0   | 194.6  | 49.4   | 197.5  |
| Beginning commercial stocks                  | 11.3  | 13.1  | 13.5  | 12.2  | 11.3   | 10.9  | 12.1   | 13.2   | 12.7   | 10.9   | 11.2   | 11.2   |
| Imports                                      | 1.2   | 1.0   | 1.0   | 0.9   | 4.1    | 0.8   | 0.8    | 0.9    | 1.0    | 3.4    | 0.8    | 3.2    |
| Total supply                                 | 59.7  | 63.6  | 62.3  | 60.4  | 207.2  | 59.9  | 63.1   | 62.3   | 61.6   | 208.9  | 61.4   | 211.9  |
| Commercial exports                           | 1.3   | 2.4   | 2.4   | 2.2   | 8.3    | 2.5   | 2.1    | 1.9    | 1.7    | 8.1    | 2.1    | 8.7    |
| Ending commercial stocks                     | 13.1  | 13.5  | 12.2  | 10.9  | 10.9   | 12.1  | 13.2   | 12.7   | 11.2   | 11.2   | 12.7   | 11.3   |
| Net removals                                 | 0.2   | 0.0   | 0.0   | 0.0   | 0.2    | 0.0   | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |
| Commercial use                               | 45.0  | 47.8  | 47.7  | 47.3  | 187.8  | 45.3  | 47.8   | 47.7   | 48.7   | 189.6  | 46.6   | 191.9  |
| <b>Skim solids (bil. pounds milk equiv.)</b> |       |       |       |       |        |       |        |        |        |        |        |        |
| Milk marketings                              | 47.1  | 49.6  | 47.8  | 47.3  | 191.8  | 48.2  | 50.2   | 48.3   | 48.0   | 194.6  | 49.4   | 197.5  |
| Beginning commercial stocks                  | 11.3  | 12.0  | 12.7  | 12.5  | 11.3   | 12.3  | 11.9   | 12.2   | 11.8   | 12.3   | 11.9   | 11.9   |
| Imports                                      | 1.2   | 1.1   | 1.3   | 1.3   | 4.8    | 1.3   | 1.2    | 1.1    | 1.4    | 5.0    | 1.3    | 4.5    |
| Total supply                                 | 59.6  | 62.7  | 61.7  | 61.0  | 208.0  | 61.7  | 63.2   | 61.6   | 61.1   | 211.8  | 62.6   | 213.9  |
| Commercial exports                           | 6.2   | 8.7   | 8.4   | 8.7   | 32.1   | 8.2   | 8.2    | 8.0    | 7.7    | 32.1   | 8.1    | 32.3   |
| Ending commercial stocks                     | 12.0  | 12.7  | 12.5  | 12.3  | 12.3   | 11.9  | 12.2   | 11.8   | 11.9   | 11.9   | 11.9   | 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                               | 41.9  | 41.3  | 40.9  | 40.0  | 164.0  | 41.6  | 42.8   | 41.8   | 41.6   | 167.8  | 42.6   | 170.0  |
| <b>Milk prices (dol./cwt) 1/</b>             |       |       |       |       |        |       |        |        |        |        |        |        |
| All milk                                     | 15.60 | 15.07 | 16.80 | 17.70 | 16.29  | 18.73 | 19.80  | 20.50  | 19.55  | 19.65  | 17.95  | 17.75  |
|  |       |       |       |       |        |       | -20.00 | -21.00 | -20.35 | -20.05 | -18.95 | -18.75 |
| Class III                                    | 13.85 | 13.31 | 15.06 | 15.40 | 14.41  | 16.63 | 17.20  | 18.25  | 17.50  | 17.40  | 15.85  | 16.00  |
|  |       |       |       |       |        |       | -17.40 | -18.75 | -18.30 | -17.80 | -16.85 | -17.00 |
| Class IV                                     | 13.22 | 14.82 | 16.04 | 16.29 | 15.09  | 18.08 | 20.15  | 19.75  | 17.90  | 18.95  | 16.70  | 16.50  |
|  |       |       |       |       |        |       | -20.45 | -20.35 | -18.80 | -19.45 | -17.80 | -17.60 |
| <b>Product prices (dol./pound) 2/</b>        |       |       |       |       |        |       |        |        |        |        |        |        |
| Cheddar cheese                               | 1.471 | 1.419 | 1.587 | 1.614 | 1.523  | 1.708 | 1.725  | 1.830  | 1.775  | 1.755  | 1.635  | 1.660  |
|  |       |       |       |       |        |       | -1.745 | -1.880 | -1.855 | -1.795 | -1.735 | -1.760 |
| Dry whey                                     | 0.386 | 0.366 | 0.362 | 0.373 | 0.372  | 0.425 | 0.485  | 0.485  | 0.475  | 0.465  | 0.425  | 0.410  |
|  |       |       |       |       |        |       | -0.505 | -0.515 | -0.505 | -0.485 | -0.455 | -0.440 |
| Butter                                       | 1.387 | 1.551 | 1.915 | 1.955 | 1.702  | 1.990 | 2.040  | 1.970  | 1.680  | 1.915  | 1.575  | 1.610  |
|  |       |       |       |       |        |       | -2.080 | -2.050 | -1.790 | -1.985 | -1.705 | -1.740 |
| Nonfat dry milk                              | 1.107 | 1.212 | 1.174 | 1.183 | 1.169  | 1.373 | 1.590  | 1.575  | 1.505  | 1.505  | 1.415  | 1.375  |
|  |       |       |       |       |        |       | -1.610 | -1.615 | -1.565 | -1.545 | -1.485 | -1.445 |

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/dyfmfos/mib/fedordprc\\_dscrp.htm](http://www.ams.usda.gov/dyfmfos/mib/fedordprc_dscrp.htm)

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

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