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Livestock, Dairy, and Poultry Outlook

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Cattle Prices Decline Following Extended Poor Packer Margins

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Tables will be released on April 24, 2012

The next newsletter release is May 16, 2012

Approved by the World Agricultural Outlook Board.

Beef/Cattle: While prospects for pastures and a corn crop have improved over conditions in 2011, events have combined with high retail beef prices to pressure cattle and wholesale beef prices lower.

Beef/Cattle Trade: U.S. beef exports for 2012 are forecast at 2.76 billion pounds, fractionally below year-earlier levels. Export levels are expected to tighten in line with domestic beef production levels. U.S. beef imports are expected to be 9 percent higher this year than in 2011, a historically low year for beef imports.

Pork/Hogs: The March *Quarterly Hogs and Pigs* reflected sector uncertainty, with slightly larger breeding herd numbers and continued-strong litter rates tempered by lower producer farrowing intentions. Second-quarter prices for live equivalent 51-52 percent lean hogs are expected to be $66-$68 per cwt.

Poultry: The forecast for U.S. broiler meat production in 2012 was increased by 200 million pounds to 36.6 billion pounds, 1.7 percent lower than in 2011. Even with lower broiler meat production expected in the first three quarters of 2012, the estimates for broiler ending stocks were raised slightly. The combination of smaller production and strong livestock prices is expected to place upward pressure on most broiler product prices. Turkey production in January and February was 943 million pounds, up 5 percent from the previous year. Prices for whole hen turkeys in first-quarter 2012 were up 12 percent from a year earlier.

Poultry Trade: February 2012 broiler shipments were up 24-percent from a year ago, totaling 636 million pounds. Turkey shipments rose 17-percent in February 2012 from a year earlier and totaled more than 62 million pounds.

Dairy: Cow numbers and yield per cow continue above expectations despite poor producer returns. The higher production results in further price reductions for cheese, butter, and nonfat dry milk. Whey prices, which had been rising, are beginning to soften. As a result, milk prices are forecast lower.

Aquaculture: Imports of shrimp, Atlantic salmon and tilapia totaled $7.513 billion in 2011, up 14 percent from the previous year. While a weak U.S. economy has had a dampening effect on imports of some seafood products, a generally weaker dollar has caused unit values for these products to increase over the last several years. Imports of these three species are the focus of this article because they are species where a high percentage of shipments to the United States are from aquaculture-based production.

Beef/Cattle

Cattle Prices Decline Following Poor Packer Margins

The 95.9 million acres expected to be planted in corn in 2012 should alleviate some of the pressures on cattle feeders' profit margins, but likely not until the new crop is harvested. Drought conditions in the Southern Plains and Southwestern United States appear to be moderating as La Niña transitions into a more normal weather pattern, and—along with expectations for more normal yields—prospects for pasture availability in 2012 are improving.

However, there is anecdotal evidence that Southern and Southwestern cattlemen are hedging their bets by buying stockers rather than cows to graze this summer. This strategy could also serve to reduce grazing pressure on drought-damaged pastures, allowing pasture plants a chance to recover from 2011 drought effects. By restocking with stockers rather than cows, cattlemen are effectively delaying the rebuilding of national cow inventories compared with the timing originally anticipated. The heavy rate of cow slaughter observed during the first quarter of 2012 will also affect the calf crop in 2012, likely to be down slightly as a result, and could also adversely affect the January 1, 2013, total cow inventory, which—combined with the relatively low increase in heifers expected to calve in 2012—could also be down slightly from the already low inventories. Further, a smaller calf crop in 2012 would likely result in fewer feeder cattle available for placement on feed in 2013 and potentially lower beef production in 2013 and early 2014. This will be exacerbated to the extent that producers keep heifers from the 2012 calf crop for herd replacements or herd rebuilding.

The direction Choice and Select cutout values will take in the near term is uncertain and will partially depend on the extent of the impact on the whole beef sector of current negative consumer responses to lean finely-textured beef (LFTB). According to industry and analysts' estimates, LFTB contributed 3 to 6 percent of total lean beef supplies. If producers of ground beef products move away from using LFTB, they will need to find alternative lean beef sources or other substitutes to replace it in final products. With cow inventories at low levels, cow slaughter—a primary source of lean beef for ground products—is expected to decline and likely lead to higher cow prices and prices for lean processing beef. However, higher cow prices could provide incentive to slaughter cows rather than keeping them for breeding, which will lead to a short-term increase in lean beef supplies at the expense of rebuilding the herd and increasing beef supplies in a longer 2-3-year time horizon.

If demand for lean processing beef strengthens, prices for imported beef—the primary alternative source for lean processing beef—may also increase because of general low worldwide supplies of beef available for export. In addition to generally weaker wholesale beef prices, prices for 50-percent lean trim have declined sharply, in large part because the reduced production of LFTB lessened the need for those portions of 50-percent trim used to produce LFTB and to blend with LFTB to produce ground products. As a result, prices for 50-percent trim have declined by 50 percent from March 1 through April 9, 2012 (5-day moving averages, *Daily National Carlot Meat Report*).

Current retail prices for beef and beef products have met with consumer resistance. While high in relative terms, retail prices are not providing margins down the chain that support the cattle feeding and packer sectors. With packers caught in an intense squeeze between the cost of fed cattle and wholesale cutout values, either cutout values will have to increase—pressuring retailer margins or resulting in higher retail beef prices, and counter to recent price movements—or fed cattle prices will have to remain relatively weak compared with the past quarter. Lower fed cattle prices will continue to squeeze cattle feeders' profit margins.

Beef/Cattle Trade

U.S. Beef Exports 2 Percent Lower in 2012

U.S. beef exports for 2012 are forecast at 2.7 billion pounds, a 2-percent decline from year-earlier levels. Most of this decline is expected to occur in the second half of the year. Domestic beef production will tighten further in the second half, down 5 and 9 percent year-over-year in the third and fourth quarters, respectively. First- and second-quarter export levels are forecast at 660 and 720 million pounds, respectively, a 4- and 3-percent increase year-over-year. Export levels in the third and fourth quarters are forecast at 700 and 645 million pounds, marking a 9-percent and a 6-percent decline.

U.S. Beef Imports 19 Percent Higher in 2012

Imports of beef by the United States for 2012 are forecast at 2.5 billion pounds; this would be 19 percent higher than the import level in 2011, a record low for the past two decades. Imports from Oceania are expected to strengthen as the year progresses and as more product is available for export from herd rebuilding efforts—particularly those in Australia— over the past year. Imports of processed beef from Brazil are expected to steadily increase as the year progresses. In addition, recent efforts in Mexico to increase TIF processing capacity (i.e., federally inspected slaughter plants that meet standards similar to those in the United States), to implement more grain feeding of cattle, and to increase the country's export competitiveness are resulting in a greater supply of beef available to the U.S. import market. U.S. import levels for the first quarter of 2012 are forecast at 600 million pounds, a 30-percent increase year-over-year. Growth of 12, 15, and 22 percent is forecast for the remaining three quarters of 2012.

Pork/Hogs

Quarterly Hogs and Pigs Report Shows Increases in Breeding Inventory and Litter Rates, but Lower Farrowing Intentions

The *Quarterly Hogs and Pigs Report* released by USDA on March 30th showed increases in both the breeding inventory, and the December-February 2012 litter rate, but slightly lower farrowing intentions for the second and third quarters of 2012, suggesting continued cautious sector optimism. The report clocked the March 1 inventory of breeding animals at 5.82 million head, 0.55 percent greater than a year earlier, the fifth consecutive quarterly increase since March 2011. The modest size of the increase may suggest the extent to which expansion optimism in the sector continues to be tempered by risks surrounding feed costs and prices.

The report also showed that breeding herd productivity continues to climb. The litter rate for the December-February quarter was measured at 9.97 pigs-per-litter, an increase of 1.73 percent over the same period a year ago. Although a bit smaller than the 2011-2010 increase (1.98 percent), the steady string of consecutive litter rate increases since 2003 (see figure below) suggest that producer adoption of innovations in genetics and nutrition, together with enhanced management skills in animal care, can boost hog sector productivity.

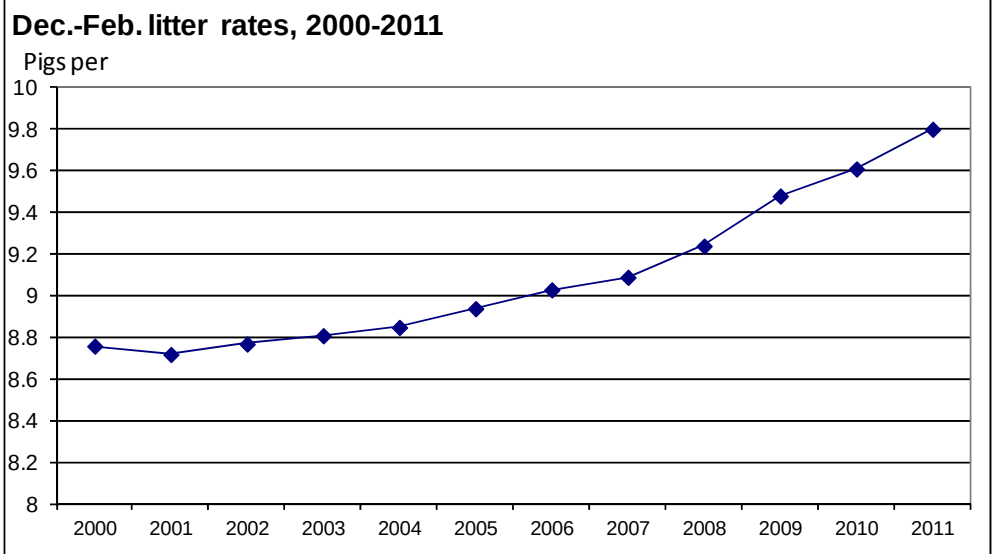
Producers' negative farrowing intentions for March-May (-0.93 percent) and for June-August (-1.61 percent) are likely another indication of the degree of uncertainty that currently characterizes the U.S. pork sector. Although the Hogs and Pigs producer surveys were made before release of *USDA's Prospective Planting Report*—with prospects for lower 2012-2013 feed costs—considerable feed cost uncertainty remains. Also, with monthly cold stocks of pork through February averaging higher than a year ago, foreign demand for U.S. pork is a focus in 2012, particularly for a sector that in 2011 exported almost 23 percent of total U.S. commercial production. It is notable, however, that projected slightly lower March-May and June-August farrowings, if realized, are likely to be more than offset by continued gains in litter rates.

Based on the information provided by the March *Quarterly Hogs and Pigs Report*—with slightly higher Dec.-Feb. farrowings than were indicated by the second intentions reported in December and unchanged, lower second intentions for March-May 2012—USDA is forecasting a 2.1 percent increase in commercial pork production for the second half of 2012. Part of this change in expected production is premised on assumptions of the higher second-half dressed weights that forecast lower feed costs will likely bring about. Total commercial pork production for 2012 is expected to be 23.3 billion pounds, an increase of 2.2 percent above 2011. Second-quarter average prices for live equivalent 51-52 percent lean hogs are expected to be $66-$68 per cwt, 2.6 percent below the same period last year. For 2012, prices are expected to average $62-$65 per cwt, 3.3 percent below 2011.

February Exports to China Continue To Slow

U.S. pork exports were 455 million pounds in February, 17.5 percent larger than a year ago. In February, the three largest foreign destinations for U.S. pork were Japan (-0.24 percent), Mexico (+25.4 percent), and China (+128.4 percent). Shipments to China in February were almost 35 percent lower than last month,

likely representing the gradual filling of Chinese orders placed late last year. Robust February exports to Mexico likely reflect an improving Mexican macroeconomy. As a consequence of strong first-quarter export demand, USDA raised its first-quarter 2012 forecast to 1.325 billion pounds, an increase of 6.3 percent over the same period last year. Export forecasts for the second half of 2012 were also raised on expectations that U.S. pork prices, reflecting seasonally strong pork supplies, will draw foreign buying interest. For 2012, U.S. pork exports are expected to be 5.3 billion pounds, 2 percent larger than exports last year.



Source: USDA/NASS

Poultry

First Quarter Broiler Production Revised Upward

The forecast for first-quarter 2012 broiler meat production was revised upward by 200 million pounds to 9.1 billion pounds, still 2.6 percent lower than in first-quarter 2011. The revision was chiefly due to a higher than expected number of birds slaughtered in both January and February. Broiler meat production in January was down only 1.1 percent, although broiler hatchery data had pointed toward a greater reduction. In February, broiler meat production was 2.95 billion pounds, up 3.6 percent from the previous year. Part of the increase in February was due to an additional slaughter day because of the Leap year. During the first 2 months of 2012, the total number of broilers slaughtered was 1.83 billion, up 0.7 percent from the same period in 2011. In addition, the average liveweight at slaughter has been 5.83 pound, also a small increase (0.4 percent) from the previous year. Preliminary estimates point toward a rather strong decline in broiler meat production in March. The number of birds slaughtered is expected to be lower, and the fact that March 2012 has 1 less slaughter day than the previous year will also reduce production. The production estimate for second-quarter 2012 was increased slightly to 9.1 billion pounds, 50 million pounds higher than the previous estimate. The estimates for the third and fourth quarters were unchanged, and the revised forecast for 2012 production is now 36.6 billion pounds, 1.7 percent lower than in 2011.

With the strong decrease in broiler meat production during fourth-quarter 2011 and an expected decline in first-quarter 2012, broiler stock levels have fallen rapidly over the last several months. Ending first-quarter 2012 broiler stocks are expected to total 550 million pounds, down 111 million pounds (17 percent) from first-quarter 2011. At the end of February, cold storage holdings were 568 million pounds, down 17 percent from the previous year, and were lower for all of the broiler categories except thigh meat. Stocks of legs and wings, down 45 and 52 percent, had the largest percentage declines. Since the forecasts for broiler exports in both first- and second-quarter 2012 were lowered, the forecast for broiler stocks in the second-, third, and fourth quarter were all increased slightly.

Weekly estimates of broiler eggs in incubators and chick placements in the NASS Broiler Hatchery Report continue to point toward lower broiler meat production. Over the last 5 weeks (March 10 to April 7), the number of eggs placed in incubators averaged 198 million, 5 percent lower than during the same period the previous year. During the same 5-week period, the number of chicks placed for growout averaged 4 percent lower than in the previous year. Chicks placed for growout in late March and early April will likely be ready for slaughter in early to mid-May (based on an average growout time of 7 to 8 weeks).

In first-quarter 2012, the 12-City price for whole broilers averaged 87.2 cents per pound, up 12 percent from the previous year. Although higher than the previous year, prices for whole birds have declined seasonally in the last 2 weeks. Wholesale prices in the Northeast region in March were higher for all broiler product categories compared with the previous year. Prices for leg quarters averaged $0.53 per pound in March, 26 percent higher. The price for boneless/skinless breast was $1.33 per pound, up 1 percent, and the price for boneless/skinless thighs, also $1.33 per pound, was up 15 percent over March 2011. However, the largest change was for wing prices. Wing prices rose to $1.83 per pound in January 2012, but instead

of following their usual steep seasonal decline, they had declined only 2 cents per pound by March. At $1.81 per pound, the March 2012 wing prices were 118 percent higher than the previous year. Prices for broiler products are expected to remain steady or to strengthen somewhat over the next several months. Three factors are expected to influence the price situation. First, integrators continue to have lower chick placements for growout. Second, prices for beef and pork are expected to remain strong. And third, U.S. economic conditions appear to be gradually improving.

Turkey Production Higher in 2012

U.S. turkey meat production is estimated at 6.0 billion pounds in 2012, up 3.2 percent from the previous year and 60 million pounds higher than the previous forecast. The forecasts for turkey meat production in the first, second, and fourth quarters were all increased slightly. The 2012 increase in turkey meat production is expected to come chiefly from a higher number of birds slaughtered, as only a slight increase in average weights is expected. Over the first 2 months of 2012, turkey meat production totaled 943 million pounds, up 5 percent from the same period in 2011. During January and February, the number of turkeys slaughtered rose by 4.4 percent over the same period in the previous year, and average live bird weights were 30.9 pounds, 0.6 percent higher.

At the end of February 2012, cold storage holdings of turkey products totaled 350 million pounds, 21 percent higher than the previous year. On a year-over-year basis, turkey stocks were lower than the previous year throughout 2010 and the first 5 months of 2011, but have been higher in 8 of the last 9 months. At the end of February there were increases in cold storage holdings for all of the turkey stocks categories. Cold storage holdings of whole birds of 141 million pounds (40 percent of total turkey stocks) were 16 percent higher than a year earlier. Stocks of turkey legs increased the most on a percentage basis, rising to 21 million pounds, 62 percent larger than the previous year. Cold storage holdings of turkey meat are expected to remain higher than year-earlier quantities throughout 2012, even with relatively strong exports and higher domestic consumption, due to strong prices for many other competing meats.

During first-quarter 2012, prices for whole hen turkeys averaged $1.01 per pound, 12 percent higher than in first-quarter 2011. With increases in production and higher stock levels, the gap between price levels in 2012 and 2011 is expected to narrow as the year progresses, and by fourth-quarter 2012 average prices are expected to be only slightly higher than the previous year. The average national price for frozen whole hens in March was $1.04 per pound and the second quarter price is forecast at $1.05 to $1.09 per pound, nearly 6 percent higher than the previous year, while yearly prices averaging $1.05 to $1.10 per pound are only 5 percent more than in 2011.

Table Egg Production Up, Hatching Egg Production Lower in 2012

In February, the number of hens in the table egg flock was reported at 285 million, 1 percent higher than the previous year. With this increase in hens and the additional day due to Leap Year, table egg production rose to 521 million dozen in February 2012, an increase of 3.8 percent from a year earlier. Table egg

production is expected to continue higher through March and is forecast at 1.65 billion dozen for the first quarter, a 0.7 percent increase from the previous year. Table egg production in 2012 is expected to be slightly higher than in 2011 through the first three quarters but then to be slightly lower than the previous year in the fourth quarter. The forecast total for the 2012, at 6.62 billion dozen, is 0.4 percent higher than in 2011.

With broiler meat production forecast lower than the previous year through the first three quarters of 2012, hatching egg production is also forecast lower (1.05 billion dozen), down 1.8 percent from the previous year. In February, the number of hens in the broiler hatching flock totaled 50.6 million, down 8.1 percent from February 2011. On a year-over-year basis, the number of hens in the broiler hatching flock has been lower for the last 13 consecutive months. However, even with the large decline in the number of hens, the number of broiler-type eggs produced in February was down only 1 percent from the previous year. This is partially due to the extra day in February 2012 (Leap Year). However, another source of the increase was that the number of eggs produced per 100 hens in the broiler hatching flock was 15 percent higher than the previous year.

Eggs Prices 3 Percent Higher in First-Quarter

The wholesale price for one dozen large eggs in the New York region averaged $1.09 in first-quarter 2012, 2.8 percent higher than in first-quarter 2011. With the Easter holiday relatively early in April this year, egg prices began to strengthen seasonally in March, but have been declining seasonally since shortly after the holiday. Weekly prices in the New York region reached approximately $1.30 per dozen just before Easter. However, with the seasonal decline, prices in second-quarter 2012 are forecast at $0.94-$0.98 per dozen, down about 11 cents from the previous year as prices in second-quarter 2011 were boosted somewhat by a late Easter holiday.

Egg Exports Decline in February

In February, egg and egg product exports totaled 19.8 million dozen, down 9 percent from a year earlier. Almost all the decrease can be attributed to a very sharp decline in egg shipments to Korea. Shipments to Korea were especially strong in 2011 as pork supplies were lower due to disease problems. In February exports to Korea were down 3.9 million dozen from the previous year, a decline of 92 percent. The lower shipments to Korea were almost totally due to falling exports of eggs products. The declines in egg product exports to Korea more than offset larger exports to Canada, Japan, Hong Kong, and Mexico. These countries are normally the top four markets for U.S. egg exports

Poultry Trade

Broiler Shipments Were Up in February 2012

Broiler shipments were up from 514 million pounds in February 2011 to 636 million pounds in February 2012. This 24-percent increase in broiler shipments was primarily due to strong demand for U.S. broiler meat in spite of relative high broiler leg-quarter prices. In February 2012, broiler leg-quarter prices were up 41-percent from February 2011. Although on average broiler leg-quarter prices are higher than they were a year ago, shipments to Mexico, Canada, Cuba, Russia, Angola, and United Arab Ermirates are all up from last February. Of the six markets, shipments to Mexico far exceed volumes shipped to other markets.

Turkey Shipments Rose in February 2012

Turkey shipments rose in February 2012, up 17-percent from a year ago. A total of 62 million pounds of turkey meat were shipped in February 2012, almost 9 million pounds more than the volume shipped a year earlier. Mexico received 36.5 million pounds of turkey meat from the U.S., which accounted for over 59-percent of total U.S. turkey shipments in February 2012. Turkey shipments to Canada and Hong Kong also were up from a year ago. In February 2012, the U.S. shipped 2.5 million pounds of turkey meat to Canada and 2.2 million pounds to Hong Kong, a 153-percent and a 44-percent increase, respectively, from a year ago.

Dairy

Milk Production Continues To Advance, Prices Continue To Fall

February cow numbers were higher than anticipated in light of mediocre producer returns and relatively high cow slaughter during the last two quarters. Still, a reduction in herd size is expected late this year, but the decline is projected to be less than expected last month. As a result, cow numbers for 2012 were raised slightly from last month to 9,215 thousand head. Corn prices are forecast at $6.00 to $6.40 per bushel in 2011/12, a narrowing of the price range by 10 cents on each end. Soybean meal prices are projected higher this month at $335 to $355 per ton. This slightly more adverse feed outlook for producers, combined with higher cull cow prices and lower milk prices over the course of the year, is likely to lead to lower cow numbers by year-end. Production per cow was raised again in April as the February Milk Production report indicated higher milk per cow than previously expected. Ideal weather in most of the United States likely contributed to cow performance. Production per cow is likely to remain above trend this year as a result of the mild winter and the heavy slaughter that has removed marginal producers from the herd. Annual production per cow in April is forecast at 21,825 pounds for 2012. Consequently, milk production was increased to 201.1 billion pounds in the April forecast from last month's 199.7 billion-pound forecast.

Fats basis imports were unchanged from last month at 3.3 billion pounds. Cheese imports were revised lower, but the decline was offset by forecast increases in butterfat, whole milk powder, and ice cream. Imports on a skims-solids basis were increased to 5.4 billion pounds, up from 5.1 billion forecast in March. The increase is based on expected growth in casein imports. World supplies of milk proteins are expected to be higher and prices lower this year. Fats-basis exports were reduced to 8.4 billion pounds from 8.6 billion pounds. The year-to-date totals suggest that butter exports will be below earlier expectations. Exports of fluid milk and cream, largely to Mexico and Canada, will likely be lower than earlier expected. Exports on a skims-solids basis were raised to 32.8 billion pounds from 32.3 billion pounds. Year-to-date exports to Mexico and Asian countries have been stronger than earlier expected. Despite the higher early totals, exports for the year are unlikely to match last year.

Commercial ending stocks are forecast at 11.8 billion pounds on a fats basis and 12.0 billion pounds on a skims-solids basis, both up from March's projections. Larger than expected supplies of cheese and NDM were reported in storage in February, which—combined with the higher forecast milk production—is likely to lead to higher than previously forecast stocks.

Ample stocks of dairy products and higher milk production lead to a lower price forecast in April for all major dairy products. Prices forecast for cheese, butter, and NDM are below both March forecasts and 2011 average prices. The cheese price is forecast at $1.590 to $1.640 per pound. Butter is projected at $1.490 to $1.570 per pound, and NDM prices are projected at $1.300 to $1.340 per pound. Whey prices, which have run counter to the downward price trend for other products, are now forecast lower this month at 55.0 to 58.0 cents per pound. While the April forecast whey price is lower than in March, it is still above the 2011 average price.

Milk price forecasts were lowered this month as well. The Class III price was reduced to $16.10 to $16.60 per cwt, and the Class IV price was lowered to $15.35 to $15.95 per cwt. The all-milk price is now forecast at $17.25 to $17.75 per cwt.

Aquaculture

Growth in Seafood Imports from Aquaculture

With continued pressure on wild harvest seafood stocks, products from aquaculture are expected to bridge the gap between the growing worldwide demand for seafood products and the limited growth potential of wild harvest resources. Over the last decade, imports of farm-raised seafood products have grown from a relatively small portion of total U.S. seafood imports to become the dominant source of certain seafood products. Much of this growth has been driven by the increasing percentage of total U.S. seafood consumed away from home. Due to this linkage to the away-from-home food market, demands for many imported seafood products are tied to the state of the U.S. economy. Other factors impacting the demands are the strength of the U.S. dollar relative to other currencies and the prices of competing protein products such as beef, pork, and poultry.

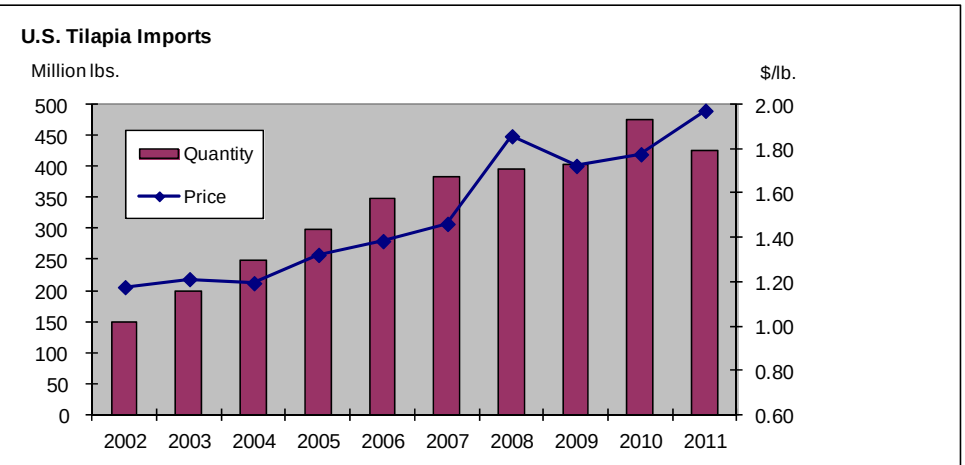
Most aquaculture imports are expected to face an expanding market in 2012. The U.S. economy is forecast to gradually strengthen during the year, and prices of some competing protein products, (beef and poultry) are forecast to be generally higher. Partially offsetting these positive factors is the forecast weakness of the U.S. dollar against a number of other currencies. However, since aquaculture products are sourced from a large number of countries, weakness of the dollar will not have a negative impact in all cases.

Imports of shrimp, Atlantic salmon, and tilapia are highlighted in this article because these three species are among the most valuable seafood imports and they are all ones where a significant portion of the imports come from aquaculture production. In 2011, the import value of these three species was approximately $7.5 billion.

Tilapia Import Quantity Falls by 10 Percent in 2011

U.S. tilapia imports declined to 425.3 million pounds in 2011, down 10 percent from the previous year. Imports had grown continuously since 1993, the first full year that tilapia imports were reported separately from other seafood products. In 1993, only 24.8 million pounds of tilapia were imported. While the import quantity of tilapia imports declined in 2011, their value was $838 million, only 0.5 percent lower because unit values rose to $1.97 per pound, an increase of 11 percent from a year earlier. The unit value for tilapia imports has risen for the last 3 years, even as uncertainties in the domestic U.S. economy have persisted. Tilapia imports, which were relatively small only 10 years ago, are now on par, in terms of value, with U.S. exports of fresh and frozen salmon, one of the largest export products of the U.S. fishing industry. In 2010, the National Marine Fisheries Service reported that U.S. exports of fresh and frozen salmon were valued at $592 million.

The decline in tilapia shipments to the United States in 2011 came in all three of the import categories, but the majority of the decrease was due to falling imports of frozen tilapia fillets. Between 2001 and 2010, total imports of tilapia grew by 350 million pounds, with 90 percent of that increase coming from higher imports of frozen filleted products. However, in 2011, the quantity of frozen fillets imported fell by 12 percent. Since filleted products account for only a small percentage of a fish's total weight, the 425 million pounds of tilapia exported to the United States



Source: Compiled by ERS from Census data, U.S. Department of Commerce

required approximately 1 billion pounds of fish on a live weight basis. Imports of frozen whole fish once were the largest import category, quantity wise, but in the last several years, frozen fillets have become by far the largest segment of tilapia imports. The declining frozen whole fish imports have coincided with rising demands in the grocery and restaurant markets for filleted products.

In 2011, imports of frozen fillets represented 69 percent of the quantity of all tilapia imports and 73 percent of the value. Since most of the frozen fillets are imported from Asian producers, this has added to the already large amount of seafood products coming from Asia, especially from China. In 2011, China supplied 75 percent of all tilapia products imported into the United States, being the largest supplier of both frozen whole tilapia and frozen tilapia fillets. Since 2000, shipments of frozen tilapia fillets from China have risen from 4 million pounds to 318 million pounds. The declining shipments from China in 2011, (down 31 million pounds) accounted for the majority of the decline in overall tilapia imports. Chinese frozen tilapia fillets averaged $2.00 per pound in 2011, an increase of 16 percent from the previous year. In 2012, U.S. tilapia imports from China are expected to expand, especially as the demand for filleted products from grocery stores and mid–priced restaurants continues to increase.

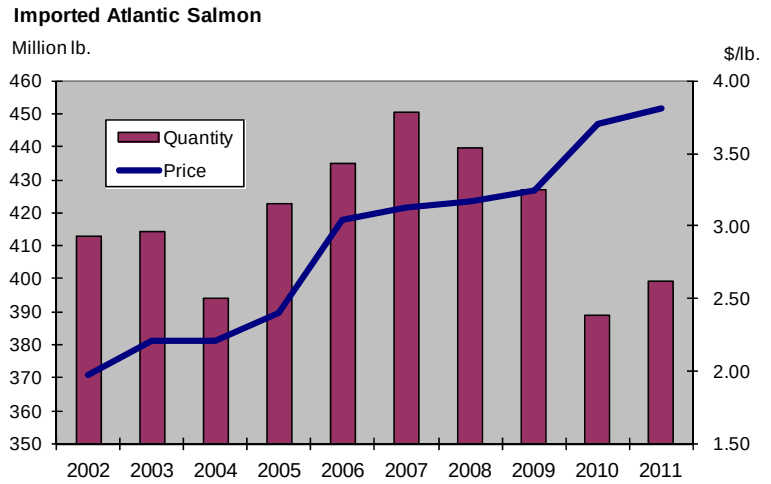
The volume of imported fresh tilapia fillets also declined in 2011, but from a much lower level. Imports totaled 46 million pounds, down 12 percent from 2010, primarily due to smaller exports from Costa Rica. The value of the fresh fillet segment had been rising, but with the lower quantity, the value of shipments in 2011 fell to $148 million, down $18 million (11 percent) from 2010. As with overall tilapia imports, the average unit values have risen while quantities have fallen. In 2011, the average unit value of imported fresh tilapia fillets was $3.24 per pound, 6 cents per pound higher than the previous year and about even with the average for 2009. Imports of fresh tilapia fillets are dominated by several countries in Central and South America. In 2011, shipments from Honduras, Costa Rica, Colombia, and Ecuador accounted for 95 percent of all imports in this category. A strengthening in the U.S. economy might benefit imports of fresh tilapia products, but producers in these countries will be faced with strong competition from both frozen tilapia fillets from Asian countries and filleted catfish products.

In 2012, the quantity of tilapia imports is expected to expand, benefiting from a stronger U.S. economy, which in turn is expected to increase demand in the foodservice and restaurant markets. The rate of increase in tilapia imports will likely be tempered by the relative weakness of the U.S. dollar against a number of foreign currencies. The average import unit value is not expected to grow as strongly as in 2011, as competition among producers and from other fish species is expected to offset the trend for higher average prices.

Atlantic Salmon Imports Reach $1.5 Billion

The value of U.S. imports of Atlantic salmon reached $1.52 billion in 2011, an increase of 5.7 percent from the previous year. Over the last 10 years (2001 – 2011), the value has increased by 97 percent. On a quantity basis, imports totaled 400 million pounds in 2011, a 2.7-percent increase from 2010. With a relatively high per pound price, imports of Atlantic salmon have been especially hard hit by the downturn in the U.S. economy. While they have risen by 12 percent over the last decade, imports peaked in 2007 at 450 million pounds and then declined in 2008, 2009, and 2010. With a small increase in the quantity of Atlantic salmon imported in 2011 and a relatively strong increase in the value, the average unit value for all Atlantic salmon imports was $3.81 per pound, an increase of 2.8 percent from the 2010 average.

Imports of Atlantic salmon come from a relatively small group of countries. Almost all the production comes from aquaculture operations, with only a very small amount coming from wild harvest stocks. Canada, Chile, Norway, the Faroe Islands, and the United Kingdom combined accounted for 386.3 million pounds (97 percent) of Atlantic salmon products shipped to the United States. Canada and Chile are the two largest suppliers, accounting for just over 275 million pounds.



Source: Compiled by ERS from Census data, U.S. Department of Commerce.

Most of the gain in quantity was due to higher shipments from Chile and the Faroe Islands that offset lower shipments from Canada and Norway. After falling sharply over the previous 3 years, shipments from Chile rebounded in 2011. Salmon in Chile had declined in the last several years due primarily to disease issues. Shipments from Chile were up 96 percent to 120 million pounds in 2011, but even with this strong increase, the shipments were still less than half of what they had been in 2005. Another country that greatly increased its exports to the United States was the Faroe Islands, as shipments from there totaled 39 million pounds, 58 percent higher than in 2010.

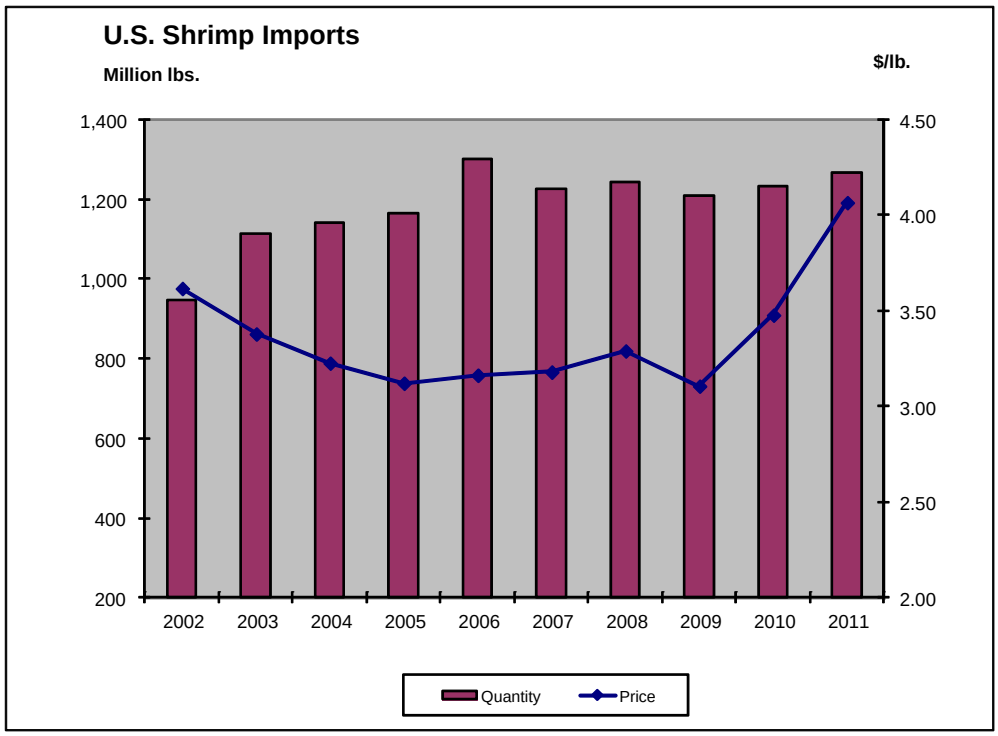
The increase in the overall amount of Atlantic salmon imported was due to higher imports of salmon fillets, supplied mostly from Chile. However, imports of fresh salmon decreased by over 10 million pounds in 2011. Due to its proximity to the U.S, Canada dominates this segment of the Atlantic salmon market. Shipments from Canada declined by over 8 million pounds in 2011, but they still accounted for 76 percent of all imports in this category.

With U.S. economic growth in 2012 forecast to gradually expand, imports of Atlantic salmon are expected to expand modestly. Shipments in 2012 are expected to be in the 410- to 420-million-pound range, still remaining below earlier peaks. Total world Atlantic salmon production is expected to increase in 2012, mostly due to the higher output from the recovering Chilean industry and to place downward pressure on prices. The extent of any change in unit values for Atlantic salmon imports will depend on both the strength of the dollar versus other currencies and the strength of salmon demand in Japan and the EU, the other main salmon import markets. One unknown is the impact of the removal of anti-dumping duties of 24 percent on imports of fresh or chilled Atlantic salmon from Norway (effective February 13, 2012) that had been in effect since 1991.

Shrimp Imports: Volume and Prices Higher

Unlike many other aquaculture products, both the volume and value of imported shrimp rose in 2011. But as with many other aquaculture imports, the value of those shipments rose considerably more than the volume, resulting in a large increase in unit values. Total shrimp imports were 1.3 billion pounds on a product weight basis, an increase of 2.9 percent from the previous year. The value of these imports increased by over 20 percent to $5.2 billion, implying an average unit value of $4.07 per pound, a gain of 17 percent from the previous year. After reaching a high of 1.3 billion pounds in 2006, shrimp imports fell in both 2007 and 2009 before rising 2010 and 2011.

The overall change in 2011shrimp shipments to the U.S. hides strong country-by-country changes among supplying countries. Shipments from Thailand, our largest supplier, were down 8 percent from the previous year and shipments from Vietnam fell by 6 percent. These declines were more than offset by larger shipments from Ecuador, Indonesia, India, and Mexico. Exports from India had the greatest percentage gain among major suppliers, up 59 percent from the previous year, and imports from Mexico were 31 percent higher. In terms of the types of product imported, the quantities of frozen products rose by 4 percent and processed products were up less than 1 percent. Imports of fresh products are much smaller compared with the frozen and processed products, but they rose 35 percent from the previous



year; much of the gain was due to almost a doubling of shipments from China. In terms of values, all three segments of the shrimp market rose in 2011. Gains in the unit values of fresh and processed shrimp prices contributed the most to the increase. The average value of frozen shrimp imports rose by 19 percent to $4.08 per pound, and for imported processed shrimp products the average value of $4.00 per pound was 24 percent higher.

While the United States imports shrimp from a large number of countries, the top four suppliers account for the majority of the shipments. In 2011, these top suppliers, Thailand, Ecuador, Indonesia, and India, supplied 65 percent of all shrimp imports on a volume basis. Thailand was by far the largest supplier, shipping over 400 million pounds of shrimp products, 32 percent of total imports.

During 2012, a number of factors are expected to influence U.S. shrimp imports. First, with the weaker value of the dollar compared with a number of other currencies, other export markets may be more attractive to shrimp producers. However, if the domestic economy continues to gradually improve and the unemployment rate continues to decline, increased sales at mid-price to-higher end restaurants are expected to help boost demand since the restaurant trade is a major outlet for shrimp products. Sales of shrimp and many other seafood products have been adversely impacted by the economic downturn due to their relatively high unit values.

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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/
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http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194

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U.S. red meat and poultry forecasts

	2010					2011					2012				
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Production, million lb															
Beef	6,248	6,547	6,768	6,741	26,304	6,411	6,559	6,737	6,492	26,199	6,260	**6,440**	**6,400**	**5,940**	**25,040**
Pork	5,607	5,301	5,401	6,126	22,437	5,720	5,371	5,483	6,186	22,759	5,860	**5,490**	**5,615**	**6,300**	**23,265**
Lamb and mutton	43	40	39	42	164	36	40	36	37	149	39	**35**	**35**	**36**	**145**
Broilers	8,732	9,198	9,496	9,484	36,911	9,290	9,509	9,542	8,860	37,201	9,050	**9,100**	**9,200**	**9,200**	**36,550**
Turkeys	1,339	1,383	1,415	1,506	5,643	1,402	1,471	1,423	1,495	5,791	1,440	**1,500**	**1,460**	**1,575**	**5,975**
Total red meat & poultry	22,057	22,535	23,194	24,059	92,097	23,013	23,114	23,396	23,227	92,750	22,805	**22,725**	**22,876**	**23,209**	**91,615**
Table eggs, mil. doz.	1,611	1,627	1,645	1,667	6,550	1,624	1,634	1,646	1,686	6,590	1,635	**1,645**	**1,650**	**1,685**	**6,615**
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**	**14.3**	**14.0**	**13.1**	**55.4**
Pork	11.8	11.4	11.7	12.8	47.7	11.4	11.1	11.0	12.3	45.7	**11.2**	**11.3**	**11.3**	**12.2**	**46.1**
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**	**0.9**
Broilers	20.1	20.5	21.4	20.3	82.3	21.5	21.5	20.8	19.1	82.9	**20.1**	**20.0**	**19.8**	**19.9**	**79.8**
Turkeys	3.5	3.6	4.1	5.1	16.4	3.5	3.5	4.0	5.1	16.1	**3.5**	**3.6**	**4.0**	**5.5**	**16.6**
Total red meat & poultry	50.7	51.2	53.2	53.6	208.7	51.3	51.3	51.0	51.1	204.6	**49.5**	**49.9**	**49.8**	**51.3**	**200.5**
Eggs, number	61.4	61.3	62.0	62.7	247.3	61.1	61.2	62.1	63.1	247.6	**61.2**	**61.8**	**61.7**	**62.8**	**247.4**
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	**122-126**	**124-132**	**125-135**	**124-130**
Feeder steers, Ok City, $/cwt	98.73	112.65	112.29	114	109.31	127.20	131.09	134.74	141.93	133.74	152.81	**155-159**	**154-162**	**154-164**	**154-160**
Cutter Cows, National L.E., $/cwt	51.79	58.79	58.90	54.93	56.1	68.66	74.88	66.11	63.54	68.3	76.57	**75-79**	**73-79**	**71-77**	**73-77**
Choice slaughter lambs, San Angelo, $/cwt	103.87	106.17	115.57	141.62	116.81	174.66	157.99	161.13	148.93	160.68	145.00	**133-137**	**131-139**	**135-145**	**136-141**
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	**66-68**	**66-70**	**57-61**	**62-65**
Broilers, 12 City, cents/lb	82.2	85	84.5	80	82.9	77.9	82.6	78.8	76.8	79	87.2	**89-93**	**86-92**	**84-92**	**87-91**
Turkeys, Eastern, cents/lb	75.6	84.4	97.9	103.7	90.4	90.2	99.9	106.4	111.6	102	100.7	**105-109**	**107-115**	**108-118**	**105-110**
Eggs, New York, cents/doz.	126	82.8	93.1	123.2	106.3	105.8	106.6	117.7	131.2	115.3	108.7	**94-98**	**94-100**	**110-120**	**102-107**
U.S. trade, million lb															
Beef & veal exports	478	585	590	646	2,299	633	702	769	684	2,788	**660**	**720**	**700**	**645**	**2,725**
Beef & veal imports	573	690	598	436	2,297	461	593	548	454	2,056	**600**	**665**	**635**	**555**	**2,455**
Lamb and mutton imports	47	46	31	42	166	50	48	31	33	1,633	**47**	**45**	**40**	**46**	**178**
Pork exports	1,046	1,081	951	1,146	4,224	1,247	1,204	1,261	1,481	5,193	**1,325**	**1,215**	**1,275**	**1,485**	**5,300**
Pork imports	199	204	237	219	859	201	195	194	213	803	**200**	**195**	**200**	**210**	**805**
Broiler exports	1,469	1,699	1,643	1,954	6,765	1,530	1,584	1,998	1,878	6,991	**1,675**	**1,700**	**1,800**	**1,800**	**6,975**
Turkey exports	114	136	158	174	582	160	171	173	199	703	**160**	**160**	**165**	**165**	**650**
Live swine imports (thousand head)	1,446	1,408	1,479	1,416	5,749	1,452	1,429	1,407	1,508	5,796	**1,465**	**1,435**	**1,405**	**1,495**	**5,800**

1/ Forecasts are in bold.

2/ Per capita meat and egg disappearance data are calculated using the Resident Population Plus Armed Forces Overseas series from the Census Bureau of the Department of Commerce.

Source: World Agricultural Supply and Demand Estimates and Supporting Materials.

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Dairy Forecasts

	2011					2012				
	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thous.)	9,168	9,191	9,200	9,216	9,194	9,250	9,240	9,200	9,170	9,215
Milk per cow (pounds)	5,286	5,489	5,292	5,279	21,346	5,505	5,590	5,380	5,350	21,825
Milk production (bil. pounds)	48.5	50.4	48.7	48.7	196.2	50.9	51.7	49.5	49.1	201.1
Farm use	0.2	0.2	0.2	0.2	1.0	0.2	0.2	0.2	0.2	1.0
Milk marketings	48.2	50.2	48.4	48.4	195.3	50.7	51.4	49.3	48.8	200.2
Milkfat (bil. pounds milk equiv.)										
Milk marketings	48.2	50.2	48.4	48.4	195.3	50.7	51.4	49.3	48.8	200.2
Beginning commercial stocks	10.9	12.1	13.4	12.5	10.9	11.0	13.8	14.8	14.0	11.0
Imports	0.8	0.7	0.8	1.3	3.5	0.8	0.8	0.8	1.0	3.3
Total supply	59.9	63.0	62.6	62.1	209.7	62.5	66.0	64.8	63.8	214.5
Commercial exports	2.5	2.7	2.2	2.2	9.5	1.9	2.2	2.2	2.2	8.4
Ending commercial stocks	12.1	13.4	12.5	11.0	11.0	13.8	14.8	14.0	11.8	11.8
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	45.3	47.0	47.9	49.0	189.2	46.8	49.0	48.7	49.8	194.3
Skim solids (bil. pounds milk equiv.)										
Milk marketings	48.2	50.2	48.4	48.4	195.3	50.7	51.4	49.3	48.8	200.2
Beginning commercial stocks	12.3	11.9	12.9	12.4	12.3	11.9	12.9	13.0	12.8	11.9
Imports	1.3	1.2	1.3	1.4	5.3	1.4	1.3	1.3	1.4	5.4
Total supply	61.8	63.3	62.7	62.2	212.8	64.0	65.6	63.5	63.1	217.5
Commercial exports	8.4	8.4	8.6	8.7	34.1	8.3	8.2	8.2	8.1	32.8
Ending commercial stocks	11.9	12.9	12.4	11.9	11.9	12.9	13.0	12.8	12.0	12.0
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	41.5	42.0	41.7	41.6	166.8	42.8	44.4	42.6	43.0	172.7
Milk prices (dol./cwt) 1/										
All milk	18.73	20.13	21.67	20.03	20.14	18.03	16.30	16.90	17.70	17.25
							-16.70	-17.60	-18.70	-17.75
Class III	16.63	17.50	20.71	18.62	18.37	16.28	15.45	16.35	16.30	16.10
							-15.85	-17.05	-17.30	-16.60
Class IV	18.08	20.37	20.00	17.72	19.04	15.94	14.70	15.20	15.55	15.35
							-15.20	-16.00	-16.65	-15.95
Product prices (dol./pound) 2/										
Cheddar cheese	1.708	1.751	2.041	1.799	1.825	1.559	1.545	1.635	1.615	1.590
							-1.585	-1.705	-1.715	-1.640
Dry whey	0.425	0.499	0.570	0.636	0.533	0.646	0.520	0.515	0.535	0.550
							-0.540	-0.545	-0.565	-0.580
Butter	1.990	2.052	2.030	1.728	1.950	1.499	1.440	1.505	1.530	1.490
							-1.510	-1.605	-1.660	-1.570
Nonfat dry milk	1.373	1.611	1.578	1.461	1.506	1.368	1.245	1.270	1.305	1.300
							-1.285	-1.330	-1.375	-1.340

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

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