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Livestock, Dairy, and Poultry Outlook

Kenneth Mathews
kmathews@ers.usda.gov

Livestock, Meat, and Poultry Prices Erratically Higher

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Tables will be released on Mar 25, 2014

The next newsletter release is Apr 15, 2014

Approved by the World Agricultural Outlook Board.

Beef/Cattle: Despite recent heavy rains in some western States and amid some signs that it could abate, the drought in the Southwestern United States has persisted. Cow prices have increased as cow slaughter declined. Fed cattle prices have moved erratically higher as packer margins have deteriorated

Beef/Cattle Trade: U.S. beef exports rose 5 percent in January, while imports fell 9 percent from a year earlier. The forecast for 2014 beef exports was raised to 2.435 billion pounds due to higher demand in Asia.

Recent Livestock, Dairy and Poultry Special Articles

“Effect of the Trans-Pacific Partnership on U.S. Dairy Trade,” pdf pages 19-25 of November 2013 Livestock, Dairy and Poultry Outlook report
(<http://www.ers.usda.gov/media/1221780/specialarticleldpm233.pdf>)

“U.S. Pork Production Rises on a Smaller Base of Breeding Animals,” pdf pages 16-19 of the April 2013 Livestock, Dairy and Poultry Outlook report
(<http://www.ers.usda.gov/media/1077557/ldpm226.pdf>)

“Implications of the Trans-Pacific Partnership for Meat, Poultry, and Seafood Trade,” pdf pages 20-24 of the April 2013 Livestock, Dairy and Poultry Outlook report
(<http://www.ers.usda.gov/media/1077557/ldpm226.pdf>)

“Determinants of Japanese Demand for U.S. Pork Products in 2012,” pdf pages 20-25 of the May 2013 Livestock, Dairy and Poultry Outlook report
(<http://www.ers.usda.gov/media/1106754/ldpm227.pdf>)

Pork/Hogs: Strong hog prices in February were more than likely due to strong consumer demand. Domestic consumers could be substituting pork in place of continued very high-priced beef, pushing hog and pork prices higher. January pork exports, starting the year on a positive note, increased 4.5 percent over a year ago. Mexico was the largest foreign market for U.S. pork exports in January for the third month in a row.

Poultry: Broiler meat production for 2014 is estimated at 38.7 billion pounds, down 175 million from the previous estimate. Production fell by 2.8 percent in January due to a decrease in the number of birds slaughtered and a slight growth in average weights. Turkey meat production for 2014 decreased to 5.7 billion, down 150 million pounds from the earlier estimate. Turkey cold storage holdings as of January 31 were 275 million pounds, 24 percent below those of the previous year. Table egg production continues to be higher than the previous year. Production in January was 594 million dozen eggs. Table egg production has increased on a year-over-year basis in 28 of the last 29 months.

Poultry Trade: Broiler and egg and egg product shipments in January were up from a year ago, while turkey exports were down. Broiler shipments totaled 603.9 million pounds in January 2014, an increase of 16.2 percent from a year earlier. Egg shipments increased 36.4 percent from a year ago, totaling 26.8 million dozen, while turkey exports totaled 50.7 million pounds in January 2014, a 9.9-percent decrease from last January.

Dairy: Cow numbers, milk per cow, and milk production forecasts are unchanged from the February forecast. The milk-feed price ratio supports expansion; however, adverse weather and poor forage quality will limit output per cow in the near term. Herd expansion is likely later this year. Milk and dairy product prices are raised this month on strong demand, both foreign and domestic.

Declining Beef and Cattle Numbers Underlie Volatile Price Movements

Recent rains in the Southwest, especially in California, have been generally welcomed by the agricultural sectors—despite flooding and mudslides—but have not been sufficient to break the region’s drought. At present, the Southern Oscillation phenomenon that generates La Niña and El Niño effects is in a neutral state. However, some weather models are predicting an El Niño event, which could bring some drought relief to California and the Southwest beginning in the fall of 2014.

Weekly federally inspected cow slaughter appears to be declining rapidly after remaining high relative to January 1 inventories for many months. While also a seasonal pattern, the decline is likely exacerbated by both low cow inventories and the desire to maintain or increase cow inventories. In response, weekly cow prices have moved sharply higher since the beginning of 2014.

The most recent Cattle on Feed report showed placements of feeder cattle in 1,000-plus head feedlots much higher than analysts expected. January saw the largest share of 800-plus pound placements during any January since the series began in December 1995. Despite the large share of heavy placements, a calculated “average” placement weight was only slightly larger than other recent January placement weights.

The January 1, 2014, inventory of heifers on feed in 1,000-plus head feedlots constituted the third smallest proportion of total January 1 heifers on feed since the series began in December 1995. This is likely an indirect result of low total cattle inventories and a direct result of the effect that retention of heifers for breeding and adding to the cow inventory has on placements in feedlots.

While feeder cattle prices have increased at a relatively modest rate, recent fed cattle prices have proven extremely volatile. Indications are that meatpackers are again deep into negative profit margins and could begin to reduce slaughter, although that strategy may be only partially effective in the current environment of limited supplies of market-ready fed cattle. Wholesale cutout values, while moving higher, have not responded to the extent necessary for fed cattle prices to generate positive meatpacker margins despite prices for some components, like 50-percent lean trim, moving into record territory. Further, while Choice retail beef has faltered from its November 2013 high (\$5.41/lb), All-fresh beef prices continue to set higher records each month (\$5.04/lb in January), in part sustained by the current popularity of ground beef products.

Cattle Trade Forecast 2 Percent Lower in 2014

U.S. cattle imports totaled 157,299 head in January 2014, nearly unchanged from a year earlier. Imports are expected to fall 2 percent in 2014 to 1.95 million head. Inventories remain tight in Mexico after several years of drought resulted in substantial herd liquidation. Inventories have also declined in Canada. Thus, shipments are not expected to strengthen in 2014.

Beef Exports Rise in January, Imports Decline

U.S. beef exports rose 5 percent in January 2014 from the previous year. Shipments increased to Hong Kong (+69 percent), Japan (+44 percent), and Mexico (+24 percent). Exports to Japan have gained steadily over the past year since a restriction was relaxed in February 2013 to allow for imports of U.S. beef from cattle aged 30 months or younger. Japanese beef imports increased 3 percent overall in 2013, while U.S. exports to Japan rose 49 percent. Australia remained Japan's top beef supplier in 2013 but lost market share to the United States after shipments declined 10 percent. This trend is likely to continue as strong demand for U.S. beef endures and higher Australian exports to China divert beef products from Japan. U.S. beef exports in January fell to Canada (-25 percent), Egypt (-81 percent), and Taiwan (-33 percent). Prices of U.S. beef have risen in the past year, while the Canadian dollar has depreciated against the U.S. dollar. Higher prices and a weaker Canadian dollar are likely to dampen demand for U.S. beef in Canada. The forecast for U.S. exports in 2014 was increased 100 million pounds to 2.435 billion pounds due to strong beef demand in Asia. However, lower production will result in an expected decline in exports of 6 percent year over year.

U.S. beef imports declined 9 percent in January from a year earlier. Imports fell by the greatest volume from New Zealand (-15 percent). Imports from New Zealand rose 6 percent in 2013 after severe drought during the rainy season led to a significant uptick in cattle slaughter. Australian beef production rose for the same reason, but higher exports to Asia led to a decline in shipments to the United States. Rains have accelerated this year in Oceania, but pastures have not fully recovered from last year's drought, creating uncertainty in this year's expected cattle slaughter. However, with reduced cattle numbers, beef production is likely to decline this year in both Australia and New Zealand. Imports in January also fell from Uruguay (-45 percent) and Mexico (-14 percent). The forecast for U.S. beef imports in 2014 is 2.285 billion pounds, 2 percent higher than in 2013. Imports are expected to rise due to tighter domestic beef supplies. U.S. beef production is forecast to decline 5 percent in 2014 due to lower cattle inventories and a likely uptick in heifer retention as herd rebuilding begins. Although import demand is expected to rise, the magnitude of the increase will be constrained by tight supplies in Oceania and strong competition from Asia.

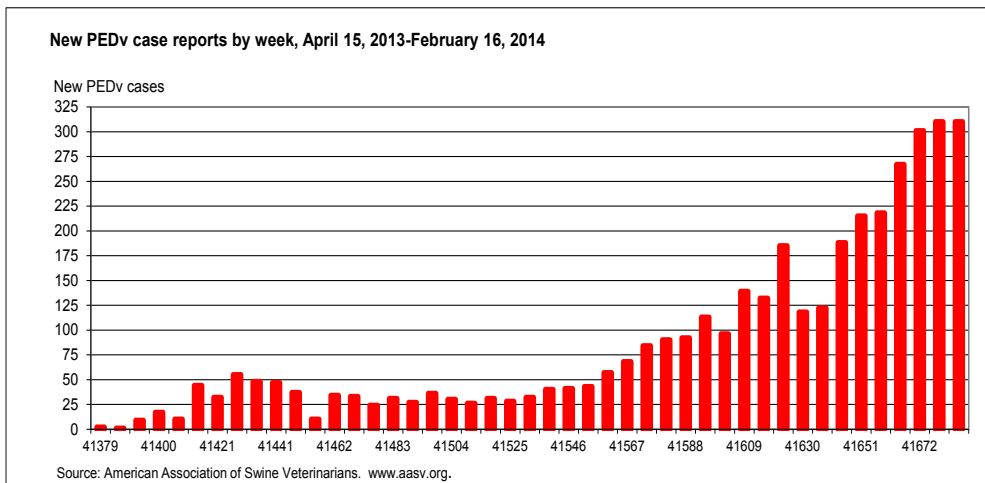
Pork Demand Red-Hot in February

Despite a dramatic increase in hog prices during the second half of February, slaughter data indicates that supplies of hogs were ample. Estimated federally inspected (FI) hog slaughter during the last 2 weeks of February was about equal to the same period last year. The supply of slaughter hogs, then, does not appear to be what pushed late February average prices of 51-52 percent lean hog prices 13 percent higher than a year ago.

Another possible factor contributing to year-over-year higher hog prices in February might have been a more rapid than usual rate of stocks accumulation, in anticipation of PEDv-induced product shortages later in the year. With only February beginning stocks data currently available, what is known is that while the total February pork beginning stocks of 624 million pounds were above both the 3- and 5- year averages, the pork industry has been carrying higher stocks since January 2012. What is noteworthy is that rates of change of February beginning stocks were well in line with past month-to-month changes, as well as year-over-year changes, and were consistent with lower hog prices at the beginning of February. Despite elevated market attention to PEDv for the last 6 months, February pork beginning stocks had not accumulated faster than seasonal averages. USDA will publish beginning March pork stocks on March 21.

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1034>

Demand may also be a factor pushing hog prices higher in February. Estimated pork production, and hog and retail meat price data for February, suggest that consumers are substituting pork products in place of high-priced beef. Estimated FI pork production in February—roughly 1.8 billion pounds—was more than 4 percent greater than FI pork production a year ago. February hog prices were almost 4 percent above a year earlier, with the same number of slaughter days in February 2014 as in February 2013. Although year-over-year comparisons of mandatorily reported wholesale prices cannot yet be made, strong packer margins during February would imply that wholesale pork prices increased as well. With wholesale Choice and Select grade beef boxes priced at \$200-plus since early January, and retail beef prices at \$5.35 per pound in January, consumers may be moving to pork as a less expensive alternative. It is noteworthy that the ERS retail broiler composite was below a year ago in February (-0.05 percent), while estimated February broiler production was greater than a year ago. All this suggests that high beef prices are inducing most consumers to alter their animal product consumption patterns: less beef, more pork (at higher prices), and more poultry (at flat-to-lower prices).



PEDv-reduced hog slaughters have been “...just over the horizon” for some months. Clarity will be provided by the March Quarterly Hogs and Pigs report, to be released by USDA on March 28.

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1086>. The report will provide hog and pig inventories as of March 1, and litter rates for the December-February quarter. The figure below shows weekly positive PEDv accession data from the website of the American Association of Swine Veterinarians through mid-February. New reported infections through February 16 averaged 310, while in January the average was 237.8. USDA lowered second- and third-quarter hog slaughter and pork production fractionally, leaving the total pork production for 2014 at 23.4 billion pounds, an increase of about 1 percent over 2013. Hog prices are expected to average \$68-\$72 per cwt in the second quarter of this year and between \$65-\$69 for 2014. Higher domestic pork prices are expected to limit pork exports in the second half of 2014. U.S. pork exports are expected to be 5.1 billion pounds, an increase of almost 1.5 percent over 2013.

January Exports Year-Over-Year Higher

January 2014 exports were 442 million pounds, 4.5 percent ahead of January of last year. For the third month in a row, Mexico was the largest foreign destination for U.S. pork products in January. Exports to Mexico were 124 million pounds, 13.2 percent higher than a year ago. Shipments to Japan were almost 4 percent below a year ago.

In comparing unit values of exported U.S. pork products to Mexico and Japan, the January data indicates that the average value of exports to Mexico was \$.78 per pound, while exports to Japan were \$1.43 per pound. Exports to Mexico are comprised mainly of fresh bone-in hams, while the bulk of product shipped to Japan is of boned cuts, and such higher-priced cuts as loins and tenderloins. The average unit price of exported U.S. pork products in January was \$1.09.

U.S exports to China/Hong Kong were more than 29 percent above a year earlier. This increase is more a function of unusually low shipments in January 2013, than of exceptionally large shipments in January of this year. In 2013, monthly exports to China/Hong Kong averaged 54.2 million pounds per month. January 2014 exports to China/Hong Kong were “right in line” at 54.3 million pounds.

U.S. pork exports to the 10 largest foreign destinations are summarized below.

Live Swine Imports Lower in January

Live swine imports—all of which were of Canadian origin in January—were 16.7 percent lower than a year ago. All swine categories showed year over year declines, except for breeding animals, which increased more than 31 percent from a year ago. USDA lowered its live swine import forecast for 2014 slightly, due to expected price and exchange rate incentives that will likely keep more animals in Canada. PEDv cases have been reported in four Canadian Provinces, but the impacts of the disease are currently uncertain. USDA will release its updated forecast of 2014 Canada hog and pork supply and use on April 18, 2014.

U.S. pork exports to 10 largest foreign markets in January 2014

		2014	2013	
		January	January	% change
		(mil. lbs.)	(mil. lbs.)	
	World	442	423	4.5
1	Mexico	124	110	13.2
2	Japan	114	119	-3.9
3	China/H.K.	54	42	29.1
4	Canada	43	46	-6.7
5	S. Korea	34	37	-8.4
6	Australia	20	18	8.9
7	Colombia	14	3	352.3
8	Chile	5	3	84.6
9	Philippines	5	9	-44.0
10	Honduras	4	5	-16.4

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

Broiler Production Estimate for 2014 Revised Downward, January Production Falls

The estimate for broiler meat production in 2014 was reduced to 38.7 billion pounds. This is a decrease of 175 million pounds from the previous estimate. With this change, broiler meat production in 2014 would be 2 percent higher than in 2013. The reduction from the earlier estimate is expected to come from lower numbers of birds slaughtered. The growth in the number of eggs in incubators and the number of chicks placed for growout has slowed recently and has been only fractionally higher than a year earlier. Broiler integrators had been expected to expand production in 2014 primarily due to a decline in feed costs from a year earlier and relatively high prices for competing meats. Average live weights at slaughter are still expected to be higher than the previous year.

Broiler meat production for January 2014 totaled 3.2 billion pounds, a decrease of 2.8 percent from the previous year. The decrease was the result of a decline in the number of birds slaughtered to 704 million, down 4.1 percent from the previous year. Although late in 2013 chick placements had been running 1 to 1.5 percent higher than the previous year, in 2014 the gain declined to around 0.5 percent. Even though broiler integrators do not seem to be expanding the number of birds produced, the size of the decline in January was higher than expected. The decline in bird numbers was offset slightly by a small increase in the average live weight at slaughter in January to 6.00 pounds, up 1.4 percent from a year earlier.

In the NASS Poultry Slaughter Summary, there were some revisions to broiler meat production and slaughter numbers for 2012 and 2013. The meat production revisions for 2012 were very minor, and the changes for 2013 added only 15 million pounds to the previous annual total.

The weekly numbers of broiler eggs being placed in incubators and chicks going to growout farms from the NASS Broiler Hatchery Report point toward only small increases in the number of birds available for slaughter. Over the last 5 weeks (February 1 to March 1), the number of eggs placed in incubators has averaged 200 million, 0.8 percent above the same period the previous year. During the same 5-week period, the number of chicks being placed for growout (an average of 163 million per week) was basically unchanged from the same period the previous year. Chicks placed for growout in this 5-week period are expected to reach slaughter weights in early April to early May, based on an average 7- to 8-week growout period.

The NASS Annual Cold Storage Report contained significant adjustments to poultry ending stocks throughout 2013. According to NASS, the revisions were due to changes in reporting methods. Almost all the changes were due to upward revisions to leg quarter cold storage holdings. The revisions to the quarterly ending stocks ranged between 10 and 25 million pounds, with ending stocks for 2013 estimated at 669 million pounds, 3 percent higher than the previous year. The increase in cold storage holdings between the end of the third quarter and the end of the year seem to be from higher production in fourth-quarter 2013, as domestic use and exports were higher. With the higher cold storage levels in 2013, the estimates of cold storage levels for broilers were increased for the first three quarters of 2014.

The ending stocks estimate for 2014 remains at 650 million pounds, down 3 percent from the previous year, as higher prices for beef and pork products are expected to support demand for poultry.

Broiler Stocks 3 Percent Higher in January

Stocks of broiler products at the end of January 2014 totaled 662 million pounds, 3 percent higher than the previous year. The changes in broiler product stocks compared with the previous year were mixed. Stocks of whole birds, breast meat, and legs were lower, but they were more than offset by strong increases for drumsticks, leg quarters, and thigh meat. Stocks of drumsticks totaled 27 million pounds, over 60 percent higher than the previous year. Stocks of leg quarters were 159 million pounds, an increase of 24 percent from the end of January 2013. Thigh meat rose to 22 million pounds, up 24 percent from the previous year. With the reductions expected in broiler meat production, stocks are expected to decline from their January levels by the end of first-quarter 2014, but to remain above year-earlier levels.

With higher broiler meat production expected in the first-half of 2014 and higher stock levels at the start of 2014 and expected throughout the first half of the year, wholesale prices for most broiler products have been facing—and are expected to continue facing—downward price pressure. The impact these factors have on prices could vary considerably by product and will be impacted by price changes for other meats and the strength of any response to lower prices in the export market. In February, the national whole broiler price was \$0.92 per pound, down 9 percent from the same period in 2013 and 4 cents lower than in January. Prices for most other broiler products were also lower. Prices for boneless/skinless breast meat in February in the Northeast market averaged \$1.26 per pound, down 10 percent from February 2013. Prices for rib-on breasts averaged \$1.03 in February, 11 percent lower. The average price for boneless/skinless thigh meat was \$1.24 per pound, down 5 percent since February 2013 and only 2 cents per pound lower than for boneless/skinless breast meat. Even with a strong export market in fourth-quarter 2013, higher stocks of leg quarters pushed their price down to only \$0.42 per pound, 16 percent lower than in February 2013. Prices in February for wings and drumsticks were also lower.

Turkey Production Forecast for 2014 Decreased

With continuing declines in the number of poults placed for growout over the last 6 months, turkey meat production was reduced to 5.7 billion pounds, 150 million pounds lower than the previous forecast. Some of the decline in the number of poults available for slaughter may be offset by an increase in the average weights of birds at slaughter as turkey producers take advantage of lower feed costs to growout birds to slightly heavier weights. Turkey meat production for 2014 is expected to be lower than the previous year during the first half and then slightly higher than a year earlier in the second half. Producers in the second half of 2014 are expected to benefit from higher prices for most turkey products.

Turkey meat production in January 2014 totaled 453 million pounds, down almost 14 percent from the previous year. This is the sixth consecutive month that turkey

meat production has been lower on a year-over-year basis. In all these months the number of birds slaughtered has been lower than the previous year, and in the last 3 months the average bird weight at slaughter has also been lower. In January, the decrease in production was the result of both a lower number of turkeys slaughtered (down 12 percent) and a decrease in the average weight at slaughter to 31.1 pounds (down 2 percent). With continued declines in the number of poults being placed for growout, the number of turkeys slaughtered is expected to be down through the first half of 2014, lowering turkey meat production. Average weights are expected to be close to those of the previous year during first-half 2014.

Turkey Stocks 24 Percent Lower

The turkey stocks estimate for the end of January 2014 was 275 million pounds, 24 percent lower than in the same period the previous year. The decrease in cold storage holdings stems from lower holdings of whole turkey and turkey parts. At the end of January, stocks of whole birds were estimated at 107 million pounds, down 27 percent from the same period last year. Stock levels also were sharply lower for turkey parts (164 million pounds, down 14 percent). Stock levels were lower for all categories of turkey parts, with stocks of legs (down 52 percent) and stocks of unclassified turkey products (down 23 percent) declining the most. Stocks of whole turkeys and turkey products are expected to increase seasonally during 2014 but remain lower than in 2013 for the first three quarters of the year. Ending stocks for fourth-quarter 2014 are expected to be slightly higher than the previous year, as turkey production expands somewhat in the second half.

The decrease in whole turkey stocks has yet to place any great upward pressure on whole bird prices. In February, prices for frozen whole hens averaged \$1.00 per pound, up 5 percent from the previous year. Prices for frozen whole hens had been lower on a year-over-year basis between October 2012 and November 2013. Prices for fresh whole birds have not increased as much as frozen prices, with February prices for both whole hens and toms up less than 2 percent from the previous year. Prices for most turkey parts have moved higher over the last several months, but there are some exceptions: prices for turkey breasts and V-type wings were about even or lower in February than at the same time in 2013. On the other hand, prices for drumsticks, boneless/skinless breasts, and mechanically separated meat were all significantly higher in February 2014 than a year earlier. With lower turkey meat production expected during the first half of 2014, prices for most turkey parts are expected to continue to show gains compared with the previous year. Higher turkey prices are expected to place some downward pressure on turkey exports, especially with prices of most competing broiler products currently lower than the previous year.

Table Egg Production Higher in January

Table egg production in January was 594 million dozen, up 2.4 percent from the previous year. Unlike broiler and turkey meat, table egg production has been expanding in the last several years, and it has been higher on a year-over-year basis in 28 of the last 29 months. The number of birds in the table egg flock in January was 295 million, 1.7 percent higher than the previous year but slightly lower than the previous month. The size of the table egg flock is expected to continue slightly

higher than the previous year for most of 2014, projected to result in an increase in table egg production to 6.97 billion dozen. Table egg production is forecast at 1.71 billion dozen in first-quarter 2014, 1.4 percent higher than the previous year. The NASS Annual Chicken and Egg Report contained some minor upward revisions (less than 1 percent) to table egg production in 2011, 2012, and 2013.

While table egg production continued its long-term upswing in January, hatching egg production extended its expansion that started in 2013. Total hatching egg production has increased on a year-over-year basis in 13 of the last 14 months, mostly due to the broiler industry's expansion of chick placements. Hatchery egg production in January was 90 million dozen, a 1.3 percent increase from the previous year. The gain in production came from a higher number of hens in the hatchery egg flock, as the average rate of lay per 100 birds was down somewhat in January. The number of meat-type hens in the hatchery egg flock rose to 52.9 million in January, an increase of almost 3 percent from the previous year. Hatching egg production during 2014 is expected to be up by over 2 percent to 1.09 billion dozen eggs as the broiler industry gradually expands production and strong table egg prices increase the demand for egg-type pullets. As with table eggs, the NASS Annual Chicken and Egg Report contained some minor revisions to hatching egg production in 2012 and 2013.

Wholesale table egg prices have been strong in January and February, averaging \$1.28 and \$1.49 per dozen, respectively, for Grade A large eggs in the New York market. With a late Easter (April 20), table egg prices are expected to remain strong through first-quarter 2014 and then decline seasonally, to average considerably lower than the first quarter in the second and third quarters. Prices for eggs are expected to gain from overall increases in meat prices and a continued strong export market. The estimate for first-quarter 2014 is \$1.36 to \$1.39 per dozen, about 10 cents per dozen higher than the previous year. The estimates for both the second and third quarters were revised upward to \$1.12 to \$1.18 and \$1.06 to \$1.14 per dozen respectively. Despite an expected expansion in table egg production, egg prices for 2014 are expected to average \$1.19 to \$1.26 per dozen, which would be slightly below a year earlier.

U.S. Broiler Shipments Up in January

Broiler shipments in January 2014 increased 16.2 percent from a year earlier, totaling 603.9 million pounds. Top export partners in January included Mexico, Russia, Canada, Georgia, and Angola, with Mexico leading with 120.3 million pounds shipped in January. The second highest U.S. export market was Russia, with 46.1 million pounds shipped, followed by Canada with 26.5 million pounds. Georgia and Angola finished fourth and fifth, with exports totaling 26.3 and 25.8 million pounds, respectively. Destinations with significant quantity increases in U.S. broiler shipments in January 2014 included Georgia, Mexico, Hong Kong, and Iraq, each with an increase of more than 10 million pounds of broiler shipments over January 2013. The increase for Georgia was 21.1 million pounds, 410.4 percent over last year. For Mexico it was 14.2 million pounds, a 13.4-percent increase over January of last year. Hong Kong increased by 105.6 percent to 24.6 million pounds, and Iraq increased by 120.9 percent over January 2013 to 18.5 million pounds. There were significant drops in shipments, quantity-wise, to China and Angola, to whom exports were over 10 million pounds less than in January last year. China declined the most, receiving 10.3 million pounds less than last year's January total, a drop of 35.1 percent. Broiler meat exports for 2013 totaled 7.364 billion pounds, with 1.873 billion pounds shipped for the fourth quarter. USDA forecasts 7.55 billion pounds of broiler exports for 2014.

Turkey Shipments Down in January

Turkey shipments totaled 50.7 million pounds in January 2014, a decrease of 9.9 percent from a year ago. The United States shipped 30.7 million pounds of turkey meat to Mexico in January 2014, a decrease of 5.9 percent from a year earlier, amounting to over 60 percent of all shipments. China, Canada, and South Africa also had large drops in shipments, each of over 1 million pounds less in shipments this past January than in January 2013. China dropped from 6.7 million pounds last year to 4.6 million pounds this January, a decrease of 31.0 percent. Shipments to Canada declined by 37.6 percent, with 1.9 million pounds in January 2014 compared with 3 million pounds in January of last year. South Africa saw a striking decline in shipments from 1.1 million pounds in January 2013 to only 52 thousand pounds this January. Turkey meat exports to South Africa have been in decline in recent months after reaching near record-highs in the first half of 2013. The U.S. exported 758 million pounds of turkey in 2013. The current forecast for 2014 exports is 760 million pounds, a 20-million pound decrease since February's forecast.

Egg and Egg Product Shipments Rose in January

Egg and egg product shipments in January 2014 were up 36.4 percent from a year ago. On a shell egg basis, a total of 26.8 million dozen eggs were shipped. Mexico remains the largest destination for U.S. egg and egg product exports, with 7.2 million dozen eggs shipped in January 2014, a 157.8-percent increase over January 2013, but Mexico was nearly exceeded in January by Japan. Shipments to Japan were 6.8 million dozen eggs in January, an increase of 223.6 percent. Shipments to Japan have been uncharacteristically high for 3 consecutive months. Prior to the November 2013 total of 9 million dozen, the high for Japan in 2013 was 4.1 million

dozen in June and over the past few years ranged between 2 and 3 million dozen. Mexico has been trending downward after reaching 2013 highs of 18.5 million dozen and 13.8 million dozen in May and August, respectively. However, Mexico is still slowly rebuilding its egg-laying flocks following the January 2012 Avian Influenza outbreak at layer farms in Jalisco and Aguascalientes. As a result of the outbreak, U.S. egg exports to Mexico have been significantly higher; in the 2 years preceding the outbreak, U.S. monthly egg exports to Mexico had not exceeded 2.3 million dozen. USDA estimates that on a shell egg basis, 371.6 million dozen eggs were exported in 2013, with 107.7 million dozen shipped for the fourth quarter. The 2014 forecast is 322 million dozen, unchanged from last month.

Dairy Product and All Milk prices Are Raised Again This Month on Robust Demand; Production Expansion Is Slow

Corn prices are unchanged from February, but the price range was narrowed in this month's *World Agricultural Supply and Demand Estimates* report to \$4.25-\$4.75 per bushel despite slightly higher projected corn exports. Soybean meal prices are increased to \$450-\$490 per ton this month as a reduced soybean meal crush lowered projected meal production. The preliminary February alfalfa price is reported in the *February Agricultural Prices* at \$188 per ton, up from January but well below a year ago. These projected feed prices will likely have little impact on the strongly expansionary milk-feed price ratio, reported at 2.55 in the *Agricultural Prices* report. Much of the strong milk-feed price ratio can be attributed to record high milk prices. However, cow numbers are unchanged from February's forecast at 9.3 million head. Dairy cow culling remains strong, but prices for replacement heifers and dairy calves are higher than last year, suggesting that herd expansion could be in the offing. Last month's forecast of an expansion beginning during in 2014 is held over this month.

Milk per cow is also unchanged from the February forecast of 22,230 pounds per cow. Growth in output per cow was below the 5-year average in January. It is likely that the colder than normal winter in the upper Midwest, combined with the apparent variable forage quality of last year's hay crop, contributed to lower than expected output per cow. In contrast and despite drought conditions, milk per cow increased in California and underpinned January's nearly 5-percent year-over-year rise in milk output in that State. A return to more normal forage quality this spring in most of the United States will likely boost milk per cow in the second quarter. The milk production forecast is unchanged from February at 205.7 billion pounds for the year.

Commercial milk equivalent exports are raised this month to 12.4 billion pounds on a fats basis based on strong year-to-date movement of cheese to Mexico and South Korea. In addition, butter exports to North Africa and Middle East countries are stronger than earlier forecast, helping lift export forecasts. Exports on a skims-solids basis are unchanged from last month's forecast at 38.2 billion pounds as increased lactose and cheese sales are offset by slightly lowered forecasts of skim milk powder and whey exports. Imports on both a fats and skims-solids basis are unchanged from February to 3.7 billion and 5.3 billion pounds, respectively.

Ending stocks on a fats basis are lowered on stronger foreign and domestic demand for cheese and butter. Ending stocks on a skims-solids basis are reduced slightly this month from February.

Dairy product prices, and consequently milk prices, are expected to remain high for the remainder of 2014. Strong demand, both foreign and domestic, will support record and near-record prices despite increased competitor supplies. The March cheese price forecast is substantially higher than February projections at \$1.860-\$1.920 per pound. Similarly, butter prices are raised to \$1.605-\$1.695 per pound in this month's forecast. Nonfat dry milk price forecasts are also sharply higher than February at \$1.825-\$1.875 per pound. The whey price forecast is also raised, but not as dramatically, to 58.0-61.0 cents per pound. Higher prices for dairy products

result in higher class and all milk prices. The Class IV price is forecast at \$20.35-\$21.05 per cwt and is higher than the forecast Class III price of \$18.95-\$19.55 per cwt. The all milk price forecast is increased to \$21.40-22.00 per cwt for March.

Contact Information

Ken Mathews (coordinator, cattle/beef and veal)	(202) 694-5183	kmathews@ers.usda.gov
Sahar Angadjivand, (cattle/beef and veal)	(202) 694-5187	sangadjivand@ers.usda.gov
Lindsay Kuberka (cattle/beef trade)	(202) 694-5333	lmkuberka@ers.usda.gov
Alex Melton (poultry trade)	(202) 694-5409	awmelton@ers.usda.gov
Mildred M. Haley (hogs/pork)	(202) 694-5176	mhaley@ers.usda.gov
David J. Harvey (poultry, eggs)	(202) 694-5177	djharvey@ers.usda.gov
David J. Harvey (Aquaculture)	(202) 694-5177	djharvey@ers.usda.gov
Roger Hoskin (dairy)	(202) 694-5148	rhoskin@ers.usda.gov
Keithly Jones (sheep and goats)	(202) 694-5172	kjones@ers.usda.gov
Carolyn Liggon (web publishing)	(202) 694-5056	cvliggon@ers.usda.gov

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Livestock and Meat Trade Data, <http://www.ers.usda.gov/data-products/livestock-meat-domestic-data.aspx>, contains monthly and annual data for the past 1-2 years for imports and exports of live cattle and hogs, beef and veal, lamb and mutton, pork, broiler meat, turkey meat, and shell eggs. The tables report physical quantities, not dollar values or unit prices. Breakdowns by major trading countries are included.

Related Websites

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

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U.S. red meat and poultry forecasts

	2010					2011					2012					2013					2014					
	I	II	III	IV	Annual	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	6,473	6,586	6,572	25,913	6,172	6,517	6,608	6,420	25,717	5,935	6,280	6,265	6,060	24,540	
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	6,244	23,253	5,777	5,519	5,624	6,278	23,198	5,890	5,530	5,655	6,285	23,360	
Lamb and mutton	43	40	39	42	164	36	40	36	37	149	39	39	39	39	156	38	40	40	38	156	37	39	37	37	150	
Broilers	8,733	9,198	9,496	9,484	36,910	9,290	9,509	9,542	8,860	37,201	9,089	9,381	9,372	9,197	37,039	9,143	9,466	9,682	9,524	37,815	9,300	9,775	9,900	9,725	38,700	
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	1,537	5,967	1,459	1,486	1,440	1,419	5,804	1,350	1,400	1,450	1,500	5,700	
Total red meat & poultry	22,122	22,626	23,291	24,058	92,097	23,011	23,113	23,396	23,225	92,745	22,866	23,085	23,274	23,738	92,963	22,742	23,190	23,563	23,831	93,326	22,668	23,189	23,472	23,763	93,092	
Table eggs, mil. doz.	1,610	1,626	1,645	1,666	6,547	1,624	1,634	1,646	1,686	6,590	1,658	1,653	1,677	1,734	6,722	1,680	1,696	1,721	1,766	6,863	1,710	1,730	1,740	1,790	6,970	
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	13.7	14.5	14.3	13.9	56.4	13.0	13.9	13.8	13.2	53.9	
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	12.7	45.9	11.5	11.3	11.4	12.7	46.8	11.5	11.1	11.4	12.6	46.7	
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	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	19.7	80.4	20.1	20.3	21.0	20.5	81.9	20.0	21.1	21.2	20.9	83.2	
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	4.9	16.0	3.7	3.6	4.0	4.7	16.0	3.3	3.3	4.0	4.9	15.5	
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	52.0	202.2	49.5	50.3	51.3	52.4	203.6	48.5	50.0	51.0	52.2	201.8	
Eggs, number	61.5	61.4	62.2	62.8	247.9	61.1	61.3	62.2	63.1	247.6	62.3	61.3	62.2	64.0	249.7	62.4	61.6	62.8	63.9	250.6	62.0	63.3	63.8	65.6	254.8	
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	125.52	124.95	122.3	130.77	125.89	144-147	139-147	135-147	134-146	138-146	
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	141.36	133.10	152.08	161.69	147.06	164-167	166-174	162-174	169-181	166-174	
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	77.87	77.46	78.36	76.55	77.56	85-88	83-91	80-92	80-92	82-90	
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	89.85	112.89	107.53	91.72	94.26	150.97	112.12	166-169	166-174	164-176	159-171	164-172	
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	59.03	65.46	70.59	61.11	64.05	63-64	68-72	67-73	62-68	65-69	
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	103.5	108.6	93.90	92.80	99.70	96-97	96-100	95-103	93-101	95-100	
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	97.7	99.9	105.40	99.80	99-102	98-102	100-108	104-112	100-106	
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	126.9	109.9	119.0	143.00	124.70	136-139	112-118	106-114	123-133	119-126	
U.S. trade, million lb																										
Beef & veal exports	478	585	590	646	2,299	633	702	766	683	2,785	558	625	650	620	2,453	557	631	716	679	2,583	560	625	650	600	2,435	
Beef & veal imports	573	690	598	436	2,297	461	593	548	454	2,057	582	669	516	453	2,220	590	628	516	516	2,250	545	620	590	530	2,285	
Lamb and mutton imports	47	46	31	42	166	49	48	31	34	162	37	38	38	40	153	49	44	36	44	173	48	43	37	40	168	
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	1,386	5,384	1,218	1,226	1,205	1,343	4,992	1,275	1,265	1,200	1,345	5,085	
Pork imports	199	204	237	219	859	201	195	194	213	803	207	191	198	205	802	207	210	229	233	879	215	215	230	230	890	
Broiler exports	1,469	1,699	1,643	1,954	6,765	1,527	1,588	1,978	1,879	6,971	1,734	1,790	1,864	1,886	7,274	1,759	1,876	1,856	1,873	7,364	1,850	1,850	1,975	1,875	7,550	
Turkey exports	114	136	158	174	582	159	171	173	199	703	181	185	216	217	798	178	182	197	201	758	180	190	195	195	760	
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	1,380	5,652	1,326	1,301	1,255	1,076	4,958	1,225	1,220	1,220	1,220	4,885	

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.

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

Updated 2/14/2014

Dairy Forecasts

	2012				2013				2014			
	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thous.) 1/	9,203	9,233	N/A	N/A	9,224	9,201	9,221	9,225	9,240	9,265	9,280	9,255
Milk per cow (pounds)	5,340	21,720	N/A	N/A	5,356	5,355	21,822	5,520	5,700	5,480	5,530	22,230
Milk production (bil. pounds)	49.1	200.5	50.5	52.0	49.4	49.3	201.2	50.9	52.7	50.8	51.3	205.7
Farm use	0.2	1.0	0.2	0.2	0.2	0.2	1.0	2.0	2.0	2.0	2.0	1.0
Milk marketings	48.9	199.6	50.3	51.8	49.2	49.0	200.3	50.7	52.4	50.5	51.1	204.7
Milkfat (bil. pounds milk equiv.)												
Milk marketings	48.9	199.6	50.3	51.8	49.2	49.0	200.3	50.7	52.4	50.5	51.1	204.7
Beginning commercial stocks	13.2	10.9	12.2	15.1	16.9	14.3	12.2	11.2	12.8	13.9	12.3	11.2
Imports	1.3	4.1	1.1	0.9	0.9	0.9	3.7	0.9	0.9	0.9	1.0	3.7
Total supply	63.5	214.5	63.6	67.8	66.9	64.3	216.2	62.8	66.1	65.3	64.4	219.6
Commercial exports	1.9	8.8	2.4	3.0	3.7	3.4	12.4	3.3	3.4	3.0	2.6	12.4
Ending commercial stocks	12.2	12.2	15.1	16.9	14.3	11.2	11.2	12.8	13.9	12.3	11.1	11.1
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	49.4	193.5	46.1	47.9	48.9	49.6	192.6	46.7	48.8	50.0	50.7	196.1
Skim solids (bil. pounds milk equiv.)												
Milk marketings	48.9	199.6	50.3	51.8	49.2	49.0	200.3	50.7	52.4	50.5	51.1	204.7
Beginning commercial stocks	11.8	11.8	12.4	13.7	14.2	12.4	12.4	11.6	12.5	13.1	11.7	11.6
Imports	1.5	5.7	1.5	1.2	1.1	1.5	5.3	1.3	1.3	1.3	1.4	5.3
Total supply	62.1	217.1	64.2	66.7	64.4	62.9	217.9	63.7	66.3	64.9	64.1	221.7
Commercial exports	7.6	33.3	8.3	10.6	10.4	9.3	38.6	9.3	9.8	9.7	9.3	38.2
Ending commercial stocks	12.4	12.4	13.7	14.2	12.4	11.6	11.6	12.5	13.1	11.7	11.9	11.9
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	42.1	171.4	42.1	42.0	41.7	42.0	167.7	41.8	43.3	43.5	42.9	171.6
Milk prices (dol./cwt) 2/												
All milk	21.50	18.53	19.50	19.57	19.53	21.43	20.01	24.15	22.20	20.00	19.20	21.40
								-24.35	-22.70	-20.80	-20.20	-22.00
Class III	20.17	17.44	17.44	18.04	17.81	18.67	17.99	22.20	19.70	17.55	16.30	18.95
								-22.40	-20.20	-18.35	-17.30	-19.55
Class IV	18.34	16.01	17.71	18.62	19.13	20.74	19.05	22.80	21.20	19.35	18.05	20.35
								-23.10	-21.80	-20.25	-19.15	-21.05
Product prices (dol./pound) 3/												
Cheddar cheese	1.952	1.708	1.686	1.780	1.761	1.847	1.768	2.180	1.935	1.725	1.600	1.860
								-2.200	-1.985	-1.805	-1.700	-1.920
Dry whey	0.643	0.594	0.632	0.575	0.579	0.576	0.590	0.610	0.585	0.565	0.565	0.580
								-0.630	-0.615	-0.595	-0.595	-0.610
Butter	1.785	1.594	1.555	1.622	1.438	1.566	1.545	1.740	1.660	1.535	1.485	1.605
								-1.780	-1.740	-1.645	-1.615	-1.695
Nonfat dry milk	1.505	1.328	1.546	1.619	1.769	1.893	1.707	2.050	1.895	1.740	1.615	1.825
								-2.070	-1.935	-1.800	-1.685	-1.875

1/ Starting in May 2013, contains no data updates or analysis on milk cows or milk output per cow. Milk cows and milk per cow reporting was resumed in November 2013.

2/ Simple averages of monthly prices. May not match reported annual averages.

3/ Simple averages of monthly prices calculated by the Agricultural Marketing Service for use in class price formulas. "Based on weekly "Dairy Product Prices".

National Agricultural Statistics Service. Details may be found at http://www.ams.usda.gov/dyfmoms/mib/fedordprc_dscrp.htm

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

For further information, contact: Roger Hoskin 202 694 5148, rhoskin@ers.usda.gov

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